

87  
1505

# ON RATIONALISATION

**Report submitted to the General Council  
of the All India Trade Union Congress.**

**November 14-18, 1954.**

**(Revised and brought up-to-date)**

*by*

**K. B. PANIKKAR**

**AITUC PUBLICATION**

## Introduction

Rationalisation today has assumed the form of an all-out offensive by the employers against the workers with the aid of the government. This offensive is not confined to such big industries like the textiles and jute. It embraces all industries including the smaller ones. The theoretical background of rationalisation has already been worked out by the government in its Five-Year Plan. The progress of that Plan unfolds newer and newer offensives of rationalisation against the workers. The recommendations of the Ford Foundation team, the proposals of various enquiry committees like the Textile Enquiry Committee, the Jute Inquiry Commission, the Shroff Committee, the practical schemes worked out with the help of the British Company IBCON & CO., a foreign firm of "rationalisation experts", and the various productivity studies, Training Within Industry (TWI) Schemes, are all directed towards achieving the end set forth in the Plan.

Though the major offensive is seen in cotton textiles, jute, etc., it will be a mistake to regard that the problem of rationalisation is faced mainly in these industries. It is the major offensive of the employers and the government against the entire working class today. The issue has assumed prime importance due to the fact that: (1) *it is an all-India offensive planned by the owners*, (2) *it has direct sanction and aid of the government*, and (3) *these measures if allowed to succeed will throw out a large number of employed workers, will greatly increase the work-load on the employed workers and will substantially reduce the wage bill of the working class.*

Hence it is the urgent duty of the trade-union movement to understand the full implications of this offensive and unreservedly combat it to protect the working class.

What is rationalisation? By rationalisation we mean the following:

1. Introduction of machinery which displaces or reduces the existing labour force.
2. Simple increase of work-load on the worker.

3. Speed-up of existing machines which calls forth additional expenditure of labour power.
4. Tightening up of 'discipline' at the place of work through which the worker is denied the usual leisure (called 'loitering' by the employers) needed to restore his energy during working hours.

Some or all of these methods of rationalisation are being introduced sometimes quite openly, sometimes on the sly by the employers throughout the country. The extent and result of this offensive on the workers could be seen from the cautiously-worded statement of the *Eastern Economist*. In its article entitled "Indian Industrial Trends—1949-51" (November 19, 1954) it says the following:

"It was indeed a period of what may be described as a process of unnoticed 'rationalisation' because with this almost stationary labour force, the index of industrial production (1946 = 100) had moved from 97.2 in 1947 to 108.4 in 1948, to 105.7 in 1949, to 105.0 in 1950 and 117.2 in 1951, in all by nearly 20 per cent. This is reflected in the Census figures of the value added by manufacture per person employed. The calculations of this figure are not available for 1947 and 1948; but even in the three following years, this value added per worker had increased from Rs. 1618 in 1949 to Rs. 1739 in 1950 and Rs. 2127 in 1951.... The visible rise in productivity per worker is thus the most significant aspect...."

Along with tremendous increase in productivity there has been a decline in total employment. Speaking of textiles and jute, the same article states:

"The largest decline in employment which more than offset the small increases elsewhere occurred in the cotton and jute industries. Here it was this factor acting along with higher prices of manufactures in 1950 and 1951 that increased the value per worker."

If the above has been the result of 'unnoticed rationalisation' one could very well see the result of 'planned rationalisation'. And precisely it is in textiles and jute, where the largest decline in employment has taken place, that rationalisation is said to be the most urgent need.

In this connection, we should bear in mind, the resolution which the Parliament has passed in its last sitting on rationalisation. The resolution reads as follows:

“The House is of opinion that rationalisation of the textile and the jute industries where it is necessary in the country’s interests must be encouraged, but the implementation of such schemes should be so regulated as to cause the least amount of displacement of labour in those industries providing reasonable facilities for the employment of such displaced labour.”

This resolution was adopted by the House in place of the following resolution moved by P. T. Punnoose:

“This House is of opinion that rationalisation schemes planned to be introduced in the textile and jute industries in the various centres in India are harmful to the vital interests of the people of this country.”

Though the resolution adopted by the House speaks of regulating the implementation of rationalisation, so as to cause the least amount of displacement of labour, a glance at the way in which rationalisation is being introduced will clearly show that the resolution will not help to stop the offensive of the employers—except expressing the pious wish.

This will be clear if we look into the methods of rationalisation that are being used by the owners. Let us take a few examples.

## Rationalisation in Textile Industry

### M A D R A S

The Buckingham & Carnatic Mills, Madras, employed 15,500 workers in 1950. By 1954, due to rationalisation the number of workers was reduced to 13,000. How did they do it?

In that mill 3 Auto-Burn winding machines had been installed. 6 workers are enough instead of 78 to work at these machines per shift. This has resulted in the reduction of 72 persons per shift and consequent retrenchment of 144 workers in both the shifts. There is a proposal to get 3 more machines and subsequently 144 persons more are likely to be retrenched. Due to installation of a new cone winding machine, two workers are enough instead of 8, resulting in the retrenchment of 6 workers. 4 warping high-speed machines had been installed in the place of 22

ordinary warping machines, resulting in the retrenchment of 18 workers. Due to the installation of a new sizing machine, out of 5 workers four have become redundant. In the twisting and drawing department formerly 120 workers were working. Today there are only 44 workers. 3 workers out of 4 have become redundant due to the installation of a dublar winding machine. Workers have been forced to attend to two check looms, resulting in the retrenchment of 97 workers, and in case of Japanese looms workers have been forced to attend to 12 looms instead of the usual 6, that too at higher speed, resulting in the retrenchment of 1800 workers out of 2800.

### KANPUR

If the original plan sanctioned by the government is to be implemented here, the workers will have to mind more machines than at present: 3 or 4 looms instead of 2 and 400 to 600 spindles instead of 175 to 250 at present. The intensification of labour or double work-load, as accepted by Labour Minister Shri. Sampurnanand, will throw out over 9000 workers.

To take a few examples, in 7 mills of Kanpur where at present in the spinning section 3677 workers are engaged, if the recommendations of the Special Officer on duty Mr. Bansidhar are to be accepted, 858 workers will be rendered surplus. Similarly in the same 7 mills with a loomage of 8282 and a complement of 9745 workers, if the recommendations are implemented 2608 workers will be rendered surplus, with the consequent increase of heavy work-load on the employed workers.

### BOMBAY CITY

Thousands of workers have already been displaced and are being displaced due to introduction of rationalisation and increase of work-load.

To take a few examples, the Tata Mills Ltd., Bombay, in 1950 employed 7200 workers. In 1954, there were only 5800 workers, thus during these four years by slow process the management has thrown out 1400 workers. Rationalisation is taking place not in one department alone, but in all processes from blowing to finishing. The methods employed are not all-out discharge or discharge of large number of workers at a time by installing improved machinery, but by concentrating on small departments and throwing out few workers at a time, thus finally reducing the total num-

ber of workers in each department. Thus in the same mill the number of fitters has been reduced from 104 to 78, by giving extra compensation to induce retirement. These 78 fitters are forced to turn out the work of 104 with a little increase in wage. Though both those who retired and those who remain got some temporary benefits, the adverse effect on the working class could be seen from the large saving the management is able to make out of this adjustment.

Besides, in many mills for reeling and winding, where mainly women workers are engaged, it has become a general practice to slowly eliminate the women workers and in their place keep youngsters. In this way a large number of women are being displaced not only in Bombay but also in many other centres, e.g., Rajendra Mills at Coimbatore. In many mills hand reeling and the reeling processes are being eliminated by introduction of machinery. Thus apart from the spinning and weaving departments a large number of workers are being slowly reduced.

## SHOLAPUR

In the five mills here, where prior to 1949, 30 to 32 thousand workers were employed, due to increase of work-load the total number has been reduced approximately to 20,000. Before 1949 one worker in the spinning department was looking after one frame, while now he has to look after two frames. The British-owned Vishnu Mills and Lakshmi Mills have installed nearly 100 automatic looms in the weaving departments and thrown out of employment two-thirds of the workers.

## WEST BENGAL

Take the case of Kesoram Cotton Mills Ltd., the biggest cotton mill in West Bengal under the Managing Agency of Birla Bros., Ltd.

The main feature of rationalisation in this mill is through increase of work-load. Recently some automatic looms have been installed and the weavers are to operate 6 looms each. Cases of increase of work-load also could be seen from the fact that in high-speed winding department, minimum production per worker was 50 lbs. in 5" bobbin in 1946, whereas since 1952 it is 110 lbs. in 6" bobbin. In April 1954, 231 workers were retrenched in spinning, inter, roving and drawing departments due to increase of work-load—39 helpers, 39 doffers, 12 sweepers, 15 bobbin cleaners

and 3 sirdars have been rendered surplus in the spinning department; workers are to operate 2 machines instead of 1 in the inter department; work-load has been doubled and the strength of the workers has been reduced to 27 from 54 in the roving department; and in the drawing department each worker is to operate 2 machines instead of 2 workers per 3 machines where the total number of machines is 70, resulting in unemployment for 33 workers in 3 shifts.

Even after this, the management took further rationalisation measures, especially in the spinning department. The number of spindles per machine were increased from 336 to 400. Since August 1954, 4 sides in place of 2 sides in 24 machines have been introduced, rendering 36 workers unemployed. Recently the two-loom system is being systematically abolished in favour of the four-loom in the weaving department, and 300 workers have lost their job. Former work-load of fancy jobbers was 50 dobbies, now it is 62.

## B A R O D A

Some typical methods of slow rationalisation, but which have far-reaching effects on the employment situation could be seen here. There were 15,500 workers in the five textile mills in 1948. Today there are 7010 workers in spite of the fact that the third shift is working partly in four mills. Now we will see from facts and figures how rationalisation is introduced.

*New India Industries:* In 1948 there were 785 workers in the A and B shifts. Today, though the third shift is working, the number of workers remains the same. In the winding department 10 workers were working on one machine, today the same work is done by 4 workers. There are three machines like this and 12 workers are doing the work of 30, and 18 are retrenched. They have reduced the number of others by 15. In the carding department one worker was working on 10 cards, but now he is made to work on 20, and the 55 workers rendered surplus are now employed in the third shift.

*Shree Yamuna Mills:* The blow is heaviest in the spinning department. There are 70 machines. Formerly 140 workers were employed. In 1951 they retrenched 70 workers in each shift. They induced the workers to go away by giving gratuity on their past service and some of the workers were tempted to get cash and go home. In order that there should be no dissatisfaction they started a third shift and employed the surplus hands in that shift. But after some time they

closed the third shift and workers lost their jobs. Now they have made a fresh agreement with the local Majoor Mahajan (INTUC) to increase the spindles of each machine. They want to reconstruct three machines out of four machines by increasing the number of spindles. At present they have converted only 10 machines, but this is on an experimental basis. Slowly they want to apply this agreement to all the machines. This will further increase unemployment. Formerly when one man was running one machine in rough counts, i.e. of No. 19, three extras (Tarwalas) were given for each group of 15 machines to help them in work. Today no extra Tarwalas are given.

Formerly there were 70 doffers, i.e., one on each machine in each shift. Today, they are keeping 7 doffers for each group of 10 machines. So the total now comes to only 49 instead of 70 in each shift.

*Bigaris* are kept for taking away empty bobbins into the roving department. There were two in each shift. Today there is only one in each shift, thus the work-load is doubled. There is a department called ghodi department where the work of removing the waste of the weaving department is done. Formerly there were eight workers in each shift. Today there are only six in A shift and two in B shift, but the two in B shift are marked temporary.

In the weaving departments, No. 11 and 12, each worker has to mind 4 machines, while in Nos. 1 to 10 each worker minds 2 machines each. First they closed down the two departments No. 11 and 12 on a false excuse of shortage of bobbins. But after four months they started again and asked the workers to mind four machines each. Today all the 104 machines in the above two departments are manned by 26 workers and 26 workers are retrenched. These two departments are run only in A shift.

In the winding department there were 98 workers in A and B shifts. Today the same work is extracted from 75, i.e., 45 in A shift and 30 in B shift, of which only 40 in A shift and 23 in B shift are permanent. Now they are going to introduce machines.

In the mechanical department, because of application of electric grid system 19 workers are retrenched out of which four are women workers.

*Sayaji Mills:* In the spinning department there were 76 machines and 152 workers in each shift plus 71 doffers. At present 73 machines are run by 75 workers and 64 doffers, in each shift. In place of 13 jobbers and oilmen previously today there are only 10. Thus the total number of workers



retrenched in each shift in this one department only is 87. In the third shift 64 machines are run by 21 workers, each attending to four sides.

*The Baroda Spg. & Wvg. Mills Ltd.:* In the spinning department rationalisation was introduced in 1949 making one worker in charge of two sides. In 1952, washing department was closed down, and its work was passed on to the dyeing and bleaching department, as a result of which four workers were retrenched. In the same year, the ghodi department was also closed, retrenching eight workers. The grid system was introduced in 1953, partly closing down the boiler department and retrenching 41 technicians and workers.

In the weaving department two boiling boys, one oilman and one jobber were retrenched.

*The Jagdish Ambika Mills Ltd.:* Two sides system introduced in the spinning department in 1950 resulted in half the number of doffers and workers becoming surplus. Recently in the winding department nine workers were retrenched. As a result of introduction of grid system 16 workers from the mechanical department were retrenched in 1953. The dyeing and bleaching departments were closed down in 1953 and the goods are sent to Ahmedabad for finishing on automatic plant and as a result 125 workers were retrenched.

## A H M E D A B A D

The disastrous effect on the employment of workers by the installation of automatic looms and other machinery can be seen from only a few examples. Shri. Ambalal Sarabhai who has constructed an experimental automatic loom shed containing 224 looms will require only 29 workers, instead of 244 workers in an ordinary loom shed. According to data available through INTUC sources itself, if the entire textile industry is provided with automatic looms and machinery, the present complement of 7½ lakhs workers will be reduced to about two lakhs. So far as weavers are concerned, out of the two lakhs employed by the cotton mill industry today, only 20,000 could maintain their employment. Similarly in the winding, the warping and many other departments, large number of workers will be considered surplus. For instance, by the introduction of Barbar Colman high-speed winding and warping machines, only 10 persons will be required as against 100 today. In most of these departments women are employed and they will be displaced.

## H Y D E R A B A D

The Osmanshahi Mills is one of the biggest mills in the State. The Managing Agents of the mills are the Government of Hyderabad Industrial Trust Fund. From the last two years the management of the Osmanshahi Mills had introduced four looms and double siding and had retrenched about 1000 workers. The work-load was tremendously increased. There were cases of weavers vomiting blood after the introduction of the four looms. The workers had been unitedly fighting continuously against this. They made representations to the government to stop this change in the working conditions as a case is pending before the Labour Appellate Tribunal. But in vain. At last on 18th January, 1955 they demonstrated before the Managing Director when he visited the mills. The Managing Agents' attitude was insolent to the workers. Workers unitedly decided to stop the double siding and four looms from the day.

### Rationalisation In Jute Industry

Let us take the jute industry, an industry with high monopoly control. According to the Jute Enquiry Commission Report (1954):

“The great majority of jute mills in India are worked by managing agency companies, some of whom run as many as nine mills. Seventy-five per cent of the number of mills [there are 84 jute mills in India] is under the control of a dozen managing agency houses, of whom four control about 45 per cent of the loomage. A concentration of business in the hands of the managing agents and the large returns that the jute industry has in general been able to give in the past, have made the shareholding in the managing agency firms attractive quite apart from the dividend normally paid by the mills under own control.”

And in this industry also rationalisation is carried out by the 'modernisation' of the old machinery by new automatic machines, high-speed automatic doffing, silver spinning frames, the combine spreader and softener, the combine breaker and finisher card with automatic roll frames, winding machines, circular looms, etc.

The Report of the Jute Enquiry Commission itself says that

“out of a membership of 75 mills under the Indian Jute Mills Association (IJMA) group with total looms hessian and sacking of 65,749, 15 mills with a loomage of 6,495 have been already modernised in whole or in part at an approximate cost of Rs. 4.87 crores. Another 13 mills with a loomage of 4,830 are in the process of modernisation at an approximate cost of Rs. 3.6 crores. A further expenditure of about Rs. 40 crores is anticipated if the entire industry has to be modernised and it is in this context that the IJMA have approached the Government with a scheme for grant of assistance. The total cost of modernisation is reckoned at Rs. 50 crores and is estimated to take a minimum of five years to be completed.” (p. 174)

And if this modernisation takes place what will be its effect on employment? The authoritative sources themselves admit that about 40,000 will be rendered surplus.

Even during the last two years over 25,000 workers were rationalised by the owners.

In order to facilitate retrenchment the mill owners are deliberately increasing the proportion of *badli* workers in place of the complement of permanent cadres. There is the fixed complement of permanent cadres in different departments. The complements are reduced by the employers whenever they please and without any explanation. Hence retrenchment is carried on by appointing *badlis* to permanent posts which fall vacant and refusing to confirm them in their new posts. And in this way the proportion of the *badli* workers to permanent hands is sought to be increased gradually.

This represents another big economy for the employers as *badli* workers are not eligible for retiring gratuities, provident fund, statutory leave with pay, and similar benefits. This planned diminution of permanent posts is further accelerated by compelling workers to retire by various methods of pressure, before they have attained superannuation age of 55 years or completed 30 years of service.

Women workers, employed mainly in the batching, preparing and winding departments are being thrown out first.

The typical examples of arbitrary reduction in permanent complements by the employers could be seen from the actions of Macneill & Barry group of mills — Gourepore, Nuddea and Ganges. In 1952, out of a total of 5066 workers

employed in the Nuddea Mills, 843 (nearly 17 per cent) were retrenched within a few weeks. In the Gourepore Mills, out of 6113 workers 898 were retrenched and a similar proportion in the Ganges Mills. The retrenched workers were all permanent hands. This meant in effect that so many permanent posts were abolished at one stroke, the average number of workers per loom was cut down and work-load correspondingly increased.

Not only are the permanent hands being retrenched but even registered *badlis* are being replaced by or reverted to the status of mere "extra hands". This could be seen from the figures relating to the Bird Heilgers managing agency group of nine mills. For instance the total number of *badlis* and extra hands employed by this group in June 1947 were 4897 and 3698 respectively, but by June 1952 they were 2516 and 4295 respectively.

Even before the installation of new machines, work-load is arbitrarily increased by increasing the number of machines per worker or reducing the number of workers per machine. This has been attempted by many mills in the spinning and winding departments. The system of two looms per worker (instead of the conventional one loom) has been enforced in a few mills, notably Birla Jute Mills and the American-owned Ludlow Jute Mills.

## W O R K - L O A D

The brunt of heavier work-load consequent upon the modernisation scheme is being borne by the time-rated workers in the batching, preparing and spinning departments. With fixed wages, irrespective of intensity or output of work, the complement of workers per machine or spinning frame is gradually being cut down by between 25 to 40 per cent, though no precise figures are available for the different mills.

Wherever the automatic roll former has been installed, each worker is now expected to look after 2, 4 or even 6 breaker and finisher cards instead of only one card as formerly.

Wherever the automatic doffing spinning frames have been installed, three results have followed: (i) Bobbin boys (also known as doffer boys or pickers) have been dispensed with; (ii) the entire roving department has been abolished; and (iii) work-load of the spinners has greatly increased by each man having to look after a larger number of frames operating at much higher speeds.

In some cases, in the winding department also, the com-

plements are being slowly whittled down and work-load is increasing.

In the Birla Jute Mills, where the system of 2 looms per weaver has been introduced (but without any modernisation of machinery), not only is tremendous physical strain imposed on the workers, but the doubled work-load has not meant a corresponding rise in earnings.

## A C C I D E N T S

Indirect evidence of the increasing work-load and the workers' inability to shoulder it is furnished by the trend in the accident rate.

IJMA statistics (confidential) show that the number of accidents in their member mills rose from 552 in March 1952 to 625 in March 1953 and 715 in March 1954. For the month of May, the corresponding figures were 764, 735 and 850.

Figures compiled by the Government of India are even more revealing. According to these, the number of accidents due to jute mill machinery rose from 3278 in 1948 to 4249 in 1949, or from 10.65 per 1000 workers to 14.01 in the course of a single year. These figures compare with 777 accidents (3.05 per 1000 workers) in 1932; 1920 accidents (6.67) in 1937; 2735 accidents (9.50) in 1942; and 2856 accidents (9.58) in 1947.

The wide discrepancy in the IJMA and government figures cannot conceal the obvious trend in the accident rate, which has been steadily rising. Rationalisation will further accentuate this.

Such are the consequences of rationalisation in the jute industry.

## Rationalisation In Other Industries and Centres

Not only in textiles and jute but in other industries also the rationalisation drive is on. In Braithwaite & Co. (engineering), Calcutta, work-load is increased from 3-4 wagons to 5-6 wagons. In Metal Box Co. Ltd., Calcutta, the employers forced the workers either to accept retrenchment of 114 workers or accept stoppage of yearly bonus, attendance bonus, etc.

The efforts of the owners to introduce various methods of rationalisation is not confined to big industrial units in larger cities. The reports from small industries and weaker

centres also show how owners are forcing them on the workers.

A report from Malabar says that in the Tiruvannur Cotton Spg. & Wvg. Mills they wanted to introduce the four-loom system instead of the two-loom. It was resisted. But on settlement it was agreed to work on 4 looms but the payment will be on piece rate. This section was a newly opened one and workers were recruited only after signing an agreement that they will work 4 looms.

In the Puthiyara Commonwealth Tile Factory, formerly 11 tiles were turned out in a minute in the press department. Now it is 12 to 13 a minute. In every other department there is an intensification of work and increase in work-load.

In rubber plantations formerly a worker tapped 250 trees in a block and thus he had to work in two blocks. Now the management insists that they should work in 3 blocks, resulting in the retrenchment of 30% of workers. Formerly applying of Burma paint and enzol or mud was done by extra work. The same workers were paid for the extra work. Now the tapper has to do it without payment.

In Andhra, rationalisation was introduced in jute, cotton textiles the sugar industry and ship-yard. Also in the two cement factories rationalisation is being planned and it may be enforced in the near future.

In the Chittivalasa Jute Mills from 1947 up to now about 1000 workers were retrenched out of whom 650 were retrenched in 1954 itself. From the Nellimarla Jute Mills about 700 were retrenched since 1949.

In the Hindustan Ship-yard at Visakhapatnam 813 workers were retrenched.

In the Hemalatha Textile Mills in Pedakakani (Guntur District) in a period of two years up to now about 200 workers have been retrenched.

In the sugar industry also rationalisation is introduced. In the Deccan Sugar and Abkari Company at Samalkot (East Godavari District) owned by Parry & Company Ltd., 300 workers were retrenched in 1953. In the Kirlampudi Sugar Factory at Pithapuram (East Godavari) 66 workers were retrenched. In the K.C.P. & K.I.C. Ltd., Vuyyur (Krishna District), the biggest sugar, confectionary and distillery works in Andhra, 150 permanent workers and 200 seasonal workers were sent out due to the introduction of rationalisation in 1953.

In the Andhra Scientific Company at Masulipatam 210 workers were retrenched in 1953.

In all the above industries whenever retrenchment took

place, the work-load on the present workers has been tremendously increased.

The preceding examples of practical means of rationalisation amply demonstrate the disastrous effects on the workers' employment and work-load.

## Not for Increased Production

When such are the effects of rationalisation on the workers, it is pertinent to ask: Why rationalisation? Is it for achieving the objective of increased production?

Take for example the two important industries, textiles and jute. The textile and jute monopolists, who frantically shout for immediate rationalisation, themselves deny it:

“The industry is keenly alive to the need for reducing its manufacturing costs by continued and increased modernisation of machinery. It is not a question of increasing production which could easily be achieved with the existing plant, but of producing the finished products more cheaply”,

says Mr. J. G. Walton, Deputy Chairman of the powerful Indian Jute Mills Association.

“At the present stage, the jute mill industry in India have a capacity not only in excess of its present markets, but also in excess of any possible expansion of such markets”,

says the Jute Enquiry Commission report.

The deliberate restriction of production by the jute magnates by continued sealing of 12½ per cent looms, reduction of working hours, etc., is ample proof that rationalisation measures are not intended to achieve any increased production targets in jute.

The case of textiles is not different at all. Till recently the government as well as the textile monopolists were harping upon increased production. The target of the Five-Year Plan for textile production was 4,700 million yards to be attained by 1956. But the actual production of textiles for 1953-54 has been 4,906 million yards, thus even overfulfilling the 1956 target. Though the production in textiles has been considerably increased we should remember that there has not been any increase in the number of workers engaged in the industry. It is also to be noted that from

1950-51 to 1954 there have been installed 26 new units out of which 6 have been installed in 1953-54. Besides, there has been some expansion of new processes such as sanforised, menforised and tentering machines, etc. Where these processes are introduced, each mill would require about 200 to 300 new workers for these new processes. With all these if we look into the number of workers engaged in the industry, we find no increase, but an actual fall.

Year.	Total number				
	of workers on the rolls.	First shift.	Second shift.	Third shift.	Total
1949	803,038	431,216	252,196	51,190	734,602
1953	801,853	421,888	258,372	63,724	743,984
1954 (March)	787,690	404,529	251,985	63,762	720,276

As far as textiles is concerned, it is recognised by all that the present installed capacity of the industry is more than sufficient not only to meet the demands of the home market but also to meet any possible export market. This fact has also been recognised even by the Buxton Conference.\*

"The Conference unanimously endorsed the view that the existing production potential of the cotton textile industries of the countries represented, was more than adequate to meet effectively any demands that will be put upon it by domestic consumption and the world export trade in the foreseeable future",

says Shri. G. D. Somani, in his presidential address to the annual general meeting of the Bombay Mill-owners' Association in 1953.

The report of the Textile Enquiry Committee (Kanugo Committee) 1954 also is

"of opinion that the expansion of the mill industry must be only on the spinning side and that for the next 10 years or so there should be no extension of the weaving section."

Thus either from the point of view of the production potential or actual production it is clear that these two major industries of our country do not stand in need of any rationalisation. What is taking place in these industries is the deliberate restriction of production.

If this is the situation in textiles and jute the condition

\* An important international conference which took place in September 1952 in which the Indian delegation was led by Shri. Kasturbhai Lalbhai.



in engineering industries is no better. Even the Shroff Committee (Report of the Committee on Finance for the Private Sector) had to admit the non-utilisation of the installed capacity in the following words:

“Indeed, we have been informed that in the case of engineering industries there has been a substantial fall in the utilisation of existing capacity itself. This has in fact, been a factor contributing to the worsening of the employment situation in the country.” (p. 10)

Thus in some of the important industries where rationalisation is said to be the urgent task of the day and where a frantic drive for rationalisation is carried on the actual position is that of non-utilisation of the existing capacities and deliberate restriction of production.

Thus the object of the present rationalisation drive is not to achieve any increased production target.

Unable to suppress this truth for long, the monopolists have now begun to admit this fact. Hence they have changed their tune. Now it is not any increased production target but saving of the industry itself in terms of export market. Hence they have begun to assert that unless the cost structure is reduced they will not be able to compete in the world market and save the industry from collapse.

“Modernisation is an inevitable reform whose implementation should be undertaken as energetically as possible for consolidating the position of Indian cloth in the world market”,

says Shri G. D. Somani, M.P., President of the Bombay Mill-owners' Association.

“Modernisation and rationalisation were the crying needs of the textile industry at present. . . . It was imperative to increase textile exports as the industry had already over-fulfilled the target set in the Five-Year Plan”,

says Shri. N. L. Sodhan, President of the Ahmedabad Mill-owners' Association.

Thus today the export market has become the main excuse for increasing the work-load and retrenching a large part of the labour force. And this in the name of stabilising and expanding our economy.

In this connection it should be noted that in the export market the Indian goods, due to the low wage level of the

workers, stand in good competition with others and Lancashire has already began to view seriously the competition of Indian goods.

But the mill magnates, not satisfied with the normal profits, want to maintain the abnormal profits of the war and post-war periods. And the easiest of all methods is to ask the workers to exert more in the name of stabilising national economy.

Apart from this, sentiments are also expressed that we should emulate the examples of the U.K., the U.S.A., &c., and try to stabilise our export markets. The bankruptcy of such arguments is self-evident. If an under-developed economy like ours tries to follow the path of such economically advanced countries with an already extensive export market and high technique it will crash in ruins. And in spite of such big export markets the volume of unemployment in the U.S.A. and the U.K. should provide an object lesson for us. Hence the path for the advancement of our economy should be different. And the difference lies in the fact that for a real advancement of our economy we should utilise our own vast resources, expand new branches of production, absorb the unutilised man-power and continuously expand our home market.

## Not Helpful to Industrial Development

Hence we should consider whether for the development of planned economy in the interests of our country and the people, rationalisation will be helpful or not. It is admitted by all that ours is an under-developed economy, so in our country the main problem that presents itself before the economy is not one of shortage of man-power, but of absorbing unutilised man-power. Without industrialisation neither can our economy be put on a stable basis nor can the employment situation be improved. Thus the expansion of our home market presupposes the development of basic industries and also full employment.

Hence any suggestion for utilisation of our meagre resources for the import of some improved machinery for established industries with unutilised capacities is a suggestion to ruin our economy in favour of the hunt for excessive profits of a few monopolists. Instead the same resources should be utilised for the development of new branches of production which will not only absorb a large number of

unemployed hands, but also will expand the home market for the consumption goods produced in other branches of industry. Thus the emphasis put by the owners and the government for stabilising and expanding the export market and viewing the industry mainly from the export angle is not conducive to developing our economy. The aim of a planned economy should be the all round development of our resources, full utilisation of our man-power and the expansion of our home market. Measures which will reduce the volume of employment and which will not help the development of new branches of industries are not consistent with the true interests of an under-developed economy.

Industrialisation of the country does not mean the importing of new labour-saving machinery and installing them in place of the existing machinery the productive capacity of which itself is more than sufficient to meet present requirements. It only helps to accentuate the crisis in our economy by squandering away new investments, reducing the volume of employment and consequent shrinking of the home market—in order to fatten the already fat profits of the monopolists.

Connected with this, we should also consider another factor. Import of new machinery will to a very considerable extent retard the development of our infant machine-making branches of industries. Already the textile machine-making industry with its 13 units and a capital outlay of Rs. 5 crores and which is capable of meeting virtually the whole of the country's requirements in respect of the main items of machinery, is facing a crisis. Thus apart from squandering away our meagre resources, importation of machinery for achieving rationalisation will do immense harm to the industrial development of our country.

## Question of Rehabilitation

One of the arguments the owners and the government put forward for importing new machinery is that the present machinery is worn out and the industry needs rehabilitation. For this, they cite the specific example of textiles. Accepting this point of view the Working Party for the Cotton Textile Industry in 1952 recommended to the government to advance over Rs. 50 crores to the industry for replacement. It is estimated that the total cost of replacement of the 'worn out' machinery in textiles will cost over 261 crores of rupees. The argument is advanced that when

the industry has to put in new investment to the tune of Rs. 261 crores should it not go for improved machinery instead of simply replacing the existing ones. But this approach takes it for granted that the present machinery in the textile mills have to be scrapped. It is said

“that more than 65 per cent of the machinery in the spinning section excepting the warp and weft ring frames was installed and working before 1925 and about 30 per cent of it was installed even before 1910. In the weaving section no less than 49 per cent of the total number of looms were installed and working before 1910 and about 75 per cent were installed before 1925. If the life of a machinery be taken to be 30 years, then unquestionably much of the machinery in the textile industry stood in need of replacement long ago. A similar state of things also prevails in the jute mill industry.” (*Hindusthan Standard*, October 10, 1954.)

But anyone acquainted with the state of these industries cannot easily swallow such sweeping statements because even though some of the machinery was installed years ago, during the course of these years many repairs and improvements have already been made by a large number of units with the result that most of it could continue production not only today but also for years to come. Under the circumstances the demand of these industries for immediate replacement is without much force. And in this respect one is inclined to agree with Shri Khandubhai Desai, the present Labour Minister of the Government of India, when he says that

“the existing machinery in the textile industry, in particular, could render useful service for a number of years and it was against the national economy to fritter away the scanty resources of the country in an attempt to replace serviceable machinery by scrapping it.” (*Madras Mail*, March 3, 1954.)

Even the Kanugo Committee, the advocate of rationalisation, admits that it is enough if one-half of the existing loomage is converted into automatic looms over a period of 20 years. Thus the extreme urgency for modernisation which is being shown by the owners is not warranted by the capacity of the present machinery to continue.

## No Benefit to the Consumer

Another important argument in favour of rationalisation put forward by the owners is that it will bring down the cost of production and enable the consumer to purchase the goods cheaply. Though it is a fact that rationalisation will bring down the cost of production due to saving of wages, it only helps to increase the profits of the monopolists. The concern for the consumer regarding low prices generally shown by the employers when they talk of rationalisation is without much substance. Even the Central Labour Minister, Shri. Khandubhai Desai, debunked this argument on March 26, 1954 when he was the General Secretary of the Ahmedabad Textile Labour Association. He said

“that the replacement of 2,00,000 looms in the textile industry will require no less than Rs. 100 crores and it would render about 1,80,000 out of a total of 2,00,000 weavers unemployed.... The installation of automatic looms would mean a reduction of only between 6 and 8 pies in the price of a yard of cloth which costs Rs. 1-8-0 today.”

“When rationalisation was carried out in Bombay and Ahmedabad in 1930-34, it was stated that it would lead to cheap cloth, higher wages and no unemployment. But what was the truth? To quote the case of only one mill—the Meyer Sasson, where now the Rashtriya Sangh has agreed to rationalisation, this mill employed per 1000 spindles, 22.16 men in 1927 and paid Rs. 639.6 in wages. In 1934, rationalisation had reduced the men to 10.93 and wages to Rs. 306.84. In 1938, the men were 10.23 and wages Rs. 323.12. Thus more than half the men were thrown out and the employer saved over fifty per cent in wages. The same story applied to weaving. And with all this story of rationalisation having worked out its logic for the last 25 years *cloth for the people has not become cheaper*, nor has the workers' standard of life gone any higher”.

says S. D. Dange, General Secretary of the AITUC in a rejoinder to Shri. Shantilal Shah, Labour Minister of Bombay on August 6, 1953.

The history of such important industries like textiles, tea, sugar &c., shows beyond any shadow of doubt that the owners at every stage take advantage of rationalisation measures and their monopoly grip to increase their profits

at the expense of the workers and the consumers. For instance during the war and post-war years, the owners amassed such huge profits that within a few years they were able to get more profits than the entire invested capital, but the consumer instead of getting cheap goods had to pay more to the monopolists. Similarly in 1953 there has been a tremendous increase in production without any increase either in the complement of workers or in their wages, but only an increase in prices could be seen from the following figures:

TRENDS IN PRICES (Base 1939 = 100)

Commodity.	June 24, 1950	Dec. 12, 1953	Jan. 23, 1954	Aug. 28, 1954
Cotton manufactures	353	397	398	415
Tea	432	476	567	643
Sugar	278	280	242	301

(Source: *Reserve Bank Bulletin*)

The talk of low prices for the consumers is thus only a manoeuvre of the monopolists to sow illusions in the minds of the people with regard to their attack on the workers in order to increase their monopoly profits. The criminality of the clamour of the monopolists for still more profits at the cost of the livelihood of the workers could be seen from the normal profits they make today. Take the example of the textile industry itself. Shri. Ramsingh Verma, President of the Madhya Bharat INTUC, says:

“In 16 years, from 1938 to 1953 Indore mills had reaped a net profit of Rs. 7,63,26,421 besides Rs. 3,41,89,840 distributed as the managing agents' commission and Rs. 3,25,17,207 disbursed as the share-holders' dividends. To this may be added another Rs. 2,16,53,079 paid as interest on loans. Since the same set of persons or their relatives received these amounts either as managing agents or share-holders, the owners had really taken away nearly Rs. 13 crores during the past 16 years from an industry whose total investment amounts to Rs. 2½ crores.”

An announcement of the New Kaiser-i-Hind Spinning and Weaving Co. Ltd., Bombay, belonging to the J. K. group, has the following to say about itself:

“The Company started with a capital of Rs. 9,00,000 in the years 1901 and has issued till now 36,000 ordinary

shares of Rs. 100 each fully paid as bonus shares and 15,000 five per cent (free of income tax) cumulative preference shares of Rs. 100 each fully paid as bonus shares”.

Thus on the basis of the bonus shares the original investment of Rs. 9,00,000 has become today Rs. 60,00,000 paid-up capital. The same announcement says that the net profits of the company for the year 1949-50 to 1953-54 come to Rs. 89,96,226. These are only the declared profits of the audited balance sheets. The misappropriations due to malpractices and concealed incomes are not taken into consideration. And such incomes in certain instances are not at all negligible. For instance the Investigation Commission set up by the Government of India to inquire into the misdeeds of the J.K. House of Kanpur has revealed that with regard to one of their units, the J.K. Jute Mills Co. Ltd., the total amount of concealed income comes to Rs. 76,67,368.

Such are the trends of profits in these industries which the monopolists say are in crisis and because of which they seek the sanction of the government and the people to still more hit the workers and deprive them of their livelihood.

### A Progressive Step?

One of the main arguments of the advocates of rationalisation is that it is a progressive step since improved machinery lightens the task of the worker and increases the productivity of his labour.

“If the present state of unemployment is the reason for resisting rationalisation, it is a safe guess that, as far ahead as one can see, there can be no possibility of introducing modern methods of production and promoting the competitive capacity of Indian industry. From every point of view this is a deplorably short-sighted attitude....”

says Shri. Homi Mody, President of the Employers' Federation of India.

“Of those who think that rationalisation is bad, that there should be no provision for more rational production, that no modern machinery should be set up, I can only say that such men have a static mind”,

says the Chief Minister of West Bengal.

"The application of technological developments to industrial production has made considerable progress in many countries, old and uneconomical methods are being discarded in favour of new techniques in order that the country may have an abundant supply of cheap and quality goods. Inevitably these new methods have helped in creating a greater demand for such goods and widened the scope for employment and higher wages, besides conducing to the general rise in the living standards of the people. These are desirous facts, and methods in the cotton textile mill industry has met yet in our own country the plea for adopting similar with opposition from a few leaders of public opinion"

said Shri. Vithal N. Chandavarkar, in his capacity as Chairman of the Mill-owners' Association, Bombay.

"Normal rationalisation, nobody would object. It is impossible, I would say almost retrograde, to think in the modern age that anybody is opposed to the rationalisation of the country's resources of production—both human and material"

declares Shri. Khandubhai Desai.

"The challenge for rationalisation must be met as a part of the forward looking industrial programme that will encourage and accelerate revolutionary growth"

declares the Report of the Ford Foundation's International Planning Team.

And like the devil quoting scriptures, examples are not wanting when the experiences of the Soviet Union, People's China and other countries of People's Democracy are cited where the workers themselves take the lead for increased productivity. And when the AITUC, which has its declared objective: "to establish a Socialist State in India", opposes the present schemes of rationalisation, they wonder how it is consistent with progressive ideas and approach.\*

And when the INTUC and HMS accept qualified rationalisation they malign the AITUC stand as an opportunistic manoeuvre to gain the temporary goodwill of the workers by sacrificing principles.

---

\* The reader is referred to the sarcastic article "AITUC Favours Harder Work" by Odysseus in Birla's Eastern Economist dated July 30, 1954.



But these opponents and accusers of the AITUC forget certain simple but vital truths. Rationalisation under capitalist conditions of production is the cleverest method of intensifying the exploitation of labour for increasing profits. The main objective is to reduce the "necessary labour time" (that part of the working day in which the labourer produces value equivalent to the value of his own labour) and increase the ratio of "surplus labour time" (that part of the working day in which the labourer creates surplus value). By intensifying labour the owner is able to get out of the worker more surplus value than he could appropriate before intensification. Thus each individual capitalist, in order to extract more profit, forces the worker he employs to produce more. Thus increasing the productivity of the labour he employs, he extracts more surplus value than his co-employers, even by paying for the time being if necessary certain 'incentives' for achieving this increased productivity in certain units. Since under the capitalist form of production every individual capitalist, for increasing his own individual profits, tries to force on *all* his workers after a certain interval the new standard of increased productivity of certain units, the latter becomes more or less the productive norm in a majority of the units.

In a note to the Planning Commission the Ahmedabad Textile Labour Association states that since 1935 the progress of rationalisation in the industry has remained uninterrupted. Before 1935 the Ahmedabad spinner was attending to nearly 200 spindles and after that he was attending to 400 spindles while some of the spinners were actually attending to 800. Again in the speed frame department, a majority of the workers started double roving instead of single roving.

## Consequences of Rationalisation

Thus the result of rationalisation under capitalism is the increased work-load on the workers, less employment, no benefit to the consumer and only increased profits for the monopolists. It is true that improved machinery enables the worker to produce more articles in less labour-time, thus increasing the productivity of his labour. Machinery also helps to lighten the tasks of man. No one denies this truth. What is contested by the workers is the resultant benefits of its application under capitalist conditions. Under

capitalism these very helpful factors to society are monopolised and utilised by the capitalists in order to intensify the labour of the worker, reduce his employment possibilities and endanger the economy of the country. Just as increased production without equitable distribution does not enable a citizen to acquire even his necessities, rationalisation without social control over production does not lead to the benefit of either the worker or the consumer. It only helps the monopolists to reap higher profits at the expense of the worker and the consumer.

Hence the stand of the AITUC that rationalisation under capitalist conditions leads to increased work-load on the worker, leads to increased unemployment, to a fall in the share of the workers in the total wealth produced, to no cheapening of goods for the community but only to an increase in the profits of the big kings of finance.

This stand of the AITUC is vindicated by the actual experience of the entire working class of our country. In spite of the repeated assurances of Shri. T. T. Krishnamachari, the Minister of Commerce and Industry, that rationalisation will be achieved 'without tears', the experiences of even the last few years have taught the workers that rationalisation always brings in its wake unemployment and heavy work-load. If we take the examples of only cotton textile and jute we could see that during the last 5 or 6 years over 10,000 workers were thrown out of jobs in Coimbatore, over 9,000 in Kanpur, nearly 30 to 40 thousand in Bombay, 10 to 12 thousand in Sholapur, over 2,500 in one mill in Madras, over 25,000 from jute in Bengal and hundreds of others from many other centres.

Inability to grasp this truth has led some of the trade unions astray. For instance the resolution of the General Council of the Hind Mazdoor Sabha (October 1954) on rationalisation states that "where improved machinery and methods have been introduced, the benefits accruing from increased productivity should be used to raise the level of wages to that of a living wage standard, to reduce the prices of manufactured commodities to assist the consumer and to expanding industry with a view to augment the volume of employment." During the debate in Parliament on rationalisation Shri. Asoka Mehta said that rationalisation was necessary in the jute industry. The INTUC leadership also takes the position that rationalisation should be introduced on the basis of an agreement between the workers and the management and that there should be sharing of gains between the workers and the management and that this should not result in unemployment.

These stands of certain central organisations of labour only help to disarm the workers in the face of the mounting attacks of the employers.

## Workers' Resistance

But despite them, the masses of workers are forging unity in the struggle against rationalisation.

The glorious resistance of the workers of Kanpur, Ahmedabad, Bombay, Calcutta and other centres have forced the employers and the government to retreat at least temporarily. The dissolution of the Rationalisation Committee set up by the Uttar Pradesh government, the hesitation of the central government in permitting import of automatic looms for textiles, the differences within the ruling circles themselves are all due to the united opposition of the workers. And in this opposition the AITUC and its affiliated unions have played and are playing the leading role.

But in order to broaden and strengthen this unity it is necessary to be vigilant against every attempt at rationalisation including the smaller schemes. Due to the determined opposition of the workers against rationalisation the owners now try to impose more work-load or introduce new machinery or speed-up the machinery in smaller departments which at a time may not throw out or involve a large number of workers. The trade-union movement will also have to take note of the new devices that are being worked out by the owners in selecting small departments and throwing out workers in instalments. In order to send some workers out and to increase the work-load on the remaining workers the owners at times also pay some compensation to the retrenched workers and provide temporary inducements to the existing workers by small increments. Since such methods do not affect a large number of workers immediately, at times it is not possible to sufficiently mobilise all workers against such attacks. It is easy to rouse a large number of workers against major schemes of rationalisation. But foreseeing the opposition of the workers the owners are concentrating not only on the implementation of major schemes, but also on smaller schemes which eventually will have far-reaching repercussions on the employment situation and also on the work-load.

Thus in dealing with rationalisation, it is necessary to bring out this danger before the workers and mobilise all

the workers who may not be immediately affected by these methods. This could be done by rousing the collective class-consciousness of the workers, showing the long-term interests of the workers and also by showing them the fallacies of bourgeois assertions. Thus alone will it be possible to fight the menace effectively.

## Repercussion on Wage Level

Introduction of new machinery and increase of work-load in any sizable sector will have far-reaching repercussions on the wage level of the entire working class. When unable to affect a direct wage cut the employers always try to increase the work-load. Thus the question of rationalisation is not a question which only concerns the workers of a particular industry or unit where it is introduced but a major question affecting the entire class. If the plans of the employers are allowed to succeed, as stated above, it will increase the work-load on the workers, worsen the employment situation and help to reduce the wages of the workers drastically. We should not forget that the employers have already begun to raise the cry of 'high wages'. Under the circumstances the only factor that will protect the real interests of the workers is to strengthen their all-out united resistance against the implementation of rationalisation of any kind.

From the above it is clear that rationalisation is intended to strengthen the monopolist grip, to reap huge profits for the monopolists at the expense of the workers and the consumers. It is in contradiction to the demands of an expanding economy for our country, to increasing the avenues of employment and expanding our home market.

## Rationalise Managements

Our plans for the development of our country and its economy demand that the meagre resources of our country should be utilised for absorbing the unutilised man power. This could only be possible by developing new industries, by utilising the existing productive potential of our industry in full, rationalising the managements and subordinating the greed of the monopolists for excessive profits at the cost of the interests of the workers, the people and the country.

The fact that the urgent need for the industry is to rationalise the managements, do away with the managing agency system, etc., could be seen from the following statement of Shri. K. P. Tripathy, Secretary of the INTUC. He says,

“Recently a team, which came from abroad to study labour productivity in India has proved that if anyone is to blame in the industrial set up here, it is the management. It is as a class the most highly paid, the least able, the least trained and the least open and above-board in the world. The cost of management per unit of cloth produced in India is the highest in the world. The same applies to other industries of India also. Hence it could be said with better logic that the fortunes of the textile industry in particular and industry in general could improve only if the management were rationalised and corruption rooted out.”

### Futility of Projects

Instead of taking effective measures to rationalise the managements, and control the profits, the government is playing into the hands of the monopolists to encourage and enforce rationalisation. In order to assist the owners in pocketing excessive profits at the expense of the workers and the country crores of rupees from the pockets of the tax-payers are being placed at their disposal. Besides giving direct financial assistance, resources are being wasted in the name of productivity studies: Training Within Industry, etc.

The futility of such ventures under the conditions of our economy could be seen from the result of an ILO project. According to the Report on “Technical Assistance” to the 37th Session of the International Labour Conference, 1954, the ILO project was started in India in December 1952. Concerning the productivity project in the textile industry, the Report states that productivity increases were first demonstrated on a trial basis.

“The textile team then drew up proposals for a pilot project to show what could be done by applying these techniques to the complete sequence of operations in a selected mill. Before agreement had been reached with the employers’ and workers’ organisations concerned, on the fundamental principles for such an experiment there was a decline in the demand for textile products.

As a result many mills suspended the working of a second shift, a number of workers lost their jobs and conditions no longer being suitable, the experiment was abandoned." (6th Report of the Technical Assistance Board to the Technical Assistance Committee, 14-4-'54.)

Such is the situation under which the government and the owners try to impose rationalisation measures.

## Unite to Oppose Rationalisation!

But the workers who have to face the realities of employment know that rationalisation is one of the greatest attacks on their living and working standards. Hence they are one with the following conclusions of the General Council of the World Federation of Trade Unions:

"In the capitalist and colonial countries, real wages are constantly falling and do not ensure decent living conditions for the workers and their families. In order to divert and to check the fight for higher wages, the monopolies state that wage improvements must be tied to greater productivity. Actually, the term 'increased productivity' covers a whole series of speed-up methods mentally and physically harmful to the workers. These methods lead to a rise in the number of industrial accidents and dismissals and to a growth in unemployment. Their essential aim is to increase to the maximum the profits of the big capitalist and colonial companies." (General resolution, General Council of the World Federation of Trade Unions, Warsaw, December 14, 1954.)

In our country the greatest unity is seen among the ranks of the workers in opposing all schemes of rationalisation. It is the major task of the unions of the AITUC to exert all their strength to safeguard the interests of the workers and the people, by increasing and developing the resistance of the entire working class against rationalisation and in defence of their rights to better working and living conditions.