



## Labour unrest in Gujarat- Case Study Subject Area- Management (Industrial Dispute)

### KEYWORDS

Labour unrest, Indian economy, strike, striking workers, contract labour

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**ABSTRACT** Labour plays a pivotal role in contributing to Indian economy. This Paper is conceived as study of 'what's happening to labour' unrest in various Indian Industries. Labor force in India is the second largest in the world after China, 1 Among them majority of the labor force in India is in the unorganized sector and only less than 10% workers are in the organized sector that comprises of government and other public and private registered companies. According to "Indian national labour institute" 55 percent of the labour forces are on contract basis. Most Industries resort to contract labour survival in highly competitive environment. This further leads to labour unrest like strike, lock out, gherao, closure, layoff, and turnover. This results into a conflict between Permanent workers and contract workers. This in turn affects over all productivity and some of the companies become less competitive in the market which in turns means less pay, less benefit, less facilities to workers resulting into a worker unrest. An attempt is made in this paper to find out the causes of labour unrest and suggest few remedies. Here, we take some companies example of Gujarat state which was facing similar problems due to labour unrest. According to Economic Survey Gujarat witnessed highest number of strikes and other forms of labour unrest on account of various financial and disciplinary issues. Day by day industrialization is increased, in Gujarat state. This industrialization has also given rise to increasing the employment opportunities in the state. According to the provisional result of the Annual Survey of Industries 2011, the total number of factories in the state increased by 36% to 21,200 in 2010-11 from 15,500 in 2009-10. About 1.3 lakh new jobs were created by these factories in this period.

### Background of Labour unrest in Gujarat

The data from the "Gujarat state labour commissioner ,reveal that just between 2010 & 2012, there were 74 major strikes & lockouts across the state resulting in 1, 22,923 lost mandays". A labour unrest is a social phenomenon of vast complexity and very difficult to give any detailed explanation of this phenomenon. It is a matter of subjective opinion whether the predominant factors underlying labour unrest are economic or non-economic. Wages remained important means for satisfying human wants and needs, wage would continue to be Primary consideration. And Secondary considerations like participation, safety, working condition, weak formation of trade union.

In recent past labour unrest is witnessed in cases of Bombardier, Videocon, Reliance Textile, Apollo Tyre, Arvind Mill, and Hitachi etc. It is time to carry out cause and effect analysis and find out what are the possible reasons which lead to such labour unrest<sup>5</sup>.

### Recent cases of labour unrest in Gujarat

**Case1: Bombardier Transportation at Savli Plant in Gujarat**  
Bogies and rail cars makers, Bombardier Transportation, a Canadian company having its facility at Savli, Gujarat is facing labour unrest. Bombardier employs about 600 workers in all. Bombardier's Savli plant is its largest investment in Asia, having executed an order of 614 metro coaches for Delhi Metro Rail Corporation (DMRC)<sup>6</sup>

The labour unrest at the Savli plant of Bombardier turned into one of the longest strike in the two decades history of Gujarat as around 150 workers protested at the plant since June 3 2013 against the transfer of 34-odd workers to Delhi by the company's management. They were required to work on same projects (as at savli) and given additional daily allowance of Rs 900. But recently about 34 workers went to Delhi were but returned back citing lack of facilities and had protested against the management.<sup>7</sup>

### Company Views towards the strike

The corporate termed the strike illegal and filed police criti-

cism against the leaders of the striking workers. "The employees have formed an illegal strike seeking unreasonable demands, threatening other employees not to work, engaging support of the local union and forcing staff to prevent work.

Company's Managements control negotiations with the striked worker. The staff workers backed by the Makarpura GIDC Employees Union connected to AITUC, insisted that they won't resume work till the time their demand to form a union is accepted by the management<sup>8</sup>.

The company had issued an appeal stating that if the workers fail to join work, it will be constrained to take any disciplinary action including terminating their services through an applicable legal process and hire replacements for smooth conduct of its business activities.

The company has taken necessary precautionary arrangements and beefed up security to ensure safety of around 500 employees who are currently working at the site. Bombardier is currently in talks with these employees about their demands with the aim of reaching a mutually acceptable solution<sup>9</sup>.

### Case 2: Reliance Textile Industry at Naroda

The plant of Reliance textile Spread over 120 acres and with assets of over Rs.300 crores, was established in 1966 by Dhirubhai Ambani at Naroda Industrial Estate. According to the World Bank, it is India's 'most modern textile complex. Company posted its highest ever turnover of over USD 44 billion and its net profit increased to USD 3.6 billion in the year 2012. In spite increased profits, workers find their lives not improving and worsening day by day.

On 2nd February 2012, Reliance Textile workers had been on strike due to highly exploitative wage structure and dreadful working conditions. They formed a new, independent union as the most of approx 1100 permanent and approx 4000 contract workers assert their rights and continue their strike which started from the second shift on 2nd February 2012<sup>10</sup>.

### Workers views towards Strike

According to the workers, since 20 years company's profits increased ten-fold though the wages for the workers and karigars has more or less been the same, but the salary of the staff increased many times. While the permanent workers earn a paltry Rs. 5000-6000 per month, the contract workers are paid Rs.85-100 per day. No legality of payment in terms of pay slips is maintained, only a voucher is signed. Overtime is paid in single rate, while strict surveillance is maintained and late entry is severely punished.

Workers now organized as Reliance Employees Union submitted a 16-point demand list to the management during the strike, The list includes a 60% hike in wages and regularization of contract workers, besides double rate overtime, a 20% increase in bonus, increase of daily wage of contract workers to Rs. 200 per day, renewal of fixed salary system, uniform rights for wage board, tea-snacks in the canteen, no fine for 10 minute late entry, to fill accident forms according to procedure, an end to harassment of workers, and an assurance that striking workers will not be fired and no deduction of wage for the strike period is made<sup>11</sup>.

### Company views towards Strike

The company meanwhile responded with police deployment, intimidation, arrest of workers' leaders and a media campaign which says that the workers have only been miffed for not being allowed to carry mobile phones inside the factory. Declaring the strike to be illegal, and arresting the leaders, police has posted itself in the factory gate. The workers, fed up of both these Unions' corrupt practices, say how they act as "extended office of the management". Every three years, a settlement is brokered between these two Unions' officials and the management, but workers are kept out of it and do not even get to know of the deal brokered. No notice is put up. Four years back, both these Unions even agreed to accept that there will be no recess hour for the workers to have tea. So the workers were henceforth forced to have tea on the way to the bathroom, and in the location of work in an unhygienic and dirty atmosphere, so that work is not disturbed and time 'better managed'<sup>11</sup>.

### Case 3: Apollo Tyre at Vadodara

Apollo Tyres' Limda plant in Waghodia area of Vadodara in Gujarat which witnessed a strike in October 2012 where in approx 1,500 workers have stopped going to work, around 7,000-odd workers have threatened to go on indefinite strike<sup>12</sup>. So far the striking workers involved in non-violent protest outside the plant premises. Mean while Apollo Tyres goes global and invests around 400 million euro (over Rs 2,500 crore) to set up two new facilities in East Europe and Brazil as it aimed to expand its global footprint over the next 3-4 years<sup>13</sup>.

### Workers views towards Strike

About half of the 1,500 employees in the cross ply section were on strike. They had formed a new union, which is affiliated to BJP's labour wing — Bharatiya Mazdoor Sangh. The workers protested the company's refusal to officially recognize the newly formed workers' union Bharatiya Mazdoor Sangh (BMS) within the plant as well as suspension of two employees but the strike declared illegal by the Gujarat government<sup>14</sup>.

### Company views towards Strike

Apollo Tyres had an agreement with striking workers for re-

sumption of normal production at its Vadodara plant that ended 17 days of labour unrest at the unit. However, the labour unrest had minimal impact on sales as tyres were made available from existing inventories and some specific sizes were also supplied by additional production in other plants in the country. Thus at the end of the strike, company incurred losses in the range of production loss up to Rs 5 crore per day at the Vadodara Plant during the labour unrest<sup>15</sup>.

### Case 4: Hitachi Home & Life Solutions at Kadi

Hitachi Home & Life Solutions (India) Ltd (HHLI), a subsidiary of Hitachi Appliance Inc, a Japanese company, opened a new plant for manufacturing air conditioners at kadi on 28 August 2009. However on 4 July 2012 worker took out a rally in Ahmedabad near registered office at mithakahari to protest against their alleged exploitation. This 27 days strike was to protest against the low wages and firing of worker. The demands made by the striking workers also included privilege leaves and equal wages as for contract workers that of permanent workers<sup>16</sup>.

The company has employed the 500-odd contract and fixed-term employees who are paid mere Rs 5000 to Rs 8000 per month for a 12-hour day, whereas the permanent employees get Rs 15,000 to Rs 20,000 for the same job. The non-permanent employees do not have any rights although they work the same number of hours as the permanent employees and carry out same work as that of permanent employees<sup>17</sup>.

### Company views towards Strike

The company has termed the strike illegal and hired 300 new workers and stated that 500 workers are just seasonal recruits hired for the summer and their summer requirement is over. Company have removed the only temporary workers and already replaced them with new workers. And they also mentioned that company's union has not sided with this strike<sup>18</sup>.

### Conclusion

According to survey 2010-11 maximum incidences were recorded in the state of Gujarat because of demand in wages and allowance, bonus, personnel, and financial stringency – main reasons for strikes/lockouts etc.

Labor disputes have always happened due to the lack of trust between employee and employer. But at times, it can also happen due to the vested interests of a few people in the trade unions. But in general, almost all the cases are reported due to poor employee-employer relation and lack of proper communication between the management and laborers. Another cause of unrest or protest has risen from the fact that the companies do not allow the formation of new labor unions.

Companies like General Motor, Arvind Ltd, Ashima Ltd, and Ankur were suffered from the similar trouble in last one year in Gujarat.

### What is the way out?

Answer probably lies in labour reforms which are long overdue. This will strengthen the arms of employer and at the same time prevent any exploitation of workers (by the employers).

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