

The Snake and The Mongoose: The Story of Bajaj Auto Strike

The Bajaj strike was called off. After 50 days! The strike brings to the fore many issues - which I would like to discuss in this blog post.

What was the genesis of the strike? As I have mentioned in my earlier blog-post, the genesis of a strike is as difficult to determine as the origin of a river. There are many issues which make a heady cocktail which knocks the parties down.

The obvious reason [as advanced by the union and] which was trumpeted by Rajiv Bajaj to ridicule the Vishwa Kalyan Kamgar Sanghatana [VKSS] was the demand for a share of the Company for highly discounted rate. It does not take long time for the people to understand that the real reason is different. What could be the reason? Here are my views:

We pick up the threads of the story in the developments at Bajaj Auto in the past few years. Bajaj Auto [BA] closed won its Akurdi plant in a manner that shocked the employees. The employees fought back, Sharad Pawar intervened and the employees won entry in the company thumbing their noses at the management. In the subsequent settlement that followed this event, almost all except about 270 employees opted for voluntary retirement.

This left a mark on the psyche of employees. I met a group of BA employees of Chakan plant who wanted their wives to earn a good income. So they were looking for schemes which will help their ladies to learn some skills and earn. This was essential, so they felt, because they had to ensure that there was some steady income even if BA shut them out!

The BA had commissioned a plant at Chakan recruiting mostly Diploma engineers in the hope that an educated worker is not inclined to unionise. But VKKS soon organised them under its banner! Not a very happy event for the management of a company which is known for not allowing events to shape up other than their way.

BA had, in the meantime, set up a factory at Pantnagar, Uttarakhand. The workers there struck work a year ago. The reason was that the increase in wages did not meet expectations of employees. Some workers from Pantnagar factory contacted VKKS which entered the scene much to the annoyance of the management. Uttarakhand workers cannot be a member of a Pune union was the argument, but there was no such bar. A settlement was signed hurriedly at Pantnagar granting substantial benefits but also including certain terms which could brew trouble in future.

[See this interesting clause in the Pantnagar settlement: *"The Management appealed these Employees to discuss and deliberate with the Management appointing 5 representative of the employee and accordingly the employee gives [sic] the names of their representatives on behalf of such employees authorizing them discuss and deliberate with Management wage/salary and service conditions with representatives of the Management. Such representatives of employees are hereinafter referred to as "Representatives of Employee."* So we know who represented the employees in Pantnagar settlement.]

[See also "Building employment relationship at workplace: Bajaj Auto" <http://hresonance.blogspot.in/2013/03/building-employment-relationship-at.html>].

VKKS approached the Nainital High Court. The Hon'ble Court said,

"It would be befitting, and in the interest of justice that the petitioners must be allowed to make a representation before Secretary. Govt of Uttarakhand, who shall hear the petitioners as well as the employer and such workers on whose behalf a settlement has been arrived at. The Secretary will take a decision by a reasoned and speaking order. If the Secretary comes to a conclusion that a dispute between parties can be settled amicably, he may pass order to that effect. However, if he comes to the conclusion that no conciliation can be made, he would pass orders to that effect as well, taking consequential proceedings in the matter."

The judgement effectively meant that it was possible for VKKS to make 'inroads' or enrol Pantnagar employees as members of VKKS. That must have been a shocker for Bajaj Auto. BA [or for that matter, any] management was obviously uncomfortable at this development. The workers on the other hand were very uncomfortable with the high-handed approach of the management towards them in Chakan. Disciplinary actions on petty issues were common, and suspensions of workers pending enquiry indiscriminate. Added to this was the refusal to negotiate on wage demand. The union saw this as an attempt to finish them as they were now posing a threat. Indeed when BA sought de-recognition of VKKS later during this strike, it provided justification to this interpretation of events as far as the employees were concerned. There was tremendous unrest over these issues. The union was under pressure to act.

The BA management and VKKS had entered into a long term agreement. The VKKS and BA signed the settlement on 21st May 2010 covering the wages and service conditions of workmen at Chakan Plant. It stipulated an increase of 12%, 8% and 8% was agreed for the first, second and third year respectively.

But the settlement also provided that if the annual increment awarded to the similar category of employees across the Bajaj Auto Ltd. at any plant is higher than the above mentioned increments in that case higher % of increment will be made applicable to workmen covered under said settlement. Here was a management which had granted a hefty increase to Pantnagar workers, so they were now victims of their own game. Obviously BA refused to do increase wages automatically. VKKS alleged violation of the relevant clause no. 17-C of the settlement. So VKKS has filed an unfair practice complaint before the Industrial Court, Pune.

[See these clauses:

17-C: If the annual increment awarded to the similar category of monthly rated employees across Bajaj auto ltd. is higher than the above increment so agreed then such higher % of increment will be applicable to the workmen covered under this settlement.

17 D: Under the exceptional circumstances, if the annual increment awarded to the similar category of the monthly rated employees across Bajaj auto ltd is lower than the lower than the above increment so agreed then such lower % of increment will be applicable to the workmen covered under this settlement.]

There are other cases filed by VKKS against BA. Most notable among them is the case of alleged misuse of trainees. BA engages hundreds of persons under the 'Earn and Learn' scheme. This scheme has come under scrutiny. There is an alleged vested interest of a

Minister in the Government of Maharashtra in this scheme. The contention of the union is that the scheme is sham and the real nature of relationship is that of employment between BA and the 'trainees' under the Earn and Learn scheme. The union has dragged BA [and some other companies too] to the Court. [Incidentally the outcome of this case will be of interest to other employers too as this practice had gained currency in recent years.]

What do we make out of this situation?

There is an obvious and not-so-obvious side to this dispute [all my analysis!]. The obvious aspect is that of the power balance. No management likes to see the same union at all its plants. It simply puts them in an uncomfortable situation. Partly this is borne out of the 'Power balance' consideration, but what is not easily visible is that many [read almost all] unions do not have an evolved leadership which can understand business implications of various demands and agitations. Leading a union at the federation level requires a different skill, which is in terrible short supply, if not altogether unavailable. This is not to say that VKKS does not have it, we have no evidence to make any comment, favourable or otherwise. The managements of companies, like any player in this game, would 'play safe' by discouraging a multi-plant union.

BA covered its flank quickly as it engineered a settlement with a so-called committee of representatives. VKKS drilled holes in this defence as we saw earlier. But BA also ensured that the Waluj plant employees would not support the Chakan employees. There is a cost to this divide and rule manoeuvre.

The not-so-obvious aspect is the demand of the union for issuing shares of the Company at the throw-away price to employees. As I have maintained consistently, the 'real' demand was never about 'shares.' It was about gaining a good wage hike. The real demand and desire was to reign in the overly aggressive management. It was about the treatment meted out to people. My talk with some BA employees leads me to believe that the situation had become quite explosive and unmanageable for the union too. The students of IR were surprised at the timing of this strike as the auto industry was clearly showing negative growth. The only explanation is that the union found the going unbearable. There is a certain desperation associated with such moves and it is a matter of luck that there was no violence and the strike did not continue for unduly long duration.

Let us come back to the issue: why this demand of shares of the company to be given at a throw away price? Because the demand for shares would not constitute a 'demand for employment or non-employment of any person or terms of employment.' So it cannot constitute industrial dispute!

Making any demand regarding wage increase or reinstatement of workers etc. would have meant that the Government could admit the issues in conciliation proceedings. It prevents the workers from going on strike and it also allows management to argue with some justification that the union had resorted to illegal strike. So an ingenious way - make a demand which cannot be a subject matter of an 'industrial dispute!' Demand for shares comes in handy and has good potential to show that the prosperity is not shared!!

If the Bajaj Auto management was arrogant and aggressive, the VKKS had carefully plotted their moves! Quite a snake and mongoose fight that was!!

This dispute also brought forth the 'foreign hand!' IndustriALL Global Union supported this agitation. The 'Shramik Ekta Mahasangh' which is the federation of several unions in Pune-Pimpri-Chinchwad region is affiliated to this global union. This is clearly the shape of things to come. This move along with the involvement of IndustriALL Global Union in taking up Maruti Suzuki matter [see their report 'Merchants of Menace'] sends clear signals that the Employers and the Government will face pressure from international agencies.

Both the parties have suffered heavy losses. Workers have lost 50 days wages. BA, according to one report, has lost production of 20,000 Pulsars. This is tangible loss, the intangible loss to both the parties is immeasurable.

The settlement of demands happened because they reached an understanding that BA will take back some workers, and going by the reports so far, they have done. Rajiv Bajaj also hinted at it in his Press briefing. Normalcy of operations is resumed. It appears that the parties have decided to say 'let by-gone be by-gone.' They seem, at least for now, to be working towards resolution of differences. And that is good.

But as any IR manager would say - "resolve all differences before reopening the gates." Any irritant can cause a blow-up again. VKKS has not taken back any of cases filed against the BA. Those cases have serious implications if won by VKKS. And BA also has not given any wage increase so far. They have also not taken back all workers. So it is, in a sense, the 'status quo ante.' Nothing has changed except perhaps the realisation that they cannot do without each other!

From this position of truce to alignment of minds is a long journey, though not impossible, but improbable in near future. With irritants still in their place, with missiles still aimed at each other, it will take great leadership on both the sides to move towards collaboration from the current win-lose mindset. So uncertainty prevails and we will have to watch the next steps by both the parties. Such a truce is usually uneasy and one in which both the parties collect ammunition.

I guess the employees at all levels whether managers or workers must be feeling somewhat uncomfortable, the situation is yet not fully settled. The million dollar question is: When will ever management and workmen or employees work and play together breaking the proverbial Berlin walls between them, and saying 'Hamara Bajaj?'

Do they really have an option?

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