

New trends in unionisation and organising in India

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A few stylisations about labour market outcomes in India

- Anaemic employment growth. Employment in rural and urban areas grows slower than population growth
- Liberalisation of the economy in 1992/3 and closer integration into global markets does not alter this
- 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 (even in organised sector) are informal: mostly without benefits and rights
- Formal employment/Total Employment: 7% (2004/5)
- In 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

Stylisations (contd).

- Over the past couple of decades average real wages in organised manufacturing have consistently lagged labour productivity
- From the late 1980s, there has been a secular decline in the real unit labour cost (ULC) in organised manufacturing
- Nominal ULC increased significantly between 1980 and 2001 – (0.2 to 0.6). Declined to less than 0.5 by 2006
- Entirely the result of increase in the price deflator
- Share of real wages in real value added of the manufacturing sector has declined significantly – 0.6 in 1980 to less than 0.3 in 2007.

Stylisations (contd).

- Increasing use of contract labour and variable pay in organised manufacturing
- Survey reports 2/3 of firms had between 21-50%
- Secondary data for organised sector: 16% in 1998-99 to 29 in 2005-06 and then to around 33% in 2009-2010.
- Contract workers paid $\frac{1}{4}$ to $\frac{1}{3}$ the wages of permanent workers
- Post reform period, days lost to due industrial disputes have consistently fallen. Share of days lost due to strikes has fallen and as a corollary the share of lockouts has increased.
- A miniscule percentage unionised <5%
- Hardly the picture of rigid labour markets or obstructionist unions

Stylisations (contd).

- Capital on the ascendant: mobility inherent in the process of globalisation, with an increase in profitability and the profit share
- Labour's bargaining power diminished considerably
- Result of low employment growth as well incremental institutional change, both de jure and de facto, which has significantly altered the functioning of labour market institutions in favour of capital

Employment Shares - NSS

	2005	2010
Agriculture	57	52
Mining	1	1
Manufacturing	12	11
EGWS	<1	<1
Construction	6	10
Trade, hotel, restaurant s	11	11
Transport stor & com	4	4
Finance, real estate, etc	2	2
Public ad & other serv	8	8

Union powerlessness?

- National level trades unions, mostly affiliated to political parties, have been accused of being ineffective and ineffectual in furthering workers' interests
- Parochial: not organising unorganised (informal) workers; not addressing issues of caste
- Fickle
- “Diminishing of union leverage over states and employers” even in the public sector where they have had to acquiesce to workforce and employment rationalization

New phase of Unionisation

- An alliance of unions and political parties, particularly unions and parties on the left and centre-left, has been successful in resisting privatization of the public sector and labour law reform
- Renaissance of the public sector
- Contribution to the public exchequer
- Driver of investment growth
- Finally, it is problematic to look at union power without contextualizing it within employment and unemployment trends.

New phase: social alliances

- 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”
- 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
- Important victories: Right to Information; Rural employment and de facto minimum wage: NREGA; Forest Rights Act; Social Security Legislation

Response to informalisation: Not contesting capital

- National Centre for Labour
- Response to unwillingness of TUs to organise unorganised labour
- 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 Uttaranchal, 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.

Not contesting ...

- 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.

Not contesting ...

- 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” (Bhattacharjee (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
- Congruence between NCL (representing informal labour) and capital

Not contesting

- 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.
- 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.

Response to informalisation: Contesting capital

- New Trade Union Initiative (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.
- 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

Contesting ...

- Very much a union of its times, belonging squarely in the new phase of unionism
- Social alliance strategy: works alongside affiliated unions or like-minded political parties, social groups or social movements in furthering working class interests
- 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 Bhattacharjee (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.

Contesting ...

- 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 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.
- 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. (see Bhattacharya (2007)).

Contesting ...

- 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, unionizing 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 2006)

Contesting

- Focussing on regulation of contract labour, also allows it to get around a problem where (as in spatially) to unionise casual and temporary workers, given that they have no stable place of work
- Finally, the NTUI foregrounds the issue of caste and gender in its organisational activity, both in the everyday sense and in campaign mode.

Maruti-Suzuki unionisation struggles, contract labour and union strategies

- 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.
- Contestation 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 (MSIL)

Maruti struggles ...

- 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
- Pay parity for contract workers on the principle of 'equal pay for equal work'.
- Both demands were very strenuously resisted by MSIL resulting in the prolonged stand-off .

Maruti struggles

- 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 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.

Maruti struggles...

- 18th July 2012
- Altercation, conflagration, violence
- Hundreds of workers injured and one manager killed.
- MSIL-Manesar plant closed
- Reopened with August after deal with in-house union, applicable to Manesar.
- No use contract labour from August 2013
- Government of India plans to amend the CLA so as to bring parity between the pay of contract and permanent workers

Segmentation and union strategies

- The increasing use of contract labour across firm-size and technological spectrum comes from two distinct but inter-related phenomena: a
- 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 population 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 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.

Segmentation ...

- 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.