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## Trade Unions in India: A Historical Perspective

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### Abstract

The idea of trade Unionism emerged in Europe along with the emergence of industrial revolution in Europe. The nature of production changed and labour and capital separated completely and new class of entrepreneurs emerged. These developments forced labourers to organise themselves for ensuring their rights and preventing exploitation. The growth and development of trade unionism in India is divided into several phases. Trade Union is strongly originated in India only after the First World War. After series of incidents it got legal support. But unfortunately, the labour force in India is meagerly represented in Trade Unions. The labourers of unorganised sector are under-represented in trade unions. Globalisation also brings challenges to trade unionism.

**Keywords:** Trade unions, factory system, empowerment, bargaining power, globalisation

### Introduction

The idea of trade unionism emerged along with the emergence of factory system in Europe. Thousands of labourers came into factories and they were subjected to severe problems and exploitations. Industrial revolution, mechanisation in industries, world wars, formation of international organisations, technological revolution in the field of industries, globalization-all these factors made positive and negative impact on trade unions and its activities. Industrial revolution in Europe resulted in number of drastic changes in human relations. In the field of production, it introduced massive changes in relationships between the employee and employer. The character of production changed and labour and capital separated completely. In this context, a new class named entrepreneurs emerged with the process of commercialisation of production. Such developments led labourers to organise themselves for the purpose of maintaining and improving the conditions of their working life. It was the origin of labour movement in Europe (Webb and Webb 1965) <sup>[1]</sup>.

The other change initiated by industrialisation was a huge flow of labourers into the factories and they needed representation. Political suppression and economic exploitation had led to certain forms of organisations. The pathetic and exploited condition of the labourers in European countries acted as the ground and it nurtured the labour movement in other countries of Europe and American continent.

Labour Unions or Trade Unions is defined by the renowned British scholars and activists, Sydney Webb and Beatrice Webb as "continuous association of wage earners for the purpose of maintaining or improving the condition of their

employment." *Industrial Democracy* of Sidney Webb and Beatrice Webb is regarded as "the Bible of Trade Unionism." According to them, "trade unionism is an extension of democracy from political sphere to industrial sphere." Webb and Webb agreed with Karl Marx that trade unionism is a class struggle and modern capitalist state is a transitional phase which will lead to democratic socialism. They considered collective bargaining as the process which strengthen labour.

Labour unions are the organisation of the labourers which aim to protection of economic and non-economic interests of the labourers at the workplace and in the societal life also. They practice various means to protect and promote the interests of the workers in financial matters and for other rights and privileges. There is track record of heroic struggles undertaken by trade unions for the establishment and preservation of labour rights, reflecting the three important virtues of participation, social inclusion and empowerment (Sundar 2007: 15) <sup>[2]</sup>.

The emergence of trade unions and the role played by it through the course of the past years has wider consequence world over. Originally these associations had only limited area of interest. At the initial stage, trade unions had raised only minor issues of labourers. A few years after the birth of trade unions, it was proved that these institutions are essential for active intervention of labourers in industrial relations. These interventions had a history of long years. In course of time, it assumed new roles and perspectives. Trade unions emerged as a legitimate system for organising workers to raise their voice for rights and express their grievances. Without the active intervention of trade unions in industrial relations, the employees could not protect their rights. Trade

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unions act as a mechanism for collective bargaining and regulator of behaviour of the labourers. Mass trade unions originated in Britain and several European countries which represented large number of skilled and semi-skilled workers. British Trade Unionism had got legal status through Trade Union Act of 1871 ([www.ilo.org](http://www.ilo.org)). In 1866, formation of National Labour Union marked the first step towards formation of American Union. The formation of American Federation of Labour (AFL) by several unions of skilled workers in 1886 marked the beginning of labour movement in the US ([www.globalsecurity.org](http://www.globalsecurity.org)). The character and strength of labour movement also associated with general economic conditions of that time.

The International Secretariat of Trade Unions was established in 1902. It was not an organisation for fight for the cause of workers, but a stage for exchange of information. During the interwar period, the trade union membership began to shrink. The British organised labour movement is the oldest in the world. They established the first workers party – The Chartist Association. Afterwards, they participated in the founding of the international Working Men's Association in which Karl Marx played a leading role (Sewell n.d.).

Russian Revolution of 1917 also influenced the growth of trade unions. The end of First World War brought changes in the trade union organisation worldwide. Large number of workers joined trade unions for attaining better life and working condition, collective bargaining, security and protection etc.

In developing countries, trade unions are striving to organise and protect workers from pathetic and exploitative conditions of work and make pressure on employers to share the benefits of production with their employees. Collective bargaining capacity, awareness created by unions on human rights, concern for working conditions, minimum wage, health and safety and so forth, all these contributed to the growth of trade unions worldwide.

Primarily trade unions are association of workers which work for the improvement of their economic and working conditions through collective actions. The growth of capitalism and its exploitation, emergence of centralised states, the progress of technology, means of communication and transportation-all together forced the working class to unite together and make pressure on employees.

### **The Indian Trade Union Act 1926, States**

... a trade union means any combination, whether temporary or permanent formed primarily to regulate the relations between workmen and employers or workmen and workmen or employers and employers and for improving any restriction, conditions or the conduct of any trade or business and include any federation of two or more Trade Unions" (Trade Union Act 1926).

Trade unions are the institutions which promote and strengthen democratic forces both in industry and nations. They are defending the common interest of the workers and trying to protect them from all kinds of exploitation. Various thinkers provided different views, interpretations to the idea of trade unionism.

### **Trade Unionism in India**

Labour unionism in India is the result of modern industrial culture based on capitalist pattern of productions. It was considered as an inevitable reaction against industrial system of free competition and of capitalist control (Sharma 1992: 183). The origin of trade unionism in India is very much in

line with the thinking of Webbsian and Marxist school of thoughts.

The growth and development of trade unionism in India is divided into several phases. The first phase of India's trade union movement was from 1850 to 1900. In this period, the condition of labourers was too pathetic and vulnerable. They spent long hours in factories for their work. The employers had no concern to improve the condition of labourers. They treated labourers as slaves. Wages of the labourers was too low. In this situation, to regulate working condition and hours of work the first Factories Act was enacted in 1881. As a result, the child labour was also prohibited.

At the initial stage, the labour movement had very slow growth. The Factories Act of 1881, was amended in 1891. This period witnessed a number of strikes and created awareness among labourers about the unity of the workers. Small associations like Bombay Mill Hands Association came into being. This was established by M. M. Lokhande. He started a newspaper called *Dinabandhu* for educating and informing workers.

During the colonial era, trade union leaders actively took part in the country's freedom struggle. Most of the leaders of that time participated actively in the freedom movement and inspired the followers to take part in it

The earliest known trade unions in India were the Bombay Mill Hands Association formed in 1890, the Amalgamated Society in Calcutta in 1905 and the Bombay Postal Union which was formed in 1907. The movement after a few years spread over almost all industrial centres and became an integral part of the industrial process in India (Shroff and Bhargav 2010) [3].

Trade Unionism strongly originated in India only after the First World War. Before 1918, there were only a few trade unions of white workers. Madras became the centre of organised trade union activity in British India. The first trade union of India was organised at Madras named Madras Labour Union by B. P. Wadia in 1918 (Sharma 1982: 184) [4]. Since then, the progress of movement had been both speedy and powerful. After 1919, it spread to other industrial centres of India like Bombay, Ahmedabad, and Jamshedpur etc. The amount of success can be determined from the huge number of organised members, representing about 25 per cent of the total number of the factory-going workers.

After 1918, strikes were common in Indian factories, but they never captured the attention of the masses. And it never created any solidarity among workers. The first strike took place in 1919 in Bombay known as the General Strike, in which around 120,000 workers, mostly textile workers, took part. The history of Indian labour movement had undergone severe crises and suppression in the following years. To suppress the labour movement, the government had employed repressive measures like arrest and detention of strikers, imposing heavy fine on union leaders, harassing the family member of the union members and burning their houses. The heroic strike contributed to spread of labour movement throughout the country (Sharma 1992: 110).

Between 1918 and 1923 a number of unions came into being. Under the guidance of Mahatma Gandhi, Spinners union and Weavers union were formed in Ahmedabad. These unions fought for workers' rights and held Satyagraha and other peaceful means to propagate their cause. Later these unions developed as Textile Labour Association in 1920. In 1920, the first National Trade Union Organisation was established. Many of the leaders of this organisation were leaders of the national movement.

Developments like World War I, Russian Revolution (1917), Swaraj Movement and the establishment of International Labour Organisation at Geneva influenced the growth of trade unions in India.

In March 1921, N. M. Joshi, the then General Secretary of the AITUC, recommended through a resolution that the Government should introduce legislation for the registration and protection of trade unions in India. Eventually, the trade unions Act 1926, was enacted for the purpose of ensuring governance and protection of trade unions. It provided a legal status to the registered trade unions. It was a landmark in the course of Indian trade union movement. The passing of the Act gave formal recognition to the workers' right to organise (Sharma 1992: 184).

Towards the end of 1920s, there was a split in the trade union movement on account of ideological differences and a new organisation was formed in the name of All India Trade Union Federation. Certain incidents like Meerut conspiracy case, failure of Bombay Textile Strike in 1929, the economic depression caused by the Second World War etc., adversely affected the trade union activities. In 1931, AITUC had undergone a split and a new organisation named Red Trade Union Congress under the chairmanship of D. B. Kulkarni was formed.

The struggle of labourers in India was a twofold character-struggle against native capitalist and a fight against British imperialism. Deteriorating economic conditions had created a sense of insecurity feeling among workers and this stimulated the urge of uniting themselves. This created a new awareness among industrial workers and provided a boost to trade union movement.

In 1947, Indian National Trade Union Congress (INTUC) under the auspicious of Indian National Congress was inaugurated. The following years, other major trade unions like Hind Mazdoor Sabha, United Trade Union Congress (1949), Bharatiya Mazdoor Sangh (1954) were established. However, the partition of the country and the after effects affected negatively the trade union movement in Bengal and Punjab.

In industrially advanced countries, trade unions made a great impact on the social-political and economic life of the people. In India, trade unions got wide acceptance only in industrial sector compared to agricultural sector.

The aims and objectives of the major trade unions in India are seen to vary according to their political ideologies. Most of the trade unions in India are affiliated to political parties. It leads to multi-unionism which has created various complexities during the collective bargaining process. Likewise, splits in the political parties are always followed by splits in the affiliated trade unions. Each splinter group in the union compete with each other to gain supremacy and in this process weakening the capacity to protect labour interest in its true sense (Arya 1985: 22) [5].

Mostly the unions have been deeply rooted in a few states in India including West Bengal, Kerala, Tamil Nadu and Maharashtra. Bharatiya Mazdoor Sangh (BMS), the Indian National Trade Union Congress (INTUC) and the All India Trade Union Congress (AITUC) are considered to be the largest trade unions in India.

The Indian work force consists of 47.41 crore workers, growing two per cent annually (NSSO 2011-2012). The Indian labour markets consists of three sectors:

i). Rural workers who constitute about sixty per cent of the workforce,

- ii). Organised sector, which employ seven per cent of the work force, and
- iii). The urban informal sector (which includes growing software industry and other services not included in the formal sector) which constitute the rest thirty three per cent of the workforce (Census 2011).

### **Collective Bargaining of Trade Unions in India**

The Supreme Court ruled that all workmen have the right to form a union or refuse to be a member of any union (O. K. Ghosh Vs Joseph AIR 1963 Sc812). In this situation, the presence of trade unions in working environment enjoys legal status. However, trade unions are to be formally recognised by the employer. Recognition is the process through which the employer accepts a particular trade union as having a representative character and hence, will be willing to engage in discussions with the union with respect to the interest of the workers. Various Indian states have specific legal provisions pertaining to recognition of trade unions. It is generally a matter of agreement between the employer and trade unions.

Collective bargaining has been defined by the Supreme Court as "the technique by which dispute as to conditions of employment is resolved amicably by agreement rather than coercions (Karnal Lethers Karamchari Sangathan Vs Liberty Footwear Company, 1989 4SCC448).

Collective bargaining of trade unions is an effective way of achieving various objectives of the trade unions. It is an act of negotiation between employer and employees for resolving various issues of wage, employment and other conditions of work. In this negotiation, labourers are generally represented by trade unions. The trade union leaders raise various issues of labourers like better working conditions, wage and other perks, before the employer and management. Negation of this right-bargaining collectively in good faith with the employer and management is considered to be an unfair labour practice as per the Industrial Provisions of the Industrial Dispute Act 1947 (IDA).

### **Laws Governing Trade Unions in India**

The labour legislation in India witnessed comprehensive changes after the attainment of independence of India. This is mainly influenced by the ideas of social justice and welfare state as enshrined in the Constitution of India which became the guiding principles for the formulation of labour regulations (Sengupta 2010) [6].

### **Constitution of India, 1950**

The fundamental rights of the working class in India are sought to be preserved by the Constitution. Article 19 (1) (c) of the Constitution of India, envisages fundamental right to freedom of speech and expression also guarantees the state's citizen the right to form associations or unions' including the trade union (All India Bank Employees Association Vs N Tribunal, Air 1962 SC 171).

The Supreme Court has held that the right guaranteed in Art 19 (1) c also includes the right to join an association or union in the verdict of the case, Damayanti Vs Union of India (AIR 1971 SC 966).

The various freedoms that are recognised under the fundamental rights, Art 19 (1)(c) are the following:

- i). The right of the members of the union to meet.
- ii). The right of the members to move from place to place
- iii). The right to propagate their views.
- iv). The right of the members to hold property.

### Trade Unions Act, 1926

The passing of the Trade Union Act by the Government in 1926 greatly stimulated the growth of trade union movement in India. It provided for formation and legislation of trade unions and in certain respects to defines the law relating to registered trade unions. The Trade Union Act defines the law relating to registered trade Unions “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 or for imposing restrictive condition on the conduct of any trade or business and any federation or two or more trade unions (Section 2, Trade Union Act 1926). This Act provided for the registration of trade unions and gave legal status to the registered trade unions and immunity from civil and criminal proceedings to the members of the registered trade unions.

**Table 1:** Other Important Labour Regulations and their Area of Coverage in India

On Conditions of Work	On Wages and Remuneration	On Social Security	On Employment Security and Industrial Relations
<ol style="list-style-type: none"> <li>1. The Factories Act, 1948</li> <li>2. The Contract Labour (Regulation &amp; Abolition Act, 1970.</li> <li>3. Shops and Commercial Establishments Act (State Act).</li> <li>4. Contract Labour (Regulation &amp; Abolition) Act 1970.</li> <li>5. Building and Other Construction Workers (Regulation of Employment and Condition of Service) Act 1996.</li> </ol>	<ol style="list-style-type: none"> <li>1. Payment of Wages Act 1936</li> <li>2. The Minimum Wages Act, 1948.</li> <li>3. Payment of Bonus Act 1976 (ER Act)</li> <li>4. Payment of Gratuity Act 1979.</li> </ol>	<ol style="list-style-type: none"> <li>1. Employees Provident fund Act, 1952</li> <li>2. Workmen’s Compensation Act 1923.</li> <li>3. Employees State Insurance Act, 1948.</li> </ol>	<ol style="list-style-type: none"> <li>1. Minimum Wages Act 1948.</li> <li>2. The Industrial Disputes Act, 1947.</li> <li>3. Industrial Employment (Standing Orders) Act, 1946.</li> </ol>

There are many rules and regulations which deal with labour relations in India. These rules and regulations have wide application. Nonetheless, due to lack of the effective implementation of these rules, only a minute per cent of the workforce are able to enjoy the benefits of such legislation. In India, most of these rules have relevance only in the organised sector. The huge majority of labourers in the unorganised sector seldom receive protection and attention from existing laws and legal mechanism.

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