



## Strategic Conflict Management and Industrial Relations: A Case Study on TSRTC (India)

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**Abstract:** *The case deals with conflict management between multiple parties in a complex situation. The employees of a state road undertaking in the state of Telangana, go on a strike to get the chief minister (leader of the government) agree to their demands. The employees and the unions, make wrong calculations in negotiating with the leader. The case provides insights on how power imbalance in a conflict situation, can work against the parties involved in the conflict. Making right and timely moves depends on the ability of parties, to assess the situation and the factors, both working and against them. Trying to take hard position, without assessment, can actually backfire against the parties in conflict. The case provides insights on how the strength, determination of leader can work in his favour.*

Keywords: Conflict Management, TSRTC, India

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### CORPORATION BACKGROUND

The road corporation in Telangana State was first established as NSR-RTD (Nizam State Rail & Road Transport Department), as a wing of Nizam State Railway in the erstwhile Hyderabad State, in 1932, with a fleet of 27 buses and 166 employees.



Andhra Pradesh State Road Transport Corporation (APSRTC) was established on January 11<sup>th</sup>, 1958 in pursuance of the Road Transport Corporations Act, 1950. Post the bifurcation of state of Andhra Pradesh into Telangana and residual Andhra Pradesh, Road Transport Corporation for the state of Telangana has started operating as a

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separate entity effective from June 2<sup>nd</sup>, 2014.

The Government of Telangana has subsequently established Telangana State Road Transport Corporation, on April 27<sup>th</sup>, 2016 under the Road Transport Corporation Act, 1950. The Corporation has its operations with a fleet of 10,460 buses spread across 97 Depots. In all, there are 364 bus stations in the State.

The Corporation's buses cover a distance of 35.29 lakhs kilometres and carry 100.03 lakhs people to their destinations every day. They connect 9377/844 villages/Hamlets to all major towns and cities in the state and constitute 92% of total road transport in the state. The corporation operates both in city and Mofussil areas. The Corporation operates buses to important towns/cities in the neighbouring states (Andhra Pradesh, Karnataka, Maharashtra, Goa, Odisha, Chhattisgarh and Tamilnadu). The corporation is structured into Regions and is clustered into 3 Zones. The organization has 48,000 employees on its roles.

The profits of the organization have been decreasing over the years, for multiple reasons. Political leaders leveraged the corporation for vote bank politics, like providing of free travel passes to various categories of passengers (elected representatives, girl children pursuing education, physically challenged). It is bearing the financial burden due to concessional passes provided to the students. The successive state governments have been announcing the populist concessions without consulting the organization. The governments have been promising reimbursement of the deficit to the organization, but did not do so. The outstanding dues from the government run into thousands of crores and are pending for years. The prolonged agitation during separate statehood for the state has taken its toll on the financial health of the corporation (viz., standstill in operations, damage to the buses/properties by the agitators). There is financial burden due to running of buses to remote villages (lower earnings per kilometres; higher wear & tear of the vehicles (buses), due to poor road conditions in rural areas.

### **ORIGIN OF CONFLICT**

The Chief Minister of neighbouring state of Andhra Pradesh, Mr Jagan Mohan Reddy has announced during August 2019 that as per the poll promise, all the employees of Andhra Pradesh State Road Transport Corporation (APSRTC) would be absorbed into the State Government and has issued orders to that extent. This has triggered hopes among the unions/employees in Telangana. The unions gave strike notice with mandatory notice period to the state government.

The employees have listed 26 demands to the state government. The demands include merger of the corporation with the state government, make employees eligible for perks/benefits at par with government employees; clearance of dues by the government to the corporation; allocation of 1% of the state Budget to the corporation. Other demands include, providing job security for drivers & conductors; immediate approval & payment of salary hike due since April 1, 2017. The unions and employees went on strike since Oct 5<sup>th</sup>, 2018.

### **STAND OF TELANGANA GOVERNMENT**

The Chief Minister, who received support from employee unions during the statehood movement, has dug in his heels, indicating that he would not negotiate with the unions over their demands. He added that no other state government in the country has given the hike, offered by the state government (68% increase in fitment was provided to the

employees, post formation of the state, as gesture of thanks, for their support during the agitation for state formation). The government has invoked ESMA (Essential Services Maintenance Act), and declared employee strike as illegal.

The state Transport Minister (P Ajay Kumar) said: “The government never promised or assured that corporation would be merged with the state government. It was not a poll promise either. The salary hike is due, but it will be done at an appropriate time, and there was no need for the unions to go on strike urgently during Dussehra, causing immense hardship to people.”

Dussehra is the most important festival in the state of Telangana, for which lakhs of people travel to their homes in the state. Although the unions had issued their strike notice 10 days ahead of Dussehra, the government had ignored it saying it cannot be blackmailed. “The Chief Minister saw no immediate need for the staff to go on strike especially before the festival,” an official said. As a warning to the strike proposal, the state government did not deposit the September salaries of employees.

In the absence of drivers and conductors, the government hired temporary drivers, offered them INR 2,000 for eight hours of duty. Many drivers of garbage trucks of the Greater Hyderabad Municipal Corporation (GHMC) went on leave, and were found driving buses. But these buses were running only on certain routes, for short distances. The government extended Dussehra holidays until October 19, 2018 and impounded school buses to operate them in some routes. The striking employees did not allow buses to leave depots, by squatting in front of the gates.

The Chief Minister announced the state cabinet decision of setting November 5, 2019 deadline for striking employees to resume work. The chief minister had on late Saturday night after a marathon state cabinet meeting and indicated that the striking employee were being misled by union leaders, and that it was in their interest to join work by Tuesday (November 8, 2019) without any conditions.

The striking unions refused to return to work, and as a result, the state government decided to privatize the half of the bus routes. The state cabinet decided to open up 5,100 routes, nearly half of the 10,400 routes the corporation operates in the state, to the private sector. The decision was justified by the government, in the backdrop of the recently amended enactment by the government of India (Motor Vehicle Act, 2019).

The Chief Minister announced that a transport regulatory commission would be set up to regulate operations of the corporation and private sector. The commission will regulate to ensure that private operators do not fleece from the passengers. The state cabinet decided to offer 5,100 of 10,400 routes to private operators, to begin with and with an option of other routes as well, if the striking workers did not resume duty by Tuesday midnight (November 8, 2019).

The chief minister made it clear that there was no question of merging the corporation with the state government, which was one of the key demands of the 49,000 workers. The Chief Minister called upon the striking workers and their families not to get carried away by the rhetoric of union leaders, and urged them to resume work, as this was the last chance to do so in their interest. He also made it clear that the strike was illegal and that if they did not report to work by the deadline, the government would not hesitate to offer the remaining routes to the private sector. The striking employees continued their strike on 30th day (November 5, 2019), a day after the Chief Minister had set a final deadline for them to return to work.

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The Joint Action Committee (JAC) of striking employees had met on Nov 3, 2019 and at the end of the meeting, ruled out calling off the strike, only after the government met with their demands. The convenor of committee, employees not to be afraid of. He advised employees to be courageous and not compromise with their self-respect. He recalled the fact that employees did not return to work during the earlier deadline(s), and this time too, nobody will be joining the duty.

### **HIGH COURT OF TELANGANA ON STRIKE**

A civil rights activist (Prof Visweswara Rao) filed a PIL (Public Interest Litigation) seeking the intervention of Hon'ble High Court and give directive to the state government to negotiate with the striking unions. The high court directed the state government to hold discussions with the striking employees to resolve the over one-month long strike.

The Hon'ble court expressed displeasure over mismatch of information submitted by government and posted the case for hearing on November 11, 2019. The convener of Joint Action Committee of Employees' Unions said, "Today senior officials of Telangana government came to the High Court and the court said that the affidavit which was filed by the officials in on employee's issue is bogus."

"The court also enquired about which report should be taken as the correct one. The report earlier submitted by the Minister in the state legislative assembly or the report which was filed by the officials now. The court has asked the officials to solve the employees issue before November 11.2019" the convenor said. Meanwhile, the one of the opposition parties in the state said that the chief minister should "hang his head in shame" for the degree of punitive statements the high court had made against his government.

"The chief justice himself stated that in his 15 years of service, he has not seen any government as incredible as this one. It's clearly evident that honourable chief justice exposed the lies dictated by the Chief Minister in an indirect manner by canning the knuckles of the Managing Director and other secretaries with his pungent remarks," the spokesperson of one of opposition party said.

The opposition party said that the High Court directive has "once again vindicated party's stand right from the beginning that government is brazenly lying about everything to everyone, including the honourable high court." The spokesperson said the chief minister should mend his ways and be sensible to end "the pointless drama being played out on hapless employees."

The employees hadn't received their salaries for the month of September, 2019 and the court directed the government to disburse the salaries. However, the government told the court that they didn't have the money to pay the salaries, and would not be able to pay the salaries. It stated that INR 239 crore was required to disburse salaries, while the corporation only had around INR 7.5 crore. Additional Advocate-General Ramachandra Rao, representing the corporation, told the court that as per the report by a committee of executive directors of the corporation, INR 46.2 crore is required for meeting 16 out of 21 demands of the employees, and the corporation is not in a position to bear the expenditure.

The Hon'ble court in its response pulled up the state government, and reprimanded it indicating that the government had money to announce INR 100 crore worth of sops for the Huzurnagar constituency (where the Chief Minister recently won

the bye-poll for the legislative assembly) but could not spare INR 47 crore for the demands of workers. The state government, however, maintained that they couldn't give the money because of slowdown.

In response to the submission by the state government that it had in the previous years' paid the corporation in excess of INR 622 crore, the high court termed it as a misleading statement. The Hon'ble chief justice advised the government to come back with a report that's not 'misplaced and vague' and provide details of the financial assistance provided to corporation.

The Chief Minister constituted a committee of officials to negotiate with representatives of the union. The unions attended the meeting and at the end of the meeting came out dissatisfied. They commented that "Only 4 of us have been allowed to attend the meeting, and that too without our mobiles. The officials did not allow us to speak and it more of a one way monologue. It looks like state government want to comply namesake with the directive of the Hon'ble High Court, and it is not genuinely interested in negotiating with us".

### **UNIONS & STRIKE ACTIVITIES**

The employees intensified the strike with the launch of a sit-in with families in front of bus depots. The agitation took a political twist too - with the opposition party's call for a massive protest and Gherao (boycott) in front of the Chief Minister office in Hyderabad. The government swung into action, took several opposition political party leaders into preventive custody. Few of the leaders were placed under house arrest to prevent disruption to law and order situation. The protest by agitating employees and political parties led to traffic jam near the residence of the CM.

**Road Block Agitation (Sadak Bandh):** In the 'battle of wits and patience', the Joint Action Committee of political parties backed the employees, extended their support for the State-wide 'Sadak Bandh' or Street Bandh on Nov 18, 2019. The prominent leaders of the JAC (Joint Action Committee) condemned the forcible shifting of the leaders, who were on hunger strike to the hospital, and resorting to arrest of leaders, aimed at weakening the agitation. The union leaders were advised by doctors to reconsider their indefinite hunger strike on health grounds. The opposition parties have rallied behind their support for the bandh call on the next day (November 19, 2019).

On November 21, 2019 the High Court had disposed writ petition that was filed against the decision by the state government to privatise 5,100 routes. The decision came as a major setback for the employees who were on strike since October 5, 2019. The court remarked that "if airlines in the country could be privatized, why not the road transport". The court added that opening of Indian skies for private players have helped the airline industry to grow.

Further the Hon'ble court referred the matter relating to the legality of employee's strike under Industrial Disputes Act, 1947, to the labour commissioner.

### **CONFLICT RESOLUTION**

Shortly after the protesting employees called off their strike, and announced that they will be joining duties on Tuesday (Nov 26, 2019), the in-charge Managing Director

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quickly declined their proposal and threatened legal action, if the striking employees attempt to disrupt the bus services.

The employees called off their strike after 52 days and indicated they would be reporting for duty at 6 am the next day (Nov 27, 2019). They said, that they would simultaneously continue with their protests. Despite the employees coming down and expressing the willingness return to work, without any of their 26 demands being met, in-charge managing director through a press release said, “The announcement of the committee that they would be joining back work from tomorrow, is ridiculous. On one hand they are saying that they will continue with the struggle and in the same breath have also called off the strike. Employees cannot boycott their duties and join back as per their whims and fancies in any public undertaking sector in the country.”

The court has directed the chief minister to take back the employees back into the jobs. However, the Chief Minister had indicated to the union leaders and employees, that they will be taken back into jobs, if the union leaders agree for the unions to be dissolved. To take care of employee issues, worker council would be set up with representation of employees from all the bus depots. He agreed to immediately release an amount of INR 100 Crore for the immediate cash needs of the organization. The next day, he invited two employees per bus depot to his official residence and hosted a lavish lunch. During the lunch, he has shared his views on future and inspired the employees work hard to turn the organization into profits.

### **IMPACT AND INSIGHTS**

This is an interesting case study for all leaders, management practitioners and students from the perspectives of leadership style, conflict management in a complex situation with impacts large set of employees and societal implications. Primarily it was a conflict between three parties with conflicting goals, i.e., state government along with the Management on one side, union leaders and employees on another side. It is classic instance as to how employees working in a unionised environment can get carried away by the union leaders based on the external environment. In this case, the employees have been handsomely rewarded with salary hikes twice after the Chief Minister had come to power in the state after the elections, as a gratitude towards the support extended by them, for the agitation in support of separate statehood. The union leaders stoked aspirations in the minds of the employees, based on the developments in the neighbouring state. Employees resorted to agitation, oblivious to the fact context and details are separate and are not aligned. Employees in the neighbouring state have been absorbed into the state government without any financial benefits. This is what was shared by the employees, after the announcement that it was deceit and had no real benefits for the employees.

The learning perspective here how should a leader respond in the wake of unreasonable demands by striking employees and unions. There are several complications due to which the state government cannot agree to the demands due as financial constraints. The government had already given salary hikes to the striking employees, along with employees of the state government and employees of other public sector undertakings. Acceding to the financial demands of unions, could trigger similar demands from other employees as well. The second key aspect is absorption of employees into state government. Agreeing to the demand, can lead to similar demands from employees of other public sector undertakings.

The Chief Minister had taken a huge risk, by allowing employees to proceed on a strike without meeting their demands, especially with a major festival around the corner. Both the employees and citizens of the state, can turn against him. In a democratic society, political leaders get elected as heads of government tend to get wary to take any action, which would invite the wrath of the people (Electorate). In a conflict situation akin to this case, leader need to make a trade-off decision before taking a position in a conflict. The trade-off decision was to weigh the implications in the short, medium and long term perspectives. In this case the short term impact the chief minister is inviting wrath of the employees & their families for their hardships. In addition, he would face the wrath of people (electorate at large). In the medium term perspective, negative perception built about him and the government. The positive aspect is that the chief minister can get an image, as a leader who cannot be arm twisted by unions and employees. This will send a strong signal to other employees working in the government and the public sector undertakings. The long term perspectives are financial burden on state exchequer, public memory is short, and this episode would unlikely impact the next election (five years away). Citizens of the state are aware that the leader is a tough negotiator, based on his approach during the agitation separate statehood. He had brought the entire state to a standstill for the cause of his demand.

From a conflict management and resolution perspectives, analysis of the context to be carried in a holistic and multi-dimensional way. In the process of arriving at a solution, implications to be analysed across all the three time zones, immediate, short and long term. In this case, the Chief Minister had not agreed to any of the demands of the striking employees. If we were to analyse the benefits for the employees, they gained more pain and hardships, struggled to get back their jobs, and had to plead for payment of salary, during the striking period. The unions had to suffer due to the conflict, as employees after point, were not willing to take the pain, due to family pressure and financial hardships. The unions lost completely in this conflict, as the employees had agreed to the demands of the government. The employees have agreed to leave the unions, as a precondition to get back to the jobs.

The interesting fact in this case is the power dynamics between the conflicting parties. The Chief Minister had the entire state machinery and his popularity behind him, while the unions and employees were almost pushed to the wall, due to financial and career reasons. The type of position one takes on negotiating table win-win, win-lose or lose-lose is based on multiple factors.

#### **DISCUSSION QUESTIONS?**

1. How did the environment influence the Industrial Relations between Management and Employees of the corporation
2. What was the role of the unions in this conflict?
3. How did democratic politics impact the conflict between management and employees?
4. What are the various factors that have influenced the negotiation strategies adopted by both the parties in the conflict?
5. Compare and contrast the tactical and strategic approaches by state government & management Vs the Unions & Employees?
6. Based on the context, suggested strategy that could have helped the Unions/Employees emerge as winners at the end of the conflict?

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