

## **A Study of the Growth of Trade Unions in India with Reference to Post Reform Era**

**\*Dr. Almas Sultana**  
Assistant Professor  
Mohammad Ali Jauhar University, Rampur  
*Corresponding Author: \*Dr. Almas Sultana*

---

**Abstract:** Industrial relations are closely linked with trade unionism. Trade unionism is a united movement of working class which seeks to make improvement of the economic and social status of the wage-earners through united action. The New Economic Policies of 1991 had far reaching consequences on industrial relations as well as trade unions. The present paper casts light on the growth of trade unions in post reform era. The impact of industrial disputes on trade unions growth is also highlighted. The study covers a period of 25 years i.e. 1991-2015 and is purely based on secondary data sources. The new environment has threatened the interests of our unions and posed several challenges before them. The results of simple linear regression analysis show that there is no significant impact of industrial disputes on registered trade unions. However, a significant impact of disputes is observed on trade unions membership. Some suggestions are also offered at the end.

**Keywords:** Trade unions, industrial disputes, post reform era, growth of trade unions.

---

Date of Submission: 17-11-2017

Date of acceptance: 20-07-2017

---

### **I. INTRODUCTION**

Industrial relations in India are closely linked with trade unionism. This is true with regard to both public and private sectors, since trade unionism is inherent in the Indian economy as a whole. Trade unionism is a rationale and united movement of working class which seeks to make improvement of the economic and social status of the wage-earners through united action (Michael, 1987). Under the Trade Unions Act, 1926, “a trade union is any combination of persons whether temporary or permanent, formed primarily for the purpose of regulating the relations between workmen and employers, or between workmen and workmen, between employers and employers, or for imposing restrictive conditions on the conduct of any trade or business, and includes the federation of two or more trade unions” (Gupta, 2010).

Since 1991, there has been a continuous debate going on in regards to the utility of trade unions in Indian industrial relations. Despite the fact that trade unions play an important role, the changing economic scenario has threatened the interests of Indian workers and their unions. Their membership base is diminishing in this new environment (Sodhi, 1994). Liberalization has made the employers excessively powerful by allowing them the privilege to hire and fire at will. In the name of efficiency, the Voluntary Retirement Scheme (VRS) and the Exit Policy are being indiscriminately adopted to retrench the organized workers and to close down most of the sick industrial units. With increasing state support for the capital and the expanding culture of ‘free market’, trade unions now face the writings on the wall. There are several instances of political, administrative, legal and police support or protections being given to prospective investors, the Haryana Honda Motors case being the clearest one. Even the government nowadays falters in providing blanket support to trade unions that may antagonize the prospective investors or obstruct the productivity of a firm (Ghosh, 2008).

Economic liberalization has brought about more harm to our unions through job losses in organized sector. The curtailment of public investment, growing sickness or closure of units, exit policy and so on has together hastened the process of labor retrenchment. The climbing unemployment level has worked as a necessary means to destroy the achievements of workers’ movement. When the trade unions fail to defend the rights of their members and the management finds it easy to retrench workers or replace them by machines, incentives for union activities decline. Consistent with this, union membership and the number of trade unions are showing declining trends in recent years (Ratnam, 2001; Mamkoottam, 2003).

Apart from VRS, Compulsory Retirement Scheme (CRS) has come out as an important cost-cutting measure in the private sector. In industries such as textiles, where VRS has been a complete failure, the problems of CRS have perplexed many. Strategies like redeployment in a totally distinctive work unit, mass

transfer to faraway places, proclaiming a unit sick, closure of a unit through merger or lockout assist the management to keep labor under control. Loss of employment has additionally been brought about by mechanization, reengineering and technological upgradation. Despite the fact that technology places demand for high jobs, it also makes numerous jobs outdated. Today, capital-intensive organizations look lean and dainty and our trade unions do not fit into this structure (Ghosh, 2008).

Disinvestment or privatization of the public sector industries and mass scale casualization of the labor force have further aggravated the trade unions' sufferings (Ghosh, 2008). The casual and temporary workers in the informal sectors generally stay less enthusiastic about union activity. The mounting size of the informal employment is therefore, a key challenge before the current unions (Bagchi, 1995). Unions nowadays find it difficult to handle the circumstances. They are worried about the impacts of contemporary technologies however they cannot seriously oppose it as technological superiority is a prerequisite for the survival of an enterprise in the competitive market. Contemporary electronic technologies not only intensify profitability and productivity but also heighten the pride and prestige of workers. Trade unions are often seen proposing and implementing plans and programmes of modernization however, such modernization is not without cost. First, new technology has labor saving capacity causing redundancy and unemployment and consequent shrinkage of union's power. Second, it creates a new set of 'elite' workers whose interest is different from traditional workers and the trade unions face difficulty in managing this young, enthusiastic and skilled workforce. Finally, new technology has led to de-unionization or weakening of the bargaining strength of trade unions (Ghosh, 2008).

The present paper is aimed to assess the growth of trade unions in post reform era (1991-2015) in India. The entire study is partitioned into three sections. Part I highlights the growth of trade unions in post reform era. The impact of industrial disputes on growth of trade unions is shown in part II. The findings and suggestions are given in part III.

## II. LITERATURE REVIEW

**Passey and Passi (1990)** in their study entitled "Role of trade unions: Need for new attitudes, beliefs and practices" emphasized on the role of trade unions with the specific goal to confront the challenge of change. The author pinpointed that trade unions must come out of their customary role in order to cope with the technological advancement and should take active interest in the formulation of a structural policy designed to quicken the pace of the monetary development of the nation. Further, while introducing the changes, the management should provide enough opportunities for training & retraining and look after the factors affecting the quality of working life of the workers.

**Sheth (1993)** in his article entitled "Our trade unions: An overview" analyzed some significant issues relating to the health and viability of the trade unions as well as their utility and relevance in the changing socio-economic environment. New professional views, global scenario, current reality, forces of disunity and new converts in trade unionism have also been discussed. It is concluded that regardless of their debilitating power in the new socio-economic environment, trade unions will always remain to provide unavoidable countervailing power to wage-earning workers against the power of those who control wages and other conditions of employment. Lastly, some suggestions are also provided by the author.

**Taher (1999)** in his paper entitled "Politicization of trade unions: Issues and challenges in Bangladesh perspectives" talked about the impact of political affiliation of trade unions. The primary point of the paper was to look at the political nature of trade unions in Bangladesh. The study is based on both primary and secondary data collected from workers, trade union leaders and management personnel of five enterprises as well as from the concerned government agencies through questionnaire and direct interview method. The different research findings and various published material were used as the secondary sources. To analyze the data, the author has used simple statistical tools such as average, percentage, index, etc. and found that political nature of trade unions has created a lot of issues and is unsafe for workers. To overcome this situation, the present study has also suggested some measures for the success of trade unions in the truest sense of the term.

**Srivastava (2001)** in his paper entitled "Trade union situation in India: Views of Central Trade Union Organizations (CTUO)" made an attempt to highlight the difficulties confronted by trade unions in India, both at national as well as international levels. The paper dealt with the perspectives of Central Trade Union Organizations on selected dimensions of trade unionism like membership, finances, democracy, image and unity. The study was conducted in the form of open discussion with representatives of Central Trade Union Organizations via, BMS, CITU, HMS and AITUC located in New Delhi during December 1997 to January 1998.

**Saini (2006)** in his paper entitled "Declining labor power and challenges before trade unions: Some lessons from a case study on private sector unionism" highlighted the declining state of labor power in the private sector in the new monetary environment as well as the challenges confronted by the trade unions in the new era. The paper is based on the case study of Honda Motor Cycle and Scooters India Limited (HMSI), Gurgaon. It was found that most organizations are utilizing a blend of hard and soft models of HRM strategy as

a device for managing industrial relations. Some key challenges confronted by unionism in view of the working of new HR strategies were also identified which include, need to look at private sector industrial relations realities differently from those in public sector, tapping the potential of political affiliation of union, convincing the state to discharge its legal obligations to ensure labor justice, promoting alliance between main workers union and contract workers union and at the last, advancing cooperative relations between union and management in implementing HRM strategy.

**Datt (2008)** in his article entitled “Emerging trends in trade union movement” discussed the impact of economic reforms on the trade union movement in India. Changes in the nature of state, diminishment of employment in public sector, labor flexibility, repression of working class by the state, changing role of judiciary after the introduction of reforms, contracting base of trade unions, ascent of autonomous industry unions, absence of cooperation and consolidation among major unions and the new emerging sectors were found to be the real causes behind the debilitating power of trade unions. The article also highlighted the inadequate response of trade unions to the new challenges. Consequently, it is being proposed to shed the old strategy of confrontation and conflict and shift to cooperation and collaboration.

**Bose, Paul and Banerjee (2012)** in their paper entitled “Workers’ participation in trade union activities: An exploratory research on the selected leather units of Kolkata” made systematic efforts to understand the trends of trade unionism in organized leather industries of Kolkata. On the basis of data collected through structured questionnaire, it was found that trade unionism is a common practice in most of the organizations and industries witnessed moderate to large scale trade union participation in medium and large scale units. The study also highlighted the degree of workers participation in union activities as per their age, length of service, education and so forth.

**Kumar and Sharma (2014)** in their article entitled “Human resource management and trade unions” made a modest attempt to focus on the issues of managing human resource vis-à-vis outside interference in the affairs of trade unions. The problems arising thereupon have also been talked about by the authors in detail. The study revealed inadequate education and training as the major factor contributing to the politicization of trade unions. Therefore, proper education and training to workers has been recommended to restrict and reduce the proportion of outside leadership in the trade unions.

## OBJECTIVES

- To examine the growth of trade unions in post reform era.
- To analyze the impact of industrial disputes on growth of trade unions.
- And finally to come out with the findings and suggestions of the study.

## DATA COLLECTION AND METHODOLOGY

The paper is purely based on secondary data collected from Indiastat and Pocket Book of Labor Statistics. The data includes number of industrial disputes, registered trade unions and the membership of trade unions in India. The period of the study ranges from 1991-2015. The data is analyzed in tune with the objectives of the study using statistical techniques such as simple average mean and simple linear regression.

## HYPOTHESES

**H<sub>0</sub>1:** There is no significant impact of industrial disputes on growth of trade unions in post reform era.

**H<sub>0</sub>1.1:** There is no significant impact of industrial disputes on registered trade unions.

**H<sub>0</sub>1.2:** There is no significant impact of industrial disputes on membership of trade unions.

### I. TRADE UNIONS IN POST REFORM ERA

**Table 1: Growth of Trade Unions in India during 1991-2015**

Years	Registered Trade Union	Membership of Trade Unions ('000)
1991	53535	6100
1992	55680	5746
1993	55784	3134
1994	56872	4094
1995	57988	6538
1996	58988	5601
1997	60660	7409
1998	61992	7249
1999	64817	6408
2000	66056	5420
2001	66624	5873
2002	68544	6973

2003	74649	6277
2004	74403	3397
2005	78465	8719
2006	88440	8960
2007	95783	7877
2008	84642	9574
2009	22284	6480
2010	18602	5097
2011	10264	7421
2012	16098	9128
2013	10088	7555
2014	8836	8990
2015	8748	10014
<b>Average</b>	<b>52753.68</b>	<b>6801.36</b>

Source: Data for the years 1991-2012 has been compiled from Indiastat and Pocket Book of Labor Statistics, 2013.

Data for the years 2013- 2015 has been calculated through extrapolation.

The data given above reveals that on an average, there had been 52753.68 registered trade unions in India with 6801.36 thousands members. The registered trade unions show an upward trend up to the year 2007. In 2007 there were 95783 registered unions which came down to 84642 unions in 2008 and started declining continuously till 2011. In 2012, their number rose to 16098 unions and again declined to 10088, 8836 and 8748 unions in the years 2013, 2014 and 2015 respectively.

The data on the membership of trade unions show a very unsystematic behavior. Their membership varied from a low of 3134 thousands members in 1993 to a high of 10014 thousands members in 2015. This shows a considerable fluctuation in the membership of trade unions in post reform period.

### III. HYPOTHESES TESTING

**H<sub>0</sub>1.1:** There is no significant impact of industrial disputes on registered trade unions.

**Table 2: Industrial Disputes and Registered Trade Unions in India during 1991-2015**

Years	Industrial Disputes	Registered Trade Unions
1991	1810	53535
1992	1714	55680
1993	1393	55784
1994	1201	56872
1995	1066	57988
1996	1166	58988
1997	1305	60660
1998	1097	61992
1999	927	64817
2000	771	66056
2001	674	66624
2002	579	68544
2003	552	74649
2004	477	74403
2005	456	78465
2006	430	88440
2007	389	95783
2008	421	84642
2009	345	22284
2010	371	18602
2011	370	10264
2012	447	16098
2013	198	10088
2014	110	8836
2015	145	8748

Source: Data on industrial disputes for the years 1991-2014 has been taken from Indiatat and for 2015 it has been calculated through extrapolation.

Data on trade unions for the years 1991-2012 has been compiled from Indiatat and Pocket Book of Labor Statistics, 2013 and for 2013- 2015 it has been calculated through extrapolation.

**Table3: Correlations**

	Registered Trade Unions	Industrial Disputes
Registered Trade Unions	1.000	.297
Industrial Disputes	.297	1.000

Source: Computed through SPSS

The above table shows the inter-correlation between the variables being explored which indicates that the positive but low correlation exists between industrial disputes and registered trade unions.

**Table 4: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.297	.088	.049	26483.570

Source: Computed through SPSS

The above table shows that the coefficient of determination ( $R^2$ ) is .088. It means that 8.8% of the variance in registered trade unions is explained by industrial disputes and the rest of the variation ( $1-R^2$ ) is unexplained variation in registered trade unions due to the variables that has not been considered in the model.

**Table 5: ANOVA**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1562349528	1	1562349528	2.228	.149
	Residual	16131728379	23	701379494		
	Total	17694077907	24			

Source: Computed through SPSS

The above table of ANOVA assesses the overall significance of the model. It shows the p-value of the predictor's effect on the criterion variable. At 95% confidence level, the significance value i.e. p value is worked out as .149 which is more than 0.05 (alpha). It means that industrial disputes do not successfully predict registered trade unions. Hence, we can say that the model is insignificant.

**Table 6: Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error			
1 (Constant)	40449.471	9798.964		4.128	.000
1 Industrial Disputes	16.705	11.193	.297	1.492	.149

Source: Computed through SPSS

From the above table, the unstandardized Beta coefficient gives a measure of the contribution of each variable to the model. A larger value indicates that a unit change in the predictor variable has a larger impact on the criterion variable. The result shows that the value of unstandardized Beta is 16.705, which is an indication of the positive impact of industrial disputes on registered trade unions in India during 1991-2015. However, this impact is weak and statistically insignificant as the significance value i.e. p value, at 95% confidence level, is worked out as .149 which is more than 0.05. Hence, it may be concluded that there is no significant impact of industrial disputes on registered trade unions. The null hypothesis ( $H_0$ ), is therefore, accepted.

***The Regression Equation of this Model is:***

Y (Dependent variable) = a (Intercept) + b (Slope) × (Independent Variable)

RTU = a + b ID

RTU = 40449.471 + 16.705ID

Regression equation (RTU = a + b ID) shows the linear relationship between registered trade unions (RTU) and industrial disputes (ID). It signifies the value of constant/intercept (a) and coefficient/slope (b). Intercept shows

the changes in registered trade unions in India when industrial disputes is zero, whereas slope shows the change in the number of registered trade unions in respect to industrial disputes.

**H<sub>0</sub>1.2:** There is no significant impact of industrial disputes on membership of trade unions.

**Table 7: Industrial Disputes and Membership of Trade Unions in India during 1991-2015**

Years	Industrial Disputes	Membership of Trade Unions ('000)
1991	1810	6100
1992	1714	5746
1993	1393	3134
1994	1201	4094
1995	1066	6538
1996	1166	5601
1997	1305	7409
1998	1097	7249
1999	927	6408
2000	771	5420
2001	674	5873
2002	579	6973
2003	552	6277
2004	477	3397
2005	456	8719
2006	430	8960
2007	389	7877
2008	421	9574
2009	345	6480
2010	371	5097
2011	370	7421
2012	447	9128
2013	198	7555
2014	110	8990
2015	145	10014

Source: Data on industrial disputes for the years 1991-2014 has been taken from Indiatat and for 2015 it has been calculated through extrapolation.

Data on trade unions for the years 1991-2012 has been compiled from Indiatat and Pocket Book of Labor Statistics, 2013 and for 2013- 2015 it has been calculated through extrapolation.

**Table 8: Correlations**

	Trade Unions Membership	Industrial Disputes
Trade Unions Membership	1.000	-.514
Industrial Disputes	-.514	1.000

Source: Computed through SPSS

The above table shows the inter-correlation between the variables being explored which indicates that a high and negative correlation exists between industrial disputes and trade unions membership.

**Table 9: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.514	.264	.232	1609.705

Source: Computed through SPSS

The above table shows that the coefficient of determination ( $R^2$ ) is .264. It means that 26.4% of the variance in trade unions membership is explained by industrial disputes and the rest of the variation ( $1-R^2$ ) is unexplained variation in membership of trade unions due to the variables that has not been considered in the model.

**Table 10: ANOVA**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	21353321.94	1	21353321.94	8.241	.009
Residual	59596447.82	23	2591149.905		
Total	80949769.76	24			

Source: Computed through SPSS

The above table of ANOVA assesses the overall significance of the model. It shows the p-value of the predictor's effect on the criterion variable. At 95% confidence level, the significance value i.e. p value is worked out as .009 which is less than 0.05 (alpha). Hence, we can say that the model is significant.

**Table 11: Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	8239.818	595.593		13.835	.000
Industrial Disputes	-1.953	.680	-.514	-2.871	.009

Source: Computed through SPSS

From the above table the unstandardized Beta coefficient gives a measure of the contribution of each variable to the model. A larger value indicates that a unit change in the predictor variable has a larger impact on the criterion variable. The result shows that the value of unstandardized Beta is -1.953, which is an indication of the negative impact of industrial disputes on the membership of trade unions in India. This impact is strong and statistically significant as the significance value i.e. p value, at 95% confidence level, is worked out as .009 which is less than 0.05. Hence, it may be concluded that there is a significant impact of industrial disputes on the membership of trade unions in India. The null hypothesis (H<sub>0</sub>), is therefore, rejected.

**The Regression Equation of this Model is:**

$$Y \text{ (Dependent variable)} = a \text{ (Intercept)} + b \text{ (Slope)} \times \text{(Independent Variable)}$$

$$MTU = a + b \text{ ID}$$

$$MTU = 8239.818 + -1.953 \text{ ID}$$

Regression equation (MTU = a + b ID) shows the linear relationship between membership of trade unions (MTU) and industrial disputes (ID). It signifies the value of constant/intercept (a) and coefficient/slope (b). Intercept shows the changes in the membership of trade unions in India when industrial disputes is zero, whereas slope shows the change in the membership of trade unions in respect to industrial disputes.

**IV. MAIN FINDINGS**

- It is observed that on an average there had been 52753.68 registered unions in India with 6801.36 thousands members. The number of registered trade unions increased only upto the year 2007 and after that started declining with the year 2012 as an exception. However, the membership of trade unions shows a very unsystematic behavior during the whole period of the study. The membership varied from a low of 3134 thousands members in 1993 to a high of 10014 thousands members in 2015.
- No significant impact of industrial disputes is found on the registered trade unions. Only 9.8% variance in the registered trade unions is explained by the industrial disputes. The value of unstandardized beta is 16.705. It shows a positive impact of industrial disputes on registered trade unions. However, this impact is statistically insignificant and therefore, the null hypothesis which states that there is no significant impact of industrial disputes on the registered trade unions is accepted.
- As far as the impact of industrial disputes on membership of trade unions is concerned, it is found that 26.4% variance in the membership of trade unions is explained by industrial disputes. The simple linear regression analysis shows that the value of unstandardized beta is -1.953 indicating a negative impact of industrial disputes on the membership of trade unions. Hence, the null hypothesis which states that there is no significant impact of industrial disputes on the membership of trade unions stands rejected.

**V. SUGGESTIONS**

- Trade union acts as a link between workers and management. A strong and stable trade union is a prerequisite for maintaining sound labor-management relations in the organization. Management should develop positive attitude towards the unions and do not consider them as their enemies. Similarly, trade unions should give up their negative attitude towards the management and work together for the welfare of workers as well as for the organization as a whole.

- Trade unions should not make illogical demands on management and act in accordance with the existing legal framework.
- Workers should be rewarded for their performances at regular intervals.
- Both employers and employees should properly carry out the duties of their positions and comply with workplace rules, policies and procedures.

#### REFERENCES

- [1]. Bagchi, A.K. (1995). *New technology and the workers' response*. New Delhi: Sage Publications India Private Limited.
- [2]. Bose, I., Paul, S., & Banerjee, J. (2012). Workers participation in trade union activities: An exploratory research on the selected leather units of Kolkata. *Management Insight*, 8(1).
- [3]. Datt, R. (2008). Emerging trends in trade union movement. *Mainstream*, XL6(20).
- [4]. Ghosh, B. (2008). Economic reforms and trade unionism in India- A macro view. *The Indian Journal of Industrial Relations*, 43(3), 355-384. <http://www.jstor.org/stable/27768140>.
- [5]. Gupta, C.B. (2010). *Human resource management* (12<sup>th</sup> Ed.). New Delhi: Sultan Chand & Sons.
- [6]. Kumar, S. K., & Sharma, B. (2014). Human resource management and trade unions. *International Journal of Trade, Economics and Finance*, 5(1), 88-92. doi: 10.7763/IJTEF.2014.V5.346
- [7]. Mamkottam, K. (2003). *Labour and change-essays on globalization*. New Delhi: Response Books.
- [8]. Michael, V.P. (1987). *Industrial relations in India and workers' involvement in management*. Bombay: Himalaya Publishing House.
- [9]. Ministry of Labor & Employment. (2013). *Pocket book of labor statistics*. Shimla/Chandigarh: Labor Bureau, p. 43 & 46.
- [10]. Passey, S. L., & Passi, S. L. (1990). Role of trade unions: Need for new attitudes, beliefs and practices. *The Indian Journal of Industrial Relations*, 25(4), 387-392. <http://www.jstor.org/stable/27767115>
- [11]. Ratnam, C.S. (2001). *Globalization and labour management relations: Dynamics of change*. New Delhi: Response Books.
- [12]. Saini, D.S. (2006). Declining labour power and challenges before trade unions: Some lessons from a case study of private sector unionism. *The Indian journal of labour economics*, 49(4), 919-932.
- [13]. Seth, N.R. (1993). Our trade unions: An overview. *Economic and Political Weekly*, 28(6), 231-236. <http://www.jstor.org/stable/4399371>.
- [14]. Sodhi, J.S. (1994). Emerging trends in industrial relations and human resource management in Indian industry. *The Indian Journal of Industrial Relations*, 30(1), 19-37. <http://www.jstor.org/stable/27767337>.
- [15]. Srivastava, D. K. (2001). Trade union situation in India: Views of Central Trade Union Organizations (CTUOs). *The Indian Journal of Industrial Relations*, 36(4), 463-478. <http://www.jstor.org/stable/27767744>
- [16]. Taher, M. A. (1999). Politicization of trade unions: Issues and challenges in Bangladesh perspective. *The Indian Journal of Industrial Relations*, 34(4), 403-420. <http://www.jstor.org/stable/27767614>
- [17]. [www.indiastat.com](http://www.indiastat.com)

IOSR Journal Of Humanities And Social Science (IOSR-JHSS) is UGC approved Journal with Sl. No. 5070, Journal no. 49323.

Dr. Almas Sultana. "A Study of the Growth of Trade Unions in India with Reference to Post Reform Era." IOSR Journal Of Humanities And Social Science (IOSR-JHSS) 22.7 (2017): 62-69.