

**K. J. SOMAIYA INSTITUTE OF MANAGEMENT STUDIES AND RESEARCH**

**Program: PGDM /MMS - HR (Batch 2018-2020)**

**Subject: Industrial Relations**  
**(End Semester examination)**

Maximum Marks: 50

Duration: 3 hours

Date: 17.09.2019

Question 1 is compulsory. It carries 20 marks.

Case

How the auto sector contracted labour trouble

ADITI NIGAM

NEW DELHI, MAY 2:

Labour trouble in the auto industry is raising its head again.

The latest incident was at component maker Shriram Piston's plant in Bhiwadi, Rajasthan, where about 2,000 workers went on strike, demanding the right to form a union, among other things.

The situation turned ugly last week, leading to police lathi-charge that left many workers and company officials injured. The incident comes close on the heels of labour trouble at Toyota Kirloskar Motor plants in Bidadi, Karnataka, and the Bajaj Auto plant in Chakan, Pune.

Strike inevitable

In the auto sector, industrial relations have taken a turn for the worse as the industry has been facing a slump in sales for almost a year now, amid low consumer sentiments, rising fuel prices and a fluctuating rupee. Labour experts, however, see rising conflicts between management and workers as inevitable across sectors. Some even blame growing contractual labour and the resultant depletion of workers' bargaining power as fuelling unrest.

It may be recalled that before the violence broke out in Maruti Suzuki's Manesar plant in Haryana in July 2012, one of the key demands of the workers was recognition of their union.

Trainee workers

In February this year, workers of Bajaj Motors on the NH-8 stretch from Gurgaon to Manesar protested at the factory gate. The Gurgaon plant had around 1,500 workers, of whom only 283 were permanent, they said.

While the wages for permanent workers were ₹10,000-12,000 a month, for the rest, the company was paying Haryana's minimum wage for unskilled workers – ₹5,342.

Some workers also claimed that after the Maruti incident, companies were reducing their dependence on contractors and were hiring a new category of workers, called

DT (diploma trainees) on contract.

“Hundreds of these workers have not been made permanent despite working for one or two years,” said a worker in Faridabad, near Delhi.

According to a recent study by industry chamber Assocham, the share of contract workers in the total workforce is as high as 47 per cent in the automobile sector.

The growth in the number of regular workers has fallen by nearly half to 25 per cent, the study said. The trend of rising contract labour cannot be reversed, say labour experts.

“With market fluctuations rising, employers are finding it difficult to retain permanent employees. So they prefer the flexibility of hire-and-fire,” says Sanjay Upadhyaya, Faculty Member, VV Giri National Labour Institute, Noida. He says contract workers usually have very low wages, poor working conditions and long working hours, compared to their permanent counterparts.

“This leads to a lot of dissatisfaction and insecurity, which is why incidents such as (the one) at the Maruti Manesar plant, happened. “An expert on contract law, Upadhyaya says that while there are Central and State rules that stipulate salary and other benefits for contract workers on a par with permanent ones, these provisions are not part of the Contract Labour Act. Some employers escape implementing these rules by splitting workers into smaller units of less than 20 workers a section, say, as cleaners or computer operators.

### Questions

1. Present your recommendations in a situation where permanent employment is being phased out in the Auto sector and companies, on the other hand, are facing pressures on their margins due to market fluctuations.
2. What should be roles of the three actors do in ensuring industrial harmony?

2. Please answer the following questions in not more than 50 words each (Any three). Each question carries 10 marks.

- a. What is the Systems model in Industrial relations systems?
- b. What is the role of the state in Industrial Relations?
- c. What could be some methods for keeping a workplace non-unionized?
- d. What are the levels of conflict resolution methods for settlement of industrial conflicts in India?
- e. How do contextual factors influence ‘Industrial relations’?
- f. Elaborate the dilemmas faced by management in multi-union situations.