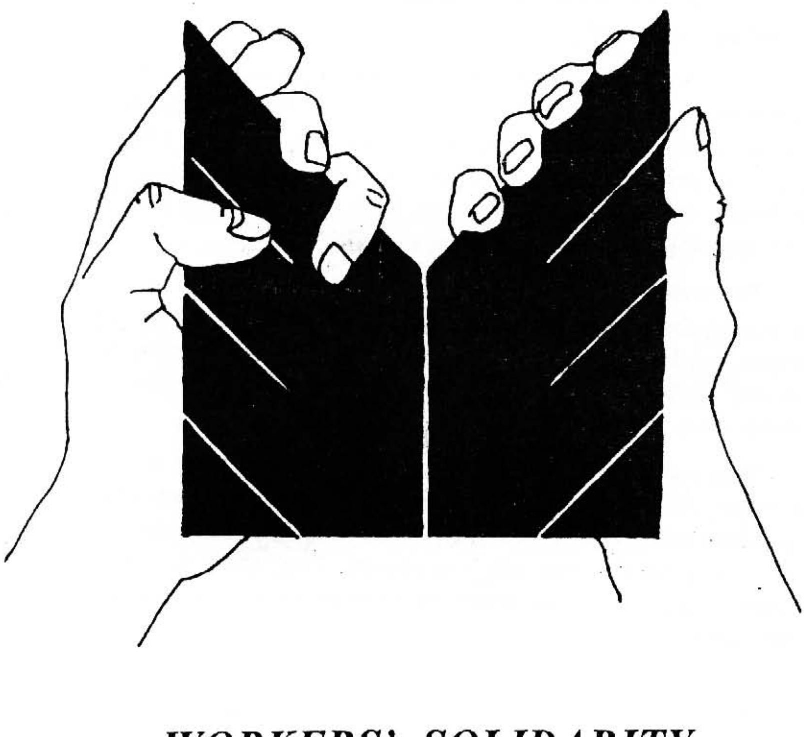
LOCK-OUT AT MARUTI



WORKERS' SOLIDARITY

NOVEMBER 2000

The car has been one of the major vehicles of capitalist growth. But in a class-ridden, impoverished society such as India, it is also meant to define the superior status of its owner. The promotion of the 'people's car', Maruti, has been accompanied by the deliberate neglect of public transport systems, which are more energy-efficient and accessible to all. This expansion of the small car market is both a reflection and outcome of the ever-increasing divide between the rich and the poor in this era of economic liberalization.

The market monopoly enjoyed by Maruti Udyog has been eroding rapidly with the opening of this sector and the entry of competitors such as Daewoo and Hyundai. The end of such a monopoly and the consequent reduction in market share may hit the Maruti workers and their families the hardest in the long term. Workers in the automobile industry globally are vulnerable to fluctuations, in market share, in government policy, in financial markets, and takeovers, over which they have no control. *(See box: Fluctuating Fortunes)*

Thousands of workers have worked ceaselessly for Maruti Udyog Limited for eighteen years to generate profits for the company. The picture of paradise drawn by the Maruti management in the 1980s, of workers engaged in production to the accompaniment of soft music, and lunching with bosses in the same canteen, has been torn to shreds with the emergence of the ongoing struggle of Maruti's workers.

The industrial dispute in Maruti Udyog Limited, Gurgaon, has been intensifying for the last two months. The outcome of the struggle by several thousand workers of Maruti will have long-term consequences, not just for them and their families, but for all auto workers, and indeed for the entire working class in the country.

This report is in support of the ongoing struggle of the Maruti workers and union. The purpose of this report is two-fold: to counter the lies and propaganda being spread by the Maruti management, which most sections of the media have uncritically reproduced. Two, through some observations, we seek to raise some questions of strategy in the intensified class conflict in our society.

Since 12 October, the 4,700 permanent workers of Maruti Udyog Limited (MUL) have been denied entry into the MUL factory situated on the outskirts of Delhi on the Palam-Gurgaon road. The Maruti management is demanding that each worker sign a 'Good Conduct Undertaking' before entering the factory gates. The undertaking states: "I shall neither indulge in

Fluctuating Fortunes

On 8 November, South Korea's Daewoo Motor Company was declared bankrupt for defaulting on a US $39m loan repayment. As a consequence, over 13,000 Daewoo workers and thousands others in ancillary units face a period of complete uncertainty. Its potential buyers, Fiat and General Motors, have been demanding that 3,500 jobs be cut, which the workers' union has justifiably refused.

Daewoo's bankruptcy also puts at risk the jobs of workers at their plant just outside Delhi, in Noida. One hundred and twenty-four employees were dismissed at only a few hours notice on 13 October.

There also are reports in the press of an impending disinvestment in Maruti. General Motors has already shown willingness to purchase government-held equity in the company, in order to expand its market in India.

All these fluctuations in the automobile industry bring to the fore a larger, critical issue: how should workers at a specific site of production protect themselves from shocks beyond their control? There is clearly a need for workers' unions to build alliances with other unions within the same industry in their country, and with their counterparts across the world.

go-slow, nor resort to tool-down or stay-in strike or any other activity adversely affecting production and discipline...". It is this illegal lock-out that the management is propagating as an unreasonable strike. Production has come almost to a standstill.

Central to the ongoing industrial dispute is the calculation of a productivity-based incentive. In 1988, the management had signed an agreement with the Maruti Udyog Employees' Union which linked a part of the permanent workers' monthly remuneration with productivity levels: from any production above a base productivity of 41.5 cars per worker per year, workers would receive 65% of the savings on labour costs. This scheme had been approved by the government of India and was in operation until 1995.

In 1995-96, the MUL management unilaterally altered the terms of the scheme, resulting in workers getting significantly lower incentive amounts. The notification to this effect was in force until 31 March 1999. The Maruti workers, who were making one lakh cars in 1988, manufactured 2 lakh cars in 1995, and 4 lakh cars in 1999-2000. It is this accelerated productivity that made the management seek to change the terms of the incentive scheme even as they pushed workers to produce all the more. The union has been demanding since then, for the last nineteen months, that the management restore incentive levels upon the base-level productivity agreed to in 1988.

The union's other main demands include the implementation of a pension scheme agreed upon in principle earlier. It also seeks to finalize annual production targets, so as to limit the workload and stress upon each worker.

With no worthwhile response from the management regarding any of these issues, gate meetings were held in early September, followed by a relay hunger strike from 18 September. In response, the management dismissed fourteen workers and suspended twelve others, including office-bearers of the union. The union initiated a two-hour tool down per shift on 3 October. On that date, the general secretary and the president of the employees' union began an indefinite hunger strike. It is clear from the narrative of events that the workers and union had been pressing for their demands in all possible ways without seeking to disrupt production. Therefore, to pose the current situation as a disruptive strike is entirely false.

Even at this stage, instead of initiating dialogue and responding to the union's demands, the management roped in the local police and administration, who lifted and broke the hunger strike on 6 October. In an attempt to break the workers' resolve, cases were filed against these union office-bearers and they were jailed. The MUL management also resorted to petty harassment: the electricity and phone connections of the union office were disconnected. It is at this point, on 12 October, that the management imposed the 'good conduct undertaking'. Such a demand by the management is completely illegal; no law of the land can compel workers to sign a document that curtails their political rights. The union is willing to withdraw the current agitation in case this undertaking is withdrawn, the suspended and dismissed workers reinstated and all workers paid for this period.

THE WIDE USE OF NON-PERMANENT WORKERS

The management claims that production is close to the earlier peak levels of 1200-1400 cars per day. In reality, production has come down to a few dozen cars a day.

All production taking place at the moment is with the labour of contract and other non-permanent workers. Direct 'production-line' workers in MUL are for the most part permanent. But it is little known that their work is supplemented and supported by a large non-permanent workforce, in contravention to existing labour law. At a public meeting recently, union representatives said there were over 3,000 contract workers employed: about half of these are in the paint shop and machine shop. As many as 750 workers are involved in material handling, which directly assists the production line. The remaining contract workers work in sanitation, canteen and security. All of this is perennial work, central to the functioning of MUL. And yet, these workers are paid in the range of fifty to sixty rupees a day. And are denied any incentive emoluments earned by other workers.

Besides, there are over 1,100 young apprentices, who are made to slog for a year for just Rs 600 a month in the hope of being made permanent at the end of that period. A number of them are thrown out after the apprenticeship period. A small section of these apprentices are taken on as trainees, and are made to work for a further two years before being made permanent. This is a huge number of workers, who are made to work for years with the permanent workers but simply exploited all the more.

In reality then, the workforce of MUL actually adds up to over 9,000 workers, and nearly half are non-permanent, saving the company crores of rupees every year.

It is some of these contract workers and apprentices whose labour is being exploited to ensure that production carries on without interruption. Since 12 October, these workers have been made to work day after day for twelve hours a shift. They have little choice in the matter.

In such a milieu, it becomes understandable for permanent workers to view contract workers as strike-breakers. Capital tends to divide workers by keeping a considerable number of them on a contract or non-permanent basis. Had the Maruti Udyog union from the start fought for the rights of contract workers, the combined struggle of the entire workforce could have, in the present situation, brought production to a complete standstill. Instead, one section of workers gets pitted against another and, to whatever degree, production continues.

ACTUAL WAGE LEVELS

The management has been widely presenting the dispute as an unreasonable strike over exorbitant wage demands. The bourgeois media have faithfully contributed to this. According to the mainstream newspapers and popular magazines such as *Outlook*, the workers cost the company Rs 22,000 a month, and are making ridiculously high claims of Rs 41,000 a month.

The MUL management claims are factually absurd. The remuneration of these permanent workers at the higher end of the scale are in the range of Rs 14,000-16,000 a month. This is the maximum remuneration including incentive from intensified productivity for the most experienced workers. If one considers average wages, it amounts to merely Rs 7,500, plus an incentive of Rs 3,500, totalling Rs 11,000, a far cry from the lies the management is propagating.

Wages and salaries as a proportion of sales made by the company amounted to a tiny 2 per cent in the year 1999-2000. This includes managerial salaries and remunerations. If one were to consider *workers' wages* alone, the wage bill amounts to a mere 0.85 per cent. Wage costs have remained at these abysmally low levels in all the eighteen years that Maruti has been in existence. So much for the widely perceived image, vigorously propagated by management, that the Maruti workers constitute a labour aristocracy, who have the nerve to ask for more. Labour costs per car – which finally sells for a minimum of Rs 2.20 lakh in the market – amount to a shocking Rs 1,950!

The general secretary of the union revealed in a meeting that capacities in Maruti Udyog have increased over the years only through in-house investments and profits, and not from new external investment. The huge profits earned by MUL have been made on the backs of these workers, and yet their share has never been more than one per cent of sales!

Even these wages have come from working harder, more intensively. There have been huge increases in production and productivity – only partly accounted for by automation, and technological upgradation – from about a lakh cars per year when the agreement was signed in 1988 to about 2 lakh cars in 1995, to over four lakh cars in the year 1999-2000. In contrast, the number of workers over these twelve years has increased only marginally. For instance, since 1994-95, while the number of workers rose only by about 21 per cent overall, the number of cars produced during the years have doubled, from about 2 lakh to 4 lakh cars.

HIGH PRODUCTIVITY AND WORKERS' HEALTH

At what cost do the workers earn the wage levels mentioned above? Workers are made to work in eight-and-a-half hour shifts, very closely monitored. The morning shift begins at 7.30 and work carries on until 9 a.m., following which there is a break of exactly seven minutes. They then work from 9.07 to about 12.00 and break half an hour for lunch, then work until 2.30 followed by a seven-minute break, and then again from 2.37 until 4.00 p.m., when the second shift begins. No worker is allowed even the slightest respite outside of these small breaks, no time to even drink water

The Downsizing at Premier Automobiles, Bombay

In June 1996, there was a lock-out at the Kurla plant of Premier Automobiles in Bombay. This plant, which at one time had 22,000 workers, was slashed to about 8,000 workers by 1991, and further through a VRS to 3,600 workers at the time of the lock-out. The main reason for the lock-out was an attempt to further reduce the workforce.

The dispute began over the change in terms of a productivity-based incentive scheme, initially agreed upon in 1988 between the management and Datta Samant's union, AEW. A higher productivity target was agreed upon in 1994, even as the management was providing raw material for lower levels of production. As a consequence, wages declined by one-third.

In 1996, this target was further increased by the management even as it refused to ensure an adequate flow of raw material. The workers refused these terms, following which the management imposed a lock-out. Until October 1996, only the 350 workers affiliated to INTUC and the Shiv Sena union BKS were working in the plant. But in October, the unit secretary of Datta Samant's union broke away and entered the plant with 200 workers. Consequently, most workers rejoined work after having to sign an undertaking agreeing with the production norms and terms set by the management.

The context for this situation was the declining market share of the Fiats of those years, and the consequent desire of the management to reduce the workforce. And the context within which the production-linked incentive scheme contributed to the retrenchment of hundreds of workers. There are fewer than 2,000 workers at the Kurla plant today.

or to urinate. When several hundred workers have to leave the production line, freshen up, urinate, drink water and tea, and return to work, all in seven minutes, such a break can scarcely be called restful.

Some of this work is in adverse physical circumstances, whether it is the heat of the welding shop, or for many workers who are required to work in a bent position throughout. There is a high recurrence of illness. Workers are barely able to walk at the end of a shift. This is what Japanese-style 'continuous improvement' actually means, closely monitoring the work process and physical movements of workers, and attempting to make each process more efficient and less time consuming. Cases of stress and nervous disorders are common among workers. One can well imagine this with each worker producing well over one-and-a-half times the number of cars he was making barely five years ago. The working hours have stayed the same; the work has become faster and faster.

CONSEQUENCES OF PRODUCTIVITY-BASED WAGE SYSTEMS

The connection between productivity-based incentive schemes and workers' ill-health due to intensified production is obvious. And how much of the rise in wages constitutes a real increase needs to be questioned in a situation where workers are being made to sweat that much more for higher incomes.

Such incentive systems can be detrimental to workers in other ways as well. Incentive-based systems result in a slowing down in the number of workers hired. The increase of production in Maruti from one lakh to four lakh cars over the last twelve years suggests that several hundred more workers could have been employed than the incremental increases that have taken place during this period.

And in the event of a declining market share or declining sales, it would result in declining production levels and hence lower wages for workers, against which they would have no legal redressal. The longer-term consequences in such a situation would be retrenchment to ensure that productivity is not lowered. The link of incentive schemes with workers' wages also cannot be bereft of the influence of changing market trends. In an adverse market situation, workers' jobs and collective rights become the first casualty (*see box on Premier Auto*).

We realize that opposing such an incentive scheme – particularly after it has been in operation for a number of years – and arguing for an alternative is extremely difficult. However, such incentive schemes are in the long run detrimental to the workers themselves. Fundamentally, such a system is intrinsic to the logic of capitalist production. Our rejection of this logic is based on a vision of a society free of capitalist exploitation.

Workers' Solidarity demands:

- A withdrawal of the 'good conduct undertaking' by the MUL management.
- Reinstatement of all the dismissed and suspended workers.
- Payment of wages to all workers for the entire period of lock-out.
- Contract employees should be made permanent.

A Report by

WORKERS' SOLIDARITY

Address : C-10/5, Krishna Nagar, Delhi 110051

Suggested Contribution : Rs. 5