New trends in unionisation in India
Mritiunjoy Mohanty
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Abstract: This note is an initial exploration into the current phase of unionism in India. It argues that trade unionism in India has entered a new phase where as a strategy of contesting capital it focuses on the formation of broad social coalitions, to leverage proworker and pro-poor public policy. The rapid informalisation of the labour market has elicited new organisational players such as the National Centre For Labour (NCL) and the New Trade Union Initiative (NTUI). The note discusses how each has adopted very different strategies for protecting workers’ rights in the context of rapidly informalising labour market.

(Keywords: labour markets, unions, informalisation, social coalitions, self-employment, contract labour, industry-wide, enterprise-level, independent, capital, labour, contestation, social movements, regulation, reform)

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India’s trade union movement has been described as being moribund and in decline, locked into old ways of thinking even as the world, and more importantly the labour market around it, has changed dramatically. In this preliminary exploration, I would like to argue that far from being sidelined, the Indian trade union movement has entered a new phase of unionism, where, in response to increasing informalisation of the labour market and the overweening hegemony of capital, trades unions have sought to become a part of and build broad coalitions to achieve public policy goals. As a response of the union movement to informalisation of the labour market, I discuss two relatively new actors in the field of organising unorganised labour – the NCL and the NTUI – and how their organising strategies are based on a upon very different views of the relationship between labour and capital. The note is divided into six sections: Section I briefly outlines of some stylizations about labour market outcomes in India. Section II discusses the alleged decline of the trades unions; Section III discusses the National Centre of Labour (NCL) and its attempt to bring together organisations that work among unorganised labour; and finally Section IV discusses the New Trade Union Initiative (NTUI) as a response to informalisation of the labour market and fragmentation of the union space. Section VI looks specifically at contract labour through the recent unionisation struggles at Maruti Suzuki India Ltd., India’s leading aut-manufacturer. Section V concludes by considering some possibilities and trade-offs.

I. A few stylizations about labour market outcomes in India
First, employment growth has been anaemic for the past three decades despite the fact that output growth has been robust until the recent slowdown as a result of the global economic crisis. Indeed, employment has grown slower than population in both rural and urban India. The liberalisation of the economy which began in 1992/3 and related reforms have done little to change this. (Ghosh and Chandrasekhar (2006), Himanshu (2011:47))
Second, except for the female labour force in urban India, there has been an increasing casualisation and informalisation of the employed labour force in India. Most new jobs created are in the informal sector (see e.g., Ghosh and Chandrasekhar (2006), Mohanty (2009), NCEUS (2007), Himanshu (2011)).

Third, when we look at the distribution of employment by size classes in organised manufacturing, there is little evidence that labour market regulations about retrenchment and closures has affected hiring at the firm level (Jha (2012:23-24)).

Fourth, over the past couple of decades average real wages have consistently lagged labour productivity (Kumar and Felipe (2011:70) Jha (2012:24))

Fifth, as a result, from the late 1980s, there has been a secular decline in the real unit labour cost (ULC) in organised manufacturing and since 1992/3 profit share in net value added is consistently greater than wages and had risen sharply (Jha (2012:28, 30). Also as Kumar and Felipe (2011:69) point out, the share of real wages in real value added of the manufacturing sector has declined significantly – from 0.6 in 1980 to less than 0.3 in 2007.

Sixth, increasing use of contract labour and variable pay. (Sen and Dasgupta (2006), ALTMRI (2009) and Jha (2012).

Finally, in the post reform period, days lost to due industrial disputes have consistently fallen. Within this the share of days lost due to strikes has fallen and as a corollary the share of lockouts has increased. (Jha (2012), p.34-35).

Institutionally then the above belies ‘the rigid labour market thesis’ consistently trotted out by mainstream economists and the media where rigid hiring and firing laws and obstructionist trades unions hold back employment generation at the cost of maintaining employee privileges. Instead, what is true is that as in other parts of the world, capital has been on the ascendant, not least because of the mobility inherent in the process of globalisation, with an increase in profitability and the profit share (see Kumar and Felipe (2011)). Labour’s bargaining power on the other hand has diminished considerably both as a result of low employment growth as well incremental institutional change, both de

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1 Kumar and Felipe (2011) point out that the nominal ULC increased significantly between 1980 and 2001 – from 0.2 to more than 0.6. However this too had declined to less than 0.5 by 2006. More importantly they point out that the increase in the nominal ULC is the almost entirely the result of the increase in the price deflator which quadrupled between 1980 and 2007. Except for a brief period in the late 1990s, the share of nominal wages in gross value added actually declined by 50% over the same period. This is important because again mainstream economist and the business press use in the increase in nominal ULC to argue for a policy of wage restraint.

2 The India Labour Market Report 2008 (ALTMRI (2009)) reported a survey where for two-thirds of the firms in the survey between 21-50% of the workforce was in temporary or casual employment. Jha (2012:31) reports that contract workers “as percentage of total workers employed in organized manufacturing has increased from about 16 percent in 1998-99 to 29 percent in 2005-06 and then to around 33 percent in 2009-2010.”
jure and de facto, which has significantly altered the functioning of labour market institutions in favour of capital (see for e.g., Bhattacharya (2007) and Jha (2012)).

II. Trades Unions: decline and powerlessness or a new phase of unionism?
If one the one hand, trades unions are being accused by mainstream economists of holding the economy back by being obstructionist about labour law reform on the other India’s national level trades unions have been accused of being ineffective and ineffectual in furthering workers’ interests. They have been tasked for being parochial and deciding not to organise the unorganised (see Breman (2001: 4819) or fickle in their support when they did begin organising (see Roychowdhury (2003: 5281)) or having been sidelined into “decline” in the post-reform period (see Bhattacehrjee (2000: 3763). One indicator of that “decline” Roychowdhury (2003b: 44) has argued is the “diminishing of union leverage over states and employers” even in the public sector where they have had to acquiesce to workforce and employment rationalization.

Whereas there can be little doubt that capital has had the upper hand in the post–reform period and that all unions, national and regional, have faced an uphill terrain in terms of organizing workers and defending their rights, in our view the “powerlessness” of unions is clearly overdone. An alliance of unions and political parties, particularly unions and parties on the left, has been largely successful in resisting privatization of the public sector and labour law reform. Equally important, the ability to stall the drive towards privatization must not be read as a victory of narrow sectional or vested interests. With privatization on the backburner, there has been a renaissance of the public sector and it has become an important contributor to non-tax government revenues and investment growth (GOI (2008: 32) and Khanna (2011)). In addition, we feel it is problematic to look at union power without contextualizing it within employment and unemployment trends. And even though the economy has continued to expand in the post-reform period, as we have noted already, it has been accompanied by an indifferent employment performance and therefore rising levels of unemployment, making trade union mobilization that much more difficult.

There can be no denying that national trades unions have been behind the curve as far organizing informal labour is concerned, hampered by confusions about the nature of the

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3 RoyChowdhury (2003) mentions a couple of cases where a union of permanent workers withdrew support for the agitation led by temporary workers’ union at a critical moment even though both had the same parent left-wing national union, CITU.
4 Gillan and Biyanwila (2007) overstate the case when the say that unions successfully resisted disinvestment. What unions resisted was privatisation (defined as change of ownership) but were not able to resist was disinvestment (defined as a sale, through the stock market, of a minority stake in a public sector company).
5 On 21st Jan 2008, 7 public-sector firms in were among India’s top 20 companies by market capitalisation and 14 in the top 50. This as compared with the end of 2000, when there were 5 in the top 20 (one of which has subsequently been sold) and 8 in the Top50.
6 As Khanna (2011) has established, central public sector enterprises were important contributors to the investment boom of 2003/4-2007/8 even though its main driver was corporate private investment.
labour market, strategy, tactics and on occasion arrogance. But as Gillan and Biyanwila (2007) note most national trades unions are now actively engaged in prioritising "women, casual/contract and ‘unorganised’ sector workers in union discourses, public campaigns, and new organising initiatives" (p.42). In particular as they note, national trades unions associated with left-parties alongside other mass organizations of these parties have begun working with independent unions, NGOs, civil society groups and social movements in an effort to form social coalitions and leverage pro-worker and pro-poor public policy, along lines hoped for in Bhattacherjee (2000). This is not to say that these are always effective or that the history of mutual distrust and acrimony has simply vanished overnight. But it is to recognize that this is a new phase of unionism.

These coalitions have had important successes: the passing into law in the tenure of the current parliament of the Right to Information Act, of the National Rural Employment Guarantee Act (NREGA), the Forest Rights Act (FRA) and the tabling of the bill for provision of social security for the unorganized workforce. The limits of this coalition were brought home very sharply with the tragic deaths surrounding the opposition to the acquisition and the purported acquisition of agricultural land for industrialization in Singur and Nandigram in southern West Bengal.

It is also important to remind ourselves that this is not for the first time that coalitions of this kind would have been attempted. As Heller (1996) and (2000) reminds us, left parties and left unions have worked alongside social movements and communities to organize informal workers in Kerala. With dramatic change in macroeconomic terrain and labour market dynamics, this model is now more extensively used and not always in situations where left unions and parties are in a politically dominant position vis-à-vis other coalition partners. Therefore as we assess the “powerlessness” and “decline” of national unions, it is important to situate this analysis within national and local employment contexts as well as that of worker and social mobilization. Otherwise, one is liable to miss the woods for the trees.

III. Responses to informalisation – the NCL and the state as the locus of struggle
Moving beyond national level trades unions and their response to the continuing informalisation of employment, it is not surprising then that most of the new initiatives in terms of organising labour have been in the realm of informal labour. There are at least three other responses that need to be noted: the SEWA model; the National Centre for Labour (NCL) initiative; and the New Trade Union Initiative (NTUI). We intend

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7 For left-wing unionism what has been particularly damaging is the refusal to tackle head-on the caste segmentation of India’s labour market. This however has changed. Today most left-wing national level unions accept that the issue of caste in the workplace has to addressed directly.
8 If the coverage of NREGA is expanded to cover all districts in all states and it is implemented fairly and equitably, then there is a reasonable probability that it will soak up the excess labour agriculture is currently saddled with and that should have knock-on effects on both rural non-farm and urban non-farm employment.
9 For a discussion on the NREGA and the social security bill for unorganised workers see Kannan (2006).
10 To be fair to Breman (2001), he notes that Kerala is an exception to the rule when it comes to national trade unions organising unorganised labour.
discussing NTUI in somewhat greater detail but we will briefly touch upon SEWA and the NCL as well.

SEWA which is particularly well known for its focus on women’s empowerment is both a trade union and a promoter of women’s cooperatives (see Bhowmik (2005)). SEWA consciously focuses on the poor among self-employed and has promoted cooperatives among women in diverse trades – from homebased workers in manufacturing to women employed in rag picking and waste collection. Bhowmik (2005) explores the relationship between unions and cooperatives and suggests that the latter are better able to leverage their strengths when they are backed and supported by unions.

In the wake of the unwillingness or the inability of national trades unions to organize informal sector workers, workers’ interests were represented by sectoral groups such as National Fish Forum (representing fish workers in Kerala, Tamil Nadu and West Bengal), VIKALP (representing, largely in Uttar Pradesh and Uttarakhand, forest workers and those who live off the sale of forest produce), Women’s Voice (representing women domestic workers) and National Federation of Construction Labour. In terms of organisational structure these organisations formed a motley bunch, ranging from NGOs to old fashioned unions. The NCL was formed was formed in 1995 as an apex body to bring together these disparate organisations working in the arena of unorganised labour and therefore give its demands greater coherence and weight as well as to improve dialogue and discussion among its various constituents (see Sinha (2004)). National trades unions had no direct involvement in NCL but it was supported by a large number of independent unions operating in the sphere of the organised sector. Through its constituent members, the NCL came to represent more than 625,000 workers across 10 states in India (Roychowdhury (2003)).

At the core of the NCL strategy and that of most (though not all) organisations working with informal labour is the belief that, both in terms of fair returns and social security, their interests (of informal labour, that is) are best secured by lobbying and pressurising (through grass-roots mobilisation of informal workers and their communities) the state to guarantee these benefits rather than agitating against or pressurising employers (see Roychowdhury (2003) and Agarwala (2006)). Given the nature of work in the informal economy as well as the nature of capital, it is a strategy not without merit and certainly has had some payoffs. Some state government have set up sectoral welfare boards to provide minimum levels of social security to informal workers in those sectors (e.g., bidi workers in Kerala and construction workers in Tamil Nadu, see Agarwala (2006)). And the NCL (along with its constituent members) has been an important part of the social coalition that has led to the tabling of a bill in the last parliament for provision of social security for the unorganized workforce.

From our standpoint however making the state the locus of informal workers struggles harks back to an earlier period of “paternalistic labour relations system that was premised on the belief that the ‘state knew’ more about workers’ needs than did the workers themselves” (Bhattacherjee (2000:3759); also see Bhattacharya (2007)), with the proviso that in the NCL’s instance, a grassroots mobilisation of labour might tell the state what to
‘know’. In NCL’s movement-type strategies there is no way of institutionalising and transferring any of the gains labour might make vis-à-vis the state onto the labour-capital space and impact the quotidian nature of that struggle. Indeed, if anything letting capital off the hook in terms of negotiating and bargaining, makes it even more difficult to have a fair distribution of future productivity gains, because it can always point to the state as being the guarantor of labour rights. That this worry is not idle speculation is underlined by the fact that an important component of labour law reform proposed by capital in India is to transfer the cost of welfare payments and labour force restructuring onto the state (see Battacharya 2007: 124-25). To that extent, in terms of social security, there is a remarkable congruence of desired outcomes between what NCL, representing informal labour, would like and what most segments of capital would like. Some might argue that this is a win-win situation. To the extent that capital in informal production is small, this is still a feasible strategy. But when capital involved in informal production is large it changes the dynamics completely. Productivity gains most likely will not be shared and the state-capital nexus is much stronger and dictated more likely by the latter. As we have noted, informalisation is no longer limited to small capital. Organised sector production is getting informalised as well. The option of not contesting capital simply might not be there. This is perhaps why the NCL could not sustain itself. It is today a moribund organisation with a large number of its members having switched to affiliating with the NTUI.

IV: Responses to informalisation – the NTUI, contract labour and contesting capital

Almost in exact contra-distinction to NCL strategy of securing and preserving workers’ rights through the state is that of the NTUI. As in old fashioned unionism, it believes that workers’ rights are best protected in direct struggles with capital both in the workplace and outside. Equally importantly, it is the quality of these struggles that in the ultimate analysis influences the nature of its relationship with the state, which it recognises as an important part of the equation. Another important founding principle is that workers’ interests are best protected by unaffiliated unions, i.e., by unions that are not affiliated to political parties.

If NTUI believes in old-fashioned unionism, it is very much a union of its times, belonging squarely in the new phase of unionism. Therefore its position on being unaffiliated does not negate working with or alongside affiliated unions or like-minded political parties, social groups or social movements in furthering working class interests.

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11 For a somewhat different perspective on this see Agarwala (2003). We are however uncomfortable with Agarwala’s definition of informal labour as a “class in itself” as well as her definition of the state which seems almost completely uninfluenced by the nature of the relationship between capital and labour. Also see Roychowdhury (2003) for a critique of the NCL

12 Or more accurately, nexus its intermediaries - politicians and bureaucrats etc.

13 “In the context of political and organisational fragmentation, this means, for us, unity of the trade union movement on the basis of independence from government, employers and political parties” (Preamble, NTUI Constitution)

14 “An objective basis for building a strategic alliance with movements of women, dalits, adivasis and migrants as well as movements for sustainable environment and human rights exists. Social movements have organisational capacities and structures that complement and enhance the bargaining strength of workers and the ability to transform society in the direction that benefits workers.” (NTUI 2006a, p.2).
Indeed, deeply conscious of the fact that fragmentation of union space, both horizontally and vertically, is one of the most debilitating characteristics of India’s union movement (see Bhattacherjee (2000) and Bhattacharya (2007)), working class unity – both between unions working towards a common purpose and among organised and unorganised workers – is another important organising principle.

As Bhattacherjee (2001) notes, the 1970s saw, as a result of dissatisfaction with INTUC, the leading national union of the time, the growth of left-wing independent unions at the enterprise level (p.251). In many ways, the formation of the NTUI is the response of some of them to feeling increasingly hamstrung, because of being enterprise-level unions15, in responding to changed macroeconomic circumstances and the ascendance of capital, increasing product market competition for enterprises and increasing informalisation of the labour market at least in part due to excess labour supply. Faced with ascendant capital’s response to increasing product market competition - pressure for labour market deregulation and an assault on workers rights - and increasingly limited room to manoeuvre because of their location in the unionisation space, but unwilling to give up their status as unaffiliated independent unions16, a group of them, in both the organised and unorganized sector, came together in 2001 under the banner of the NTUI to work towards the formation of a federation where their collective voice would be greater than the sum of their individual voices and help cope more effectively with the new challenges facing the labour movement.

This process culminated in March 2006 with the founding conference of the NTUI that brought together 200 unions, representing roughly 500,000 workers17 in both organised and unorganised sectors ranging from engineering and electrical goods, petroleum, chemicals, pharmaceuticals, ready-made garments, and government employees on the one hand to construction workers, fish workers, agricultural workers, forest workers on the other (see NTUI (2006b)).

As is widely recognized, fragmentation of unions and the lack of internal democracy are some of the key weaknesses of the unionisation movement in India18. The NTUI therefore suggests a single representative union at the workplace chosen on the basis of a secret ballot (Article 3.11 in NTUI (2006)). It also suggests a mechanism through which majority and minority unions in a workplace might merge into a single negotiating entity (NTUI (2001: 6). Given that it is envisaged as a federation that works in the interests of federating units, all residuary powers are to remain in the hands of workplace level unions and the federation would be delegated only those powers as would be democratically decided at the workplace (Article 3.15 and 3.16 in NTUI (2006) and

On NTUI as a member of the broad social coalition of pro-labour and pro-poor organizations also see Gillan and Biyanwila (2007)
15 “The learning of the defensive struggles in the last few years has been that the line of defence can not be held within the frame work of existing bargaining structures … unions have been involved with firm level bargaining and conducting defensive struggles within that bargaining framework” (NTUI (2001), p.3)
16 See NTUI (2006a), p.1 for a discussion on why remaining unaffiliated was important, given the context of the historical evolution of the labour movement.
17 This has now grown to ….  
18 See Bhattacherjee (2000) for a discussion.
NTUI (2001: 5). In terms of labour market dynamics of course, the biggest challenge has been informalisation of work and therefore the growth of the unorganised workforce. Reflecting this, for the NTUI, organising unorganized sector workers at the industry level (Article 3.21 in NTUI (2006)) is one of its foundational objectives.

In terms of organising informal workers, NTUI has chosen to concentrate on contract workers. In India the Contract Labour Act (1970) (CLA), makes the following distinction between types of contract work: contract work where the enterprise or employer is engaged in work of a permanent nature; and contract work in enterprises or with employers where the work is of a casual or temporary nature. The CLA is applicable to the former and not the latter. Furthermore, it is applicable only to units a employing 20 or more contract workers in a year or a contractor who employs 20 or more workers over the same period of time (NCEUS (2007)). The law stipulates a set of conditions after fulfilling which an enterprise is legally bound to absorb contract workers as permanent employees (see Bhattacharya (2007)). As he notes, in part because it makes the use of contract labour illegal under certain circumstances, reform of the CLA (and some would argue repeal) has been a cornerstone of attempts to liberalise labour law in India.

In the unorganised sector, activities such as stone quarrying, beedi rolling, rice shelling, brick-kilns and construction use contract labour in significant numbers (see NCEUS (2007), p.38). But as Roychowdhury (2003) notes contract labour is also widely used in the organised sector by both public and private sector firms where effectively they are “casual, daily wage labour” (p.5281). And there is at least case study evidence to suggest that multinational firms have used contract workers to break up strikes undertaken by their permanently employed workforce (Roychowdhury (2005)). Therefore contract labour is an important part of the process of “informalisation of the formal sector” as well as casualisation of informal sector work, particularly in the rural non-farm sector.

NTUI along with other trades unions stands for the abolition of contract labour. But NTUI argues that in demanding abolition most unions have overlooked the provisions of regulation of contract labour available under the CLA. This had two clear outcomes in terms of organising contract labour. “First, by not taking up regulation, the terrain of struggle was not the workplace, and did not directly challenge employment relations within a framework of collective bargaining. As a result, unionising efforts among contract workers remained weak. Second, consequent to collective bargaining relations remaining weak, wages and working conditions for contract workers did not improve.”(NTUI (2006c:1)

The NTUI would argue, focussing on regulation of contract labour, also allows it to get around a problem that has bedevilled organising unorganised labour: where (as in spatially) to unionise casual and temporary workers, given that they have no stable place of work. This does not necessarily mean that contract workers are necessarily always ready and eager to unionise. Indeed, as Roychowdhury (2003) notes, given their extreme job-insecurity, contract workers as a group tend to be more wary about unionisation. But nonetheless unionisation of contract workers has taken place and the NTUI strategy allows it focus on issues of immediate relevance to them. The NTUI has put forward three basic demands regulation of contract work: an 8-hour work day; a fair statutory
minimum wage; and equal wage for equal work. Finally, the NTUI foregrounds the issue of caste and gender in its organisational activity, both in the everyday sense and in campaign mode.

V: Maruti-Suzuki unionisation struggles, contract labour and union strategies

As we have noted earlier contract labour is used right across the spectrum – in the organised sector, in the unorganised sector, in technologically dynamic industries, technologically stagnant industries, from rag picking to making cars. And despite all the obstacles, contestation, a process of which NTUI is a part, of capital - small, medium, large - is not unusual and with its share of victories and defeats. Perhaps one of most celebrated or notorious (depending on whether one adopts the standpoint of labour or capital) cases of recent contestation has been the prolonged industrial action of the Maruti Suzuki Workers Union against Maruti Suzuki India Limited.

Maruti Suzuki India Ltd (MSIL), formerly Maruti Udyog Ltd. (MUL) - a majority-owned subsidiary of Suzuki Motor Corporation of Japan - is an iconic auto-manufacturer in India which has not only has been the market leader for more than two decades but has also been at the forefront of the globalisation of the Indian automobile sector and at the cutting edge of production technology. Ever since Suzuki gained effective control over MUL in 2001 industrial relations have been rocky but matters had taken a turn for the worse in the last couple of years leading to a prolonged stand-off in one of MSIL’s two auto plants. In the latest phase of this long confrontation, Maruti Suzuki Workers Union (MSWU), an unaffiliated union, had two other important demands, besides an increased sharing of productivity gains through an increase in wages: MSIL’s recognition of the Union as a legitimate body representing its members; and pay parity for contract workers on the principle of ‘equal pay for equal work’. Both

19 In enterprises where the NTUI is active and both tenured and contract workers are employed, a contract worker is paid between a third to one-fourth the wage of a tenured worker. (NTUI (2006c, p.2).
20 Including industrial action of the earlier unaffiliated union, Maruti Suzuki Employees Union, at the same location, the Manesar plant of MSIL.
21 Maruti Udyog Limited (MUL) was established as a joint-venture between the Government of India (GOI) and Suzuki Motor Corporation, Japan in 1983. As MUL established itself as the pre-eminent player in the auto market and saw sustained profitability, Suzuki slowly increased its stake in MUL. The GOI ceded control to Suzuki in 2002 as a part of its privatisation programme and following that sold a 25% stake in MUL in 2003 (see GOI (n.d.) for an analysis of the transaction). Industrial relations have been contentious ever since. In 2007 the GOI sold its the remaining stake of 18.28% and MUL was renamed Maruti Suzuki India Ltd. (MSIL). According to company documents Suzuki Motor Corporation currently owns 54.2% of MSIL. <http://www.marutisuzuki.com/Latest-Maruti-Company-Update.aspx>
22 MSIL has an in-house union, Maruti Udyog Kamagar Union (MUKU) where elections had not been held for several years. In the wake of industrial action by the MSEU in June 2011 and faced with accusations of illegitimacy and of being non-representative, an election was conducted by MUKU in July 2011, the first in nearly a decade. MUKU itself was established in 2001 when industrial action of the extant union of the Gurgaon plant, Maruti Udyog Employees Union, against salary cuts and work intensification was crushed and the Union de-recognised (see Susan and Jain (2011)). Suzuki gained effective control over MUL in 2001.
23 MSIL’s permanent to contract worker ratio is approximately 1:2 (986:1870) (see Mukherjee (2012).
the latter two demands were very strenuously resisted by MSIL resulting in the prolonged stand-off\textsuperscript{24}.

There are two other facts that must be noted in this context: first, like most other large firms in that industrial belt, MSIL was in contravention of the Contract Labour Act (1970) (CLA) and this cannot happen unless the relevant arm of government (in this instance the state (provincial) government) chooses to turn a blind eye towards it; second, in its efforts to not recognise the MSEU (and before that the MSWU), the MSIL was aided by the Labour Department of the Government of Haryana that thwarted the process of registration\textsuperscript{25} of the newly-formed union using technicalities (see e.g., Susan and Jain (2011)). Therefore it is important to locate the industrial relations strategy of a large corporate like MSIL within the overall framework of the nexus between capital-state and its ability to access state resources to keep labour in line.

Be that as it may, in the on-going non-violent confrontation between MSEU and MSIL matters came to a head on 18\textsuperscript{th} July 2012 when a supervisor abused a Dalit (low-caste) contract worker using caste-related expletives. When the worker protested the abuse the MSIL management in a unilateral decision, without hearing his side of the story, chose to suspend him with immediate effect. The MSEU protested and sought either that the supervisor too be suspended or a revocation of the suspension. With the MSIL management refusing to budge, negotiations broke down. What followed is not clear, but in the violence and the fire that ensued following the breakdown of negotiations, scores of workers injured and a manager killed\textsuperscript{26}. The Manesar plant which had closed down as a result of the conflagration has re-started operations and MSIL has announced that from August 2013 no contract workers will be employed in any of its operations. But it still does not recognise the MSEU as a legitimate union. It however has reached a wage settlement with MUKU that will apply to the Manesar plant as well (see Mukherjee 2012). Another fallout of industrial disputes at MSIL and a large number of other firms in the organised sector with regard to the use of contract workers on a regular basis is that the Government of India plans to amend the CLA so as to bring parity between the pay of contract and permanent workers (see FE Bureau (2012)).

\textsuperscript{24} Not unsurprisingly, the khap panchayat – a socially conservative, traditional mechanism of community self-governance with vestigial links with an earlier feudal epoch and dominated by large farmers and landowners – came out squarely in support of MSIL in this stand-off, arguing that if necessary force should be used to suppress the workers’ struggle and that the factory should be operated at any cost (see Teltumbde 2012).

\textsuperscript{25} Any newly formed union grouping has to be registered with the state (provincial) government using due process before legal recognition can be demanded from the employer.

\textsuperscript{26} Mainstream media and corporate spokespersons chose to blame armed workers who went on a rampage when their demands were not met. With a few honourable exceptions, most did not even mention MSIL’s reneging on prior agreements from earlier rounds of negotiations as a contributory factor. MSIL not unsurprisingly claimed to have had no role in precipitating the violence. Yet there is circumstantial evidence to suggest that the workers’ claim that ‘outsiders’ instigated the violence cannot be dismissed out of hand. But the weight of the capital-state nexus will ensure that there will never be an impartial enquiry into the event. The police in its FIR has already indicted a clutch of Union leaders for having incited the violence and hundreds of workers have been arrested as being complicit.
A detailed analysis of the MSIL industrial dispute is beyond the scope of this paper. From our standpoint the MSIL industrial relations dispute brought to the fore the continuing salience of three features in the working of labour market institutions on both the supply and the demand side – caste, contract labour and violence. It also brought out in stark terms the magnitude of the onslaught on labour rights where a large corporate in the organised sector can so insistently and with impunity deny labour a fundamental right guaranteed under the Constitution – the right to organise. Finally, it is worth noting even in passing some of the specificities of the MSIL dispute: most of the workforce at MSIL’s Manesar plant comprised first generation industrial workers, with post-secondary education at vocational training institutions and tech-savvy. That combination made them quite unique and perhaps played some role in defining the trajectory of the struggle.

The increasing salience of violence and of caste is perhaps not unrelated though it requires a separate and more detailed analysis. In passing though it is perhaps worth mentioning that India’s working class in both rural and urban areas, particularly in the unorganised sector, is largely Dalit (lower-caste) or Adivasis (indigenous peoples). On the other hand one of the more remarkable aspects of Indian politics in the last two decades has been Dalit assertion and their emergence as an independent political force. The owners and land and capital though are mostly upper-caste and middle-caste. The increasing use of violence in industrial relations may not be unrelated Dalit assertion in politics. Though as we have noted this requires much more detailed analysis.

The increasing use of contract labour across firm-size and technological spectrum comes from two distinct but inter-related phenomena: the anaemic employment performance on the one hand and the agrarian crisis of the last two decades on the other. Barring a few pockets such as IT and ITES and construction-related skills (carpenter, welders, electricians etc) where labour demand had outstripped labour supply in the last decade, overall across education and skill-profiles there is an excess supply of labour, given that employment generation has been slower than populations growth. The excess supply implies that even though MSIL’s Manesar workforce is educated and skilled, it is possible to follow a hiring strategy based on contract labour which is paid a-third of the wages of permanent workers. On the other hand, intensification of work, which is the

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27 See however Susan and Jain (2011), Rajalakshmi (2012), Sehgal (2012, Sunder (2012), Teltumbde (2012) and Varman (2012). Unless otherwise indicated, the paragraph prior on the dispute and its unfolding has been based on all of the above.

28 Violence as a mechanism of labour control as well as retaliation is the sub-text of the current functioning of labour market institutions. It occasionally gets reported when somebody from the managerial classes gets hurt or killed. But the routine use of violence by the state and firms to suppress or contain the exercise of fundamental democratic rights (to unionise and strike) is neither worthy of reportage nor analysis. About the commonplace use of violence see the statement of Trade Union Solidarity Committee in response to the MSIL industrial dispute at Manesar. Available at <http://ntui.org.in/media/item/statement-by-trade-union-solidarity-committee-on-maruti-manesar-incident/>

29 See Tables 6&7 in Mohanty (2006: 3782) for some evidence on this.

30 See for example Jaffrelot (2003), Wankhede (2008), Parthasarathi (2011), and Teltumbde (2012). Though one hastens to add assertion in the political space has not as yet led to social emancipation for Dalits as a whole.

31 For some discussion on the intensification of work see Susan and Jain (2011), Varman (2012) and Trade Union Solidarity Committee pamphlet.
same for both permanent and contract workers, is used to maintain high levels of productivity. Therefore in the organised sector declining unit labour costs (ULC) are maintained by work intensification whereas average labour costs are kept low by the use of contract labour.

In the technologically stagnant and relatively lower-skilled sectors (such as garments, leather, food processing etc) excess supply of labour is fuelled by the agrarian crisis. The agrarian crisis and the related slowdown in agricultural production and productivity has meant has had two outcomes relevant in our context: first, there is insufficient work to absorb all available agricultural labour; second, the subsistence farmer is unable to survive on the output of her/his meagre holding of land and therefore has to sell her/his labour. Both of these taken together mean that the agrarian reserve army grows and is forced to migrate out of the village looking for non-farm work. This in turn holds down the wage rate in the unorganised sector in urban areas. Profitability in these sectors therefore is driven not by technology but access to cheap labour.

In terms of economic policy the solution lies in raising the overall employment generation of the economy (increasing the employment elasticity of output) and increasing agricultural productivity and incomes. Of course the latter could feed into the former. In terms of union strategies then one has to follow a two-pronged strategy of contesting capital in the workspace and building broad alliances that help deliver progressive economic policies such as the NREGA and help contain the capital-state nexus. This however is easier said than done.

VI. Conclusion
In the post-reform period, the experience of enterprise level unions suggested that firms used increased product market competition as an argument to hold down costs. As a result, unions at these enterprises were always fighting “defensive” battles where it was becoming increasingly difficult to hold on to real wage gains made at the negotiating table. It was therefore felt that only industry level federations would in a position to tackle the ‘cost pressure’ argument. Therefore the NTUI is committed to promoting industry wide federations of labour to contest capital more effectively. Finally, the presence of agricultural workers in the NTUI is a reflection of the understanding that excess supply of labour in agriculture ultimately spills over into non-agricultural labour markets and affects labour market dynamics. It is for similar reasons (i.e. excess supply of labour in agriculture) that the implementation of the NREGA is an important part of its platform. It feels that if properly implemented, it could absorb some of the excess supply of labour in agriculture and thereby positively influence labour market dynamics in non-farm employment.

As far as the NTUI is concerned, it is early days as yet. But if it is able to establish a working relationship between organised and unorganised labour in terms of unionisation and industry wide federations of labour, it would have made a signal contribution to India’s labour movement. But even these early days, NTUI has realised that pursuing a twin strategy of unionisation and building social alliances is not without pitfalls and pitfalls and trade-offs. Unionisation requires a longer time horizon and is shaped by more structural factors rather than contingent ones. Social alliances are on the other hand,
shaped by more contingent factors rather structural ones. Organisationally therefore tt straddle the two might not be straightforward, particularly if one is constrained in terms of human resources, particularly in terms of grassroots leadership. Then deepening the unionisation strategy might just take a back seat with deleterious longer term consequences.

Be that as it may, the current economic crisis provides the new phase of unionism with both significant opportunities and challenges. The crisis has broken the more than three-decade long hegemony of finance capital if not neo-liberal economic policy. It therefore opens up space for this new phase of unionism, with its focus on the formation of broad social coalitions, to leverage pro-worker and pro-poor public policy. On the other hand, just as opportunity knocks, unions, faced with a sharp increase in levels of unemployment as a result of the crisis, are suffering from a serious crunch on financial and organisation resources. The space itself is unlikely to remain open for long and whether or not this new phase of unionism can exploit it will depend on contingent factors. But if it cannot then it will be a pity, because the constitutive elements for a broad-based movement to push back capital and reclaim some of the space lost in the last three to four decades are in place.

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