Packaging Injustices

The Story of Flex Workers

Peoples Union for Democratic Rights
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Since May 3, the workers of the unit of Flex Industries Ltd at Noida, Sector 60, have been sitting on dharna to protest against the illegal termination of 54 workers. More than a month later their demands are still falling on deaf ears.

Flex Industries Ltd is part of the Flex group of companies that manufactures flexible packaging materials -polycoated paper, printed and laminated paper and plastic films. It supplies and packages the products of many companies including multinationals like - Horiicks, Uncle Chips, Nestle, Lipton and Brooke Bond tea, the pouches for well known gutka and pan masala brands. So much so that the company claims to be 'part of your daily life'! In fact it is the largest flexible packaging company of the country. It began with a single unit operated manually by about 20 workers in Okhla in 1983. The unit was shifted to Noida the next year. Today it has six units at Noida, in sectors 60, 59,10,4 and 3 and a plant at Malanpur, Gwalior, employing a total of about 5000 workers. A unit of food products is located at Dehradun. The Chairman and Managing Director (CMD) of the Flex group, Ashok Chaturvedi and his brother Harish Chaturvedi, the managing director, are close friends of Mulayam Singh Yadav. In fact Amar Singh, the Samajwadi Party spokesperson, has joined the Flex Board of Directors. No doubt such political connections helped the growth of the company. From Rs. 322 millions in 1990 its turnover increased more than hundredfold to Rs 4300 million in 1996-7. Its export performance has earned it recognition as a trading house-manufacturer exporte. In the same year it completed issuance of global depositary shares of US $30 million. The vertical integration of its operations with Flex engineering and Flex chemicals that produce the machines and chemicals used in the packaging process has buttressed its position as leading player of the packaging industry.But this spectacular performance has not brought commensurate rewards for the workers who made it possible. Quite the opposite. Even after 14 years of service an operator does not even earn Rs 3-4000. And since last October, various measures for'restructuring and 'rationalising' production have been initiated. This basically means asserting a tighter rein over workers, intensifying work and cutting back on various privileges granted to workers. All this in the name of streamlining production to increase efficiency and productivity.

The unit in sector 60, Noida was set up in 1996 and employs about a thousand workers. The tensions in the Flex unit at sector 60 Noida erupted with the non payment of the diwali bonus last year. It has been the normal practise to pay the previous years bonus a few days before Diwali. Last year the company gave notice of its inability to pay the bonus on October 15. The workers became agitated and struck work. The management deployed its security guards against the workers. In the ensuing skirmish the guards fired in the air injuring two workers. Immediately the management rushed one of their personnel managers to the nearby Kailash Hospital (in which the CMD Ashok Chaturvedi is also a shareholder) and claiming injury at the hands of the workers filed an FIR against 12 workers. These workers were then taken to the police station in sector 58 and forced to resign. Two workers have challenged their removal and the case is presently pending at the High Court, Allahabad. The two injured workers were unceremoniously shunted out. The intervention of the Labour Department earned the workers assurances that the bonus would be paid at the time of closure of accounts. The accounts were finally closed in December (six months late) but the management still claimed inability to pay the bonus and sought another six months time. In the meantime it allowed the workers advances against the future payment of bonuses but has instead begun deduction between Rs 100 -200 from the workers salaries.

Workers have also been aggrieved over various changes in managerial practices introduced around the same time. Overtime had been scrapped. The earlier practice was for the workers to work for twelve hours, which earned them four hours overtime. This extra earning is what made the difference to the workers lives and subsistence. Instead workers have now been made to work eight and a half hours. This has meant a substantial loss of earnings for the workers. A shifting system for lunch breaks was introduced so that the machines ran continuously. The practise of issuing gate-passes for ESI visits and of granting two short leaves in a month was stopped. If workers were late even by five minutes half a days salary was cut.

The latest assault on the workers rights was the move to institute a three shift system, while using the same number of workers, on April 4. Two to three persons from each department went to the personnel manager to urge the withdrawal of this move. Far from responding to this representation the management has claimed that the workers struck work on this date (even though production had carried on through the day) and has deducted an extra eight days salary from all workers as penalty for this supposed 'strike'. This is the maximum imposable penalty for wilful and concerted absence from duty for any significant length of time, of more than ten workers. As a result the workers salaries have been cut by more than Rs 1000. Alongside the attempt to move to a three shift system is an attempt to speeden machines, increase the workload of each worker forcing them to operate for example two machines instead of one. There has also been some relocation of workers as part of the drive to streamline production. The bottomline of the profit calculation seems to be the immediate reduction of the cost of overtime - while ensuring that the machines work for the same length of time and production levels are maintained if not increased. This attempt has necessarily led to greater wastage, wear and tear of machines and a larger number of accidents and machine failures. Naturally this has led to resistance from the workers who face more intense pressure at work. This has been projected by the management as a 'go slow' strategy and willful acts of sabotage. It has issued notices to warn the workers against such actions!

The workers have been organised under the banner of Flex Laminators Employees Union since 1993. Affiliated to the INTUC this union has been fairly dormant over the past few years. Faced with these repeated attacks on their existing rights, and on their working conditions the workers revived the union, renewed their registration and submitted a memorandum of demands to the management on April 30. The demands included a sixty percent hike in wages, along with provisions for yearly increase of 16%. This demand for increments is important since the workers wages have been practically stagnant over the years and there is no transparent policy of granting increments to workers whose earnings vary quite arbitrarily with no account taken of seniority.. The management official said he would forward the memorandum and a reply would be available on May 3.

When the workers reached the factory gate of the unit in sector 60 on May 3 they were confronted by a large number of police security guards. A notice was handed dismissing 54 workers of the unit. The dismissed workers include the office bearers of the union. The remaining workers were asked by the police to give an undertaking (assuring discipline and compliance with management orders) and also to sign a blank paper before entering the factory gate. The workers refused and left the factory gate en masse and went and met the district labour commissioner S.D. Shukla. They were assured that both parties would be brought to the negotiating table on May 5 too resolve the problem. The workers returned and sat on a dharna 100 metres from the factory gate. The police has tried to uproot the workers by removing the tent they had put up, and to intimidate them by picking them up from their houses and forcing them to work. The intervention of the MLA Nawab Singh Nagar (BJP) restored the tent, but it seems that he has been warned off further involvement by the chief minister Kalyan Singh. Workers of the units in sector 4 and 10 also joined the protesters. The management responded by declaring what they call a partial 'lockout' on 21 workers of sector 10 and 43 workers of sector 4 on May 8.

Between May 5 and 16 seven rounds of talks have been held in the presence of the city magistrate and the labour commissioner. But to no avail. The strike has been' banned' by the order of the labour commissioner on May 26th on the grounds that production has been disturbed and there is a threat to law and order. And this when a stay order has forced the workers to move the site of their dharna 200 m away to the border of Noida.-so that they are literally in the middle of -. nowhere. Further production too is continuing with the help of daily workers and the engineering staff.

When the PUDR team met the District Labour Commissioner, S.D.Shukla he told us that the management has been forced to retrench since the 'national and international recession' has led to severe losses for the company. But even if one accepts this reason, in such cases along with a months notice or a months salary in lieu of notice the company also has to furnish a seniority list and retrenchment is supposed to be on a 'last come first go' basis. This has clearly been violated as many of the terminated workers have been working with Flex for more than 14 years. Further in the 18 months from July 1997 to December 1995 turnover has increased to about Rs 6100 million, despite a slack in the 'film' segment. And more inexplicable, in a year when recession has supposedly forced cutbacks and retrenchment of workers the company has approved enhancement of the Chairman's monthly salary to Rs 2 lakhs. Such then are the financial straits the company is in!

The Personnel Manager of Flex Industries on the other hand was quite emphatic in denying that the company was suffering losses. Infact according to him the company was producing much more now without workers than it had before! The main cause for retrenchment was inefficiency of certain workers who have now been removed. Incidentally before the termination, in the month of April the management as part of its 'efficiency' drive ran some 'competitive tests' to spur the workers to increase production. The workers were then graded according to their production performance. Some of the workers awarded high grades in the management devised 'test' have now been terminated! So much for inefficiency!

The workers of Flex are being made to bear the brunt of the managers drive to step up profits and production. There are tensions in the Gwalior unit too. Here to the management is attempting to restructure the workforce and intensify workloads by speeding production.On one hand the new global model of 'lean' production is being put in place in the Flex units but on the other the explicitly feudal practises are also in force. Workers on company rolls are made to work in private farmhouse owned by the Managing Director, near Mehrauli. About 15-20 workers are taken from the factory gate every morning after registering their attendance and put to work on this farm. The workers are also sent on various private errands for the local administration officials, from fixing air conditioners, to helping packing during transfers or simply chauffeuring. The Senior Superintendent Police, Gautambudh Nagar is officially staying at a Flex guesthouse.

It is not surprising then that the dice in the present dispute, is loaded against the workers. That there efforts are all stonewalled. Meanwhile more than a month has elapsed since the workers began their dhama. The District Magistrate Manoj Singh, was not present at any of the worker - management talks. Representations of workers have failed to be 'granted' even a single audience to place their grievances, despite repeated efforts. The DM did not meet the PUDR team either. And the case against the illegal termination of workers in the Flex unit has been forwarded to the Chief Labour Commissioner at Kanpur, Atul Chaturvedi, who by happy coincidence happens to be a relative of the Flex CMD! What hope of justice can the workers have?

PUDR demands :

- **reinstatement of the retrenched workers.**
- **unconditional taking back of the striking workers.**
- **full payment of bonus.**
- **enhancement of salaries.**

Accidents and Other Hazards

The polyester unit is particularly known for the number of accidents that take place due to the high speed rolling machines that the workers have to handle. Three to four deaths have already taken place. Of them the family of only one has received compensation that too after a protracted legal battle. Many have been injured while pushing the polyester rolls through the running machines. Whenever an accident occurs the preliminary first aid is given at the factory itself and then the worker is taken to Kailash Hospital. After treatment the worker is sent to the ESI where all the paperwork is done and he is declared fit. In this way the worker loses his claim for compensation and the Kailash Hospital is reimbursed for treatment expenses by the ESI. Of two workers who lost their fingers while running these machines one is receiving Rs 5 per day while the other who lost two fingers is getting nothing since the ESI claimed it was only a minor injury.

The printing department is hazardous for another reason. The thinner used in the inks gives off noxious fumes at high temperatures. The workers in this department are as result plagued by various lung diseases. Till date no provision has been made to provide the workers with masks or other protection.