



Dattopant Thengadi Foundation

Workshop on Trade Unions in India: Tracing the Transformations

Trade unions have been historically known to provide a collective voice to the workers in protecting their rights and interests. These interests have been associated with minimizing the inequality in wages between low-skilled and high-skilled workers resulting in mitigating the income inequalities in society. Trade unions have also played a crucial role in establishing a robust and effective mechanism for protecting workers' rights in periods of socioeconomic contingencies. In India, construction, manufacturing, and transportation are some of the sectors conducive to trade unions while agriculture and finance seldom witnessed unionization. Furthermore, while introspecting closely one can find that there are certain market conditions such as high unemployment, job insecurities, fall in wages, and high inflation rates that generate the demand for greater unionization among the workforce. The rise and proliferation of labour unions in India during the 1960s and 70s are caused by the above-mentioned factors.

However, the scenario of the 'hay-day of labour unions' has witnessed stagnation in the post-liberalization period in India due to the structural transformations in the labour market. With the service sector coming to the fore and the insignificant presence of labour unions in the tertiary sector. A variety of other transformations such as outsourcing and contractualization of labour have also discouraged the labour unions among the uncertain workforce based on temporary terms. A large number of our workforce is in the informal sector who are mostly not unionized. Furthermore, the rising power of big corporations, which have successfully lobbied to reduce taxes. Such tax cuts may have exacerbated inequality and have equally affected the labour unions.

Workers in India have suffered severely over the past two decades due to the inaction of trade unions who could have prevented many of the negative effects of globalisation. There were mass layoffs and the closure of numerous factories. However, there were two national-level strikes by all trade unions in 2012 and 2013 that will go down in history. All around India, employees felt a renewed sense of purpose. This was the first time something of this magnitude had happened on a national level with such an apolitical effort, impact, and acceptance. Workers, employers, and the media in India have all come to the realisation that the trade union movement is not dying out. The circumstances have awakened the enormous workforce. However, in 2015, when certain trade unions felt pressured to serve political goals, the united movement was again splintered.



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There was a surge in union membership for a short span of time but the era of contractualisation and a transforming world of work with an increasing proportion of unorganized sector workers further demands extensive research to understand the emerging necessities of the workers to improve the activities of trade unions in order to address large and variety of employees from different sectors of employment.

Another important point could be the issue of union recognition which is usually up to the employer, employers may be forced into recognition if workers want it and possess sufficient bargaining power and it has been argued that along with the structural changes in the workforce, after 1980, firms are much less likely to recognize unions than firms that employed the same number of people in the same region and in the same industry in 1980. This is consistent with studies suggesting that the decline in unionization is largely due to employers turning their back on unions – preferring to ‘go’ or ‘remain’ non-union.

Unions’ impact depends on their ability to bargain on behalf of their members and to act as the representative voice of workers to management (Freeman and Medoff, 1984). Whether unions are able to do so depends on which unions survived the decline in unionization – the strong ones, the weak ones or perhaps a mixture of the two. Their effects also depend on firms’ preparedness and ability to resist union demands or accommodate them. Conventional wisdom among employers suggests that unions are undesirable. In particular, there is little evidence that unions have any negative impact on employment growth, financial performance, and industrial relations.

Alternatively, it is possible that unions have increasingly chosen to cooperate with employers. It is suggested that unionized workplaces have seen a faster improvement in financial performance than non-unionized workplaces, all else being equal. In part, this might be because unions today appear to have less impact on the wages of their members than in the early 1980s. But it remains to establish whether this is permanent or temporary. We would expect smaller union effects when economic conditions are good, as employers are often more profitable and in a better position to resist union demands at such times. Historically, unions have made their presence felt in recessions, as unionized labour has proved to be more able to hold onto the gains made in the boom years.

Nonetheless, the recently introduced Industrial Relations Code 2020 (IRC) has more conditions restricting the rights of workers to strike, alongside an increase in the threshold relating to lay-offs and retrenchment in industrial establishments — steps that may provide more flexibility to employers for hiring and firing workers without government permission. These legislative frameworks will further undermine the labour unions in the workplace.



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In this regard when the effects of unions become limited, it is important to put emphasis on the ancient belief that satisfied and contented labour contributes to prospering the economy and growth of the business. Also, the conception of labour welfare could be traced back to the ancient Indian economic, social, and political system and the associated literature that provides a systemic and sustainable way of dealing with the employee-employer relationship, their code of conduct, the role of the state and the importance of collective welfare than collective bargaining of present times. The labour welfare and the need for unionization cannot be looked at exclusively related to labour or employer-employee relationship but its socio-economic impact is important to understand while addressing the stagnated and declining labour unions.

Sub-themes of the Workshop

- The trade union movement in India: Challenges and achievements so far
- Trade unions and the idea of social dialogue in the Indian context
- Industries and Trade unions: In the backdrop of the concept of the industrial family
- Unorganised sector workers and trade unions
- Transforming the World of work and trade union interventions in India
