

## Globalization and Trade Unions

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### Identifying the fulcrum to balance the impact of Globalization in India

Globalization is a world wide phenomenon, which today impacts the lives of almost all human beings – some bask in it's glory and some bear the brunt of it. Even for one individual, while some aspects of life may prosper as an impact of globalization, there are others which may balance this out. This article traces the impact of globalization on the Indian economy and how the key actors; the government, industry and trade unions have responded to the liberalization and privatization policies. While the pre-liberalization era had a pro-labour theme it also carried the weight of inefficiencies in the industries dominated by public sector units. The post liberalization era on the other hand continues to witness a reverse trend, with industries having to find ways of either efficiently managing or vanishing as a result leaving the workers and unions insecure. While their vulnerability was exhibited through forced acceptance of the change caused by the Economic Reforms for two decades, recent incidents signal that the form of expression is changing. To nip the signs of aggression in the bud, it is time to reflect on the role that each actor can play in building the India 'growth story' towards a favourable continuum for all stakeholders.

#### 1.1 Globalization- International View ;

The ending of the World War II had witnessed the birth of two major institutions as a result of a proposal by the U.S.A. in Bretton Woods conference in 1944 and they are known as 1) World Bank and 2) International Monetary Fund both known as *Bretton Wood Twins* as the leaders of last resort to the nations in need to restructure the International Economy. Later on, the General Agreement on Tariffs and Trade (GATT) was launched. In spite of severe opposition from all the underdeveloped and developing countries GATT used to have its firm stand on the nations with one reason or the other including imposition of sanctions. Sustaining the mounting pressures from the third world nations GATT became World Trade Organization (WTO). Thus the trinity i.e. IMF, WB and WTO has been the root cause of Globalization which has its rather forcible impact and compulsive effect on the nations to embrace the globalization. Globalization can be defined as a process of rapid economic, cultural, and institutional integration among countries. This unification is driven by the liberalization of trade, investment and capital flow, technological advances, and pressures for assimilation towards international standards. Globalization has reduced barriers between countries, thereby resulting in intensification of economic competition among nations, dissemination of advanced management practices and newer forms of work organization, and in some cases sharing of internationally accepted labour standards. On the other side, globalization has evidently contributed to unemployment, increase in contingent labor force and a weakening of labor movements. The biggest question today is regarding the impact of this economic phenomenon on employers, employees and industrial relations of developed and under-developed countries. Supporters of globalization say that free trade and increasing foreign direct investment will increase employment and earnings in advanced and developing countries. Critics argue that

globalization, in reality has a deleterious effect on the wages, employment, working conditions of most, though not all developing country workers. These negative effects they believe are resulting from competition of multinationals and selective opening of markets to international trade in favour of industrially advanced countries.<sup>i</sup> An example of the impact of Globalization on developed countries as well can be seen in the 'Perestroika' adopted by United Soviet Socialist Republic (Russia) during 80's. 'Perestroika' means restructuring and the then Soviet Premier Mikhail Gorbachev adopted this for restructuring of the Soviet political and Economic system but failed at both the fronts resulting in splitting the great country in to small fragments on one hand and ruining the country's economic order restricting the common man to beg for 'bread and butter' on the other hand.

**1.2 Globalization – The Indian Context ;** In pre-independent India, during the freedom struggle, the political aspect of Independence over-shadowed everything and still, Indian nationalism encompassed elements of economic thinking and social reforms. Freedom was considered indispensable to a) overcome mass poverty, b) combat widespread unemployment, c) protect the farmers and artisans from exploitative practices of the intermediaries, d) create modern industry and technology and e) remove injustice of every kind. In short, Independence was a pre-requisite to reconstruct the entire fabric of Indian social and economic life resulting in adaptation of a Comprehensive Economic Programme in 1931 and constitution of a Planning Committee in 1938 with many subsidiary committees on many subjects including 'labour' to study the problems and suggest means and measures to overcome these problems. Post independence, the government of India established the 'Planning Commission' in March 1950 to assess the country's material, capital and human resource and to formulate a 'Plan' for their most effective and balanced utilization for a period of five years. Since then, it is the Planning Commission along with the National Development Council which was set up in 1952, which have been responsible for the formulation and implementation of the Five Year Plans. Though all the Five Year Plans starting from the First Plan of 1951-56 to the seventh one of 1985-90 contributed much to the overall development of the country, the pangs and pains of the working class and down trodden remained unchanged. The scenario of the Indian economy was in its ever bad shape and in major crisis when foreign currency reserves went down to dollars one billion and inflation sore as high as 17%. The fiscal deficit was also high and NRIs were not interested in investing in India. It is in this background that the Government of India under the mounting pressure from the said Trinity-'IMF-WB-WTO'- took measures to hug globalization paving the way for liberalization and privatization through 'New Economic Reforms' under the guise of Poverty Alleviation. Thus the New Industrial Policy was announced on 24th July 1991 in the Parliament against opposition from all the working class community, in general and the Trade Unions representing them, in particular.

The basic philosophy of the NIP was "continuing with change".<sup>ii</sup>

The Objectives of NIP (1991) were:

- (i) to consolidate the strength built up in last four decades of economic planning;
- (ii) to raise industrial efficiency to international level and mainly to accelerate economic growth;
- (iii) to free the industries from unnecessary controls and upgrade the technological modernizations of Indian industries;

- (iv) to attain self-reliance in the sphere of industrial growth and ensure balanced regional industrial development;
- (v) to reduce role of public undertaking in the future process of industrial development;
- (vi) to remove poverty and reduce socio-economic disparities;
- (vii) to open up the economy to foreign capital and trade and integrate our economy with global economy;
- (viii) to make public enterprises more meaningful and purposeful through the process of strengthening them so that they could no longer be considered as a liability to the economy; and
- (ix) to maintain a sustained growth in the productivity and gainful employment;

Other Steps Taken by the Government to Globalize the Indian Economy included:

1. **Devaluation:** To solve the balance of payment problem Indian currency were devaluated by 18 to 19%.
2. **Disinvestment:** To make the LPG model smooth many of the public sectors were sold to the private sector.
3. **Allowing Foreign Direct Investment (FDI):** FDI was allowed in a wide range of sectors such as Insurance (26%), defence industries (26%) etc.
4. **NRI Scheme:** The facilities which were available to foreign investors were also given to NRIs.

**2.1 Impact on the Industry and Economy;** Indian economy has experienced major changes during 1991-2000. The LPG (liberalization, privatization and Globalization) model was introduced to achieve rapid growth and to make the economy globally competitive. Measures were taken to remove industrial license scheme, inspector raj and reduce the area of investment reserved for public sector. The growth rate of GDP has increased from 5.6 during the period of 1980- 1990 to 7.5% in 1994-2001 and recorded 9.2 % during 2007 and 2008. The Indian economy transitioned through these times to acquire the following new characteristics:

**1) Foreign Investment:** India has opened its doors to foreign investment in the early nineties. “India has recently taken some new measures to liberalize FDI. That include opening up of sectors such as Insurance (up to 26%); development of integrated townships (up to 100%); defence industry (up to 26%); tea plantation (up to 100% subject to divestment of 26% within five years to FDI); enhancement of FDI limits in private sector banking, allowing FDI up to 100% under the automatic route for most manufacturing activities in SEZs; Internet Service Providers (ISPs) without Gateways; electronic mail and voice mail to 100% foreign investment subject to 26% divestment condition”<sup>iii</sup>.

**2) Infrastructure development:** With the establishment of MNCs in India the infrastructure facilities have developed a great deal. When foreign companies establish their branches they look for all facilities. In order to keep their foreign investors happy the government provides them with better roads and electrical and water facilities.

**3) New technology:** The foreign companies have brought new technology in

India and many technological developments are taking place in India.

**4) Introduction of new FDI Policy:** India's liberalized FDI policy (2005) allows up to a 100% FDI stake in ventures. Industrial policy reforms have substantially reduced industrial licensing requirements, removed restrictions on expansion and facilitated easy access to foreign technology and foreign direct investment. The upward moving growth curve of the real-estate sector owes some credit to a booming economy and liberalized FDI regime<sup>iv</sup>. In March 2005, the government amended the rules to allow 100 per cent FDI in the construction business. A number of changes were approved on the FDI policy to remove the caps in most sectors. But this still leaves an unfinished agenda of permitting greater foreign investment in politically sensitive areas such as insurance and retailing. FDI inflows into India reached a record US\$19.5bn in fiscal year 2006/07 (April-March), according to the government's Secretariat for Industrial Assistance. This was more than double the total of US\$7.8bn in the previous fiscal year. The FDI inflow for 2007-08 has been reported as \$ 24 bn<sup>v</sup>. To sum up Globalization has brought many jobs and large sums of investment to India. India's economy has been growing at exceptional rates for the past several years and many new opportunities have opened up for India. Yet, India does remain quite poor. It's GDP per capita is less than \$2,000, a fraction of the GDP per capita found in some Latin American and Eastern European nations. Most of those who profit from globalization in India are the upper classes, with many in the lower classes being displaced and suffering from miserable labor conditions. The impact of Globalization facilitated the employers to further exploit the workers of their wages, working hours, welfare, family relations, children's education and the help of trade unions which are either weakened or are subjected to extinguish.

**2.2. Impact on the Working Class and Trade Unions ;** In the pre-liberalization era, the Indian government sought to control industrial conflict through a plethora of protective labor legislation, influenced by the strong ties between the major political parties and labor forged in the struggle of independence (Kuruvilla, 2002). These laws covered a wide range of aspects of workplace industrial relations; including detailed laws on safety and health, dismissals and layoffs and industrial disputes. The basic purposes of these laws, like under the British colonial rule, were to contain industrial disputes within the framework provided by the laws and maintain continuity of production. One example of this strategy was the Industrial Disputes Act. Post – liberalization, the balance of power shifted in the favor of the employers. With the advent of technology, employers adopted to 'rationalize' their workforce through voluntary retirement schemes and move to low cost contract labour workforce to improve their bottom-line. These were viewed as necessary measures to survive in the new competitive environment. Globalization led to a rise in demand for cheaper labour and lesser wages creating turmoil for the workmen, weakening of the trade unions in emerging industries and sectors like IT, entertainment, internet and mobile services, airlines, insurance, banking services where because of outsourced workers union enrollment is not possible, voluntary retirement schemes were introduced in many public sector units, too many sales persons are working on meager piece-rate wage or incentives. Closure of many units has been causing loss of jobs and problems of dealing with uncertainty in the international market in terms of demand supply and prices causing feeling of insecurity of jobs. The 'knee-jerk reaction' of the industries in order to survive the sudden increase in competition in the de-licensed India had an inevitable repercussion on the workforce as individuals and as a collective group and Trade Unions. The key impact on Trade Unions is described below:

1. Decline in membership of trade unions: Changes in the pattern of employment are a result of structural changes in the labour market leading to factory closures and redundancies in manufacturing on one hand, and the expansion of private sector services and part time employment on the other. The labour markets are so designed as to keep the trade unions at bay (eg. Private Banks, IT companies where in the concept of labour/ worker has no place denying the formation of or attracting the existing trade unions). Another factor contributing to this stage of trade unions is the aggressive management style coupled with union de-recognition which appears to be a genuine threat to the trade unions.
2. Trend of non- affiliated / plant level unions: Companies dissuade workers from joining affiliated trade unions. Trade unions are perceived as a deterrent to company's objectives of productivity and efficiencies.
3. Decline in the bargaining power of the trade unions: The human resource management strategies are also often designed to bypass union organizations. In fact with HRM replacing the traditional system of Industrial Relations and Personnel Management has left less scope for trade unions.
4. Hostile Government and Employer: The hostile government is not only the hostility in the government but also in the management functions to come up with the legislations and formulae which either harm the trade unions or limit their bargaining power. "In many Latin American, South Asian and Middle Eastern countries, Labour laws establish onerous job security regulations, rendering hiring decisions practically irreversible. A proper bankruptcy law does not yet exist in India, rendering plant closings a matter of government discretion and complicating the political economy of adjustments in the Industrial sector."<sup>vi</sup>

This indicates that in India, the government/politics/polity without actually effecting amendments in labour laws which may anger and cause insecurity in Trade Unions are using their discretionary powers with directives/directions to close down the macro/micro industries, privatise the public sector undertakings in large scale across the country and Maharashtra. (Eg. Privatization of AAI and public sector port of JNPT and outsourcing of core activities of oil sector in Maharashtra).

5. Growth of individualism: Individualism in work places being at a growing rate since the reforms has diluted and weakened the importance and existence of trade unions. The concept of 'cost to company(CTC)' in respect of each individual employee basing on his individual appraisal and performance related pay has been separating the employees from the trade unions making the unions of less importance. "Trade Unions decline had become a vicious circle of membership loss, reduced bargaining power and political exclusion with an agenda shaped by employers and government".<sup>vii</sup>

The other effects the reforms brought in on the working class which the trade unions closely observed to fight against are:

1. **Job loss:** The fact of this issue has been proved real by government of India's own survey. A discussion at the 42nd Indian labour conference held at New Delhi on February 20 - 21 of 2009 spoke about "Governments own revelation in a sample survey conducted by the department of commerce of 121 export related companies showed a loss in export orders to the tune of rupees 1,792 crores and a loss about 65,500 jobs"<sup>viii</sup>. The survey conducted by The Ministry of Labour and Employment, Govt. of India, New Delhi through labour bureau to access the extent of job loss during the quarter of October – December 2008 due to economic slow-down suggested that in a sample of 3000 units from the organized and unorganized sector – mining, textile, metals, automobile, construction, transport and IT/BPO covered in Delhi,

Punjab, Tamil Nadu, Maharashtra, Gujarat there was a job loss of about a half a million people. As per India Development Report 1999-2000 it is evident that from 1991 to 1998 there was a highest increase in imports and the principal imports doubled and this indicates a drastic fall in domestic production causing heavy loss of employment.<sup>ix</sup> The then Indian Affairs Minister Vyalar Ravi told the Rajyasabha, “between 16,000-20,000 Indians have come back here after the economic slowdown overseas”.<sup>x</sup> In Raigadh district of Maharashtra the PWD and Irrigation departments reduced their permanent workers from 2500 to 285 and from 2000 to 500 respectively from 1991 to 1997.<sup>xi</sup>

The job loss in international scenario is also of serious concern which is reported as under: 200,000 jobs slashed by Nissan, Japan in 2009<sup>xii</sup> 20 million jobs lost in China in 2009<sup>xiii</sup> 500,000 payrolls fell down in the US in 2008<sup>xiv</sup> 542,000 in jobs lost in the first week prior to 15-11-2008 in the US<sup>xv</sup>

**2. Closure of industries:** The economic reforms’ first and foremost impact amongst others is closure of industries to pave ways for MNCs and privatization. In Maharashtra most of the small scale industries and medium and large scale industries have been closed down for this reason as illustrated below:

Year	Small Scale Industries		Medium and Large Scale Industries	
	No. of Industries	No. of workers affected	No. of Industries	No. of workers affected
1995-96	745	22650	-	-
2007-08	-	-	12	863
2008-09	425	3272	30	5015
2009-10	2415	17024	10	425
2010-11	340	1012	-	-
2011-12	1714	9054	14	11360

**Table 1: Closure of Industries in Maharashtra<sup>xvi</sup>**

**3. Transformation of permanent/regular jobs to contract, casual and temporary workers:** As a result of the Reforms the Govt. of India opened the doors for liberalization and privatization which required the transformation of permanent and regular jobs into Contractual and casual jobs and the apex court also “in a path-breaking ruling that could encourage employment of contract labour ruled that there is no master-servant relation between the contract labour and the principal employer so as to warrant their absorption in regular jobs.”

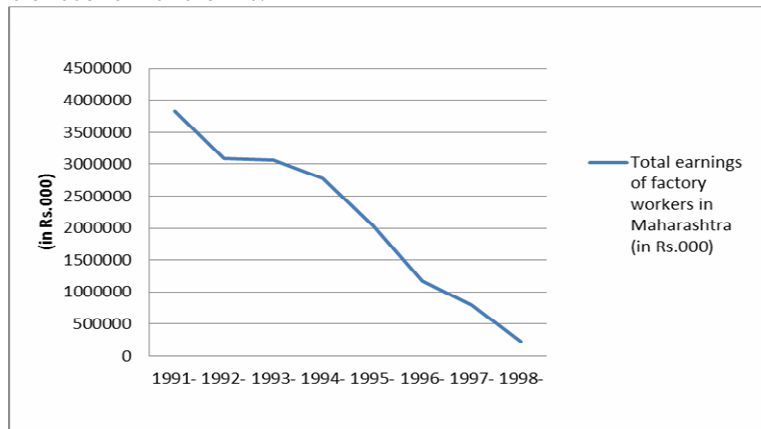
**4. Introduction of voluntary retirement schemes:** The privatization and the liberalization as part of the Economic Reforms introduced the voluntary retirement schemes in many industries to help the industrialists/enterprises reduce the man power (eg. Good will Package Scheme introduced by ONGC in 2006 which was accepted by as many as six hundred contractual workmen overnight who were earlier fighting and legally agitating for absorption and permanency. The ONGC denying the permanent stature to these workmen on one hand again recruited more than four hundred workmen as contract labour with low salaries.)

**5. Management Demands :** Given the advantageous position of the management there was a sudden change in mandate on various fronts - ceiling on dearness allowance,

increase in production, increase in productivity, reduction in employment, change in technology all being the prerogative of the management to change. They also moved towards total flexibility i.e. horizontal and vertical, transfer of production to sub-contracted units, closure of certain departments, multi-trade jobs with longer settlement periods, and reduction in public holidays and leaves.<sup>xvii</sup>

**6. Increased working hours:** The historic and festive day of working community all over the world that is May day which has all along been remembered for achieving eight hours a day work has now been diminished as most of the MNCs and private enterprises in banking and IT sector have been extracting work from its employees/workmen irrespective of their gender for ten hours and more a day.

**7. Cut in wages:** “According to global wage report 2008-09 published by the International Labour Office (ILO) the Economic crisis is expected to lead to painful cuts in the wages of millions of workers in the coming years<sup>xviii</sup>.” Cut in wages is not only practiced by the employers but also by the governments at center and states as observed by Harsh Mander, Director of Center for Equity Studies who stated “in 2009 the Center froze wages for workers under the Mahatma Gandhi National Rural Employment Guarantee Act to Rs.100 per day... this caused fall in minimum wage in various states and this also caused reducing the workers to forced labour.<sup>xix</sup>” This clearly shows the hostile characteristic of the polity under NEP/NIP favouring the employer community and weakening the bargaining capacity of the trade unions. The figures illustrate the decline in the wages of the factory employees in Maharashtra during the early years of economic reforms.



**Figure 1: Total earnings of factory workers in Maharashtra<sup>xx</sup>**

**8. Reforms in labour legislation:** World Bank report 1995 observed that “too often the transformation of employment fides to reflect market-driven changes but instead resorts from government attempts to speed the shift from low-to-high productivity activities and sectors. There are three rules by which governments have tried to force change: policies introduced a pro-industry, anti-agriculture bias; policies that are based against labour demand; and regulations designed to make formal sector more attractive to workers. All these suppress growth in labour demand and sooner or later hurt overall growth<sup>xxi</sup>.”

**9. Liberalization of policies:** The liberalization policy required the governments to come up with such legislations as to suit the employer community. Apart from framing Special Economic Zones (SEZ) and Export Processing Zones (EPZ), the governments have made

legislations to restrict the implementation of the labour laws.(eg. GOMs No.33 dated 27-08-2002 of government of Andhra Pradesh which barred the officials below the rank of Joint Commissioner of Labour from enforcing the labour laws in IT units, EPZs, EOUs, Biotech Units etc. The proposals by the Govt. of Maharashtra effecting certain amendments in the ID Act 1947 in 2001.<sup>xxii</sup>

**10. Unemployment/Underemployment:** The ILO estimates that out of a world labour force of three billion people, 25 to 30 percent are underemployed and about 140 million workers are fully unemployed<sup>xxiii</sup>.

**11. Insecurity in employment:** Insecurity in employment means the continuity of job/employment even when there is policy change or fluctuation in the market and business and it includes work security, skill reproduction security and representation security to be seen as legitimate concerns to be extended by statutory and institutional means. Owing to the economic reforms, the fear of job security grew not only in India but also in all the developing countries. A survey of newspapers found that the number of stories referring to employment insecurity rose in various countries over the period of 1992 to 1996<sup>xxiv</sup>.

**12. Decline in unionization:** The liberalization and privatization components of the economic reforms has seen a decline in the unionization in India in the middle years of the reforms due to closure of industries, the changes brought in the nature of employment categories and growth of individualism as explained above. This impact has tasted a potential effect in European and OECD countries. The de-unionization has reflected the following:<sup>xxv</sup>

- real decline caused by anti-union stance of enterprises
- real decline due to the emergence of new private firms in which union representation has not been possible due to size or employer resistance;
- real decline due to the growth of categories of workers with a low propensity to join unions, such as higher-status, higher-income workers and migrants;
- real decline caused by the erosion of enterprise benefits;
- real decline caused by the much higher levels of unemployment;

The Union growth rate in Maharashtra from 1991 the year of introduction of economic reforms to 2005 shows a descending order which was in ascending order prior to reforms

Period	Average annual growth rate (%)
1992-95	4.88
1996-99	1.83
2000-02	4.53
2003-05	3.13
Total period of 1992-05	3.56
Previous period of 1981-92	5.27

**Table 2: Average annual growth rate of trade union in Maharashtra**<sup>xxvi</sup>

**2.3 Impact on Government's role ;** Globalization has also brought in the beginning of a government-employer coalition. This coalition is quite obvious keeping in view the enthusiastic support of the government for economic liberalization. In Maharashtra for example for the first time the government has declared several private sector firms as 'essential and public utilities'



permitting a ban on strikes in these sectors.<sup>xxvii</sup> The big debate about liberalization is about the capacity of the government to balance the effects both negative and positive. Earlier, the government role was paramount and the private sector supplemented to it, but now the opposite should be the case. That is a myth and till date, no economy has experienced such compartmentalization. The reality is that the government is all about to undo the negative effects and smoothen the process of private investment in the economy and thus to play the role of a regulator rather than a producer.

The idea behind LPG, was to make the Indian economy one of the fastest growing economies in the world. It also heralded the integration of the Indian economy into the global economy. In the process of accelerating the ongoing reforms the Government of India appointed many a committee concerning all the issues and so far as the reforms in terms of labour is concerned a committee under the chairmanship of Shri. Anwarul Hoda, Member (Industry), Planning Commission was formed during the deliberations in the meeting of Prime Minister's Council on Trade & Industry held on 4<sup>th</sup> December, 2004 to look into the requirements of multiple inspections and recommend the steps to be taken to streamline and simplify the same. The committee submitted its report in December 2005.

#### **The major recommendations of Hoda Committee**

1. Third Party Inspection System: To give to an enterprises an option to get their regulatory compliance certified by reliable agencies.
2. Joint Inspections and Joint Annual Calendar of Inspections.
3. Introduction of a scheme of self-certification.

The Hoda Committee Report was circulated amongst all the states for its implementation against the furor of all the trade unions.

Though no significant changes in the labour laws have taken place, changes in implementation practices to make labour regulations more 'enterprise friendly' have taken place. Routine inspections by labour officials have been curtailed in many states. Relaxation of various kinds have been allowed, say in the case of contract labour and hours of work etc in export oriented units (EOU) and I.T establishments.<sup>xxviii</sup>

The government is seeking to introduce labour reforms under tremendous pressure from employers (domestic and foreign) and international financial institutions; these further affect the protection, though limited, afforded by labour laws.<sup>xxix</sup> The impressionist view that Globalization offers a panacea for everything will soon be proved wrong as the crisis in the present international financial situation demonstrates. Millions of middle class people have been rendered destitute by the melt down in the markets. Workers provident fund amounts are also directed to be invested in the share market by no less a person than the Prime Minister of India. Globalization no longer glitters but the damage caused by the decisions of the last ten years to labour rights is irreversible. Contract and casual workers fell into destitution. Labour and industrial courts became virtually defunct. The working class lost faith in the judiciary because it failed to maintain a balance between capital and labour, democracy was delivered a fatal blow.<sup>xxx</sup> This feeling of helplessness at all fronts in a way had one positive outcome, that of 'uniting the unions'. One such united forum is Trade Union Solidarity Committee (TUSC) formed in 1989 the pre-reforms era.

**Impact on Trade Unions and Trade Unions' impact on Polity;** Though the Economic Reforms and NIP have been introduced under the guise of Globalization, there is large scale public

outrage and strong opposition from all the trade unions irrespective of their relativity with political parties. The plight of the discontent and refusal to accept the same by the working class has continued even after two decades. The protest against the NEP and NIP can be asserted from the events as under<sup>xxxii</sup>:

- i. HMS and other central trade unions organized protest actions against the NIP on 29<sup>th</sup> Nov 1991(Bharat Bandh),
- ii. Submission of memorandum by the trade unions to the state governor on 2<sup>nd</sup> April 1992.
- iii. Nation-wide industrial strike on 16<sup>th</sup> June 1992.
- iv. A massive march to the parliament by a large number of workforces on 25<sup>th</sup> Nov 1992.
- v. Total Maharashtra bandh on 25<sup>th</sup> April, 2001 in protest against policies of liberalization and privatization under the guise of globalization. All the Trade Unions irrespective of their political affiliations formed into Trade Union Joint Action Committee and made the bandh a grand success. As a result of the massive protest the then Chief Minister of Maharashtra had to give a public indication that the State Government would not press its move to amend Labour laws and the Prime Minister of India on the following May Day had declared that the center would refrain from taking anti-labour steps<sup>xxxii</sup>.

Though the above agitation programs were successful there prevailed a general feeling of insecurity and fear among the workers.

#### **Opposition from the Elites and Intellectuals:**

- i. Dr. Abdul Kalam, former President made public statement in Pune that it is not proper to acquire farmer's fertile land for SEZ and make them landless.<sup>xxxiii</sup>
- ii. Prof. Jagdish Bhagwati, the world renowned Economist calls SEZ as backward step and stated that India may not imitate SEZ development pattern of Economic growth of China.<sup>xxxiv</sup>
- iii. The Comptroller and Auditor General has asked the Govt. to review its SEZ policy as the guidelines for leading to diversion of goods in the domestic tariff area cause huge loss to the exchequer.<sup>xxxv</sup>
- iv. Maharashtra's Planning Board has called for a fundamental review of the SEZ policy. The board is skeptical of SEZ policy as social and economic inequalities that could be created would go as widening, in future 100% export oriented units operating in SEZ could adversely impact industry in non SEZ areas and is also skeptical of the claim that SEZ could lead to quantum and regular increase in India's foreign exchange results.<sup>xxxvi</sup>

Against all odds from the working class, the Govt. of India and the State of Maharashtra went ahead with their program of Liberalization and Privatization in the major fields some of which are as below:

- i. The profitable venture of Jawaharlal Nehru Port Trust (JNPT) has let its share capital to other private and multinational companies namely a) D.P. World (Nhava Sheva International Container Terminal-NSICT) in 1999 and b) Gateway Terminal India Ltd. (GTI) in 2005 against the severe furor and protests from the Trade Unions and Natives.
- ii. The much profitable venture of Airports Authority of India's Mumbai Airport has been privatized yet against the outcry of regular employees and the Trade Unions in May 2006.<sup>xxxvii</sup>
- iii. In the organization of ONGC, Mumbai nearly 500 contractual employees who had put

in more than 20 years of continuous service have been separated by the appeasement of good will package scheme in 2006 depriving them of legal and statutory benefits.

- iv. In all Private Banks the entry level recruitment is for the post of officer cadre though, the work of such entrants is clerical and manual in nature. This is because an officer is not entitled to the benefits under most of the labour statutes and thereby major labour enactments are not at all applicable to the establishment.

Apart from the above, the economic reforms have also been encouraged by the Government at center and various State Governments in an indirect way to appease the Industrialists and without directly going into amending the Labour laws they were made employer friendly. The Governments both at the center and in the states have been more liberal in respect of other aspects of labour regulation also in recent years. In fact, they do not seem to be very keen on carrying a 'pro-labour' image that governments in the past seemed to be proud of.

### **2.3.1 Labour Laws – Governance – Reforms: Impact of Trade Unions**

TUSC, though formed to express solidarity with TELCO workers in Pune in 1989 at Mumbai ('Shramik'-Dadar) the TUSC since its formation has been taking up all the issues concerning the organized and unorganized labour and fighting for the cause of workers. TUSC is a platform of independently functioning omnibus company/plant wise unaffiliated trade union in Mumbai-Thane area. The main achievement of TUSC was to unite the independent Unions which are unaffiliated and then bring all the affiliated Unions and central Trade Union organizations together at one place with the objective of collective thinking and action to fight the question of job losses, look outs, closures, VRs, contract labour system etc. caused in a rampant way due to Liberalization and privatization policies of the Government under the Economic Reforms order. In this direction is a meeting organized by Shramik Pratishtan in Mumbai in September, 1998. The Trade Union leaders belonging to all national federations which have emboldened the government and employers to implement their anti-labour agenda and TUs came to the conclusion that a united movement is a must in the fight back strategy. A consensus emerged in the meeting for unity, a tone for which was set by veteran trade union leader Com. Indrajit Gupta stating unequivocally that trade unions must be firmly rooted in class politics and should be independent of employers, government and political parties. Everyone present from INTUC, AITUC, CITU, HMS unanimously resolved to work towards creation of trade union unity.

### **3. Identifying the fulcrum**

The last few years have seen a sharp surge in worker protests in multinational companies across India. In Tamil Nadu, workers at Hyundai, MRF, and Nokia went on protest strikes. It is not just blue collar workers who have been aggressively asserting their rights or protesting and striking. In the private Indian owned sector, pilots of India's biggest airlines like Jet Airways (some foreign shareholding) went on strike on separate occasions during 2009. Engineers and other employees of Air India (government owned) went on strike for 3 days in May 2010. In Pune, multinational companies such as Cummins Generator Technologies, Cummins India, Bosche Chassis Systems, Brembo India, lost periods of work ranging from 20 to 85 days. Other companies affected included Pricol in Coimbatore. Gurgaon and Manesar near Delhi, the home of the automobile industry, have seen large scale unrest not only in the large multinationals but in many of the subsidiaries. The death of a worker on 19th October 2009 at Rico Auto and injuries to 30 others, led to a major backlash from the firm's striking workers and the All

India Trade Union Congress (AITUC).<sup>xxxviii</sup> This surge in workers protest can be attributed to varied reasons ranging from reaction to change in management policies due to the global economic slowdown and increase in competition, the wide difference in pay increases for managerial and worker categories, the increase in proportion of contract labour, trade union recognition, inter-union rivalry.<sup>xxxix</sup>

### 3.2 Importance of tripartite dialogue to unify purpose;

The 41<sup>st</sup> Session of the Indian Labour Conference held on 27<sup>th</sup> and 28<sup>th</sup> April, 2007 at Vigyan Bhavan, New Delhi is a good example of the power of dialogue. The conference was attended by many trade union leaders, the employers, top level bureaucrats and politicians in the governance. They expressed their views in terms of implementation and enforcement of and certain changes in the labour legislation. The output of the meeting reflects the positive influence of the sessions holding pro-labour deliberations while embracing the changing face of Indian industry. In the ‘Summary Record of the Deliberation of the Conference Committees’ there exist the recorded speeches of all the participants from, trade unions, employers and Bureaucrats /politician in government and this shows the continuing impact of the economic reforms on working class and the ways to strive against the negative of the reforms.

**Conclusion ;** Managing the impact of change; of the magnitude of LPG, in a large democracy like India is indeed a huge challenge. The extent of diversity in the nature of the workforce and the nature of its representation or lack of it only amplifies the challenge. The natural reactions and improvisation of the three key actors – Government, Industries and Working Class/ Trade Unions to the situation has led to the emergence of the current scenario. Here on, there is a need for jointly scripted interventions through ongoing dialogues within their own systems and amongst the systems to move forward at a balanced and sustainable pace.

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