

Industrial Relations at Maruti-Suzuki

Ratna Sen

India's largest automobile manufacturer, Maruti Suzuki India Ltd, has achieved excellence in product innovation, production systems, customer services and satisfaction, and has a hold of over half the Indian auto market. It is also a company which is known for making many changes over the years to face competition and for using HRM strategies extensively. Yet the company does not appear to have been able to develop a mature relationship with its employee unions, and has been repeatedly facing confrontation with employee representatives. This could be an indication of ineptitude on the part of a multinational in understanding employee rights and aspirations in the host country, or a deliberate strategy to control unions despite facing small periodic losses.

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Introduction

MARUTI SUZUKI INDIA LTD [MSIL] has been making many changes over the years to face competition. It is also known as a company to use HRM strategies extensively. A climate intervention programme was introduced through common canteen and common uniform for managerial staff and workers. Other interventions included, change in the nature of supervision to emphasise the supervisor's guidance role, employee development and training, and creating the image of a caring organisation through good welfare facilities. The company also had small group activities (SGA) and teams, regular departmental meetings for generating ideas, communication programmes through posters, leaflets, departmental meetings, and non-bargaining management union meetings (Sen 2010:444). Absenteeism was apparently reduced at one point of time to just 5 % in the plant as a result of these interventions (Nair & Rao 1990: 2-6). But are these practices incompatible with good industrial relations?

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human resources and unions in the context of change management. Starting from 2000 right up to 2011, the company has faced labour trouble, strikes, work stoppages and disruptions from time to time. A 13-day strike during July 2011, partial work stoppages and disruptions during September 2000 to January 2001, resumption of confrontation during August 2005, and changes in the union, its name or its character, emergence of another union etc leave many questions unanswered. Or are these strategies part of a pattern of labour relations practiced by multinationals? It would also be interesting to look at the role of the state during these interruptions and whether the state's intentions have backfired.

The Company

Maruti Udyog Ltd was launched in 1981 as a joint venture between the Government of India and Suzuki Motors of Japan to produce a people's car, in a market which had been dominated by Hindustan Motors' Ambassador and Fiat's small car. From the late 80s the company began a new era as India's largest car manufacturer and soon became the holder of over 80% of the automobile market share. The company was also upheld as a model employer, paying high wages and using several Japanese management techniques for integrating employees into the produc-

tion process. By 1995 it got ISO 1992 certification and continued to grab a number of domestic and foreign awards each year on productivity, customer satisfaction, exports and business excellence. In 1996 it got the first prize in the national competition in Quality Circles (Sen 2010:446).

But with the entry and growth of new passenger automobiles in India like, Hyundai, Daewoo, Tata Motors, Ford, Fiat, General Motors, Mitsubishi, Honda and Toyota, from mid-1990s, the company's share dwindled to less than 50% by 1999-2000. Its response was to launch a number of new models from time to time. The year 2000-01 was a special year for Maruti which had to absorb substantial depreciation for several new models introduced at once. Side by side Maruti began several initiatives to improve its production and shop floor working through cost cutting, enhanced customer services and efficiency. This helped it grope back to over 50% share in a few years and thereafter it has managed to retain a share of over 55 % in a rapidly growing car market by launching new models regularly and investing in customer satisfaction. The company's single union changed leadership several times during the many years of the company's existence, but continued to remain independent even though it got support and guidance from several of the national centres (Sen 2010: 446).

The changes introduced, helped Maruti do exceptionally well on the productivity front. By the year 2000, production had increased by 400 per cent,

though employment had increased only by about 65 per cent. Since its inception, the wage bill (including incentives and all other benefits and employee-related expenses) has been on an average around 2 per cent of the turnover. This, for an engineering industry was an achievement by any standard. The capacity utilisation at MSIL has been more than 100 per cent and labour productivity higher than targeted by the management. It clearly shows a very high degree of labour intensification in MSIL (Das 2011)

Recent Strike

Trouble began brewing in May 2011 in India's largest automaker. On 3rd June, workers of MSIL's Manesar plant applied to the Registrar of Trade unions, Haryana, for registration of their union – Maruti Suzuki Employees' Union [MSEU]. They then asked management to recognize their new union and retain contract labourers for the two upcoming new units inside the complex (hresonance.blogspot 2011). Management predictably refused, saying there was already a union in Maruti, the Maruti Udyog Kamgar Union (MUKU). This is the only recognised union, dominated by workers at the Gurgaon plant. The Manesar plant rolls out about 1,200 - 1300 units every day in two shifts. The factory produces hatchbacks Swift and A-Star and sedans D'ZiRE and SX4 (just.auto 2011)

D. L Sachdev, secretary, AITUC (All India Trade Union Congress), which was backing the strike said in the *Business Standard*: "The new union applied for

registration to the registrar of trade unions on Friday. The next day, Maruti's management asked its workers to sign an undertaking that they will not be a part of the new union. We do not want the management interfering in our matters. We have met the labour minister and the labour commissioner. There is every likelihood that agitation will increase if demands are not met." (just-auto 2011). Can any management under Indian law ask for such an undertaking from its employees? Right of Association is a fundamental right under the Constitution.

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On 4th June, Saturday, at the end of the day shift at about 4 p.m., about 2500 employees of Manesar plant went on a wild-cat (sudden strike without notice to the company) strike. Sunday was in any case an off-day. On Monday, 6th June, management dismissed 11 employees on disciplinary grounds and threatened to enforce an eight-day wage cut for every day of production loss caused by the strike (just-auto 2011). But the strike continued. *Business Line* quotes a worker from Manesar "We have just one demand that our workers at Manesar should not be forced to affiliate themselves with the Gurgaon union. That is a management-backed union and does not know of the problems at the Manesar plant" (hresonance.blogspot 2011)

The company's human resources head, SY Siddiqui, said that no one in the company would be available for comment until June 27 as there was an annual maintenance shutdown. However, speaking on condition of anonymity, a Maruti official said that the 11 workers were sacked on the ground of indiscipline. "As the shift ended at 4 o' clock these workers, without provocation, instigated other workers to start the strike. There was no warning, no charter of demand or anything. These guys just went on strike," he said. However the workers have a different version (money.control 2011).

Management Permission to Form a Union?

Chairman, R C Bhargava told the *Business Standard* that "The strike is illegal. The workers had not given any notice to the management. Also, those who have applied for registration of a new union, which is separate from that of the Gurgaon plant, did not receive permission or were registered" (just.auto 2011). Since when do workers in India or under what law, require management permission to form or register a union? He also hinted at a political conspiracy, saying, "There could be another agenda, a political party wanting a foothold in Maruti. The way it (strike) has happened, without any background, makes me wonder why one month before union elections". Bhargava refused to name any political party (Doval 2011a). The background was clear enough, so the Chairman's claim was naïve. The union's stated view however was quite different

"I don't want to align with any political party in fulfilling our demands," said Shiv Kumar, 27-year-old General Secretary of the 811-strong union, MSEU at Manesar and a machinist and diploma holder from an Industrial Training Institute. While he made it clear that he would not back down, he has no inclination to call for third-party mediation (Economic Times 2011). This is despite the fact that AITUC has been backing Maruti employees.

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Various unions operating in the area threatened to hold similar protests across other companies. Many issued notices to their companies, urging intervention in the matter or face protests. There are about 55 autoworkers unions in the Gurgaon-Manesar area, most affiliated to the central unions. The companies whose unions served notices included Rico Auto, Omaxe, Honda Motorcycles and Scooters India and Satyam Auto. The Haryana government, under the provisions of Industrial Disputes Act 1947, referred the MSIL dispute to the Labour Court and subsequently banned the strike. (hresonance.blogspot 2011)

After several rounds of negotiations including a referral of the matter to the Haryana Chief Minister, the management appeared to have conceded some of the points the striking workers had raised. The company would take back the dis-

missed employees, but would subject them to disciplinary action. Instead of eight days of pay cut for every day's production loss, the management reportedly agreed to cut only three days' wages (later reduced to one day). After 13 days, the strike was called off on 16th June night and the workers returned to work on 18th. Puja was performed on 17th by the workers. Newly formed Maruti Suzuki Employees Union's (MSEU) General Secretary Shiv Kumar said: "There is no mention of having the second union in the agreement as the management strictly does not have any role to play in setting up a union" (money control, 2011)

Can a government assure a company in advance that it will not register a union?

The management said it had got the Haryana Chief Minister's assurance that it will not allow the formation of a new union, but the workers point out that this is their right and they are prepared to move the court if the state government refused them permission. (Business Standard 20th June, 2011). Can a government assure a company in advance that it will not register a union? Production losses were variously estimated at Rs 420 to Rs 700 crores. The CEO of Suzuki Motor Corporation, Osamu Suzuki told a news conference that the strike that lasted six working days at the Manesar factory was negligible, leading to an output loss of just 16,000 vehicles and that "In a market where we sell 1.2 million vehicles a year, 16,000 vehicles was a matter of inventory adjustment". He added that he

was not surprised at the short-lived labour strife, repeating Maruti's stance that it would not recognise a separate labour union for the Manesar factory, demanded by the striking workers (money.control 2011). What was management's stake in the existing MUKU ? Is there truth in MUKU being a management-backed union?

Assessments of the causes of this strike were almost unanimous across labour forums. Anil Kumar, general secretary of AITUC, Gurgaon, said that "the labour department of Haryana is working together with the manufacturers to stop workers from forming a union." Kumar and his comrades at AITUC provided the muscle power and rallied support from workers in other companies (money.control 2011). D. L Sachdev, general secretary of AITUC, said, "It is a constitutional right.... no body can prevent the workers from forming a union."

Statistics, however, tell a story of effective prevention. "If one were to isolate one single factor (contributing to industrial strife), it is the resistance (of employers) to the right to organise," says J John, executive director of Centre for Education and Communication and editor of *Labour File*, a bimonthly journal on worker issues. "In many cases, there is no demand for even a wage rise; just to form a union" (Das 2011). He felt that almost every strike at the numerous factories in the Gurgaon-Manesar region in the past decade had started with companies refusing to recognise the demand of workers to form a union. From the strike at Maruti in 2000 to the one at Honda

Motorcycles and Scooters India (HMSI) in 2005 and the one at Rico Auto in 2009, the one common demand was to form a union. He backs it with data on unions in Haryana. The number of registered factories in Haryana nearly doubled from 5,652 in 1991 to 10,474 in 2010, while the number of registered (permanent) workers grew from 3.5 lakh in 1993 to more than 7.7 lakh in 2010 (based on data from the State Labour Department). The increase in the number of contract workers has been vastly more. In comparison, in the past two decades, the number of registered trade unions has grown by merely 400 to 1,540 (money.control 2011). In any case the problem in Maruti was a recurrent one, and its roots go back to 2000.

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Maruti's Recurrent Problem

In 2000 the enhanced emphasis on productivity provoked a tool down agitation in the Gurgaon plant in September. This concerned the revision of production incentive scheme and the finalization of the annual production target. The incentive scheme was incorporated in a bipartite agreement made in 1988, based on the number of cars produced and 65% share in the savings in labour cost (Sen 2010:446). In 1995 the management had unilaterally modified the scheme. This time, the union protested against further modification and started leaving their plates on the dining table (Venkata Ratnam 2006). The union con-

tion on the incentives was that while they would earn more with higher sales, their earnings would reduce if sales fell. The protests began on 9 September when the workers started wearing black badges during working hours. The union at that time, the Maruti Udyog Employees Union (MUEU) placed three initial demands: (a) revision of the production incentive scheme in place of the one ended in March 1999, (b) implementation of pension package agreed upon in the previous wage settlement on 1 April 1996, and (c) a new wage settlement for all regular employees in place of the one expired on 31 March 2000 (Das 2011)

On 11th September the MUEU began a relay hunger strike, and intensified their agitation with go-slow, slogan-shouting, coming to work without uniforms, a couple of gheraos. From 30th September it started a daily tool-down strike for two hours. The union demanded a negotiated settlement on all the issues of concern and threatened total strike without such a settlement. The management responded with the demand for a good conduct undertaking which led to the crisis of 12th October (Sen 2010:444).

There were differences in interpretation on many other issues as well. For instance, while the union claimed that average monthly salary of 4400 workers was Rs 9000 approximately, management claimed that cost to company per employee was Rs 23,000. The management also said that inclusive of the new incentive scheme they were willing to increase the CTC to over Rs 33,000 per

employee. The union compared the number of workers in 1992 when 4000 workers were producing 100,000 cars and 2000, when 4400 workers were producing over 400,000 cars. The Centre for Workers' Management estimated that in the last 5 years Maruti's shop floor productivity and labour productivity had improved by 40% and 25% respectively, and production by 50% (actual 4,07,000 compared to rated capacity of 3,50,000). But employment had increased 11% and wages had nearly doubled (Venkata Ratnam 2006).

On 12th October, nearly 4,500 employees of MSIL, boycotted work, cutting daily output by 86 per cent as the company forbade entry to workers protesting the company's demand for an undertaking from them. The MUEU treasurer and spokesperson, G.K. Walia said, "This morning, the management wanted the workers to sign an undertaking before letting them into the factory. Signing it would have meant losing our fundamental rights and so none of our 4,700 members have gone into the plant. We have not called for a strike". Almost 90 % of the workers agitated outside the factory, demanding that the decision to link bonus and incentives with production be reversed. Some of the workers even decided to go on a fast to death (Sen 2010:444). Ultimately it ended in a 26-day sit-in near the office of the Union Heavy Industry Minister (Das 2011).

Director (Finance) A.R. Halasyam admitted that production had been hampered, but the company continued to operate, making just 200 cars (against the

normal production level of 1,500 cars a day) with a skeletal staff for several days. The company, in a statement issued in Delhi, said the workmen had been notified that only those workers could enter the factory who gave an undertaking in writing that they would not indulge in any activity which adversely affected the production and discipline. It said that "workmen who do not give the undertaking would be deemed to be on illegal strike... the management is not making any pre-condition for workmen to join their duty. In terms of the contract of employment the workmen are duty-bound to adhere to norms of discipline and give normal output" (Sen 2010:444).

For the management in Maruti, the primary concern was that production should not stop even though the confrontation with the workers continued into November. Some workers from suppliers were roped in to do the work and along with supervisors and managers, Maruti got the plant started within a week's time. There was also indirect pressure from the BJP government on the union and the issue came up for discussion in Parliament. The *de facto* strike became a topic of heated debate. Every move of the management was analysed by different groups and discussed in various forums. Industry was interested to see how the country's largest carmaker coped with the strike. Unions were keen to see how long the face-off continued and with what outcome. Smaller companies, particularly ancillaries, watched with bated breath since their own survival was linked to Maruti and similar manufacturers. Senior management not only had to

cope with the skeleton staff and production but also engage in heated arguments from several quarters. The MD confessed to doubts on several occasions, since not only the workers but their family members were also affected. But he remained convinced about the long term interests of all concerned (Sen 2010:445).

The top management in Suzuki ruled out any immediate changes in Maruti's existing set up. They categorically stated that Maruti was an Indian company and there was no necessity to change anything immediately. They expressed satisfaction that the Maruti Board was able to take faster decisions and act immediately in response to various market requirements. All persons involved with Maruti had made great efforts to reduce costs and improve customer satisfaction. It was because of this that the company managed to register a net loss of just Rs 269 crore in 2000-01 on a total revenue turnover of Rs 9219.6 crore (Sen 2010: 445)

By 1st November 2000, about 1000 workers (also union members) had signed the bond. By then about 3400 employees (out of a total of 5800) were working. But this number included mostly non-unionised supervisors, executives, 40 recalled apprentices, people from non-production departments and some casuals (Venkataratnam 2006). Three deaths, one inside the factory, aggravated the situation. Employees of Maruti Udyog Ltd. Joint Ventures issued a 72-hour strike notice to management on the plea that the agitation in the main plant was leading to an accumulation of stocks in the subsidiary plants. The main

six national union centres criticized the management. With no signs of the face-off resolving, the strike figured in the Lok Sabha. On 28th November the heavy Industries Minister, Mr Murli Manohar Joshi's remarks during a calling attention motion that the law would take its course in case of disciplinary action against some agitating employees of Maruti upset opposition members. Mr Joshi disclosed that the union had been requested to agree to disciplinary action for alleged misconduct by some employees in accordance with appropriate labour laws and to accept the scheme of incentives notified by the management (Sen 2010:445)

Mr Joshi said he had held several meetings with the union representatives and management to resolve the dispute and bring about an amicable settlement between labour and management. "It is important that discipline in the factory is maintained and profitability of the enterprise is not impaired particularly in the face of fierce competition that exists today in the market," he said but added that it was also important that rights of workers were protected. The management had meanwhile agreed to drop insistence on individual workers furnishing a good conduct undertaking, but had sought certain safeguards to ensure that harmony would be restored in the organisation. There was vigorous protest from the opposition members over Joshi's remarks (Sen 2010:445). However, the deadlock continued for 90 days.

On 12 December 2000, a final agreement was signed at a tri-partite meeting

called by the state government. The management withdrew the 'good conduct undertaking' and the workers agreed to the incentive scheme suggested by the management. Though there was a loss to workers compared to their initial demands, this was compensated by a bigger gain in the form of right to organise and collective bargaining. Their very right to exist as the Maruti Udyog Employees Union otherwise would have been undermined, if the 'good conduct undertaking' had been accepted.

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After four months of struggle, the union called off its strike in January 2001. According to the union, the management refused to reinstate 39 dismissed employees (mainly union leaders and activists) and agreed to take back another batch of striking workers with the condition of signing the 'good conduct undertaking'. In September 2001, the company announced a VRS package, which was opposed by the union. The general secretary of the union was sacked in October 2001. Cases of illegal retrenchment of union leaders and activists are still pending in the labour court. The dismissed general secretary was re-elected in the next election of the employees' union (Das 2011)

Finally on 9th January 2001, the strike broke on the management's terms. The

implications were obvious. Not only did the union have to accept the new terms on production linked incentives and bonus, but industry heaved a sigh of relief and learnt that it would be better in the future to stand up to the unions on issues relating to productivity and long term survival and growth. For the union, the face saver was that no undertaking had to be given (Sen 2010:445).

Ownership Changes

By 2001-02 the company managed to make a net profit of Rs 55 crore on a total turnover of Rs 9295.3 crore. In 2002, Suzuki paid Rs 400 crore to buy 1.2 million newly issued Maruti shares for Rs 3,280 per share that would take its shareholding to 54.2 per cent and dilute the government's holding to 45.54 per cent from the existing 49.7 per cent. In 2003 the company was listed on the Bombay and National Stock Exchanges and its IPO was oversubscribed 11 times. In the second step to disinvestment, the Government of India offloaded a 20 per cent stake through an initial public offering (IPO) of shares to exit the venture entirely by March 2004. The Swift was launched in 2007 and the young designers of the car got an international award for it. In 2007, the company operationalized another plant and diesel engine production centre in Manesar, Haryana. The Indian MD was replaced by a Japanese MD (Sen 2010: 447)

But the 2000-01 confrontation did not die down or get entirely resolved. In August, 2005, the Maruti Udyog Employees Union sought an appointment with the

Prime Minister, Dr Manmohan Singh, seeking his intervention to resolve several issues with Suzuki management. The Memorandum was signed by MUEU's general secretary Mathew Abraham, along with a covering letter from AITUC general secretary and Communist Party of India's Lok Sabha member Gurudas Dasgupta. The AITUC, which had recently claimed a conquest by bringing Honda Motorcycle & Scooter India's workers' union into its fold, was seeking a hold in MSIL as well (Sen 2010: 447)

Dasgupta's covering letter said, "the (Suzuki) management has summarily dismissed 24 activists of the union without holding any enquiry, another 36 with ex-parte enquiry, and 32 for not signing improper and illegal undertakings imposed by the management. Twenty-six were charge-sheeted but were "compelled" to take VRS, while hundreds of other employees were also forced to take VRS. Dasgupta also said that the Suzuki management enjoyed the support of the previous National Democratic Alliance government at the Centre and the former Chautala Government in the state. But after a change of government both at the Centre and state, the workers and their families were hoping for justice to be done to them. It was alleged that the voluntary retirement scheme was not exactly voluntary. The memorandum also alleged that Maruti Udyog had gradually replaced over 2000 permanent employees with contract workers, following the October 2000 management-labour dispute (Sen 2010:446)

A Maruti spokesperson said the company's union had long since been de-

recognised and therefore was not a representative of the workers. "This is a group formed by ex-employees of the company and those who had taken the VRS," said the company spokesperson. A new union, registered as Maruti Udyog Kamgar Union (MUKU) had replaced the MUEU. However, a delegation consisting of Dasgupta, Abraham, AITUC national secretary DL Sachdev and a few other Maruti Udyog Employees' Union members met the Prime Minister on August 3. The Prime Minister had reportedly promised to intervene in the matter in the next two to three weeks, according to Sachdev. But government sources said that the Prime Minister had voiced apprehension in taking up the issue, as the echo of the labour trouble at Honda's Manesar facility had barely died down. Obviously, the government's hands were tied down by the compulsions of liberalization (Sen 2010:448)

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MSIL's total sales during 2007-08 [April-March] were 764,842, including 53,024 export units.

Conclusion

While Maruti's confrontation with its workers over the issue of production and remuneration changes was triggered by the competition created by globalization, the manner in which it dealt with the problem indicated very close resemblance with Honda's handling of its union

in 2005. Or possibly, Maruti's experience was sought to be replicated by Honda. Maruti's strategy was characterized by:

- Close links with the industry-friendly state government, and getting the state to help management by asking it not to register the new union.
- Undermining a resistant union (MUEU) by dismissing its office bearers and activists, de-recognition of the union and establishment of a pliable and friendly union (MUKU), even if not a management sponsored union. Many union members had signed the good conduct bond in 2000.
- Ability to read the Central government's favourable stance, regardless of the political affiliation (neither NDA nor UPA governments intervened on behalf of the workers, despite the PM's meeting).
- Introducing changes in the employment structure (from permanent to contract) and using the large labour supply to maintain a tight control over employees. The Manesar plant has about 700 contract workers (28 per cent of the total), many of whom get absorbed later, but the salary differential with regular employees is an issue that rankles most of them. Only 2485 workers in the Gurgaon plant were eligible to vote which could indicate that the remaining 2000 were contract employees.
- Using discharge, dismissal, VRS, etc to get rid of workers who do not fall into the company's line and thereby changing the character of the union.

- Convenient use of the law, ignoring provisions on unionization but adhering to provisions on discipline.
- Not accepting the right of workers to have their own association and dictating to them on the union to which they should belong.
- Trying to obtain individual undertakings from workers on conduct within the factory.

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Maruti-Suzuki illustrates the apparent contradictions within the concept of HRM. On the one hand the company practices professional management systems and aims at employee satisfaction in terms of wages, working conditions, workplace environment and work design. But on the other it has what can be described as a no-nonsense attitude towards the union if not a confrontational position. Its decision to de-recognise the MUE Union was in keeping with this stand. In any case the union is looked upon as an obstruction to management of work and productive flexibility. The new union, MSEU, formed at Manesar plant in 2011, is totally obstructed. Management refuses to recognize it in any way. Having got a pliable union, MUKU at Gurgaon, it wanted to impose this union on its Manesar plant. But Indian law does not say anything about having a single union, either in a plant or in a company.

To what extent is this strategy successful? Success has been achieved in

terms of market share, quality, launch of new models, profitability. But have these removed IR problems? In a highly competitive market, where many Indian companies have not had any IR problems for 15 to 20 years, MSIL appears to have a recurrence of these periodically resulting in production loss, and more importantly, in image loss. Or, is that a calculated risk MSIL is prepared to take? As the CEO said in a blaze manner, a mere few thousand production units lost is negligible for a company selling over a million units annually. But can it ensure that these risks will remain contained over time and not blow into large proportions? There is also the possibility that the state government may not remain as compliant. Can a multinational not look upon a union in India as a partner in its quest for higher productivity and competitive edge, like several Indian companies?

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In fact, as expected, trouble began brewing again with union elections on 16th July. The MSEU decided to boycott the elections and its members did not participate in the elections. The union informed both Maruti management and the Haryana Labour Commissioner about this. Management was equally adamant, with Chairman, Bhargava having declared that elections would be held 'for both plants' and those who win will 'represent workers of both Gurgaon and

Manesar'. Management was also quite categorical about not having talks with the Manesar leaders.

Over 900 workers from the company's Manesar unit abstained from the voting process. Shiv Kumar, general secretary said, "Three members from the Manesar plant had been nominated by the management for posts in Maruti Udyog Kamgar Union (MUKU). The existing union does not represent our interests. We did not participate in the elections today." There are around 2500 workers at the Manesar plant, 900 of whom have rights to vote in the union elections. A company spokesperson, however, clarified the management was not involved in the election process. "The elections are an internal matter of the union. The office bearers have been nominated by members of MUKU themselves. We facilitated the process by providing administrative support"(Doval 2011 b).

In late August, 2011, MSIL suspended two workers at its Manesar plant for instigating indiscipline on the shop floor, taking the total number of suspended workers to six. This suspension came on the heels of suspension of four workers in late July for manhandling supervisors. Those suspended were part of the rebel body. Officials within the company indicated that indiscipline would not be tolerated and Maruti Suzuki management will take stern action against anyone it perceived as a trouble maker. Predictably, the company followed it up with a directive for employees to sign a good conduct bond before joining work on 29th August. Only 20-25 workers

signed the bond promising not to do anything to hamper production (Roychowdhury & Doval 2011). On 31st a few more signed the bond and the MSEU proposed dialogue to the management, as well as withdrawal of the bond. But management remained adamant and brought in supervisors and engineers from the Gurgaon plant, as well as several contract workers to resume production of the Swift. This may snowball into another strike, if not today, then perhaps next year.

State Government Role

The fragility of the peace agreement brokered between the rebel workers at Manesar and the management at MSIL, by the Haryana government in June, has already been exposed. The Suzuki Motors Corporation Chairman, Mr.O.Suzuki had disclosed to a high-level Haryana delegation led by Chief Minister Om Prakash Chautala at the Hamamatsu unit of the Corporation in Japan that production capacity of its Maruti plant in Gurgaon in Haryana would be expanded from the existing 4.5 lakh units to 6 lakh units. He had also thanked Mr. Chautala for all the support extended to Maruti in Gurgaon. Mr Suzuki also said that several Japanese companies were likely to invest in Haryana because of its progressive industrial policy (Sen 2010:445).

The role of the government appears to be:

- To attract foreign investments in a large way, by assuring employers that unions would be taken care of.
- Intervening at the behest of employers whenever industrial peace ap-

pears to be in jeopardy.

- Interpreting the law to suit the purpose of employers.
- Using the law and order and other state machinery to tame unions.

No doubt this policy has made Haryana (Gurgaon, Manesar etc) the largest auto-hub of the country. But it has also turned the area into a hotbed of labour agitation, from 2000 to the current year. It should also try to analyse why a trade union like the All India Trade Union Congress (AITUC), has managed to make inroads into an area where it had an insignificant presence a decade ago. Many of the unions in the area are affiliated to central unions. The policy may backfire in the near future since many of the large auto makers are reported to be scouting around for locations in other states (notably Tamil Nadu and Gujarat) for expansion.

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The Registrar of Trade Unions can ask for clarifications or more information from applying unions, in case all information required has not been supplied or for change in the name of a union (if one already exists with the same name). But to assure the management that it will refuse registration is not within the powers of the Registrar. This however, is by no means the only instance in India. It has happened also in West Bengal,

when the Kanoria Jute Mills' union was refused registration in the early 90s.

In early August, Shiv Kumar had said. "The verification process for our own union is underway, and is likely to be completed in the coming week. We are expecting to get the registration number for our own union soon". But the Haryana government rejected the plea of MSEU for registration, turning down the application. The labour department apparently made this rejection on two grounds (auto.oneindia 2011):

- The government said the application was rejected as the workers from Manesar were part of the Maruti Udyog Kamgar Union (MUKU).
- The government considered how those supporting the proposed MSEU had gone on strike on June 4 soon after they had applied for the second union.

It may be recalled that the MSIL management had announced at the beginning of the June strike that the government had assured it of not registering the new union. In August, MSIL chairman R.C Bhargava bluntly said: "The application for forming a second union in the company has been turned down by the government. The situation is fluid, but we are working closely with the employees to resolve the issue." Meanwhile, those favouring the formation of a separate union and its due registration said that they would continue their demand for an independent union.

The issue of contract labour is also ballooning. The tendency to hire more contract workers has been on the rise, raising their share to almost 60 per cent of the total auto industry workforce in the area. Can the problem be ignored?

There is considerable despondency among unions of course. According to a Labour File investigator, while Indian labour has a tradition of fighting back when there is a need, in the current phase, the combined force of capital, government machinery and ruling class are coming heavily against labour while the effectiveness of existing labour laws become useless for all practical purposes. The workers' struggles in the past few years show how difficult it is for workers to assert their democratic rights (Das 2011)

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