

SHIFTING SITES

**Workers resistance at Honda Power
Products**

**WORKERS' SOLIDARITY
&
PEOPLE'S UNION FOR DEMOCRATIC RIGHTS
(PUDR)
Delhi
April 2002**

On 25 February 2002, the management of Honda SIEL Power Products Ltd., situated at Rudrapur in Uttaranchal, attempted to remove core machinery from the factory. They wish to shift the factory's aluminium shop to their plant in Greater Noida, U.P. The attempt was foiled by the workers, who started a continuous watch at the factory gate. To facilitate its shifting, thirty-three workers who operate this machinery were summarily transferred the next day to other departments. They refused to accept the transfers. On 7 March, the thirty-three workers were prevented from entering the factory premises and were handed termination orders. On 8 March, all workers were stopped at the factory gate and asked to sign a declaration certifying that they would not oppose either the shifting or the termination orders. On their refusal to sign, they were prevented from entering the factory. From that day, the 255 workers have been sitting day and night outside the factory gate.

To investigate the circumstances that gave rise to this impasse, the role of the government and the Labour Department in seeking a solution and the question of workers' rights, a three-member investigation team visited Rudrapur on 1 and 2 April. The team spoke to the workers and their union, the management, the District Magistrate and the Labour Commissioner.

The Honda factory lies on the Rudrapur-Kiccha Road, about 3-4 kilometres away from Rudrapur, district headquarters of Udham Singh Nagar, Uttaranchal. Producing portable gensets, Honda is one of the larger units in the district, home to 466 of Uttaranchal's 1,033 factories, public as well as private, including BHEL and Pepsi.

The company was set up in 1985 as a collaboration between the Shriram Group and Honda of Japan under the name Shriram Honda Power Equipment Ltd. It began production in 1987. In 1998 the Shriram Group moved out of the company. Since then, it has been solely in the control of Honda.

For the first five years, the company ran at a loss. Despite government subsidies, it came close to being sold in 1991-92. But since 1992, the company has been showing profits to the tune of approximately Rs 20 crore a year. Profits for the year 2000-01 stand at 19.29 crore, with production having gone up to about 1.05 lakh gensets a year.

Changing Production Methods: The year 1997-98 marks a turning point for the Rudrapur plant and its workers. The ongoing conflict over the shifting of the aluminium shop is deeply tied up with a wider logic, a logic that has become a commonplace the world over. Three processes have occurred simultaneously over the last five years or so. One, the company set up new production sites elsewhere. In 1997, an assembly plant was established in Pondicherry, to avail of the 7-year tax breaks that the government provides there for new ventures. And about a year ago, Honda set up a third plant: in Greater Noida. About 60-70 per cent of the final assembly work, that was earlier done in Rudrapur, is now being carried out in Pondicherry. Almost all spare parts for the

gensets are now made in Greater Noida. Much of the final checking happens in Pondicherry. All of this obviously meant a general decline in the centrality of the Rudrapur plant. Now only the machining is done at the Rudrapur plant, besides 40 per cent of the assembly work and manufacture of a few components. Work was reduced to one shift in the aluminium shop in 1998. Work in the assembly plant has also been reduced to one shift. And now they plan to shift the aluminium shop.

Two, the company began contracting out parts of the production work and processes - for instance, welding, painting the underframe - that earlier used to be done in Rudrapur. Currently, besides imports, a huge proportion of the components are contracted out to private parties. Mufflers and starters were contracted out to a company in Faridabad, and the thirty-odd workers who were working on these components were dismissed. Not just does it affect the existing workforce, the shift is almost always to cheaper, less organized labour. For instance, one such is a company called Aluminum Point, where a supervisor with ten years' experience earns Rs. 2,500, less than a quarter of what such a worker would earn at Honda. Repeated letters from the union to the Labour Department in 2001 state that "many important components [and processes] - welding, muffler line in the weld shop, starter case, the painting of the under frame, control panel of the alternator department have been given out on contract... because of which 200 daily wage workers have been thrown out this year". These repeated reminders yielded no response from the Labour Department.

Three, there was a distinct shift in labour policy. The use of contract labour intensified. Earlier, security and canteen workers used to be on contract. The contract system was expanded to include the gardeners, the pantry workers, drivers, employees at the company guest house, all of whom earlier used to be either permanent workers or casual workers. And there has been effectively a freeze on the hiring of permanent workers -over

the last 3-4 years, even as production continued to rise. As a consequence of the above processes, casual workers were laid off, though it is difficult to gauge how many.

The Current Dispute: In February 2002, the management initiated the move to shift the aluminium shop to its plant in Greater Noida. This decision was taken months ago. Even though production had intermittently halted three times in 2001, casual workers were laid off and fifty permanent workers were taken off the production line and put to random non-productive work, by the end of the year, production was speeded up to build stocks and cover the period of shifting.

On 25 February, the management tried to dismantle the machinery in the aluminium shop, which the workers prevented. Others workers disallowed cranes and forklifts, meant to shift the machinery out, from entering the factory. The next morning, 34 permanent workers of this shop were not given any work and were summarily transferred to other departments: steel, paint, alternator and the press shop. Which they refused to accept. There's no work in those shops for them. In fact, the shops they were transferred to already have idle workers.

On 27 February, the management produced an order from the governor to the effect that no strike or lockout was permissible in the Honda plant. Strangely, that notice had been drawn up as far back as November 2001, and obviously the management was keeping it for use at the appropriate time. They would not want to publicize it in November when production was carrying on above targets. And on 5 March, the company brought in 70-80 extra guards, who began threatening workers.

On 6 March, the workers who had been issued transfer orders went to the aluminium shop and forcibly worked on the machines. That night the staff officers and supervisors were kept back in the factory and made to pack the machines. The next morning,

the management summarily dismissed 32 workers of the aluminium shop (one was dismissed later, bringing the total to 33, and one was on leave) without notice or permission, in a clear violation of the Industrial Disputes Act, 1947. (The casual workers of this shop, one might add, had already been thrown out in early February.) When other workers demanded to know why, all the workers were kept out and the gates of the factory were closed.

The DLC intervened. On 7 March, at a tripartite meeting of the DLC, management and the union, it was decided that all workers would be taken back and work would resume the next day. But when workers arrived at the factory early the next morning, they found a declaration pasted on the factory gate, which they were asked to sign before entering. It said: that they had participated in an illegal strike; that they would not oppose the shifting of the machinery, indeed help in its shifting; that they would not oppose the dismissal of the 32 permanent workers; and that in the event of the above, they could be dismissed. This is completely against the law and the Constitution. It was clearly aimed at a stand-off, to push workers out of the factory, to enable the dismantling of the machinery. They can also use this illegal undertaking as a bargaining chip in the negotiations over shifting.

Since 8 March, the stand-off has been complete. The management maintains that this is a strike, choosing to overlook the fact that impossible conditions have been imposed on the workers. Production has almost ground to a halt. The workers have been sitting outside the factory gates, having been refused entry under normal conditions, and are firmly opposing the removal of the machines. Already manufactured gensets, though, are being allowed to be taken out. Honda procured a court order against the workers assembling within 200 metres of the factory gates. The workers have managed to get around that: across the road from the Honda gate is a partially built shed, someone's private property. As of 2 April, the workers have been assembling in that shed.

In an advertisement placed on the front page of *Dainik Jagran* on 1 April, Honda has insisted that no worker will be laid off; that the shifting will have no adverse effects on their earnings; and that the workers will not be forced to move to Greater Noida. A company representative also told our team that the factory has eleven shops and only one was being shifted. The main reason, he said, was that the company wished to avoid unnecessary transport costs from Greater Noida to Rudrapur. Another reason was that the aluminium shop would do the job work also for the Honda scooters and cars whose factories are in the vicinity of Greater Noida. The market conditions, he said, had become adverse with the use of inverters; as it is, if the economy was undergoing a recession and sales were stagnant, hence the drive to cut costs. But according to a submission made by management in court, the company's profits declined only marginally: from 2070 lakhs in 1998, to 2014 lakh in 1999, to 1929 lakhs in 2000-01. The decline in profits is slight, less than five per cent. Even that is due to depreciation; sales and gross profits have remained high.

What the company is saying is not the complete picture. For a start, it is not just a matter of the 34 permanent workers in this shop; seventy-one casual workers employed in this shop have already been discharged * with no hope of re-employment here. They are either idle, or have moved to some informal work, scratching together a living in these grim times. Second, there are many shops whose work is directly related to the aluminium shop as part of the production process. Hence if the aluminium shop is taken away, work in those related shops will get adversely affected: workers in the tool room, spare parts, maintenance, and stores departments, outplant quality, powerhouse and the rotor shaft will be hit. The experienced, highly skilled workers we spoke to kept referring to the aluminium shop as the backbone of the factory. And finally, a large number of workers in Honda's ancillaries in the area will be affected.

Which is why the dispute over the shifting of the aluminium shop has acquired such significance. The company's strategy, the workers feel, is to shift out the work piecemeal. This will slowly reduce the workforce until they can't resist. Then they will close down the factory and shift its operations elsewhere.

Undermining the Workers' Movement: The workers' union in **Rudrapur** has been a vibrant union, with a history of struggle right from its inception. An employees' union was first formed here in 1988, shortly after the plant started operations, but before its registration could take place, the management picked a few workers and propped up another union representing only the permanent workers. A number of workers tactically joined this union and then took it over after pushing for elections. The Shriram Honda Shramik Sanghatan was thus formed but without the daily wage workers.

In 1992, the Shramik Sanghatan demanded transport facilities for workers; that the grades be set right; and that workers gain the right to use or sell scrap. The management refused. The workers kept working, but then a new model genset was introduced which was not part of the production agreement with the management. They refused to make the new model, and demanded benefits. About 15-20 workers were suspended, the management imposed a lock-out for three days, but most of these demands were subsequently met.

The union attempted to forge unity among permanent, casual, apprentices, and, with less success, contract workers. Central to this unity was the demand, enforced to a large degree for years, that if the company was hiring permanent workers, it do so from among the casual workforce.

The workers and the management have constantly had drawn-out disputes over wage and productivity agreements that have taken place in 1990, 1993 and 1999.

The union having put forward its demands, the management would regularly refuse to discuss them with the union for months, delaying negotiations for as long as possible. Government officials when approached, would refuse to intervene. In fact, one of the longest struggles in this factory happened in 1999 over the wage agreement. The union again put forward its demands, including a demand for ending the contract labour system among canteen staff, safai workers and loaders. The management simply refused to meet the union. On 16 August 1999, the union declared a four hour tool-down in the 8-hour shift. All kinds of pressure was brought to bear from the management. The management attempted to divide workers: between hills and plains workers, and between permanent, contract and casual workers. (See box : ***Divide and Rule***) This is a tactic they have tried repeatedly before and since. The workers' tool-down continued for a month. After which the management declared a lockout, which carried on for 63 days. Subsequently the wage agreement was settled with increases of Rs 3,000 for the permanent workers. However, the union had to take back its demand concerning contract workers.

Divide and Rule : Until January 2002, the factory employed approximately 875 people including about 125 officers and administrative staff. The plant employs 255 permanent workers, all male, divided into nine categories, L1 to L9, with wages ranging from Rs 8,000 to about Rs 11,000 a month. Advancement from one grade to the next depends entirely on the whims of the management; we met workers who have been kept in L2 or L3 for a decade. If one is not in the good books of the management, one could take 8-12 years to advance to the next grade, if at all! The president of the union, Ram Chandra Sharma, was denied promotion for six years.

Then, at any given time, there are about 250-300 casual/daily wage workers. They work on the production line just as any permanent worker. They are made to work for months at a stretch and then laid off for at least three months during which time another lot is employed. The management thereby ensures that none of them are able to fulfil the stipulation under the Industrial Disputes Act of 240

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days of work in the previous twelve months to be made permanent. Some have worked at Honda for 9-10 years, and most for at least six. Wage levels between casual and permanent workers vary hugely: at the lowest grade, L1, a casual worker earns about Rs 2,265 a month which is below the stipulated minimum wage, whereas a permanent worker at that level earns in the range of Rs 8-9,000 a month.

The management claimed that they spend Rs 13,600 to 14,000 per worker including canteen, PF, ESI - and water! However the casual workers are not covered by ESI, a blatant violation of the law. They are also denied annual leave since they are kept on for years as daily wage workers.

The company also employs about fifty apprentices, typically from ITIs. They earn modest stipends of Rs 900-1,000 a month despite doing the work that anyone else does. Some apprentices are made to work for 2-3 years as casual workers, before being allowed to complete their mandatory year of apprenticeship. The company gets away with this fraudulent practice because ITI apprentices need that one year apprenticeship before being awarded their degree by their institutes.

Finally, there are about 100-150 workers on contract. These include security guards, canteen workers, gardeners, and drivers. Most of whom are involved in non-seasonal permanent work and earn barely the minimum wage or lower.

Not just are these ways of cutting the wage bill, keeping workers in different categories hampers working class solidarity. For instance, during the ongoing dispute, permanent workers are all sitting opposite the factory, but casual workers are nowhere to be seen - their status and economic condition forces them to look for all kinds of informal employment instead of being part of the struggle.

The above narration makes it obvious that the motives behind the shifting are not related only to costs. One manager, referring to the union in the context of shifting, told some workers: "We will not take this virus along." This union had a central role in forming a collective of workers' unions in the region, called the Sanyukta Mazdoor Sangharsh Morcha, which includes public sector unions such as FCI, and LIC. It is a common practice for companies to move from areas with high to low levels of workers' organization. Of all the parent company Honda's factories in the Noida-Gurgaon industrial belt, only one factory, that of Hero Honda motorcycles, has a viable union. Shifting and the threat of closure undermines not just the existing union in the Rudrapur factory, but the movement in the region in general. Which is one of the reasons why not just this management but factory owners in the region as a body are backing the shift

Attitude of the State: "Private is Private" Talking to the District Magistrate, Udham Singh Nagar, one got the feeling one was talking to Honda's management, not the highest administrative official of the district. There are thirteen shops in the factory, he said, and they are shifting only one shop, to save on transport costs. The workers have been re-

deployed to other shops. In clear variation with the facts, he said that the management have not prevented workers from entering the factory. Instead the workers were preventing management people from entering the factory.

The DM was amazed that the workers were demanding security of tenure. Security does not even exist in government jobs nowadays. "Private is private", he said. "They can go where they want to. If the workers are interested in working, they should work."

The Labour Commissioner recognized the problem at hand, but professed that he could do little as the management was not violating any labour laws. It was merely shifting the aluminium shop, not closing the factory; workers were not being made to shift, and supposedly their jobs were being protected. The imposition of the undertaking and workers not being allowed to re-enter the factory were not the real issues, he said. He refused to recognize that the management was virtually enforcing a lockout by asking workers to sign what it knew to be an unacceptable undertaking. The contents of the undertaking strike directly at their attempts to protect their livelihood and to struggle. The main issue, he said, was the shifting of the aluminium shop and that needed compromise from both sides, implying that the union was being adamant. He indicated he could attempt to normalize relations for now, but the shifting of the aluminium shop had to happen sooner or later and at best could be delayed 2-3 months. If one were to push the factory owners too hard, they would just shut down and go elsewhere.

What is striking is the shared belief among various officials that private capital has the right to do what it wishes to without government intervention. This position was repeated by the Labour Secretary at an important meeting on 3 April, also attended by the Labour Commissioner, DM, Superintendent of Police, the city magistrate, the management and the union. The union was told by the Labour Secretary that it was logical for the

company to go where its production costs were the least; that workers ought to help in shifting the machinery. Officials parroted the management's view that fifty more workers would be employed this year without any rational basis for or proof of that claim. Worse, at this meeting, an official threatened the union that now the shifting would take place with the use of force. The union has written to the Chief Minister, Uttaranchal, to intervene: to stop the shifting; to lift the lockout; and to restore the dismantled machinery to its former condition. No response has come so far.

Some Concluding Remarks: This report wishes to underline that the shifting of the aluminium shop is part of other larger processes, all of which exist in Honda: outsourcing of components and processes from smaller firms that typically employ non-unionized workers, crucially at much lower wages; the intensified employment of contract labour in jobs that are perennial. Central to the dispute is the new ways in which capital organizes itself, and re-organizes production to the increasing detriment of workers everywhere.

These workers have given their working lives to Honda, which has accumulated profits over the years on the basis of their labour, their skills and their ideas (*see box: "Suggestions Are Welcome"*). Allowing capital to move where it wishes ignores the stake that workers have in the company. However, given the intensified class assault mentioned above, it is hardly surprising that workers have little say in these changing production methods, and production sites. Their only tool remains collective action, with specific tactics depending on the situation. But where global capital is in operation as in the case of Honda, the most important decisions, including shifting a shop or a plant, are taken in some remote city/office, limiting the impact of the struggle at a factory gate.

"Suggestions Are Welcome" : Over fifteen years ago, management 'gurus' in the West came up with new ways of cutting costs, getting workers to work faster, reducing waste and rejects, all with the help of workers' inputs. 'Worker participation' became the new buzzword among American and Japanese companies.

At the Honda factory in Udham Singh Nagar, two such schemes have been in operation for some years. One, called the Quality Circle, aims at improving product quality and imparting training to newer workers. The permanent workers are made to spend half an hour after their shift once a week for this purpose. Teams are created comprising between seven and ten workers. These teams are asked to prepare projects to improve quality. Presentations are made after three months, and following an elaborate process, three top teams are shortlisted by the management. Two workers from the top team are sent to a Honda annual conference abroad.

These quality participation programmes may give workers a genuine sense of participation in the product and the company. But they also are ways of channelizing or curbing dissent, of creating consent. They are also aimed at cutting costs to the company; awards are always given to those proposals that save the company the most money. The Honda workers recognized them for what they are, and had stopped attending quality circle meetings for many months before the current dispute.

Under the second scheme, workers are encouraged to individually suggest technical improvements to the production process. Feasible suggestions are implemented, in return for which the worker who made the suggestion gets a one-time reward, usually in the modest range of Rs 50-200. Also, the name of the worker is put up on a board in the factory.

Over 150 suggestions have been implemented over the past twelve years, or about one a month. Among them: following a suggestion by a worker of the Weld Shop, labour time in welding the fuel sub-tank was reduced by one-fourth in 1993-94. He received a paltry Rs 150 as a reward! A Press Shop worker created a design by which four pieces could be cut from a metal sheet. The then existing design allowed for only three. He got Rs 2250, the highest amount that workers we spoke to knew of. One worker from the Paint Shop designed a trolley that prevented paint chips from falling into the fuel tank,

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and thereby causing a blockage in the carburetor. This suggestion reduced the rate of rejection by 70 per cent. He was awarded Rs. 200! Someone working in the Alternator Shop, suggested that two bolts being used, one for earthing and another for clamping, could be replaced by one. He was given Rs 50.

Suggestions such as these have contributed to the company's profits, but that will hardly help workers when the management decides to show them the door. Many of these suggestions saves the company lakhs of rupees each year, and it doles out a pittance. So paltry are these sums that many workers decided not to go in for the suggestion scheme but provide advice anyway. But it's not just that. Quality improvement schemes often result in workers having to work faster, under greater stress, as the example above from the Weld Shop suggests. Most of all, detailed research studies of such schemes have shown that managements' main motive in worker participation programmes is not merely to tap its potential, but to trim the workforce.

Central and state governments provide all kinds of benefits to companies: tax breaks are given; companies are rightly encouraged to invest in underdeveloped areas. These concessions are also directed at generating employment in the region, but companies make the most of these benefits, and then shift to greener pastures where they can avail of fresh benefits, employ cheaper, unorganized labour. In the process, the workers left behind get discarded like an used tube of toothpaste. This is how the notion of a lifetime's secure employment has been completely abandoned. Workers are out on the road by the time they are 40-45, after their most productive years have been given to some company.

We demand that:

- 1. the shifting of the aluminium plant be halted, and work resumed;**
 - 2. the terminated workers be reinstated;**
 - 3. the illegal undertaking be withdrawn, and all workers be allowed back in the factory with immediate effect.**
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