

A short history of the employees' unions in Bombay, 1947–1991

Employees' unions emerged in the late forties and fifties as a new and increasingly dominant form of union organisation among large companies in Bombay. By “employees' unions” we mean unions which have the words ‘Employees' Union’ or ‘Workers' Union’ or ‘Staff and Workers' Union’ in their name, regardless of whether they retain an outsider as their President. The counterpoint to such unions are the much larger general labour or mass unions which attract workers from a host of companies within or across industries. Till the mid fifties, by far the best established union of this type (henceforth ‘external union’) was the AITUC. The fragmentation of the labour movement which began in the fifties with employers encouraging the expansion of INTUC as a counterpoise to the AITUC continued unabated over the following decades. The growth of outside unions exacerbated union rivalries and partly eroded the base of the employees' unions.

We shall argue in this paper that the history of employees' unionism in the Bombay region has to a large extent been dominated by an endemic hostility to independent unionism among managements in the area. By ‘independent unionism’ is meant the sector represented by the stronger employees' unions and their federations, where these exist. But ‘endemic hostility’ has reflected itself in three very different styles: (1) Companies that accept employees' unions but litigate fiercely over demands; (2) companies that pursue strategies designed to break the power of a strong internal union or union federation; and (3) companies or business groups which have never been willing to deal with unions they cannot control. These styles represent different degrees of hostility, of course. In particular, attempts to undermine the power of internal unions became a constant feature of the eighties.

Formative period

Bombay's industrial structure in the forties and fifties was dominated by the subsidiaries of international companies. Lever Brothers and Crompton Parkinson had established manufacturing facilities by the late thirties, Firestone started manufacturing in 1940, Boots around 1946, and May & Baker in 1949. British Oxygen, ICI, Burroughs Wellcome, and Colgate were also in production before the fifties. Glaxo moved from packing to full-scale manufacturing in 1949, and by the mid fifties oil-refining and pharmaceuticals had seen major foreign investments, with Dumex, Parke-Davis, Ciba, Burmah-Shell, and Standard Vacuum commissioning plants between 1952 and 1955. The crucial point to note is that the emergence of employees' unionism reflected the evolution of a global industrial culture in a region previously dominated by Indian business. Of eleven employees' unions in existence by 1948, ten belonged to companies controlled by overseas firms – Lever Bros., ICI, Ford, Goodlass Wall, Greaves Cotton, Volkart, Firestone, East Asiatic, and Indian Oxygen. The sole exception was Tata Oil Mills Employees' Union that started in 1946 in a factory established in 1938. This dominance of foreign companies in the history of employees' unionism was then reinforced in the fifties and sixties. Among the larger companies, most of the employees' unions formed in that period were in the foreign concerns. Having said this, however, it is less easy to decide whether employees' unions were popular because companies preferred them or whether more complex forces were

at work, notably, the level of education and self-confidence of employees, especially white-collar groups within those companies. At any rate, it is incontestable that staff played a key role in the formation of employees' unions in the period from 1946 to 1951.

Staff played the leading role in forming the Greaves Cotton & Allied Companies' Employees' Union in 1946, at a time when Crompton Parkinson Works (in the same group) had an external union led by Vitthal Chaudhary. Management opposition to the Greaves Cotton & Allied Companies' Employees' Union became most intense when the amalgamation of Greaves Cotton and Crompton Parkinson in 1966 gave the employees' union a foothold in the Kanjur factory. The Tata Oil Mills Employees' Union started as a staff union in 1946, but in 1950 daily-rated workmen joined the union, dissatisfied with the Socialist-run Chemical Mazdoor Sabha. In the mid sixties this employees' union would become part of a company-based federation of twenty-seven unions throughout the country. In Ford Motor Co., on 22 November 1946, the employees of the company decided to form the Ford Motors Staff Union, which suggests that the union was formed by the white-collar group. The Volkart Employees' Union was formed in July 1947 by clerical staff at the Head Office at Ballard Pier. 'At that time Communists were taking over unions. To keep away the Communists, management promoted an internal union.' However, leadership of this union passed into the hands of a more radical group which included K.G.Shenoy at the Head Office. The remarkable feature about the Volkart Employees' Unions throughout India was the speed with which they built up the All-India Voltas & Volkart Employees' Federation in the course of the fifties. Formed in 1959, the Federation secured recognition in 1960. The East Asiatic & Dumex Employees' Union, which partly evolved into the Pfizer Employees' Union in 1962, started as the East Asiatic Co. (India) Ltd., Bombay Staff Union, in October 1948. This union functioned out of 'Shramjeevi Awaz' at Sewri, the office of the Petroleum Workers' Union. East Asiatic, a Danish company, sold Dumex to Pfizer Corporation in 1958. When Pfizer refused to deal with the East Asiatic & Dumex Employees' Union, it became necessary to form the Pfizer Employees' Union. The Petroleum Workers' Union was led by G.Sundaram, who was fired from Caltex for union activity and became an important link between the employees' unions and the strongly secular, left-wing culture of the Communist Party. 'We used to sit in Sundaram's office, there was so much activity at that time, so much discussion! ...Sundaram was the greatest help! If not for them, we would not have been able to learn anything, we were very new'. The Glaxo Laboratories Employees' Union was started in 1950, again by the staff. As an example of the maturity of these early unions, in the litigation on its first Charter, settled by an Award in 1952, the Glaxo union used the services of the Labour Research Department in London to secure information on the parent company. The Larsen & Toubro and Allied Companies' Staff Union was certainly in existence by 1950, and also covered daily-rated workmen. The company's activities were scattered across Bombay but on the verge of being centralised at Powai, which was described as an 'undeveloped jungle to which there is no regular transport'. Finally, the Kamani Employees' Union started as a staff union called National Employees' Union, in 1951.

The dominance of staff leaderships is thus a specially striking feature of the earliest phase, but by the sixties a more complex pattern had emerged. On the one hand, the external unions began to make systematic inroads into a base represented by the employees' unions, fragmenting the solidarity of the labour movement, and on the other hand, in some factories workers formed their own internal unions. Thus Siemens Workers Union was formed in 1964, in juxtaposition to the existing Siemens Engineering & Manufacturing Employees' Union, and in 1968 the Philips

factory at Kalwa decided to separate from the staff union and form the Philips Workers Union. These separations were prompted by relocation. The general point that emerges is that the stability of employees' unions depended on their ability to secure parity in conditions of service between staff and workers. Where unions succeeded in this, they remained united, elsewhere problems would emerge. It is surely remarkable that the employees' unionism of the late fifties and early sixties tried to break down disparities in service conditions by struggling for extension of staff conditions to workers. In litigation of the early sixties the Parke-Davis Employees' Union argued, 'There is serious discrimination between the administrative office and the factory'. Similarly, the Voltas & Volkart Employees' Union argued, 'there is a great disparity between the scales of factory staff and the office staff. The disparity between the white-collar worker and the factory worker is not in keeping with the times and should be eliminated'. In another case, adjudicated in 1960, the Dumex Employees' Union pointed out, '...in this company there is great disparity of income between officers and workmen...officers are paid a car allowance, house rent allowance, entertainment expenses, etc.' Judges either were or were not inclined to accept these arguments; one judge who did, Justice P.D.Sawarkar, removed the distinction between staff and workers' dearness allowance, prescribing a 'uniform rate of D.A.' in the case of Greaves Cotton. K.T.Sule, who fought this case for the union, pointed out that 'in Voltas, Lever Bros, Dumex...there was no distinction in the rate of dearness allowance paid to monthly rated and daily rated workmen'. Sawarkar's landmark judgement had some impact on collective bargaining, for example, the slab system was extended to daily-rated workers in Tata Oil Mills by an agreement dated 1971.

Burmah-Shell, Stanvac, Firestone, ICI, Indian Oxygen, May & Baker, and Carbide Chemicals were among the world's largest corporations, or subsidiaries of such corporations, yet they litigated tenaciously, accepting the unions but resisting union demands every inch of the way. Collective bargaining was thus established through the sheer tenacity of the unions in the face of considerable resistance from the 'large and prosperous' concerns. For example, the Imperial Chemical Industries Employees' Union presented its first charter in 1946 and an award was given, by Shri Divatia, in November 1947. In September 1953 the union terminated this award and submitted fresh demands. The dispute was referred to adjudication, and there was an award by Shri S.H.Naik in 1955. In October 1958 the union gave a notice terminating the Naik Award and made demands which were again adjudicated, in December 1959. Thus thirteen years passed without a single bilateral agreement. British Oxygen mounted similar resistance to a culture of bilateralism. In a case adjudicated in 1962, the union complained that 'the existing scales of pay of the various categories have not been raised since [the Merchant Award of 1949]'. In an even more extreme case, Greaves Cotton, the first negotiated settlement on general demands took place in 1974, twenty-eight years after the union was formed! Here, again, service conditions were regulated by a series of awards. A final example: although Firestone workers were unionised in 1948, the first bilateral agreement was not made till 1969. In all this, the tenacity of the unions is even more remarkable. The whole culture of collective bargaining was forced on companies by the employees' unions and, of course, other sections of the union movement through the machinery of litigation. This was possible because the employees' unions had a position of considerable strength in the early period, and because Industrial Relations strategy was premised on the first of the models outlined earlier. Many large companies encouraged internal unions as long as it was feasible to control the rate of pay increases through litigation. With the oil price hikes

of the 1970s and the more rapid tempo of inflation, managements began to lose control on pay determination. The precarious truce of the fifties and sixties began to crumble rapidly in the seventies.

Transitions

One dispute more than any other foreshadowed the major trends which dominated the new period of industrial relations from the seventies on. Computerisation had gathered speed in Bombay office establishments by the late sixties. In 1973, at their federation conference at Patna, the various Voltas unions, it was said to us, decided to impose restrictions on the company's computerisation programme. In swift response, on 12 February the company declared a lock-out at the Ballard Estate offices which lasted 4½ months. This was probably the longest lock-out inflicted on a union till that time in Bombay. The EDP settlement concluded with the federation following this dispute started with an assurance, to the employees, 'through the Federation and its affiliated Unions, that as a direct or indirect result of the use or extension of EDP in the Company: a) there will be no retrenchment, redundancy, or reduction of employment in any Division/ Department/ Establishment of the Company, and the remuneration of the employees will be protected. The future prospects of employees will not be adversely affected...' Moreover, detailed Appendices listed current and future EDP applications. In 1975, however, with the country under Emergency, the company declared unilaterally that it was terminating the EDP settlement. Management's stand was. 'We are not bound by your restrictions', and with the union filing a writ petition under Unfair Labour Practice, the Labour Commissioner averred that once computerisation had been agreed, the union could not impose restrictions. The significance of this dispute is that it illustrates some of the essential features of the new industrial relations culture which gradually reversed the balance of power against the unions in the late seventies, and especially in the eighties. In the first place, the company wanted the freedom to reorganise work without restrictions from the union. Secondly, it resorted to a prolonged lock-out to enforce this freedom. And finally, even after it was forced to settle the issue with the union, it had no compunction about violating the agreement.

Management demands became a major part of the new period of collective bargaining, with companies determined to secure flexibility and impose controls on pay. The employees' unions were often a particularly powerful source of resistance to this new struggle for unrestricted freedoms. Settlements continued to be signed with some regularity up to around 1987. Litigation was now used by employers to codify and lend legality to a set of management objectives which were not easily secured through collective bargaining. But insofar as the Courts upheld the union's stand, companies were now increasingly unabashed about flouting Court orders. Hindustan Lever took advantage of the Emergency to revoke a 1957 agreement conceding the status of "workmen" to its All-India field force employees. Five days after the Emergency was declared, the company unilaterally repudiated the 1957 agreement. The dispute reached the Supreme Court in 1982, and two years later the Court held that the company was bound by the 1957 agreement. Till today, however, management has done nothing to rescind the adverse changes made in 1975. Other companies took advantage of the Emergency to impose ceilings on D.A. (Hoechst, German Remedies) or cut rates of dearness allowance (Pfizer). The seventies were a watershed in another way. The new rigidity of managements would not have succeeded without deeper changes in the labour market. The seventies represented the last significant wave of recruitment in Bombay companies. On the one

hand, recruitment was a key factor in the molecular expansion of the Shiv Sena, on the other, the larger companies began to see a general contraction of employment, particularly after 1980. In the early eighties we were told by sources within the company, 'Resentment against South Indian recruitment kept the BKS in Larsen & Toubro'. The Sena's expansion is evident in the fact that a Sena group took over the leadership of the Pfizer Employees' Union in 1971, for a short period. On the whole, however, the Sena made little impact on the unions in this period, and the strategy was clearly one of consolidating 'from within'. Without such a process of consolidation, disproportionate to its actual hold over unions, it is impossible to see how the Ciba lock-out settlement of 1981 could have been reached through the mediation of Bal Thackeray in the Sena office. By the mid-eighties a member of the managing committee estimated that one out of every two workers in Ciba-Geigy was an 'active supporter of the Sena'. Yet the Ciba union had always been with G.R.Khanolkar once the short-lived Ciba Packers' Union was given up.

The late seventies saw a huge upsurge of strike activity, with the employees' unions playing a major role. Union affiliations became less stable, and it is possible that young workers were a major source of volatility. But the same generation of workers could renovate the tradition of employees' unionism and even radicalise its perspectives. This happened in Hindustan Lever where young workers took control of the union and created a unionism of "direct action" in the early eighties. On management's description, 'the *modus operandi* of the employees is to resort to illegal strike, categorywise, in different sections of the establishment on different days and thereby paralyse the functioning of (other) sections/departments'. These forms of action would become progressively less viable in the years that followed, partly because companies acquired a new flexibility in the eighties through the relocation of investments into geographically dispersed manufacturing networks deployed for parallel production, and in part because their managements displayed a new ruthlessness in this period. Many companies launched an offensive to undermine the internal unions through a combination of frontal assault and a 'war of attrition'. Already by the end of 1984, one internal leader confessed, 'Internal unions are under a lot of pressure physically. They can "crack"'.

Management offensive

In Abbott Laboratories, the company played on the division between contract workers and permanent employees, telling the former, 'We want to make all of you permanent but the employees' union is coming in the way'. Indeed, it is said that the company's advocate invited Samant to organise them with promises of permanency. In Pfizer, the Mazdoor Congress made its entry in 1975 with the support of a Sena group which had earlier bid for control of the union and then collapsed on charges of embezzlement of union funds. This division, facilitated by management, was used to break the union's resistance to automation. Promotions were used to favour the Mazdoor Congress and redundancies concentrated among supporters of the employees' union: 'Our people became a floating staff'. In Philips in the mid eighties, the company instigated a split in the Philips Workers Union and encouraged supervisors to join a management-sponsored staff union called the Peico Employees' Union. While the Workers Union faced over 100 chargesheets, 18 suspensions, and 15 dismissals, the company proceeded to sign an agreement with the union it had promoted. All this was possible because the Philips federation had been legally dismembered by 1986. In Otis, where the Sthaniya Lokadhikar Samiti disrupted the bonus agitation launched by the federation early in 1992, management encouraged the entry of the BKS. On 2 June 1992, forty Shiv Sainiks came into the factory to mobilise signatures for the BKS, and by July the company had started negotiating with this union. Fortunately, the employees' union retained a solid base among the field staff responsible

for the erection and servicing of lifts.

The general feature common to all these situations is the drive to undermine a *strong* internal union by a calculated use of divisiveness. At any rate, the eighties became yet another watershed, inaugurating a new and more aggressive style of management. The most dramatic expression of this was the massively increased use of lock-outs by companies. In a sample of 138 companies with manufacturing investments in Maharashtra (50 foreign and 88 Indian-controlled), and isolating disputes with a minimum duration of 30 days, the proportion of all disputes accounted for by lockouts increases as follows: 0% in 1956–64, 13% in 1965–69, 35% in 1970–74, 30% in 1975–79, 42% in 1980–84, 45% in 1985–89, and 56% in 1990–93. In absolute terms, the number of lockouts affecting establishments of the sample companies rises from 3 in 1965–69 to 12 in 1970–74, to 21 in 1975–79, to 54 in 1980–84, then falls to 25 in 1985–89, and to 14 in 1990–93. Thus the eighties are clearly the high-water mark of employer aggressiveness, with a greater frequency of lockouts than in any other period. To repeat, these figures refer to disputes lasting at least a month, that is, to the more protracted and bitterly fought struggles. Secondly, if we look at the distribution of lockouts by type of union, contrasting employees' unions and external unions, it turns out that *employees' unions faced a higher incidence of lockouts*. For example, in the eighties 49% of all disputes in which an employee's union was involved were lockouts – against 38% for the external unions. By the early nineties, when the volume of conflict declined sharply and the sample numbers are much smaller, of 7 disputes involving employees' unions, 5 were lock-outs (71%, against 43% for the outside unions). In short, the idea that internal unions were preferred by Bombay managements or were more compliant with managerial goals is simply untenable and the opposite of the truth.

Thus a whole series of employees' unions were affected by bitter and protracted lockouts in the eighties. In Sewri, the Tata Oil Mills & Allied Companies' Employees' Union went from a 141-day strike in 1979 to a 49-day lock-out in 1980. (Four days before the strike was called off, the company had entered into a secret agreement with the BKS, securing agreement to discuss a ceiling on dearness allowance within six months of this deal.) Just across the road from Tomco, the Firestone Tyre Employees' Union faced a 73-day lock-out in July 1981. The BPCL (Refineries) Employees' Union and the Process Operators & Laboratory Analysts' Union at the refinery in Trombay were locked out for 153 days in 1982, Blue Star Workers' Union for 10 months in 1984, Abbott Laboratories Employees' Union for 13 months in 1987, Hindustan Lever Employees' Union for precisely a year in June 1988. In May 1994, Otis declared a partial lock-out against its field staff, which lasted for well over 7 months. In each case, the target of company hostility was a relatively strong and sometimes extremely well-organised internal union. Throughout Bombay industry the 1980s were a period when companies went on a rampage against strong unions.

There is a widespread perception among employees' unions' leaders that the eighties ushered in a more aggressive management style. In many companies this meant an actual change in management or the appointment of a senior executive who was decidedly hostile to the union. The Blue Star lock-out was declared the very day the founder's son, Ashok Advani, took over as Chairman. In Philips, D. N. Ghosh was brought in from ICI in 1982 to break the militancy of the federation, and conflict ran high throughout the eighties till a conscious effort was made to improve the situation with the appointment of Matthias. One expression of management's obduracy was the refusal to implement an agreement on the weekly-off. In Ciba-Geigy, some ten years before its closure, the

Company Secretary M. R. Lall was isolated for special blame as the dominant source of hostility to the union. Lall was responsible for a lock-out of over 9 months in 1980–81 and accused of ‘wanting to finish the union’. In Otis, the appointment of R.R.Bajaj as Managing Director began a period of rapidly escalating conflict in the early nineties, with the company relying on the Sena to break the hold of the employees’ union. The agreement reached with the BKS in November 1993 was overwhelmingly rejected by the workers. In Herdillia, controlled by G. P. Goenka, the ‘hard line on the union’ was due to P. P. Roy, Vice-President (Personnel), who sparked off a 42-day strike in July 1995 when the General Body rejected the company’s counter-demands and Roy began harassing and intimidating workers. ‘Beggars can’t be choosers’, he is supposed to have said. In BPCL, the government’s titanic struggle over dearness allowance produced a war of attrition which spread demoralisation through large parts of the company. The whole drive to beat the unions into submission on the issue of DA simply undermined the ‘culture and discipline which was there in the Shell days’. ‘Because people have suffered a lot, this has spread demoralisation.’ Thus throughout the eighties unions faced fierce resistance and the employees’ unions were the targets of considerable hostility.

The eighties were also a period when companies began to run down their workforces. At this stage, this was achieved less by Voluntary Retirement Schemes than by natural wastage and the non-filling of vacancies, but it meant that the union category was progressively dwindling. Pharmaceutical factories in particular saw a considerable loss of employment, with a disproportionate impact on the employees’ unions, since they were strongly represented in this sector. Knowing that Medical Reps were still an expanding group, pharmaceutical managements made their non-bargainability a leading battle-cry. Fierce struggles began to be fought to break the hold of the employees’ unions over the Medical Representatives. As competition increased within the industry, it was crucial for companies to have control over the work schedules and workloads of their field staff. To remove MRs from the union, companies took the stand that they are not ‘workmen’ under the Industrial Disputes Act. The OPPI co-ordinated industrial relations strategy for the industry. In the mid seventies they took a conscious decision to split the unions in the industry by tackling each company separately. ‘They decided to weaken them at unit level.’ There was also a widespread conversion of the higher bargainable grades into non-bargainable categories, with the conversion of field employees into ‘Executives’, Medical Representatives into ‘Franchise Representatives’, ‘Sales Executives’, and ‘Health Care Executives’, stenographers into ‘Secretaries’ or ‘Confidential Secretaries’. Erosion of the bargaining unit was also reinforced by widespread and extensive subcontracting. By the late eighties and early nineties, companies were routinely contracting out between forty and seventy per cent of their production or turnover. In Sandoz, by late 1995, 80–85% of turnover was from ‘third parties’.

Thus the impact of VRS has to be set in the context of a co-ordinated attack which involved interlocking strategies, all centred on the progressive and systematic erosion of the bargaining unit. The ability of companies to subcontract was the single most powerful weapon in this arsenal of strategies. It is clear that Bombay managements had finally decided to deunionise labour and to press for deunionisation even at the cost of large-scale destruction of jobs and closure of factories.

A new employees’ unionism

Since the late eighties and especially after 1991, Voluntary Retirement Schemes have been depleting whole factories and offices, and unions have had to struggle for survival. This is

particularly true of the employees' unions, which actually tend to disappear with the establishments they are linked to. One union in a large pharmaceutical plant described the concessions it was willing to make (in 1993) as 'gambling to survive'. Liberalisation has added considerable impetus to the employers' offensive but is clearly not the cause of it. The most general lesson that emerges from the experience of the employees' unions is that in isolation and without a culture of legal rights that gives workers more control over the decisions which corporate managements make, even the strongest unions can be destroyed. By way of response, therefore, the most far-sighted employees' unions have concentrated increasingly on extending their organisation to the new plants elsewhere in the country and building up strong federations. Companies have generally reacted to employees' federations with abhorrence, but the example of Ingersoll-Rand shows that not all companies are inflexibly opposed to dealing with unions on this basis. (The Federation of Ingersoll-Rand (India) Employees was formed as recently as 1992.) The perspectives of this new period of employees' unions are thus clear in a general way. As expressions of a relatively advanced union culture which emphasises self-governance in the running of unions, professionalism, and the need for a thorough knowledge of the company, the employees' unions are ideally placed to pursue both of the objectives mentioned above. The issues of management accountability and recognition for Federations are potentially a powerful basis on which the employees' unions, traditionally fragmented and bereft of control over company decisions, can reconstruct their bargaining position.

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Name of union	Date of formation
Lever Bros Employees' Union	by 1941 (?)
Lever Mazdoor Sabha	by 1941 (?)
Tata Oil Mills Employees' Union	1946
Imperial Chemical Industries Employees' U.	1946
Greaves Cotton and Allied Cos' Employees'	1946
Ford Motors Staff Union	1946
Goodlass Wall & Elephant Oil Mills E.U.	1946
Volkart Employees' Union	1947
Indian Oxygen & Acetylene Co. Ltd.'s E.U.	1948
East Asiatic and Allied Cos' Employees'	1948
Firestone Rubber Workers' Union	1948
Firestone Tire Employees' Union	by 1949
Burmah-Shell Employees' Union	by 1949
Glaxo Laboratories Employees' Union	1950
Larsen & Toubro Ltd and Allied Cos' Staff	by 1950
National Employees' Union (= Kamani E.U.)	1951, 1955
Ciba Packers' Union	1954
Parke-Davis Employees' Union	1955
May & Baker Employees' Union	by 1961
Roche Employees' Union	1961
Burroughs Wellcome Staff & Workers' Union	1961
Siemens Engineering & Mfg Employees'	1961
Pfizer Employees' Union	1962
Philips Employees' Union	1962
Otis Elevator Employees' Union	1962
Hoechst Employees' Union	1963
BSR Process Operators' & Lab Analysts'	by 1963
Siemens Workers' Union	1964
Wyeth Employees' Union	1964
Merck Sharp & Dohme Employees' Union	1965
Philips Workers' Union	1968
Union Carbide (India Ltd) Employees' Union	1968
German Remedies Employees' Union	1968
Nocil Employees' Union	c.1969
Abbott Laboratories Employees' Union	c.1969
Polyolefins India Ltd Employees' Union	1971
National Rayon Corporation Employees'	1971
Blue Star Workers' Union	1971
Nicholas Employees' Union	1973
Mindia Employees' Union	1978
BPCL (Refineries) Employees' Union	c.1979