

## CHAPTER 41

### TRADE UNIONS

Trade unions can be best defined as an ideal platform for the workers to raise their voice against the exploitation of their rights. Started in a small manner by the proletariat class in the ancient times, trade unions became an indispensable part of the modern corporate world. Trade union is a voluntary organization of workers pertaining to a particular trade, industry or a company and formed to promote and protect their interests and welfare by collective action. They are the most suitable organizations for balancing and improving the relations between the employer and the employees. They are formed not only to cater to the workers' demand, but also for inculcating in them the sense of discipline and responsibility. They aim to-

- Secure fair wages for workers and improve their opportunities for promotion and training.
- Safeguard security of tenure and improve their conditions of service.
- Improve working and living conditions of workers.
- Provide them educational, cultural and recreational facilities.
- Facilitate technological advancement by broadening the understanding of the workers.
- Help them in improving levels of production, productivity, discipline and high standard of living.
- Promote individual and collective welfare and thus correlate the workers' interests with that of their industry.

India is the abode of numerous acts and regulations for the benefit of the trade unions which bestow due powers to the working class. Trade Unionism has made its headway owing to growth of industrialization. Trade Unionism asserts collectively the rights of the workers. In industrially advanced countries trade unionism has made a great impact on the social, political and economic life. India, being an agricultural country, trade unionism is restricted to industrial areas and it is still in a stage of growth. The earliest known trade unions in India were the Bombay Millhand's Association formed in 1890, the Amalgamated Society of railway servants of India and Burma formed in 1897, Printers' Union formed in Calcutta in 1905, the Bombay Postal Union which was formed in 1907, the Kamgar Hitwardhak Sabha Bombay formed in 1910. Trade Union movement began in India after the end of First World War. After a decade following the end of First World War the pressing need for the coordination of the activities of the individual unions was recognised. Thus, the All India Trade Union Congress was formed in 1920 on a National Basis, the Central Labour Board, Bombay and the Bengal Trades Union Federation was formed in 1922. The All India Railwaymen's Federation was formed in the same year and this was followed by the creation of both Provincial and Central federations of unions of postal and telegraph employees. The origin of the passing of a Trade Unions Act in India was the historic Buckingham Mill case of 1940 in which the Madras High Court granted an interim injunction against the Strike Committee of the Madras Labour Union forbidding them to induce certain workers to break their contracts of employment by refusing to return to work. Trade Union leaders found that they were liable to prosecution and imprisonment for bona fide union activities and it was felt that some legislation for the protection of trade union was necessary. In March, 1921, Shri N. M. Joshi, then General Secretary of the All India Trade Union Congress, successfully moved a resolution in the Central Legislative Assembly recommending that Government should introduce legislation for the registration and protection of trade unions. Opposition from employers to the adoption of such a measure was, however, so great that it was not until 1926 that the Indian Trade Unions Act was passed. For the safeguard of the rights of the labour class, the Indian Trade Unions Bill, 1925 was introduced in the Central Legislative Assembly to provide for the registration of Trade Unions and in certain respects to define the law relating to registered Trade Unions in Provinces of India. The Indian Trade Unions Bill, 1925 having been passed by the Legislature received its assent on 25th March, 1926. It came into force on 1st June, 1927 as the Indian Trade Unions Act, 1926 (16 of 1926). By section 3 of the Indian Trade Unions (Amendment) Act, 1964 (38 of 1964) the word "Indian" has been omitted and now it is known as THE TRADE UNIONS ACT, 1926 (16 of 1926).

This act summarizes all modalities pertaining to registration of trade union to decision of trade related disputes. This act sets guidelines for both the workers and the industrialists. The Act deals with the registration of trade unions, their rights, their liabilities and responsibilities as well as ensures that their funds are utilised properly. It

gives legal and corporate status to the registered trade unions. It also seeks to protect them from civil or criminal prosecution so that they could carry on their legitimate activities for the benefit of the working class. The Act is applicable not only to the union of workers but also to the association of employers. It extends to whole of India. Also, certain Acts, namely, the Societies Registration Act, 1860; the Co-operative Societies Act, 1912; and the Companies Act, 1956 shall not apply to any registered trade union, and that the registration of any such trade union under any such Act shall be void.

The Act is administered by the Ministry of Labour through its Industrial Relations Division. The Division is concerned with improving the institutional framework for dispute settlement and amending labour laws relating to industrial relations. It works in close co-ordination with the Central Industrial Relations Machinery (CIRM) in an effort to ensure that the country gets a stable, dignified and efficient workforce, free from exploitation and capable of generating higher levels of output. The CIRM, which is an attached office of the Ministry of Labour, is also known as the Chief Labour Commissioner (Central) [CLC(C)] Organisation. The CIRM is headed by the Chief Labour Commissioner (Central). It has been entrusted with the task of maintaining industrial relations, enforcement of labour laws and verification of trade union membership in central sphere. It ensures harmonious industrial relations through:

- Monitoring of industrial relations in Central Sphere;
- Intervention, mediation and conciliation in industrial disputes in order to bring about settlement of disputes;
- Intervention in situations of threatened strikes and lockouts with a view to avert the strikes and lockouts;
- Implementation of settlements and awards.

The main provisions made in this Act are as under:

**Trade Union:** Trade Union means any combination, whether temporary or permanent, formed primarily for the purpose of regulating the relations between workmen and employers or between workmen and workmen or between employers and employers, or for imposing restrictive conditions on the conduct of any trade or business, and includes any federation of two or more trade unions.

**Registration of Trade Union:** The Act provides for the registration of the trade unions with the 'Registrars of Trade Unions' set up in different States. For registration of a trade union, seven or more members of the union can submit their application in the prescribed form to the Registrar of trade unions. The application shall be accompanied by a copy of the 'rules of the trade union' and a statement giving the following particulars:- (i) Names, occupations and addresses of the members making the application; (ii) The name of the trade union and the address of its head office; (iii) The titles, names, ages, addresses and occupations of the office bearers of the trade union as per the format given in the Act. The Registrar, on being satisfied that the Union has complied with all the requirements of this Act, registers the trade union.

**Registration Certificate:** On receipt of the application for registration, the Registrar issues a certificate of registration in the prescribed form as a conclusive evidence of registration of that trade Union.

**Vicancellation of Registration:** A certificate of Registration may be withdrawn or cancelled by the Registrar either after an application of a Trade Union or if the Registrar is satisfied that the certificate is obtained by fraud of mistake or that the trade union had ceased to exist or willfully and after notice from the Registrar contravening any provisions of the Act or rules etc.

**Annual Statutory Returns:** The registered trade unions (workers & employers) are required to submit annual statutory returns to the Registrar regarding their membership, general funds, sources of income and items of expenditure and details of their assets and liabilities, which in turn submits a consolidated return of their state in the prescribed proforma to Labour Bureau, Ministry of Labour and Employment. The Labour Bureau on receiving the annual returns from different States/Union Territories consolidates the all India statistics and disseminates them through its publication entitled the 'Trade Unions in India' and its other regular publications. Every trade union shall send annual returns to the Registrar in triplicate on or before the 1st day of June of the year succeeding the calendar year.

**Uses of Funds:** The general funds of a registered trade union shall not be spent on any other objects than those specified in the Act. Also, a registered trade union may constitute a separate fund, from contributions separately levied for or made to that fund, for the promotion of the civic and political interest of its members. No member shall be compelled to contribute to such fund and a member who does not contribute to the said fund shall not be excluded from any benefits of the trade union, or placed in any respect either directly or indirectly under any disability or at any disadvantage as compared with other members of the union by reason of his contribution to the said fund.

**Maintenance of Accounts:** The account books of a registered trade union and the list of members thereof shall be open to inspection by an office-bearer or member of the trade union at such times as may be provided for in the rules of trade union.

**Disqualification:** A person shall be disqualified for being chosen as, and for being a member of, the executive or any other office-bearer or registered trade union if- (i) he has not attained the age of eighteen years; (ii) he has been convicted by a court in India of any offence involving moral turpitude and sentenced to imprisonment, unless a period of five years has elapsed since his release.

**Change of Name of Trade Union:** Any registered trade union may, with the consent of not less than two-thirds of the total number of its members and subject to the provisions of the Act, change its name. The change in the name of a registered trade union shall not affect any of its rights or obligation or render defective any legal proceeding by or against the union, and any legal proceeding which might have been continued or commenced by or against it by its former name may be continued by its new name.

**Amalgamation of Trade Unions:** Any two or more registered trade unions may become amalgamated together as one trade union with or without the dissolution or division of the funds of such trade unions or any of them, provided that the votes of at least one-half of the members of each or every such trade union entitled to vote are recorded, and that at least sixty percent of the votes recorded are in favour of the proposal. Such an amalgamation shall not prejudice any right of any such unions or any right of a creditor or any of them.

**Dissolution of Trade Union:** When a registered trade union is dissolved, notice for the dissolution signed by seven members and by the Secretary of the trade union shall, within fourteen days of the dissolution, be sent to the Registrar and shall be registered by him if he is satisfied that the dissolution has been effected in accordance with the rules of the trade union, and the dissolution shall have effect from the date of such registration.

**Appeal:** Any person aggrieved by any order of the Registrar may appeal within two months to the Civil Court not inferior to the court of an Additional or Assistant Principal Civil Court.

However, the Trade Unions Act 1926 has been amended from time to time and the most important being the Trade Unions (Amendment) Act, 2001. This Act has been enacted in order to bring more transparency and to provide greater support to trade unionism in India. Some of the salient features of the Trade Unions (Amendment) Act, 2001 are:-

- No trade union of workmen shall be registered unless at least 10% or 100, whichever is less, subject to a minimum of 7 workmen engaged or employed in the establishment or industry with which it is connected are the members of such trade union on the date of making of application for registration.
- A registered trade union of workmen shall at all times continue to have not less than 10% or 100 of the workmen, whichever is less, subject to a minimum of 7 persons engaged or employed in the establishment or industry with which it is connected, as its members.
- A provision for filing an appeal before the Industrial Tribunal / Labour Court in case of non-registration or for restoration of registration has been provided.
- All office bearers of a registered trade union, except not more than one-third of the total number of office bearers or five, whichever is less, shall be persons actually engaged or employed in the establishment or industry with which the trade union is connected.
- Minimum rate of subscription by members of the trade union is fixed at one rupee per annum for rural workers, three rupees per annum for workers in other unorganised sectors and 12 rupees per annum in all other cases.
- The employees who have been retired or have been retrenched shall not be construed as outsiders for the purpose of holding an office in the trade union concerned.
- For the promotion of civic and political interest of its members, unions are authorized to set up separate political funds.

Hence, trade union legislation ensures their orderly growth, reduce their multiplicity and promote internal democracy in the industrial organisation and the economy. The trade unions have thus acquired an important place in the economic, political and social set up of the country.

The Labour Bureau, Ministry of Labour & Employment, Chandigarh is nodal agency to compile the information relating to the trade unions. The State Governments and Union Territories are furnishing annual returns under the Indian Trade Union Act, 1926 to the Labour Bureau. The information of annual returns relates to calendar year. The statistics in this chapter relates to only those unions which have been registered under the Indian Trade Union Act, 1926. However, it is not obligatory on the trade unions to secure registration under this Act. Even among the registered ones, the response of unions submitting annual returns is generally less than fifty percent. Besides, the data regarding unregistered unions are not available.

### Highlights:

- The number of registered trade unions increased from 41545 in 2000 to 46306 in 2005. The percentage of trade unions submitting the returns increased from 17.5% to 18% during the same period. The membership of the trade unions increased from 5.42 million in 2000 to 8.72 million in 2005.
- The number of registered workers' trade unions increased from 41136 in 2000 to 45842 in 2005, whereas, employees' trade unions increased from 409 to 464 during the same period. The workers' trade unions of Centre and States were 3496 and 42346 respectively, whereas, the employees' trade unions of Centre and States were 20 and 444 respectively during 2005.
- The total income including previous year's closing balance of trade unions increased from ₹ 1391 million in 2000 to ₹ 2854 million in 2005. Its total expenditure increased from ₹ 596 million to ₹ 889 million during same period.
- Income of workers' trade unions increased from ₹ 746.36 million to ₹ 1160.92 million in 2005, whereas the expenditure of workers' trade unions increased from ₹ 594.07 million to ₹ 885.30 million during the same period. However, the income of employers' trade unions increased from ₹ 2.46 million to ₹ 6.36 million in 2005, whereas the expenditure of employers' trade unions increased from ₹ 2.09 million to ₹ 4.15 million during the same period.
- The income of workers' trade unions of Centre and States was ₹ 463.44 million and 697.48 million respectively, whereas, their expenditure was ₹ 306.12 million and ₹ 579.17 million respectively during 2005.
- The income of employers' trade unions of Centre and States was ₹ 0.35 million and ₹ 6.0 million respectively, whereas, their expenditure was ₹ .38 million and ₹ 3.77 million respectively during 2005.

### This chapter contains the following tables:

**Table 44.1:** presents year-wise number, membership, income and funds of registered trade unions since 2000 and State-wise number, membership, income and funds of registered trade union during 2005.

**Table 44.2:** presents year-wise number trade unions since 2000 categorized by workers' unions and employees' unions and State-wise number trade unions during 2005 categorized by workers' unions and employees' unions and further categorized by Central unions and State union.

**Table 44.3:** presents year-wise number of workers' and employees' unions submitting returns and their membership by industries (NIC -1998) 2000.

**Table 44.4:** presents year-wise general funds registered trade unions since 2000 categorized by worker' unions and employees' unions and State-wise general funds registered trade unions during 2005 categorized by worker' unions and employees' unions and worker' unions and employees' unions and further categorized by Central unions and State union.