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This paper[1] attempts at an assessment of the impact of globalisation and economic liberalisation on labour in India. The focus is on the developments after the Industrial Policy Statement was laid before Parliament on 21 July 1991, by the then Finance Minister, Manmohan Singh. This statement is in fact was the basis of structural adjustment and liberalisation of the economy. We shall attempt to look at the main issues raised by the policy, namely, downsizing and outsourcing, growth of insecure employment, gradual dismantling of the public sector. The paper also analyses the responses of trade unions and the government to the changing situation.

Introduction[2]

The process of structural adjustment as a result of globalisation has adversely affected the working class through out the world. Labour in developing countries has suffered the most because restructuring of industry has invariably led to unemployment due to closure of 'unprofitable' industrial units. The World Bank has been pushing forth the idea that the only way countries of the South can promote growth is by encouraging private enterprise and reducing the protection for labour. The argument is that too much protection to labour in the formal sector has resulted in a small section of the working class who are more privileged than the vast majority of ill-paid workers. Thus, the World Development Report of 1995 noted that, "In many Latin American, South Asian and Middle Eastern countries, labour laws establish onerous job security regulations, rendering hiring decisions practically irreversible; and the system of worker representation and dispute resolution is often subject to unpredictable government decision-making, adding uncertainty to firms' estimate of future labour costs." (WDR 1995: 34). . In order to facilitate this process many countries (especially those in Central and South America) have relaxed or removed legal protection to workers in the formal sector. In India too there have been persistent pressures from industry to allow closure of industries and reduce the protection given to permanent workers.

Since independence India decided to adopt the path of planned development as implemented in socialist countries such as the then Soviet Union. It was also decided that it would have a mixed economy with both the state sector (public sector) and private enterprise. However private sector would exist under regulations and controls. This included issuing of licenses to start industry and these industries could be started only in areas that were not designated as core industries. This system continued till the mid-1980s. In 1985, the then Prime Minister, the late Rajiv Gandhi, called for a review of these policies. He wanted the economy to open up to foreign competition and a more proactive role for the private sector. He was unfortunately not able to see his reforms through because of his assassination in 1991, when he was campaigning for the oncoming general elections. However his Congress Party government that was elected continued the policies and on 21 July 1991, the Finance Minister (who is now the Prime Minister) laid before Parliament the Industrial Policy Statement that radically differed from the past policies. The policy, keeping in line with the post-1985 changes, envisioned a greater role of private enterprise in economic development. It was very critical of the public sector and recommended that its role should be restricted to only core or basic sectors. What was more important was that it scrapped the licensing system in almost all sectors and encouraged foreign investment.

The new industrial policies were in tune with the prevalent approach of structural adjustment and globalisation of finance and investment. Other developing countries and the former socialist countries (Soviet Union and the East European Countries) too changed their policies in a similar manner. Two glaring features of the policy are: undermining the public sector and, reduction of employment in the formal sector.

The policy statement contains a string of anti-public sector statements. It would seem that all the ills of this country was due to the existence of the public sector and its continuous expansion. These statements barely fall short of abuse. The policy then proceeds to stress on the need for reviving the economy through privatisation. The government then started to dismantle the public sector organisations through a number of strategies. An interesting feature is that the principle of privatisation has been accepted by the major political parties and the past governments. Hence though there may be other political differences between the major political parties in the country, the policy of privatisation is common. For example, the NDA government was at one time interested in privatising the petroleum companies. This was differed because of sharp resistance from some of the alliance partners. Soon after the decision to stop the sale of the petroleum companies was announced, the former Finance Minister of the UPA government, C. Chidambaran, wrote a hard-hitting article in a leading newspaper

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(*Sunday Express*) criticising the government's failure to privatise the petroleum companies. The NDA government had appointed a minister to speed up the process of privatisation. This minister, Arun Shorey, was even honoured by industry as 'man of the year'. His main claim to fame being that he was able to off-load public sector enterprises at throw away prices. Most of them were sold at prices that were well below the value of the assets they possessed (Balco, Modern Bakery, VSNL etc.). The Congress and NDA are not the only ones fascinated by privatisation. In fact even the CPM Chief Minister of West Bengal, Buddhadeb Bhattacharya, admitted in a long interview to a TV channel (which was reproduced in *Indian Express*) that one of the major mistakes of the state government in the past was of opposing privatisation.

The formal sector has been under threat as the government's policy as well as the World Bank policies insist that labour laws have to be less protective to permanent employment. It would have liked to change labour laws, especially the Industrial Disputes Act (IDA), so as to make it easier to close factories. According to the IDA any industrial enterprise employing 100 or more permanent workers cannot shut down its operations with the permission of the concerned departments of the state government. The government instead tried to promote an 'exit policy' that would ease the rules to shut down enterprises. This was opposed by the trade unions and the idea was shelved for the time being. There are other ways of promoting such a policy. The most important one is the Voluntary Retirement Scheme (VRS) through which companies can downsize their work force through 'voluntary' retirement of their workers. It is significant that one of the conditions for availing of income tax relief for compensation paid to the worker under this scheme is that the retired worker's post must not be filled up in future. In other words, every instance of voluntary retirement reduces a permanent job.

Growth of Insecure Employment

The distinction between the formal and informal sectors is crucial for understanding employment relationship. Workers in the formal sector are engaged in factories, commercial and service establishments. Around 70% of the workers in this sector are employed in government, quasi-government and public sector enterprises (Papola 1994: 34). The private sector provides employment to only 30% of the labor in the formal sector. The wages of formal sector workers are substantially higher than those engaged in the urban informal sector. Moreover, a range of labor laws, guaranteeing permanency of employment and provision for retirement benefits, protect their jobs.

Though in principle labor laws in India are expected to apply to all sections of industrial labor, there are in-built provisions in these laws which exclude large sections of the labor force. The most important law regulating work in industries is the Factories Act. All other laws such as Employees State Insurance Act, Workmen's Compensation Act, Provident Fund and Family Pension Act, Payment of Gratuity Act, apply only to establishments covered by the Factories Act. This Act is applicable only to manufacturing units which employ a minimum of 10 workers and which use power in manufacturing and a minimum of 20 workers if the unit does not use power. Hence a large section of industrial workers employed in small industries do not have legal protection in their work. We can thus see that the composition of the labor force in India shows wide contrasts.

The bulk of the labour force is engaged in the informal sector. The 1991 Census noted that the total working population in the country was 317 million, of which 290.2 million (91.5 per cent) was in the informal sector while only 26.8 million (8.5 per cent) was in the organized sector. The earnings of the workers in the two sectors differed considerably. Though the organized sector employed only 8 per cent of the total labour force, the workers collectively earned around 33 per cent of the country's total wages and incomes (Davala 1995). Composition of workers in the informal sector showed that an overwhelming majority was in agricultural. There were 75 million agricultural workers and 110 million small and marginal cultivators who also engaged as agricultural labour (Dutt 1997). Therefore there were around 100 million workers in the non-farm rural sector and the urban unorganised sector.

The figures quoted about are mainly from the 1991 Census that was conducted before the new policies were introduced. A report of the Ministry of Labour, Government of India (GOI 2004) has given the figures for 2000 based on the report of the National Sample Survey Organisation (NSSO). It carried out a sample survey (55th Round) in 1999-2000 and its results showed that out of total workforce of 397 million, only 28 million workers are employed in the organised sector and remaining in the unorganised sector. This means that a decade after reforms were introduced employment in the formal sector has been almost stagnant or slightly declined. The informal sector, on the other hand has grown tremendously. One of the reasons for the decline of the formal sector is closures of the public sector enterprises.

While the formal sector shows a negative growth in employment, the small-scale manufacturing sector shows a lot of buoyancy. The annual pre-budget Economic Surveys show that this sector has been growing steadily. The current survey (2003-4) shows that this sector employs around 20 million workers and its employment is growing by 4% per annum. The total number of workers in this sector is slightly lower than the total employment provided by the entire formal sector. The remarkable growth of the small- scale industries is again a thrust area of the industrial policy of 1991. The policy had stated that the small-scale sector would be encouraged to play a dynamic role in growth and employment. The paid up capital for small-scale industry has been increased considerably. This means that it is possible to upgrade technology and include the high technology industries in this sector. In this case too we find that the NDA government has only extended what the Congress government had done. As a result, small-scale industries contribute to 35% of India's export earnings (GOI 2003). This is certainly a good sign, but it could have been appreciated even better if the conditions of its labour had not remained pathetic.

The rapid growth of the small-scale industries is due to the above-mentioned policy measures and also due to the restructuring of large industries, especially in the consumer goods and pharmaceutical sectors. These industries were originally based in urban centres like Mumbai, Ahmedabad, Kolkata etc. They started closing down their operations through down-sizing the labour force and shifting their production to smaller towns. Labour in these areas is cheap, there are no unions and labour laws are not applied as stringently as in the urban-industrial sector. On the other hand, the government, in its bid to promote industrial development of these areas, demarcates special areas called 'industrial development zones' these are operated through the state's industrial development corporation. The concerned state government usually grants an array of incentives to induce industrialists to set up their units in industrial development areas. These include, availability of land at low rent and existence of industrial sheds and exemption of local taxes such as sales tax and excise, for a specific period of time (usually for the first five years).

Several large companies take advantage of such offers and they move production from the larger cities to these smaller centres to avail of the benefits that lead to reduction in costs. This does not necessarily mean that the consumers will benefit by getting the goods at cheaper rates. This process is similar to the type of outsourcing in production witnessed between countries of the North and the South. Just as industrial production in the developed countries of Europe is outsourced to the less developed countries, similarly, the large-scale sector in India outsources its production to the small-scale sector in non-urban areas, as costs are low.

Unilever: A Case of Internal Outsourcing[3]

We will briefly discuss the case of outsourcing by Unilever, an MNC operating in India. Unilever is an Anglo-Dutch MNC and is known in India as Hindustan Lever Limited (HLL) and has been operating since the days of colonial rule. HLL is the market leader in the detergent and toilet soap industry with market share of 60% and 40% respectively. It also dominates the shampoo market with a 64.5% share and has a 54% market share in skin creams.

At the same time, the huge increase in production is not matched by an increase in the workforce employed by HLL. In fact there has been a sharp decline in the number of workers employed in the company's manufacturing units. We can take the case of the company's largest manufacturing unit, namely, the factory at Sewri in Mumbai (Bombay). In 1985 this unit employed around 4,000 workers. By 1996 the workforce had shrunk to 1,800. Even this, the company felt, was too high. In every shift a few workers were not given any work because the management stated that there was not enough work. The situation in this factory in 2003 shows that there are only around 1,200 workers. In other words, the workforce in this factory has been downsized to a little over one-fourth of its size twenty years ago. Simultaneously, we find, the production of HLL products manufactured has increased substantially. This increase in production is mainly through outsourcing production to other units.

The author had conducted a study on outsourcing at HLL in 2001-2002 (see footnote 2). We located several industrial units in the small-scale sector where outsourcing was carried out. There were some units that were owned by HLL though a majority of the units were owned by private companies or individuals that undertook orders for manufacturing goods from HLL.

The HLL sponsored units had a large number of workers but we found that most of them were engaged through labour contractors and not by the company. The total number of permanent workers employed by HLL in each of its units did not exceed 100. This was done with a purpose. The Industrial Disputes Act states that any manufacturing unit employing 100 or more permanent workers could not close down without the permission of the state government. Thus by employing less than 100 workers, HLL was able to close down any of its units with ease. This happened quite often. In fact HLL has built up a dubious reputation of closing down its unit when the period of subsidies expire. This means that

[3] The data presented in this section is based on a study conducted by the author titled "Outsourcing at Hindustan Lever Limited". The Federation of Trade Unions of Netherlands (FNV) has sponsored this project as Unilever is an Anglo-Dutch MNC. The study was undertaken in 2001-2002 and we covered most of the outsourced units in two states in western India , namely, Maharashtra and Gujarat.

HLL sets up its unit in the industrial development area and avails all the facilities given to a new unit. As soon as the period of getting the facilities is over (usually it is for first five years), it closes the unit and moves to another industrial area so as to avail new facilities.

Wages paid to HLL workers at these industrial development areas are 50% higher than the wages of the private companies in the same area that are engaged in outsourcing for HLL. However these wages are three to four times lower than the average wage of an HLL worker in the large production units at Mumbai and Kolkata. At the same time despite this large-scale outsourcing, which is placed at around 70% of its personal products, the prices of HLL products do not show any tendency to reduce. Consumers pay higher prices mainly because of the brand name of HLL. In fact, the author found that in 2001 the prices of HLL products in India were at least 50% higher than the prices of the same products in the Netherlands!

Outsourcing in other industries

The above type of outsourcing is done not just by MNCs like Unilever but by other large companies as well. For example, since 1980s the large-scale textile mills have closed rendering hundreds of thousands of workers unemployed. The main textile centres were Mumbai and Ahmedabad (see Bhowmik and More 2002 and Breman 2002). There were around 80 large-scale textile mills in these two cities. At present both these metropolitans have not more than 10 textile mills functioning between them. Production of textiles has not decreased as a result of the closures. Instead, production is now outsourced to the thriving power-loom sector. The power-loom sector becomes viable because the wages paid to workers are very low. They earn around Rs. 50-70 a day for working for at least 10 hours. In this sector too low technology and low labour productivity is offset by low labour costs. The textile companies by and large get their products by outsourcing to the power-loom sector. The wages of a power-loom worker is between one-third to one-fourth of the wages in the large-scale textile mills.

Similarly, several other products are outsourced to the small-scale sector as protective legislation and regulations are lax or non-existent in this sector. A study was conducted by a Dutch sociologist, Peter Knorringa (1996), on the footwear industry in Agra. The shoe-makers belong mainly to the Jatav community (scheduled caste) and they have low social status. He finds that the relations between the small self-employed shoemaker and the contractor or exporter are based on the traditional relations in the caste hierarchy. The upper caste traders dominated over the low caste shoe-makers and this was more on the lines of the traditional exploitative relations between upper and lower castes and not on more modern roles of employer and workman. This forms the basis of exploitation and lowering of labour costs. In fact it can be found that most of the well known branded shoe companies get most of their products for the small shoe makers spread in cities like Agra, Kanpur and Kolkata.

Outsourcing can be possible only if labour costs are very low and so is the technology. Production is thus labour intensive. Hence low labour costs means lower costs of production. The combination of these factors has in fact promoted outsourcing. This is exactly what happens at the international level too. The less developed countries have an edge over the developed countries mainly because labour costs are low. This has to be coupled with technology that is labour intensive as only then can costs be reduced. Let us now look at outsourcing at the international sphere.

Out-sourcing for the International Market

India is a land of contrasts. On the one side there is high level of illiteracy (40%) and on the other side there is a highly qualified work force that has spread all over the world due to its superior skills. Hence it is not surprising that India should be sought after by international companies for outsourcing activities. These can be seen in diverse activities that are labour-intensive. Costs of labour, as mentioned earlier, are very low as compared to international standards.

Outsourcing in India is prevalent at two extreme levels. At the bottom end there are poorly paid workers who work in ‘sweat shops’ and put together goods for the international market. On the other end there is outsourcing at the micro-electronic sector, involving large contracts for developing software etc. The more current trend is of Business Process Outsourcing (BPOs). This involves operation of call-centres at a very wide scale and other forms of outsourcing such as back office functioning. Legal companies, banks and other loan agencies outsource their office work to these Indian companies. Most of this work is from the USA though the UK also has a fair share.

The extent of outsourcing can be seen from the large number of call-centres operating in various cities. Gurgaon, a city very close to Delhi, has a large concentration of call-centres. Similarly in the outskirts of Hyderabad in South India a township known as Cyberabad has sprung up to accommodate the call-centres. In Mumbai, the suburb of Andheri has a large number of call-centres and other BPOs. In Kolkata, the government has demarcated an area for software companies in its suburb, Salt

Lake. Bangalore, in South India is known as the ‘Silicone Valley’ of India given the large concentration of software companies in the city.

Outsourcing in India started in the software industries over a decade ago. Bangalore was the city where this started. The Micro-Electronic Revolution of the 1980s brought about radical changes in production. The sudden improvement in communications led to rapid transfers of capital as well as production between countries. The change in technology made it possible for countries, like India, that had a pool of technical personnel to take advantage of the changed scenario. Several leading MNCs and other international companies took advantage of the micro-electronic revolution and decided to shift their main activities that involved communication and computer technology to countries like India. These countries had trained personnel who could be employee at low wages (compared to wages in developed countries). This led to the first forms of outsourcing. Mark Holmstrom a British anthropologist has done an excellent study of Bangalore as a techno-city where flexible specialisation was introduced (Holmstrom 1997). A more recent study on Bangalore details the problems of the software industry (Heitzman 2004). It traces the relationship between information technology and social organisation in the city.

Outsourcing in the software industry is done by the larger companies in the developed countries. For example, the entire accounting work of the German MNC Siemens is done in Bangalore and so is the ticketing for international airline companies like Lufthansa and British Air. Similarly the software upgrading of cell phones for US companies are also done in outsourced units.

India has a comparative cost advantage as far as software is concerned. The level of living is lower and around Rs. 25,000 a month would be a very decent salary for a qualified software programmer. Similarly, the call-centres that have flourished because the operators know English and are available at much cheaper rates than their counterparts in the USA and UK. The operators are paid around Rs. 8,000 to Rs. 12,000 per month and supervisors / group leaders earn around Rs. 18,000 to Rs. 25,000 per month. These are several times lower than what a person doing the same job would get in the USA or in Europe. This is why companies in USA, Australia and the English speaking parts of Europe have moved to India for outsourcing the call-centres. This boom in call-centres has happened during the past five years. It has provided employment to several thousands of youth in the different cities.

The other form of outsourcing is the Back Office Activities. These offices provide back-up services to companies in the developed countries, especially in the USA. These companies provide information on various legal and other activities for the company that has hired them. The costs in this case too is very low compared to costs in developed countries for the same services. We have described the type of outsourcing that is done at the upper end of the market. Let us see what happens at the lower end.

Outsourcing in the developing countries is mainly prevalent in certain industries that involve low technology and low labour costs. Thus we can see that in industries such as textiles and garments outsourcing is quite popular. In India outsourcing in garments is not very popular because there is a quota system for export of garments. However this will end in 2005 and one can expect a boom in this industry. Bangladesh is at present a main area for outsourcing in the garment industry. In India the textile industry is involved in export of better quality fabrics. We have discussed in the section on outsourcing in the domestic market how the power-loom industry has replaced the large textile mills. In cities such as Surat, in Gujarat, the power-loom industry is engaged in outsourcing for markets abroad. Other industries that engage in outsourcing are the leather industry and the handicrafts industry. In all these industries labour has low literacy and is impoverished. The wages are low and working conditions are extremely poor. In most cases workers are paid at piece rates. This means that they are paid according to the number of products they produce. The rates paid are usually very low and the worker has to put in 10 to 12 hours of work a day in order to produce enough for getting a minimum wage.

Trade Union Response

Trade unions have by and large opposed the above policies. They have organised nation wide strikes, *bundhs* and rallies in different parts of the country. These have hardly had any effect in changing the policies. The only assurance given so far is that there will be no ‘exit policy’. This is of little value as we have seen earlier as workers continue to lose their jobs through VRS and lay-offs caused by downsizing.

It is evident from this that all these forms of conventional protests have lost their teeth. There is need for revaluating the situation and developing new forms of opposition as well as alternatives to the present policies. The trade union movement, on the other hand, has by and large remained conventional and still believes that traditional forms of protest are the only means of highlighting problems concerning labour. While it cannot be denied that traditional means of protest, which includes mass action, play an important in mobilisation of the working class and making them articulate their problems as a collective, under the present circumstances these methods may not fully achieve the purpose in the changing process of globalisation and its onslaughts on workers’ rights.

Unfortunately, the trade union movement has by and large restricted itself to unionising labour in the formal sector. The last verification of union membership by the Labour Department showed that of the total membership of the seven recognised national federations, only one per cent of their membership lay in the informal sector (see Davala 1995). Trade unions have ignored the vast sections of labour in the informal sector. In fact even when the informal sector exists within the formal sector, trade unions ignore them. A study of contract and casual labour in eight industries (Davala 1993) showed that casual and contract labour formed between 30% to 50% of the labour force. Except in one industry, tea, these workers were not unionised. In some cases unionised workers regarded them as rivals who would take away their jobs. Except for rare instances like the Self-Employed Women's Association (SEWA), there are hardly any instances of trade unions among the informal sector. We shall return to this issue of unionising the informal sector later.

Globalisation is something that cannot be wished away. It has undoubtedly led to pauperisation and insecurity of the working class all over the world. Labour in developed countries too has to face its consequences. But is this new for human society? Any sudden change results in situations that are not easily perceived. It is therefore labelled as anti-people and there are moves to oppose it. A similar, if not worse, situation occurred in the middle of the 18th Century when the Industrial Revolution took place. Hundreds of thousands of artisans and craftspeople lost their traditional jobs in the villages because factory produced goods replaced the traditionally produced goods. These people, along with the other sections of the rural poor, were forced to migrate to the industrial centres in search of poorly paid factory jobs under inhuman working conditions. The working class responded to the situation by forming a distinct, and hitherto unknown, organisation—the trade union. It was through the trade union movement that the working class was able to fight for their rights. They did this by firstly, challenging the employers' total control over the labour process and, secondly, by challenging the state and pressurising it to pass protective legislation.

Globalisation has raised similar challenges to the working class movement. The question now is: can the labour movement adapt itself to face these challenges? Or rather, the question can be reframed as: Is the labour movement willing to adapt to the challenges thrown up by globalisation and develop new strategies to face these? Given the present orientation of the mainstream trade union movement in the country, this seems unlikely in the near future. Trade union strategies, as of now, revolve on two issues: firstly, use of traditional means of protest, such as strikes or rallies, whenever the issue of closure or redundancy arises in the organised sector; secondly, opposing globalisation itself. Both strategies have achieved very limited success in their objectives. The question is therefore of not opposing globalisation per se, but rather, how best can the interests of the working people be safeguarded?

The question then is, is mere opposition enough to combat the adverse effects of globalisation or should the labour movement promote some positive alternatives? A related, but more crucial question is: can trade unions function merely as opposition bodies? Or, should they offer alternatives?

In fact searching for alternatives could be an effective way of counteracting the present ill-effects. Let us take the case of privatising the public sector. Though this move was started by the Congress government of Narasimha Rao, it really reached its zenith at the time of the NDA government. Soon after the Industrial Policy Statement came into force the government appointed a Committee for Privatisation. This committee submitted its first report in 1995. t drew up the guidelines for privatisation and even made a list of those undertakings that should be privatised. There was no debate on this report. Both, trade unions and the major opposition political parties, with whom the national federations were affiliated to, did not think this issue deserved much discussion. Only a few statements were made condemning privatisation. The basic issues were never debated or even discussed.

One of the major suggestions made by the committee was that the money realised through privatising public sector organisations should be kept aside to form a fund for promoting education and health. This would help in decreasing the government's expenditure on these two important items. However, when the organisations were privatised the amount recovered from the sale was in most cases used for covering the budgetary deficits. Even then none of the trade unions asked what happened to the money form the sale. They were too busy opposing the sale. Had there been a concerted demand by trade unions on how the amount should be invested, it could have been an act of constructive opposition.

Workers' Takeovers

Another aspect of privatisation is the alternatives it can provide for employee takeovers. This has been tried with success in some other countries such as Canada where trade unions have backed the employees in taking over the companies. They have encouraged the workers to form co-operatives to run the companies and have also helped in securing loans (Quarter 1993: 37-38).

The Industrial Policy Statement has indicated some encouragement in this direction though not in a particularly positive manner. Paragraph 16 of the document reads: “Labour will be made an equal partner in progress and prosperity. Workers’ participation in management will be promoted. Workers’ co-operatives will be encouraged to participate in packages designed to turn around sick companies.”

The attitude of the policy is quite clear. Workers will be encouraged to manage companies only after these become sick and are of no use to the owners. However, thirteen years have passed since the policy was accepted by parliament, and till now there is not a single instance of workers’ take-over of any company. In fact there are successful cases of workers’ take-over but these have nothing to do with the liberalisation policy. Let us discuss this issue.

Worker co-operatives are industrial or commercial organisations which are owned and controlled by employees of these organisations. Such co-operatives are fairly recent in India, as compared to their long history in the more developed countries, especially Britain and continental Europe. There are a number of instances of worker co-operatives in plantations, mines and in industrial units. The workers of Sonali Tea Estate, a tea plantation employing around 500 workers in the Jalpaiguri district in West Bengal, established the first worker co-operative in plantations in 1974. In Tripura five tea plantations are being run successfully by their workers since the early 1980s (Bhowmik 1992. In Dalli Rajhara near Bhilai Steel Plant in Madhya Pradesh there are around half a dozen worker co-operatives operating in the open cast iron ore mines. In Kolkata there are at least 20 industrial units that are managed by worker co-operatives since the early 1980s. The fact that these co-operatives have survived for more than a two decades is itself a measure of their success.

Unfortunately, despite the impressive track record of the existing worker co-operatives, their significance is glossed over by those interested in alternative policies. Indeed, the current debates on industrial policy range around the pros and cons of the state sector versus private enterprise. Neither the national trade union federations nor those critical of privatisation have tried to seriously consider the possibility of developing a third sector, namely, a workers’ sector in industry.

The relations between workers’ self-management and trade unions in India are complex. The national trade union federations have remained indifferent to the idea of worker takeovers. At the same time every successful case has had the backing of the respective trade union. The union has motivated the workers of the unit to form the co-operative and takeover the ownership. This type of trade union initiative remains only at the local level. The local union leaders take a pragmatic stand as they are faced with a concrete problem—if the industrial unit closes, workers will lose their jobs. Hence, when help does not come from any quarter for revival of the unit, the workers and their trade union have to devise means of helping themselves through their own resources. This pragmatic approach has guided the formation of the existing worker co-operatives.

The main drawback of this approach is that the co-operatives remain largely local endeavours. In most cases they do not have links with other co-operatives, even though the trade union may be the same. This is especially true of worker co-operatives in Kolkata. The workers in almost all the co-operatives are members of the CITU and they were motivated to takeover their respective units by the local CITU leaders. These co-operatives nonetheless remain as local initiatives. The CITU, at the state level rarely recognises the contributions of these workers to the working class movement. There is also no attempt to establish a network of these co-operatives so that they can form a joint forum to deal with common problems.

The situation in Tripura is somewhat different as the CITU, at the state level has initiated the move to form co-operatives in the tea plantations. In fact the General Secretary of the state CITU, and a former Speaker of the Legislative Assembly, late Bimal Sinha, had keenly propagated worker takeovers. However, even in this case we find that the CITU has not highlighted these achievements as a part of the working class struggle.

The same situation is found in the case of the worker co-operative in Sonali Tea Estate in Jalpaiguri district of West Bengal. Workers of this plantation took over the plantation after its management abandoned it in 1973. A year later the workers formed a co-operative to manage the plantation. The union was affiliated to AITUC. Within a span of three years the workers were able to increase production, expand the plantation and undertake several welfare measures. As a result, its former owners staged a comeback by filing several legal suits against the co-operative. At this stage, the AITUC promptly backed out leaving the workers to fight their battles on their own. The co-operative has eventually won its legal but after fighting for 21 years.

In Golaghat district of Assam, the INTUC affiliated union took over the Woka Tea Estate in 1975 through its co-operative. The plantation was about to close and the union decided on the takeover to save workers’ jobs. The co-operative was able to revive the plantation within two years of takeover and at minimum costs. However, the INTUC has till date not highlighted the achievements of these workers in reviving production.

Trade Unions and Worker Takeovers

The reluctance of trade unions to support worker takeovers arises from an ideological dilemma. One of the primary functions of trade unions is to defend workers against exploitation by capital. Hence trade unions are expected to functionally mainly as opposition groups. Once workers themselves become owners of capital, the conventional role of trade unions have to change, as it can no longer function as an opposition. This in fact creates the dilemma for most trade unions, especially the radical ones.

There is no disputing the fact that the focus of trade unionism is the struggle between labour and capital. But, does conventional trade unionism provide a radical framework for challenging the existing relations? Conventionally, trade unions defend workers' rights in a number of ways. These include, fighting for security of employment, improvement in living and working conditions, increase in wages and so on. In addition they act as pressure groups to change or modify existing policies of government that affect labour. However in conducting these activities, the actual domination of capital over labour is never challenged. In fact, trade unions accept this domination, explicitly or implicitly, depending on the ideology of the union.

The right wing unions do not dispute this domination and they may advocate co-operation between the two in order to get benefits for labour. The radical unions, especially those that swear by the supremacy of the working class over capital, resign themselves to this domination till the time is ripe for a social revolution. Thus, when an industry becomes sick or it closes, the trade unions start looking out for another supplier of capital to revive it. In most cases they press for takeover by the state. Ironically, even the radical unions clamour for nationalisation even though most of them regard the state as pro-capitalist and anti-labour. The fact that labour itself could be organised to save production and employment is rarely given a serious consideration.

Organising the Unorganised

We have till now discussed the alternative strategies that the labour movement could have adopted to protect the interests of the working class. There is, as pointed out earlier, a more serious divide in the movement, namely that between the formal and the informal sectors. Trade unions do not seem to play any role in protecting the interests of these workers, who in fact are most needy of this protection.

It cannot be denied that the trade union movement has largely concentrated on problems of the organised/formal sector workers. These constitute around 8 %of the work force. The remaining sections of the working class have not had the benefit of organising themselves. The formal sector workers have been the main targets of liberalisation and the reasons are not difficult to find. This sector, through its past struggles, was able to consolidate its gains to improving their conditions of work and living. Unfortunately it is due to these gains that this sector has become the victim of liberalisation. The informal sector is now being pitted against the formal sector. On the one hand jobs in the formal sector are shrinking and on the other hand there are a spate of new types of employment in the informal sector. The growth of labour in the small-scale industries is one such example.

As mentioned earlier, the total labour employed in the small-scale sector in 2003-04 was around 20 million. An overwhelming majority of these workers are not unionised and they are engaged in poorly paid jobs with little or no social security. They are also not covered by the existing labour laws. Unfortunately, the trade union movement has ignored the problems of these workers. The main argument put forth by the unions is: as there are no laws or job security for these workers, unionisation is difficult, if not impossible. This argument is not very plausible. The trade union movement in the country started at a time when industrial labour was in similar conditions. In 1918, when B. P. Wadia started the Madras Labour Union, factory workers were perhaps in the same situation as the informal sector workers of today. There were no labour laws and no protection for workers or social security. In fact Wadia started the union precisely after hearing about the woes of workers at Binnys mills. After forming his union he tried to press for improvement of the working conditions but without much success. When he organised a strike, the employers went to court and the Madras High Court ruled that he should pay Rs. 50,000 as compensation for the losses he had caused. Wadia finally reached a compromise by promising to opt out of the trade union movement as he was unable to pay the fine.

Similarly, in the post-World War I period there were a spate of labour unrest in all industrial cities. In Ahmedabad Mahatma Gandhi started the Majur Mahajan in August 1918 to fight for workers right to bonus. In Mumbai trade union leaders of the mill workers were leading them towards militant struggles. All these movements took place when there were no laws nor were there any form of protection for workers. In fact whatever laws had come up were due to the initiatives of the trade unions. On October 31, 1920, the All India Trade Union Congress (AITUC) was formed as the first federation of the trade unions. Soon after this, in 1921 the Factories Act was passed granting 8 hour working day to male workers (earlier only women were allowed to work for 8 hours and there was no regulation of working hours for males). In 1926 the Trade Union Act was passed that for the first time gave recognition to trade unions. In fact most of the labour laws granting protection in employment and social security in the post-independence period were passed mainly due to the earlier struggles of the working class. Hence it was trade unionism that brought about changes in laws. In the present context, it is unfortunate that the mainstream trade unionists should want the government to pass laws first, before they can unionise. In fact, unionising these workers would help in throwing up their problems and solutions could be worked out.

While it is true that unionising workers in the unorganised is a difficult and painstaking task, it is also true that the conventional methods of unionising may not be very successful. In these cases too, trade unions need to develop new tactics for unionising. The example of the Self-Employed Women's Association (SEWA) is worth emulating in such cases. SEWA's focus has been on unionising the poorer women. It has organised rag-pickers, street vendors and a host of other trades by unifying them through various strategies such as, co-operatives, credit societies, health and child care services etc. SEWA has a membership of over 500,000 and is the largest trade union in Gujarat. It used different strategies to unionise the women. These included self-help groups and credit societies, co-operatives, insurance and health schemes etc. To the cynic, much of this work would appear as NGO activities. However, SEWA has used these different strategies with the prime objective of unionising these women so that they can articulate their demands as a group and can influence the state in changing its laws in favour of the working class.

After SEWA started organising women workers of the most oppressed sections of the working class, government was forced to look into their problems. First, the government appointed a committee to look into the problems of self-employed women workers. This report, *Shramshakti* served as an important document for further action. The report of the Second National Labour Commission too had a focus on the informal sector (as compared to the First National Labour Commission that had devoted only 36 pages on informal sector workers). Hence the issues of informal sector workers have come to the fore mainly through the actions of trade unions like SEWA and other unions of these workers. The struggles of other sections of the informal workers have also helped in getting them some social security. Two major achievements in this regard are the Beedi and Cigar Workers' Welfare Act and the act for construction workers. Both these acts came into force only after long drawn struggles of these workers and their unions. Similarly, in Kerala, where unionisation of informal sector workers is high, there are a number of Welfare Boards for different sections of the informal sector. In Tamil Nadu too there are such Boards. In Mumbai and Pune too, the Boards of the head-load workers are fairly strong and they are able to get minimum wages for their members. In addition they provide for insurance and unemployment benefits etc. The concerted efforts of these unions and other organisations of the informal workers have led the present government to agree to an 'Umbrella Legislation' for the informal sector. The attempt is to have a common set of laws granting social security to workers in this sector so that there are common benefits. The draft legislation has been framed and is being discussed by different organisations.

Concluding Remarks

In this paper we have tried to bring out the major problems of the Indian working class as a whole after the intensification of the process of globalisation, economic liberalisation and structural adjustment. We have tried to show how all sections of the working class, both formal and informal sectors, have had to face problems because of these processes. We have critically looked at the role of the trade union movement in the country in dealing with the new problems. The objective was not of showing that the movement is incapable of responding to the new problems, but on the contrary, we want to stress that the problems of insecurity and lack of social security can be tackled only through trade unions. We have tried to show that whatever minor gains informal sector workers have got are due to their ability to unionise. However, the more important issue is that the trade union movement, that has largely been confined to the formal sector, needs to think afresh about the ways and means of unionising this sector. The problem of unionising workers to fight for their rights becomes more significant in this period when their rights are being effaced and the government is gradually withdrawing its support to the working class.

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