

FORCE MOTORS LIMITED

CIN L34102PN1958PLC011172

Regd. Office : Mumbai - Pune Road, Akurdi, Pune 411 035. INDIA



FORCE

THE INDUSTRIAL RELATIONS SITUATION AT OUR AKURDI, PUNE PLANT

THE BACKGROUND

- 1) The Bhartiya Kamgar Sena (BKS) formed a union in Force Motors Limited (then Bajaj Tempo Limited) in 1992.
- 2) The company negotiated and settled wage agreements with the BKS in 1993, 1997 and 2001. No union was recognized under MRTU-PULP, at that time.
- 3) The agreements were accepted by all workmen. BKS applied for "recognition" under MRTU-PULP in 1996.
- 4) BKS received recognition in 1998.
- 5) According to law, if there exists a "recognized union" in a company, it has the status of "Sole Bargaining Agent". The company is not permitted to negotiate with any other union. Thus if a company does not negotiate with another union, it is legally correct.
- 6) In 2003, Bhartiya Kamgar Sena (BKS) were the sole bargaining agents by law. The company started discussions with them for a new agreement. The agreement of 2001 was signed during a severe recession, and it was obvious that the 2004 agreement, if could have materialized, would have been higher. This was known to all workmen, and all concerned.
- 7) In 2003, PEU - AITUC tried to establish a rival union in Force Motors and brought serious impediments in these negotiations.
- 8) The company clarified on 11.1.2013 to representatives of PEU - AITUC, that BKS legally enjoys the status of sole bargaining agent, and the company does not have the possibility to negotiate with any other union.

INDUSTRIAL DISPUTE

- 9) In 2003 the PEU - AITUC applied to the Hon'ble Industrial Court, for removal of the recognition of BKS, and for granting recognition to themselves i.e. PEU. During 2003 - 2004, PEU repeatedly obstructed both the process of negotiation, as also the functioning of the company's Akurdi plant.
- 10) The PEU - AITUC brought about an illegal strike, created an atmosphere of terror, and prevented smooth negotiations with BKS - the recognized union.
- 11) From 13th May 2004, PEU started an agitation opposite the company's gate and established a picket. From 21st May 2004, several workmen started go-slow in the company, thus disrupting and obstructing the production. The Hon'ble Court declared this go-slow to be illegal. Yet the PEU continued their agitation, and the go-slow lasted for 5 months. The company had to declare a lock-out due to the highly volatile situation prevailing at that time. Only after 9th October 2004, after workmen gave written guarantees of good behavior, could the work resume in the company.
- 12) In July 2004, elements sympathetic to the agitators brought about a serious riot inside the company's estate. The property of the company was substantially damaged. The police had to be called. The police had to resort to lathi charge to subdue rioters. The riot had lasted for several hours.
- 13) Officers and workers who wanted to work normally were obstructed, threatened and put in danger. This atmosphere of terror and obstruction lasted several months.
- 14) The PEU - AITUC applied to the Hon'ble Industrial Court for three issues:
 - 1) To cancel the recognition of BKS
 - 2) To grant the recognition to the PEU - AITUC

3) To demand that no negotiation should take place in the interim period.

- (Thus the PEU itself is responsible for prevention of any negotiations.)**
- 15) After the PEU - AITUC announced their intention to establish a union in Force Motors, on 22nd March 2006 i.e. nearly four years later, the Hon'ble Industrial Court granted it "recognition".
 - 16) On the above decision of the Hon'ble Industrial Court, the Bhartiya Kamgar Sena (BKS) - till then the recognized union - filed an appeal by way of a writ petition on 19.4.2007, in the Hon'ble High Court.
 - 17) **The Hon'ble High Court on 27.4.2007 declared to the effect that till the matter is decided, no party may enter into any negotiations, or demand any rights or revisions.**
 - 18) **On 2.2.2009, the Hon'ble High Court cancelled the recognition granted by the Industrial Court to PEU-AITUC, and restored the recognition of BKS. Thus till today over the last decade, BKS is the only recognized union.**
 - 19) On 5.2.2009, PEU - AITUC, vide 4001-02/2009 filed a special leave petition in the Hon'ble Supreme Court of India. Presently the matter is before the Hon'ble Supreme Court.

EFFECTS OF INDUSTRIAL STRIFE

- 20) In view of the effort of a group of workmen to "agitate" for establishment of a rival union, and by their action to "disrupt production" as also "prevent negotiations", the company's operations were seriously disturbed. Workmen, company, company's suppliers, dealers, their employees, etc. had to face adversity, and had to accept serious financial losses since 2003.
- 21) When the market for the company's Matador range of vehicles had begun to decline, the company had created a scheme for launching agricultural tractors. The company could have implemented the project for agricultural tractors at any suitable location, in which case significant incentives and advantages could have been availed. However, the company's founder - late Shri Navalmalji Firodia - advised, looking to the well-being of the workmen at Akurdi, to establish the tractor production at Akurdi itself, even though the Government of Maharashtra gave no incentive for the new venture. The cost of employees, the cost of operations and octroi, etc. were huge disadvantages at Akurdi, (the PCMC did not even grant octroi relief, though the company had applied and was eligible.) It is a pity that workmen forget such important decisions taken by the company, at a significant cost to itself, in order to protect the future of the employees. Of course trade unions really do not care.
- 22) The extremely successful and popular Minidor 3-wheeler, which plant was also established at Akurdi, and the newly established Tractor, were created by the company at great expense and effort, in terms of investment, technology, production facilities, market development, supplier base development, etc. These entire businesses suffered huge damage, and over the years from 2004, the production of both these products severely declined., thus putting not only the company, but numerous small and large suppliers and company's dealer to losses. Many workers of the suppliers and dealers, also lost their jobs.
- 23) **The entire blame for the present predicament of the workmen rests solely on the two trade unions and their leaders, who for their power, their status, their prestige and their selfish motives - having put aside the interest of the workmen - have been fighting for achieving the contract for being the "Sole Bargaining Agent", for this group of workmen. Their sole aim, is to achieve the status of recognized sole bargaining agent. That is the root cause of the present crisis.**

COMPANY'S HELPING HAND SCHEME

- 24) **Already in 2005, recognizing the protracted nature of this conflict, and looking to the difficulties of the workmen, the company came forward to offer a significant "Helping Hand" to the workmen. This was done when there was no legal requirement, solely as a result of the company's goodwill for the workmen, and looking to their welfare. A simple, easily understood and realizable scheme, for enhancing the compensation of the workers, was brought in by the company in 2005, which continues till today. From time to time, this scheme has been improved and enlarged.**

MINIMUM & MAXIMUM WAGES + BENEFITS OF WORKMEN FOR THE PERIOD 2004 to 2015

(All Figures in Rupees)

Sr.No.	HEADS	Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Feb. 2015	Diff With 2004
1.	BASIC,ADDL DA, PERSONAL PAY	MIN	1,090	1,090	1,090	1,100	1,109	1,118	1,127	1,136	1,145	1,154	1,163	1,163	
		MAX	2,751	2,752	2,767	2,783	2,727	2,740	2,701	2,665	2,635	2,646	2,658	2,658	
2.	EFFICIENCY ALLOWANCE	90%	816	816	816	816	816	816	816	816	816	816	816	816	816
		MAX (100%)	1,326	1,326	1,326	1,326	1,326	1,326	1,326	1,326	1,326	1,326	1,326	1,326	1,326
3.	OTHER ALLOWANCES		1,562	1,562	1,562	1,562	1,562	1,562	1,562	1,562	1,562	1,562	1,562	1,562	
4.	VARIABLE DEARNESS ALLOWANCE		3,275	3,345	3,634	3,864	4,299	4,800	5,265	5,854	6,378	6,932	7,402	7,372	
5.	TOTAL (AS PER 2001 AGREEMENT)	MIN	6,743	6,814	7,102	7,341	7,786	8,296	8,770	9,368	9,901	10,464	10,944	10,914	4,170
		MAX	8,914	8,985	9,289	9,535	9,914	10,428	10,854	11,407	11,901	12,466	12,949	12,919	4,004
6.	HELPING HAND	MIN	0	1,200	3,000	3,250	3,050	0	3,000	6,000	6,000	6,000	6,000	6,000	
		MAX	0	1,850	4,400	4,700	3,300	0	3,000	8,900	8,600	8,900	9,300	9,400	
7.	SPECIAL PERSONAL PAY		0	0	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	
8.	SPECIAL ATTENDANCE BONUS (100%)		0	0	0	0	0	0	1,500	1,500	1,500	1,500	1,500		
9.	TOTAL OF HELPING HAND SCHEME	MIN	0	1,200	4,001	4,251	4,051	1,001	4,001	8,501	8,501	8,501	8,501	8,501	
		MAX	0	1,850	5,401	5,701	4,301	1,001	4,001	11,401	11,101	11,401	11,801	11,901	
10.	WAGES & ALL ALLOWANCES PLUS HELPING HAND SCHEME	MIN	6,743	8,014	11,103	11,592	11,837	9,297	12,771	17,869	18,402	18,965	19,445	19,415	12,671
		MAX	8,914	10,835	14,690	15,236	14,215	11,429	14,855	22,808	23,002	23,867	24,750	24,820	15,905
11.	BENEFITS TOTAL (LTA,MEDICAL,PF, GRATUITY, MEDICLAIM, CANTEEN SUBSIDY & LEAVE)	MIN	2,006	1,882	2,132	2,275	2,504	2,716	3,096	3,503	3,737	3,923	4,117	4,110	2,104
		MAX	2,365	2,241	2,495	2,639	2,854	3,067	3,436	3,833	4,059	4,246	4,440	4,433	2,068
12.	GRAND TOTAL (WAGES+BENEFITS)	MIN	8,749	9,895	13,235	13,868	14,341	12,013	15,867	21,372	22,139	22,889	23,561	23,525	14,775
		MAX	11,279	13,075	17,185	17,875	17,069	14,496	18,291	26,641	27,061	28,113	29,189	29,253	17,973
EXPLANATORY NOTES :															
1.	Variable DA (Item No. 4) is based on December month Index for every year														
2.	Other Allowances (Item No. 3) includes HRA - Rs. 409.24 PM, CCA - Rs. 275.08 PM, Education Allow - Rs. 528.84 PM, Wash Allow - Rs. 217.88 PM, Conv Allow - Rs. 124.80 PM, Attendance Bonus - Rs. 6.00 PM														
3.	For above calculations 26 days are considered as standard base														
4.	For Helping Hand (Item No. 6), December month is considered for every year except 2008 as Scheme was stopped in Dec-2008														
5.	There was no Helping hand Scheme in 2009														
MINIMUM WAGE AS PER GOVT (Basic + Special Allowance + 5% HRA)			3,021	3,094	3,207	4,378	4,548	4,815	5,275	5,684	6,085	6,571	9,190	9,542	

- a) **From the above table, it is obvious that the Helping Hand value, which was minimum Rs. 1,200 and maximum Rs. 1,850 in 2005, has been increased unilaterally by the company year on year, so that presently it is a minimum of Rs. 6,000 and a maximum of Rs. 9,400 per month. This clearly shows that even though there have been no agreements signed, on its own due to its goodwill for workmen, the company has given to the workmen increases in the earnings upto Rs. 8,200 per month. As far as our information goes, no company upto today, anywhere, has granted such unilateral benefit to workmen without a contract.**
 - b) Of the 487 workmen in Akurdi, approximately 471 workmen actually received the benefit of the Helping Hand scheme. This amounts to 95% of the workmen. Those workmen who remain absent, or do not work sincerely, do not avail of this benefit (the company is helpless in this regard).
 - c) The DA has increased from Rs. 3,275 to Rs. 7,372 i.e. an increase of Rs. 4,097 amounting to annual increase higher than the rate of inflation in India over the last decade. They do get this benefit.
 - d) **In 2006, the company unilaterally granted to the workmen a special increase of Rs. 1,001. This was added to their wages so that their PF, etc. also improves. In 2011 a special attendance bonus of Rs. 1,500 was introduced, as an addition.**
 - e) The Helping Hand scheme is dependent on the performance of the workmen. It should be noted that it is operational from 2005 onwards, and the benefit which was approximately Rs. 1,200 in 2005 has today, in 2015 (at the time of this information being made public), has substantially increased to Rs. 11,900 approximately per month.
- 25) **As per the above table, the direct "take home remuneration" of workmen today stands (including incentive) at Rs.23,525 minimum, and maximum Rs. 29,253. This includes incentives and benefits. They are eligible, and they do get it. If the indirect benefits for which the company pays - such as leave travel allowance (LTA), provident fund contribution (PF), gratuity contribution, cost of paid leave, bonus paid, canteen subsidy paid, etc. is added, the sum stands today at Rs. 29,253 per month. For comparison, the table above also indicates the government mandated minimum wage.**

PRESENT STATUS

- 26) The present conflict cannot be considered as a conflict between workmen and the management. It is purely a fight between rival trade unions and their tactics. It is clear that a group of workmen is agitating that the negotiations should only be with followers of PEU, and the company may only negotiate with them, when they are not recognized and another union is. The entire issue has arisen out of this insistence.
- 27) **The fight between them is not for the "rights" of the workmen, but for the "privilege" of being the union.**
- 28) **The company never had, does not have, and will not have any objection - to negotiate and settle an agreement, in a legally proper manner with any union.**
- 29) As described above, the company has not been enabled to reach an agreement. The fault for agreements not occurring cannot go to the company, but must rest with the trade unions, for their devious decisions and irresponsible behaviour.
- 30) As the matter is pending in the Supreme Court, If the PEU - AITUC wants an agreement to happen now, they should withdraw all the cases filed in any Court by them. If they withdraw the cases, the entire issue is automatically resolved.

- 31) The company has repeatedly made it known to the workmen, that the correct solution is to withdraw the cases filed by the unions, and let the recognized union bargain to arrive at a settlement.
- 32) If this bottleneck is not removed, then the sole responsibility for perpetuating the dispute and problem rests with the AITUC - PEU, due to whose insistence to secure their privilege of negotiations - this entire conflict has been going on for over 10 years.
- 33) It is totally false to claim that the workmen are suffering or are facing starvation, or facing severe economic hardship which can be said to have been caused by the company.
- 34) Unfortunately there is no law that a fresh wage agreement has to be signed every three years or so, even though many people conveniently have this misconception. Even if no fresh agreement is entered into, then the agreement last entered into continues normally to remain valid, and its provisions continue in future.

CONCLUSION

- 35) This is clear from the above chart of their payment scales and unilateral assistance granted, etc. We are convinced, having faced this situation for the last over a decade that the only party which has worked for the benefit of the workmen, is the company itself. The unions have only cared for their privilege, their prestige and their power and are agitating not for the workmen, but for consolidation of union power. **The general public is not aware of the real situation in Force Motors. It is not even possible for them to be aware of or to have any insight into - the legal complications of this matter. But it is to be expected that the Government machinery should be aware of this. Political leaders and social workers - making tall statement and loose pronouncements based on false and partial information - is completely improper. The media also needs to introspect on the correctness and completeness of their reporting.** To blame the company's management for the crisis is totally incorrect. It is clear that the workmen promoting the PEU are only and totally responsible. They have obstructed all efforts to resolve the issues of the workmen. They have systematically tried to spread malicious lies about the company. If with due maturity of behavior and mutual respect, negotiations have to happen and solution has to be arrived at, the company has always been prepared for it. We have run our factory in Akurdi over the last 50 years i.e. half a century. Always in the past, we have been able to arrive at proper agreements after balanced negotiations. Our group runs 10 factories at different places in the country. Other than the 400 to 500 workmen in Akurdi, we have a total over 8000 employees in other establishments. In each of these establishments, we have successfully negotiated with the workmen and established mutually acceptable agreements on a continuing basis. Through the last decade, our relations with our employees in other plants have been cordial and constructive.
- 36) **The company is not responsible today for any legal case, pending in any court, and thus the delay in initiating negotiations and arriving at settlement at Akurdi, is solely on account of the unions, their tactics and their policies. Under these unusual and unfortunate conditions, if this crisis continues and if any untoward result occurs, then only the unions, and their backers and followers, are solely responsible - this we firmly believe.**

For FORCE MOTORS LIMITED
Prashant V. Inamdar
Executive Director