

Communication

Employee Strike at Bajaj Auto (Chakan Plant): A Chronology of Events

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A harmonious employer-employee relationship is achieved through prevention and settlement of industrial disputes, mutual understanding and strict enforcement of labor laws in the industrial establishments. Recently, Bajaj Auto faced a 50 days long strike at their Chakan manufacturing plant. Employee demands included allotment of shares, increase in wage and reinstatement of suspended workers. The management was under pressure because of the long ongoing strike and increasing production loss, because of which they were forced to temporarily shift their production process to some other location. The present study showcases how the union had put forward their demands and also, the decisions taken by the management for a win-win situation for both the parties.

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Bajaj Auto Limited

Bajaj Auto Limited is an Indian motorized vehicle-producing company. It is a part of Bajaj Group, founded by Jammalal Bajaj in Rajasthan in the 1930s and is based in Pune, Mumbai, with plants in Chakan (Pune). Chakan is home to a Special Economic Zone (SEZ) promoted by the Maharashtra Industrial Development Corporation (MIDC). It has since evolved into a major automobile hub. It hosts automobile production plants for many automobile companies. Bajaj Auto is one of them.

Over 750 large and small industries, including a number of automobile component manufacturers are based in the area Waluj (near Aurangabad) and Pantnagar in Uttarakhand. The oldest plant at Akurdi (Pune) now houses the R&D Centre. Bajaj Auto came into existence on 29 November 1945 as M/s Bachraj Trading Corporation Private Limited. It started off by selling imported two- and three-wheelers in India. In 1959, it obtained a license from the Government of India to manufacture two- and three-wheelers and it went public in 1960. In 1970, it rolled out its 100,000th vehicle.

In 1977, it sold 100,000 vehicles in a financial year. In 1985, it started producing at Waluj near Aurangabad. In the financial year 1986 it sold 500,000 vehicles. In 1995, it rolled out its ten millionth vehicle and produced and sold one million vehicles in a year.

The company has changed its image from a scooter manufacturer to a two-wheeler manufacturer. Its product range encompasses Scooterettes, Scooters and Motorcycles. Its growth has come in the last four years after successful introduction of models in the motorcycle segment. Bajaj Auto is the world's third-largest manufacturer of motorcycles and the second-largest in India. The Forbes Global 2000 list for the year 2005 ranked Bajaj Auto at 1,946, it features at 1639 in Forbes 2011 list. Bajaj Auto Ltd. is the largest exporter of two and three wheelers. With Kawasaki Heavy Industries of Japan, Bajaj manufactures state-of-the-art range of two-wheelers. The brand, Pulsar is continually dominating the Indian motorcycle market in the premium segment. Its Discover DTSi is also a successful bike on the Indian roads.

Work Culture

Exposure of employees in Bajaj will be unique and very high in various aspects of business and the work atmosphere will be very challenging and they moved with the philosophy of team spirit. This company stands favorable to the persons who are hard working in nature. Career growth opportunities are more.

Formation of UNION at Chakan Plant

Chakan plant has been set up in the year 1999. In the early days the management showed a lot of dreams to the employees and created hopes for better future but the company failed to stand up to their promises. In addition to that workers were experiencing various kinds of harassments as follows:

- ü The management made overtime compulsory and refused to pay overtime.
- ü The management arbitrarily decided the shift timings and compelled workers to adjust themselves accordingly.
- ü Workers were getting excessive workload and if any worker raised the grievance he was ill treated by abusive language and punishment.
- ü The wages of the workers were low and the yearly increments were very low.
- ü There was no job satisfaction among the workers. The tag of 'World Class Company' was just for namesake. There was totally negative approach towards workers.
- ü The workers were punished by inhumane ways.

Because of the above mentioned adamant and suppressive attitude of the management, the workers at chakan plant decided to form a union, in the month of January, 2010 and decided to join Vishwa Kalyan Kamagar Sanghatana (VKKS) which was the recognized union under

MRTU (Maharashtra General Kamgar Union) for Akurdi Plant. In due course of time VKKS got official recognition under MRTU for Chakan Plant.

Recently BAJAJ faced a new problem with their workers which lead to a strike for 50 days

Strike Period: - June-25 (2013) to August 16 (2013)

Place: - Bajaj Auto's Chakan Plant in Pune

Trade Union: VKKS (Vishwa Kalyan Kamgar Sanghatna)

The Chakan plant has an installed capacity of over 3,000 units a day. It employs over 1,500 workers; Dilip Pawar, was the President for Vishwa Kalyan Kamgar Sanghatna (VKKS), the recognized union at Bajaj Auto's Chakan Plant in Pune. Around 1,500 employees, including 600-odd contract, temporary and 'earn-and-learn' trainees, have stopped work at the Chakan Plant since June 25. There were some issues behind this strike where Bajaj faced a loss of sales in Pulsar bikes.

Allotment of Shares at a Discounted Rate

Bajaj Management always shared profit with the management staff by Paying "BONUSES & INCREMENTS" but invariably not with the workers. Workers felt that at least this sharing can be done by getting reasonably good wages and better service conditions. But management never considered profitability

while deciding wage rise. To get a permanent solution in terms of profit sharing, the Union demanded "500 shares" for each worker in the month of January 2013. Bajaj Management did not respond to this demand. Therefore unions have been compelled to go on "stoppage" from 25th June, 2013. The strike termed "work stoppage" by the workers, hinged on the VKKS' demand that each of its 900 members be given stock options to the tune of 500 shares, for a price of Re 1/ share.

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In Pulsar manufacturing, workers about 1450 workers were receiving around Rs.300/- per Pulsar. It means per worker per Pulsar amounts to 22 PAISA. Shareholders and management staff were getting around Rs. 16700/- per Pulsar, Government got around Rs. 10000/- per Pulsar. Dealers got around Rs. 10,000/- per Pulsar. The workers who are the key persons for the success of Pulsar bikes were paid very low where as the managerial level people were getting more and also have a share on the sales. So the union put forth a step while demanding the ESOP (Employee Stock Ownership Plan).

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Demand for Wage Increase

When the union started the strike for wage increase, the management showed them the agreement regarding the wage policy between management and the union. The company signed a wage agreement with the union in 2010 for nine years till 2019 with a review due every three years. The last review was done in April 2013. The union had also terminated a nine-year wage agreement prematurely. The existing wage agreement has been thus scrapped and the management is currently working on a new agreement.

Reinstatement of Suspended Workers

The union wanted from the employer reinstatement of 22 workers who are suspended because of the Pant Nagar episode.

Pant Nagar Scenario

The Pant Nagar plant was established in the year 2007. The situation at Pant Nagar Plant was similar to that of the Chakan Plant. The workers at Pant Nagar started agitations in the month of May, 2012. The agitations at Pant Nagar were the outburst of the anger against the management harassment and the declaration of very low wage increment. Some of the workers approached VKKS to support their agitation. VKKS suggested the Bajaj Management at Akurdi to establish the dialogue with Pant Nagar workers but management refused to discuss. The workers of Pant Nagar knew that it was next to impossible to get union

registration in Uttarakhand and therefore they requested VishvaKalyan Kamgar Sanghatana (VKKS) for the membership. Considering their situation VKKS gave them membership and majority of the workers from Pant Nagar joined VKKS.

As a first step after the union formation all workers in the Pant Nagar plant were directed to stop the agitation and to start the production. Having a positive orientation regarding the union all the workers started the production. Following this VKKS have given an official letter to Bajaj management which was rejected by them. In addition Bajaj management also refused the Charter of Demands submitted by VKKS at Pant Nagar. The management response was that the registration of VKKS was only for Maharashtra and they did not have any right to take up any membership from outside Maharashtra. The VKKS submitted all the documents including the letter from the Additional Commissioner, Pune. But Bajaj management was adamant on their stand and surprisingly, the Labor Department of Uttarakhand also used the same language. Therefore, VKKS has been compelled to refer the matter to Nainital High Court.

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The management refused to bargain collectively for Pant Nagar workers, and VKKS have been compelled to refer this matter for conciliation. Finally, Hon. High Court gave a judgment in favor of VKKS and directed the Labor Department of Uttarakhand to start the conciliation process with VKKS.

When VKKS started to interfere in the Pant Nagar Plant issues, management just took revenge on the workers of Chakan Plant by harassing them and resorting to avoidable disputes in the union, giving unrealistic targets, warning letters, show cause notices, suspensions and dismissals. At the peak of the list the management suspended 22 workers in Chakan Plant.

The management was ready to take back without an enquiry 7 of the 22 suspended workers against whom there were only minor charges. For the remaining 15 others, the company has proposed to set up an independent committee to probe the charges against them.

Violation of Rules by Management

The Labor Commissioner of Pune also reportedly issued show-cause notices to BAL and the labor contractors for employing contract labors for non-core jobs at the Chakan assembly line and also employing workers who are not license holders and trainees at the production line in its Chakan Plant, where existing employees have been on a strike since June 25. According to Contract Labor Regulation and Aboli-

tion Act the principal employer of the organization or the contract labor should not employ those who are not licensed (Sec23).

The company has been given three days to respond to the notice, which followed a complaint from the workers' union. The union alleged that the company started using workers, who did not have licenses, at the production line following the strike by its existing employees. It further said the use of 'learn-and-earn' trainees by the company for full-time production was in violation of the state's labor laws. Under the 'learn-and-earn' scheme of Maharashtra, a trainee is given a diploma after completion of a four-year course, which comprises both theory and practical training. The trainee has to obtain four hours of practical training and four hours of theory classes each working day. The union alleged that the trainees have not been given theory classes and instead are being used for production purposes full-time by the company when the regular workers are on strike.

Other Actions of Management

The company had earlier considered to move out half of its production to other plants by August 12 of 2013 if the strike would not come to a conclusion. Bajaj Management had extended the deadline for the permanent transfer of 50% of production from Chakan unit to other plants at Aurangabad and Pantnagar till Friday as the company was hopeful of finding a solution to end the strike in the next two days.

Withdrawal of Strike

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the Bajaj Auto management, including some presided over by senior labor officials from Maharashtra by partially fulfilling the demands of Workers. Management has received a notice from the workmen's union of its Chakan Plant, VKKS, that the work "stoppage has been withdrawn and all the workmen at Chakan Plant will resume their duty in their respective shifts from August 14, 2013" hoping that management will positively react to their demands after discussions with the stakeholders and other parties in the organization.