Breaking industrial relations' stalemate at ABC Ltd.: a strategic rapprochement

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Abstract

Purpose – On 12th June 2015, a strike by contract workers was declared at Rampur terminal, All India Business in oil corporation (ABC) Ltd. The strike had disrupted the normal services of the terminal. Under such circumstances, Mr Ravi Sharma (Head human resources of the eastern region, ABC Ltd.) was unable to decide how to save the company from such a disorderly situation without any increased loss of production and manpower cost liabilities. Could Mr Ravi Sharma resolve the issue of strike through an approach of strategic rapprochement when the disruptions made by workers and local miscreants went out of control?

Design/methodology/approach – In-depth interview in the year 2019 was conducted with the protagonist Mr Ravi Sharma and the trade union members at the regional office of ABC Ltd., Kolkata and Rampur Terminal, respectively, to convert the narratives in the form of a fictitious case study. Four rounds of interviews were conducted by the author to complete the data collection procedure. The company™s-related information was sourced through a secondary database furnished by company™s officials. However, the data about the company, the key characters and other recognizable information have been disguised to preserve the confidentiality of information.

Findings – The strike was called by the contract workers at Rampur terminal for two primary reasons, namely, wage increase and giving preference to local people for employment whether regular or contract. Mr Ravi Sharma could pacify the unforeseen situation by adopting two-pronged strategies, namely, first, he could successfully gain the confidence of the union leader and secondly, set the environment for the conciliation proceeding so that agreement settled will not be failed to be implemented.

Originality/value – The case uses a system perspective of Industrial relation proposed by Dunlop (1958) to highlight the interplay between employer, government and trade unions influenced by politics and mafia that determine eventually the industrial peace in the organization.

Keywords Trade unions, Central trade unions, Conciliation, Contract workers 2019 dispute, Wild cat strike

Paper type Case study

Introduction

Barely a year had elapsed in the eastern regional office at Kolkata when of one of the reputed oil companies of India, i.e. All India Business in oil corporation (ABC) Ltd., Mr Ravi Sharma [Head human resources (HR), ABC Ltd.] was thrown into the deep sea where it became difficult to tide over the waves [1]. On 5 June 2015, Mr Ravi Sharma received a call from Mr Prashant Seth (Director, HR ABC Ltd.) located at the headquarters, Mumbai (Exhibit 1 for

The researcher acknowledges the support extended by ABC Ltd. official.

organization structure of ABC Ltd.) [2]. He had received an alleged complaint of the disruption caused by miscreants at Rampur terminal and instructed him to resolve the issues on a top priority basis [3]. The disruption caused stoppages of loading and unloading of packed lube oil. By and large, the evacuation of such packed lubes was done by the contract workers or transporters themselves [4]. These contract workers were unable to enter the premises because of blockades created by 30–40 outside miscreants close to the main gate [5]. Moreover, the permanent workers inside the premises were held up on account of such blockades [6]. Several endeavours were made by the Rampur zonal office in consultation with the Eastern regional HR department to bring regularity in the operation [7]. The matter was taken up to inspector-in-charge (IIC) and officer-in-charge (OIC) of West Port Police Station, West Bengal to restore normalcy in the terminal operation [8]. However, it was becoming difficult everyday despite the deployment of the police force as instructed by IIC and OIC around the gate [9]. With the failure of the police force to restore normalcy in the terminal the higher administrative authorities of the State of West Bengal were approached to resolve the issues at the earliest [10]. However, the chaotic situation remained unresolved. Later on, this took the form of a strike. It was called by the contract workers who were greatly influenced by the miscreants for primarily couple of reasons: the primary reason was wage increase and second giving preference to local people in employment whether regular or contract [11]. This made Mr Ravi Sharma thrown into a situation to stand between Scylla and Charybdis [12]. He was unable to decide how to save the company from such a critical situation without any further loss of production and enhanced manpower cost liabilities.

ABC Ltd.: products and workforce

ABC Ltd. is of India's reputed public sector undertakings operating in the oil and natural gas sector [13]. It holds a Navratna status and had the distinction of featuring in the prestigious Forbes 2000 and Global Fortune 500 lists, enjoying a market share of 21.25% among oil public sector undertakings in India. Its business interests spanned the entire hydrocarbon value chain such as refining, marketing [14], direct sales of liquified petroleum gas (LPG) and aviation fuel. It also included the projects and pipeline group and other services across India [15]. ABC Ltd.'s operations involved 13 zonal offices in major cities and 106 regional offices [16]. It was facilitated by a supply and distribution infrastructure comprising terminals, pipeline networks, aviation service stations, LPG bottling Plants, inland relay depots and retail outlets of lube oil and LPG [17]. The entire distribution acted as a closely knit comprehensive marketing network. It also owned and operated the largest lube refinery in India producing lube base oils of international standards, with a capacity of 428,000 metric tons per year [18]. This lube refinery accounts for over 40% of India's total lube base oil production.

ABC LTD [. . .] Ltd. had a total of about 5,068 employees, out of which 356 were regular workers (non-managerial positions) and 3,000 were contract workers. Its workforce was classified into four types, namely, A, B, C and D. In total, 7% of the total workforce constituted women in C and D categories that referred to non-managerial positions. The remaining employees out of 5,068 held supervisory and managerial positions, which were generally classified in A and B groups. Considering the region-wide-industry averages, ABC Ltd. had the reputation of being a comparatively good pay master for regular categories of workers and those holding supervisory or managerial positions.

Contract work at Rampur terminal, ABC Ltd. and HR policies

One of the eastern region terminals that deal with lube blending and packaging is located at Rampur and its caters to the entire eastern region adequately. At this terminal, the proportion of contract workers was 120 in number to that of the entire workforce. However, the proportion of regular workers was 27, which was too meager compared to contract workers. Further, eight personnel manned managerial positions.

ABC Ltd. had categorically kept its employee level at the minimum by outsourcing some of the auxiliary services such as installation of terminals, loading and unloading, transport and maintenance, running canteens, security services and housekeeping. It even outsourced engineering, procurement, construction work for crude distillation and vacuum distillation units. In addition, contract services included customs bonding, inventory management, just-in-time delivery and on-site product quality testing.

The monthly wage for a contract worker ranges from Rs. 8,366 for unskilled workers to Rs.10,124 for skilled workers, which was 20% above the workers getting minimum wages declared by the government. Albeit, it was moderately higher than the government declared minimum wages irrespective of the nature of work that involved unskilled, semi-skilled and skilled labour, they earned 40–50% less than that of the regular workers in ABC Ltd.

ABC Ltd. had maintained a state-of-the-art occupational health centre (OHC) within the lube blending premises with a view to giving immediate attention to the employees/contractor workmen. Apart from emergency medical services, the OHC also offered preventive and curative health services to employees. These OHC was equipped with state-of-the-art diagnostic and therapeutic equipment and were manned by qualified occupational health specialists. Some of the new initiatives undertaken were a lifestyle modification programme, basic life support, free health check-up camps for contractor workers.

Safety was one of ABC Ltd.'s foremost priorities of ABC Ltd. Managing health and safety of the contract workers who worked, both directly and indirectly, continued to be the topmost priority. ABC Ltd. was committed to making continued efforts to recognize hazards through "job safety analysis" for contract workers. It took considerable voluntary measures to mitigate risks to enhance safety performance among contract workers. The focus was on promoting safety culture, contractor safety management, risk assessment and training. Key learning from the past incidents that occurred at the sites was disseminated to the employees and contractors through daily talks/training programmes, newsletters and websites, which improved the safety regime as a whole.

The welfare of the employees/contract workers was the key theme in their HR policy. There was no disparity maintained between permanent and contract workers as far as place of eating and subsidized rate of food were concerned. Extensive canteen facilities were provided to the contract workers by the principal employer (ABC Ltd.) going beyond their legal provisions. Each contract worker was issued an Employee State Insurance (ESI) Card where the workers made a contribution of 1.75% of their salaries with a more than matching 4.75% contribution by the contractor. This scheme was availed of by many who received medical services from the government hospital registered as ESI Hospital in Rampur. To avoid the ordeal of standing in very long queues to receive their benefit of free treatment and medicines, ABC Ltd. provided its own hospital in addition to availing of ESI health services as mentioned. This used to save the day off from work, as well as time and money.

Rampur terminal's union formation

Industrial relations in Rampur terminal remained harmonious and productive before 5 May 2015. The harmony was a result of its tradition of resolving issues through dialogues, transparency in all administrative action, information sharing and maintaining a collaborative climate with the unions, workmen and other stakeholders. The seed of dissension and acrimony was sown in Rampur terminal by unions of Pahargarh terminal located in the adjoining locality. The latter was engaged in supplying and bottling LPG across West Bengal for both domestic and commercial purposes. This terminal catered to the supply of LPG to 18.5 lakh domestic consumers through 160 distributors and 20,000 commercial consumers.

On 4 December 2013, the supply of LPG at Pahargarh terminal was stopped by the local miscreants right at the gate of the premises. The contract workers employed in bottling LPG were forbidden to enter the gate. A small group of contract workers who had already entered the premises were instructed by the local miscreants to come out of the plant. The influence of the local miscreants was so powerful that eventually, it affected the plant production considerably with a loss of 20% compared to the earlier quarter. It even created an adverse environment for regular workers. The situation persisted till 13 December 2013 despite the active support of west Bengal authorities to enforce law and order and restore normalcy. Later on, it created an acute shortage of LPG supply to the market. The matter could not be settled at the level of the police commissioner and was referred to the Additional Chief Secretary and Home Secretary, Government of West Bengal. The engagement of contract workers in various auxiliary services was quite high. Further, the local population was precariously unemployed. So the union leaders created undue pressure on the management for mass employment of the locals in those contracts. They insisted for the engagement of the local workforce under a peripheral development scheme. Eventually, the management and the contractor had to concede to their demand and increased the intake of contract workers with the mediation of the Additional Chief Secretary, Government of West Bengal. Additionally, the latter advised the management to keep the neighbouring locality in good humour.

However, the reason for increasing dissension at the Rampur terminal was slightly different than Pahargarh terminal. The contract for auxiliary services was renewed every year at Rampur terminal. As a result, contract workers remained the same, though the contractor was changed at times. Nevertheless, the engaged workers' woes and their plight remained constant. The in-coming contractors were not treating the workers with the same sensitivity and compassionate attitude to that of earlier. This created a wide gulf between contractors and the contract workers. The incoming contractor was not sufficiently sensitive to offer the workforce enhanced wages commensurate with their experience, workload and cost of living. To make matters worse, the regular workers enjoyed much higher remuneration and facilities than the contract workers even if the nature of the job was the same. Various departments at Rampur were confined to their silos averting any risk to take decisions on the need of the increasing regular manpower. Ironically, the management was too optimistic about the tolerant attitude of the contract workers and it consciously avoided any possibility of union formation by not increasing of contract worker strength. Besides that, the bottom line was the intention of the cost-cutting so that profit is optimized.

To protect the interest of the contract workers and remedy their repressed voice, Rampur terminal initiated the conversation with the trade union registered office located at Purba Mednapur district. The entire incident in the adjoining area held on 4 December 2013 transpired into the formation of a contract labour trade union at Rampur terminal on 5 May 2015, which was christened Kamgar Union. It was primarily driven by political leaders as the idea of its formation was infused by the local leaders so that the interim arrangement of unresolved wage settlement claims could be finalized quickly. Ideally, it should have aimed at protecting the interest of the contract workers but the politicking was giving a different impression.

The union office bearers of Kamgar Union had secretly prioritized their prime motive to provide employment to the neighbouring community members, which they perceived to be their legitimate rights. The union got affiliated to the Centre for Indian Trade Union and

Indian National Trinamul Trade Union Congress (INTTUC) gradually to gain momentum for the cause of their existence. The latter regional trade union as the name suggests was greatly politicized and influenced by the ruling political party of West Bengal. The Kamgar Union though affiliated to the central and regional trade union established a close connection with Rampur locality‘s mafia group. This inevitably occurred due to the mafia's considerable influence in the political circuit.

Brewing strike at Rampur

This terminal engaged around 120 contract workers outsourced from Aegis Logistics Ltd. (Exhibit 2) for its operation and maintenance services. The contractor was for some reason or the other forced to abandon the contract, which was eventually running on ad hoc basis. The contract workers were promised by ABC Ltd. to be absorbed under the renewed contract. A week elapsed when a new tender for undertaking the same contract job was notified on the company's website. In the meanwhile, the contract workers' resentment and dissatisfaction in the matter of wages and other benefits grew. It was aided by the local miscreants who added fuel to the fire. The terminal soon came under the grip of a wild cat strike. The strike was led by the Kamgar Union under the influence of an outside political leader and some local miscreants on 12 June 2014. The Kamgar Union demanded the recruitment of new contract workers from among the known local circuit entailing their family, friends and relatives. The eight-point charter of demands was laid down by union leader Sharat da. He approached the senior installation manager with such a charter of demands that included some major ones (Exhibit 3). Besides that, the demand of the intake of contract workers, which was the prime motive of local miscreants, was made inclusive. With this motive, they wanted to spread their influence into the plant premises. They wanted the INTTUC workers to be members of the contract workforce so that they could break other affiliated unions by splitting the membership. Some of the major demands of the Kamgar Union were: increase of wages by 40% on the government declared minimum wage (Fair Wage Policy), increase in canteen allowance to an extent of 15% of wage (against existing 10% of their wages). The act of picketing for seven days created by outsider miscreants and the declaration of a strike slowly led to the unnecessary accumulation of stocks and stoppages of further production of lube oils. Non-evacuation of finished lubricants from the terminal led to the idling of corporation assets and manpower. The stalemate did not only hit the normal operation undeniably but also caused a national loss as a result of an acute shortage of lubricating oil products in the automobile market and to their regular customers. Moreover, Rampur terminal was acclaimed as the second-largest supplier of lubricant products to the east and northeast states. Hence, the impact of the strike and work stoppages can be well-understood. Besides, the workers inside the premises were running a risk of losing their lives due to an immense stockpile of finished lubricant of different grades prone to fire hazards and untoward accidents, which could be initiated stealthily by the miscreants. The plight of Rampur lube manufacturing terminal had turned disappointing on account of several reasons. Firstly, the meagre number of regular employees was no substitute for the striking contract workers. Secondly, due to the demand of canteen food and its poor supply shortages, the regular workers could not perform empty bellied. Overall, the production was considerably affected. Thirdly, the strike took a worse turn because the miscreants and local mafia took over its control. Also, the decision by the management was not prompt in decision-making immediately to put the barricades against the illegal infiltrations of the local mafia involved in the theft of lubricants. They could easily sneak in despite the alertness and patrolling of Central Industrial Security Force, Ministry of

Home Affairs, Government of India authorities. There used to be rampant theft of lubricants from the tankers dispatched to various destinations by draining out on the way.

Visit to Rampur terminal by HR head and his team

Mr Ravi Sharma and his team members visited Rampur terminal on the fourth day of the strike, 15 June 2015. The primary objective of the visit was to negotiate with the striking union, to find a reasonable approach to pacify them and to reach a solution so that the strike could be called off. Prior to his visit, Director HR of ABC Ltd., Mumbai lobbied with the central Labour Department, the Ministry of Labour and Employment, Government of India to arrange two rounds of discussions between Mr Sharma and the Central Deputy Labour Commissioner. During the discussions, Mr Sharma appraised the government officials about the development at Rampur. He requested him to resolve the deadlock arising out of the indefinite strike called by the contract workers' union.

Mr Sharma emphatically said in his interview my boss was completely supportive enough to arrange a meeting with the labour commissioner at the centre to put a halt to the current state of disruption. Otherwise, things could have gone out of control and as I was completely at my wits end.

Now, when Mr Sharma and his team members came to the Rampur premises on the very first day of their visit they were *gheraoed* by the unruly contract workers. The enraged union members even made an attempt to assault Mr Ravi Sharma and his team, who somehow escaped the onslaught. However, a feeling of extreme fear and insecurity pervaded into the team.

Mr Sharma cited we were taken aback by the unruly behaviour of unions and I could see my team members were sweating profusely out of fear. Their expression of distraught kept my mind perplexed. For a moment it made me realize that local police support could have been a great support. I had simply put others life at risk.

They had visited the zonal establishment at Rampur for the purpose of bringing a rapprochement with the contract workers' union and had no previous inkling of facing such hostile and unsavoury experience. The incident flared up and went beyond control for two primary reasons. The zonal HR personnel had been on leave and his replacement was a senior installation manager who could not anticipate and handle the simmering discontent among the contract workers in a timely manner. Adding to this, Mr Ravi Sharma had not received timely information from his grapevine source about the growing resentment among the contract workers from its incipient stage at Rampur terminal. The workers' unions at the regional office were affiliated to different central federations for which Mr Ravi Sharma could not receive any prior information about the canker of resentment eating into the industrial peace and harmony at Rampur.

In the circumstances, when Sharma and his team members approached and persuaded the canteen contractor to continue supplying the food to the canteen he refused to continue with the service as long as the strike lasted. The probability of being beaten up by the local leaders created a fear in the contractor's mind that made him withdraw from continuing the service even if he was assured of police protection. From such an enraged and charged environment, Mr Sharma could well visualize why Aegis Logistic Ltd. wished to withdraw in the middle of the contract period and enter into an ad hoc settlement only after the zonal HR's insistence.

On the first day of their visit, they failed miserably to persuade to get the strike called off as the continuance of Aegis Logistic Ltd. became essential to make a legitimate and reasonable settlement with the contract workers. To fill the void created by Aegis Logistic Ltd., the Mumbai office was in the process of finalizing a new contract to take its place.

Pandemonium in the meeting

On the fifth day of the strike, i.e. 16 June 2015, Mr Ravi Sharma and his team were about to commence the meeting with Rampur's contract worker union leaders. However, to their utter surprise, they found the environment around them quite grim, charged, unruly and tense. The venue of the meeting was the council hall of the zonal office where all the ceremonial functions were conducted. Instead of having small proportions of workers as representatives to the meeting, all the union members present behaved in an unruly manner. Those members who could not be accommodated in the hall sat outside the hall staging a *dharna*. The situation was so tense that Mr Ravi Sharma could not control the mob inside the council hall. He requested the union leader to ask his members to graciously vacate the hall forthwith so that he and his team colleagues could start the dialogue with him. Such a modest approach was unable to render the tension to abate. Mr Sharma and his team members, however, mustered their courage to start the conversation on a very polite note. The perceived vulnerability of the management representatives made the union leader and members respond in an aggressive and dissenting tone showing all kinds of resentment.

One of the union members simply stated it seemed that the management team was not serious and we invariably started shouting slogans against the management to muscle a way through. We were stubborn in sticking to our neck high as we could not bear our fellow worker's suffering due to management's insensitivity towards their demands.

Thus, the next day of their visit did not yield any positive result as Mr Sharma and his team members could not make much headway amidst the enraged leader and his associates while holding a dialogue. The long charter of demands, which was produced before him made Mr Ravi Sharma and his team members nonplussed. In fact, replacing the canteen contractor with a new one who had to come from the union circuit was considered as an unreasonable and obstinate demand. While the team was consciously making the effort to convince the contract union leader and his members the latter stubbornly insisted on conceding to their demand unconditionally. Eventually, the meeting was adjourned without striking a chord with workers. After such disappointing meetings, Mr Ravi Sharma and team members thought of making a quid pro quo settlement with the union leader so that the following day of their visit would end all strife.

The following day (17 June 2017), the scheduled meeting was conducted and everything seemed to have fallen in place. The chaotic situation created by either slogan shouting or *dharna* by the contract union members outside the door of the council hall was missing. The strike was called off by the Kamgar Union leader. Before the day of the meeting, Sharma and team members had mulled over the eight-point Charter of demand so that they could deftly persuade the union leader to come to terms with them. At the meeting, Mr Sharma highlighted the management's offer against the charter of demands. Although on behalf of the management he promised to make a fresh recruitment of the workers he did not make any commitment exactly suiting the eight-point charter of demands. The demand of a wage hike by 40% was agreed up to 30%. It was subject to the condition of making good the losses made in the five days of strike and increase in lube oil production by 10% in the following quarter. The prevailing canteen allowance remained unchanged. The fulfillment of all the other ancillary demands was made subject to an overall increase in lube oil production except the replacement of the canteen contractor for which the management did not agree. Mr Ravi Sharma and his team members left for Kolkata the very next day of the meeting with the only ray of hope that a formal wage settlement would be finalized in the coming week by way of conciliation. The arrival of the Deputy Labour Commissioner from the Centre would have to ensure the wage settlement by way of mediation between the management and new contractor to settle the issues by 18th June 2015. However, he brooded over the fact that had he and the zonal office sensed the discontent in time the deteriorating situation could have been better controlled.

Notes

1. INR: Indian National Rupee; all currency in INR unless otherwise specified; EUR€1 = INR78.26 on 24 April 2019.
2. Workman – The Industrial Disputes Act, 1947, defines workman as any person (including an apprentice) employed in any industry to do any manual, unskilled, skilled, clerical, technical, operational, clerical or supervisory work for hire or reward, whether the terms of employment is expressed or implied. It excludes persons employed mainly in a managerial or administrative capacity and who being employed in a supervisory capacity, draws wages exceeding Rs. 10,000 per month or exercises, either by the nature of the duties attached to the office or by reason of the powers vested in him, functions mainly of supervisory nature.
3. Section 2(q) of the Industrial Disputes Act, 1947, defines strike as a cessation of work by a body of persons employed in any industry, acting in combination or a concerted refusal or a refusal under a common understanding of any number of persons who are or have been so employed to continue to work or to accept employment. A stay in strike is a form of protest wherein the workmen refuse to work resort to stoppage of work by squatting inside the premises of the factory.
4. According to the Trade Unions Act, 1926, "trade union" means "any combination, whether temporary or permanent, formed primarily for the purpose of regulating the relations between workmen and employers or between workmen and workmen or between employers and employers or for imposing restrictive conditions on the conduct of any trade or business, and includes any federation of two or more trade unions".
5. "Conciliation proceeding" means any proceeding held by a conciliation officer or Board under The Industrial Disputes Act, 1947 Act.
6. Contractor in relation to an establishment, means a person who undertakes to produce a given result for the establishment, other than a mere supply of goods of articles of manufacture to such establishment, through contract labour or who supplies contract labour for any work of the establishment and includes a sub-contractor.
7. ABC Ltd. stands for National Petroleum Corporation Limited, which is one of the renowned public sectors in India.
8. Ramanagar is a village falling in Purba Medinipur district in the state of West Bengal, India.
9. IIC = Inspector- in-Charge of Police Department, Government of India.
10. OIC = Officer-in-Charge of Police Department, Government of India.
11. CITU stands for Centre for Indian Trade Union, which is central federation of trade union in India.
12. INTTUC was affiliated to All Indian Trinamul Congress, a regional party of West Bengal, Government of India.
13. Gherao is originally a Hindi word, which means "encirclement", it denotes a tactic used by labour activists and union leaders in India, which is similar to picketing. Usually, a group of people would surround a politician or a government building until their demands are met or answers given.
14. Dharna in India, a method of seeking justice by sitting at the door of one's debtor or wrongdoer and fasting until justice is obtained.

15. Minimum wage under the Section (2h) of Minimum wage act, 1948 means all remuneration capable of being paid in money terms for work done if terms of contract were fulfilled consist of basic, dearness allowance and house rent allowance. Every five years, basic rates of every industry are decided by minimum wages committee. Dearness allowance changes every six months and is decided by government.
16. Minimum wage rate per month in West Bengal for, skilled, semi-skilled and unskilled workers for the year 2014 were Rs. 8,437.00, Rs.7,670.00 and Rs. 6,972.00.
17. ABC Ltd. has only one LPG Plant in State of West Bengal at Pahargarh in an industrial area located in adjoin reason of Kolkata.
18. LPG or LP gas, also referred to as simply propane or butane, are flammable mixtures of hydrocarbon gases used as fuel in heating appliances, cooking equipment and vehicles.

Further reading

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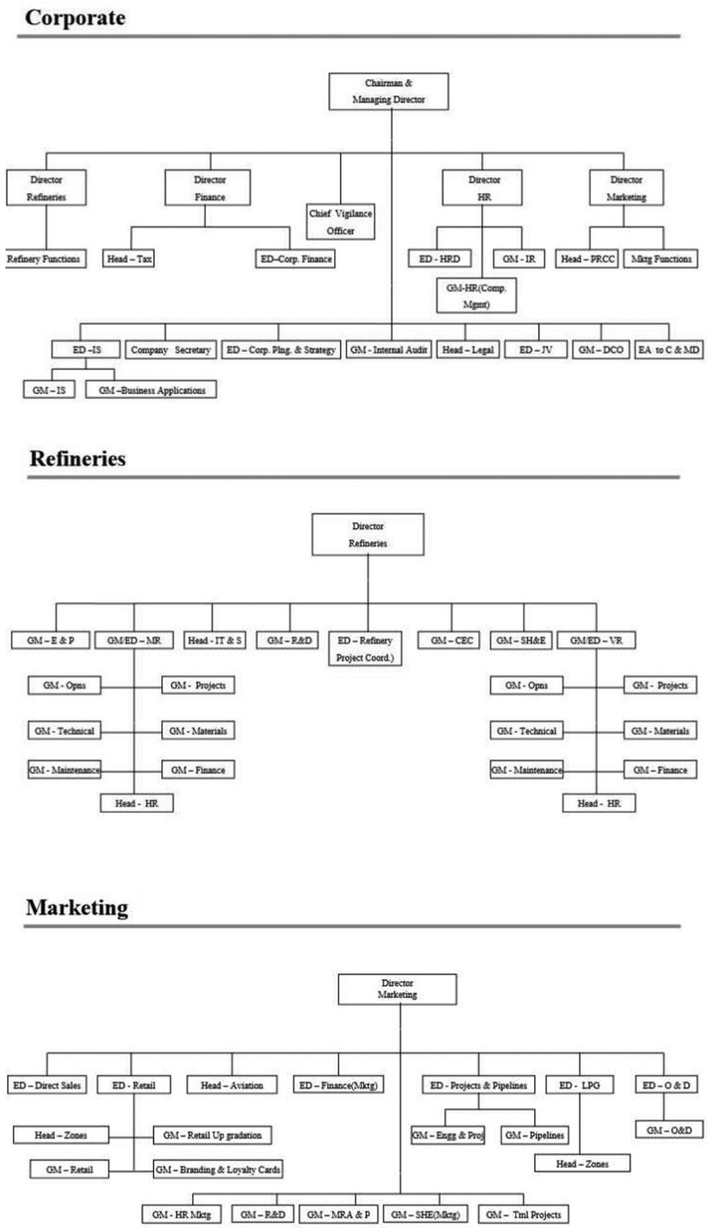
Exhibit 1



Source: Shared by the company

Figure E1. Organization structure of ABC Ltd. at corporate, refineries and marketing

Exhibit 2. Aegis Logistic Limited

Aegis Group was a leading global business services provider of customer experience management. It played a key role in India's downstream oil and gas sector. Its flagship company Aegis Logistics Limited was India's leading oil, gas and chemical logistics company. It was an India-based company, which was incorporated in the year 1956. It commenced business as a chemical manufacturer in 1967. It was formerly known as Atul Drug House. The company ventured into the logistic business in 1996–1997 and hived off its chemical manufacturing unit in the year 2005. Their vision was to be the industry leader in the business segments by delivering superior customer service with a focus on quality, safety and environmental standards.

The group had five distinct but related business segments, and operates a network of bulk liquid handling terminals, LPG terminals, filling plants, pipelines and gas stations to deliver products and services. Our client base included many leading industrial companies in India and individual retail customers whom we serve at our Aegis Auto gas stations. Aegis Group also operates internationally through its sourcing and trading subsidiaries located in Singapore. Its shares had been listed on the Bombay Stock Exchange since 1978. Its shares are also traded on the National Stock Exchange.

Aegis logistics won operations and maintenance contracts worth Rs. 73.51 crores from Rampur, ABC Ltd. in the year 2015. The contract had a tenure of five years. The main highlights were Operation and Maintenance Services of Petroleum, oils and Lubricants Depots/Terminals including Receipt, Despatch and Handling of Bulk and Packed Petroleum Products at Six locations – Rewari (Haryana), Bihta (Bihar), Bokaro (Jharkhand), Haldia (West Bengal), Guntakal (Andhra Pradesh) and Kadappa (Andhra Pradesh). It operated a network of shore-based tank farm installations for the receipt and handling of bulk liquids. These terminals were located in Mumbai, Kochi, Pipavav and Haldia and were connected by pipelines to various berths for handling the export and import of hazardous chemicals, petroleum products and petrochemicals. The terminals were certified to ISO 9001:2008, ISO 14001:2004 and OHAS 18001:2007 had an excellent record of safe operations, and are fully equipped with modern fire-fighting and safety equipment conforming to all Indian regulations. Clients included top tier firms such as Bharat Petroleum, ABC Ltd., Reliance Industries, Caltex, Supreme Industries, as well as leading chemical firms such as Jubilant Lifesciences, Bombay Dyeing and Laxmi Organics. Facilities were offered on a long term contract or spot contract basis, and other services such as customs bonding, inventory management, just in time delivery and on site product quality testing were also available.

The Company had gained tremendous experience from its past projects with Oil and Natural Gas Corporation Ltd., Mangalore Refinery and Petrochemicals Limited, Bharat Petroleum Corporation Limited, Bharat Oman Refineries Limited, Piaggio, etc. The drive to constantly improve services had allowed them to retain the trust of such Large Companies. The contract award illustrated that Aegis Logistics was a Trusted Partner for companies in the oil and gas sector. The company was continuing its activities to build on a strong position in the oil and gas sector in India.

Source: Retrieved from www.aegisglobal.com

Exhibit 3. Eight-point charter of demand

(1) Recruitment of contract workers to augment the existing strength, which is grossly inadequate of the workload.

(2) Adoption of Fair wage policy by the contractor minimum 40% increase over government declared minimum wage.

(3) HRA to contract workers at the following rates:
- Unskilled – Rs. 3,000.
- Semi-skilled – Rs. 3,500.
- Skilled – Rs. 3,500.

(4) 18 days annual leave with wages has to be increased to 21 days.

(5) Canteen allowance to increase from existing 5% to 10% of pay.

(6) Group Medical Insurance of annual cover of Rupees five lakh for a family of four of each contract worker under "Family Floater Scheme" in lieu of ESI. Annual premium of Rs 12,000 is to be borne by the contractor.

(7) Group Gratuity insurance cover through Life Insurance Corporation is to be made transferable from preceding to succeeding contractor.

(8) Removal of existing canteen contractor and engaging a new contractor from Rampur locality.

Source: Shared by the Company.

Exhibit 4

Table E1. Chronological list of events

Dates	Chronological list of events
5 May 2015	Kamgar Union was constituted by contract workers at Rampur terminal
12 June 2015	Kamgar Union under the influence of an outside leader and some local miscreants declared strike
15 June 2015	Mr Ravi Sharma and his team members visited Rampur terminal on the fourth day of the strike to negotiate with the striking union
16 June 2015	Mr Ravi Sharma and his team member wanted to conduct meeting at Council Hall with unions, however the unions had staged *Dharna* in front of the hall for which meeting failed to be held
17 June 2015	Meeting was held between Management's representative and union wherein certain terms and conditions of Charter of Demand placed by union were settled unofficially
18 June 2015	Conciliation officer started proceedings to bring settlement between management and the aggrieved union

Teaching Note

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Introduction

The fictitious case narrates the dilemma faced by the protagonist who is supposedly heading the human resource department of one of the reputed oil sectors of India. It casts a series of unforeseen events revolving around the challenges associated with the deployment of the contract labour. It also highlights several issues faced by human resources when strikes announced by contract workers are more inflicted by outside miscreants and political leaders. The discourse about the failures of regional police forces and law enforcers are well-depicted. It also draws the attention of the readers towards the potential dispute handling mechanism applied to resolve the raised dispute of contract labour in the absence of a contractor. Eventually, it makes an attempt to decode the events and relate it to the theoretical understanding that can underlie issues associated with the formation of unions and raised a dispute of contract labours.

Teaching objectives

The case underscores the following objectives:

- To gain a theoretical understanding of Dunlop Theory of Industrial Relation and its relevance in the present case study.
- To enable learner in gaining insight in provisions stipulated in Trade Union Act 1926, Contract Labour Act, 1970 (Abolition and Regulation) and Industrial Dispute Act, 1947 and their applications in the present context.
- To gain insight in the legal provisions delving with rights and liabilities of the principal employer under any circumstances involving an unintentional contract abandonment before the date of its expiry.
- To gain knowledge about the authorized authorities and machineries to whom the employer may approach to dissolve any impasse arising out of labour unrest caused by outsiders thereby fixing instantly its unintended consequences.

Relevance of the case

The case can be administered for the core, as well as elective subjects such as human resource management, industrial relation and labour laws and employee relations. The key learning points highlight the importance of timely regulation and abolition of contract labour. The students of postgraduate level in business management or participants of executive development programmes should be engaged in interactive sessions for deliberating on the case question for 75–90 min.

Case questions

The discussion in the class should revolve around the following questions:

- What is the relevance of the Dunlop System theory of Industrial Relation in the present context?
- Can a contractor under the Contract Labour Act 1970 (Abolition and Regulation) withdraw from the contract agreed upon at any point of time before its due date of expiry? If yes, then what are his liabilities involved after the abandonment of the contract? Given the conditions that the deadlock is maintained between the contractor and the principal employer on the issues of wage settlement, who is the responsible authority to be approached for an amicable settlement with the contract labour union?

- Is the registered trade union consisting of contract workers eligible to bargain with the management? Justify your answer with the provisions mentioned in the Trade Union Act, 1926.
- Is wild cat strike declared by *Kamgar union* in the present case legitimate as per Industrial Dispute Act, 1947?
- What could have been your approach to break the strike had you been placed in the position of Mr Sharma arising out of the contract workers going on strike?

Suggested questions and tentative answers

1. What is the relevance of Dunlop System theory of IR in the present context?

As per Dunlop (1953) system theory, there are primarily three active actors whose ideologies and their interplay in the different contexts such as technological, market and power govern the relationship between employer and employee. These actors are employers, employees and the government whose interactions under different ideologies and beliefs bind the industrial relation system together. Their interactions intimately affect each other and are collectively responsible to either yield positive or negative outcomes depending upon their norms, rules and ideologies. Further, the thinker has argued that none of the institutions constituted by these actors behave in an autonomous fashion. Instead, they are shaped by technological, market and power contexts. In similar parlance, the present case study regulates the relationship between principal employer (ABC Ltd.), contract workers (working in ABC Ltd.), labour and employment department (Government of India) through the appointment of the conciliation officer who was supposedly involved in bringing settlement and resolve the deadlock maintained through striking contract workers in place of ABC Ltd.'s establishment. The governance will be exercised based on the statutory provisions enunciated in the Contract Labour Act, 1970 and Industrial dispute act 1947 so that the whole exercise of dispute resolution restores normalcy and peace as an intended potential outcome.

2. Can a contractor under the Contract Act 1970 (Abolition and Regulation) withdraw the contract agreed upon at any point of time before its due date of expiry? If yes, then what are his liabilities involved before the unnatural death of the contract? If given the conditions that the deadlock is maintained between the contractor and the principal employer who is the responsible authority to be approached for an amicable settlement with the trade union?

Contractor cannot withdraw from the contract agreed upon at any point of time before its due date of termination. In the present case, the contractor fled away from the place of establishment without notifying the principal employer of the definite cause of it. If he has done so then ABC Ltd. can engage in exercising the legitimate right to blacklist and debar him from taking up any further contract work in the organization if it is brought to the notice of the central advisory board on contract labour. The management should bring to the notice of the licensing officer authorized under Sections 12 and 14 b of the Contract Labour Act 1970 regarding the violation of the provisions so that the contract can be timely regulated and the interest of the contract workers can be protected. The licensing officer is authorized to revoke the contract licence and the contractor is punished for the contraventions of Sections 23.

Section 21 of the Contract Labour Act 1970 entails the followings liabilities to be borne by the contractor under the circumstances of abandonment of the contract:

- A contractor shall be responsible for payment of wages to each worker employed by him as contract labour and such wages shall be paid before the unnatural expiry of the contract period as is prescribed in the contract agreement.

- Every principal employer shall nominate a representative duly authorized by him to be present at the time of disbursement of wages by the contractor and it shall be the duty of such representative to certify the amounts paid as wages in such manner as is be prescribed in the contract agreement.
- It shall be the duty of the contractor to ensure the disbursement of wages in the presence of the authorized representative of the principal employer.
- In case the contractor fails to make payment of wages within the prescribed period or makes short payment, then the principal employer shall be liable to make payment of wages in full or the unpaid balance due, as the case may be, to the contract labour employed by the contractor and recover the amount so paid from him by deduction from the amount payable to the contractor. If there is no amount payable to the contractor by the Principal employer then the latter would pay the wages to the labourers and treat the amount so paid as a loan to the contractor to be refunded by him on or before the mutually agreed date.

When a deadlock is maintained between contractors and the Principal employer as cited in the present context then the controlling authority is the labour and employment department of the central government to whom the trade unions, contractor and management can approach for mediation and amicable settlement. The competent authority should not be below the capacity of deputy or joint labour commissioner as per Sections 3, 4 and 6 of Contract Labour Act 1970. If the matter is not resolved amicably then the dispute can be referred to the labour court under Section 4 of the Industrial dispute act, 1947. If not resolved at this level then the concerned parties can approach civil courts for trial and settlement.

3. Is a registered trade union consisting of contract workers eligible to bargain with the management? Justify your answer with the provisions mentioned in the Trade union act, 1926? Who can be a recognized trade union?

The registered trade union can include contract labourers as union members if the provision is there in the bye-laws of the registered trade union to include such workers as union members. In such a case, a registered trade union, which is recognized by management can take up the cause of contract labourers with the management of concerned industries/establishments in the bargaining table. Alternatively, if more than one registered trade union exists, then an equal number of representatives from each registered trade union can constitute negotiating council for the purpose of collective bargaining with the management of the company.

To date, there are no provisions in Trade Union Act, 1926 that deals with the recognition status of trade union. However, the proposed bill of 2018 to amend Trade Union Act, 1926 stated following matters on trade union's recognition by making special incorporation of provisions under Section 28 A:

- In Subsection 1 of 28 A, where the central government and state government are of opinion that recognition of trade union or federation of trade union is necessary or expedient at central and state level, respectively, then the secret ballot system may be prescribed if dispute arises in relation to such recognition.
- In Subsection 2 of Section 28 A, without any prejudice to the above statement, central or state government, whichever is considered to be an appropriate government would prescribe the manner of recognition, the authority to decide the dispute and the manner of deciding the dispute mentioned under Subsection 1 of 28 A.

However, the recognition status of trade union is well-stipulated and prescribed under the latest Industrial Relations Code, 2020, which states that:

If there is more than one registered trade union of workers in any establishment, then the trade union having more than 51% of the workers as members would be recognized as the sole negotiating union for the purpose of collective bargaining with the management of the company. In case no trade union meets these criteria, a negotiating council will be formed with representatives of unions that have at least 20% of the workers as members.

Thirdly, bargaining may be done between employer and the recognized trade union. Under no circumstances, bargaining can be done between principal employer and registered contract labour union with respect to any labour-related disputes in the absence of the contractor. Therefore, in the present case the contract labour cannot bargain directly with the principal employer to resolve their wage-related disputes despite having their own registered union called *Kamgar Union.*

4. Is wild cat strike declared by Kamgar union in the present case legitimate as per Industrial Dispute Act, 1947?

As per Section 2 (q) of the Industrial Disputes Act, 1947 "strike" means a cessation of work by a body of persons employed in any industry acting in combination or a concerted refusal or a refusal under a common understanding, of any number of persons who are or have been so employed to continue to work or to accept employment. On the other hand, a wildcat strike action, often referred to as a wildcat strike, is a strike action undertaken by unionized workers without union leadership's authorization, support or approval; this is sometimes termed an unofficial industrial strike.

However, a wild cat strike cannot be legal when it does not meet the following criteria specified in Section 22 of the Industrial Disputes Act, 1947:

- Giving to the employer notice of strike, as hereinafter provided, within six weeks before striking.
- Within 14 days of giving such notice.

In the case of Swami Oil Mills vs their workers, certain workers resorted to wild cat strike owing to the fact that the government was not referring a dispute to the adjudicatory authority. The question before the court in this case was that whether or not the strike was legal or illegal. The court held that strikes of a high intensity with no proper system of notice are an illegal action. In similar parlance the wild cat strike as staged by *Kamgar union* without any union leader authorization will be deemed to be an illegal strike. Moreover, such unrest and demonstration were influenced by local miscreants and outside leader.

5. What could have been your approach to break the strike had you been placed in the position of Mr Sharma in the situation of the contract workers going on strike?

It is ideally advisable to refrain from entering the area infringed by mob. Mob becomes too abrasive while in a state of agitation and protest. It is said that the strength of an individual in the mob become as many times as there are a number of individuals in the mob. So the total nuisance strength of the mob becomes the square of its member strength. Therefore, the HR folk dealing with the situation should not directly confront the mob and come into a heated argument with them. It is advisable, therefore, to adopt the principle of "discretion is the better part of valour" in such a situation. This is so because there is the likelihood of shove and manhandling even assault by the mob. So to deescalate the situation of unrest one should avoid direct head-on-collision. He should adopt a cooling off technique by making the mob sit down and offering snacks/refreshments and the like to buy time to broach the subject of discussion at the opportune moment. There is plethora of rapprochement approaches, which can be possibly adopted to prevent such agitation and strike:

- It is better to solicit union leaders to the place, which is located far-fetched from the premise embroiled in labour unrest for initiating an informal dialogue. The change in place has its own advantage and soothing effect to strike a deal effectively. Besides that, one of the management representatives (preferably from other department) who is having close-knit association with trade union leader should be asked to facilitate the dialogue between the management and union. The charter of demand on service terms (wage remuneration, fringe benefits and leave entitlement) should be critically analysed and necessary ground work can be proactively carried out before management joins the dialogue table. Management should decide that how much it should yield and how much is not possible during the analysis and ground work. In fact, the personnel and finance Department may start working even before receiving the charter of demands by preparing details of existing wage structure in the organization and may also collect similar details of organizations in the neighbourhood or of similar competitor industries. It is also necessary to prepare trend charts showing organization's revenue earnings over the past few years and extrapolate to the agreement period. This will enable us to know to what extent demands raised by the workmen can be accepted to ensure that the proportion of labour cost to the total cost of production remain the same as before. If it is found all the statutory requirements for health safety and welfare are complied with by the organization then the management should not have any anxiety. In case it is not, the demands by the workers can be taken as a blessing in disguise because non-compliance will catch the attention of enforcing authorities one day or other.

- As there is a multiplicity of trade unions in almost all industry establishments only the recognized union should be called to the negotiation table as a provision under the Code of Discipline according to incorporation made in 15th Indian Labour Congress. Unwanted rowdy elements should be prevented to come anywhere near to the vicinity of the negotiation table. This is why the venue should be fixed at a place not easily accessible to all and sundry (such as choosing the convention hall of the Rampur terminal). The union leaders should be persuaded to call of the strike forthwith or else they lose their production bonus, which is a considerable amount in their take home pay.
- Sometimes it may be required to have a quid-pro-quo settlement to cajol the union leaders who normally have vested interest of some kind or other. In the present case, Sharad da the most prominent leader of the contract workers had the intention in his heart of hearts to secure a permanent job at the Rampur terminal. This intention was revealed by him with one to one discussion with Mr Sharma who could very well smell his weakness. He did offer to consider his case favourably in near future recruitment if Sharad da could persuade his follower to call off the strike accepting the management's reasonable offer in respect of the charter of demands. Sharad da readily accepted the bait and promised to convince his followers.
- In cases of any dispute of wage settlement or any issues raised by contract worker before the principal employer/contractor the conciliation officer from centre/state, whichever is appropriate can be appointed to redress it. This is one of the quickest ways to resolve any dispute arising out of employment and non-employment issues compared to other tripartite bodies that include adjudication machineries or any other superior judiciary bodies as indicated in Sections 3 to 7 of Industrial Dispute Act, 1947. It can follow the similar procedure as adopted by ABC Ltd. towards its contract workers. In April 2017, Chanda Cement Works Employees Union (CCWEU) submitted a charter of demands to the management on behalf of contract workers working in various establishments of the ABC Ltd. A series of tripartite conciliation proceedings were held in the regional labour commissioner office in Nagpur. After long and intense discussions and the final conciliation proceedings, CCWEU reached a tripartite agreement on 21 January, 2018 for the period of three years. The contractor of ABC Ltd agreed to pay enhanced wages for the contract workers with effect from 1 April 2017. It was also agreed that arrears that

arose because of enhancement of wages retrospectively would be paid before 26 January 2018. In case of termination of the contractor during the period of the agreement, the management of ABC Ltd agreed to implement provisions of this settlement in respect of incoming contractor. Terms of the agreement also mandate the contractor to pay 50% of the premium liabilities of eligible contract workers for the government sponsored social security schemes.

In the present case, C and D points of rapprochement strategies were adopted to finally strike the right chord between principal employer and contract workers to settle the disputes.

Conclusion

The instructor may conclude by highlighting the probable strategic approach to be adopted by principal employer in resolving contract labours issues under the unavoidable circumstances that arises because of unintentional contract abandonment before the date of its expiry. The sensitivities involved in the formation of trade union by contract labour and corresponding pre-emptive measure to be taken by principal employer can be reiterated. The thrust areas should succinctly cover up powerful and potential dispute handling machinery under Industrial Dispute Act, 1947. Further, the relevance of the recent code of industrial relation, 2020 should be underlined to understand the probable noticeable differences if it exists in resolving the impasse narrated in the case.

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