

C-61

NATIONAL COMMISSION ON LABOUR

Tour notes of observation visits to Ludhiana
for study of labour conditions in Small Scale
Industries - 14th & 15th July, 1960.

July 14

I

Immediately on our arrival at Ludhiana we had informal discussions with prominent employers and their representatives in the area over the dinner. The following prominent employers and their representatives were present at the dinner:

- (i) Shri Prem Nath,
President, Chamber of Industrial
& Commercial Undertakings,
Ludhiana.
- (ii) Shri Brij Mohan Manjal,
Hero Cycles.
- (iii) Shri A. Vishwanathan, M.L.A. &
Advocate, Representative of
the employers.
- (iv) Members of Chamber of Industrial
and Commercial Undertakings, etc.,
Ludhiana.

1. Wages should be linked with productivity and not with the cost of living index. Whenever incentives were provided to workers, the production had gone up.
2. The recommendations of the Wage Boards and Industries Boards are in favour of employees.
3. The employers should be given the right to dismiss their employees on payment of higher rate of compensation.
4. Hosiery and engineering goods worth Rs. 5 crores and Rs. 2½ crores respectively were exported from Ludhiana last year mainly to East European countries.
5. The maximum number of workers employed in a particular industry in the small scale sector is in the proximity of 20 thousand whereas the minimum number of workers employed in an individual constituent unit of the small scale industry is on an average 10.
6. The employers are not happy with the establishment of Machine Tools Factory at Pinjore, because it has adversely affected the growth of new small scale industrial units and the development of existing ones in Ludhiana.
7. With regard to procurement of raw material, financing, marketing, etc. the small scale industries are at a loss whereas with regard to payment of wages, bonus and other facilities to workers, they are considered at par when compared with industries in the Public Sector.

8. The benefits of labour laws are given with retrospective effect if they are in favour of workers. The labour laws in our country, therefore, should be streamlined on the pattern of those of the European countries.

9. There is no healthy trade union movement in Ludhiana. Most of the trade union leaders are illiterate. There were cases where employees and trade union leaders had resorted to violence and manhandled employers' representatives.

II

July 15

Record of informal discussions with:-

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| (1) Mr. Khichy, and | } Labour Conciliation
} Officers, Punjab. |
| (ii) Mr. L.S. Sachdeva | |

The two Labour Conciliation Officers informed that Ludhiana has a population of about 3 lakhs. The development of Small Scale Industries in Ludhiana is owing to the fact that it is centrally situated in Punjab and has a nucleus of trained and semi-trained workers from the very beginning. After the partition, the industries were mainly oriented towards consumer goods such as hosiery, handloom spinning and weaving. This pattern has, however, shifted over a decade towards producer goods such as machine tools, engineering goods, etc.

In Ludhiana there is no trade unionism in smaller factories. There was a case of work-stoppage in Super-Cycle Industries and strike continued for some time. In the process 5 or 6 workers were victimised and ultimately lost their jobs. Because of personal motives the trade unions become a hindrance in the way of settlement of disputes between the employers and the employees. There are certain malpractices which are adopted by the employers to keep the workers under their thumb. The Labour Conciliation Officers stated that both the employers and employees are mostly illiterate. According to the statement of Shri Khichy, INTUC is a dead body and Hind Mazdoor Panchayat has no following in Ludhiana.

III

Record of informal discussions with employers and their representatives:

1. Shri Prem Nath -President, Chamber of Industrial & Commercial Undertakings, Ludhiana.
2. Shri Man Mohan Lamba -Member, Chamber of Industrial and Commercial Undertakings, Ludhiana.
3. Shri S.R.Mittal -do-
4. Shri A.Vishwanathan -Representative of the Employers.
5. Shri Harbans Singh -Deepak Industries, Ludhiana.
6. Shri M.S.Bhogal -Bhogal Sons, Ludhiana.

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| 7. Shri Gulraj S. Grewal | - Techno Cast India, Ludhiana, |
| 8. Shri Kewal Kumar Aaya | - Hosiery Industry Federation,
Ludhiana. |
| 9. Shri B.L.Ahluwalia. | - -do- |
| 10. Shri K.L. Sabharwal. | - -do- |
| 11. Shri Brij Nath . | - -do- |
| 12. Shri S.P. Kapoor. | - -do- |

1. Hosiery industry is the biggest in Ludhiana followed by powerlooms, machine tools, etc. 50% of the total workers engaged in all the small scale industries are employed in hosiery industry alone in Ludhiana.
2. 70% of the workers are self-employed in small industries.
3. Among the new industries which have come up in Ludhiana are machine tools, gases, etc.
4. Workers have got the same opportunities to become owners in all the small industrial units. Skilled workers with their entrepreneur have become employers in course of time.
5. Labour is best organised in powerloom industry in Ludhiana.
6. The provident fund scheme became applicable to small industrial units in the year 1963. But the workers did not want any deductions to be made from their wages on this account.
7. There is mobility of labour as a result of different wage rates prevailing in different small scale industrial units and also the shortage of skilled labour in particular and unskilled labour in general.
8. While the right to serve demand notice on the management has been given to the workers, the same right should also be given to the employers.
9. Split in the trade union movement and multiplicity of trade unions have retarded the progress of small scale industries. Therefore, some minimum qualification should be laid down for the leadership of the trade unions.
10. In hosiery industry the labour cost involved is 20-25% of the total cost of production. In this industry most of the labour is piece-rated. Winding of yarn in hosiery industry is done mainly by women workers.
11. Of late there has been an increase in the employment of women in textile industry.
12. The employment of child labour in small scale industrial concerns is almost negligible.
13. The Government's Labour Department is somewhat sympathetic towards workers in all cases of complaints from either side and the onus in all the cases is invariably on the employers. At this

juncture the Labour Commissioner Punjab, Shri N.N. Vohra, joined in the discussions. He refuted this allegation of the employers and explained that our labour legislation is more of a social legislation. However, the Labour Commissioner added that all the cases of complaints whether from the employers or workers are dealt with on merits and according to the law.

14. The cases of accidents in small scale industries are few. Only in engineering industry there have been cases of burns, finger cuts, etc.

15. The organisation of employers has provided a park for the children of workers and has arranged evening classes to educate them but the workers do not want such welfare activities. They want that all the benefits should be given to them in cash.

16. Industrial estates which have come up are already full with new comers who are engaged in the manufacture of agricultural imploments and other engineering goods.

17. By and large the consensus among the employers was that the problem of labour in small scale industries in Ludhiana is not as acute as that of procuring raw materials, finances, marketing, etc.

18. The employers look to the future prospects of small scale industries with optimism.

IV

Record of informal discussions with the workers' representatives represented by:

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| 1. Shri Murari Lal Nirmal | -- Hind Mazdoor Panchayat, |
| 2. Shri O.P. Mahta | -- General Secretary, A.I.T.U.C. (Punjab). |
| 3. Shri Mulkh Raj | -- A.I.T.U.C. |
| 4. Shri Sita Ram | -- A.I.T.U.C. |
| 5. Shri Kartar Singh | -- Bharatiya Mazdoor Sangh. |
| 6. Shri Jas Raj | -- Iron and Steel Workers Union. |
| 7. Shri Desa Singh | -- Textile Workers Union |
| 8. Shri Bhajan Singh | -- Textile Workers Union |

1. The workers' representatives gave a dismal picture about the conditions of labour in small scale industries. Labour conditions have worsened over the years, Labour laws have done no good to the labour engaged in small industries. Labour court in Ludhiana has not been functioning.

2. In case of an enquiry, union leaders should accompany the labour inspector and a copy of the complaint as well as a copy of the report of the labour inspector be made available to them. The reports of the conciliation officers should also be shown to the workers' representatives; these reports should not be treated as confidential. The enquiries are on the increase and in all these enquiries the employers are represented by lawyers whereas the workers have no money to engage lawyers to represent their cases.

3. No settlements should be made by an employer with his workers direct. All such settlements should be made in the presence of a trade union leader preferably outside the factory premises.
4. No agreement is implemented by employers and workers are asked by the Labour Department to go to courts.
5. Trade union officials should be given the right to see the records maintained by the employer for workers. Money transactions between the employer and his workers should be on registers and not on loose papers.
6. Weekly wages instead of piece-rate wages were favoured. If no wages are paid to workers by 7th of every month there should be some penalty imposed on the employers.
7. Gratuity Scheme should be implemented in all the small scale industrial units. It was pointed out that 60-70% of the workers have rendered 18-20 years of service in woollen and engineering goods industries and, therefore, besides gratuity benefits there should be some additional allowance in the event of retrenchment.
8. Dearness allowance was also demanded by the workers in small industries.
9. The minimum wages should be fixed at Rs. 150/- P.M. in the case of unskilled labour and it should also be linked with the cost of living index.
10. The employers deduct Provident Fund contribution from the wages of the workers but this amount is not deposited in the accounts of the workers. It was, therefore, demanded that a Pass Book in respect of Provident Fund Account should be issued to individual workers and the Provident Fund Act should be amended.
11. As regards Bonus, at least 4% of annual wages must be paid to the workers.
12. Several malpractices adopted by the employers in order to intimidate the workers in the event of their leaving the jobs were explained by the employees' representatives. One of the malpractices adopted by the employers is to get the blank sheets of paper signed or thumbed by a worker before giving him employment. Such signed or thumbed blank papers are misused by the employers if the workers want to leave the services and in this way workers are forced to serve their employers.
13. The employees' representatives were in favour of one union in one industry. They were also in favour of deciding the representative character of a union by secret ballot. There should be a representative of the workers in the management.
14. About 80% of the small scale industries were not working in accordance with the provisions of Factory Act. Therefore, labour courts where direct cases could be filed should be established.
15. Picketing should be allowed after giving due notice to the employers and during a strike there should be no fresh recruitment.
16. In Brick Kilns Industry, Minimum Wages Act and Factory Act were not applicable. This industry should be declared as seasonal one.
17. Employees State Insurance Scheme should meet the expenses of workers and members of their families if they are admitted to hospitals.

After finishing the informal discussions with the representatives of employers and employees, the Member-Secretary along with Shri N.N.Vohra, Labour Commissioner and others, visited the following four small scale industrial units:

1. Bind Knitwears (Manufacturers & Exporters), Ludhiana.
2. Oswal Mills Ltd., Ludhiana.
3. The General Engineering Works, Ludhiana.
4. Bright Machine Tools Corporation, Ludhiana. (Manufacturers of Bright Power Presses).

1. Bind Knitwears (Manufacturers & Exporters)

This factory was established in the year 1954. It is situated in a pukka building. It manufactures hosiery goods for exports. It works 8 to 9 months in a year and employs about 45 workers (all seasonal). When the factory is closed after the season, these workers move to other factories or to nearby villages. The workers get a day's leave after 20 days of work.

While going round the factory, Member Secretary enquired from an old woman worker (named Laxmi) as to why she worked at such an old age. She replied that she wanted to work as long as her health permitted. She has sons and grand-sons but she does not want to be dependant on anybody. Since the nature of work in this factory is seasonal, she goes to her home town and does some job during off-season. There are about 6 or 7 women workers in this factory and all of them doing winding work on charkha. These women winders are the lowest paid getting Rs. 60/- P.M. (consolidated) in this factory. The wage rates of tailors, cutters and other specialised workers range from Rs. 175/- P.M. to Rs. 350/- P.M. (all consolidated). Bonus was paid at the rate of 7% of annual wages last year. This year the bonus will be 8%. The employer mentioned that from 1954 (the year of establishment) to 1967 there has been no labour trouble in his establishment.

2. Oswal Mills Ltd., Ludhiana.

The factory was established in the year 1950. It manufactures woollen garments from indigenous as well as Australian wool. Dyeing is also done in this factory. The factory has three units and each unit is having 600 to 900 workers. In the beginning it started with one unit and there were only 70 workers. The factory which is housed in an old dingy building with poor light and ventilation is likely to be shifted to a new site. The number of spindles in the factory has gone up from 1200 in the beginning to 5000 at present. Bonus at the rate of 4% of annual wages was paid last year to the workers. In 1950 the highest paid worker was getting Rs. 70/- P.M. but now the same worker is getting about Rs. 200/- P.M. At present an unskilled worker is drawing Rs. 90/-P.M. The employer stated that there is paucity of labour, both skilled or unskilled.

3. The General Engineering Works, Ludhiana.

The factory - a one-man show - was set up for manufacturing lathes in the year 1957 by Sardar Dalip Singh. Before he set up this factory he was a repairer in some factory. In 1960 he had 10

workers and his younger brothers were also working with him. Later on his brothers separated from him and now he is the sole owner of this factory. At present he is employing only two workers. Since the owner is running this factory on a very small scale and the number of workers is only two, he has no labour problem. He has not enough capital to expand his industry. The proprietor himself is looking after production, finance, sale, etc. He is facing difficulty in procuring raw material at reasonable rates. Due to lack of finance and resources, the factory is running at a loss at present.

4. Bright Machine Tools Corporation, Ludhiana
(Manufacturers of Bright Power Presses)

The factory was established in the year 1961. At present there are only 13 paid workers in this factory. It is registered under the Factories Act. Before starting this factory the employer was working as a foreman in an industry on a monthly wage of Rs. 275/-. He has already invested Rs. 40 thousand in an industrial area to set up another factory for which he intends to take loan from the Government.

The owner himself is looking after the manufacturing, finance, sale and purchase sides of the business. He expressed concern over the shortage of raw material. He works with a profit margin of 30%. He has to purchase the raw material from the black-market. He said that profits can go up by 150% if there is no dearth of raw material and the same is made available to him at reasonable prices. This shows both the profitability of black market as well as the capacity of returns, in an engineering establishment of the type seen by us. The factory owner is prepared to pay any amount to replace the broken part of the machine. Overtime is paid to the workers and there has been no dispute between the employer and the employees.

VI

Comments by Member-Secretary

The dominant impression one gets from the discussions at Ludhiana and the visit to small units located there are as follows:

- (1) There is a strong feeling among the employers that labour problems should be viewed more in terms of statutory obligations of what the workers are expected to do and what they have been allegedly advised by their leaders to do.
- (2) Within their own set of responsibilities, statutory or otherwise, there is an undue emphasis on legal interpretations and seeking relief from these obligations rather than meeting them.
- (3) The whole of Ludhiana is one continuous string of small factories not covered by the Factories Act. Such of them which are covered are, as in other places, inadequately inspected. Conditions of work are in most places difficult. In some engineering units assembling of components is done in the open under the shade of a tree.

- (4) In a large number of cases, the entrepreneur came from the ranks of skilled labour or supervisor, more often the latter.
 - (5) Financial backing is available only to the bigger units in small enterprise. The general run of enterprise do not depend on banking institutions nor do they depend on other publicly controlled institutions.
 - (6) There are many success stories in Ludhiana. Every entrepreneur has branched off in different fields starting from a mono-product establishment.
 - (7) The class of Income-tax advisers has multiplied. This group as also the group of labour consultants, mostly lawyers, has prospered.
 - (8) An indication of the prosperity is the increase in the number of restaurants with a different look. Most of these are patronised by the sons and daughters of new entrepreneurs. Such of them as continue their studies have moneys for out-of-pocket expenses which even senior Civil Servants cannot afford.
 - (9) Another indication of tax-consultant-entrepreneur combination is the large number of foreign cars which are sold through the State Trading Corporation lying on the Ludhiana streets.
 - (10) Ludhiana itself is expanding very fast and creating traffic problems.
 - (11) On the labour side also there is a tendency of developing a leadership which believes in quick gains through recourse to courts.
 - (12) The labour, rank and file, does not appear to be discontented though there are individual complaints which one finds in every other industrial establishment.
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