

PGDM (2018-20)

Management of Industrial Relations

DM 423

Trimester – IV, End-Term Examination: September 2019

Time allowed: 2 hrs 30 min

Max Marks: 50

Roll No: \_\_\_\_\_

**Instruction:** Students are required to write Roll No on every page of the question paper, writing anything except the Roll No will be treated as **Unfair Means**. All other instructions on the reverse of Admit Card should be followed meticulously. In case of rough work please use answer sheet.

Sections	No. of Questions to attempt	Marks	Total Marks
A	Minimum 3 question with internal choices and CILO (Course Intended Learning Outcome) covered	3*10	30
B	Compulsory Case Study with minimum of 2 questions	20	20
<b>Total Marks</b>			<b>50</b>

**Section A**

**Note: Answer any three questions each question carries equal marks. (10 x 3 = 30)**

- A1a. In the article titled "Industrial Relations Situation in India: A Report" by Balasubramanian and Dhal as discussed in class is broadly divided in four sections. Explain in detail the four sections of this paper. What is the latest trend of Industrial Relations in India? (CILO-1)
- OR
- A1b. "India is a labour intensive economy and its socio-economic setup requires a paradigm shift its Industrial Relations policy". Comment. Also discuss the post liberalization industrial relations scenario in India with examples. (CILO-1)
- A2a. Explain in detail section 9A (Notice of Change ) and 33 (Conditions of service to remain

unchanged) of the Industrial Disputes Act 1947. Also elaborate the provisions discussed under 25B (Continuous service) of the IDA 1947. (CILO-2)

OR

A2b. "Freedom of association is the essence of Trade Unions in India". Comment. In the light of this statement elaborate the historical evolution of trade unions in India. Also state the recent trends in trade union movement? (CILO-2)

A3a. "An act of insubordination in work place amounts to indiscipline". Comment. What major steps you would initiate and implement as an HR manager to maintain discipline in the work place? Also discuss the various forms of punishment for workplace related misconducts. And explain discharge simpliciter with relevant case laws.(CILO-3)

OR

A3b. As an HR manager of a company, give five steps with examples you would undertake to strengthen workers participation in an auto sector manufacturing unit employing 1000 workmen. And discuss the rationale of 'Workers Participation in Management' as a tool to manage industrial democracy. (CILO-3)

### Section B

**Note: Analyze the following case and answer the following questions.(CILO-2) (10x2=20)**

#### **NANO PLANT:SKILLED WORKERS' UNREST**

Chetak Patel (Chetak) was hired from Industrial Training Institute (ITI), which is located at Visnagar in Mehsana, for Nano manufacturing plant of Tata Motors Ltd. (Tata Motors) at Sanand, Gujarat. After seven years of working with the firm, Chetak was suspended for misconduct, along with Kalpesh Rajput, and then started a battle with the management. He got a 'charge sheet' on December 17th 2015, mentioning he was absent from work between 1350 hours and 1445 hours on December 16th 2015. Next, a strike started, this being the root cause for a massive movement to come in. The management of Tata Motors had to take key decisions to handle the situation. It required ample rigor from the key decision makers to solve the crisis. World's cheapest car producers would have never dreamt that this unrest will be of such a huge scale that 95% of the workers will go off the job.



## **Tata Sanand Plant**

The Sanand facility is the only Tata plant where Tata Nano is manufactured. The Nano plant, which was originally to be set up in West Bengal, was later shifted to Gujarat. It has a total production capacity of 3.5 lakh units annually. Cars other than Nano are also planned to be rolled out from Tata Motors' Sanand plant.

## **Strike Started**

According to the workers of Tata Motors, the dispute basically started in November 2015 when the workers got together to form a workers' union. Workers alleged that just after the application to form the union was submitted to the management, the company began to harass them. February 22<sup>nd</sup> 2016 was the main day of labor war, the base of which goes back to December 2015 when Tata Motors suspended Chetak Patel and Kalpesh Rajput, on alleged disciplinary grounds. The charge sheet was filed in December 2015 against both. One skilled worker (specialist) was blamed for 'mishandling' his boss while the other's 'offense' was 'strolling into another office'. Laborers reacted by going on a prompt strike to contradict this administration witch-chase. So as to end the problem, government labor authorities instantly interceded to arrange a tradeoff. Thereafter, the organization said it would lead an inquiry into the allegations against the two laborers within a month and present a report. On that 'guarantee' the workers canceled the strike. However, the company administration's inability to fulfil its commitment in the following two months drove workers to a strike, requesting prompt inversion of suspension of the two laborers. However, the organization suspended 26 more workers, blaming them for 'scratching and harming' nearly 50 vehicles in the plant. Workers then requested the reinstatement of each of the 28 laborers. The organization however stated that no suspended laborer would be taken back without an inquiry. It was alleged that in an attempt to criminalize the workers, the administration declared the strike 'illicit' and restricted all laborers from addressing the media. Police was also called to the plant. In an announcement, Tata Motors asserted that there had been continued agitations and disturbances from the workers as they demanded financial increments. In addition, the workers opposed the disciplinary actions against certain workers. This brought genuine risk to the staff and additional losses because of hampering of the work. Demanding the company administration to revoke the suspension of 28 workers and to reinstate them, around 422 workers of Tata Nano plant went on strike.

## Day Two

The strike at Tata Motors plant in Sanand entered the second day as neither the company's management nor the protesting employees moved from their stand. The laborers were fixed on their request to get the suspension of 28 workers revoked and the management stated that any action in this regard would be taken only after the inquiry. The company stated that there was not much effect on production side of plant due to strike, but the work was hampered which lead to the loss of resources, both tangible and intangible. As there was no union, a seven member committee was formed by the worker which was given the responsibility of negotiation with the management of the company and with the Gujarat government.

## Day Three

With both Tata Motors and the workers' committee firm on their stand, the strike at the Sanand plant entered the third day. While enquiry was completed for 2 workers, it was pending for the rest 26 laborers. A joint meeting between management and the workers committee was held in the presence of Deputy Labor Commissioner of Ahmedabad Labor Department. But both sides failed to reach an agreeable resolution. Tata Motors issued a statement saying that, "The Management team firmly put forward their views and urged workmen in larger interest of all stakeholders to resume work immediately. The company has no plans to withdraw suspensions that involve charges of serious misconduct. The company reiterated that indiscipline will not be tolerated and will initiate an enquiry against the said 26 workmen". Tata Motors filed a complaint at Sanand Gujarat Industrial Development Corporation (GIDC) police station against the suspended workers for damages caused to around 50 cars.

M. S. Patel, Assistant Commissioner of Labor Department, Ahmedabad region, went to the plant for the negotiations. The protesting workers were asked to meet the Deputy Commissioner of the State Labor Department but they refused. The department started the process of prohibiting the strike and declaring it illegal, though the final call had to be taken by the Secretary of the department.

The company stopped the protesting workers from entering the premises of Tata Nano plant. The workers arranged a meeting with V. V. Pandya, the Deputy Labor Commissioner of Ahmedabad zone. Despite an hour long meeting in the presence of representatives from the management, which included Tata Nano's head of Human Resources also, consensus was not reached. Workers said that they would resume work only after the reinstatement of the



suspended colleagues, but the company was in no way to tolerate the indiscipline. The situation continued the same way on day four also as no side was ready to compromise.

### **Day Five: Management Talked Tough**

As the strike entered its fifth day, the workers raised the issue of enlistment of their union and additional compensation and right to raise issues. As per Advocate Nihil Mehta, secretary of the Gujarat wing of Indian National Trade Union Congress, laborers were requested to rejoin work else the substitution workers would be procured. In Gujarat, contracting prepared workers does not appear to be an issue as there is large prepared workforce from the ITIs, accessible from close-by towns.

Vikesh Rabari, one of the members from the board for negotiations, told that Tata Motors prevented the workers to form a union of their own. Tata Motors' administration released the affirmation as they had a solid history of working with different unions at various plants. The organization did not have any problem with the formation of unions. "The Company respects the right of workmen to form a union. The 26 workmen who have been suspended on charges of serious misconduct have nothing to do with union formation. All workmen other than those suspended on charges of indiscipline should resume duty," told a spokesperson of Tata Motors. State Government's labor department guaranteed an investigation into the matter to be finished within a month. Nonetheless, it didn't give any statement regarding reinstatement of the suspended laborers.

### **When 25 Workers Resumed Work**

In the meanwhile, on February 25<sup>th</sup> 2016, all the 25 workers resumed work. M. S. Patel told that when a bus ferrying the workers was stopped at the main gate of the plant, some workers decided to rejoin work. Management sent notices to the families of the striking workers to desist them from the course of action they took.

### **Gujarat Government Declared Strike Illegal**

The strike was declared illegal by the Gujarat Government<sup>10</sup>. The report about the same was presented by Ahmedabad Labor Commissioner who also informed industrial tribunal about the matter. It was indicated by K. O. Shah, Additional Labor Commissioner of Gandhinagar, Gujarat,

that the strike was illegal as per section 10 (3) of Industrial Disputes Act. Matter identified with suspension of 28 laborers was likewise referred to the tribunal.

The Tata Motors management requested that the laborers continue the work else the absenteeism will be dealt with as unlawful and they could make a strict move. Workers didn't take any decision after the ultimatum also.

### **Roses and Spiritual Leadership, an Approach to End the Agitation**

In a gesture reminiscent of 'Gandhigiri', the management of Tata Nano Plant offered roses to striking laborers in an effort to persuade them to leave the strike and resume their duties in the plant. Along with the blossoms was a note in Gujarati: "*Tame hamare maatey mulyavaan chho* (You are valuable to us)". Workers were amazed by this gesture. The organization additionally organized a meditation session with the workers.

Despite all the efforts made from the side of management nothing fruitful came out for next six to seven days and the strike entered the eleventh day. Management was able to win some hearts which resulted in a few workers resuming work.

### **Strike Continued on Day 11**

As the days passed, a three-party meeting was held between the company, the Labor Department and workers, at the Assistant Labor Commissioner's office in Ahmedabad. Yet again, it resulted in no outcome at all. A day after the Gujarat Government's work office proclaimed the strike at the Nano plant as 'unlawful', striking laborers chose to proceed with their unrest and press for their requests. And so with this situation the same story was on for next day too. It seemed that neither party was ready to understand other party's view, which made the situation more problematic.

### **Day 13**

Striking laborers continued to be disobedient regardless of propitiatory endeavors by the company administration and the Gujarat Government. The legislature of Gujarat order dated March 2<sup>nd</sup> 2016, plainly disallowed the strike and coordinated laborers to resume work and re-establish regularity. In any case, notwithstanding rehashed advances and advisories by different government offices, laborers proceeded with the strike.



### **More Workers Rejoin Duty on 14th Day of Strike**

The day began with a positive note for the organization. Around 40 workers reported for work and the number was positively expected to increase. Tata Motors distributed a notification in Gujarati dailies requesting that laborers report back to work by March 5<sup>th</sup> 2016 or else the organization would take action against them.

### **Tata Motors Moved to Court**

When all the efforts of Tata Motors failed to make the striking workers rejoin the plant, the company moved to the Ahmedabad Sessions Court so that an order could be obtained to prevent disturbances on the plant premises, which guaranteed the security and well-being of staff and property.

### **Day 24th – Workers Got Support of Other Union Bodies**

With the continued disturbed days, next major problem that came up for the management of Tata Nano Plant was, around 22 central and city-based trade unions extended their support to the workers on strike.

On March 12<sup>th</sup> 2016, the 24th day of the strike, the support extend by others unions boosted the workers to threaten the management to launch a state-wide agitation. More than two dozen trade union bodies, which included the All India Trade Union Congress (AITUC), Indian National Trade Union Congress (INTUC), Hind Mazdoor Sabha (HMS), the Centre of Indian Trade Unions (CITU) and New Trade Union Initiative (NTUI), extended their open support to Tata Nano's striking workers.

### **Protesting Workers Detained**

Around 384 out of more than 600 disturbing laborers including those from Sanand plant, alongside individuals from around 22 unions, were confined after they organized a dissent at the Collector's office. They were released later.

### **Union Registration and Tata Motors Gives in to the Demands of Striking Workers**

Tata Nano requested the Gujarat Government to register an 'internal union without representation from outside', which implied that they could not connect with any all-India trade union. Individuals from a few unions backing the specialists at the Sanand plant met Chief Executive authority of Ahmedabad Urban Development Authority (AUDA), A.B. Gor,

communicating their worry at the falling apart of relations at the plant and the 'factional mentality' of the legislature in managing the circumstance. The organization consented to set up a free board to test the episodes that prompted the suspension of 28 laborers of Tata Motors' Sanand Plant and present a report on the same within six months.

"It was the key demand of the striking workers. There are other demands including immediate withdrawal of suspension of the workers," told Ashim Roy, Vice-President of NTUI, who was also advising the striking workers at Tata Nano car factory. M.S. Patel said, "We have started the procedure and soon police confirmation of the workplace bearers of the proposed union will be finished. We anticipate that the procedure will be over in 30 days." Rajkumar Beniwal, area authority, trusted that the issue of strike will be eliminated in a matter of seconds. With all the issues going on, Tata management wanted to keep the production on and hence they got Pune plant workers to Sanand plant for work.

### **Tata Motors decided to get Pune Workers to run Sanand Plant**

It was crucial time for Tata Motors to keep the plant working as they had just launched Tiago hatchback. Hence, to continue manufacturing so that the orders of Tiago model could be fulfilled, the organization acquired around 250 laborers from its Pune plant. These laborers were aware about the circumstances at the Sanand plant.

### **Labour Department acknowledged the Union for Tata Nano Workers**

It was 25 days later since the workers at the Tata Nano plant in Sanand went on strike, that the Labor Department acknowledged the laborers' union of the plant. It was called Bharatiya Kaamdar Ekta Sangh Sanand (BKESS). The letter of acknowledgement for union formation was given to the workers by senior authorities. After the formation of union, still workers kept the strike on for reinstatement of suspended coworkers.

### **Mega Protest Rally at Sanand GIDC**

Workers were still pressing for the reinstatement of all the suspended workers. With talks ending in disappointment, the Tata Nano specialists proceeded with a 'mega dissent rally' which comprised of 400 workers of Tata Nano, delegates of 22 other trade unions and agriculturists from adjacent towns of Sanand. The GIDC Gate No. 2 is the fundamental section point towards the Tata Nano manufacturing plant where all the protestors moved so that they could block it. The mega protest was organized day after the official declaration was made by government for



enlistment of the Tata Nano laborers union BKES. M.S. Patel said, "Since their union has been registered, these seven representatives have been asked to prove that they have the support of at least 70 per cent of the workers, whom they wish to represent. They will do it by Saturday, so we have convened another meeting on Monday"20.

Workers accused the administration of not talking about the issue of reinstatement of the 26 laborers which was the essential interest. "The management is simply delaying the negotiation process by coming up with new issues, whereas we told them of our readiness to resume work tomorrow if they resolve our demand. We will go ahead with our mega protest rally outside Sanand GIDC as planned and are expecting 1500 to 2000 people from civil society and 22 central and city-based trade union and farmers to support us in it," mentioned Hitesh Rabari who was one of the delegates amongst the striking workers of Tata. Police had to take action at this point to control the situation.

#### **Police Detains 300 Tata Nano Workers on Strike at Gujarat Plant**

Around 300 striking laborers of Tata Nano plant were on March 19<sup>th</sup> 2016 confined by police when they assembled outside the plant to challenge the suspension of their collaborators at GIDC. Police said that the dissidents assembled without any authorization to hold a rally. As per P. O. Bhatt, Ahmedabad Rural Deputy Superintendent of Police, the specialists had chosen to proceed with their arrangement to hold dissent rally close to TataNano plant site at Sanand after talks with the organization over re-instatement of 26 suspended laborers fizzled. Again, for three to four days, all the disturbance continued on the same path despite union formation.

#### **Strike at Sanand Plant Enters 27th Day**

The other interest of the specialists – acknowledgment of their union by the Gujarat Government – which was the underlying reason for the conflict between the organization and its laborers, had been met. The laborers now wanted their 28 suspended partners to be taken back by the organization. "We are happy that the union has been recognized. However, our major demand remains to have our 28 suspended colleagues reinstated, and our agitation will continue until a compromise is reached over the matter,"said Hitesh Rabari, president of the recently shaped and perceived union, the BKES.

### **Workers Call Off the Strike After a Month**

Finally, workers called off their over a month-long strike and resumed work from March 23<sup>rd</sup> 2016 and normalcy was reestablished at the Sanand plant. The stand-off between Tata Motors' administration and the striking workers was cleared after the mediation of a senior civil servant named Sanjay Prasad from Gujarat Government's Labor Department. After a long meeting with Sanjay Prasad, Principal Secretary, Labor Department, Government of Gujarat, alongside Tata Motors' authorities and other work division authorities, the striking specialists chose to cancel about a month-long strike on March 23<sup>rd</sup> 2016 night. According to the agreement, out of the 26 suspended specialists, Tata Motors agreed, without setting any priority, to disavow the suspension of 13 of the laborers while simultaneously proceeding with their enquiry. Suspension pending enquiry of rest of 13 laborers was decided to be continued till a decision could be made on finishing of enquiries. While the remaining 13 were to keep on getting remittance (75% of their wages) till the completion of enquiry into their behavior by independent board, all the suspended workers were allowed their base remuneration, as endorsed in the labor law. The organization administration consented to finish the enquiries of all the 26 suspended laborers in a time span of around 4 to 6 months. Two other workers who were suspended were not reinstated as the results of the enquiry against them were pending and were supposed to come up within a week. Further, the organization also recognized BKES.

The question is, what went wrong on both the sides – management and employees – which made this a month-long disruption of work. Strikes affect both the sides in some or other way. What are the best possible ways so that situation of this kind and magnitude can be prevented in the future? What management should do next?

### **Assignment Questions**

- B1. What are the various reasons for industrial unrest? Discuss the role of top management in maintaining industrial relations. (CILO-2)(7Marks)
- B2. Discuss the role of trade unions in industrial relations with reference to Dunlop Theory and Stakeholder framework. (CILO-2)(8 Marks)
- B3. How does the case reflect the industrial relations scenario in modern India? Discuss the scenario 10 years back and now, with respect to the life cycle of Tata Nano. (CILO-2)(5 Marks)

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