

# Challenges of Trade Union Movement in India

Ravinder Jit\*

Professor, Maharaja Agrasen Institute of Technology, GGSIPU, Delhi, India; ravinderjit@gmail.com

## Abstract

The trade union movement in India is facing many challenges. The finances of the unions are generally in a bad shape. Multiplicity of unions and inter-union rivalry makes it difficult to take a constructive approach to problems and issues. Heterogeneity of membership renders the unions unstable, weak, fragmented, uncoordinated and amorphous. Besides this, majority of unions are managed by professional politicians and lawyers who have no experience of physical work and no commitment to the organization. These outside leaders may give precedence to their personal interests and prejudices than welfare of the workers. Development of internal leadership is also not encouraged by unscrupulous politicians in the garb of union leaders.

Keeping in mind all these challenges various scholars and practitioners have suggested certain measures to strengthen trade union movement in India. Developing internal leadership, presenting a united labor front for bargaining, ensuring financial stability of unions, having paid full time union office bearers, extending the boundaries of trade unions to unorganized sector and ensuring strong central legislation for recognition of representative union are some of the measures that can change the face of trade unionism in India.

**Keywords:** Trade Union Movement, Internal Challenges, External Challenges, Outside Leadership, Measures

(Date of Acceptance: 06-04-2016; Plagiarism Check Date: 12-04-2016; Peer Reviewed by Three editors blindly: 15-04-2016; Reviewer's Comment send to author: 23-05-2016; Comment Incorporated and Revert by Author: 22-06-2016; Send for CRC: 25-06-2016)

## 1. Introduction

The year 2001 was a year of centenary celebration for the Indian Trade Union Movement (ITUM). During these celebrations various leaders glorified their contribution to improving the lot of working class in India. They claimed various achievements on economic, social and political fronts. As per their claims economically they had secured a large number of benefits for workers in the organized sector. Politically they had produced a mighty secular, equalitarian, anti-capitalist, anti-imperialist and socialistic force of national economy. Socially they had become a unique force of national integration as their members belonged to various communities, castes, regions, languages and religious faiths.

However, the reality on the ground says a different story. Even if India has the credit of having the largest number of trade unions, their development has been very slow and unimpressive. Till present only 28% of the workers are a part of the trade unions. Actually the existing number has also started dwindling, gradually reducing the size of the unions. The trade union leadership is facing several dilemmas. The finances of the unions are generally in a bad shape. Multiplicity of unions and

inter-union rivalry makes it difficult to take a constructive approach to problems and issues. And above all, heterogeneity of membership renders the unions unstable, weak, fragmented, uncoordinated and amorphous.

Various challenges responsible for ever increasing woes and depreciated status of unions will be discussed in this paper. We will also study different measures for revitalizing the position of trade unions.

Let us first understand various internal challenges that trade unions face today

### 1.1 Internal Challenges

#### 1.1.1 Challenges Related to Leadership

Leadership is considered to be the lynch-pin of the management of trade unions. Union-management relations are largely influenced by the nature of union leadership. Unfortunately in India, majority of unions are managed by professional politicians and lawyers who have no experience of physical work and no association with the corresponding union. It is not leadership by the workers, but leadership by intellectuals.

The emergence of outside leadership in trade unions can be attributed to some factors. For example most of the union members are illiterate and ignorant, hence incapable of taking up the leadership of the union. Many of the members have a poor command over language; as such they cannot communicate effectively with the management. Similarly, lack of leadership qualities among workers, their low level of knowledge about labor legislation, fear of victimization of employee office-bearers of the union, lack of sufficient financial resources to appoint and support whole time office bearers and unions' lack of formal power also contribute to the emergence of outside leadership. One of the very significant factors is that the Trade Union Act (1926) has itself provided a scope for outside leadership. According to Section 22 of this Act, ordinarily not less than half of the office bearers of the registered union shall be actively engaged and employed in an industry to which the union relates. That means 50% of the office bearers can be outsiders.

The National Commission on Labor (NCL) 1969, reviewed the issue of retaining outside leadership. The Commission referred to freedom of association and right to organize and also upheld the right of the workers' organizations to elect their representatives in full freedom. The NCL indicated that outside leadership weakens the authority of the union and undermines its purpose. It may also give precedence to its personal interests and prejudices than welfare of the union. Other problems that can arise from outside leadership are that it may slow down the growth of trade unions and hamper the growth of internal leadership. Most importantly, an outside leader may fail to understand the problems of workers as he/she does not lead the life of a worker.

It could be beneficial to have an outside leader in the initial stages but it is certainly undesirable in the long run due to the above mentioned evil effects. Most of the trade union leaders seem to fulfill their personal aspirations with the experience gained through their association with the trade unions.

The NCL 1969 recommended that outside leaders should be gradually made redundant and replaced by the internal leaders. Both the management and the trade unions can take following steps to effect this change:

- Even if the trade union leaders are insiders the management should refrain from victimization of leaders.
- The management should provide training facilities to workers in the areas of leadership skills and management techniques.
- Office bearers should be sanctioned special leave to carry out their leadership responsibilities.

All these steps will gradually reduce the interference of outsiders in the union-management affairs and enhance the chances of mutually agreed upon settlements

### 1.1.2 Multiplicity of Trade Unions

The situation of multiplicity of unions is set to prevail when many unions in the same industry or plant compete with each other for enrolling more members and getting recognition from the management. These unions start functioning with overlapping jurisdiction.

One of the most important reasons for emergence of multiple trade unions is that most of the trade unions in India are linked to political parties. The existence of a large number of political parties in India has thus resulted in a large number of trade unions. Splitting of political parties also leads to split in trade unions, further enhancing their number. Another important factor is the provision of the Indian trade union Act itself. As per this Act, any seven workers in the organization can form a union. So a little misunderstanding among union members, an ego clash or instigation by political parties can lead to a split and result in formation of a new union. Moreover, no conditions have been stipulated in the central law for recognition of unions. Hence each union tries to influence the management for recognition. Outside leaders and political parties could provide direct or indirect support for establishing and getting recognition for a particular union.

The existence of multiple trade unions in any organization or plant poses a serious threat to the unity and strength of workers. Since each union competes with the other to attract more members and secure management support for its recognition this competition could become unfair resulting in inter union rivalry and weakened trade union movement. Weakening of TU movement takes place because multiplicity of trade unions obstructs the possibility of unions joining hands and making a common charter of demands or chalking out a common action plan thus weakening the bargaining power of the union.

Some more problems associated with multiplicity of unions are that unions affiliated to political parties are more committed to party ideology than their industrial unit and its objectives. It often becomes difficult to settle disputes because the approach of different unions to the problem and their method of settlement vary. If the settlement does not suit the 'outside political bosses' of the union the problem may become even more complicated.

Multiple trade unions also weaken the financial status of each union because the number of members in each union becomes less.

### 1.1.3 Inter Union Rivalry

The existence of multiple unions in the same establishment may lead to rivalry among unions. These unions try to play down one another to gain greater influence among workers.

Inter-union rivalry often results from factors like domination of unions by outside leaders, the desire of various political

parties to make their bases among workers, the self-interest of the employers – to divide and rule the workers, factional politics of local union leaders, and the weak legal framework regulating trade unions.

Existence of inter-union rivalry in the organization weakens the strength of collective bargaining and slows down the growth of trade union movement in the country. Unions may obstruct the normal functioning of other unions so that they can prove them to be inefficient.

The unions may try to malign the reputation of the rival unions. They may criticize even the right actions of the rival unions and try to color these actions as anti-worker or anti-national. These wild accusations can shake workers' faith in the trade unions.

Employers also get an opportunity to use and play unions against one another. Employers may refuse to bargain with the unions on the contention that none truly represents the workers.

The existence of a single strong and united union, on the other hand, can protect the interests of the workers more effectively and force leaders and employers to focus on strategic issues. Such a union can promote congenial industrial relations by facilitating expeditious settlement of disputes.

The NCL (1969) made some recommendations to reduce inter union rivalry; such as elimination of party politics and outside leadership by developing and building up internal leaders, promotion of strong collective bargaining by making provision for recognition of sole bargaining agents, encouraging union security, improving the system of union recognition, and empowering the labor courts to resolve inter union disputes if the organization fails to resolve these.

### 1.1.4 Small Size of Unions

Barring a few unions operating at regional or national level most of the unions are characterized by small size. Comparing the size of Indian unions with those in UK and USA we find an average of 800 members per union in India while in UK and USA it is 17600 and 9500 members per union respectively. In India itself we have witnessed declining membership per union. The average number of workers per union was reportedly 3594 in 1927-28 which reduced to about 1552 in 1944-45 and to 877 in 1950-51. A very slight increase was noted in 1998 when the average number of workers per union was reported to be 979. More than 75% of the trade unions which have submitted returns have less than 500 members. The trade unions not submitting returns could have an even lesser membership.

Though the number of unions has been increasing in India, it was not accompanied by an increase in membership. Rather the trend suggests a decline in membership.

An important reason for the emergence of small unions in India can be attributed to the provisions of Indian trade union

Act 1926, provides for establishment of a union with a small number of seven members. So whenever workers in any factory or mine are organized, a new union can come into being. Rivalry among the central organizations and the local union leaders further results in fragmentation of unions. If there is intra-union rivalry, the union members may get divided leading to small sized unions.

A small size can lead to many problems for the unions. Due to paucity of funds unions find it difficult to engage the services of experts to advise and help union members in the time of need. Fragmented unions find it difficult to get united for collective bargaining. Political parties exploit their helplessness as unions become dependent on these parties for exerting influence on employers and the government agencies. Even the employers can exploit the smaller unions because they might lack bargaining power.

### 1.1.5 Financial Weakness

To function effectively trade unions require sufficient financial resources. A variety of programs, events and functions have to be organized by the unions for rendering the services expected of them or for fulfilling their goals. Unions have to strengthen their financial position to organize such events and programs.

But unfortunately trade unions in India are generally plagued by financial crunch. The primary source of finances for the unions is the membership subscription. The union's items of expenditure include salaries to office staff, allowances to office bearers, annual meeting/convention expenses, rents, printing, stationary and postage etc. Trade unions have to struggle hard to balance their income and expenditure.

Low rate of membership fee is the main reason for unsound financial position of unions. Owing to multiplicity of unions each union vies for enhancing its membership so they usually keep their subscription rate very low. Workers also often feel that unions are not doing enough for them so they don't deserve higher fee. It has also been observed that union members prefer making ad hoc payments if a dispute arises than making regular payment. This shows lack of workers' commitment to the unions.

National commission of labor made the following suggestions to strengthen the financial position of unions:

- Raising the membership fee of union members. The government, however, did not accept this recommendation.
- Introduction of 'check off system' under which an employer, based on collective agreement, undertakes to deduct union dues from the workers' pay and then transfer the deducted amount to the union. The NCL suggested that the recognized union should have the right to demand check off facility. If they make such demands, management should accept it. This

recommendation, however, did not get support from workers, unions or the law.

### 1.1.6 Uneven Growth of the Unions

Trade unionism is more or less restricted to major metros in India and that too in large scale units like automobiles, textiles, plantations, food industries, coal mines, chemicals, transport and communication, commerce and utility services etc. These are the main organized industries where unionism seems to have made progress, failing to influence other smaller industries.

In large scale industries also, the degree of unionization seems to vary widely from industry to industry. Some industries with a high rate of unionism are tobacco manufacturing (75%); iron and steel (63%); coal (61%); cotton textile (56%); banks (51%); mining (51%); railways (33%); insurance (33%) and plantation (28%). It varies from 30 to 37 percent in communication and transport; electricity and gas; and manufacturing industry etc.

An important reason for uneven growth of unions is the concentration of certain industries in some areas. For example textile workers are concentrated in Ahmedabad, Bombay, Kanpur and Indore; Plantation workers are more in Assam, Tamil Nadu, Bengal and Kerala; jute mill workers are more in Bengal; workers engaged in pharmaceutical and chemical industries are concentrated in Vadodara and Bombay. Understandably, the number of unions will be more in areas where a large number of workers are concentrated.

It has been reported that number of unions in rural areas is almost negligible. The lack of organized labor in the rural sector can be attributed to their sparse and scattered habitation, lack of 'in-group' feeling and also their neglect by union leaders.

### 1.1.7 Politicization

Historically, the growth of trade unionism in India has been inseparably intermingled with freedom struggle, giving it a political base. Initially it helped the trade union movement to record a rapid growth as well as gain considerable influence with the incumbent government. But gradually the political affiliation of unions started corroding the unity of workers.

Politicization of unions has mostly led to the exploitation of workers strength and unity by political parties for achieving their political objectives. These political leaders have no commitment to the organization. Another negative effect of politicization is the fragmentation of unions and emergence of multiple trade unions because of the split in parent political parties. For example, split of communist party of India into CPM and CPI led to the split of union members owing allegiance to the two factions leading to the emergence of two trade unions. Similarly, inter union rivalry and disunity resulting from politicization reduces the bargaining power of the unions.

### 1.1.8 Undemocratic Leadership

Trade unions should stand for workers rights. Their basic objective should be to promote industrial democracy. But in practice union leadership rarely encourages participation, transparency and openness. Workers are rarely involved in decision making. Office bearers are quite often nominated than elected. The outside undemocratic leadership reduces the effectiveness of the unions and hinders the emergence of internal leadership.

### 1.1.9 Workers' Illiteracy and Ignorance

The labor class in India is mostly illiterate, poor and ignorant. They can be easily exploited by unscrupulous union leaders. Workers are also divided on caste, creed, ethnic and religious basis which again goes against the trade union objectives of unity and identity.

### 1.1.10 Apathy of Workers

Workers are often caught up in the race of earning their living and have no time, energy or interest in getting involved in union activities. Even those who take membership of the union show very little enthusiasm for participating in the union work.

Workers may also sometimes lose interest in the union activities if they get disillusioned with union leadership or when their grievances are not addressed. The apathy of workers can gradually corrode the very basis of unionism.

### 1.1.11 Lack of Statutory Support

Unfortunately there is no potent central legislation in India to strengthen the position of trade unions. The Indian Trade Union Act, 1926, makes provision for any seven workers to join together and form a trade union. This can result in multiplicity of trade unions which defeats the very concept of unity of workers. This Act further provide for 50% office bearers and 10% leadership from outside the organization. This has led to politicization of unions and outside interference in union activities.

There is no central legislation to make it mandatory for management to recognize one or more unions. 'Code of discipline', at best, recommends voluntary recognition of trade unions.

## 1.2 External Challenges

### 1.2.1 Global Competition

Cut throat competition resulting from globalization of business is leading to massive workforce reduction. Companies are cutting on workers to one-fourth of their existing number doubling their wages and getting four times the output. Hence trade unions are resisting the productivity- enhancing measures of the company as they render the workers redundant. Trade unions have to fight hard to save workers jobs.

### 1.2.2 Changes in Technology

Rapid changes in technology have led to skill obsolescence in workers, hence loss of their control over jobs. This has become a major challenge for trade unions. Workers skills have to be updated for security of their jobs and survival of their company. Lost jobs also mean depletion in union membership.

### 1.2.3 Lack of Government Support

Government's attitude is shifting from being labor friendly to being investor friendly. The introduction of liberalization privatization and globalization policy in India has led to a decline in unionism.

### 1.2.4 Managerial Strategies and HRM Policies

In pre LPG era security of jobs was almost ensured, even if the private or public companies became sick. Government's labor friendly policies provided assurance against retrenchment. Introduction of new technology has transformed a large number of blue collar jobs into a few white collar jobs. It has also increased management's control over work as workers face skill obsolescence. New HR practices are emerging that emphasize individualism, direct participation of workers, unit level (rather than industry level) bargaining etc. This has further weakened the union power and increased the managerial power.

## 1.3 Measures for Strengthening Trade Union Movement in India

Keeping in mind all the above challenges for unionism various measures have been suggested by scholars and practitioners to strengthen trade union movement in India:

### 1.3.1 Internal Leadership

Developing internal leadership can eradicate many of the challenges faced by trade unions. The unions will grow fast, become stronger and understand and address the problems of workers better if the leader is from amongst the workers. Management and trade unions can join hands to provide educational and training facilities for developing internal leadership.

### 1.3.2 Strong and United Labor Front

Multiplicity of unions automatically reduces the effectiveness of unions, dilutes their power and dissipates their energies. Presenting a united front will strengthen their bargaining power as well as facilitate their efforts for improving the plight of workers by securing their legitimate rights.

### 1.3.3 Ensuring Financial Stability

The NCL suggested the union membership fee should be increased from 25 paise to 1 rupee. This suggestion was rejected by the government. Another recommendation of NCL for introducing check off system was not acceptable to the workers and unions. Deduction of membership fee from salary under check off system could strengthen the financial position of unions as chances of defaults in payment would have been reduced. Increase in membership fee can be a very important measure to ensure financial stability of the union.

### 1.3.4 Paid Union Officials

Lack of funds often forces unions to have honorary office bearers. Most of these office bearers fail to do full justice to the task entrusted to them because of paucity of time at their disposal. To become effective, the unions need to hire paid office bearers who will devote sufficient time to union activities, can evaluate demands of the workers and can negotiate with the management on equal footing.

### 1.3.5 Recognition of Trade Unions

The major reasons given by employers for withholding recognition of the union are either the small size of the union or the multiplicity of unions. The employers have to work out some procedure for recognizing the most representative union. The check off system recommended by NCL 2006 is a convenient method for verifying the membership of different unions. The strongest union can act as the bargaining agent of the workers.

### 1.3.6 Expansion of Union Activities

The unions should not restrict themselves to securing economic benefits for the union members. They can include social and welfare measures as well as cultural activities to enhance the utility, popularity and strength of the union.

### 1.3.7 Raising the Declining Membership

Trade unions can broaden their base by extending their boundaries to unorganized sector. A large chunk of the work force come from IT sector and IT enabled organizations like tours and travels, telecom services, catering, fast food, transport etc. Tapping these sectors will largely enhance the membership base of unions.

### 1.3.8 Other Measures

- Trade unions must move from their obsession with political ideology to becoming partners in progress with industry.
- Transiting from bureaucratic and self oriented organization to democratic and service organization.
- Moving from complacency to action.

- Online connectivity to overseas employers, trade unions and trade bodies.
- Accommodating diverse opinions, interests and positions.
- Continuous training and development programs related to leadership skills, technical skills and skills to handle new technology.
- Amendment of Trade Union Act to avoid dual membership.
- Provision in central legislation for recognition of representative union.

## 2. Conclusion

India has the credit of having the largest number of trade unions but their development has been very slow and unimpressive. Till present only 28% of the workers are a part of the trade unions. The existing number has also started dwindling, gradually reducing the size of the unions. Trade-unionism in India is more or less restricted to major metros and that too in large scale units. It has failed to influence the smaller industry and more prominently the unorganized sector. However, of recent, a major shift

can be seen. The number of workforce is increasing largely in the unorganized sector. This has generated an increasing interest in this sector. Trade unions are making efforts to organize workers in home-based industries; beedi; fisheries; stone quarries; agriculture and plantation; construction; and forestry etc. A few unorganized workers' organizations such as labor cooperatives, Morcha and some NGOs are trying to promote workers' welfare. This will widen the base of trade unions as well as ensure the welfare of unorganized labor.

Recently some other new trends are being observed in the Indian trade union movement. Emergence of independent trade unions, merger moves (though failed ones) by various CTUOs like AITUC and HMS, distancing of trade unions from affiliated political parties, professionalizing of unions and democratization of unions etc. are some of the important and unprecedented steps being taken by the unions to ensure their survival and growth in the face of various challenges discussed in this paper as well as the challenges posed by the forces of liberalization, privatization, and globalization.

### Citation:

Ravinder Jit

“Challenges of Trade Union Movement in India”,

Global Journal of Enterprise Information System. Volume-8, Issue-2, April-June, 2016. (<http://informaticsjournals.com/index.php/gjeis>)