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Social Studies**

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**TRADE UNIONS AND THE NEW ECONOMIC POLICY IN INDIA:
Perceptions and Responses under Neo-Liberal Reform 1980-1995**

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ABBREVIATIONS

AITUC	All India Trade Union Congress
AIGMTU	All Indian General Mazdoor Trade Union
BJP	Bharatiya Janata Party
BMS	Bhartiya Mazadoor Shangh
CITU	Centre of Trade Unions Federation
CPI	Comunist Party of India
CPI(M)	Comunist Party of India (Marxist)
CPSU	Central Public Sector Undertaking
CTOs	Central Trade Union Organisations
CTUOs	Central Trade Union Organisations
DPE	Department of Public Enterprises
ESI	Employees Scheme of Insurance
FDI	Foreign Direct Investment
FES	Frederic Ebert Stiftung
GDP	Gross Domestic Product
HMS	Hind Mazdoor Shangh
IFTU	Indian Federation of Trade Unions
ILO	International Labour Organisation
INTUC	Indian National Trade Union Congress
ISI	Import Substitution Industrialisation
ITUM	Indian Trade Union Movement
MKI	Maniben Kara Institute
MNC	Multi National Corporation
MOL	Ministry of Labour
NCT	National Capital Territory
NEP	New Economic Policy
NIP	New Industrial Policy
NOIDA	New Okhla Industrial Development Authority
NPMO	National Platform of Mass Organisations
NRI	Non Resident Indian
NSS	National Sample Survey
PF	Provident Fund
PIRG	Public Interest Research Group
PUDR	Peoples Unions for Democratic Rights
RBI	Reserve Bank of India
SAAT	South Asia Multidisciplinary Advisory Team
SAP	Structural Adjustment Programme
SSI	Small Scale Industry
STC	Special Tripartite Committee
TUCC	Trade Union Coordination Centre
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
VRS	Voluntary Retirement Scheme
WWOS	Women Workers and Organisational Strategies in India

CHAPTER I

INTRODUCTION

1.1 BACKGROUND

In the background of phenomenal increase of oil prices in late 1970s, and hostile economic environment in 1980s, many developing countries experienced acute balance of payment problems which were generally accompanied by high government budget deficits and inflation. This led them to rely on assistance from the International Monetary Fund (IMF) and the World Bank in the form of loans. However, such loans carry certain conditionalities in respect of trade and price policies, the size and structure of government expenditure and the extent of government controls on production. Hence, in the aftermath of the Mexican debt crisis, the 1980s will be remembered as the decade of global impoverishment linked to the IMF and World Banks infamous panacea: the Structural Adjustment Programme (SAP) which were administered to many debtor countries mainly from third world accepting loans from these two institutions.

The first phase of economic liberalisation in India began in 1982 with the SDR 5 billion loan from the IMF. The loan was conditional on an 'adjustment programme' that militated against the growth of the public sector and increased the leverage of the foreign sector. As a result of these conditions the government liberalised import, regulated price controls, deregulated industrial production, oriented industrialisation towards export market, and toned down budgetary support for the public sector (Masilamani, 1995: 4). However, the full fledged Structural Adjustment Programme was introduced in 1991. This was the further consolidation of the liberalisation policy with more severe terms and conditions. The objective of liberalization was to simplify licensing and reduce controls on industry. There was no reduction, during this period, in the government's social spending. But the New Economic Policy of 1991 follows the model of structural adjustment prescribed by the IMF and World Bank (Prasad, 1994: 18). The SAP greatly affects the interests of the labour and trade unions. Issues such as (a) changes in labour policy, (b) employment implications, (c) technology upgradation and modernisation, (d) closure of unviable sick units, (e) labour adjustment, and (f) privatisation, etc. threaten the interests of labour (Masilamani, 1995: 6).

All these developments have rather been fast for the Indian Trade Union Movement to react. It was not till late 1992 that the new economic/industrial policy became a factor for trade unions to protest against (Shrouti and Nandkumar, 1994 :iii).

India has 317 million labour force in which only 26 million persons work in the formal sector while the remaining 292 million are engaged in informal sector in which majority of them are not in wage employment. Within the formal sector, unionisation rate is high in the public sector (Ramaswamy, 1995; 99).

In India workforce account for about 37 per cent of total population but only 8.5 per cent of the workforce are in organised sector where union presence is visible. Large segment of labour is out of the coverage of trade union. According to Sheth trade union cover less than two percent of the total labour force (1994; 131) and according to Sharma (1996; 15) "the reach of the trade unions is quite limited, only two to three percent of the labour force is

organised". Therefore very large segment of workforce are out of the coverage. The unorganised sector which account about 92 percent of the labour force is practically outside the trade union movement (Shinha, 1994; 774). The large number of workers in the unorganised sector and also considerable number of employees from the private sector have been left out from the trade union movement.

In fact the trade union movement in India has not been so effective to influence the SAP. Though Indian trade unionism has a long historical tradition, however, ever since the beginning, it has been facing many problems and weaknesses. Some of the issues influencing the trade unions movement in India are: political links, outside leadership, inter-union rivalry, narrow coverage and multiplicity, (Masilamani, 1995: 12). Due to these weaknesses it has not able to influence the pace and outcome of SAP to ensure benefits and good health of labour and trade union. Unions are weak and divided on social and political issues, however, in order to resist the SAP they forced unity among themselves but that unity did not last longer and there was little impact of that unity on SAP. The traditional tools of protests adopted by trade unions have also become obsolete.

1.2 PURPOSE OF PAPER

This paper will try to examine selectively the workers bad situation in organised and unorganised sectors in India after the implementation of the new economic policy.

This paper will also discuss the characteristics and trends of unionisation as well as its power and effectiveness over the period. Accordingly, unions coverage, incidence of industrial action, legislative and attitudinal change from government and judiciary will be analyzed. In this context, the Okhla industrial area would be discussed to assess the implications of the new economic policies at micro and meso levels.

1.3 SCOPE AND LIMITATIONS OF THE RESEARCH

This paper focuses on the impact of liberalisation on employment and trade unions in India during the period of 1980 and 1995. Though liberalisation/new economic policy affect various aspects of people's lives, given the scope of the paper I will limit around the issues of labour/employment and trade unions. The technical limitation of this paper is also being recognised, since much of the substantive matter related to liberalisation/SAP/NEP is strongly economic. While the very technical aspects of NEP/SAP may not be covered, the layman's analysis would be provided to argue the paper's main points. This paper is also constrained by limited data and literature that would assist with a more profound analysis, especially in relation to the Okhla industrial area.

1.4 RESEARCH QUESTIONS

This paper tries to address the following questions:

- 1) What has been the experience of workers and trade unions over the protracted period of economic liberalisation?
- 2) Specifically, what has been the picture in the areas of employment/unemployment trend; composition of labour market; union power or weakness; political and legislative responses by the state; wages and welfare of workers?

3) Having analyzed the situation, what are the prospect for labour and trade unions?

1.5 METHODOLOGY AND SOURCES OF DATA

This study is based on secondary data sources and literature from libraries in the Netherlands and India, and also from trade unions in India. This research will also use some primary source like personal interviews with unionists, workers, management personal and labour department officials for chapter four which was conducted during 1995-96 by the author. The research also draws from the author's own observations and experiences as a union activist during 1988-1989 and subsequently as a researcher in the same field in the Delhi industrial areas. This study has adopted historical and analytical perspective.

For the micro and meso level (case) study, this paper has selected electronic industries to see the impact on labour and union. The reason behind selecting electronic industry for this purpose is that India's experiment with liberalisation began with the electronics sector in 1980s. It is a modern industry projected to grow very fast in the next few years. It is also an example par excellence of recent changes towards gobalisation and liberalisation. Another reason for choice of this industry is that author worked for two years in a joint project of ISS and FREA on "Women Workers and Organisational Strategies" in which electronic industry for in the Delhi region was studies. However it should be noted that the issues concerning with labour and unions in other industries are not radically different than electronic industries.

1.6 ORGANISATION OF PAPER

Chapter one introduces the nature of the paper and its design. Chapter two provides a theoretical and conceptual framework. The third chapter takes a close look at the origin and implications of economic liberalisation in India on employment/labour and trade unions as well as responses of trade unions. Chapter four discusses the employment implication and unions responses to economic liberalisation at area level i.e. in the Okhla Industrial Area. Chapter five discusses the strengths and weaknesses of trade unions and on that basis dreams prospects for trade unions. And finally this chapter present policy suggestions and future strategies for trade unionists.

CHAPTER II

THEORETICAL AND CONCEPTUAL FRAMEWORK

This is the age of the dominance of the neo-liberal ideology which mainly serves the interest of the western developed world by adopting various mechanism and extracting much more resources from the South or third world or developing countries¹. Every dominant emerging trends coin (or use extensively) slogans and catch words so this neo- liberal ideology too such as 'Monetarism', 'no-nonsense', 'supply-side', 'structural adjustment', 'labour discipline', 'new realism' etc. In the contemporary world these words are instrumental in justifying belt-tightening at the bottom and luxury consumption expansion at the top. Since 1982, in Indian case, these tactics have had some success in reducing the power of organised labour (already thin presence) at the national level thus leading to increased income inequality (Harrod, Jeffry, 1992: 14). It would be useful to discuss some of the ideological aspects of neo-liberalism which are influencing the contemporary world.

2.1 STATISM VS MARKET CAPITALISM

In this notion, it is presumed that the state is an inefficient allocator of economic resources, and that it is inevitably and hopelessly wasteful, corrupt and incompetent in economic affairs. The proponents of economic liberalisation advocate the withdrawal of the state from the working of the economy, so that the market can be allowed to allocate resources efficiently through an unfettered private sector (Janicke, 1990: 31). The essence of the market liberalism is the proposition that the bulk of economic activity is best conducted within institutions of market capitalism, in a regime of private property and contractual liberty (Minott, 1996).

In this model, the private sector is to be the engine of growth, and the crowding out of this sector by the state is anathema. The state is viewed as distortive, and the traditional use of subsidies and price controls have supposedly produced unreal and artificial economies. "The theory treats with undue levity and suspicious silence, in many instances of the market failure. Essentially, the withdrawal of the state from the economic scene of action to a bare facilitative to allow the 'invisible hand of the market' to guide the economy, with the private sector at the helm, is at the heart of the espoused new-liberal ethos. At best, government should be limited, with the state restricting itself to setting the framework of market capitalism" (Minott 1996).

Since adjustment programmes are the main instrument of neo-liberal ideology through which its objectives are being materialised in many developing countries (India is one of them) therefore it would be useful to discuss about the basic tenet of this policy.

¹ The differential between North and South is misleading because three fourth of all developing countries are situated - globally seen - on the Northern Hemisphere. To talk about developed and developing countries is problematic as well because the question of "development" and its definition will come to the fore. Being aware about these problems I will stick these differentiations because of their common use.

2.2 ADJUSTMENT PROGRAMMES: IDEOLOGY AND AUSTERITY

The IMF/World Bank's directed "adjustment programme is based on three fundamental objectives a) to ensure that the debt and interest are paid b) that the economy is an "open"² one and c) that the economy is a free enterprise one, meaning that state enterprises and the public sector are minimised or privatised and that state-organised income redistribution or protection of the poor and vulnerable is eliminated or marginalised" (Harrod, 1992: 69).

Therefore this ideology goes in favour of private business through deregulation and privatisation and against the social welfare of state mechanism. (Harrod; 1992:69).

These objectives can also be seen from the basic, standard structural adjustment policy package that countries are required to implement. The package includes some of the elements like devaluation of currency; cut in government expenditure through reduction in public employment and social welfare programmes; market liberalisation and elimination of protective barriers; liberalisation of financial institutions; privatisation of public sector enterprises; marketisation of social sector programmes like education, health and nutrition (PIRG, 1992; 8).

Since the main thrust of neo-liberalism is about free trade and free market and in the name of free market, so many anti-social and anti-people policies are being implemented world over, India is one of them, it would be useful to discuss that are the trade and market really "free".

2.3 NOTION OF FREE MARKET: A REALITY

(a) **Trade:** "In 1974 72% of world trade was amongst the rich countries of the world. In 1995 that has increased to 77%. (Harrod, 1997, 1 May)³.

Seventy two per cent of all world trade is essentially controlled by multinational corporations. 35% represent the intra company trade that is transferring goods to one subsidiary to another and further 40% is controlled by the companies manufacturing directly for export (Harrod, 1997, 1 May). Therefore it cannot be said that this is the age of free trade and free market. World commodities market of South is controlled by less than 4 to 5 companies which have up to 80% of market share. Harrod rightly said that "this is the situation of oligopoly and this means the end of competitiveness" (Harrod, 1997, 1 May).

(b) **Investment:** The Multinational Corporations are the principle investing agencies having 95% of all FDI in their hands. 60-70% of all FDI is flowing into other investing countries, i.e. developed countries. Between 1981 and 1985 an average of 98% of the total FDI was stemming from developed countries, and 74% of the total FDI was flowing into developed countries. During the period of 1986 and 1990 the inflow into developed countries even increased up to 84% of the total FDI, i.e. only 16% of the total FDI has been invested in the South (UNCTAD, 1994; 12). Supporters of the neo-liberalism argue that opening of internal market, removing of restrictions in the way of free trade and accepting the World Bank/IMF prescribed policies would lead to more FDI. But past experience and present trends don't support this logic. If we take the example of The Netherlands, as it has the

² An "open" economy means (i) it is open to foreign investors and traders and (ii) citizens can freely export capital and travel to spend it abroad (iii) the economy contains no defensive protection administered by national governments.

³ This is based on a public lecture by Jeffrey Harrod on the topic "Trade unionism in the age of globalisation" on 1st May 1997 at the Institute of Social Studies, The Hague, The Netherlands.

headquarter of the MNC (Shell), the situation is opposite. Till 1979 it was one of the world country with having highest proportion of investment in the South. It was investing 70% in the South but within ten years by 1989, it completely turned round and joined rest of the investing countries with only about 30% in the South and at 70% in the North (Harrod, 1997).

Table 2.1 Inflows and outflows of foreign direct investment, 1981-1992 (Annual average)

Country	1981-1985	1986-1990	1991	1992
Share in total (percentage)				
Developed Countries				
Inflows	74	84	74	65
Outflows	98	96	96	95
Developing countries				
Inflows	26	16	24	32
Outflows	2	4	4	5
Central and Eastern Europe				
Inflows	0.04	0.1	1	3
Outflows	0.01	0.01	0.005	0.02
All countries				
Inflows	100	100	100	100
Outflows	100	100	100	100

Source: UNCTAD, (1994), *World Investment Report 1994* (New York: UNCTAD), p.12.

Till 1989 the rich five countries, which control 95% of the all Foreign Direct Investment of the world, had the preference of investing in each other. The latest figure of FDI show that it is about 60:40. In other word 40% in the South and 60% in the rich countries. It seems that there is a 10% increase of FDI after 1989 to the South. However, whatever the total amount of world FDI is in the South it is concentrated in the ten developing countries, and in 1992 just five or six countries from Asian region absorbed 57% of the total FDI of developing countries (UNCTAD, 1994; xix), and particularly China, Singapore, Korea, Taiwan absorb a large portion of this investment. Therefore it shows that there is not free flow and equal distribution of FDI to the most needy countries. Table 2.1 shows that there is an increasing trend of the share of FDI of developing countries but it is important to note that the amount of FDI has increased phenomenal within the last two decade (Harrod, 1997). MNCs are suggesting of reducing wages, relaxing labour protection laws etc. for getting investment. Government after government tried that and investment still does not come due to so called "investment risk".

c) **Notion of competitiveness:** The main element behind the ideology of globalisation or neo-liberalism is the notion of competitiveness as a part of free market. Earlier, at the time of cold war it used to be advised to workers to do this or do that because of communist threat or because. Therefore, by providing this logic workers were being encouraged to continue to work at lower rates of pay and worse working conditions. Now the same objective is being achieved in the name of competitiveness and national competitiveness but, according to (Harrod, 1997) competitiveness don't exist in the MNCs oligopolistic world.

The neo-liberal ideology or globalization is the ideology which say that there are free markets, which talk about market forces, but the most powerful and most important market force is multinational corporations.

Therefore all discussion of free market and fair opportunity to developing countries to compete in this type of world economy does not exist in reality and due to the negative impact and exploitation in this type arrangement the weaker section of the societies particularly labour and working class suffer the most.

2.4 LABOUR MARKET CLEARING - MYTH OR REALITY?

"The neo-classical theoretical position asserts that unregulated markets clear efficiently, and this is also true of the labour market. The labour market exists with workers vending their labour services to a buyer termed the employer. The exchange is economic in nature, the relationship impersonal, and the tie between the employed and the employer is limited to the payment of a wage and the productive services rendered. And so the theory proceeds having desocialised and depersonalised the so called labour market" (Minott, 1996, 10).

"As each market is governed by the interplay of the impersonal forces of supply and demand, so too the labour market. There is a supposed market clearing equilibrium wage which naturally emerges when the supply of labour meets labour demand in a perfectly competitive market. For the neo-classical, supply creates its own demand, and if demand should fall, a fall in real wages would trigger responses that would clear the market of excess supply. Thus the non-clearing of the market (unemployment) is due to forces that prevent real wages from falling, like strident unionism, and government legislated minimum wages or other 'price distorting' mechanisms" (Minott, 1996, 11).

"What the theory advocates for is labour market flexibility i.e., the mobility of labour between sectors, regions, jobs, etc.; numerical flexibility - the ability of producers to reduce or increase employment to match market changes; structural flexibility - ability to alter production configurations (flexible work time, technology, layout, work methods etc.) without hindrance, and; financial flexibility - the freedom to alter costs for competitiveness (varying wage costs according to market conditions). All this is achievable if the major impediment to flexibility-trade unions - is removed or controlled. In this scenario one would expect to see an increase in contract work, casualisation of the work force and export free zones - all of which are ingenious ways to circumvent and frustrate efforts at trade union representation" (Minott, 1996, 11).

Furthermore, neo-classical liberals feels that a flexible labour force is an evidence of a dynamic free market. Influenced and guided by this notion, the process of industrial restructuring increased the pace of flexibilisation in the countries who accepted the Structural Adjustment Programme (SAP). Here the argument is being put forth that the "labour market flexibility can minimise redundancies and job losses in the short run by facilitating wage

adjustment and can speed up industrial restructuring in the medium term by smoothening the process of labour reallocation. During stabilization, national expenditure falls and, consequently, there are downward pressures on demand. If money wages can be adjusted downwards then prices can fall, thus moderating the fall in demand and hence output. In principle, there exists a level of downward adjustment in wages which will leave output unchanged. And if the decline in output is moderated or prevented, job losses will also be moderated or prevented" (ILO-SAAT & UNDP, 1996; 5).

In the Indian context, these arguments are somewhat relevant for organised industries and services which employ only a small percentage (8.5) of the total labour force. In terms of total labour force in India, it is important to note that the labour market has always been flexible in the sense that labour market regulation/protective legislation has rarely been extended or implemented for the vast majority of workers⁴. On the basis of the 1981 Census A. Mathur has estimated that employment security provisions do not cover more than 12 percent of 'wage workers' (A. Mathur, 1992). The situation for women workers is much worse since only 6 per cent of women workers are in organised industry and services while 94 per cent are in the unorganised sector (Chhachhi et al. 1997; 3).

2.4.1 Indicators of Labour Market flexibility:

a) Change in legal regulations, customs, and practices that govern the labour market so as to make it easier for management to hire and fire workers. For example the attempt to change Section 25 of the Industrial Disputes Act, 1947 (in Indian case), which restricts unilateral retrenchment in units employing more than 100 workers.

b) To casualise labour

Indicators: work status, type of contract, shift from permanent to non permanent workforce.

c) To raise and lower money wage rates in line with the profitability of the firm

Indicators: Minimum Wage regulation, wage systems, wage components.

d) Ability to regulate working hours according to need

Indicators: restriction on night work for women after 7 p.m, hours of overtime, compulsory overtime.

e) Changes in the workers right to organise and represent their interests

Indicators: ban on organising or restrictions on trade union presence, changes in the Industrial Relations Act. (Chhachhi et al. 1997a; 4).

But the notion of labour market clearing through flexibilisation also presents a theoretical dilemma. In one vein the virtues of the deregulation of all markets is championed, and at the same time SAPs call for indirect regulation of the labour market through wage guidelines and freezes. The market clearing hypothesis appears to be rather simplistic, and its lack of realism renders it unscientific (Standing & Tokman, 1991; 53-63). Further, perfect competition is a mere abstract, and structural unemployment⁵ cannot be rectified by adjustments in real wages, certainly not in the short run. "The theory wrongly assumes the homogeneity of the labour market, and therefore

⁴ We will see non-implementation of labour laws in our case studies in Chapter IV.

⁵ Unemployment that arises when the skills of the unemployed are not compatible with the skill needs of existing jobs. This could be influenced by ones inability to relocate to jobs requiring his/her skill. Persons possessing skills that are used only by one or a few firms are similarly affected whenever laid off or made redundant.

appears ill-equipped to treat labour-market dualism reflected in the formal vs informal sector dichotomy so evident in many countries" (Minott, 1996, 12).

2.5 LABOUR - HARDEST HIT

In society labour is the hardest hit by the on-going policies of neo-liberalism. As privatisation of public enterprises and greater flexibility in labour market are the main elements, according to Henk Thomas (1995; 43), "market forces will further worsen conditions of work. Symptoms of this trend are the high incidence of child labour in various sectors as well as the rapid casualization of work in even medium-and large-scale enterprises". Flexibilisation of labour and new technologies have enabled the decentralization of production, whereby the corresponding new management and production techniques include subcontracting, just-in-time delivery and home-based production. Also introduction of new technology brings in a host of new problems concerning employment, particularly in a labour-surplus economy such as India. In the first place, it makes a host of traditional skills redundant. Employers, in order to avoid going through the painful process of retraining and redeployment, prefer to phase out the workers with old skills and recruit new ones. The new jobs are more likely to be in the managerial and supervisory categories or at the bottom end, i.e., unskilled casual/contract workers. In effect, the proportion of permanent unionised category of workers would shrink considerably. Secondly, new technology enables the management to have greater control over labour process. For instance, an automated process plant can be run by just officers and supervisors with the assistance of a few casual workers. So, even if the unionised category of workers adopt restrictive practices or go on strike the production will not be affected. This severely erodes the unions' power (Davalá, 1994; 145-46).

2.6 TRADE UNIONS - LOSING ITS GROUND

"The neo-classical proponents have built a case against trade unions. Unions, it is asserted, raise costs, impose rigidities, are a threat to management, and deter foreign investment. This bias against unionism is influenced by the 'supply side' perspective which has shaped orthodox structural adjustment strategy; a perspective that sees all institutional mechanisms as rigidities and market distortions. This line of argument is used to justify anti-union legislation, as well as sometimes blatant suppression or denial of union recognition" (Standing, 1992). Therefore neo-classical case against unionism is producing results in those countries where structural adjustment policies have been implemented. Due to this strategy (implementation of structural adjustment programme) the union's traditional base is shrinking. Its bargaining power has been reduced to a great extent due to new form of work organisation like flexibilisation, contract and sub-contracting, work on piece rate basis, transfer of workers from permanent to non-permanent categories etc. Moreover, workers are being displaced from the organised to the unorganised sector where union presence is already negligible (in Indian case). Now its very survival as the representative body of working class is at stake (Pravin Sinha, 1994; 771).

CHAPTER III

INDIA: ECONOMIC REFORM 1980 - 1995 AND TRADE UNION RESPONSES

3.1 TRADE UNION MOVEMENT IN INDIA

The history of Indian Trade Union Movement (ITUM) is a century old. However its nature and characteristics all greatly shaped by the freedom movement. Before independence there was a slow growth of ITUM but after independence in 1947 it started to expand. In 1951 there were 4623 registered unions which grew up to 45067 by 1985 and 52,797 in 1990 (Tiwana, 1994; 743). However its expansion never reached beyond 10 percent of the working population in India and in the mid 1990s the unionised labour force just accounted for 5 percent or less (Ratnam, 1997). The ITUM has developed in a hydra-headed fashion with about 12 national centres, most of which are closely connected with political parties. Low membership coverage and fragmentation is another important feature of it. Some recent studies shows that there is a trend of declining membership (Sheth, 1993) and declining influence of national federations over the enterprise union (Ratnam, 1997; 6).

3.1.1 Structure of ITUM

As stated above the member of registered unions has increase up to 52,797 by the 1990 which is the latest data published by the Ministry of Labour in December 1996.

Table 3.1
Number and Membership of Workers' and Employers' Trade Unions During 1990

Workers' Unions			Employers Union		
On Register	Submitting Returns	membership of Unions submitting returns (000's)	On Register	Submitting Returns	membership of Unions submitting returns (000's)
50797	8,386	6,931	1219	442	89514

Source: Indian Labour Year Book, 1994-95, Ministry of Labour, Government of India, p.328.

Only 8386 (16.5%) out of the 50797 workers union were submitting returns. The claimed membership of these 8,386 registered union was 6,931,000. The average membership thus comes to about 826 per union. In the informal sector, which consists of more than 91 percent of the total labour force, the union density is very low. Salaried employment in India covers not more than 25% of the total labour force. India has 317 million labour force in which only 26 million persons work in the formal sector while the remaining 292 million are engaged in the informal sector, in which majority of them are not in wage employment. Within the formal sector, unionisation rate is high in the public sector (Ramaswamy, 1995; 99). N.R. Sheth says that trade union cover less than two percent of the total labour force (Sheth, N.R, 1994; 131) and according to Baldev R. Sharma (1996; 15) "the reach of the trade unions is quite limited, only two to three percent of the labour force is organised". Therefore very large segment of workforce are out of the coverage. The unorganised sector is practically outside the trade union movement (Shinha, 1994; 774).

3.2. CHARACTERISTICS OF TRADE UNIONISM

3.2.1 Political affiliation and polarisation on political lines: Though officially hardly any union admits that they have an affiliation and linkage with political parties, in reality this is not the case. The present history of ITUM is shaped by the freedom struggle and the major trade union centres like Indian National Trade Unions Congress (INTUC), All India Trade unions Congress (AITUC), etc. have been established by the political leaders during the freedom movement. After independence as well, all major political parties established their own trade unions. Some important political leaders like Jyoti Basu, V.V. Giri were active in trade union movement before coming to power. In 1994, the General Secretary of AITUC Mr. A. B. Bardhan reiterated that AITUC has no political party affiliation (Shinha, 1994; 773). But in 1996 when the United Front (a coalition government) came to power and the General Secretary of CPI (Communist Party of India) had to join the cabinet, he was replaced by the General secretary of the AITUC (by A.B Bardhan himself).

Unions support or opposition to any policy is largely determined by their affiliation to political parties. Therefore the prime objective of trade unionism becomes secondary because many time it seems that, for example, Centre of Indian Trade Unions (CITU) opposed the policies and programmes of Central Government, primarily because Congress (I) led government has its affiliation to the INTUC; similarly INTUC opposes various policies and programmes introduced in West Bengal because the CPI(M), to which CITU is affiliated, is in power. More or less similar attitudes is shown by other Central Trade Union Organisations (CTUOs) depending on affiliated political party's views. It is an open secret that AITUC has link with CPI; INTUC with Congress (I); Bhartiya Mazdoor Sangh (BMS) with Bhartiya Janta Party (BJP); CITU with Communist Party of India [Marxist] (CPM); INTUC with Congress (I); etc. (Tiwana, 1994; 742). The failure of ITUM to evolving any united common response to the liberalisation policy is precisely due to the fragmentation on political lines.

3.2.2 Multiplicity of trade unions:

The Indian trade unions are too many and fragmented. In many workplaces several trade unions compete for the loyalty of the same body of workers and some times the rivalry get bitter and violent. In recent times trade unionists like Sankar Guha Neyogi, V. G. Gopal, Datta, Samant and other grass root level activists have been killed. Some times rival unionists have been implicated in those incidents. In the organised sector and particularly in public sector the situation of multiplicity is much more severe where existence of four to five unions is not uncommon (Ramaswamy, 1988). Here also the political affiliation and the multi-party nature of Indian political system is the one of the important reasons for the multiplicity of trade unions at plant, state and national levels. Multiplicity also occurs because of personality clashes among unionists, management strategies weaken workers by encouraging establishment of pro-management and rival unions.

3.2.3 Decline in the Power and influence of unions:

There has been declining trends in so far as unions as the representative body of Indian working class is concerned. Intra and inter union conflicts; conflicting interests of political parties of affiliation exerting influence on the manner of unions' functioning; ineffective and stale strategies; inconsistent policies and programmes; concentration of power in few hands resulting in delayed and inconsistent reactions; politically inclined motives; etc., have led to declining powers of trade unions (of course there are external factors as well which will be discussed later). Due to these factors employers and governments find it easier to side-track unions in the current environment of multiple trade unions having outside and politically inclined leadership (Shinha, 1994; 773). Also changing environment due to the increase of insecure employment and management's new strategies like HRM is becoming the cause in the declining influence of unions' power (Shrouti, et al, 1995;).

3.2.4 Personalisation of leadership and non-existent of second tier leaders:

Generally a union leader runs the union as his personal property and tends to concentrate all power in himself. With the objective to continue as leader, most of the unions leaders not allow the second tier leadership to develop. In the Okhla Industrial area as well a similar situation is to be found. This situation is also prevalent in the Central Trade Union Organisations. Old guard leadership are still in control.

3.2.5 External leadership:

The Trade Union Act. of 1926 allows external office bearers in the union and due to this provision a majority of unions have outside leadership and in fact they are not workers. Many of the union leaders are actually political party workers who have either failed to secure any political post or are occupying the unions' leadership as to maintain their party's control and influence (Singh, Sudama et al, 1994).

3.2.6 Lack of research and planning:

Most of the actions of trade unions are based on negligible or inadequate back-up information as they have not yet developed sufficient infrastructure/data base. Only few Central Trade Union Organisations (CTOs) has research department which function properly. As a result their programmes and activities are a few; and are at times inconsistent and away from the reality (Shinha, 1994).

3.2.7 Obsolete strategies:

In India *dharna*, *fast*, *demonstration*, *slogan shouting*, etc. are the popular method of securing the attention of the concerned party. During the freedom struggle Mahatma Gandhi's non-violence and non-cooperation were most celebrated mode of protest which still continuing despite the change in situation. These old habit of protest become ineffective now a days. In fact these strategies failed to induce the other parties to react. The Author's observations in Okhla industrial area is that these types of union strategies hardly did any impact on management and even some union's power and influence came down greatly due to the failure of these strategies. Dharnas and slogan shouting in front of factory, labour commissioner's office, minister's office, or even in front of Parliament are more or less are of ceremonial significance.

3.2.9 Confined to Narrow sectional interests:

Due to confinement to narrow sectional interests, trade unions have neglected, among others, the interest of the consumers, which has made trade unions unpopular in society. They hardly take interest to see the enterprise financial and future prospect is good or bad. As Sharma says "they keep asking for job security for the workers but have not shown adequate concern for the security of the industry (Sharma, B.R, 1996; 16).

Before discussing the trade unions responses to the liberalisation policy and structural adjustment programme it would be useful to consider first the background of implementing these policies and its impact on employment and labour.

3.3 BACKGROUND OF LIBERALIZATION POLICY

3.3.1 Economic factors:

After becoming independent from British rule India adopted a planned economy model like Soviet Union, but also allowed the private sector to grow and in fact provided necessary condition for that purpose. In this sense it was a mixed economy. For long time inward looking, Import Substitution Industrialisation (ISI) policy was pursued. Only since 1982 the Indian government tried to change the inward looking industrial policy.

"In the end of 1970s, growth was disappointing; stagnation in the manufacturing sector and in exports became a source of serious concern in the early 1980s. In a bid to increase economic efficiency and improve prospects for economic growth the Government announced its intention to liberalize the Indian economy in 1982. By 1984 a measure of trade liberalization had been introduced, with the promise of more to come. Regulations on industrial investment, expansion and diversification were relaxed and price controls improved from diverse industries. The regulatory controls on large and foreign companies were eased. The private sector was allowed to enter industries traditionally reserved for the public sector" (Ajeet N. Mathur, 1993: 332).

Indeed there was some positive result of the liberalization policy of 1980s. "Industrial sector had a growth rate of 6.7 per cent per annum between 1980 - 81 and 1988 - 1989" and also "annual growth of GDP in 1980s (at 1980 - 81 prices) was 5.6 per cent, distinctly higher than the 1950-80 growth rate of around 3.5 per cent" (Guhan and Nagaraj, 1995; 1-2).

However, "the rapid growth in services, inflation in an economy and growth in public employment steadily added to the wage bill in the budget" (Guhan and Nagaraj, 1995; 2). In the absence of an adequate effort at resource mobilization, the increase in public expenditure resulted in large government dissaving all through the eighties. The government had to borrow not only to finance its capital expenditures but also to cover the current account shortfall. "increasing imports, in the industrial section, a sharp increase in defence imports, a growing debt-repayment burden, a decline inflow of remittance and the inability of exports to grow (in order to service imports) and debt-servicing - all these led to large and continuing balance of payment deficits" (Guhan and Nagaraj, 1995; 2-3). Due to the cumulation of these factors, the foreign exchange reserves declined to unsustainable levels by the early 1991 and also "the Gulf War had led to a sharp fall in remittances from abroad further adding to the payments problem. It was further compounded by the withdrawal of the foreign exchange that Non-Resident Indians (NRIs) had deposited in the country" (Kurian, 1996; 6).

By the end of 1990, the overall situation reached a point where "fiscal deficit had reached 8.4 percent of GDP; inflation was running at more than 10 percent; trade deficit and current account deficit were 50.8 percent and 52.4 percent respectively of exports; external reserves had fallen to 2.2 billion US dollars and debt-service constituted 44.8 per cent of export" (ILO-SAAT-UNDP, 1996; 10). It was in this economic context that the Congress Government under P.V. Narasimha Rao's leadership initiated Structural Adjustment Policy (SAP) with the IMF and World Bank guidance and supervision. The policies of SAP was declared as to economic reform process.

3.4 EMPLOYMENT IMPLICATION OF THE NEW ECONOMIC POLICY

Since the introduction of liberalization, which further consolidated in July 1991 as a SAP, there has been a major concern in industrial sectors of increasing trend of job loss, closure and cases of lay-off and industrial sickness (Shrouti, et al, 1995; 1). Unreported lay-offs and retrenchment are many times greater than reported ones in small and medium industries particularly in the private sector.

According to a ILO-UNDP study underemployment has grown in the post - 1991 period. Regular wage-employment, in both organised and unorganized sectors, remained stable in terms of absolute numbers, in Central Public Sector Undertaking (PUSs), employment actually declined in absolute terms indicating job losses. Virtually the entire growth in employment in the post-1991 period was, therefore, accounted for by growth of casual and self employment - precisely the types of employment which conceal underemployment (ILO-SAAT-UNDP, 1996; 13).

Table 3.2
Employment and wages

	89-90	90-91	91-92	92-93	93-94
Labour force (in millions)	344.2	344.3	350.9	367.8	-
Employment in (millions) NSS estimates	337.8	338.3	343.1	359.9	-
Unemployment (in millions) NSS estimates	6.4 (1.9)	6.0 (1.7)	7.8 (2.2)	7.9 (2.1)	-
Regular wage-employment (in millions) NSS estimates	46.8	55.5	47.2	47.1	-
Organised Sector Employment (in millions) MOL estimates	27.4	26.7	27.1	27.2	-
Public sector employment (in millions) MOL estimates	18.8	19.1	19.2	19.4	-
Employment in CPSUs (in millions) DPE estimates	2.24	2.22	2.18	2.15	2.07

Source: ILO-SAAT-UNDP (1996) *India : Economic Reforms and Labour Policies* (New Delhi : ILO), p.20.

Note: NSS- National Sample Survey; MOL- Ministry of Labour; DPE- Department of Public Enterprises; CPSU- Central Public Sector Undertaking.

Table 3.3
Alternative Estimates of Employment by Ministry of Planning (Government of India)

	1991-92	1992-93	1993-94	1994-95
Labour force (millions)	318.7	325.4	332.2	339.2
Employment (millions)	301.7	308.3	313.3	320.5
Unemployment (millions)	17.0	17.1	18.9	18.7
Unemployment rate (%)	5.3	5.2	5.7	5.5

Source: ILO-SAAT-UNDP (1996) *India : Economic Reforms and Labour Policies* (New Delhi : ILO), p.21.

After the implementation of SAP, underemployment increased and wage differentials between the organised and unorganised sectors grew. These changes in employment conditions were accompanied by rising incidence of poverty, which rose from 35 percent in 1990/91 to 44 percent in 1992/93 (ILO-SAAT-UNDP, 1996; 14).

The growth rate in the organised sector is declining. It was 1.4 per cent during 1985-90, 1.3 per cent during 1990-92 and 0.7 per cent during 1992-94. Deceleration has been sharper in the public sector where employment growth during 1985-90 was 1.7 per cent per annum, 1.2 per cent during 1990-92 and 0.9 per cent during 1992-94; in the private sector the corresponding rates are 0.7, 1.7 and 0.4 respectively. During 1992-93 and 1993-94, organised private sector employment has declined in both the years after growing at 1.2 and 2.2 per cent respectively during 1990-91 and 1991-92. Public sector employment, on the other hand, grew at 1.5 per cent and 0.8 per cent during 1990-91 and 1991-92, further by 0.9 per cent during 1992-93, but declined by 2.6 per cent during 1993-94 (Sharma, 1995; 77).

The New Economic Policy by its programme of technological upgradation has promoted capital-intensive technologies and as a consequence, employment elasticities have further declined. B.B. Bhattacharya and Arup Mitra (1993) on the basis of data obtained from 1981 and 1991 censuses have worked out the employment elasticities for various sectors. For the economy as a whole, employment elasticity was 0.45. For the primary sector, it was 0.74, but for manufacturing it was as low as 1.19. For trade and commerce, it was 1.37 and for storage and communications, it was 1.34. However, the employment elasticity for the service sector was 1.65 and for construction, it was 1.12. This can be seen from table 3.4

Table 3.4
Sectoral Employment Elasticities in India, 1981-91

Sector	Employment Elasticity
Primary	0.74
Manufacturing	0.19
Construction	1.12
Trade & Commerce	0.37
Transport, Storage & Communication	0.34
Other Services	0.65
All Sectors	0.45

Source: Bhattacharya, B.B. and Mitra, Arup (1993), "Employment and Structural Adjustment - A Look at 1991 Census Data", *Economic and Political Weekly*, September 18.

By making use of the employment elasticities worked out by Bhattacharya and Mitra and the actual observed growth rates, the likely additions to employment were worked out. It is revealed that the number of unemployed rose sharply from 11 million in 1990-91 to 17 million in 1991-92; and further to 21 million in 1993-94. The rate of unemployment which was 3.1 per cent in 1990-91 shot up to 5.5 per cent in 1993-94.

Not only that, the major share of additional employment has been generated in the unorganised sector and not in the organised sector. "Obviously, this is a kind of relatively insecure employment at lower wage rates as compared to the organized sector employment. A reduction of employment in the organized sector as a consequence of the structural adjustment programme has adverse implications for labour, since it has led to retrenchment in the organised sector. According to Datt, the process of labour displacement is taking place at a rapid pace" (Datt, 1994; 411-12).

3.4.1 Declining number of secured employment:

Employment security regulations strictly apply to establishments which employ 100 or more workers. According to the Annual Survey of Industries (Central Statistical Office), 5.8 million people worked in industrial establishments employing 100 or more workers. If it is assumed that all public sector employees in non-industrial activities enjoy the benefits of employment security, the total number of people enjoying these benefits works out to 22 million or 6.5 per cent of the total employed labour force in the country (ILO-SAAT-UNDP, 1996; 81). Evidently, protected industrial workers constitute at most 26.2 per cent of all protected employees. But its proportion is declining. The data from the Annual Survey of Industries show that the absolute number of industrial workers in establishments employing 100 or more workers fell from 6 million in 1980-81 to 5.8 million in 1990-91. Percentage of protected industrial workers in all protected employees declined from 30.3 in 1980-81 to 26.2 in 1990-91 (ILO-SAAT-UNDP, 1996; 82).

A Mumbai based trade union research group estimated an average decline in full-time, permanent employment in 34 firms of private sector in Mumbai at about 20.5% between 1980 and 1990 (Shrouti, et al, 1994). Another study (Sarath, 1992) of six industries-tea (west Bengal), textiles (West Bengal), power (Andhra Pradesh), port (all ports), engineering (West Bengal and Andhra Pradesh) and Chemicals and pharmaceutical (Maharashtra) all pointed to a decline in full-time employment and unionisation rates during the 1980s. The study also pointed to a rise in the incidence of casual and contract employment.

3.4.2 Increase in sub-contracting:

One of the important implication of SAP is the increasing rate of contract and sub-contract work in almost all industries in public, private and even parastatal sector. In the private sector, initially, the management transferred permanent jobs like canteen, transport, cleaning, sweeping, loading, gun loading, etc. to the contract system. But now a days the job of permanent nature like maintenance of machinery; production; carpentry; painting; electrical work; office work like peon, typist, data entry operators etc.; plant cleaning; actual production; security; and canteen are transferred to contract labour. In public sectors as well like Port & Docks Industry, State Roadways Depots, Chemical, Rayon, Engineering and Pharmaceutical units in different states, large scale contracts are being doled out to private parties while skilled workers of the industries are made to sit idle (Ratnam, 1997).

Influenced by liberalisation policies industries began to sub-contract more and more of their production. Two forms of sub-contracting have become common. In the first, large firms get some of their products made by small enterprises in public and private sector as well. In the second, the entire production is got from small units, leaving the large firm with marketing, mainly in private sectors (Prasad, 1994; 16).

To reduce the manpower and power of organised and unionised workers, management used subcontracting as a strategy. Also one important reason of subcontracting is to get flexible and cheap labour. For example in the subcontracted unit of Pfizer and Ciba Geigy in Pune (private sector), "the workers are getting on an average Rs.1400/- per month, while in the Pfizer, Thane unit, for the same job the average wage is around Rs. 7000/-. Further, as workers in these subcontracted units are not unionised and they are to be dealt with easy easily by the management" (Shrouti and Nandkumar, 1994; 10).

Most importantly, the system of subcontracting has been used by managements in private sector to get total control over workers by dividing them. A study by Shrouti and Nandkumar show that "during the strike period, management succeeded in getting their products made through these sub-contracted units. Strikes and lockouts have been used by the management as a test period for subcontracting tendency" (Shrouti and Nandkumar, 1994; 10). The increasing trends of sub-contracting in the private sector of some selected companies can be found in the following table.

Table 3.5: Production transferred to outside the main unit
(percentage of total production)

Sl. No.	Name of the Company	1980	1993
1.	Pfizer	8	38.61
2.	Cadbury	7	30
3.	Hindustan Lever (Soap)	0	15
4.	Hindustan Lever (Detergent)	5	50
5.	Rallifan	10	50
6.	Murphy	15	100
7.	Bush	10	around 110

Source: Shrouti, Arvind and Nandkumar (1994), *New Economic Policy, Changing Management Strategies - Impact on Workers and Trade Unions* (New Delhi: FES & MKI), p.11.

Sub-contracting offers many advantages for companies and many disadvantages for workers and unions. "Large firms do not have to employ large numbers of workers. Labour costs come down because small units pay much less as wages and other benefits to workers. Overhead costs too come down. Production can be increased at short notice depending on demand. Large firms also dictate terms to small units which are at their mercy for survival. Work can be distributed among small units spread throughout the country so that they cannot come together" (Prasad, 1994; 16).

3.4.3 Increase in Contract work and Privatisation : Some Examples

As stated earlier, common feature of increase in contracting regular jobs was reported in almost all industries, public, private and even parastatal. For example "in the Port & Docks Industry, especially in Calcutta and Haldia (public sector), large scale contracts are being doled out to private parties while skilled workers of the industry are made to sit idle. In State Roadways Depots in U.P. (public sector) many jobs like tyre retreading, washing etc. have been given away to contractors. In the chemical, rayon, engineering and pharmaceutical units in Maharashtra, Gujarat, Madhya Pradesh and Karnataka doing out work done by regular employees to contractors is a common feature. These contractors in turn flout all labour laws and do not even pay minimum wages, not to speak of their social security benefits" (Shrouti and Nandkumar, 1994). But the irony is that giving jobs of permanent nature to contractors is illegal.¹ Further, "the service conditions of workers employed by contractors are inferior to those of permanent workers. In many cases, contract workers have been denied even statutory minimum wages, let alone other service conditions" (Shrouti and Nandkumar, 1994; 22).

Contract workers are denied an appointment letter, identity card and other documents specifying duration, status and terms of employment. Through these documents they can have the guarantee of their employment under law. "But in practice, majority of companies deny the same to the contract labour. Many times contract workers have to work for more than eight hours at very low rate of overtime. In some companies, even the overtime amount was denied" (Shrouti and Nandkumar, 1994; 22). Despite the fact that the law does not permit the use of contract labour for permanent nature of work employer are able to ignore the law because of the changing environment in which the government is indifferent and trade unions are not interested in these workers to organise or fight for them.

¹ On 09-05-1995, in its decision contract labour practices, the Supreme Court comment mentions "apart from the fact that it is an unfair labour practice, it is also an economically short-sighted and unsound policy, both from the point of view of the undertaking concerned and the country as a whole. The economic growth is not to be measured only in terms of production and profits. It has to be gauged primarily in terms of employment and earnings of the people. Man has to be the focal point of development..... We therefore, recommend that -

[a] all undertakings which are employing the contract labour system in any process, operation or work which satisfies the factors mentioned in clauses [a] to [d] of Section 10 [2] of the Act. should on their own, discontinue the contract labour and absorb as many of the labour as is feasible as their direct employees.....". See AITUC (1995), *Supreme Court Judgment (Dt. 09.05.1995) : Relating to Abolition of Contract Labour System* (New Delhi: AITUC), PP.4-5.

3.4.4 Reduction in Labour Force:

A common feature in all industries is a virtual ban on filling up of vacancies arising out of retirement. "In the Ports of Calcutta, Bombay, Haldia and Vizag, (all public sector) 1000 to 2000 workers have already left the industry in each port through voluntary retirement. In Bharat Electronics Limited (BEL), Hindustan Aeronautics Limited (HAL) and some other Public Sectors in South India, thousands of workers have left the industry after opting for voluntary retirement. In the Municipal and State Government departments in Uttar Pradesh, vacancies arising out of retirement have not been filled up. Instead, job work is allotted to contractors. In most Private Sector industries in Maharashtra, Gujarat, Haryana, Madhya Pradesh and Rajasthan, there has been a complete ban on recruitment. In the private sector textile industry in Rajasthan, U.P. & M.P., a record number of units have declared closure throwing lakhs of workers out of employment" (MKI- Maniben Kara Institute, 1993; 114-115). Even, there has been a virtual ban on recruitment of labour. Table 3.6 sums up the situation in some private firms in Western India.

These policies have hit labour hard. They have reduced employment opportunities and affected labour's bargaining position. Thus, Hindustan Lever could keep the market supply with its products and made record profits at a time when its largest factory was on a prolonged strike and lockout. Similarly, the long strike in the Bombay textile industry had no effect at all on the availability of fabric, long strike and lockout in Delhi Weston Electronic did not affect its market supply despite the fact that there was total stoppage of production for long time. "Majority of these companies have transferred their production to sub-contracted units or parallel units outside the main industrial region, therefore no recruitment took place" (Shrouti and Nandkumar, 1994; 9).

Table 3.6
Job Losses in Manufacturing Firms in Western India

Firm	Recruitment Stopped in	Jobs Period	Lost Number	Loss in %
Pharmaceutical:				
Ciba Geigy	1982	1982-90	350	27
Gerffrey Manners	1985	1983-90	133	19
German Remedies	NA	1983-90	87	13
Hoechst	1985	1983-89	300	21
May & Baker	NA	1975-90	396	28
MSD (Merind)	1979	1983-89	90	19
Nicholas	1978	1983-89	89	16
Sandoz	1983	1983-90	80	7
Chemical				
Hindustan-Ferodo	1985	1985-90	250	17
Searle	NA	1986-88	107	57
Engineering/ Electronics:				
Rallifan	1970	1980-90	650	59
Sankey	NA	1985-89	336	20
Scindia	NA	1972-86	500	50
Murphy	NA	1981-90	1150	72
PHILIPS	NA	1983-90	350	26

Source: Prasad, K. V. Easwara (1994), "Trends in Employment", in Ramaswamy, E.A. ed. *Countdown: Essays for Trade Unionists* (New Delhi: FES), p.17.

3.5 IMPACT OF INDUSTRIAL RELATIONS:

One of the prerequisites of restructuring is change in the labour policy of the government. Independent India adopted the philosophy of welfare state and safeguarded the interests of the weaker sections of the society. Labour was being considered as one of the weaker sections and a series of labour legislations were enacted in different periods of time to protect the labour from exploitation by the employers. At the same time, the idea that labour is to be treated not merely as a resource for development but as a partner and beneficiary, was an essential ingredient of social policy. It had its roots in the independence movement and, in fact, a number of legislative measures for social protection of labour had been under taken before independence was achieved and this process was further widened and accelerated by the national government. Thus the legislation regulating conditions of work in factories, mines and plantations, which already existed, was elaborated and sharpened; the provisions of social security were made more comprehensive and the coverage expanded to include various kinds of risks; detailed laws governing industrial relations and industrial disputes were enacted, and mechanisms for fixing and implementing minimum wages were evolved. The basic philosophy behind all these measures was to ensure that labour is not employed in sub-human conditions, and is not subjected to unfair practices in payment of wages, dismissals and retrenchments, and to see that the wages paid are reasonable and fair, and minimum security is provided against risks, such as injuries and accident at work, sickness, maternity and old age (Papola, 1994; 118).

Industrial relations law (Industrial Dispute Act 1947), besides specifying procedures for settlement of industrial disputes, also stipulated restrictions on employers in laying off and retrenching workers, thus providing a measure of job security (Papola, 1994; 118-19). Hence, the state assumed an interventionist role in industrial relations. This relationship between the state and labour helped the labour to achieve their goals. For example, as Johri (1990) point out, industrial policy in India has moved towards stricter regulation while industrial relations policy has become increasingly soft. Johri's assumption may be true for the period before the initiation of liberalisation policy and especially before the SAP but after the implementation of SAP even the industrial policy has become 'soft' in which workers and unions are in a disadvantageous position while for employers the situation is the reverse.

According to Kochan (1993), the New Economic Policy exerts severe pressure on all levels of the existing employment relations. In various studies, it is found that the industrial restructuring was a cause for retrenchment, job loss, casualisation of employment, contract employment, etc. which ultimately led to the declining union membership and weakening of union power (Ratnam 1993; Mathur 1991). According to Mathur (1991) due to restructuring in some firms like ITC, Dunlop, Asian Paints, Bata, Eicher etc. the position of unions as an institutions has invariably weakened and their representative character is in question.

However, the situation varies from one state to another. The variation in industrial relations are on some degree level only but finally for labour and union as a whole it is difficult time. As per Article 246 of the Constitution of India, labour is in the concurrent list. As a result, both the central and the state government legislate on certain matters concerning social and labour policies.

In the next section we will discuss how labour policies and labour protection machinery is becoming soft to favour employers and disfavour unions and labour.

3.5.1 Changes in Labour Protection policies and change in government attitude:

a) In 1994 Kerala government announced the labour policy as a part of its industrial policy which contains several radical provisions (See Box-1) and are directly in favour of employers and pose severe restrictions to the unions and workers. On the basis of this industrial policy the government is expected to change its existing labour laws.

Box 1

INDUSTRIAL RELATIONS ELEMENTS OF NEW INDUSTRIAL POLICY IN KERALA, 1994

1. The entrepreneur will have the full right over hiring of labour and shall not be inhibited by any claims from the sons of the soil, displace persons from acquired land, construction/contract labour and dependants of employees.
2. All restrictive labour practices, including intimidation, gheraos, dharna inside the factory, harassment of managers and their families and extortions of any kind will be treated as criminal offence and dealt with accordingly.
3. The management will have the prerogative to deploy workers in any section of the unit as part of a multicraft approach.
4. Disciplinary action against individual workmen will be resolved as per the procedure provided in the Industrial Disputes Act.
5. Unions will be recognised for participation in labour-management negotiations only if they have a minimum membership of 15% of the total number of employees. The Government will bring about a comprehensive legislation for this purpose.
6. Government will encourage long term agreement. Long term enhancement in wages will be linked to productivity. The possibility of long term bonus settlement will also be explored.
7. Governments will do all that is in their power to avoid work stoppages during the first five years of a project. Even after the first five years, any dispute there might arise, involving stoppage of work and lowering of production, is to be discouraged.
8. In all new enterprises with an investment of Rs.30 crores or more an officer of the Labour Department of appropriate status and with adequate power will be exclusively appointed at the cost of the government for the first five years to ensure that labour disputes do not lead to any stoppage of work.

Source: Ratnam, C.S. Venkata, (1997), *Indian Industrial Relations* (A Report Prepared for the ILO Task Force on Industrial Relations, ILO : Geneva), p.26.

There is some good elements in this Industrial Policy for curbing unnecessary union activity. But it should be also kept in mind that unions' dictatorship is only confined to public sector, in the private sector employers have always been in a stronger position despite this fact in Kerala, in the height of the new policies private enterprises will have much more power to hire and fire, to exploit workers and prevent unionisation for first five years because government will protect them. After five years one does not know how the industry will grow and labour and union may have a better deal because in the Delhi industrial area the five years' relaxation has been extensively misused by the employers. For the first five years infant enterprise get various concessions and help as well as relaxation in certain labour laws. This situation enable them not to pay proper wage and benefits, and secure most of the tax exemptions and relaxation and just at the end of five years when workers' major entitlement start, then they normally close the unit and shift to another state and open new enterprise and avail all concession and benefit for infant industry for another five years.²

b) Inspection of enterprises by labour inspector is very crucial for determining actual workforce size and on that basis enabling workers to get their legal entitlements. In the Delhi Industrial Area workers and unions extensively used this provision to secure entitled benefits and during inspection time employers even tried to hide the workforce size by hiding its temporary, casual and contract workers in big boxes of Television cartons³. In 1994 the Delhi Administration formulated a new policy in which Labour inspector can visit only such factories with 50 or more employees. And more interestingly it is the employers' information will be the criteria to determine the workforce size and on basis of which Labour Inspector makes decisions about a particular enterprise.

In Uttar Pradesh a restriction on Labour Inspector has been placed in recent years before inspecting any establishment an inspector has to take prior permission of a senior officer (Labour Commissioner) (Ratnam, 1997; 10).

Rajsthan also exempted certain industries or types of establishments for the purposes of inspection can be seen in the Box-2.

² Based on author's personal observation as working in Delhi industrial area for more than six years. Please see Chhachhi, Amrita, (1997), *"Dormant Volcanoes or Fresh Green Vegetables?" : Women Electronic Workers in Delhi*, Monograph prepared for the Project Women Workers and Organisational Strategies in India.

³ Based on personal interview with plant level unionist Mr. Sansar Singh Parmar and other area based unionists as well.

Box 2

LABOUR INSPECTION IN RAJASTHAN

1. The system of separate inspection under industrial labour laws has been done away with. Instead, there is going to be only a common inspection of industry in accordance with checklist prepared for the purpose.
2. The number of inspections under labour laws has been reduced to 5% of the establishments in the small scale and tiny sectors and 10% in other sectors selected on random basis.
3. Small scale industrial units are now required to send only one return and display one common notice covering all labour laws.
4. The government of Rajasthan has decided to reduce the list of industries to be inspected under the Factories Act from 15 item to just 3 items; as a result of this 5,000 units out of the total of 12,600 factories of the State get excluded from various provisions of the Factories Act.

Source: Ratnam, C.S. Venkata, (1997), *Indian Industrial Relations* (A Report Prepared for the ILO Task Force on Industrial Relations, ILO : Geneva), p.26.

3.5.2 Change in the attitude of judiciary toward workers and union:

Earlier judiciary in India was known as being much concerned about social justice and the downtrodden people and in fact judges of the Supreme Court of India have given a series of far reaching judgements in that spirit. But in recent years, particularly in the post-liberalisation period, there is a remarkable change in the attitude of judiciary.

a) Fine for arson: In a recent judgement the Supreme Court imposed a fine of Rs. 100,000 each for six trade union activists for indulging in arson and damage to company property during strike. In the past when a fine of Rs. one was levied of a trade union leader, he did not pay and the matter was not pursued. But not this time after liberalisation (Ratnam, 1997; 18).

b) Justify strike: In ID Act. 1947 there is a provision that before going to strike employees have to follow some procedure like a few weeks prior notice for going on strike. In its judgement Supreme Court said that "a strike has to be not only legal, but also justified". Therefore now employees not only have to have legal strike but also they have to prove that strike was justified (Ratnam, 1997; 18).

c) No pay for union work: In its ruling the Maharashtra High Court said that "no pay for trade union work" (Ratnam, 1997; 18).

d) Dismissal without enquiry: The Supreme Court upheld the decision of Oil and Natural Gas Commission (ONGC) who dismissed its employee without any enquiry. In this decision the Supreme Court set aside the High Court judgement that dismissal without enquiry is illegal (Ratnam, 1997; 18).

e) **No right or freedom to hold demonstrations:** In its decision the Delhi High Court ruled that (i) "a union has no right or freedom to hold a demonstration in a property belonging to another. No one can be allowed to exercise his right so as to prejudice to the right of another". (ii) "The right of labour union of speech and formation of assembly and demonstration of their point of view has to be exercised within the framework of law and should not lead to violence and misrepresentation of law and order in the society." (c) "A trade union and its members can be restrained by the Court from staging demonstration within 100 metres of the factory gate/residence of the managing director and they cannot interfere with the ingress or egress of officers, employers and customers." (Ratnam, 1997; 18). The identical decision of the Kerala High Court has been upheld by the Supreme Court in November 1997 (Internet, Nov. 1997).

But there are exceptions also. As I mention earlier in 1995 the Supreme Court gave its decision in favour of contract workers. The Supreme Court gave its ruling for the abolition of contract system (AITUC, 1995).

3.5.3 Proposed changes in the Industrial Disputes Act, 1947:

The Inter-Ministerial Working Group on Industrial Restructuring, which was formed in 1992 and the Goswami Committee, which was set up in 1993, recommended the following changes in the existing labour laws:

The Industrial Disputes Act, 1947 may be amended to reduce the period of notice under Section 9-A *ibid* from 21 days or more to seven days.

The provision relating to prior permission for lay-off in units coming under the purview of chapter V B of ID Act and provisions relating to prior permission for retrenchment and closure in the same chapter should be deleted (Masilamani, 1995; 6-7).

The recommendation of these two committees have not been accepted openly, however governments machinery have been giving frequent permission of closure, lay-off and retrenchment from one state to another.

3.5.4 New Trends in Collective Bargaining:

The emerging fluid situation disturbs the existing equilibrium in the power relations between unions and management and the latter may as Venkata Ratnam (1993; 66) observed "seek in some cases, to unilaterally act and search for managing new sources of pluralism and individualism at the workplace, bypassing collective bargaining. This was evident from the tendency of some employers to promote workmen into officer categories in the hope they could be taken out of the purview of the Industrial Disputes Act and collective bargaining." Even with the popularization of human resource management, employers are trying to avoid the system of collective bargaining by establishing direct communication with individual workers. "Also, managerial unions began to proliferate subsequently even in private sector where the motives for such promotions were not necessarily bona fide" (Sharma, 1992).

3.5.5 Ascendancy of Employer/ Managerial Power:

Events in recent years shows the strength of employers. "In a series of prolonged strikes in late 1980s- in Dunlop and Bata in eastern India and Hindustan Levers and Telco in western India, for instance- the trade unions and workers had to call off the strike virtually unconditionally. In 1992, in southern India, the trade union in one of the pharmaceutical companies, Raptokas Brett, had to agree to forfeit the favourable verdict of the Supreme Court, after over a decade's struggle that upheld its claim over the reintroduction of double linkage of dearness allowance. The trade union, a few months after getting a favourable verdict in the highest court of the land, virtually surrendered the benefits accruing out of the verdict when the management which continued to express difficulty in honouring the Supreme Court verdict planned to sell the unit. A collective agreement signed in March 1992 provided that workers will be eligible only for single linkage for purposes of payment of dearness allowance" (Venkata Ratnam, 1993; 65).

3.5.6 Increasing rate of lock-outs and declining rate of strikes:

In 1976-80 the rate of strike was 60 percent which declined sharply to about 45 per cent during 1986-90. As against this, the share of lockouts increased from 40 per cent during 1976-80 to 55 per cent during 1986-90 (Datt, Ruddar, 1992). According to Veerashekarappa (1996) the reversal of the trend from strike to lockout and rise in employers' militancy is the result of the New Economic Policy, initiated in favour of the private sector since 1985. From Table 3.7 it is clear that during the second half of 1980s, the working-days lost due to lock-outs had been far greater than those lost due to strikes. Barring the exception of 1986, the working-days lost due to lock-outs have been consistently far greater than those lost due to strikes. Even Ministry of labour confirm that the working-days lost due to lock-out is far greater than the strikes which can be seen in the Table 7.

Table 3.7
Industrial Disputes in the Organised Sector

Year	Number of Man-days lost		Total
	Strikes	Lock-outs	
1985	11,487	17,753	29,240
1986	18,824	13,925	32,749
1987	14,026	21,332	35,358
1988	12,530	21,417	33,947
1989	10,700	21,960	32,660
1990	10,640	13,450	24,090
1991	3,540	6,200	9,740

Source: Datt, Ruddar (1993), "New Economic Policy and Its Impact on Industrial Relations and Employment in India", *Indian Journal of Labour Economics*, vol. 36, no. 1.

Table 3.8

Working days lost due to strikes and lockouts in the organised sector

(in millions)

Year	Strike	Lockout	Total
1987	14.03	21.33	35.36
1988	12.53	21.42	33.94
1989	10.70	21.97	32.66
1990	10.64	13.45	24.09
1991	12.43	14.00	26.43
1992	15.13	16.13	31.26
1993	5.61	14.69	20.30
1994 (Jan-Aug)	2.04	8.82	10.86

Source: Ministry of Labour (Government of India) *Annual Report 1994-95*.**3.5.7 Declining union membership:**

Due to the consequences of liberalisation of the Indian economy as well as closure of sick units and changing patterns of work and organisation the union's influence has come down to the lowest possible level, resulting in loss of membership. Due to these reasons union membership is declining in traditional industries as well as in industries which are themselves on the decline in some regions. For instance, the membership of Textile Labour Association has come down from over 140,000 in 1984 to less than 40,000 in 1994. Similarly, union membership in the jute industry in West Bengal also declined rapidly, over the years. In the new, non-traditional, high-tech industries, unionisation is becoming difficult (Ratnam, 1997; 9). Even many CTUO leaders have accepted this fact publicly that their membership are declining considerably. As INTUC general secretary made observation that during 1993, Indian Trade Union Movement (ITUM) lost its membership at least by 25 percent (Sinha, 1994; 777).

3.5.8 Emerging independent unions at plant level:

In the recent years, trends of unionisation show that there is an emergence of independent unions at the enterprise level whose main concern is at enterprise level, with no forum to link them to national federations (Ramaswamy, 1988).

3.5.9 New Patterns of Unionisation:

There is some positive implication of liberalisation policies on the pattern of unionisation as well. So far central trade union and conventional unionism neglected the need to organise the unorganised sector therefore several leaders from public life have formed a coalition in 1995 to form the National Centre for Labour in a bid to organise about nine million contract and construction labour. This trade union was given birth by a coalition of non-governmental organisations that excluded traditional trade unions (Ratnam, 1997: 14). However, it was not entirely new effort. Earlier as well and even before the initiation of economic liberalisation, some unconventional type of unions/organisations and Non Governmental Organisations (NGOs) started the process to organise the unorganised people. Like unorganised women workers by Self Employed Women Associations (SEWA); mines workers by Chhatisgarh Mines Shramik Sanghtan; bonded and child labour by Bandhua Mukti Morcha; fishworkers folk by Kerala Fishworkers Union; landless agricultural labourer by Chhatra Yuva Sangharsh Vahini (Gandhi, Nandita 1996; Baud, Isa 1994).

3.6. TRADE UNION RESPONSES

The restructuring process has resulted in thousands of workers becoming jobless and has expanded the enclaves of unprotected labour driving trade unions up against the wall. When the government announced the new policy in more concrete and explicit terms (July 1991 SAP and subsequent NEP/NIP) the response of the trade union movement has been, at best, defensive.

More or less all trade union centres (CTOs) expressed their opposition to the new economic policy. The variation has been merely in degree and in fact their perception was that the entire policy package was anti-working class and therefore, not acceptable to them. It is also interesting to note that trade unions waited the whole decade of 1980s when the actual foundation of liberalisation was introduced. Its responses in the form of action and programme surfaced only after the attack of its base i.e. the public sector.

The blanket opposition from the entire TUM, however, did not deter the government. The government went ahead with its policy which brought about certain fundamental changes in the economy. (Davalu, 1994; 140).

3.6.1 Effort of joint response: Issue based unity:

To face the growing challenge posed by the implementation of Structural Adjustment Programme, the National Campaign Committee had been broadened further in 1992, as declared AITUC, to bring into its fold different organisations or workers, leading to the broadest ever action-oriented joint trade union platform, namely, the Sponsoring Committee of Indian Trade Unions, encompassing within its fold not only majority of National Trade Union Centres but also many national federations of workers and employees including, working class formations functioning independently at different levels (AITUC, 1994). The Sponsoring Committee of trade Unions established the National Platform of Mass Organisations (NPMO) to protest jointly against the government policy of SAP. In their campaign against the NEP/NIP, the trade union centre connected to the Congress (I) and BJP i.e. INTUC and BMS respectively, dissociated from those activities (Masilamani, 1994; 823-829). The NPMO organised various actions throughout the country.⁴

This shows that barring INTUC and BMS, trade union showed remarkable unity among the National federations which are normally divided on socio-economic issues. This negative solidarity may be because of their vulnerability in the ground level of industrial relations where employees have begun to gain an upper hand in management of industrial disputes.

3.6.2. Formation of unity amongst public sector unions:

The Central Public Sector Trade Unions (CPSTU) was formed in 1992 to unite the employees of the CPSTU. Here again INTUC and BMS did not join otherwise all central trade union federations and All India Federations of various industries and independent unions as well as the United Platform of Bangalore and Hyderabad based PSUs came together. Also the Joint Action Councils (JACs) of employees belonging to postal and financial (bank and insurance companies) sectors participated against the NEP and the NIP (Ratnam, 1997; 12).

a) Scuttling sale of public enterprise

Government of Uttar Pradesh (GOUP) decided to sell its State Cement Corporation (UPSCCL) and finalised the deal with prospective buyer Dalmia Industries in 1991. The employees union opposed the UP Government move and filed a petition in the Allahabad High Court which prohibited UP Government to convert UPSCCL into a private corporation. In the light of High Court decision, again GOUP modified the deal in which only 49 percent of equity and management were decided to be transferred to Dalmia Industries. But at the time of the transfer of management, unions and workers showed stiff resistance, and there was a police firing in which nine workers died and subsequently GOUP decided to reverse its decision (Gupta, 1996; 2691).

⁴ According to Labour Report some Trade Unions organised One-day nation wide strikes- bandhs to protest against the new economic policies of the Government on 29.11.91, 16.06.92, 09.09.93, 14.07.94 and 29.09.94. These strikes had varying degrees of impact in different parts of the country and indifferent sectors on industry (Annual Report 1994-95, MOL, GOI; 32).

Many cases of public enterprises which were put up for privatisation, but could not be privatised. Include Indian Iron and Steel Company (IISCO) Barnpur and Kulti, Scooters India Kanpur, Great Eastern Hotel Calcutta (Gupta, 1996; 2690). The strong opposition of unions and workers has been one of the main reason behind preventing those public sector enterprise being privatised.

3.6.3 Unions initiated revival of sick units:

a) Kamani Tubes Ltd. (KTL): the KTL, which produces non-ferrous (mainly copper) tubes and rods for the use in industries such as power generation, sugar, air conditioning and refrigeration, petrochemicals, etc. The factory was closed number of times in the 1980s due to financial problem. Finally in September 1985 it had to shut down because its power had been cut off due to its inability to pay electricity bills (Bhowmik, Sharit K, 1993 42).

The company had about 600 workers all of whom were members of the Kamani Employees Union (KEU). The Working President of the KEU, D. Thankappan convinced workers that they can run the factory through the workers' cooperative. The union made a study of the situation and found that the market for the company's products was good. If run properly the company could easily make a profit. The union prepared a company revival package and also formed the workers cooperative and applied for its registration. There was a legal battle since 1986 for registration of cooperative and also transfer of management to the workers cooperative. But finally in August 1993 the cooperative got control over management of KTL (Bhowmik 1993; Sen, Ratna 1995).

b) New Central Jute Mills: This jute mill has a two unit which employed about 13,000 workers. Due to the sickness of these two units it was proposed to be sold. But it was revived through workers' contributions (deducted from wages) and by the erstwhile managers (not owners), and the workmen, jointly through the structure of a credit society, a plant level committee and an all-union committee. With two mills and 14 unions each, any similar effort could be easily a failure. However, unit has been revived, nearly 9000 jobs have been protected and quality jute goods have been marketed. It is a fine example of joint undertaking of workers and managers (Sen, Ratna, 1995; 324)

c) In Indian Drug and Pharmaceutical Limited (IDPL) all the 44 unions, with the exception of one, have signed an agreement, making several sacrifices (wage cut, employment cut and benefit freeze/deferment) with a view to make the unit viable (Ratnam, 1997; 12).

3.6.4 Structural Unity and merger effort:

To face cohesively the onslaught of NEP/NIP some central trade union centres decide to merge with each other. AITUC and HMS decide to do so and its merger process is at an advanced stage. Also INTUC and NLO agreed to merge (Ratnam, 1997; 12).

3.7. OUTCOME OF TRADE UNIONS' RESPONSES TO SAP

With limited success strong trade unions impeded the pace of the implementation of SAP for some time when government announced NEP without consulting trade unions. In response they gave a call for a nation-wide strike on November 29, 1991. The prospect for a united workers movement, however, was disturbing with the government struggling to implement the World Bank conditions. The Government, therefore, took the initiative in reviving the tripartite framework which was nearly defunct for the last ten years. Just two weeks before the of general strike the first national-level consultation with workers' organisations was convened by the central government to meet Union Labour Minister, P.A. Sangma. the government promised regular dialogue and consultation and constituted the Special Tripartite Committee(STC) at national level, despite the apprehensions that a tripartite consultation would show structural adjustment in the negative (Mathur, 1993; 331-45).

STC was the major outcomes of the TUs' resistance to the SAP. Pressure tactics of unions: all-India strikes, *Bharat Bandh*, march to Parliament, etc. slowed down the process of SAP, as trade unionist claimed. Trade union leaders also claim that in the public sector due to unions pressure there was a) no direct retrenchment of surplus labour - used only VRS for this purpose, (b) privatisation of IISCO has not come through, (c) NTC modernisation scheme along the lines of unions demand, (d) slowed down the privatisation process in postal services (Ratnam, 1997).

It was a success to union as unionist claim. Hence the unions view that the trade unions unity and resistance resulted in the government's adoption of the middle path. They also claim that the labour law reforms have not seen the light due to this factor. (Masilamani, 1995). This may be the partial truth. Major factor for the government adopting a middle path (it was only for few months) or no progress on labour law reform was the lack of political will, given the minority status of the party in power.

CHAPTER IV

TRADE UNIONS RESPONSES : A CASE STUDY OF OKHLA INDUSTRIAL AREA

Okhla Industrial area in Delhi is overwhelmingly dominated by small and medium size enterprises. Unionisation is at very low level and employers are in a very strong position to dictate their terms and conditions. In general they evade almost all statutory obligations that are supposed to be given to their employees. Only in few large scale enterprises, workers receive minimum wage and other statutory benefits. But these are very few cases. I will discuss later in this chapter how most of the enterprises do not provide any benefits. Unions in this area do not prefer to organise small units and they do not have the intention to do so¹. If any factory is being unionised, fully or partially, managements normally tries to suppress this effort and in the event of failure of this strategy, managements simply close and relocate the industrial unit leaving the employees jobless.

To evade legal obligations managements adopt various strategies among which under-reporting of employees and assets is the first and foremost one. Also they do not keep proper employment records and do not give any employment proof to their workers either in form of appointment letters, attendance cards, or salary slips. Besides, they sub divide the enterprises nearly into three to five units only paper to keep the work force strength below the number of nine (Damle et al., 1992).

An enterprise that employs more than nine workers has to be registered in the Office of Registrar of Industries². Registration under factories act means that management is legally obliged to its employees for minimum wage to PF, ESI, etc. Therefore the whole history of Delhi's industrial growth (see table 4.1) over the last one and a half decades shows that the ratio of workers per unit have not exceeded more than nine in government records due to under reporting and manipulation by managements. Author's personal observation, as a TU's activist and researcher since 1988 in the Delhi industrial areas, also is that employers under-report or hide their enterprises' information). In reality hardly any small and tiny enterprises has less than nine workers.

¹ Dr. Animesh Das, an area based unionist, admits that they don't prefer to organise small scale enterprises because here it is very difficult to achieve objectives.

² The factories act states that all industries who have employed more than or equal to 10 workers with the use of power or 20 without the use of power even for a single day during the previous calendar year have to register under the factories act. (see Damle et. al., 1992; 1).

TABLE 4.1
GROWTH OF ALL INDUSTRIES IN DELHI

Year	No. of Units	Employment	Average Employment per Unit
1978	40000	350000	8
1988	76559	514238	6
1990	81000	729000	9
1991	85050	765450	9
1992	89000	802000	9
1993	93000	837000	9
1994	97000	873000	9
1995	101000	909000	9

Source: Commissioner of Industries, Government of N.C.T. of Delhi (1995), *Industrial Profile: Delhi 1995* (Delhi: Govt. of N.C.T. Delhi).

A study by sample survey³ shows that only 21.2% factories have nine or less workers and more than 78% of enterprises have above the nine work force. This can be seen in the table 4.2.

TABLE 4.2
WORK FORCE SIZE IN DELHI INDUSTRIAL AREAS

Number of workers in a factory	%
Less than or equal to 9 workers	21.2
10-19 workers	26.2
20-49 workers	27.6
50-99	13.8
100 and above	10.6

Source: Damle, V.V., et al., (1992), *Unionization and Working Condition of Employees in Small Manufacturing Sector in Delhi Industrial Area*, (A Study Report to the Centre for Education and Communication, New Delhi), p.25.

³ This study has been conducted between 1990-1991. It was completed through survey methods that comprise questionnaire base interviews of 500 workers. These interviews were carried out all over Delhi incorporating workers of as many Industrial Areas as possible. The questionnaire itself was quite exhaustive consisting of 70 separate items of inquiry which included personal background and socio-economic background, employment information, wages and terms of employment, factory information, working conditions, and unionization information. I was also involved in this study as a member of the research team.

4.1 UNIONIZATION IN DELHI

Workers in Delhi largely remain unorganized. In the smaller industries the struggle is mainly for unpaid wages and severance payments; in the larger industries it is for job security and statutory wages and working conditions. Collective bargaining as such has not yet taken off (Damle, et. al., 1992).

Unionisation in Delhi industrial Areas present a very low level. Just 2.6 per cent of enterprises are unionised (Damle, et al, 1992). Few enterprises that have 50 or more workers are unionised. Some of them have management supported unions and in other cases independent unions also exist.

In Okhla Industrial Area there are about 25 area based unions in which not more than ten unions are serious in terms of their activities as well as their services for industrial workers. Some unions have their branches in few industrial units. In general the relation with management starts when some worker/s approaches to the union in the event of having **problem** with managements. At this time, normally, workers accept membership of such union. The problems include victimisation, harassment, non payment of wage/minimum wage, retrenchment etc. When the union contact management to discuss about the affected workers, except few, in most of the cases management flatly deny the identity of those workers as their employees and then a long drawn legal battle begins in which the workers/union have to prove that they were the employee of that enterprise. Afterward other issues surface. Wherever it is difficult to disown workers by managements, unions establish formal contact with the managements by sending a complaint/charge to the management to response. here in this stage most of the unions, except a few, try to reach a settlement (*hisab*) so that they can get some percentage of their services charge, which is not less than ten per cent of the total amount that the workers receive. Unions also take some commission from managements for making worker agree to take *hisab* because no management want to take back those workers. The commission from managements to unionist is hidden, normally workers do not know the dealing underhand. Only few unions try to get such workers reemployed, that is something that normally management do not want. Therefore, after the failing of all negotiation and conciliation efforts unions go to the labour court which is a long process and very much time consuming⁴.

In the 1980s industrial restructuring started in which there was a trend of industrial shifting from Okhla to NOIDA and other neighbouring state in which workers lost their jobs and also unions based become weak. In early 1990s there was some cases where workers designation has been changed to lower categories, frequently work was being given to contractors through which the number of permanent workforce were reduced. Since unions were concentrated mainly in larger enterprises, therefore restructuring in those enterprises affected them badly. Somehow this situation is also linked to the national level as unions are mainly confined in the organised sector. The change in the nature and structure of organised sector employment due to restructuring is also weakening the position and power of trade unions. In the following sections I will discuss some specific cases. Issues in those cases may represent the national situation as well.

⁴ Based on personal observation and interviews with trade unions, workers and managements.

4.2 UNION RESPONSES AT AREA AND PLANT LEVEL

In Okhla Industrial Area as well, except one cautious opinion, almost all trade union leaders' opinion were critical about economic restructuring. They believe that the liberalisation process is against them and having a very negative impact on unionism. They are interested in opposing to it. Since the beginning of the New Industrial Policy, they have organised, from time to time protests against this policy in the form of one day general strike (*Okhla bandh*)⁵ in the Industrial Area. However, their actions were not united actions. They normally believe that the liberalisation process is a nation-wide phenomenon and that an isolated protest in one small industrial area would not produce much impact. Therefore it should be part of a national protest. Also most of the area unions are affiliated with one or other national trade union centres, therefore, their protests and actions were in response of the joint or individual call from national trade union centres. Against the New Economic Policy there were four nation wide strikes/bandhs from 1991 to 1994 (Annual Report 1994-95, Ministry of Labour, Government of India; 32).⁶ However their involvement and participation in these calls, also reflected that their disunity is more severe than at the national level⁷. Almost all unionists in Okhla Industrial Area accused others of non-seriousness and sectarianism. On some immediate issues, aroused out of restructuring process, their strategies differ remarkably. Radical left union like Indian Federation of Trade Unions (IFTU) just fight for re-employment in case of retrenchment, closure or any type of job losses. They even do not think about possibility of any kind of settlement or VRS with managements except re-employment. If any opportunity of VRS or *hisab* comes IFTU simply do not go there. If any worker accept VRS or *hisab* those branded as a traitor (Chhachhi et al., 1997). On the other side HMS, a centrist union, is always ready to accept *hisab*. As one area level trade unionist of HMS says "if workers want to fight for job we do that for them and those who want to have *hisab* (settlement) we also negotiate with management"⁸. CITU approach is close to those of IFTU, to fight just for the reemployment of affected workers. Until the 1970s the CITU had very strong base in Okhla Industrial Area. In the 1980s it organised many direct actions, strikes, etc. in this Industrial Area, however, because of ineffectiveness of these strategies and the subsequent failure to achieve the declared goal in those industrial actions, CITUs support base eroded considerably. AITUC normally adopts middle path like HMS. However AITUC has three factions in this industrial area in which two unions actively work for *hisab* and only in the event of failure they go to legal battle. The rest of the unions go for *hisab* primarily because they are there only for this purpose as mentioned earlier, only *hisab* can provide quick monetary gain to unionists in the form of commission from workers and underhand dealing with managements. The aggregate data from the government source on the impact of economic restructuring on employment and unionism for this industrial area is not available however, discussion of some cases and examples of issues which surfaced in the 1980s and early 1990 and unions responses on such issues would be useful.

⁵ *Bandh is a forced paralysation of work, transport, services etc. in a particular area where the call for bandh has been given by unions or political parties.*

⁶ One day nation wide strikes /bandh had been observed on 29-11-91; 16-6-92; 9-9-93; and 29-9-94 (Annual Report 1994-95, Ministry of Labour, Government of India; 32).

⁷ Though the fragmentation and disunity of the trade union movement is its main characteristic and it is divided on ideological, and political lines (Ramaswamy, 1995) they were however, able to achieve, for a brief period, some issues based functional unity against the NEP at a national level (Venkta Ratnam 1997) [which I have discussed in chapter three]. But in Okhla Industrial Area the unity among unions is rare.

⁸ Based on personal interview with E.K. Vasudevan, Working President of the HMS's South Delhi Unit.

4.2.1 Job Loss

There is no public sector in the Okhla Industrial Area. As stated earlier, all industries in this area are private small and medium enterprises are in majority. For their workers, there is no provision of a safety net as is the case in the public sector. Issues arising out of restructuring is indeed in relation with electronic industry mainly which is the focus of study. In this area, "restructuring primarily took the form of cutting labour costs through retrenchment and relocation of units to low wage areas. Getting rid of labour has taken different forms:

1. Outright dismissal of temporary and casual workers
2. Voluntary retirement (forced settlement, *hisab*)
3. Closures and relocation of units
4. Disciplinary actions after forced transfers, false cases etc." (Chhachhi, et al., 1997: 2).

Issues of job loss and TU responses can be discussed in the cases of Weston and Clifton which we did in the project Women Workers and Organisational Strategies (WWOS). We did the case study of 46 workers who lost their job from both units. In both cases units were locked out and workers were retrenched. IFTU was involved in the two cases.

a) **Clifton:** Clifton was an electronic industry of producing TV components and employing about 150 workers. In 1993 managements asked all 150 workers to resign with the promise of re-employing them after re-opening the factory with a new name. All employees were not sure of re-employment and also they were loosing their length of services and legal benefits accordingly. However, some workers keeping faith in the employers' promises (also realising that there were no other options) tendered resignation. The majority of them still wanted guarantee from employer about their re-employment and legal benefits. There was no positive outcome and the factory was closed. So far there was no workers' union at all in this factory. Affected workers approached to the communist trade union - IFTU. The Unions' initial actions - demonstration, dharnas, hunger strikes had no impact on management. They approached to the labour department. Some initial proceeding of the labour department declared illegal retrenchment and ordered to management to pay the monthly wages to employees. The Clifton management went to the High Court against the order of the labour department. The High Court upheld the order of labour department, however, it suggested to the Clifton management to apply for the permission of closure in the labour department which the management did and after 18 months since the real closure it got permission to wind up the business. Now union appealed against this decision to the High Court and till to date the case is still pending of solution⁹. Some of the remaining 110 employees one by one taking *hisab* against the wishes of union but union is not interested to have a settlement with management except the reemployment of workers.

b) **Weston:** On 7 Feb.1994 the production unit of Weston in this industrial area was closed down affecting 250 workers. This is a clear example of managements manipulative strategies to avoid existing legal regulations. "In 1992 the Weston Electronic Ltd. Worker Union (affiliated to IFTU) had been negotiating over the issue of bonus

⁹ Based on personal interviews with Dr. Animesh Das, Mr. Puran Mal, Mr. Jagdish Sharma - all trade unionists and also interview with some Clifton's workers.

which had in the past three years been reduced from 20 percent to 10 percent. Then the issue of gratuity came up and 11 workers were dismissed from one of the unions. At that time the management discussed with the union a proposal for making 300 workers redundant through voluntary retirement. The union refused saying that they would not be party to getting workers to agree to voluntary retirement. The management offered three months pay as compensation. Some workers left at that time but many stayed on. In 1992 management was hopeful that more workers would leave" (Chhachhi, et al., 1997:2).

The union then took up the issue of minimum wages which were not paid for the semi-skilled and above categories of workers. A case was registered with the Labour Commissioner. The management then closed one unit, and sent the workers to the second unit and still tried to convince workers and union to take VRS, but the remaining workers were not interested to leave the job. On 7th February 1994, when the workers came for their duty, they found that the factory was locked and there was a heavy arrangement of security personnel. They found one notice stuck in the main gate stating that the workers had been transferred to other units within and outside Delhi. Initially union and workers refused to accept the transfer because they felt that it was an illegal one and also because the addresses mentioned in the notice were not of production units. Some places were TV show rooms and other mere empty building with no machinery and equipments. Later they decided to accept the transfer. The union asked the management to give formal transfer letter which were refused by saying that "there is no need of transfer letters you simply report your duty to new places". When workers went to new these place to report their duties they were refused to do so. Meanwhile workers received warning letters from the Weston management which stated that they were absent from their duties without any information and if they would fail to join their duties within stipulated time then management would conclude that the workers have abandoned their. The union was aware of management's tactics of sending this type of letter to make its legal position strong, therefore this time they were accompanied by a labour inspector to join the workers' duties which again were refused. In June 1994 the workers got final letter from the management stating that they were absent from their job since 7 Feb. 1994, without any information, and also that they did not respond to the management's letter to join their duties and therefore that means they were voluntarily abandoned their services. The letter also stated that workers could collect their dues in any working days¹⁰. The union then approached the labour department. The labour department called both the union and management thrice for a conciliation meeting in which management never turned up. Then labour department declared it as an illegal retrenchment and directed management to pay the monthly wage of workers then management went to the High Court against the management order. As usual in the Indian legal system, matter is still pending in the High Court and no body can predict how long it will take. "A slow process of whittling down the strength of the union had begun to wane as workers, inspite of supporting the union found that they could not survive for long without any income. Some just could not afford to continue without any money and since there was no possibility of their getting back their jobs, many of them had gone in for *hisab* against the wishes of union" (Chhachhi, et al., 1997: 3).

¹⁰ Based on interviews with unionist and workers and legal document provided by Puran Mal, the Treasurer of Weston Workmen union.

"The terms 'voluntary retirement' are a euphemism for forced and illegal retrenchment in most cases in the private sector. The Weston management tried to skilfully bypass the legal regulation in the Industrial Disputes Act 1947, Section 25N, which require prior permission from the Labour Commissioner before retrenchment of workers by putting the blame on workers for 'voluntary abandonment of work'. Although the Labour Commissioner accepted this as a case of illegal retrenchment, the long drawn out legal process has meant that ultimately workers are being *forced* to accept voluntary retirement with minimum compensation" (Chhachhi, et al., 1997: 3).

To weaken the legal case of the union management encouraged touts within workers of getting many workers to agree to taking the settlement (*hisab*). Percentage of amount per workers-wise were fixed for tout. Even some tout got better dealing in his own settlement and also got permanent job in the new unit of company at NOIDA.

If we consider the length of service, ranging from six to twenty five years, the compensation amount was very low, ranged from just Rs 9000 to Rs 65,000. In Clifton's case it was found that some workers were employed for the last twenty years but no one got a compensation for the more than the equivalent for five years of their services due to management strategies to frequently rename the unit. The previous name of Clifton was Shabnam Electronics and before Shabnam it was Kamal Electronics and each time change of the name of a unit means break of the length of workers services¹¹. "In addition, those who did go in for a settlement did so in desperate circumstances and without union support, had to accept whatever was offered" (Chhachhi, et al., 1997: 4).

4.2.2 Minimum Wage

In Okhla the non payment of minimum wage is the first major issue which almost all unions have been taking up. Presence of union in the enterprises is significant in ensuring minimum wage but hardly three percent of enterprises have such presence. In the tiny and small units, the presence of union is out of question so there is no question of the payment of minimum wage. Only few larger units are unionised and pay minimum wage. Even in some larger enterprises which are unionised, try to avoid to pay minimum wage by adopting various method. Calcom is one example where management downgraded all their workers to avoid the payment of minimum wage¹².

a) **Calcom:** Calcom Electronics is a firm that produces televisions mainly for Philips, which takes around 80% of their output. The remaining 20% is distributed among various other distributors. Calcom has six plants in Delhi and its environs, employing a total of approximately 700 workers, with an annual turnover of between Rs. 100-125 crores.¹³ Their workers are mainly girls, mostly unmarried, between the ages of 18 and 21. In April 1994 the workers at two Okhla plants, which employ about 175 persons, filed a complaint with the labour department, charging that they were not receiving their legally entitled minimum wage from Calcom (PUDR, 1995).

¹¹ Based on interview with unionist Dr. Animesh Das.

¹² In Calcom's struggle, the WWOS team of Delhi was actively involved. We were time to time sitting on *dharna* (sit in), writing press release, mobilising support from other trade union and human right groups, bringing lemon water for workers who were sitting on fast in front of Chief Minister House, and even some of us participating in the negotiation meetings with the Chief Minister and the labour department.

¹³ Rs. 10 million is one crore.

According to the Minimum Wages Act of 1948, workers in select industries are to be paid a minimum wage, the level of which varies with their status as skilled, semi-skilled, or unskilled. Each category is entitled to a wage as set in a schedule released by the appropriate Government, and revised periodically. Most of the workers in the conflict with Calcom were employed in 1991 as Operators. Yet they never received the minimum wage for skilled workers decreed by law. In 1994, a revised schedule for minimum wage was released by the government, in effect from February 15. ~~On the same day, the workers received letters from the management, informing them that they were now categorized as unskilled labour (PUDR, 1995).~~

The Workers complaints of no-payment of minimum wage were disputed by the Calcom management saying it was without foundation. On April 25, a labour department inspector arrived at the scene and surveyed the Calcom workers' wages and he found that the workers were being underpaid which gave the lie to the management's position. In fact, on September 6, 1994, management was issued a "chalan" by the inspector for refusing to comply with the law. Between October and December management was summoned to produce the relevant documents no less than seven times by the labour department. But they refused to comply; and they also continued to pay less than the minimum wages for skilled workers. On 13 December, the labour inspector issued another "chalan". As this still had no effect, the matter was then sent to the Labour Court, (PUDR Feb. 1995; Document provided by concerned union) which normally takes many years to produce a verdict.

On November 19, a workers' leader approached the management once again to raise the issue of appropriate remuneration to this opportunity the manager reacted by threatening her, slapping her, and then turning her out of the factory gates along with over 100 other unionised workers, who were raising demands for minimum wage. On 9 January 1995 the labour department ruled that they had been terminated illegally under the Industrial Disputes Act 1947 (Section 25N, Subsection 8, Chapter 5B). The labour department gave Calcom a deadline of January 16 to pay the workers by the month of December, and the management again refused to comply. On January 20 the Department issued a recovery order. The management however managed to get a stay order from the High Court (PUDR)¹⁴.

Several aspects of this dispute deserve comment. The point which stands out most sharply is the cavalier disregard that Calcom has shown towards existing labour law. Calcom is a relatively large enterprise with some level of unionisation. Anybody can guess the intensity of this situation in smaller enterprises with no unionisation. The labour department periodically issued chalans but it is unable to enforce law. For a worker in this type of industrial area, fighting for minimum wage or other legal entitled right means loosing their job and in this regard an elaborate provision of labour laws, the labour department, unionisation and media did not prevent their job loss. Even their demonstrations from the factory gate to the state legislature or *dharna*, hunger strikes on the factory gate and subsequently in the Chief Minister residence did not produce positive results for the workers.

¹⁴ Also based on personal inter views with Mr. Kumar Rajput, the General Secretary of AIGMTU, Calcom workers, and my personal involvement in the Calcom struggle.

The relations of Calcom workers with its area based affiliate union and also with the labour department would be worth mentioning. About 90 % of the workers in Calcom are women¹⁵ and during Calcom's struggle they show much militancy and aggressiveness against the prevalent common belief¹⁶ that women are docile. Indeed one worker Rajbala Saxena, (she was also one of the leaders), accepted that earlier whenever she or fellow workers approached the supervisor or manager for leave or other matter normally their demand would not be accepted and they would be scolded and ordered to do one or two hours overtime. She said "we helplessly used to cry in a corner. All anger and hate were accumulating in us against management and now it burst like a volcano".

After getting complaint, the Labour Department normally do not act on its own unless it feels some type of pressure. Calcom girls were strongly united and militant so whenever it was required, they organised *dharna*, demonstrations and even some times they had verbal heated arguments with the labour department. Only then the labour department acted. The situation was the same with its area based affiliate union¹⁷ because Calcom workers got their work done by the union only through rigorous persuasion and pressure being it the union's decision to send memorandum and complaint to management/ labour department or organising protest actions at different places. The united workers and their aggressive posture were instrumental of making the concerned area based union active¹⁸. However it is also ironic that all this workers' unity and militancy had some effect on the labour department and the area based union but it did not do any impact on management. The final outcome was that the whole issue ended up in the prolonged process of legal battle in which workers are the ultimate loser¹⁹ while the company continues to reap illicit profits through underpaying workers and even recruiting new workers with lower pay.

¹⁵ Since 1980s, with the beginning of the industrial restructuring, feminisation in electronic industries has increase. See Chhachhi, et al. (1997a), *Mediating The Macro and the Micro: Industrial Restructuring and Women Worker's Lives* (Paper Presented at the seminar on "Policies and Strategies for Working Women in the Context of Industrial Restructuring" 22nd to 25th Sept. 1997, Jamia Humdard University, New Delhi).

¹⁶ In our interviews with management, workers and unions it appeared that women are employed because they are docile; normally they do not involve in union activities; employing unmarried girls means they would leave the job (in Indian context) after marriage and in that case management do not have to pay much compensation on the longer service length; they have nimble finger; they do not take frequent break during work as is the case of their male counterpart.

¹⁷ In case of Calcom factory the union was not formally registered under Trade Union Act. 1926 as a plant union. However, individually they were the member of an area based union (AIGMTU) which is affiliated to AITUC. Therefore time to time area based union (AIGMTU) send memorandum, complaint or charter of demand to the Calcom management which have been never responded then union approached to the Labour Department. To recognise the plant union and give the space in the factory premises by the management is out of question in the context of Okhla.

¹⁸ Even during the struggle some Calcom's workers in leadership accused the area based leader that he had accepted bribe from management and that was why he was not perusing their case properly.

¹⁹ In India, no labour court give its verdict within shorter period, we say within five years. Five to ten years is the normal period for court procedure and some times it takes 15 to 20 years. During the period of court proceedings concerned workers legally can not take employment because it make their legal position weak in the court. On the other hand it is impossible for workers to wait for court verdict and fight legal battle for longer period without any job. Precisely their economic situation do not allow it and also there is no other supporting fund from union, government or NGOs for this type of workers. For them it is not an easy task to find another job because they are not considered good workers and in this situation workers have to hide their previous identities and experiences which means only possibility of inferior and low paying job. (Based on personal interview with unions and personal observation; also see Chhachhi, et al. (1997), *The Experience of Job Loss in the Health Care and Electronics Industry* (Paper presented at the seminar on "Policies and Strategies for Working Women in the Context of Industrial Restructuring 22nd to 25th Sept. 1997. Jamia Humdard University, New Delhi. Organised by Project Women Workers and Organisational Strategies of The Institute of Social Studies, The Hague and FREA [India] Mumbai.

4.2.2.1 Perception of other area based unions on Calcom struggle:

Contrary to the position of Calcom workers, its union and labour department other area and plant based unions' stand are that management did not retrench all workers but that the workers themselves went on strike in protest of the retrenchment of its one leader and subsequently lost their job. One rival union of AITUC²⁰ said that "it is a matter of illegal strike because management conducted home enquiry and only after that suspended one girl." His opinion was that it is not wise to go on strike en-mass instead of going through a legal battle for her reinstatement.

However as a matter of fact I did not come across through any information about home enquiry by management.

This is not only the stand of a faction union. Other unions too believe more or less the same logic. One plant level independent union²¹ leader (affiliated to non) also has the opinion that it was a strike from workers side. Similar views are held by other unionists as well. However, one unionist of BMS²² has a different and interesting opinion about Calcom's struggle. Instead of commenting on issues of illegal retrenchment vs illegal strike he put this issue differently. According to him *time has changed*. These days women are more active than men. Now they are in the fore front in demonstrations and court cases but earlier they were hesitant to do so and he gave me the example of Calcom.

However, the concerned unionist²³ strongly denied that the workers went on strike. According to him management illegally retrenched them. He even accused other unionist of trying to sabotage Calcom's struggle by making efforts to misguide workers.

4.3 CASUALISATION

Casualisation has increased due to the effect of restructuring processes. In Okhla we did the study of 24 company in the electronic industry under WWOS project. In seventeen percent of the companies, in the sample, there was a continuation of a casualised workforce where all jobs were non-permanent while in 48 percent of the companies there had been drastic changes in the last five years whereby production workers and all support staff were made non-permanent. Only in 25 percent of the companies there had been no transfers of jobs to the non-permanent category (Chhachhi, et al., 1997a; 14).

"The transfer from permanent to non-permanent workers seems to be taking place in the medium and large scale units" (Chhachhi, et al., 1997a; 14). In small and tiny units in Okhla, the question of permanent work does not arise. No labour laws are applicable there, except the will of owner/management.

²⁰ Mr. Mahendra Pal Singh is the General Secretary of the General Mazdoor Trade Union (AIGMTU) which has also affiliation of the national trade union centre - AITUC. Earlier from 1987 to Feb. 1992, Mr. Singh was member of the All India General Mazdoor Trade Union (which is affiliated to AITUC) which was involved in Calcom's struggle. On 28th Feb. 1992 he established the above mentioned union due to differences with Mr. Pramod Kumar Rajput, the General Secretary of (AIGMTU). Their rivalry and enmity is so much intense that even both accused each other of trying to eliminate him physically (Based on personal interview with both unionists).

²¹ Based on personal interview with Mrs Jai Shree Dey, The General Secretary of the Ahuja Radios Concerned Employees Union.

²² Based on personal interview with Mr. Shambhu Nath Jha, the General Secretary of Bhartiya Mazdoor Sangh, Giri Nagar.

²³ Mr. Pramod Kumar Rajput, General Secretary of the AIGMTU, Giri Nagar, Kalkaji New Delhi.

4.3.1 Contract and Sub-contracting:

The contract system also became pervasive in this industrial area. Earlier it was confined with only non-productive work, as one unionist²⁴ says. Now a days, the major part of production work is done by contractors. In some enterprises the ratio of permanent workers and workers under contractor has changed considerably, in which contract workers are more than that of permanent workers. The example of **Control and Switchgear**, an electronic company, would be useful.

a) **Control and Switchgear** stopped new recruitment of production workers since 1993 and hired contractor for its production work. Now, about 80% of production workers (out of 300) are under contractor. For the same work there is a great variation of wage and benefits amongst permanent workers and workers under contractor²⁵.

In this case the enterprise union is actively involved in contract system. This enterprise union is supported by management and its General Secretary, Mr. Ram Narayan Veyas has the major say in recruiting contract workers.

4.4 CLOSURE AND RELOCATION:

The process of industrial relocation of electronic industry from Okhla to neighbouring states started in the 1980s when the government introduced a liberalisation policy. According to one unionist¹ since 1985 most of the major industrial enterprises in this area started to relocate or establish their parallel production units in NOIDA and other neighbouring cities. Therefore major companies like Weston, Taxla, Salora, Panasonic, Onida, etc. have their production units in NOIDA while most of them closed their production units in Okhla²⁶. The process of industrial relocation is still going on. It is interesting to note that the vacant industrial premises, which have been closed and relocated from Okhla, are being occupied by business and commercial purpose and for official work. Industrial production was the sole objective of establishing Okhla Industrial Estate. Now the service sector is capturing this industrial area²⁷.

What happens to workers when closure and relocation occurs? The example of M C Engineering, an electronic enterprise, would be useful which represent the general situation in this area.

a) **M C Engineering:** In September 1995 MCE closed its Okhla unit and relocated it to NOIDA. Out of 200 workers about 180 accepted management dictated (*hisab*) settlement and 20 workers accepted to go to the new working place as a fresh appointee with lower pay²⁸.

Since M C Engineering is a large enterprise workers got at least management dictated settlement and even some of them got reemployment. But in the small and tiny enterprises where workforce size is ten to twenty, which dominate Okhla Industrial Area, the situation is more than worse. In these cases, getting any type of compensation or re-employment is out of question. Owner (management) simply move out his/her production equipment in one

²⁴ Based on interview with Mr. D.D. Pandey, an area based unionist.

²⁵ Based on interviews with the workers of the factory and with unionists.

²⁶ Based on personal interview with Promod Kumar Rajput.

²⁷ Based on interview with area based unionists.

²⁸ Based on the interviews with unionists and former workers of M C Engineering.

night and vanishes.²⁹ With this process they not only grab the workers dues and their opportunity to work but also embezzle a the large amount of public money. RBI reported that at the end of march 1990 there were 125571 non-traceable SSI units in India having Rs. 24000000 outstanding bank credits to their name (Shrouti et al, 1995; 3). Not only they embezzle the credits of commercial banks but also the huge amounts of electricity bill, water bill, telephone bill and other financial liability of local authorities.³⁰ Anybody can guess the difficulty of workers to find out the owner (if RBI and government authority declare them as non-traceable). Even if they succeed to locate the owner they ca not prove that they were employed there, or that the enterprise was owned by the same person. More over, even governments' concerned department do not have any documentary proof of ownership or workforce size due to the relaxation of registration procedures of such type of industries.

It is apparent from the cases of industrial disputes that every unions have different approaches to talc issues. IFTU always fought lost battle because there was not chances of reopening the Clifton and Weston units. Due to their approach workers lost whatever compensation they could have got from management. In Calcom dispute, except involved union, all of them had the notion that this situation is created by worker and union themselves by going to strikes. Since the 1980s there has been the trend of relocation, shifting, renaming of enterprises and also process of contract system which in effect accelerated the process of casualisation but unions in this area never worked for this issues. There was hardly any combined programme or action by unions in this area on any issues. Therefore in this circumstance their unity is much required and in that purpose making of one general union in this area would be useful. This process will start when the union begin to democratise its internal functioning. So far most of the unions are one person show with no second rank leadership. Also they do not attach themselves to the workers personal and social aspect of life outside the factory which is also the main reason of workers alienation from unions.

²⁹ Based on personal interviews with unionists, workers and also on authors' own observation as being a trade union activist during 1988-1989 in Wazirpur Industrial Area, Delhi.

³⁰ In my interviews with trade unionists most of them told me this type of incident in Okhla Industrial Area.

CHAPTER V: CONCLUSION

THE FUTURE OF TRADE UNION MOVEMENT

5.1 SUMMARY/CONCLUSION

By having faith in market forces neo-liberal ideology which dominates the contemporary world, advocates giving it a free hand to achieve this objective, this ideology seeks the withdrawal of state control, regulations and protection of any economic sector as well as in any section of society. Neo-liberalism believes that the free market has the capacity to regulate the labour market and wages. Backed by this ideological assumption, structural adjustment programmes are being implemented in many developing countries and for this purpose the World Bank and the International Monetary Fund have been instrumental. Despite all talk about free market, however, present international arrangements do not support this because of the monopolistic control by MNCs and by a few developed countries. It does not seem that the present arrangement is in favour of third world countries but that they were compelled to "compete" in the non-existing "free" market through the implementation of various anti-social and anti-people policies.

The negative impact of anti-people policies is evident in those countries where it has been implemented. India is one of them. Due to liberalisation policies the employment rates are decreasing, while casualised and contract work is increasing. People are being forced to move from secure to insecure form of employment mainly in the informal/unorganised sector. Due to these reasons, the power of employers has increased while that of labour/unions power has decreased considerably in an already weak situation.

Labour unions have tried to influence the march of liberalisation policies but ultimately they have not been able to do much. If we take, some aspects of liberalisation process in the Indian context the reality is that at times TUs and workers have halted the process of privatisation¹ or so it seems) of PSUs, for example UPCL, IISCO, Great Eastern Hotel, Scooters India. Here other reasons were more important than the movement of workers/unions because similar types of unity/solidarity and pressure by workers and unions did not have any impact on privatisation efforts in some other public sector units. In the case of ACC Babcock, Allwyn Nissan, Auto Tractors, East Coast Breweries and Distilleries, Goa Telecommunications, Goa Time Movers, Haryana Breweries, Hindustan Allwyn's refrigeration division, Orissa and Rajasthan State Tanneries, Government went ahead on its plan and fully privatised these public sector enterprises (Gupta, Anand P., 1996; 2691). The process of privatisation and acceleration or deceleration of economic and industrial restructuring has been largely depended on political considerations and willingness of the government. Unions and workers opposition was minor factor to government for going back in its decision for privatisation or adopting middle path. Most of the time government normally ignored workers and unions. In the case of UPCL change in GOUP as BJP came in to power, and for the Great Eastern Hotel, the West Bengal [CPI(M)] government's political link with CITU was the major factor (Gupta 1996).

¹ Privatisation is one of the many aspects of liberalisation and new economic policies.

Trade union responses to liberalisation policies were too late to influence the government decision. Actually they only responded to economic liberalisation in the form of programmes and action after 1991 when SAP was introduced. It seems that they had not realised the seriousness of liberalisation policies when they first introduced in 1982. The whole decade of the 1980s did not showed that the trade unions did not have any concrete programmes and action to influence these policies despite the fact that they were a complete break from past (from the state regulated ISI policy to export oriented market economy) industrial and economic policies of India i.e. since time of independence. Only when the threat to the public sector (their only visible union base) became apparent, in the form of disinvestment, exit policy, privatisation, it in concrete form of action and protest (Masilamani 1993).

Trade Unions may have some influence in relations with government/public sector enterprises. But in the private sector, unions hardly have any influence on any matters. Employers are in the position to dictate their terms and conditions. In fact, in recent years their powers have increased considerably and in most cases of industrial disputes, unions/workers have had no options but to accept the dictates of employers for example, unions agreeing to forfeit a favourable verdict from the Supreme Court.

There are some positive initiatives by plant level unions² like the formation of workers cooperatives and the revival of sick units. However too much optimism here would not be realistic because in India the take-over by workers cooperatives already started in the 1970s and many experiments have been carried out in the tea industries, paper and printing press, engineering etc. although non has succeeded (Sen, Ratna, 1995). For Kamani and Kanoria (Central Jute Mill), more time is need to see determine success or failure. However, there is already discussion that, in terms of workers participation and decision making, there has been change in the situation. In managing committees, workers' representative are outnumbered by government officials and representatives of financial institutions i.e. creditors (Bhowmik, S.K. 1993). Moreover, these days, finger are being pointed, on efficiency and survival prospects.

However, the most positive aspect of these two examples is the prevention of large numbers of job losses. It remain to be seen how long this system prevents job losses or if it really can become a model of providing alternative to industrial sickness as well as a new system of ownership and workers participation in management.

In the Okhla Industrial Area where only private sector enterprises exist, employers very strongly position and their whims are the only guiding force of industrial relations. Unions do not have any influence on matters of management policy or the process of industrial restructuring and employee-employer relations. Particularly in small and tiny enterprises, situations are extremely bad for workers and unions. Here union presence is almost nil like union presence in the unorganised sector in India. Most of the employers have 4-5 units for tactical purposes (instead of establishing larger enterprises because they reap more profits by keeping more small scale unit then converting those into larger unit) and on paper, every unit is further sub-divided into 3-4 units.

² Trade Union Centres hardly shown interest in workers cooperative and take over by workers. Even one area based unionist Dr. Animesh Das of IFTU told me that take over by workers cooperative can't be the ideal of trade union movement.

In medium and large scale enterprises, regular renaming, relocation, change in workers designation, giving work to contractors are some emerging trends. Through this process, workers are in a very disadvantageous situation and union survival is very much at stake in this industrial area. Employers criminal-like behaviours are apparent because normally they vanish over night with production equipment, leaving employees jobless. Here they don't ever need to relocate or rename their enterprise to fulfil legal obligations. Vanishing from the scene is the easiest way to gain more profits because this strategy enables them not only to deny workers dues but also to embezzle a large amount of public funds. Since union presence is nil, they don't face any opposition. Opposition from government and creditors is not visible. That they find it easy to carry out such acts may be due to the corruption in large scheme of society. Indeed without the collusion of local authorities and bank officials it would not have been easy to do so.

5.2 THE FUTURE OF THE TRADE UNION MOVEMENT

The future of any section of society or person mainly depends on past legacies and the present situation, internal and external and an strategies to change the existing situation in to desired outcomes. In the following section I will try to analyze the factors (positive as well as negative) in relation to trade unions and their environment so that one gets some picture of what type of future lies ahead for unions.

The process of industrial restructuring which began in the 80s negatively impacted on trade unions and employment. One of the reason for declining union power has been the consequent shift in management strategies during this period (Ramaswamy, 1988). Some of the new strategies were: to reduce the permanent workforce and organise the bulk of their production through ancillary units or by employing casual, contract or other forms of unprotected labour. This not only cut down their fixed costs but also gave management the much needed flexibility and control over the production process; to bypass trade unions and sign agreements with individual workers; to shift production facilities to backward-areas (NOIDA in case of Delhi) where labour was both cheap and also not unionised.

These new management strategies created an atmosphere of job insecurity among workers and severely curtailed trade union activity. In such an atmosphere, strikes cease to be a weapon unions because employers who were keen on closing down their operations in major industrial centres would quickly respond with lock-outs. Such aggressiveness on the part of employers is evident from the fact that during the second half of the 1980s and early 1990s the working-days lost due to lockouts were far greater than those lost due to strikes.

Besides, the growth of independent enterprise level unions have atomised the trade union movement. These unions are somewhat effective at the enterprise level (in larger enterprises) but are still too narrow in their outlook—therefore mainly confined to the problems of their own enterprise. They lack a common ideological basis, therefore bringing them under one umbrella is difficult and so far there is no serious effort in this regard. Given such deep fragmentation within the movement it is not surprising that the trade union response to the NEP has been so diffuse and ineffective (Davalala, 1994;142)

After the liberalisation process there is a visible shift in the state's attitude (including the attitudinal change in judiciary) in relation to labour and unions. Before liberalisation, workers and unions could look to the state and judiciary for support in times of crises. Though not always the case, at least at times, the state and judiciary have been supportive of labour and unions in the past. In the present climate, however, the state, with its new priorities is more prone at coming to the rescue of employers rather than workers. This is evident in recent industrial policies of different states as well as in various decisions by the judiciary. ~~Such change in the state's attitude has very~~ serious implications for the trade union movement. In one way this situation may compel unions to become stronger by reducing dependency on the state or political parties.

In present circumstances confrontational attitude of trade unions and strategies like protest and agitation-based activities become irrelevant. For example strategies of Central Trade Union Centres did not have much impact on preventing the government from going ahead with its liberalisation policies. At the micro and meso level as well this type of strategies have hardly impacted on employers as in the case of the Okhla industrial area. The union leadership and particularly that of the central organisations, have failed to adapt to the changing environment. Their heavy dependence on protests and agitations prevented them from professionalising their style of functioning. They ignored the importance of research and training.

Central trade unions are mainly confined to the organised sector which just accounts for only 8.5 percent of the total labour force. These unions hardly have any presence in the unorganised sector which employs about 92 percent of the total working force. On the whole, the working population of CTOs have reached just about two to three percent. Their stronghold, the public sector, is in the process of decline and therefore it is likely that further erosion of their strength is eminent.

In the Okhla Industrial Area, the majority of industries are small and tiny enterprises. Except in a few larger enterprises, union presence is nil as is the case of the unorganised sector all over in India. There is a presence of some-area based and pocket-type unions but with few exceptions, most of them are not serious about workers interests nor interested in the healthy growth of trade unionism. Their presence, it seems, is only to gain monetary profit from both parties i.e. workers and employers. Some unionists in this area have even accumulated a considerable amount of personal property through unionism.³ Whichever union is serious, their ideology and strategies are completely obsolete and outdated which in turn does not have any impact on management decisions; on protecting workers employment or in improving service conditions; or on the expansion of union membership and activities. More over they are not united at all, and have no plans in this regard. Also they are not thinking of unionising the large numbers of workers in the small, tiny and home base units. The above picture does not provide good future prospects for trade unions in this area.

Given this, the expansion of trade union to more working people, as well as the issues of unity, is the need of the hour. To become effective in the new economic regime, they have no alternative but to fight together. Under the

³ In my discussion with the Assistant Labour Commissioner in that area, I discover that some unionists acquired four to five residential properties in Delhi (in Delhi owning just one residential house is an achievement for middle and lower middle income groups) and a big bank balance. This fact was confirmed by some other area based unionists.

new circumstances, trade union unity is not merely an ideal but a necessity and perhaps the only way to sustain and keep the movement alive.

5.3 FUTURE STRATEGIES/RECOMMENDATIONS:

1. Trade unions today are in need of a two-pillar policy : (a) to protect the rights of the workers and (b) to defend the interests of the industry. To accomplish this, it is necessary that all trade unions should be united and have a single platform in the Okhla Industrial Area. The present individualised leadership, fragmentation on political lines and motive to gain monetary benefits on the cost of workers and industry, do not provide the ideal condition to have one single platform but if they need to survive then they have to go in this direction.
2. Trade unions need to adopt a positive approach to productivity and quality of output. They should be willing to help evolve a positive work culture with due regard for the protection of the rights of workers as well as the interests of the consumers. Such an approach calls for a change of mind and heart on the part of workers, trade unions and managers so as to develop a cooperative and consultative relationship in place of the existing postures of confrontation.
3. To combat the growing alienation between workers and trade union leadership, there is need to evolve internal democracy within trade unions.
4. Trade union leadership needs to pay more attention to comprehend the nature and magnitude of the technological, economic and social transformation currently underway and new forms of emerging management style. In this regard union needs to develop proper research and training infrastructure.
5. Trade unions must redefine their role in the new environment and adopt an appropriate strategy to tackle the problems posed by the new order. Without such changes, it will be difficult for them to influence matters of economic and social policy in a coherent and consistent manner.
6. All major trade union centres need to encourage the workers cooperative because this initiatives have been taken by plants and area level unions mainly. To get the workers cooperative success the major trade union centres involvement is much needed.
7. Trade unions need to concentrate on organising the unorganised sector by forming one general union. In unorganised sector enterprises where workforce number are very low, enterprise unions can not do much as is the case in Delhi Industrial Areas.

Such area based general union can take care of employees of individual enterprise in the matter of negotiation with management. This area based general union also need to have link with state and national level united trade union centre.

In the Netherlands our class visited NED Car factory near Maastrich. In our discussion with one unionist in the car factory he stated that their negotiations with management, union representatives from the area or central level could participate. This means negotiating with central level big union, which is not easy for management to ignore. But in Indian case mainly plant level union negotiate with management which is not effective and management don't feel pressure of union. Therefore this type of general union is necessary to making union

effective. Though the NED Car is big industry which employ around seven thousand people but the system of negotiation with management may be useful to Indian case. The general union connected with level union will also control the proliferation of independent plant level union who have no connection with area and central union.

8. Unions need to take up non economic issues as well so that they can secure support from other sections of society. There may be environmental issues, consumer related interest or will depend on the specific circumstance.

So far unions are highly unpopular among other sections of society because of their sectarian attitude.

9. Trade unions also need to network and gain support of regional and international bodies to pressurise the government to stop non productive expenditure like defence related expenditure. That huge amount of money can be utilised for developmental and employment generating programmes. Also for India, unhindered regional cooperation and trade would be a useful devices at getting products at a cheaper price, generating the opportunity for employment. Good employment and better working conditions may lead to the development of better trade union movement.

If unions move in this direction, there may still be a good future ahead. But for not, the present situation is not promising for them.

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