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**Sub-Topic :** Trade Union: origin & growth of trade union, union after independence, Unions in the era of liberalisation, concept, objectives, functions and role of Trade unions, Role of Trade Unions in Collective Bargaining, Problems of Trade unions.

## TRADE UNIONISM

Origin of Trade union in India: Trade union, also called labour union, association of workers in a particular trade, industry, or company created for the purpose of securing improvements in pay, benefits, working conditions, or social and political status through collective bargaining.

The urge to combine and protect one's economic interest is the very root of trade unionism. The history of trade union movement in any country reveals that workers had to unite in order to protect their economic interests against onslaughts of their employers.

Development of modern industry, especially in the Western countries, can be traced back to the 18th century. Industrial development in India on Western lines, however commenced from the middle of the 19th century. The first organised Trade Union in India named as the Madras Labour Union was formed in the year 1918. Since then a large number of unions sprang up in almost all the industrial centres of the country. Similarly, entrepreneurs also formed their organisations to protect their interests. In 1926, the Trade Unions Act was passed by the Indian

Government. The Act gave legal status to the Registered Trade Unions. The Registrars of Trade Unions in different states were empowered to register the Trade Unions in their respective states. These registered Trade Unions (Workers & Employers) are required to submit annual statutory return to the Registrar regarding their membership, General Funds, Sources of Income and Items of Expenditure and details of their assets and liabilities, which in turn submit consolidated return of their state in the prescribed proformae to Labour Bureau.

The Labour Bureau on receiving the annual returns from different States/Union Territories, consolidates the all India statistics and disseminates them through its publication entitled the Trade Unions in India and its other regular publications.

Trade Unions Act, 1926 provides for the registration of the Trade Unions with the Registrars of Trade Unions of their territory. Any seven or more members of a trade union by submitting their names to the registrar of trade unions and otherwise complying with the provisions of the Act with respect to registration may apply for the registration of the Trade Union under the Trade Unions Act.

The Act gives protection to registered trade unions in certain cases against civil and criminal action.

The first clearly registered trade-union is considered to be the Madras Labour Union founded by B.P. Wadia in 1918, while the first trade union federation to be set up was the All India Trade Union Congress in 1920

The legal framework provided in the Trade Union Act,1926,serves as the guiding framework for constitution of union in India.Some of the important features of Trade Union Act,1926,are noted below:

i)Till 2001,trade union could have been formed with 7 members.But as per the amendment of 20001, currently 10 percent of workers or 100 whichever is less can form union, subject to a minimum of 7 members.

ii) Outsiders can lead trade union.As per 2001 amendment, proportion of outside leaders can be one third of the union office bearers ( earlier the limit was half of office bearers).

**Currently five major national unions operate in India :**

(i) AITUC , Indian National Trade Union Congress formed in 1920 affiliated to Communist Party of India and World Federation of Trade Unions (WFTU);

(ii) INTUC formed in 1947 affiliated to the Congress Party and International Confederation of Free Trade Unions;

(iii) Hind Mazdoor Sabha(HMS) formed in 1942 with no political affiliation;

(iv) Bharatiya Mazdoor Sangh (BMS) established in 1955 in close associations with Rashtriya Swayamsevak Sangh and Bharatiya Janata Party: and

(v) Centre for Indian Trade Unions CITU formed in 1970, affiliated to the Marxist Party of India.At state level , different political parties ( e.g., Dravida Munnetra Kazhagam (DMK),All India Anna Dravida Munnetra Kazhagam (AIADMK),in Tamilnadu,Telegu Desam in Andhra Pradesh,Trinamul Congress in West Bengal,and Shiv Sena in Maharashtra have their own trade union wings.

Registration of union with Registrar of Trade Union does not assure recognition of union.When there is more than one union, management may choose to recognise one or more unions.Except in some states like Madhya Pradesh and Maharashtra,there is no law at the national level for recognition of trade unions.As per Indian law,it is mandatory on the part of management to have unions, recognise union(except for certain states like Andhrapradesh,Bihar, Gujarat, Karnataka, Maharashtra,

Madhya Pradesh, West Bengal, and Orissa) or engage with union in collective bargaining. However, since the Constitution of India assures freedom of association to the citizen of India, hence management cannot follow anti union policies. Many knowledge intensive organizations (e.g., software companies) do not have unions.

### Definitions:

Dealing with the definition of a Trade Union is a complex task because it is a complex institution having many facets- social, economic, psychological and political. Therefore, it has been defined differently by various authors. Some of these are presented as below:

1) Trade Union [Section. 2(h)] : Trade Union means any combination, whether temporary or permanent, formed primarily for the purpose of regulating the relations between workmen and employers or between workmen and workmen or between employers and employers for imposing restrictive conditions on the conduct of any trade or business and includes any federation of two or more Trade Unions.

2) Trade union is a “continuous association of wage earners for the purpose of maintaining and improving the conditions of their working lives.” --- Web

3)“A trade union means an association of workers in one or more occupation— an association carried on mainly, for the purpose of protecting and advancing the members’ economic interests in connection with their daily work’.—G.D.H. Gole

4)According to Dale Yoder,"A trade union is a continuous long term association of employees formed and maintained for the specific purpose of advancing and protecting the interests of members in their working relationship."

### Objectives of Trade Union:-

Following are the objectives of trade unions:

#### 1. Ensure Security of Workers :

This involves continued employment of workers, prevent retrenchment, lay off or lock-outs. Restrict application of “fire” or dismissal or discharge and VRS.

#### 2. Obtain Better Economic Returns :

This involves wages hike at periodic intervals, bonus at higher rate, other admissible allowances, subsidized canteen and transport facilities.

#### 3. Secure Power To Influence Management :

This involves workers’ participation in management,

decision making, role of union in policy decisions affecting workers, and staff members.

#### 4. Secure Power To Influence Government :

This involves influence on government to pass labour. which improves working conditions, safety, welfare, security and retirement benefits of workers and their dependents, seek redressal of grievances as and when needed.

#### Functions of a Trade Union:

The important basic functions of unions listed by National Commission on labour are:

- (i) To secure fair wages to workers.
- (ii) To safeguard security of tenure and improve conditions of service.
- (iii) To enlarge opportunities for promotion and training.
- (iv) To improve working and living conditions.
- (v) To provide for educational, cultural and recreational facilities.
- (vi) To co-operate in and facilitate technological advance by broadening the understanding of workers on its underlying



issues.

(vii) To promote identity of interests of workers with their industry.

(viii) To offer responsive co-operation in improving levels of production and productivity, discipline and high standards of quality and

(ix) To promote individual and collective welfare.

### Role of Trade Unions:

Unions carry out a number of functions. They negotiate on behalf of their members on pay scales, working hours and working conditions. These areas can include basic pay, overtime payments, holidays, health safety, promotion prospects, maternity and paternity rights and job security.

Depending on the circumstances, unions may try to protect or improve workers' rights. They also provide information on a range of issues for their members, for instance on pensions. They help with education and training schemes and may also participate in measures designed to increase demand for the product produced and hence for labour.

Some also provide a range of benefits to their members including strike pay, sickness pay and unemployment pay. In addition many get involved in pressurizing their

governments to adopt a legislation, which will benefit their members or workers in general, such as fixing a national minimum wage.

### Role of Trade Union in Collective Bargaining:

An individual worker may not have the skill, time or willingness to negotiate with her or his employer. A worker is also likely to have limited bargaining power. If she or he presses for a wage rise or an improvement in working conditions, the employer may be able to dismiss her or him and take on someone as a replacement. Unions enable workers to press their claims through collective bargaining. This process involves negotiations between union officials, representing a group of workers, and representatives of employers.

### They are the basis of Wage Claims:

There are a number of arguments, a union can put forward while asking for a wage rise. One is that the workers deserve to be paid more because they have been working harder and have increased productivity. Another argument is that an industry whose profits have risen can afford to pay higher wages to its workers.

## Problems of Trade Unions :

Though the trade union movement in India,has a long history but still it has not achieved much success in India.It is still in the state of development.Thiugh it has undoubtedly improved the conditions of workers and more so after independence but its base has not been sound.Infact,there is a vicious circle of trade unionism in the country today.The scope for the development of the union movement is immense but is severely handicapped by and beset with and suffers from a number of weaknesses.These weaknesses or problems which have since become peculiar features of Trade unions in India,are as follows.

- 1)Small size and low membership
- 2)Out side leadership
- 3)Multiplicity of Trade Unions
- 4)Weak financial position
- 5)Uneven Growth of Trade Unions
- 6)Limited Area
- 7)Political Unionism
- 8)Lack of public support

### 1) Small size and Low membership :

Most of the trade unions in India are of small size having an average membership of about 500 workers. The main characteristics of the problem are that the total membership of the unions has been gradually increasing; the average membership has been decreasing. The average membership is very low in India as compared to other countries. About 44 per cent unions have a membership of less than 100.

Many workers do not enroll themselves as members of any trade union. Membership is mostly confined to urban areas and there also it does not cover all the workers of the organization. Even in the organized sector, membership is not satisfactory to the desirable extent. Trade unionism, it is rightly said, has only touched a fringe of the working class in India.

### 2) Outside Leadership :

The nature of leadership significantly influences the union-management relations as the leadership is the lynch-pin of the management of trade unions. The leadership of most of the trade unions in India has been outside leadership mainly drawn from political parties.

### 3) Multiplicity of Trade Unions :

Outside leaders have looked upon as their bases of power, and in their struggle for more power, they have caused structural fragmentation of the Indian Trade Union movement. It has been generally seen that there are many Trade Unions in the same Industry, and there are some times as many as 20 unions in the same plant.

Multiplicity of trade unions create problems for both the employer and the trade unions. Therefore recognition of a trade union as negotiating agent is a business necessity. Sooner a central legislation is passed and industry and business houses start dealing with recognised unions, better it will be. Such a device is beneficial for both the employer and the trade unions. It provides strength, it provides opportunity for understanding and mutual appreciation and thus, provides opportunity for a matured employer union relationship.

### 4) Weak Financial Position :

Sound financial position is an essential ingredient for the effective functioning of trade unions, because in the process of rendering services or fulfilling their goals, trade unions have to perform a variety of functions and organise programmes which require enormous financial commitments. Hence, it is imperative on the part of a trade union to strengthen its financial

position.

But it is felt that the income and expenditure of trade unions in India over the years is such, with few exceptions, that the financial position of the union is generally weak, affecting their functioning. It is opined that, “trade unions could be more effective, if they paid more attention to strengthening their organisations and achieving higher attention of financial solvency.”

The primary source of income to the unions is membership subscription. Their other sources of union finances are donations, sale of periodicals, etc. The items of expenditure include: allowances to office bearers, salaries to office, annual convention/meeting expenses, rents, stationery, printing, postage, telegrams, etc.

Most of the trade unions in India suffer from inadequate funds. This unsound financial position is mostly due to low membership and low rate of membership fee. Trade Union Act, 1926, prescribed the membership fee at 25 paise per member per month. But the National Commission on Labour recommended the increase of rate of membership subscription from 25 paise to Re. 1 in the year 1990. But the Government did not accept this recommendation.

#### 5) Uneven growth of Trade Unions :

As the National Commission on Labour observes, “ an important factor limiting the effective functioning of unions in our country has been their financial weakness.. In most unions, poor finances are the result of inadequate membership strength. This in turn, can be traced to the small size of units. In a majority of unions, the rate of contributions required of members is also small. With a relatively low rate of unionisation, total funds collected are small. The general picture of finances of unions is disappointing.”

The growth of trade unionism in India is quite uneven and is concentrated only in few industries such as coal mines, plantations, food industries, textiles, chemicals, utility services, transport and communications and commerce etc. The degree of unionisation varies from industry to industry ranging from 28 per cent in plantation to 75 per cent in tobacco manufacturing industry.

#### 6) Limited Area :

It may also be noticed that trade union activities are mostly concentrated in organised sector only and especially in textile industry. Textile industry in the country has not only been the prime mover of all trade union activities but it has also been the supreme centre of all labour activities and labour trouble. It is the industry that

produced a number of labour leaders who have guided the destinies of the Indian labour movement. A few of them are Shri N.M. Lokhande, B.P. Wadia, Harihar Nath Shashtri, N.M. Joshi, R.S. Ruikar in the earlier period and later Shri Khandubhai Desai, S.A. Dange, G.D. Arpbedkar, S.R. Vasawade and V.V. Dravid all started their career as the organisers of textile labour.

### 7) Political Unionism :

One of the biggest problems which the trade union movement in India faces is the influence of the political parties. Multiplicity of the trade unions in India is traceable to the domination and control of trade union movement by rival political parties, which led to the inter union rivalry. This character promoted the trade unions to become tools of political parties to serve their political aims.

From the very beginning, the trade union movement has its allegiance with political parties. The main reasons of the politicization of trade union movement lie in their being illiterate, ignorant and backward workers were not in a position to take upon themselves the task of organisation. There was a wide social gulf between them and the employers and managers and other officers.

They were afraid of the employers, managers, police and the government. In this situation, they needed some



outside assistance to get over their initial feelings of fear and nervousness and to learn the rudiments of agitation and organisation. Some eminent public men social workers and political leaders came forward to their assistance.

#### 8) Lack of Public Support :

The industrial workers, mostly illiterate are not loyal to any particular trade union, if there is more than one union in the industry. They incline to shift their loyalty to any union in power to ensure their security and in the expectation of betterment of their lot. This phenomenon was also found in several studies conducted on worker behaviour in situations of intense trade union rivalry. Some studies also showed that workers are members of more than one trade union at the same time.

In the sixties, the Ministry of Labour while verifying the membership of the rival unions in the Calcutta port came across the fact that the total of the membership of the rival unions in Calcutta Port, came across the fact that the total of the membership claimed by the rival unions added upto more than the total employment. The same phenomenon was noticed in Durgapur Steel Plant in 1969-70 and in Madras Port in 1973-74, while carrying out the studies by the Indian Institute of Management, Calcutta.

The dual membership is a reality in Indian situation. Only a small percentage of workers are really politically motivated. But many are shrewd enough to take advantage of trade union rivalry by changing their affiliation rapidly. The win of one party in the General election tends to shift workers' loyalty to a union affiliated to the ruling party.

#### Reasons for emergence of outside leadership :

Outside leadership has been playing a pivotal role in Indian Trade Union Movement due to the inability of insiders to lead their movement. In view of low education standards and poor command over English language which is still the principal language of labour legislation and negotiations, low level of knowledge about labour legislation, unsound financial position, fear of victimisation by the employer and lack of leadership qualities-outside leaders have come to stay. The main reason for this trend is that the Trade Unions Act, 1926,[India] itself provided the scope for outside leadership.

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