

# **Between Hope and Despair: Trade Unions in Organised Sector in West Bengal<sup>1</sup>**

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*(Draft Paper. Not to be Quoted)*

## **Section I: Introduction**

In a capitalist industrial production process, there must be a relation between labour and capital through which the production system is carried out. This relationship is a dynamic process, varying from a peaceful relation to a conflicting one where either party, viz., labour and capital might feel violated by the behaviour or action of the other. It is also obvious that the determinants of industrial relations are both economic and non-economic in nature. Apart from the economic factors, a host of other factors, socio-economic and political, influence the trajectory and development of industrial relations. The state is also an important player in industrial relations in various ways. Firstly, the legal framework within which industrial relations operate are legislated by the state. Secondly, when the industrial relations turn into one of conflict the state either in the form of the executive or the judiciary acts as an arbitrator in such conflicts.

The onset of market led reforms understood as restructuring of the economy through deregulated markets, creation of international production networks, rise to dominance of international finance capital, multi- nationalisation of production and transfer of goods has led to dramatic transformations in industrial relations. Employment practices and work conditions have also altered as bulk of the employment opportunities tend to be flexible (irregular and casual) in nature as a means of achieving cost efficiency. The increasing currency of flexible labour is considered a function of the changing production process often termed as '*post-fordist*'. The pressure for flexibility is further enhanced due to competitive pressures for attracting investments and greater policy space to business. Globalisation has not only exposed business to global competition but also strengthened the relative bargaining position of business through creation of economic and political regimes such as WTO with reduced tariffs, capital mobility and reduced

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foreign ownership restrictions. All these developments should theoretically lead to a weakening of labour or trade unions and therefore a shift in industrial relations.

In this backdrop, the paper tries to answer two sets of inter-related questions; firstly what is the status of trade union movement in the state of West Bengal? Has the strength of the trade unions increased or decreased in the state, particularly since the policies of economic reforms have been introduced in the country? Once we evaluate the status of the trade union movement in the state, we try to identify the factors which can explain the ability or inability of trade unions to preserve the interests of organised labour. West Bengal presents an interesting case study, in the context of India opening up to forces of globalisation. The state has been governed by a communist party, with explicit commitment to the working class, for more than three decades. In such a situation, are there differences in the pattern of industrial relations in West Bengal from the rest of India? Has the left ruled state been able to protect its labour even on the face of globalisation and clamours for labour market flexibility? An analysis in these lines also throws light on the nature of 'left in government' in West Bengal from the perspective of the working class.

In order to answer these questions a two pronged methodological approach is adopted. Firstly, secondary data is relied upon to look into the macro aspects of labour, trade union and the economy. Secondly, certain case studies are cited to illustrate some of the points more sharply. We accessed the industrial dispute related files of the relevant firms, at the Deputy Labour Commissioner Office for respective districts in West Bengal, and looked through the letters and deputations to get a sense of the kinds of industrial disputes that these firms were facing. Following this, we did detailed interviews with the trade union leadership and the workers of these firms. While we tried to get interviews with the management also, in most cases we were denied such interviews.

The remaining paper is arranged in the following way. Section II discusses some indicators of trade union movement in West Bengal trying to understand whether the trade unions have increased or decreased their strength over the years. Section III tries to capture the changing role of the state in terms of its interventions in industrial relations. Section IV comments on the organised working class and its politics in the state of West Bengal. Section V summarises the arguments and concludes.

## **Section II: Trade Union Movement in West Bengal**

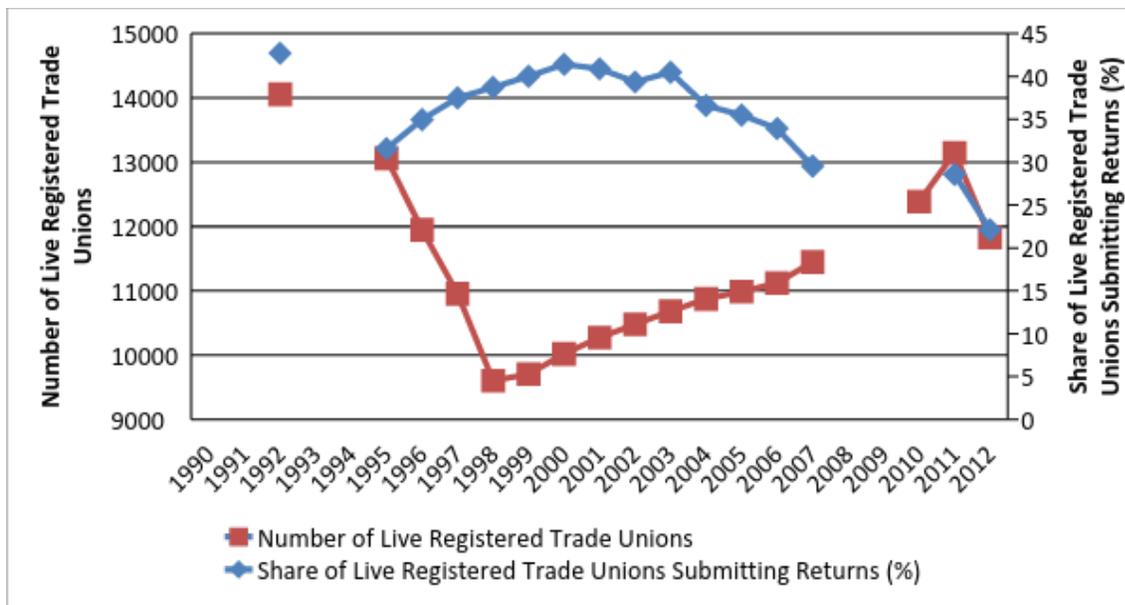
As has been already pointed out West Bengal is a state with a long history of workers' movement governed by a communist party for more than three decades. The general perception

of West Bengal in the mainstream media and academic discourses has been that of a state mired by militant trade union movement. In this section we try to understand the strength of the trade union movement in West Bengal. In order to do so various indicators will be used to arrive upon a macro-understanding about the labour movement in the state.

To begin with, it can be argued that an expanding and strong trade union movement must witness a rise in the number of trade unions active in the state. From Figure 1 we observe that the number of live registered trade unions was 14055 in 1992, and it came down to 9604 in 1998 after which it increased to 11833 in 2012. Even after an increase in the period 1998 to 2012, the number of live registered trade unions has decreased about 15 percent in the period 1992 to 2012. Therefore, it would be difficult to say that trade unionism – at least measured in terms of growth of number of registered trade unions over period of last two decades – has increased in West Bengal.

The Trade Union Act, 1926 makes the registered trade unions liable of submitting their annual returns to the Registrar of trade unions, but low and declining response rates of filing annual returns have been observed since 2003. About 40 percent of registered trade unions filed their annual returns in 2003, which has declined to 22 percent in 2012. This poor rate of filing returns is not specific to West Bengal only; rather, a much lower rate was observed at all-India level where only 10 percent of the registered trade unions filed their annual returns during the period 1999-2004 (Sundar 2010).

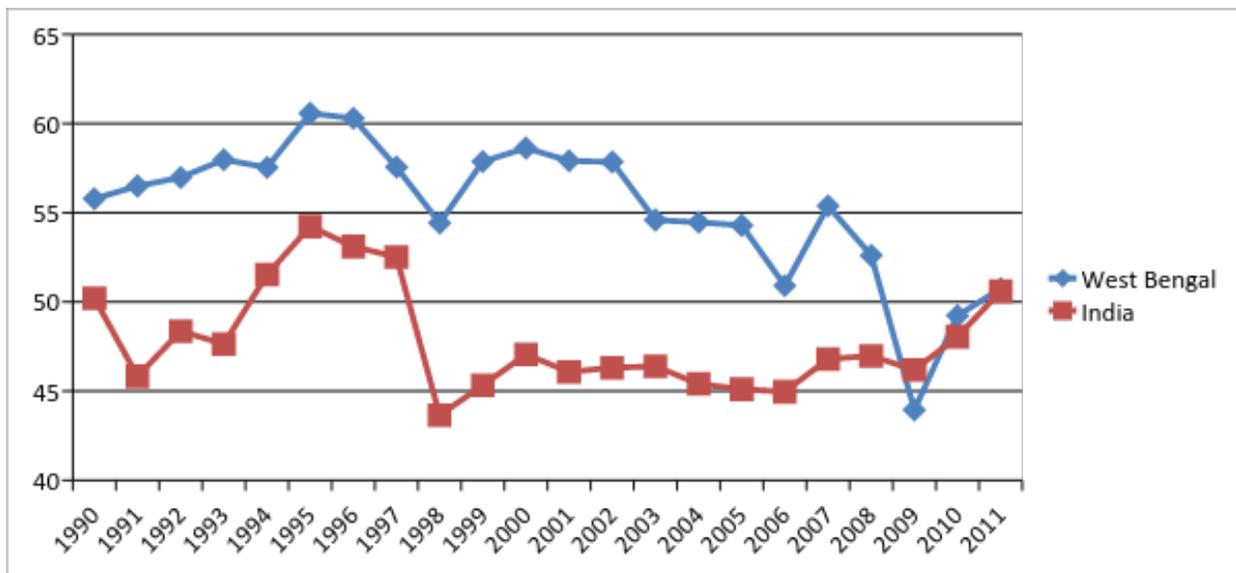
**Figure 1: Number of Registered Trade Unions and their share in submitting returns**



Source: Annual reports of Labour in West Bengal, Labour Department, Government of West Bengal.

Now, there can be various indicators to judge the strength of the trade union movement in an economy. A strong trade union movement must imply an increased bargaining power of workers which can get reflected in two ways. Firstly, an increase in the bargaining power of workers must imply an increase in real wages. Secondly, a strong trade union movement must be able to ensure less casualisation and contractualisation of workers. On both these counts data shows that the trade union movement in West Bengal has not been able to increase the bargaining power of workers and protect their interests.

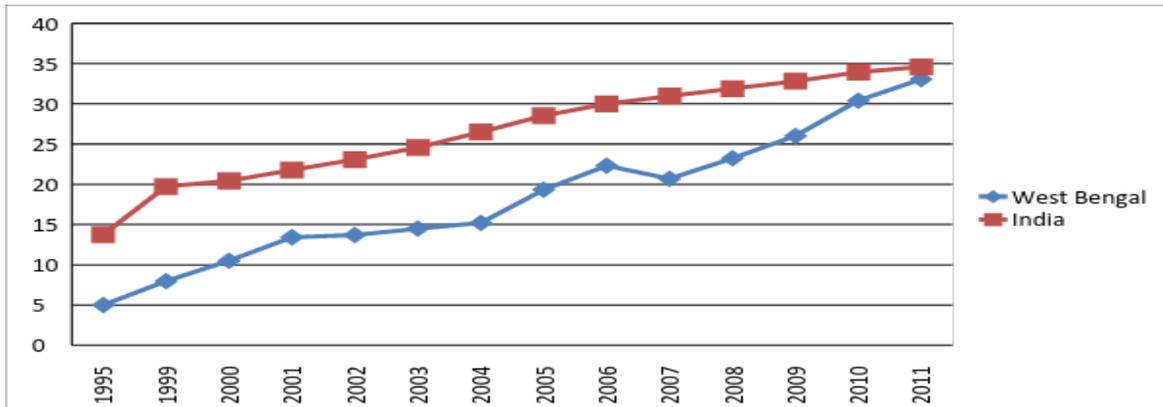
**Figure 2: Yearly Real Wages (in thousands) (2001 prices) Organised Industry**



Source: Authors' calculation from various issues of Annual Survey of Industries, CSO.

Figure 2 shows that the real wage in organised industry in West Bengal has declined over the years. It is however interesting to note that the level of real wages in West Bengal has been higher than that of India for most of the period since 1990s. May be this higher real wage in West Bengal for a sufficient period of time was because of the role of trade unions and a pro-labour government. But the decline in real wages in West Bengal has continued and since 2009 both the wages (West Bengal and India) are moving in tandem. Whatever wage advantage the workers of West Bengal had in comparison with their brethren of India has got eroded over the years. This decline in the real wages of the organised workers in West Bengal shows that the trade union movement in the state has weakened.

**Figure 3: Share (%) of Contract Workers in Total Worker**

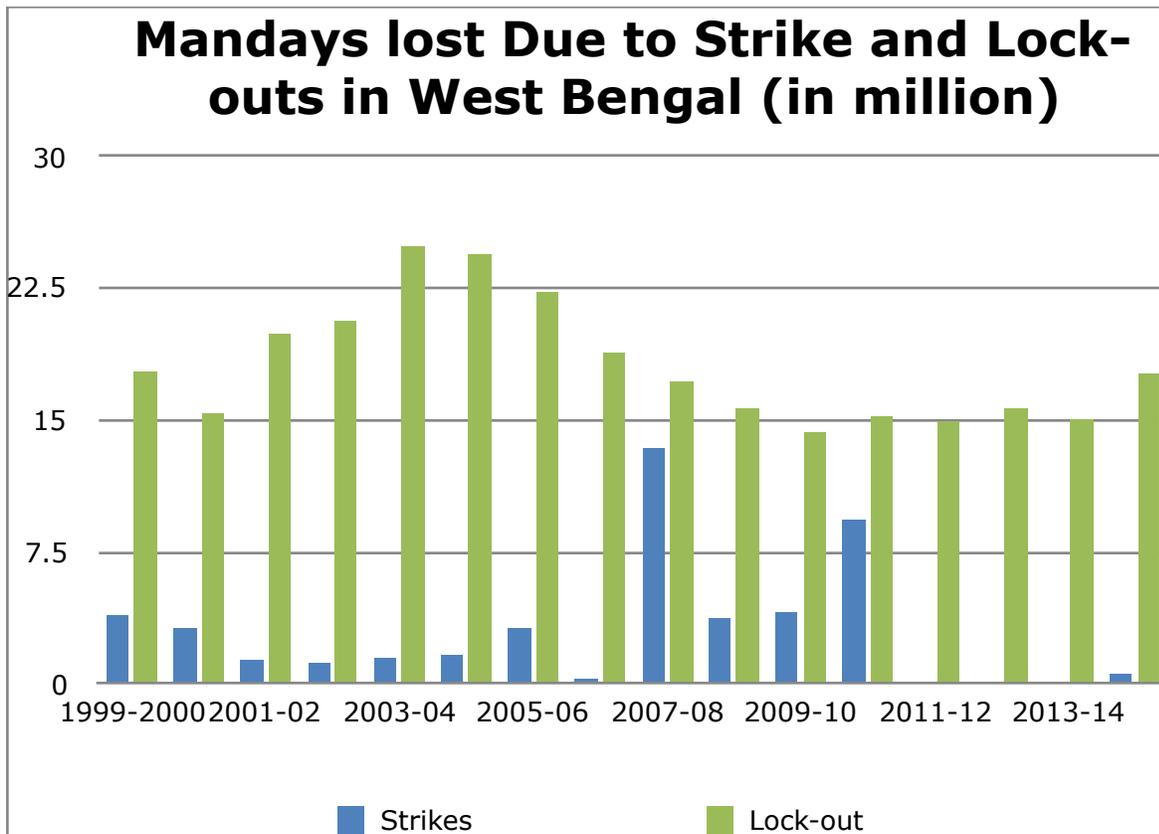


Source: Same as Figure 2

From Figure 3 it is evident that the share of contract workers in total workers has increased drastically in West Bengal. In 1995 only around 5% of the workers were employed as contractual workers in organised industries in West Bengal which has increased to more than 32% in 2011. Here too, it is witnessed that the gap that existed between India (having a higher share of contract workers) with West Bengal has been basically eliminated over the years.

It is generally the case that the weapon in the hands of the workers to fight for their demands is strikes. Contrary to popular opinion for West Bengal, which is often accused of labour militancy, the incidents of strikes have gone down over the years, while that of lock-outs have remained very high. The following chart shows that the man-days lost due to lock-outs in West Bengal is much higher compared to that of strikes. Later, we will see how lock-outs have emerged as an important weapon in the hands of the capitalists to tame labour in the state.

Figure 4:



Source: Labour in West Bengal, Government of West Bengal, various issues

While on the basis of macro data it is clear that the strength of the trade unions in West Bengal has declined in terms of its capacity to maintain the level of real wage or its capacity to go on strike, certain other issues cannot be captured solely by relying on the macro data. In order to capture some micro level issues, we look into the functioning of trade unions in two factories located in the state.

#### *The Case of Sunkwik:*

Sunkwik Ltd is a factory located in the newly developed industrial area in the Howrah district of West Bengal. It produces pressure cookers, which are sold in the state and outside. The factory employs 70 workers. In spite of the fact that the factory belongs to the organised sector, the workers are not even paid the minimum wages. But trade unions exist in the factory, one controlled by the Indian National Trade Union Congress (INTUC) (affiliated to the Congress party) and the other controlled by the Centre of Indian Trade Unions (CITU) (affiliated to the CPI(M)). The trade unions have been demanding that they must be paid minimum wages as per the government regulations. The management however has flatly refused to do so, under the

pretext that there exist no mention of pressure cooker making in the minimum wage schedule. Finally, an agreement was reached between the unions and the management that the workers will be paid the minimum wage applicable to agricultural workers. However, when we visited the factory in mid-2015, the trade union leaders of INTUC reported to us that even the agricultural minimum wage has not been implemented even after a written agreement.

On the face of such blatant violation of written agreements by the management, are the trade unions being able to mobilise the workers and agitate against the management in favour of their demands? The answer unfortunately is no. The trade union leaders told us that the workers are in no position to go for an agitation. The management will either fire them or if things come to a such a pass, they will close down the factory (which is an open threat that the management regularly articulates to the workers). The only player in this game who can tilt the balance somewhat in the favour of the workers is the government. However, the trade union leaders we spoke to were not very happy with the role of the government. They complained about writing numerous letters to the labour commissioner's office but without any redress. Hence, while the management is openly violating the laws of paying minimum wages, the government has not done anything to enforce the law. The workers are left to fend for themselves, with even the trade union leaders expressing helplessness in forcing the management to concede to their demands.

#### *The Case of Victoria Jute Mill*

In this jute mill, the management and the trade unions have been at loggerheads on various issues for a long period of time. Going by the deputations submitted by the management to the Deputy Labour Commissioner office, their main complain is that the workers are not disciplined and they are not giving the requisite productivity as per the existing norms of the industry. The unions and the workers completely deny any indiscipline and lack of productivity. Rather, they point out that the management wants to over work the workers and exploit them. They also pointed out that without upgrading the machines the management is demanding an increase in output which is physically impossible to deliver. They claim that they are working to their best capacity which the management is not appreciating. In fact, they also doubt the output figures provided by the management. In our conversation in the CITU office, one worker bluntly challenged the management to employ a neutral agency to verify their low production claims.

The acute nature of this distrust has manifested itself through the course of certain events over the last one and a half years. A brief chronology of these events, as pieced together through letters/notices and conversation, will enable us to capture the basic essence of this distrust rapidly taking the shape of conflict.

Since June 2014, there had been repeated instances of confrontation between the workers and the management, with the management issuing suspension of work notice in June, after which an agreement was reached and the factory reopened. However, the peace was very short lived.

November 2014: The management decides to close Mill 1 of the factory which employed around 1500 workers. The workers protested against this decision and there was an alleged incident of violence. Around 30 workers were expelled from the factory forthwith. Finally, the management again suspended work with effect from 9<sup>th</sup> November.

December 2014: After repeated tripartite meetings, finally an agreement was reached on 30<sup>th</sup> December. The agreement's main points were that Mill 1 will not be closed but will employ only 260 workers. The rest workers would be employed in Mill 2. It was explicitly stated that no worker will lose his job. Certain productivity norms were also agreed upon. It was resolved that after maintenance, the mill will run in full swing from 6<sup>th</sup> January 2015.

January 2015: But immediately after reopening of the mill, problems started. Both sides accused the other of violation of the agreement. The workers alleged that the clause of taking in all workers along with those against whom there were disciplinary actions was violated by the management. The management on the other hand blamed that the workers have violated the agreement of maintaining discipline and productivity. Again a tripartite agreement was reached on 20<sup>th</sup> January 2015. The agreement was essentially the same as that of 30<sup>th</sup> December 2014, only increasing the number of workmen to be employed in Unit 1 being raised from 260 to 400. It was also committed that all workers against whom there was disciplinary action will be taken back.

January-May 2015: This agreement did not solve the issues. Repeatedly, the management put forth notices alleging that the workers were not maintaining discipline and productivity norms within the factory. It was alleged that the productivity norms were less than the standard norm in the factory because of which the company was running huge losses. The factory was closed on 2<sup>nd</sup> May 2015.

Since then the deadlock has continued till the time we visited the factory in mid 2015.<sup>2</sup> During our visit, we found that there exists simmering anger within the workers against the management. They denied any laxation in terms of productivity norms. The amorphous relation between the trade union and management went on to become one of complete distrust bordering

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<sup>2</sup> The factory finally reopened in February 2016, after remaining closed for more than a year.

on animosity. Their versions of incidents are diametrically opposite. In this milieu, the role of the state becomes important. From the official files and letters that we have studied, it is clear that the state has time and again called for tripartite meetings to resolve the issues. However, the workers were not satisfied with the role of the government. They have repeatedly submitted deputation to various levels of the government, but their grievances it seems is not being addressed. There is also suspicion regarding the role of the police. There are letters alleging that the police has harassed agitating workers and arrested them on false allegations of the management. This claim also found expression in our interviews with the CITU leaders.

What these case studies point towards is that the trade unions are unable to even ensure that the management sticks to its commitments. In order to quell the agitating workers, the management signs agreement with the trade union leaders which are then violated at will. In these circumstances, the tripartite framework of industrial dispute resolution would suggest that the state should play a pro-active role in dealing with the disputes and enforcing agreements where the government itself is a signatory. However, in both these cases this has not happened. This brings us to the question of the state or government in dealing with industrial disputes and its impact on trade union strength in West Bengal.

### **Section III: Role of Government in Industrial Disputes in West Bengal**

#### *Legal Framework*

With regard to industrial relations in India the most crucial act is the Industrial Disputes (ID) Act, 1947. The act covers all industries defined as any systematic activity carried on by co-operation between an employer and his workmen (whether such workmen are employed directly or through any agency) for the production, supply or distribution of goods or services with a view to satisfy human wants or wishes (not being wants or wishes which are merely spiritual or religious in nature). The Act is the principal legislation for investigation and settlement of industrial dispute with the purpose for securing good relations between employer and employee, between workman, prevention of illegal strikes and lockout, relief to workers in matters of lay off, retrenchment and closure and promotion of collective bargaining.

Before going into the detailed case study of West Bengal, it is necessary to briefly highlight some of the salient features of ID Act 1947 since it is the institutional framework that significantly influences the operation and perception of industrial disputes. According to the act dispute or disagreement may be between Employer-Employer, Employer-Employee, Employee-Employee, must be related to wage, work condition, union recognition or other employment

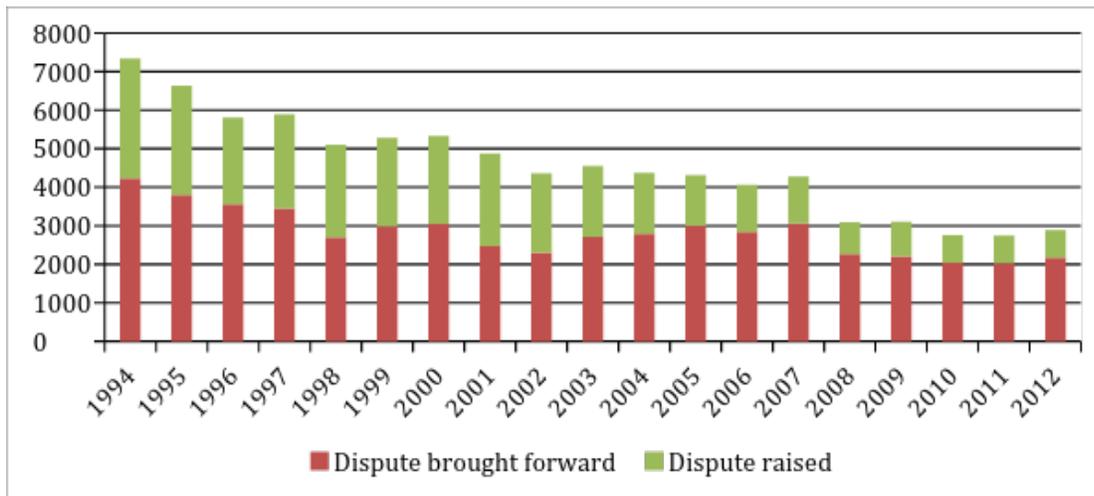
related issues and must be raised by a group or class of workers. The dispute settlement is classified into two broad categories, of Dispute Settlement Without State Intervention including Collective Bargaining- a) Bilateral and b) Conciliation (Non State Tripartite) and Voluntary Arbitration. The second category is Dispute Settlement With State Intervention such as Bilateral Committee (Grievance Redressal), Compulsory Conciliation and Mediation and Arbitration and Adjudication. The disputes are also classified in terms of issues of contention such as wage, bonus and so on.

In West Bengal the act stipulates that in case of any industrial dispute the state i.e. the Labour Commissioner becomes a mediating and conciliating party and employers or employees are expected to inform the labour commissioner before declaring a lock out or going on a strike. The act also lays down the institutional framework such as works committee, conciliation officers, board of conciliation, court of enquiry, labour court, industrial tribunal and national tribunal. As such industrial disputes are recorded with the state along with details.

*Trends in Industrial Disputes, Strikes and Lock-outs*

With these opening remarks regarding the institutional framework for industrial disputes in India and West Bengal, let us now look into the data regarding the same. Figure 5 shows the number of recorded industrial disputes in West Bengal.

**Figure 5: Total Number of Recorded Disputes in West Bengal**



Source: Labour in West Bengal (various issues)

It is evident from figure 5 that there is a secular decline in the number of disputes raised as well as disputes brought forward. In this context the decline in disputes raised has been much more pronounced than disputes brought forward (dispute which were raised in previous years

and remained unresolved). The overall picture suggests that number of industrial disputes has declined remarkably from an average of 6009 disputes (3455 disputes brought forward, 2555 disputes raised) during 1994-1999 through 4634 disputes (2720 disputes brought forward and 1915 dispute raised) during 2000-2005 to 3341 disputes during 2006-2011 (2410 disputes brought forward and 932 disputes raised). Thus it is seen that the number of industrial disputes in West Bengal is declining. This decline in the number of industrial disputes should be read along with the data on the declining number of strikes mentioned in the last section. What do these numbers indicate?

Firstly, the decline is due to the fact that there has been a decline in the relative strength of workers vis-a-vis that of the management resulting in less capacity of workers to raise disputes. Prima facie, this seems to be one of the causes since we have already seen that there has been a decline in the strength of the trade unions in terms of membership, bargaining power as well as capacity to go for strikes. Moreover, with significant increase in the proportion of contractual workers, the proportion of workers who legally come under Industrial Dispute Act has declined (since Industrial Dispute Act mainly caters to permanent employees). Secondly, the role of the state might have witnessed a significant change whereby it is not being able to protect the interests of the workers thereby discouraging the workers to pursue industrial disputes. We will look into the question of the role of the state in greater details, shortly. Before that we need to have some idea about the nature of the disputes in West Bengal.

Table 1 shows the causes of industrial disputes in India and West Bengal.

**Table 1: Cause-wise Dispute in India and West Bengal**

State	Year	Wages	Bonus	Personnel	Retrenchment	Leave-Workhour	Indiscipline	Others	Not Classified
India	1995	0.300	0.074	0.183	0.009	0.020	0.149	0.237	0.027
India	2011	0.242	0.041	0.087	0.005	0.003	0.290	0.298	0.033
West Bengal	1995	0.105	0.029	0.116	0.078	0.007	0.009	0.258	0.356
West Bengal	2011	0.102	0.010	0.126	0.044	0.010	0.000	0.068	0.626

Source: Indian Labour Yearbook and Labour in West Bengal (Various Issues)

The comparative cause wise distribution of disputes in India and West Bengal clearly reveals that across India wage constitute around 25 percent of the disputes, Indiscipline around 30 percent, others around 30 percent and personnel around 15 percent. As against this the wage constitutes around 8 percent of disputes, Indiscipline around 5 percent, others around 30 percent of all disputes in West Bengal. Significantly the cause 'not classified' is only around 2 percent across India but in West Bengal it is on an average around 40 percent and shows increasing trend.

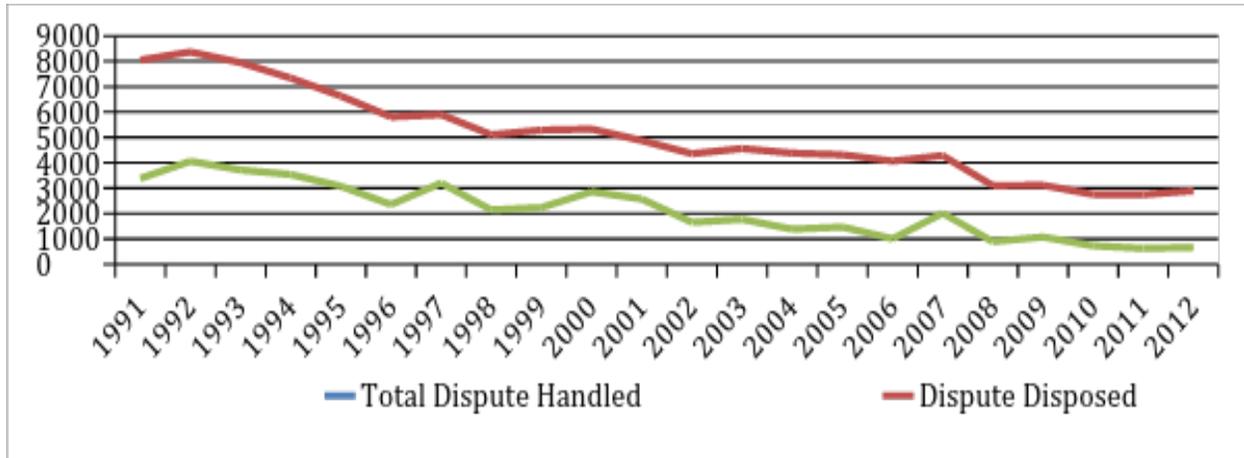
It is seen from the above table that issues like indiscipline, go- slow, employment manning, lay off, leave and work hour, award non-implementation are largely insignificant causes of dispute contributing less than two percent of all disputes. Most of the categories are usually associated with issues typically raised by labour. This potentially indicates two divergent trends, namely, rigid industrial relations where such practices are not rampant or completely emaciated labour movement that is largely concerned with wage and work security. Second, the category of 'others' and 'cause not classified' constitutes the most dominant cause of industrial disputes in West Bengal. Around 65 percent of all disputes fall within the two categories with increasing preponderance of unclassified disputes. Such a categorisation leaves little space for identifying the causes of actual disagreement. This dominance of 'not classified' in the causes of disputes may be a result of laxity on the part of the government agencies to categorise industrial disputes arising in West Bengal. This opinion was expressed to us by many trade union leaders when we raised this point with them. But more important issues are involved in the role of the state in industrial disputes in West Bengal.

The intervention of the state in industrial relations is at many levels, legislating new laws, intervening as a mediator in industrial disputes and juridical intervention of the courts in cases of adjudication. We focus our attention mainly on the role of the state as a mediator in resolving an industrial dispute and the state's role in terms of implementing labour laws in West Bengal.

The Labour in West Bengal yearbook provides a breakdown of methods of dispute resolution, which can throw some light on the dominant modes of disputes resolution. The government broadly categorises dispute resolution into four categories, Collective Bargaining (negotiation between employee and employers), Conciliation (negotiation between employees and employers mediated by state), Dispute Unresolved (failure of conciliation and consequent report to the government) and Otherwise disposed off (non-pursuance, non-state mediation or arbitration).

The first thing to point out about dispute resolution in West Bengal is the declining trend in resolution. The data on disputes disposed (Figure 6) shows that even if numbers of disputes have reduced over the years, the resolution of dispute has also declined more or less at a similar pace. In 1991, 3379 disputes were disposed out of 8365 disputes raised by the labour department (around 40 percent) which in 2001 was 2857 out of 5326 disputes (53 percent) and in 2011 was 620 out of 2743 (22 percent).

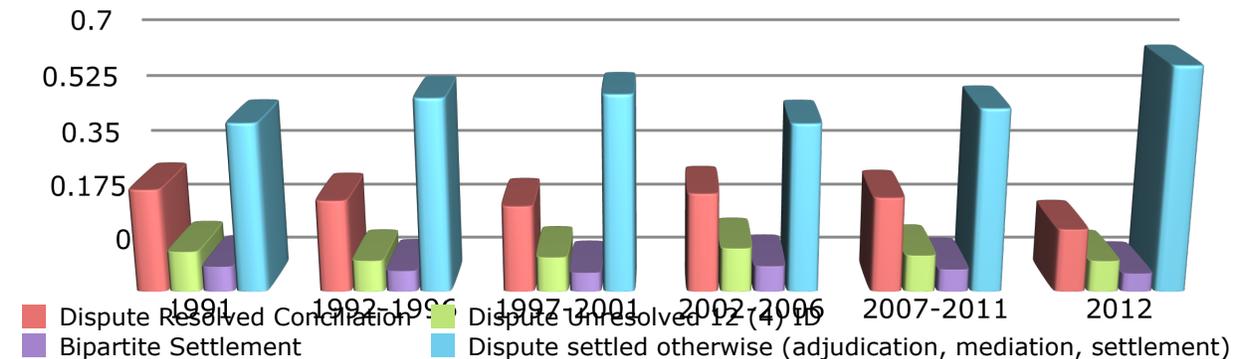
**Figure 6: Disputes Handled and Disposed by the Government**



Source: Same as Figure 5

This suggests that some industrial disputes in West Bengal are sticky, which cannot be resolved easily. This decreasing ability of the state to intervene in Industrial disputes also becomes apparent in the methods of dispute resolution.

**Figure 7: Methods of Dispute Resolution in West Bengal**



Source: Same as Figure 5

As the data on share of different dispute resolution method reveals, conciliation of disputes through state mediation has progressively declined in the state along with disputes

unresolved. Thus the role of the state in industrial dispute resolution has matched the declining industrial disputes. Thus it is not the proactive role of the state but rather the absence that seems to correspond to decline in industrial disputes.

Also evident from the data is the marginal role of bipartite settlement between employers and employees in resolving industrial disputes. Clearly collective bargaining does not account (at least from government records) as a potential explanation for declining disputes either.

Dispute settled through adjudication also constitutes a minor part of all industrial dispute resolution. This is consistent with the tendency to settle disputes through tribunals and courts. Observers, Labour Lawyers and trade unionists point out that the long time frame required for resolution (average 3-5 years for any award in lieu of reference under ID Act 12 D) and the incapacity of labour to sustain legal costs has meant decline in legislative settlement to disputes.

What is interesting is that ‘otherwise disposed off’ category of resolution appears to gain ground and emerges as the most dominant mechanism of resolution. The otherwise disposed off as a category of resolution is problematic as it does not reveal anything except that it is resolution outside the state (mediation, negotiation and conciliation).

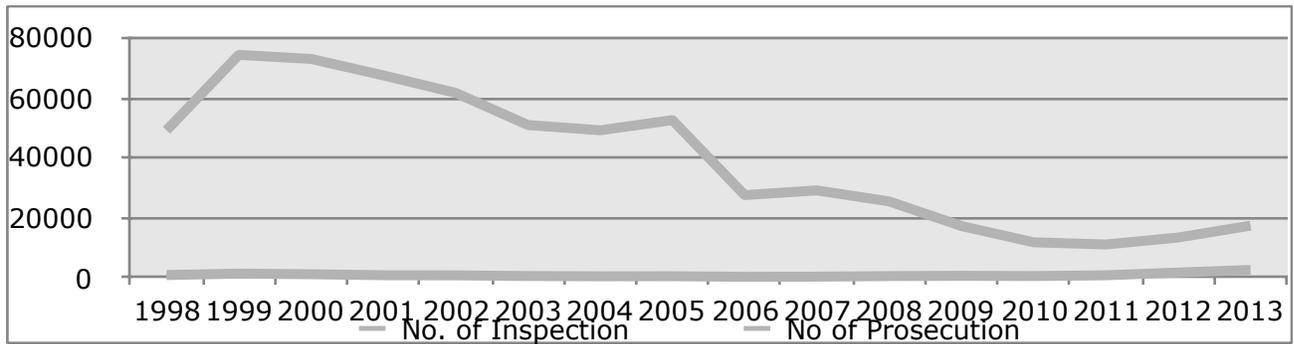
The nature of dispute resolution shows an increasing proportion of otherwise disposed off as the dominant form of dispute resolution. This is symptomatic of the informalisation in dispute resolution and hence industrial relations. Interview with trade unionists and observers of labour issues suggest that most of the negotiations between employers and employees are happening outside formal agreements. Given the inequality between capital and labour such informalisation would adversely affect labour. This informalisation is particularly startling as Sec (10) of the ID Act provides that decision of the Conciliation officer (in West Bengal the Labour Officer) in case of dispute will be final and binding on all. The only way such a decision can be challenged is on grounds of malice and excesses on part of the conciliation officer. It needs to be investigated that why despite such overriding powers of the state, conciliation is not resorted to by either employer or employees. According to labour scholars like Sen (2009) the term otherwise disposed off “is really an euphemism for lapsed conciliation proceedings, which have not been pursued by either party”. This means that the dispute was solved by lapse of time, or left without a solution.

Interview with trade unionists suggest that increasing proportion of lapsed disputes or unresolved disputes was contributed by the shift in attitude of the state especially labour bureaucracy, weakening trade unionism and new forms of bipartite negotiations which are

distinct from the institutional form of collective bargaining. This new form of bipartite negotiation is at the expense of formal industry wide collective bargaining and negotiations often outside the purview of law especially regarding contract labour, minimum wage, employees standing order. The otherwise disposed off is also suggestive of non-pursuance of disputes by the government and increasing non-state mediation. This mediation is often by local politicians, Elected representatives of people, Officers like Superintendent of Police, District Magistrates.

The diluting role of the state is not only evident in terms of its declining role in dispute resolution. It comes out starkly, in terms of the role of the executive to ensure compliance of labour laws which are applicable in West Bengal. If we look at the data on inspection carried out by the government under 11 major labour acts, it shows a steep decline along with a very low level of prosecution in cases of violation of these acts (Figure 8).

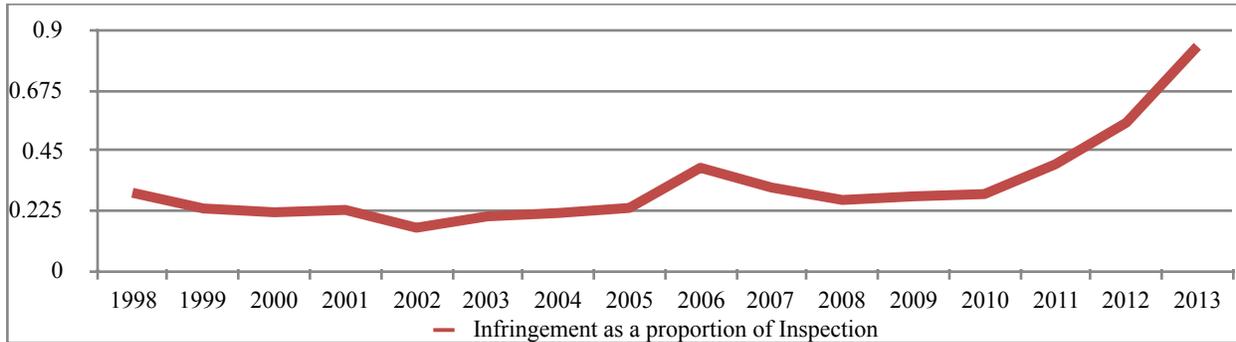
**Figure 8: Inspection and Prosecution under 11 Major Acts**



Source: Same as Figure 5

It is not only the case that inspection and prosecution are declining. But the proportion of violations of these labour laws is also on the rise (See figure 9)

**Figure 9: Infringements as Proportion of Inspections**



Source: Same as Figure 5

It is clear from the above discussion that the role of the state in terms of dispute resolution and the government's efforts to implement the labour laws through its mechanisms of inspection and prosecution. The question is how to explain this shift in the focus of the state at a time when a coalition of left parties was at the helm of affairs.

The declining role of the state in industrial disputes and labour market regulations in the state of West Bengal goes against the current evidence provided in the literature. The existing research on comparative labour market flexibility evaluates West Bengal as relatively employee friendly state with significant regulations. Labour laws in West Bengal have been amended significantly in favour of labour particularly since 1977 with the election of the left front. Qualitative analysis of labour law amendments brought at the sub-national level suggests that West Bengal has enacted maximum number of pro labour changes (Besley and Burgess, 2004).

However, from our discussion it is clear that there has been a gradual informalisation of industrial relation in West Bengal. A complex set of factors, related to political and economic development in the state can explain these shifts in the role of the state. Our contention is that while some of the factors influencing the changing nature of the state vis-à-vis organised labour and trade union flows from the changed macro-economic environment facing the country and West Bengal, some of them were deliberate policies initiated by the Left Front government and carried forward by the Trinamool government.

The implementation of the New Economic Policies in India during the early 90s marked a fundamental shift from the growth trajectory pursued earlier. The withdrawal of licensing and freight equalisation policies, along with various other measures of liberalisation and de-regulation, on the one hand destroyed the license raj system which thwarted industrial development in the state; on the other hand, the opening up of the economy to the vortex of

international finance capital along with the emergence of the private sector as the engine of growth process, implied that the entire industrialisation process would be governed by the logic of neoliberalism, which in turn, demands various policy measures like fiscal conservatism, tax concessions, labour market reforms, etc for its very functioning.

With the adoption of the New Industrial policy by the government of West Bengal in 1994, stress was laid on *“importance and key role of the Private Sector in providing accelerated growth”*. By 2007, the emphasis on private sector for the industrialisation process increased further as the state government noted that *“it is...hardly possible for the State Government to make investment in industrial sector after discharging its responsibilities in the vital social sectors that involve huge public expenditure”* (Economic Review, Government of West Bengal, 2007).

Now, in order to ensure that the private sector invests, the constraints to private investment must be withdrawn. In the Economic Review of 2003, the government says that *“investors were hesitant in investing in West Bengal with its pro-labour government”*, it also reported the following as a possible solution to this problem: *“The State government has been largely successful in convincing the leadership the labour movement in the State, that under existing political dispensation and the present level of economic development, it is in the long term interest of the labour force the capital earns a return on investment in the State that is commensurate with that in other States”*. Taking this argument to its logical conclusion, the TMC government in 2013 reported that *“the State moved to a ‘No Bandh’ regime to ensure that the companies, businesses, offices and public are not disturbed”* (Economic Review, Government of West Bengal, 2013). In other words, the state government in the recent period has implemented what would have been precisely the policy-level conclusion of the “labour militancy” argument, in perfect conformity with demands of a neoliberal regime. Such policy measures, however, have been associated with a sharp fall in the wage share, rise in the share of contract workers in total workers along with the convergence of wage rates between West Bengal and the Indian average in registered manufacturing sector, as discussed above. In other words, the government actively advised the trade unions not to push hard on their demands and accede to the demands of the capital.

If the policy of the state government explicitly talks about ensuring a particular rate of return on investment while convincing the trade union leadership about it, any action on the part of the trade unions can be construed to be negatively affecting the interests of capital. Thus, the laxity in the role of the state in implementing labour laws becomes a natural outcome of this entire process.

### *Evidence from the Field*

The change in the approach of the state government, as perceived by the trade union leaders and workers comes out very clearly from our field survey. Let us give some examples from our field survey.

In the above-mentioned cases of Sunkwik and Victoria Jute Mill, it was clear that agreements signed with the management in presence of the senior officers of labour department of government of West Bengal are violated at will. There exists no enforcement power of the Labour Commissioner's officers to implement the agreement. To further illustrate the changing nature of the government's intervention in industrial disputes let us focus on the case of Dunlop tyres.

This factory is a historic factory of West Bengal which used to produce the iconic Dunlop tyres. Dunlop's history in India dates back to 1896, with the marketing of cycle tyres. In 1928 Dunlop Rubber co Ltd (I) was renamed Dunlop India Ltd. The factory in Sahaganj started production in 1936<sup>3</sup>. It had been plagued by continuous change of ownership since the 1980s when it first came under Indian entrepreneur Goenka. The company ran into its first troubles when a spat happened between Goenkas and their invisible partners Chabaria in 1988. The two main trade unions at that time INTUC and CITU decided to support Chabaria's claim. This was later touted by one of the unit level CITU leaders of Dunlop, as 'blunder'.

There was a change of management from the Chabarias to the Ruias in 2006. The terms of agreement of this take over was never made public. The workers are still in the dark about the exact nature of the deal. In September 2014 an agreement was signed between the management and the trade unions by virtue of which the factory was to reopen after ten years of closure.

*"If you look at the points of the agreement, you will see that the management did not adhere to even a single point of this. The agreement, the reopening was a sham. They agreed to pay back the workers' dues, not one worker has got their gratuity and PF money yet. They employed about 17 workers for maintenance work in the factory, for the last 4 months these workers have received no wages. There has been so much stealing from the company that nothing is left. The Ruias have not only stolen and sold off the machines etc. we suspect they might have actually stolen our PF money too."* (B. Rout, INTTUC, 09.04.15)

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<sup>3</sup> <http://www.dunlop.co.in/aboutus/aboutus.php> Accessed on 15.03.16

It is interesting that the above quote is from the trade union leader affiliated to the ruling party. Even then, he is not mincing his words while talking about the way the management has usurped the money of the workers. This continuous deceit that the workers have faced from the management has also eroded their confidence on the government. In the narratives of the workers, there is a collation between the state i.e. the government and the ruling party in power. Interestingly, in our interviews with the firm-level CITU leadership they speak of ‘betrayal’ by the government both present and erstwhile.

*“The present government’s policy is to be completely indifferent. They are clearly on the side of the management. They will not lift a finger to protect the workers’ interest... But even towards the last days of the Left Front government, the change of ownership was controversial. The terms of settlement (when the Ruias took over ownership) with 1500 workers rendered surplus and agreement of a lower wage, went against our interest. The Left Front also made some mistakes”* (B. Chowdhury, CITU, Dunlop, 09.04.15).

Similar opinions were expressed by some of the other trade union leaders we met. This seems to suggest that both in the case of the Left Front government and the present Trinamool Congress government, the state was not able to entirely make itself trustworthy to the stakeholders it was seeking to mediate between. The workers and a certain section of the trade union leadership perceived the support of the state, in the recent years to be tilted towards the interest of capital. Dunlop, therefore shows a lack of confidence of the workers on the government of the day. The workers are perceiving that no government is acting in their favour. We argue that this perception really stems from the macro-level adjustments that the government had to make in terms of non-implementation of the labour laws, informalization of dispute resolution and trying to tame labour to ensure a rate of return for capital.

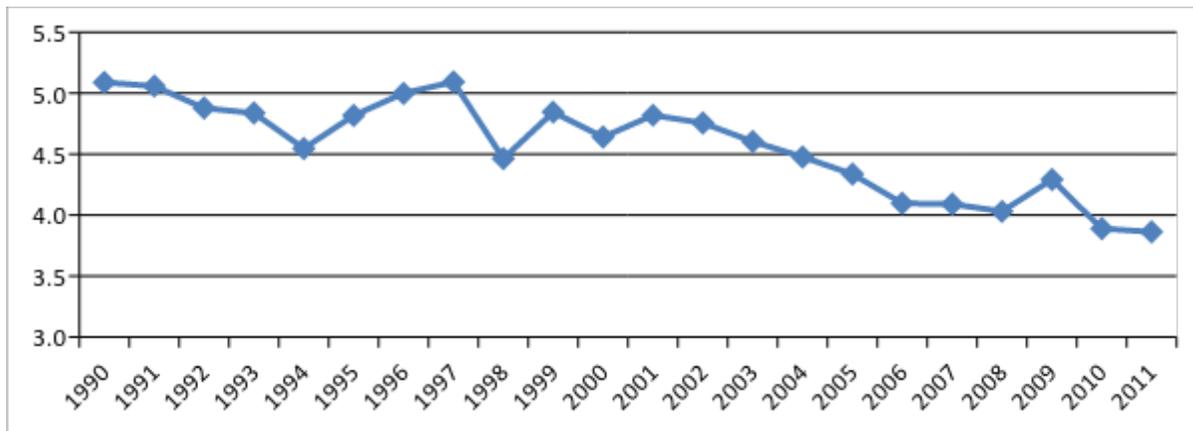
If it is indeed the case that under the neoliberal logic, the state has moved away from serving the interests of organised labour, we need to ask the question as to how such a shift is politically mediated. In other words, how has organised labour become dispensable for political parties under a system of competitive parliamentary politics? While the answer to this question is bound to be complicated and lengthy, we attempt to provide some brief answers in the next section.

#### **Section IV: Withering Organised Working Class?**

The waning importance of organised working class and trade union politics in West Bengal is directly linked with the industrial situation in the state. There has been a steady decline in West Bengal’s industrial performance over the last two decades. Figure 10 shows West

Bengal's share in number of organised factories<sup>4</sup> in India. Share of such factories has come down from 5.1 percent in 1990 to 3.9 in 2011. This indicates that the growth rate of organised factories in West Bengal has been lower than that of India.

**Figure 10: West Bengal's Share (%) in Total Number of Factories in India**



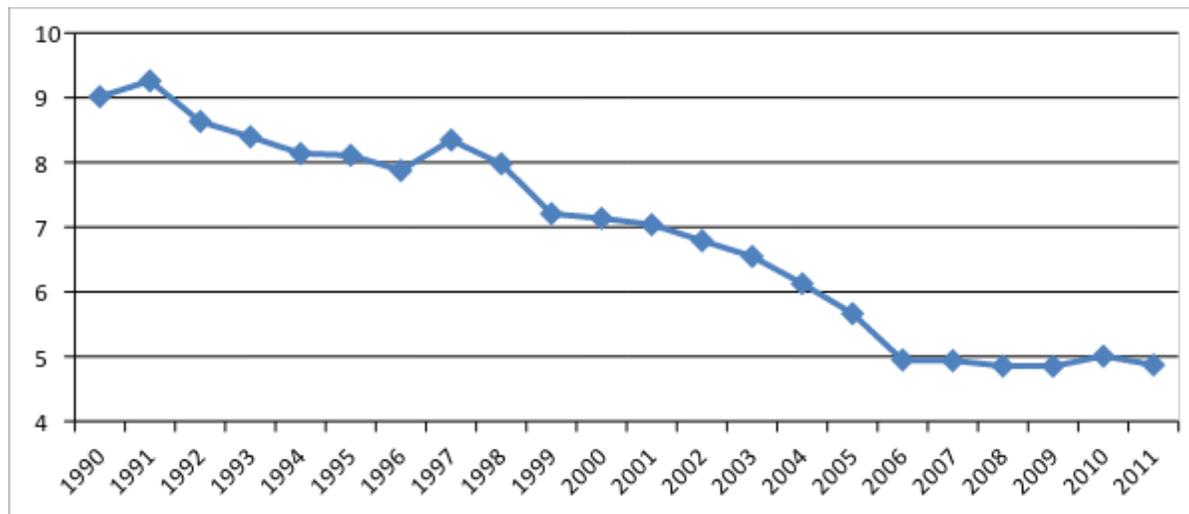
Source: Authors' calculation from various issues of Annual Survey of Industries, CSO.

Even in terms of employment, there has been a reduction in West Bengal's share in organised employment in India. This is shown in Figure 11.

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<sup>4</sup> Organised factories are defined as industrial units employing 10 or more workers with electricity, and units employing 20 or more workers without electricity.

**Figure 11: West Bengal's share (%) in total industrial employment in organised sector in India**



Source: Same as Figure 10.

It is therefore seen from the above discussion that West Bengal is lagging behind India in terms of number of factories, output from the factory sector as well as the total employment in the organised sector in India.

Most importantly, West Bengal has a very high share of unorganised sector in manufacturing employment. The dominance of the unorganised sector in West Bengal is evident from the latest report of the Economic Census. The following table shows a comparison between West Bengal and India based on some indicators available from the Economic Census.

**Table 2: Enterprises and Employment in India and West Bengal: A Comparison**

	West Bengal	India
<b>Growth in No. of Enterprises between 2005 and 2013 (in %)</b>	41.26	41.73
<b>Growth in Employment between 2005 and 2013 (in %)</b>	20.35	34.35
<b>Percentage of Enterprises Outside Household without Fixed Structure (in 2013)</b>	29.05	20.49
<b>Percentage of Hired Workers in total workers (in 2013)</b>	40.62	45.69

Source: Provisional Results of Sixth Economic Census, Government of India

From the above table certain important features are evident. Firstly, it is seen that the growth rate of the number of enterprises in West Bengal and India are almost same. But, West Bengal is lagging behind India significantly with regard to the growth rate of employment (see

row 3 of Table 2). Therefore, it must be the case that the enterprises in West Bengal on an average employ less workers compared to India. Secondly, it is seen that West Bengal has significantly higher percentage of enterprises outside household who do not have any fixed structure as compared to India (See row 4 of Table 2) and the proportion of hired workers is also less in the state as compared with India (row 5). These numbers indicate that West Bengal has significantly higher unorganised enterprises compared to India, since with more organised sector the structure of enterprises should have been permanent employing more wage labour.

Moreover, if we look at the data from the National Sample Survey Organisation we will see that more than 80% of the non-agricultural workers in West Bengal belong to the informal sector, while for India the proportion is around 74% (Chowdhury and Chakraborty, 2016). What has been happening in West Bengal is that there has been practically a stagnancy in the employment in the organised sector.

This industrial stagnation and the bourgeoning of the informal and unorganised workers in West Bengal has affected the organised workers in two ways. Firstly, as a result of the employment stagnation, the bargaining power of the trade unions has decreased. Secondly, the preponderance of the huge mass of informal workers, have actually swelled the ranks of the reserve army of labour and has affected the strength of the organised trade union movement. In various factories, during our field survey we have found that with the trade unions raising their legitimate demands the management is either threatening to close the factory or hire workers from the informal sector to do the work in the factory. Thus, the dominance of the informal workers have eroded the economic strength of the formal workers.

Apart from the economics of informalization of workers, there are also political factors involved which have further eroded the strength of the trade unions and organised labour. Firstly, in terms of sheer numbers, the unorganised workers are far ahead than the organised. In electoral democracy what matters are numbers. Thus increasingly, the focus of the government in terms of policies has shifted towards the social security and other provisions for the informal sector workers. For example, the government publication, viz., Labour in West Bengal, mentions that 1.3 million unorganised workers have enrolled (in 2015) for various schemes designed for them. In these schemes a total of around 7.7 million beneficiaries are enrolled.<sup>5</sup>

These proliferating schemes for the unorganised sectors are a result of a complex set of factors. However, borrowing from the works of Chatterjee (2011), Chatterjee (2004) and Sanyal (2007), it can be argued that the government has been forced by these segments of workers, who

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<sup>5</sup> Labour in West Bengal, 2014-15, Government of West Bengal

although are informal in their work nature still has managed to compel the government to formulate laws and schemes for their benefit, through the working of ‘political society’.

Sanyal (2007) points out that the primitive accumulation of capital is a continuous process, as a result of which traditional producers are detached from their means of production. However, the capitalist growth process in countries like India have become increasingly capital intensive, because of which these workers are not absorbed within the formal or the organised sector. But, government or society cannot afford to keep these jobless workers completely detached from the economic process, otherwise they might rise in revolt and cause serious political problems. As a result, the government is forced to undertake policies specifically designed to reverse the effect of primitive accumulation of capital. This essentially turns into a protection of informal work and benefits being given to workers in the informal sector. Chatterjee (2004) looks at the political process of this phenomenon from the perspective of political theory. He argues that these informal workers of various kinds are not a part of civil society but through a terrain of political negotiations, they compel government to give them certain benefits, which they might not have under legal recourse. The government on the other hand, in order to maintain its hegemony and avoid major political upheavals tries to demarcate various groups of populations and provides benefits to them, the process of which is designated as ‘governmentality’ by Chatterjee (2004).

What is crucial for our discussion is that these mediations are done in the political realm, which therefore entails two characteristics. Firstly, the beneficiaries for such schemes must be politically or numerically relevant to the political parties or government. Secondly, this arena becomes a hotbed of political contestations where the informal workers have to devise political strategies to survive within the political society and ensure maximum benefit (Chatterjee 2013).

In this light, let us take a relook at the condition of the trade union and organised workers in West Bengal. Organised workers have certain rights which are guaranteed by law. In this sense they must come under the category of ‘civil society’ as defined by Chatterjee (2004). However, we have seen in the above discussion that most of these rights have been eroded. Particularly, in industries which are not doing well, the organised working class have been practically robbed of all rights.

In our field survey, we have come across the example of Hukumchand Jute Mill, where not only workers were evicted from the factory for participating in strike action, but even their kith and kin were also evicted. In the words of one of the trade union leaders in the factory,

*“One of the managers, fanned communal tension but put the blame on me instead. Using this, they dismissed me. They even retrenched my son, his only crime being he was my family....About 500 workers have filed cases for redressal in the Labour Commissioner office in hope of justice. But what happens? Nothing. Rather their family members working in the factory get chargesheeted under any pretext. They circulate the list of these workers to the other mills so that we find no work there. What can we do? Where do we go? (Trade Union leader at Hukumchand Jute Mill, interviewed in May, 2016)*

These sorts of actions are blatantly illegal. But organised workers, faced with such onslaught are not being able to resist such blatant disenfranchisement of their basic rights. They are approaching the government, but to no avail. We have also noted that the government too, in its dealing with cases of industrial disputes has not really ensured that the legal rights of organised labour are maintained.

The contrast in terms of the government’s dealing with the formal organised labour and informal unorganised labour is most stark if we consider the case of provident funds. There have been numerous cases where the workers have alleged that their provident fund dues were not paid by the management. In the case of Dunlop, for example, the workers have alleged that the owners have siphoned off their PF dues. But the government has done very little about it. But if we consider the case of informal workers, we find that under the State Assisted Scheme of Provident Fund for Unorganised Workers, the government is paying PF of more than 5 million workers in the state. But it is almost silent when the statutory rights of PF is violated by the management at will, for some section of the organised workers.

This is not to suggest that the unorganised workers are better off, as compared with the organised workers. But the above examples, clearly show that while the unorganised labour is a part of the ‘political society’ and a site of ‘governmentality’ the organised working class clearly is not. Why?

While economically speaking, the existence of a large slack in the labour market dampens the bargaining power of the workers, the question is why are they not being able to negotiate politically and get a better deal for themselves? The fact that they are not being able to even safeguard their statutory rights, (for certain section of the organised workers) essentially shows that they have fallen out of civil society and have not been able to register their presence in the political society. Obviously, the dwindling numbers of the organised workers does not make them carry enough political weight, particularly in terms of electoral democracy.

Moreover, the organised workers are themselves fragmented into those who in the public sector or some better industries manage to negotiate with the government or management in not only ensuring their legal rights but even furthering them. But for a significant section of the organised labour, particularly for those who are stuck in sunset industries, it is seen that their statutory benefits are under serious threat.

However, it is not correct to solely blame government and the politics of 'governmentality' for the plight of the organised workers and their non-assertion into the domain of 'political society'. What is also crucial is the role of the trade unions who have failed to understand that the terrain of working class politics has shifted from the factory floor to the sprawls, shanties and makeshift shops of informal labour. The CITU state committee conference resolutions over the years describes these shifts but also laments about the inability of the trade union to organise the informal labour or to bridge the schism that exists between the formal/informal workers or the permanent/contractual workers. This inability of the trade union politics to make bridges with the struggles of the informal sector, articulating demands which can capture the imagination of all section of workers, has made the organised working class politics emaciated.

What kind of politics therefore needs to be articulated by the trade unions? Here we can make only some brief comments on this. Firstly, trade union politics needs to assert itself within the domain of citizen rights. The right to food, right to proper habitation, right to education etc all needs to be articulated and fought for against the government, hand in hand with the informal workers. Secondly, within the factory, solidarities have to be constructed between the permanent and contractual workers. Again, this can only be done if the trade union participates in the struggles for the basic rights of all. Thirdly, along with factory based organisations, the trade unions need to seriously think about locality based organisations and movements. This will allow them to remain embedded within the larger canvass of political society and build bridges with it through actual practice.

The neoliberal onslaught on the workers is all pervasive. The condition of the informal workers in spite of all the so-called schemes of the government remains abysmally poor. However, through the operation of the political society, they can at least stake their claim in various governmental schemes. But the economically and politically emaciated organised working class, while may be still better off than the informal or unorganised workers, are facing a daily erosion of their economic as well as political status. Economically, the forces of creative destruction, technological progress, recessions and crises are beyond the control of the working class. But they can exercise their agency of resistance through a political articulation, for which

building bridges with the political society is absolutely crucial. Till date, the trade unions in West Bengal have not woken up to this reality.

### **Section V: Conclusion**

The discussion in the paper has shown that at the macro-level, the strength of the trade unions in organised sector in West Bengal has witnessed a steady decline. This decline is a result of essentially three sets of factors. Firstly, the role of the state has undergone a change whereby, the government's role in dispute resolution, implementation of labour laws has declined. Secondly, there has been a steady decline of the industrial situation in the state. With this industrial decline, the number of lock-outs in the state has increased manifold compared to the number of strikes. In fact, the threat of lock-out or suspension of work is used by the management as a potent way of subverting the resistance of the workers in the factories of West Bengal. Thirdly, it is not only the case that the economic weight of the organised workers has declined, but it is also true that its political weight is waning too. We try to explain this in terms of the political society framework, developed by Chatterjee (2004), essentially arguing that the organised working class in West Bengal is in a limbo, where it is failing to protect its well defined rights, within the civil society; while on the other hand it is also failing to politically negotiate the space within political society.

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