

THE EMPLOYERS' ASSOCIATION OF NORTHERN INDIA,

IMLI HOUSE,
CIVIL LINES,

Cawnpore, 10th May, 1938.

The Secretary to Government,
United Provinces,
Industries Department,
Lucknow.

Sir,

Report of the Cawnpore Labour Enquiry Committee.

1. The Employers' Association of Northern India, speaking on behalf of its Employer members interested in the Cotton and Wool Industry, is unable to accept the Report of the Cawnpore Labour Enquiry Committee appointed by the Government of the United Provinces.

2. The hostility displayed, practically throughout the Report, against the Employers, the gross partiality shown in favour of the Cawnpore Mazdoor Sabha, the admitted incompetence of the Enquiry Committee to deal with so highly technical a matter and the almost contemptuous rejection by the Committee of a great deal of the evidence and figures submitted by the Association, would, in their aggregate, justify the Employers in totally rejecting the Report without comment. Since, however, this is a matter of the greatest importance to the principal industry, other than Agriculture, of the Province and one in which not only employers of labour but the public at large are keenly interested, the Association feels that it must express in detail its views on the various sections of the Report and indicate those sections which are unacceptable and those sections which can be usefully discussed as indicating the line of action which the Association is prepared to take. The Association will commence, as does the Report, with a commentary on the personnel of the Cawnpore Labour Enquiry Committee and of its procedure during the course of the enquiry. Thereafter the Association will, from its own point of view, set forth the situation precedent to and coincident with the enquiry of the Committee and will then pass on, as far as may be possible in proper sequence, to discuss the various paragraphs of the Report.

3. In the Agreement, dated 9th August 1937, under Clause 18, it was agreed jointly by the representatives of the Cawnpore Mazdoor Sabha and the Employers' Association of Northern India that an enquiry Committee consisting of one representative of the Mazdoor Sabha, one representative of the Employers and such number, not exceeding three, as might be nominated by Government, should be appointed to enquire into :—

- (a) The question of wage cuts,
- (b) The percentage of increase in wages in case the wage cut is established,
- (c) The question of increase in wages in case they are found to be too low irrespective of whether or not there has been a wage cut,
- (d) The schemes of intensification of labour introduced or intended to be introduced by the millowners and ways and means of safeguarding the rights of workers in this connection,
- (e) The general condition of labour in factories,
- (f) The working of the jobber system and the advisability or otherwise of abolishing the same, and
- (g) The question of emergency leave with pay for 15 days in a year.

X: 9. 252 CC. N386
G 8
41084

4. In agreement to the appointing of this Enquiry Committee the Employers naturally had in mind, and were confident that Government also would have in mind, the constitution of a strictly impartial Committee which would at least include persons competent to understand the intricacies and technicalities of a highly complex question. They had had before them many previous Committees and Boards which had satisfactorily dealt with labour and industrial questions and they were confident that Government would, at least, ensure in the formation of this Committee the two essential desiderata of impartiality and competence born of knowledge and experience. The interests of labour on the one hand and of the employers on the other would, it was believed, be adequately represented by the appointment to the Committee, as members, of the President of the Mazdoor Sabha and the President of the Employers' Association.

5. At the preliminary meeting held at Lucknow on the 29th August 1937, the Employers received confirmation of the rumours, which had been mentioned previously in the Press, that Srijut Rajendra Prasad had been appointed as Chairman of the Committee. They were quite agreeable to this at the time as they believed that Srijut Rajendra Prasad, from his very position in the public world, would make an efficient Chairman, although they realised fully that he might, if anything, be partial to the point of view of labour. They hoped that Srijut Rajendra Prasad would be able to preside over all the meetings of the Committee and that he would be assisted by two other nominees of Government who would have the knowledge and impartiality necessary to equip them for service on such a Committee. At the second preliminary meeting held at Lucknow on the 10th September 1937, the representative of the Employers enquired who were to be the other members of the Committee. The Hon'ble the Premier said that the matter was under his consideration and that he was consulting the various interests. Particular attention must be called to the precise wording of the record of this fact, namely, that the Premier "was consulting the various interests", which naturally implied the interests of the employers as well as of labour. At the first formal meeting of the Committee, held on the 15th of September, 1937, Srijut Rajendra Prasad, and the representatives of the Employers and of Labour were the only members present, but there were also present various advisers to the Employers and to Labour and Acharya Narendra Deo, who was presumably present as an adviser to the President. At the second meeting of the Committee, held on the 16th of September, there were still present only the three members of the Committee mentioned above. Up to this stage the Committee was concerned only with preliminary matters such as the framing of the questionnaire to be issued etc., but even at this stage the deliberations of the Committee were violently disturbed by the strike situation then prevailing in Cawnpore and its repercussions on the Committee in the way of allegations by the Mazdoor Sabha of breaches of the Agreement of 9th August and denials thereof. At this stage an adjournment to permit of the submission and consideration of replies to the questionnaire, which had been framed at the first formal meeting, was made.

6. In a Government Notification dated 11th November the constitution of the Committee was announced and the Employers learned that it was to consist of:—

1. Srijut Rajendra Prasad as Chairman,
2. Sir Tracy Gavin Jones, representing Employers,
3. Mr. Hari Har Nath Shastri, representing Labour,
4. Srijut Gulzari Lal Nanda,
5. Professor S. K. Rudra.

7. It was thus immediately apparent that Government, in selecting the other two members of the Committee, had not allowed consideration of impartiality or technical competence to stand in the way. Nor had the interests of the Employers been consulted in terms of the Premier's undertaking of the 10th of September.

8. When the Committee re-assembled on the 15th November the Employers learned that Srijut Rajendra Prasad was unable to be present on account of illness and that he had authorised Professor S. K. Rudra to deputise for him in his absence.

9. At this third meeting of the Committee, Sir Tracy Gavin Jones referred to the following sentences in the Government Notification of 11th November defining the Terms of Reference to the Committee—"the Committee will also adjudicate on questions of interpretation of the terms of settlement arrived at on 9th August, 1937, as well as on other matters referred to it by either party during the pendency of the inquiry." Sir Tracy mentioned that the Committee was not an adjudicating body; its function was merely the finding of facts and it could not therefore adjudicate on anything. It was decided, in regard to this point, to refer the matter to Government for clarification. It must further be noted here that this meeting of the Committee, as also the meeting held the next day, the 16th November, was made the occasion of a Red Flag demonstration at the place of meeting, the Circuit House, by the turbulent elements of the labour body. The Chairman of the Committee was absent from this and all subsequent meetings of the Committee until the 17th meeting of the Committee, held on the 7th December, when he returned. He was present from the 17th to the 23rd meetings inclusive and then again absented himself and attended no further meetings of the Committee.

10. As is pointed out in paragraph 3 of the Report Srijut Gulzari Lal Nanda* could not be spared by the Government of Bombay to serve on the Committee and Government therefore appointed Mr. B. Shiva Rao, Press Correspondent, New Delhi, who incidentally was Vice President of the All India Federation of Trade Unions, to take his place. Mr. Shiva Rao attended the sittings of the Committee from the 17th to the 30th meetings, omitting the 26th meeting on the 19th January 1938.

11. Professor Rudra attended all the meetings from the third onwards to the thirty-second or final meeting. On the 3rd December 1937, following the 7th meeting of the Committee held on the 2nd December, Prof. Rudra addressed the Minister for Industries and Justice in Lucknow in order to inform him as to how the work of the Committee had been proceeding. Here the Association is compelled to refer to the unusual procedure wherein the Acting Chairman of a Committee of Enquiry addressed an Interim Report of the progress of the Enquiry to the Government. He comments on the functioning of the Committee in the following words "the fact that neither Rajendra Babu nor anyone else has been able to join the Committee so far has disappointed everyone all round. The Employers are hesitant to submit their case to a body which is so reduced in personnel and also in technical qualifications as ours is at present. I have every sympathy with their point of view. The fate of a great industry which, on the whole, has been so ably and successfully conducted, must be judged by a body thoroughly competent to do it justice. It is Government's clear duty to do so, both in the interest of employers and as well as that of the men. The workers also feel that, due to the tardy submission of various documents by the employers, the work is not proceeding as it should. I am perfectly clear in my mind that unless we strengthen the Committee it will not be possible for us to achieve any useful result. The Committee must either be strengthened or cease to function. I believe the employers will accept the institution of a committee on the same basis as the Sir Charles Fawcett Committee (1928-29), Bombay. On the other hand, the workers would prefer the continuation of this Committee with the proper complement of personnel and with statutory powers, to enforce the production and examination of all relevant documents.

This is thus the situation at the present moment."

*Srijut Gulzari Lal Nanda was at the time a Parliamentary Secretary to the Bombay Government but he had previously been the General Secretary of the Ahmedabad Labour Association. His views must therefore have been pronouncedly pro-labour. In paragraph 3 of the Report it is made clear how he assisted the Committee with his advice, obviously in conformity with these views.

12. On the 9th December, following on the 10th meeting of the Committee held on the 8th December, Prof Rudra, as Acting Chairman of the Committee, again addressed Government, and in this letter made further reference to the unsatisfactory functioning of the Committee. He then said "Besides Babu Rajendra Prasad I think it will be essential to have some one else, who is thoroughly conversant with the intricacies of the cotton textile industry. We must have someone to replace Mr. Gulzari Lal Nanda. It is very unfortunate that all the people you have sought to secure, have declined to serve. May I, however, add yet the name of another person who may be invited, viz. Mr. Purlikar of the Bombay Textile Union. He is well known to Mr. Joshi and Mr. Barkley and I believe is conversant with the textile industry. I may also suggest that Mr. G. L. Nanda be asked to suggest the name of some expert from his own Association, who may be relieved to come in service here." Professor Rudra also made reference to the possibility of the discontinuance of his own services on the Committee as he was being required by the Vice-Chancellor to return to his University. Here again the Association must momentarily digress in order to refer to Government's efforts to complete the Committee. They understand that among the persons invited to serve and who declined to do so, were Messrs. Giri, Joshi and Acharya Narendra Deo. From the identity of the persons believed to have been invited as from that of those known to have been invited or suggested by Professor Rudra, it is abundantly evident that Government had gone into the highways and by-ways to find for the completion of the Committee, persons interested in and deeply biassed in favour of labour. Mr. Shiva Rao's appointment was notified in his capacity of Press Correspondent, New Delhi, but Mr. Shiva Rao is also deeply interested in labour having been the President of the National Trade Union Federation. It has been remarked that Mr. Shiva Rao was absent from the 26th meeting held on the 19th January and it is understood that on that date he had proceeded to Lucknow to report progress to and obtain the advice of Government. He is reported to have done so without the permission of, or instructions from, the Acting Chairman. Mr. Shiva Rao is the Press Correspondent of the "Manchester Guardian" and in the issue of that paper dated the 1st February, 1938, there appears a letter from the Correspondent of that paper in Cawnpore, dated the 19th January, which begins "Much interesting material is coming to light as a result of the Labour Enquiry Committee of Cawnpore" and the Correspondent of the paper proceeds to magnify certain of the allegations made against the employers and to give his own judgment on the situation. The Association contents itself with pointing to this fact and reserves comment on the ethics of this procedure.

13. The matter of technical qualifications to enable the Committee to appreciate the intricacies and highly complex questions involved in such an enquiry, appears to have been made right, in the opinion of Government, by the co-option by the Committee, on and after its 19th meeting on the 11th January, of Mr. B. K. Murthy, the Textile expert to the United Provinces Government. The Employers are entirely unable to accept any suggestion that co-option at this late stage of a technical adviser adequately replaces technical equipment and competence in at least one actual member of the Committee.

14. It was, at an early stage, beginning to be abundantly realised by the Employers that in the circumstances attendant on the Enquiry and the attitude taken up by the Labour Representative on the Committee and his advisers and permitted by the Acting Chairman it would be highly dangerous for the employers to submit any statements in advance which might be put to ulterior uses by Labour. They were, however, prepared to submit individual statements regarding the various mills as and when witnesses from these mills were examined by the Committee.

15. This natural reluctance on the part of the Employers to disclose, not merely to Labour but to their competitors, facts which were regarded as highly confidential and in the nature of Trade secrets, became so intensified that at the 17th meeting of

the Committee, held on the 7th January Sir Tracy Gavin Jones, was impelled to ask whether the Government had considered the question regarding the re-constitution of the Committee about which both the Employers and the Mazdoor Sabha had made representations to the Hon'ble the Premier, and he expressed his willingness to withdraw from the Committee provided that the President of the Mazdoor Sabha, who represented Labour on the Committee, also withdrew and that they were replaced by technical men. Ultimately, both Mr. Shastri and Sir Tracy Gavin Jones agreed to retire and left the personnel of the re-constituted Committee to the Chairman and Government but Sir Tracy was actually retired by Government without his offer being accepted or his conditions fulfilled. It should be noted parenthetically here that at this meeting Sri Jut Rajendra Prasad was again present.

16. The Chairman said that he would try to appoint a competent technical adviser and the co-option of Mr. Murthy was the result.

17. Sufficient has thus been said of the incompetence and biased predisposition of the Committee.

18. The Association now turns to the situation at Cawnpore precedent to the appointing of the Committee and coincident with its earlier sittings. This is touched on in paragraph 6 of the Report, but not with sufficient clarity or adequacy. A very significant admission is however made in this paragraph in the words "Immediately after the assumption of office by the Congress in July 1937, a number of strikes took place in several textile mills in Cawnpore with a view to securing an increase in wages and general improvement in the conditions of employment." Actually the seeds of this crop of industrial trouble at Cawnpore had been sown during the elections to the Legislative Assembly when Congress candidates desirous of winning the suffrage of Labour and the sympathies of the public, had held out wide and wild promises of what would be done to ameliorate and improve the conditions of Labour. Prospects were held out of an increase of wages all round and, to all practical purpose, the passing of control of the industries in Cawnpore into the hands of the workers. This last elaboration of the promises made had been sedulously promulgated by the Communist section which had by now thoroughly poisoned the minds of labour in Cawnpore. Congress candidates who were elected in a large majority were thus practically pledged in advance to the enhancement of wages and the improvement of labour conditions, entirely regardless of the capacity of Industry to implement these promises. Agitation covered not merely the Textile industry of Cawnpore but all industries and covered not merely Cawnpore but all industrial areas. When Congress eventually decided to accept office, this decision intensified the agitation since it brought nearer to the credulous minded workers the promised realisation of their limitless hopes. Strikes occurred in Cawnpore, not immediately after the assumption of office by the Congress on the 1st of July 1937, but actually before this, for the first strike of this period occurred in the New Victoria Mills on the 26th June 1937 and the workers in this Mill did not return to work until the 15th July. Meantime, on the night of the 5/6th July, the night shift of the Cawnpore Cotton Mills downed tools and night work was thereupon discontinued by the mill-authorities. A strike then occurred at the J. K. Jute Mills on the 17th/18th July and, about the same time, the Maheshwari Devi Jute Mills struck in sympathy with the J. K. Jute Mills. The Hon'ble the Premier personally intervened in this strike at the J. K. Jute Mills and as a result of his visit to Cawnpore it was arranged that work would be resumed on the 21st July. A section of the workers, however, refused to recognise this settlement and the strike was continued beyond the date agreed.

19. Up to this time the Mazdoor Sabha, as such and which was then, as it had been for many years, an entirely effete body with a very small membership had not come into the picture, but now the Left Wing of the Mazdoor Sabha, which was strongly impregnated with the Communist taint, made common

cause with other Communist elements of Cawnpore, and there were many rumours that it was the definite intention of this subversive element to stage a general strike in Cawnpore and that they were concentrating to this end. The Muir Mills struck without warning on the 26th July and the Swadeshi Mills also struck without warning on the 31st July.

20. In neither case were any grievances placed before the management of the mills by the workers. On the evening of the 3rd August the night-shift of the Cawnpore Textiles struck work and the day shift of that Mill was not permitted, by intensive picketing at the mill-gate, to enter the Mill on the following morning.

21. This situation thoroughly alarmed the Congress Government and the Hon'ble Minister for Industries visited Cawnpore and on the 5th August met the Managing Committee of the Employers' Association, a body which had come into being two days previously in order that the employers, threatened with a general strike as they were, might be in a united position to meet the situation. At this meeting of the 5th August with the Managing Committee of the Employers' Association, the Hon'ble Minister for Industries stated that the essential reason for these strikes was to ensure that the employers would recognise the Mazdoor Sabha as the representative of Labour. He was informed that the employers were entirely willing to recognise a really representative Labour Union but that they could only foresee that more trouble would be caused by recognition of the Mazdoor Sabha as it was then constituted.

22. On the 6th August, the New Victoria Mills again went on strike without warning and the strikers proceeded en masse to the Elgin Mills and endeavoured to get this Mill also to go out on strike. The mob was unruly and the Superintendent of Police and other members of the Force were wounded. The Police however dispersed the mob at the Elgin Mills but the strikers moved on to the Cawnpore Woollen Mills and prevented the workers there from resuming work after the midday break. They then progressed to the Cawnpore Cotton Mills where the gates were burst open and the compound invaded. When the mob had been eventually evacuated by the Police it was found necessary to close down the Cawnpore Cotton Mills owing to some of the workers mingling with the invading mob. The same mob picketed the premises of Bevis & Co. which had also to be closed down and it then moved to the J. K. Cotton Mills where work also had to be shut down. That night the mob was unruly and several motor cars were attacked and damaged by brick-bats. Work in the Mills which had been closed down, could not be resumed despite every effort because of the intensive picketing which took place. On the 7th August a mob of strikers were successful in obtaining a stoppage at the Kakomi Cotton Mills as the result of intimidation. Other mills were similarly forced to close down and work was entirely suspended in Cawnpore in all Textile mills for the week end 7/8th August.

23. On the evening of the 7th August, the Employers' Association received a message from the Mazdoor Sabha admitting that they had lost control of labour and desiring the employers to declare a lockout, which the employers declined to do.

24. In this situation the Hon'ble the Premier again visited Cawnpore and on the 8th August a small deputation of the employers waited on him and placed the position before him. That same evening the Committee of the Employers' Association met a deputation of the citizens of Cawnpore containing many Congress leaders. This deputation was referred to the Premier. Negotiations were continued throughout the night and on the morning of the 9th the Premier communicated the terms which he had negotiated. Although they were entirely unconvinced of the wisdom of doing so, the Employers, in deference to the earnest request of the Premier, agreed to recognise the Sabha and to enter into the agreement with the Sabha which has been referred to at the opening of this Memorandum. On the evening of the 9th August, a mass

meeting of the workers was held and it was understood that the settlement, which had been entered into that day with the Sabha, had been rejected. On the morning of the 10th August, when work in all mills should have been resumed, in accordance with the agreement only two mills were able to make any pretence at resuming work, one of these with an attendance of only 15% of its workers. It was thus clear that the workers, of their own volition, would not accept the terms of settlement agreed to between the Mazdoor Sabha and the employers as a result of the Premier's intervention. Further negotiations took place that day and the Premier intimated that work would be resumed the following day providing the Employers still agreed to recognise the Mazdoor Sabha. The Employers again protested that to recognise the Mazdoor Sabha as then constituted would only lead to further trouble, but in view of the continued pressure brought to bear by the Premier it was ultimately agreed that in deference to this virtual compulsion by Government the Mazdoor Sabha would be recognised provided work was resumed on the 11th August. Work was resumed that day, but Clause 19 of the Agreement with the Mazdoor Sabha had even thus already been broken. Clause 16—that there should be no strike without due notice and none during the pendency of the Enquiry was also broken, for on the 1st of September a stay-in strike was staged at the Swadeshi Cotton Mills and there was further trouble at the Muir Mills which led to the closure of the Mills as a matter of precaution. There was also, during October, a strike in the Elgin Mills and on Tuesday the 26th October, a short stay-in strike at the New Victoria Mills.

25. The Association desires now to refer to the scope of the Enquiry as touched on in paragraph 7 of the Report. The Government Notification of the 11th of November definitely stated that the Committee of Enquiry had been appointed to examine and report on the conditions of living and work of the labourers employed in the factories of Cawnpore. This obviously had a wide application to all factories and therefore to all industries in Cawnpore. Nowhere is it stated in the Terms of Reference that the enquiry should be confined to the textile industry and therefore the more particularly it is nowhere laid down that it should be confined to the Cotton and Woollen sections of the textile industry, yet, in para 7 of the Report, it is stated that although the terms of reference were general, the Committee confined itself to consideration of the conditions in the textile industry at Cawnpore and more particularly Cotton. It is emphasised that the case of labour employed in Jute Mills was not looked into at all. A reason is offered which may perhaps be acceptable for the exclusion of industries other than the textile industry. These reasons are stated to be (1) that the dispute had occurred in the textile industry which is also the most prominent industry in Cawnpore, (2) that there was no statistical material available to formulate any opinion about other industries and (3) that the time-limit imposed by Government circumscribed the sphere of investigation. Actually as has been shown above, one of the earliest strikes occurred in the Juggilal Kamapat Jute Mills and the *exclusion* of the Jute Mills from the enquiry is therefore not satisfactorily explained. The paragraph refers to the deadlock which had arisen on account of strikes or lock-outs in three mills and reference is made to the appointing of a Court of Enquiry, under Section 3 of the Trade Disputes Act to adjudicate on the points which had brought about this deadlock. Further reference is made to this matter in paragraph 153 of the Report. The Association is compelled to draw attention to the manner in which, particularly in paragraph 153, the decision by a competent Judicial Court on these allegations is disposed of in the Report. Actually, while it is admitted that the judgment given in this case unreservedly supported the action of the Employers concerned, a dissentient note is struck by the statement that though it is true that the 5 cases of alleged victimisation were thus disposed of by the Judge to the entire vindication of the Employers concerned, the Committee of Enquiry feel that "it is necessary to bear in mind that the workers attach the greatest importance to security of service." It may obviously be gathered that the verdict of the Judge in this matter would not have been the verdict of the Enquiry Committee.

26. In paragraph 8, reference is made to the appointment of Mr. Shitla Prasad Saxena, Lecturer in Economics, Lucknow University, as technical adviser to assist the Mazdoor Sabha in presenting their case to the Committee. It is necessary to point out that Mr. Shitla Prasad Saxena is the author of Bulletin No. 3 entitled "Wages and Labour conditions in Cawnpore" issued by the Bureau of Statistics and Economics Research, United Provinces; a further reference to this point will be made later. In dealing with this paragraph it is also desirable to point out that while it is stated that at the sittings of the Committee both the Employers' Association and the Mazdoor Sabha were fully represented by their members or nominees, it has not been indicated that the perfectly unheard of procedure was adopted of allowing the Sabha's previous witnesses and members of the audience to cross-examine the employers' witnesses who gave evidence thereafter. It may be that the enquiry was not a judicial one and that it was not necessary therefore to observe judicial procedure but this method of permitting witnesses and onlookers to act as counsel remains entirely indefensible. Paragraph 9 states that the Press was admitted to all public sittings of the Committee except in the early stages of the enquiry. It is not brought out that from the commencement of the enquiry the employers were opposed to the admission of the Press and preferred that the proceedings of the day-to-day sittings of the Committee should be given to the public by means of authoritative communiques to be issued by the Secretary. When the Press were admitted at and subsequent to the 7th meeting of the Committee on the 9th December, the immediate result was that justifiable complaints were put forward by the employers' witnesses that their statements had been wrongly reported. It was also pointed out by the employers' representative that whereas the Press gave prominence to the examination in chief of worker witnesses put forward by the Mazdoor Sabha and reproduced many erroneous allegations made by these witnesses, the Press reports were silent when these witnesses were cross-examined by the employers and their allegations traversed.

27. In paragraph 10 it is stated that 19 out of 29 textile mills in Cawnpore are members of the Employers' Association. The Association is certainly not aware that there are 29 textile Mills in Cawnpore worthy of the name. There are 19 textile members, including two members of the Jute industry, and two of the Woollen industry. This paragraph should be compared with paragraph 38 which admits that the Association supplied mill-wise statements referring to 11 principal cotton mills which employ all but a small fraction of the workers in the industry at Cawnpore.

28. Paragraph 11 opens by saying that the work of the Committee was greatly hampered in more ways than one and reference is made to this hampering influence, but reference is not made to the influence of the two Red Flag demonstrations which took place on the 15th and 16th November, 1937, at the 3rd and fourth meetings of the Committee after Srijut Rajendra Prasad had left—and a third demonstration which took place on the 17th December on which date the enquiry was adjourned to 6th January, 1938. It is quite obvious that these Red Flag demonstrations at the place where the enquiry was being held were intended to have an effect upon all concerned; on the members of the Committee who would thus gather how popular feeling went; on the representatives of labour who would realise how well they were supported and on the employers who would, presumably, be suitably intimidated. The Association must also point to the manner in which reference is made to the murder of an "employee of the Elgin Mills", which would leave the reader to imagine, if he thought fit, that the unfortunate victim, being an employee, was considered objectionable by his employers and therefore removed. Actually the victim, a supervisor, was murdered because of his loyalty to his mills. Reference is also made in this paragraph to the handicap imposed by the absence of precise information of the kind which was available to a similar Committee in Bombay. The Bombay Labour Office is praised for its utility in this respect and reference is made to the Bureau of Statistics and Economic Research which has recently begun its enquiries

in regard to Cawnpore. The one production by this body which has come to the notice of the employers does not, however, encourage the Association to take the hopeful view of its possibilities expressed by the Enquiry Committee.

29. Paragraph 12 needs special mention. It is stated that though the enquiry started in November the Committee did not receive detailed material from the Employers' Association until a very late stage of its investigation. It is asserted that, in fact, only after several reminders were the documents to which reference had been made in the written memorandum of the Employers' Association made available to the members of the Committee, on the strict understanding that these would not be disclosed to the representatives of the Mazdoor Sabha except at the time of cross-examination. The Sabha, it is said, protested that this placed its representatives at a great disadvantage in cross examination of witnesses appearing either on behalf of individual mills or of the Association. The Association has already made reference to the feeling of reluctance, which was forced upon the employers by the attitude of the Sabha, in the matter of making available information which was regarded as confidential. The employers were willing to support the evidence of their witnesses by figures at the time that evidence was given by these witnesses but it was almost immediately apparent that they would not give mill figures in advance, so long as the President of the Mazdoor Sabha was a member of the Committee and was assisted by several Sabha advisers in addition to the adviser appointed by Government to assist the Sabha. It was not until the President of the Sabha went off the Committee that material for the preparation of the mill-wise statements was made available to the Association for consolidation by the Association. It is entirely in keeping with the predetermined intention of the Enquiry Committee that they should, in this paragraph, express their sympathy with the Sabha.

30. In regard to paragraph 15, it is necessary to make a correction. There were actually 2 preliminary meetings in Lucknow, on the 29th August and on the 10th September. At the end of the paragraph it is stated that in all there were 38 sittings of the Committee; the Association has record of only 32.

31. The Association shares the regret expressed in paragraph 16 that the President of the Committee was prevented by serious illness from attending all but a few of the sittings of the Committee. Reference has already been made to this.

32. In paragraph 18 it is said that after the public sittings of the Committee on the 31st January, the members dispersed to their respective stations. The Association is left to wonder when the Committee met to discuss the draft of their Report.

33. The Association will now deal with Chapter II of the Report, "The Wage Problem."

34. Paragraph 20 would appear to call for the comment that in other countries increased pressure upon the soil leads to intensive cultivation but that this does not appear to be the case in India. As regards the foot note, which deals with the increase in mean density per square mile of the population, the Association suggests that an increase amounting only to 10 per cent. in 50 years or not more than .2% per annum is not a rapid increase.

35. Paragraph 20 also would appear to be an admission that the economic structure of India is out of balance and that the comparatively high wages paid by mills are attracting increasing numbers from the country to the towns. This is a matter of common knowledge and the Association's Labour Bureau is daily besieged by applicants for work.

36. The observations made in paragraph 21 entirely commend themselves to the Association and it wishes to emphasise the sentiments conveyed at the end of

this paragraph "If it is desired that India should be rapidly industrialised the confidence of the captain of industry and of the financier in the conduct of affairs should not be impaired. The profit motive has to be kept in mind, unless indeed it is contemplated to transform the very basis of the economic structure of the country." This reads very well as a sentiment but as a principle it has been forgotten or abandoned in the findings and recommendations made in this Report.

37. The statements made in paragraph 22 are very wide and are certainly not admitted in their application to the employers of Cawnpore. It is denied that wages have been the first to suffer for any decline in industry and the last to benefit from any increase in prosperity. Profits are the first to be affected by a decline in industry. The Association resents the implication which seems to be conveyed against the employers of Cawnpore by the statement in the concluding portion of the paragraph that the "profit motive should not however be interpreted to mean indiscriminate profits, particularly in the case of a protected industry." It is emphatically denied that the industries of Cawnpore make indiscriminate profits. The protection that has been afforded to the cotton textile industry is the result of a very careful enquiry, in the course of which the matter of profits was very closely investigated by a very competent body. In the many factors then investigated wages were included and its result upon profits was given due weight. Protection was afforded to the industry to enable it to survive against foreign and unfair competition. The proposals made in this Report more than remove any protection that has been afforded to the industry.

38. In the next paragraph, 23, it is stated that rising prices and deteriorating quality are the dual evils which the consumer has quietly to endure. The Association maintains that, so far as the textile industry of Cawnpore is concerned, it has been shown that prices have not risen and qualities, so far from deteriorating, have improved with the improvement in Mill efficiency.

39. In paragraph 24, the first four of the Terms of Reference to the Enquiry Committee are quoted. The first two of these should be definitely coupled, namely, "(1) whether wage cuts have taken place direct or indirect and if so where and to what extent? (2) In case any such wage cut is established, whether there should be any increase in wages and if so what?" Obviously the second Term of Reference can only apply in the case of an affirmative finding on the first.

40. The Association desires to make it perfectly clear that there is a wide distinction between "wage cuts" and "drop in earnings." "Wage cuts" mean, and can only mean, a deliberate lowering of wages by the employers. "Drop in earnings" means a diminution in earnings due to any cause, e. g. wage cuts, decrease in hours, absenteeism, sickness, shortage of work, which would include "playing off", etc., and in the view of the Association it has definitely established that in Cawnpore, as between 1929 and 1937, there have been no general wage cuts. There may have been drops in earnings due to other causes, over some of which the employer has no control.

41. The third Term reads "How the present rates of wages in Cawnpore compare with those prevailing elsewhere in India, and whether, taking into consideration the profits made by the mills and the cost of living in Cawnpore, they should be increased and if so to what extent?" Here there are three definite and inescapable instructions, viz:— (1) That wages in Cawnpore are to be compared with those prevailing elsewhere in India, i. e. the comparison is not necessarily to be confined to Bombay, Ahmedabad and Sholapur, but must extend to other centres in other Provinces and to other centres in the United Provinces, e. g. Agra, Lucknow, etc.

42. The Association desires to state that it is a well known fact that mills in the United Provinces situated outside of Cawnpore pay lower wages than do those in Cawnpore. The Enquiry Committee have particularly excluded such centres from

their scope and have emphasised such differences as exist in wages between Cawnpore and those in Bombay and Ahmedabad. Madras, which set the pace in the matter of social benefits to the workers, pays lower wages than Bombay. It is obvious that the mills in Madras could not undertake the expense of the social benefits which have been brought into force and yet pay as high wages as Bombay.

43. The second compulsory instruction is that the profits made by the mills in Cawnpore are to be taken into consideration and the third, a most important instruction, is that the cost of living is to be taken into consideration. This third instruction has been deliberately set aside by the Enquiry Committee, who even go to the extent, for reasons which cannot for a moment be accepted, of explaining their abandonment of this very precise instruction.

44. The fourth Term which deals with a minimum wage, is inappropriate to Chapter II since this matter is specifically dealt with in Chapter III.

45. Paragraphs 25 and 26 can be considered together. In the first of these the Committee deprecated the absence in Cawnpore of an organisation such as the Labour Office in Bombay and in the next paragraph they imply that the Association should have filled this want and they seem to blame the Association for its neglect. In the alternative they blame the employers themselves for having neglected to maintain the data on which they could have relied in such an enquiry.

46. The Bombay Labour Office is of 17 years' standing and the Millowners' Associations of Bombay and Ahmedabad have both been established for very many years, in the course of which they have been able to obtain information from their members and compile statistics. The Employers' Association of Northern India came into existence on the 3rd August 1937 and the whole of its energies were immediately taken up, first, in meeting the dangerous strike situation which then prevailed and, second, in endeavouring to prepare for the Enquiry such *ad hoc* statistics as could be obtained from employers, having due regard to the fact that the employers were very naturally reluctant to furnish any statistics which might have been made improper use of by the Mazdoor Sabha, to which body they would immediately have been made available.

47. The employers of Cawnpore themselves have not hitherto felt the necessity for maintaining data and preparing statistics of the nature this Enquiry has necessitated. In 1929, when the Royal Commission on Labour visited Cawnpore, the task of preparing such statistics as were given then by the mills was undertaken by the Upper India Chamber of Commerce, and it is within the knowledge of the Association that, even for such an important Enquiry, employers were reluctant to make available any data of a confidential nature which might have become available to their competitors, whether in Cawnpore or elsewhere in India or abroad. The Indian Factories' Act requires the maintenance of certain data by all factory owners and the requirements of the Act are fully met. This Act does not require them to maintain or preserve data for an unlimited term and it has therefore not been necessary for industrial employers in Cawnpore to compile these statistics and have them always available. The Association, however, maintains that since some measure of confidence was given to employers by the withdrawal from the Enquiry Committee of the President of the Mazdoor Sabha, they willingly furnished all the data necessary, viz :- (1) the mill-wise statements which were submitted by the Association, (2) the consolidated statement prepared by the Association's Auditors, Messrs. Billimoria & Company. In the view of the Association the information that was furnished was definitely adequate and accurate enough to admit of a fair appreciation of the situation by any fair-minded Committee which was prepared to give proper consideration to the facts laid before it.

48. The Association appreciates the recommendation that the employers should now "rationalise" their system of keeping records of their data and in fact one of the essential reasons for the creation of the Association was to facilitate this.

49. Paragraphs 27 to 35 deal with the memorandum submitted by the Mazdoor Sabha. The Association denies the contention of the Sabha that there has been a direct as well as an indirect cut in wages as between 1929 and 1937. The Association further maintains that, having due regard to the cost of living in Cawnpore, housing, rent etc., the real wages paid in Cawnpore are *on the whole* not lower in Cawnpore than they are in Bombay, Ahmedabad and Sholapur.

50. The Sabha quotes from the Report of the Royal Commission on Indian Labour, referring to information given in regard to two categories of workers in a Cotton Mill, in Cawnpore namely, weavers and spinners. The Commission depended upon figures furnished by the Chief Inspector of Factories and these are quoted as being Rs. 33/- for weavers and Rs. 25/- for spinners. In contrast the Royal Commission refers to wages of weavers in Bombay as varying between Rs. 40/12/2 and Rs. 45/7/0 and concludes that even the minimum wage in Bombay was higher by 23.5 per cent. than Cawnpore wages.

51. It is obvious that the figures given by the Chief Inspector of Factories for Spinners of Rs. 25/- a month must have been an average between Ring Spinners at Rs. 16/- and Mule Spinners at Rs. 33/-.

52. The Upper India Chamber of Commerce also furnished figures to the Royal Commission and these are partially referred to in paragraph 29, but whereas the Chief Inspector of Factories states that the wages for Mule Spinners were Rs. 33/- the Chamber's average of earnings for weavers was Rs. 39/1/4. It can thus be seen that implicit reliance cannot be placed on the figures quoted by the Royal Commission on Labour in regard to Cawnpore.

53. Under paragraph 28 there is furnished, in Table I, the comparative wages for various categories of workers obtained from the Report of the Indian Tariff Board in the textile industry which apply to 1926. These wages cannot therefore be taken as strictly accurate for 1929, from which year the comparison undertaken by the present Enquiry Committee begins.

54. Paragraph 29 of the Report is most misleading. It reads that "they (the Mazdoor Sabha) also give the comparative table furnished by the Upper India Chamber of Commerce at Cawnpore". The Upper India Chamber of Commerce in Cawnpore never furnished a comparative table of wages nor does the Sabha state that it did so. The Sabha has quoted in the last column of this table four of the figures furnished by the Upper India Chamber of Commerce to the Royal Commission as the earnings for Cawnpore. The other figures, for Bombay and Ahmedabad, have been inserted by the Sabha in comparison. Evidences of this sort of carelessness in the presentation of the Report do not enhance its value.

55. Paragraph 30 covers Table III of comparative labour costs of production at various textile centres. This is, in this instance, quoted correctly from the memorandum submitted by the Sabha, though in a differently tabulated form. To appreciate what has been done here it is necessary for the Association to quote exactly from the Sabha's memorandum. They say "In 1932 there was another Tariff Board Inquiry for the textile industry and this time, though the Committee have not given the comparative wage rates for Cawnpore, they have given an analysis of average cost of production in various textile centres on pages 98 of their report".

"The labour cost of various textile centres compares as follows :—

	per cent.	Excess or deficiency from Cawnpore.
1. Ahmedabad	53.8	13.05
2. Baroda	52.65	11.90
3. Delhi	51.60	10.85
4. Bombay	49.40	8.65
5. Calcutta	42.40	1.65
6. Cawnpore	40.75	..
7. Nagpur	38.60	— 2.15

56. Thus it may be seen that the labour cost at Cawnpore is the lowest except that at Nagpur. The average labour cost for all India excluded Cawnpore, comes to 48.075 per cent. which is 7.325 per cent. higher than the Cawnpore labour cost."

57. Actually the Tariff Board of 1932 submitted a very different table which gave not only the average cost of production under the head of labour but under many other heads, in some of which it was definitely shown that Cawnpore was at a considerable disadvantage as compared with the other centres mentioned. The Association considers it necessary to reproduce this table exactly as it was given in the Tariff Board's Report.

Page 98.		Table LV.						
		Bom- bay	Ahmed- abad.	Cawn- pore.	Delhi	Calcutta	Nagpur	Baroda
No. of mills considered.		11	4	2	2	3	1	2
Items		%	%	%	%	%	%	%
Labour	..	49.40	53.80	40.75	51.60	42.40	38.60	52.65
Fuel & Power	..	10.80	8.70	15.45	7.46	8.20	9.28	} 6.21
Water	..	0.60	0.53	0.14	0.04	..	0.46	
Stores	..	13.40	18.50	17.30	24.34	18.50	} 13.61	{ 17.70 1.00
Repairs & maintenance	..	2.50	2.64	4.14	5.78	0.70		
Supervision	..	7.50	8.10	11.60	Includ- ed in Labour	7.70	14.99	8.85
Insurance	..	0.90	0.90	1.56	0.67	1.60	2.38	1.33
Rents, rates & taxes..	..	1.90	0.23	0.96	0.44	1.50	0.41	0.85
Packing	..	2.50	1.60	2.55	..	2.20	3.24	1.66
Selling expenses	..	7.00	1.10	..	8.35	11.10	14.75	7.97
Other expenses	..	3.50	3.90	5.55	1.32	6.10	2.28	1.77
Total	..	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Profit, interest, depreciation and managing agents' commission have been excluded from the above calculation."

58. It would have been imagined that the Enquiry Committee would have taken the trouble to verify statements contained in the Sabha's memorandum, and if they had done so, in this instance, they could not have failed to realise that the Sabha had put this matter forward in a manner far from honest.

59. Paragraph 31 begins "Some comparative figures compiled from the above sources are given in Table No. IV." Here again is evidence of gross carelessness in presenting the facts. The "above sources" mentioned in the Report would appear

to be the Royal Commission on Labour, the Indian Tariff Board of 1932 and the Indian Tariff Board of 1927, whereas actually it is mentioned in the Sabha's memorandum that the sources of the figures given are (1) Bulletin No. 3 of the Bureau of Statistics and Economic Research entitled "Wages and Labour conditions in Cawnpore" and (2) the last Wage Census of Bombay Presidency taken in May 1934, for Bombay and Ahmedabad. The figures for Cawnpore, furnished by the Sabha, are entirely wrong and misleading and when their source is considered, this is not surprising.

60. Reference has already been made to this Bulletin No. 3 prepared by Mr. Shitla Prasad Saxena, an examination of which will show that for his facts in regard to the cotton industry, Mr. Saxena depended upon information furnished to him, either in their quarters or residential settlements, by the workers of two mills "A" and "B". Mr. Saxena quotes rates obtaining in 1929 as against those obtaining in 1935. He has nothing to depend upon but the memory of a few workers for his information and his presentation of the results is of more than doubtful accuracy.

61. Mr. Saxena's purpose in making his enquiry may, or may not, have been entirely laudable, but as a production it is amateurish and utterly unreliable, and in point of fact the Association understands that Government have not accepted the Bulletin as either correct or authoritative.

62. In paragraph 33 the Report again quotes the Mazdoor Sabha as saying : "Although no authentic or official wage statistics are available for this period (1929-1934) the meagre data which we have in our possession goes conclusively to prove that wages at Cawnpore have substantially been reduced during this period." The Association is quite unable to reconcile the claim for conclusive proof with the admitted handicap that no authentic or official wage statistics were available and that the data in the possession of the Sabha were meagre. There is more than a suspicion that the principal data were obtained from Mr. Saxena's pamphlet.

63. Under paragraph 34 the Report gives the indications furnished by the Mazdoor Sabha that the reduction in wages has taken place in various ways :—

(A) *By means of direct cuts*, these being due to :—

I. "Reduction in the rates". This is denied.

II. "Reduction through the abolition of bonuses." Very few Mills paid bonuses and in evidence given before the Enquiry Committee it was stated by some of the employers that when bonuses were abolished by them the amounts were included in the wage rates.

(B) *By means of indirect cuts* :—

III. "Introduction of new varieties of cloth at rates which did not bring the wages to the level of those earned on the old varieties." Here, again, evidence was given that when new rates were introduced they were calculated to equalise the earnings with those furnished by the old rates.

IV. "Reduction of piece rates to meet unprecedented high production by individual operatives." The rates are based on average efficiency.

V. "No adjustments are made consequent upon a substitution of finer for coarser counts." This is denied ; adjustments are made.

VI. "Introduction of inferior raw material which affects output considerably." This is a grotesque assertion. No Mill deliberately uses inferior material and the evidence before the Enquiry Committee goes to show that the efficiency of practically all the Mills has improved. This must of necessity imply that the material produced has improved, which would hardly have been the case had inferior raw material been used.

VII. "Short work and consequently loss of time and wages." Short work is inevitable in certain processes, consequent on the vagaries of the market.

VIII. "Introduction of new methods of work involving a reduction in the number of operatives employed and the consequent extra work that has to be looked to by the workers." This presumably refers to rationalisation as far as it has been introduced, partially, in one or two Mills, but the recorded evidence before the Committee goes to show that :—

(1) Where the number of operatives is reduced by intensive or improved methods, the workers thus done away with are re-engaged elsewhere within the Mill as soon as a vacancy occurs, and

(2) The improved methods actually reduced the amount of work and exertion laid upon those remaining.

IX. "Changes in the speed of the machine, which affect wages in various ways." This is inevitable at times and all workers recognise its inevitability and are reconciled to it.

X. (a) "The introduction of the system of giving forced leave instead of the old system of fines which have been limited under the Payment of Wages Act." This is a punishment resorted to very occasionally by only a few Mills and is preferred to dismissal, which would be the alternative.

(b) "The introduction of different rates for damaged cloth on the same machine." It has been definitely shown that this practice obtains in only one group of Mills. It is open at any time to the Trade Union or the Factory Inspectorate to test its legality.

XI. "Reduction in the hours of work since January 1935 and the consequent fall in the wages of piece-workers." That there would be a reduction in the earnings of piece-workers due to the introduction of shorter hours was clearly foreseen by the Government of India before the Factories Act was amended, reducing the hours to nine per day, and reference is invited in support of this statement to a letter No. L/3012 from the Government of India, Department of Industries and Labour, dated 10th June 1932, to all local Governments and Administrations.

In paragraph 7 of this letter, it is stated :—

"Assuming that the wage-rates, i.e. the rates of payment per unit of output, were maintained and hours were reduced, some increase in the rates of earnings per hour might be expected. The view that the 10 hour day, where it is in operation, is only a nominal day has the support of responsible employers, and few will contest the view of the Commission that "it is impossible for the average operative to remain at work regularly through a 10 hour day either in a cotton mill or in any other factory." Some adjustment, therefore, is possible in the form of concentrating the actual hours of work for the individual operative into a shorter space, i.e. in reducing the appreciable amount of time at present spent away from work in what are nominally working hours. If, as many employers believe, the effort of the operative is influenced largely by his desire to earn a more or less definite sum, *the reduction of hours should have an immediate effect in increasing efficiency*, and it would certainly render possible an increase in efficiency which cannot be demanded with existing hours. *Even so, it seems probable that there will be many operatives who will have to face a reduction of earnings, at least until there has been time for them to adjust themselves to the new conditions.* But, as the Commission have observed in this connection, *the general level of real wages has risen apparently owing to the fall in prices, and it appears to be substantially above the level prevailing a few years ago. In consequence, a reduction in individual earnings could be made without bringing them back to that level.*"

The Association maintains that the apprehensions of 1932 have been exactly borne out in practice and the figures submitted by the Association go definitely to show that, *per hour*, the earnings have *not* been reduced and that even per day, there have been far fewer reductions than were anticipated when the Government decided to reduce the working hours.

XII. "Deduction of a fixed percentage of wages for the substitution of old machines by new." Actually this patently absurd accusation was made in regard to only one Mill and the evidence given before the Enquiry Committee at their 8th meeting on the 3rd December 1937, by a witness representing this Mill was definitely to the effect that workers made no contribution for replacing old machinery by new; such a thing had been unheard of in the Mill.

Sometime previously, when old machinery was replaced by new, what had happened was that the rates of wages were reduced by 5%, without affecting the total earning of the men concerned. On the other hand, in some other cases the rates had been enhanced.

It is necessary to emphasise that in this case a reduction of the rates in no way implied a reduction in earnings, since the new machinery permitted of far better output and therefore better earnings, even at the lower rates.

XIII. "Changes in the cost of living resulting in the reduction of real wages." The only change that can possibly have taken place is due to the admitted reduction in the cost of living and therefore an increase in real wages.

64. Under paragraph 35 it is recorded that the Sabha's Memorandum states "With regard to the direct cut in the wages and bonus, it is not possible for us to give exact and detailed information", but nevertheless the Sabha proceeds to estimate that the loss due to this cause amounts to 12½% in the workers' income. Inasmuch as very few of the Mills ever paid a bonus at any time, such a broad statement bears its own refutation. The Sabha goes on to calculate that, due to the cut in rates, the decrease in wages averages about 20% and that, on the whole, wages have been reduced by about 40% since the beginning of the economic crisis, due to the three factors of withdrawal of bonuses, shortening of hours, and direct cuts in rates. The Association cannot help but wonder how the Sabha could possibly have arrived at such a computation, but the assumption of this figure is perhaps explained by reference to Mr. Saxena's pamphlet "Wages and Labour Conditions in Cawnpore" already referred to. In this production, Mr. Saxena calculates, in regard to Mill "A" that the reduction amounted to 40%, vide page 30, whereas, in regard to Mill "B" no aggregate conclusion is arrived at. The Sabha naturally preferred the blacker picture.

65. Paragraphs 36—47 cover the replies furnished by the Association to the Questionnaire issued by the Enquiry Committee and to the various statements submitted by the Association.

66. In paragraph 40 it is brought out that it was only in the middle of January that the Committee received the first mill wise statement from the Association, and they say "Had even this kind of a statement been supplied to us early in our Enquiry, or at least in the beginning of January, after the Christmas recess, we could have proceeded more swiftly and satisfactorily with our work". In the early stages of the Enquiry it was believed by the Association that the statement which accompanied the Memorandum submitted by the Association would be sufficient to refute the wide and general statement which, up to the time, had been made that wages had been reduced.

67. At a preliminary meeting held at Lucknow on the 29th August, it was made quite clear that the Millowners regarded the information that might be demanded from them as confidential and this attitude was then accepted by the Hon'ble the Premier. This was emphasized at the third meeting of the Committee on the 15th November. The President of the Association also confirmed the promise made in the answers submitted by the Association to the Committee's Questionnaire that the Employers would supply necessary and even confidential information when called upon. Sir Tracy Gavin Jones was very clear and emphatic in saying at this third meeting that the Association was not prepared to circulate its statements in advance for reasons already stated. In point of fact, the Millowners, as has already been pointed out, were most reluctant to submit any figures to the Committee so long as the President of the Mazdoor Sabha was a member, and was assisted by several advisers of the Sabha, and it is necessary therefore to repeat that it was only after the President of the Sabha withdrew from the Committee, in company with the President of the Association, on the 12th January, that the Mills consented to furnish the figures on which the three "Mill-wise statements" (Tables 6, 7 and 8 of the Report) were prepared. At the same time, when the mill-wise statements were prepared, the Association held the clear view that they contained quite sufficient information to enable the Committee to proceed to judge the actual situation. Shortly afterwards, the Association did, in fact, submit a great deal of information, confidential and otherwise, without receiving any assurance that the confidence thus reposed would be respected. Further, the Association stated that the Committee could appoint any firm of Auditors to examine and report on any further information required by the Committee. As will be seen from the Report, the confidence reposed by the Association in the Committee was not respected. All that the Sabha had furnished consisted of allegations or tables which were unreliable in many respects.

68. In paragraph 43 it is stated "Though the statements are supposed to refer to 1929, it will be clear from a reference to these statements that, of the eleven Mills, only four supplied the figures for 1929, two for 1930, one for 1931, two for 1933, one for 1934 and one for 1935." The Committee of Enquiry seems, unaccountably, to have forgotten the very first of the questions in its own Questionnaire.

69. At the first meeting of the Committee on the 15th September, 1937, when the Questionnaire was considered question by question, Question No. 1, which had been originally drafted to read: "From 1929 onwards" was altered to read "For (1) 1929 or to year nearest thereto, and (2) 1937."

70. Many of the Mills which had existed in 1929 had not preserved the data which would have been required for the preparation of a statement relating to that year. Others were built later than 1929. In as much as the Committee had, by amending the first question on the Questionnaire, given due recognition to the fact that information in regard to 1929 could not be furnished in every case, the insistence on the desirability of this in paragraph 43 is merely querulous. If the information which was submitted by the Association was regarded as insufficient it was still vastly more than any other information which the Committee could possibly receive, and due weight should have been given to it. Actually it was sufficient for men having a proper knowledge of the Industry and its difficulties. The report admits that it would be unsafe to draw any conclusion with regard to the variation in wages between 1929/1937, yet in para 50, they refuse to accept the Association's figures, which are capable of proof, that there has been no general cut.

71. In paragraphs 44 and 45 it is pointed out that the first mill-wise statement submitted was not deemed satisfactory and more information was asked for dealing, this time, with the month of March, and not January. This was in deference to a request made by the Sabha and it involved a complete recasting of the information

obtained. It is said in paragraph 45 that the Sabha thought March would be a more typical month than January, and there appears almost to be disappointment in the fact which was pointed out that actually March proved an even better month than January from the Employers' point of view. On either hand, however, the Association would point out that, since the calculation in both cases was on the basis of 26 working days, there was no advantage in the one to either party over the other but the additional work laid upon the Association by the change was considerable.

72. For purposes of judgment, however, the Committee of Enquiry have preferred to confine their attention to the third Statement, but they indicate that there were several doubtful issues in this Statement. Had the members of the Committee been equipped, or had even one member of the Committee been equipped, with adequate knowledge of the Industry, none of the points would have remained doubtful and further, as a matter of fact, the points of doubt which are referred to, should have been removed by the explanations which were given to the Committee by Mr. J. Tinker, one of the Association's advisers.

73. In paragraph 48 the Committee state that "in the absence of specific information on these relevant points, a proper comparison of the present wages with those prevailing in the previous years so as to ascertain the variations that have taken place becomes practically impossible. Moreover, we find that if the figures given by the Employers' Association for the earlier years are compared with those that are collected by the Mazdoor Sabha from the Report of the Royal Commission and the Report of the Tariff Board, there is considerable divergence between the two, and we have no means to ascertain which accurately represent the position. We therefore feel that unless we have well-sifted data on all these essential points, it is not possible to draw any general conclusions of a positive character." Thus the whole of the conclusions drawn by the Committee stand condemned on the admissions in this paragraph.

74. The Mazdoor Sabha had no facts of its own; it collected from previous tables, the accuracy of one of which at least has been shown to be doubtful, whereas the figures submitted by the Association were actual figures furnished by the Employers who are members of the Association. It is therefore obvious either that the Committee would not give credence to the Association's statements or did not desire to admit the accuracy of these statements.

75. In paragraph 49 the Committee, in exceedingly tender words, proceeds to give such expression as it may to the doubts which it certainly entertained as to the truth of the Mazdoor Sabha's contention. They apologise to the Sabha even for this measure of disbelief and in particular they apologise to Mr. Saxena for not accepting his figures. They say "We mean to cast no reflection by this remark (i.e. that the Mazdoor Sabha did not take into account certain important factors) of those responsible for the Mazdoor Sabha's Memorandum and in particular Mr. Shitla Prasad Saxena. In fact, against great odds and with limited resources at their disposal they were able to collect much data which have proved helpful. But it is, of course, likely that those who had lost a portion of their earnings brought their grievances to the notice of the Sabha, while those who had either not had any cut in their wage or even had an increase, did not bring this fact to their notice." It is noted with some amusement that here the Committee, perhaps inadvertently, admits that there might have been some who had not had a cut in their wage, and even that there might have been some who had an increase, but observe the difference in the reference to the Association in the next paragraph, in contrast to the apologies tendered to the Sabha!

76. In paragraph 50 the Committee state "At the same time it is not possible to accept the Employers' statement that there has hardly been any drop in the wages between 1929 and 1937 in any category." There is no apology for disbelief here.

77. In this paragraph the Committee admit that their attention was drawn to the fact that, in evidence, it had been stated that the workers had been able to make good, by approximately 5%, the drop in earnings consequent on the reduction of hours, but the Committee proceed to enunciate that "It is clear that a fall of 5/6% must have taken place in the earnings of the piece workers owing to the reduction of hours from 10 to nine from 1935." The Association emphatically denies the truth of this enunciation, *when the earnings per hour are considered*. In Table 8, which is a summary of the third mill-wise statement submitted by the Association, the third and fourth columns give the earnings per month in 1929, when there was a ten hour day, and 1937 when there was a nine hour day. It is perfectly obvious that there can be no fair comparison of the monthly earnings when there is this widely differing factor of one hour per day, and yet table 9, prepared by the Committee, is based on this unfair conclusion.

78. The fifth and sixth columns of Table 8, submitted by the Association, remove the unequal factor in-as-much as they reduce the earnings to an hourly scale and here it is definitely shown that save against item 15, Reelers, there has been an increase in every instance. It is necessary to point out that against item 10, a decrease of 1.22% has been shown. When it is stated that the earnings per hour in 1929, against this item, were 1.465, and 1.483 in 1937, the mistake is obvious and this figure of 1.22% should be in the last column as an increase. The *only* decrease in earnings proved on the hourly basis is in the case of Reelers.

79. The Report, at the end of paragraph 54, makes special mention of these Reelers. This would have been unnecessary had the Committee had even a fair working knowledge of the affairs of a cotton mill. They would then have known that the earnings of Reelers are always precarious. In Cawnpore, the Reelers are usually women and the work which comes to them depends upon the exigencies of trade and the requirements of the Mill. All yarn produced in the Mill does not pass through the Reelers. It may be diverted unreeled for other purposes in the Mill or sold unreeled. The Reelers, who, after all, are very few in number, know this perfectly well and rather than that their numbers should be reduced so that the work remaining to the rest would suffice to enable an increase in earnings to those who remained, they prefer to have short work all round. It is also necessary definitely to state that although the earnings of the Reelers may have decreased, the rates have not been altered. Table 8 then, when considered on the fair comparative basis of earnings per hour, definitely shows that, save in the case of Reelers, there has been an increase of earnings in every category. In ten of these categories the increase has been less than 10%. In the remaining 20 categories it has exceeded 10%. This would go to show that the drop in wages which was anticipated when the nine hour day was introduced in 1935 has been more than recouped in 20 categories out of the 31, that in 10 further categories the workers have recovered, as it was anticipated they would recover, more than half the drop in earnings, and that in only one category has there been a definite drop in earnings.

80. Paragraph 51 deals with bonuses, but enough has been said on this subject.

81. Paragraph 52 deals with two entirely different matters, one being the matter of forced leave, and the other the payment of differential rates. These have already been dealt with in discussing the Sabha's wild allegations, and it must suffice for the Association again to say here that if the legality of these methods is doubted, the doubt can be put to the test.

82. In paragraph 53 the Committee of Enquiry have definitely declined to accept the Association's point of view in this matter, and this paragraph finishes, be it noted, again without any apology, with the statement that "quite clearly therefore the Millowners' contention cannot be accepted."

83. Paragraph 53 also draws attention to the discrepancies that obtain in the Cotton Mill Industry in Cawnpore in the wages of persons in the same category. The Association realizes that while its members were aware that there must be discrepancies, due to differences in plant and lay out in mills, the variety of counts produced, cotton consumed and many other equally cogent and technical reasons, the extent of these discrepancies had not hitherto been brought to light, and it must be remembered that this is the first occasion on which Employers in the Cotton Industry in Cawnpore have found it necessary to collect complete individual data *and make them available for comparison*. One of the earliest tasks laid upon the Association is the reduction, or, as far as possible the removal, of these discrepancies.

84. Paragraph 55 contains Table 9 which purports to compare the earnings per month as between 1929 and 1937. It has already been said that such a comparison as is here sought to be made is, from the point of view of fairness, impossible.

85. The Committee have not thought fit to insert a note against this Table that they are attempting to draw a comparison on a basis of a ten hour day in 1929 as against a nine hour day in 1937 without making any adjustment for the purpose.

86. Paragraph 56 also refers to the need of standardisation which has been brought to light by the variations dealt with in paragraph 54. The Association is quite alive to the need for improvement in this matter.

87. Paragraph 57 touches on rationalisation, but this is dealt with at length in Chapter 5 of the Report. It is merely necessary to remark that intensification and rationalisation must, if properly carried out, naturally result in a temporary reduction in the number of workers employed. It also results, as is here admitted, in an increase in the wages of the rest. The absorption of the workers reduced is a problem which the Mills must be left to deal with as and when it is practicable.

88. Paragraph 58 reiterates that it is impossible in summing up to answer with precision the question what wage cuts have taken place during the years 1929-1937, but the Association maintains very strongly that Table 8 proves definitely that there have been no general wage cuts in this period, nor even a decrease in earnings, owing to the reduction in hours, when a proper comparison is made on the basis of hourly earnings. In this paragraph, again, much is made of the fact referred to in dealing with paragraph 43, that the figures have not been furnished in all cases with regard to 1929. The Association can only reiterate its comments on the forgetfulness on the part of the Committee which has led to this complaint.

89. In paragraph 59 the Committee claim to have dealt with the question of wage cuts and now propose to consider whether there should be any increase in wages. Here it is perfectly evident that the Committee have drawn no distinction between wage cuts and a drop in earnings, an elementary difference of which they seem oblivious. In the view of the Association this elementary lack of appreciation of the subject into which they were expected to enquire is a very damaging factor. The Association can pass over paragraphs 60 to 63 and will only refer to the tables Nos. XII, XIII A, XIII B, XIII C, XIVA and XIV B to remark that the compilation of these statistics has only a remote bearing on the question at issue.

90. In Table XIVA, at the foot of Column 7, it is shown that there was an 80% increase in the consumption of Cotton as between 1929 and 1937. The Association is not in a position to appreciate whether the Committee realised that a very important contributing factor to this percentage of increase was that it represented night and day working in most of the mills and the substitution of ring spindles for mule spindles.

91. Paragraph 66 purports to set out the number of working days per year. Actually it does nothing of the sort but merely shows the number of days on which the mills actually worked and does not make any allowance for stoppages, strikes,

etc. To be correct, the reference to "working days" should be altered to "days worked".

92. In paragraph 67 pointed reference is made to the 80% increase in the consumption of cotton in the Cawnpore mills already referred to in connection with Table XIV. Here again no importance seems to have been attached to the fact that this percentage of increase was to a large extent due to night and day working. Much is however made of a mere probability that there may have been an even higher percentage of increased production than can be judged from this figure of increase in the figure of cotton consumption due to the spinning of finer counts. The facile adoption, as facts in support of their pre-arranged convictions, of probabilities such as this and generalities elsewhere still further reduce the value of this Report as a constructive production.

93. Paragraph 68 is an extraordinary example of false reasoning. The Committee "are satisfied that the expansion is due to the industry attracting more capital on account of its prosperity", but they are anxious to say that they have to "refute the likely contention that the position of the industry was so precarious that it was necessary to expand the existing plant or to work a longer number of hours per day in order to reduce the overhead charges per piece of cloth woven and thus to re-capture the market at depressed prices." It is presumed that the Committee had available to them the Report of the special Tariff Board of 1936. If they had referred to paragraph 47 of this they would have seen that this Tariff Board, composed of men thoroughly competent for their task, had realised that an increase in the number of mills working night shifts in India was evidence of the intensity of internal competition. Further, the paragraph states "Representatives of mills working these longer hours informed us that they were doing so in order to reduce working costs so as to enable them to compete not only against foreign imports but also against the products of the longer established Indian concerns, etc." The Association does not find that this Tariff Board impatiently rejected as incredible the evidence tendered to it, but the Committee of Enquiry have not allowed themselves to be trammelled in this respect. For they set out to deny (not refute) in advance any possible statement from the employers that the evidence and arguments which had force with the Tariff Board Enquiry into the question as to whether or not protection should be continued to the Indian Cotton Industry should have equal weight with the present Committee of Enquiry. To refute a contention, whether it has been made or not, would seem to mean that the contrary case had to be proved. The Enquiry Committee can prove nothing, on their own admission; they can only deny, but such denial holds little weight against the admission of this important factor by a body such as the Tariff Board, 1932.

94. The Committee state that "it would have been easy to find out the true position if detailed information regarding the profits and losses of the various mills had been available." They evidently do not, in spite of what they say later, in paragraph 71, admit that the consolidated statement put before them by Messrs. Billimoria & Co. shows the true position. In paragraph 71 they say they have no hesitation in accepting the figures as correct, but here in paragraph 68 they regret the lack of detailed information regarding the profits and losses of the various mills. The Association suggests that this information is in the possession of the Income Tax Department. Whether it would be available to this Committee is doubtful, since the preservation of secrecy is strictly enjoined on the Income Tax department. Perhaps the Committee of Enquiry regret that such information as is given to the Income Tax department under pledge of secrecy had not been made available to them for broad-casting purposes! However, fully conscious as they are of their limitations in this respect, the Committee proceed to say that "the position can be ascertained on the basis of circumstantial evidence and the implications of certain tendencies and facts which have struck them during the course of their enquiry". The Association admits that there have been many implications, almost as many as there have been baseless allegations, but as to alleged facts likely to damage the case of the employers the Association is entirely sceptical.

95. Paragraph 68 was extraordinary enough, but paragraph 69 transcends this. It reads "The expansion of the industry began in 1935 when the process of economic recovery had begun and the price level was rising. If the industry had been expanded for meeting losses, expansion would have taken place during the period of acute depression. On the other hand, between 1930 and 1934 when the depression was deepening, the Mills at Cawnpore acted in just the reverse way by following a policy of reducing the number of spindles and looms in order to restrict production. This means that the mills tried to push up the prices by controlling the supply even at the cost of higher overhead charges per piece of cloth woven."

96. This paragraph is one of the most extraordinary in the Report, bearing evidence of either entire ignorance of the situation and of the industry or of an astoundingly perverse mentality. In fact, the Committee state that between 1930 and 1934, when the depression was deepening, mills at Cawnpore restricted production. In this connection the Association desire to invite attention to the Committee's own Table XIVA, from which it will be seen that the approximate quantity of cotton consumed in bales increased steadily from 1929 with only a slight drop in 1931. Production could not therefore have been restricted during the years when the consumption of cotton was so steadily on the increase. The Association has endeavoured, in vain, to understand the true meaning of the last three lines of this paragraph. It should have been obvious that Cawnpore mills, with their relatively small proportion of the total productive capacity of India, could not possibly "push up" prices by restricting production.

97. In paragraph 70 it is mentioned that the expansion of the industry was not confined merely to working double shifts instead of a single shift and it is argued that inasmuch as 3 new mills were started during the period of depression it can only mean the attraction of new capital to a flourishing industry. Actually two, at least, of the three new mills, are extensions in another location of existing mills and these extensions certainly had as one of their purposes the necessity of reducing overhead costs in order to meet internal and foreign competition. Not only is this possibility ignored but it is definitely stated that the extension of the old plant and the additions to spindles and looms may be taken to be further signs of prosperity in the industry. If this is part of the "circumstantial evidence" upon which the Committee proceeds to judgment, an appeal against this judgment may well be justified.

98. It is observed that in paragraphs 71, 72 and 73, the Committee have worked out the figure of trading profits and dividends on the paid up Capital rather than on the undepreciated Block and they proceed in paragraph 72 to give their reasons for this procedure. The reasons put forward by the Committee are regarded by the Association as most unconvincing and there would not appear to be either justification or fairness in the method of calculation adopted. The Committee have obviously forgotten that the investment in a business is not necessarily or ordinarily limited to the amount of Capital paid up or even the total Block Account although the percentages given by the Association in Table XV are calculated on Block Account only. Other items which require Capital are Goodwill, Stock and liquid assets of that nature. In other words, the Capital of a business is the total of the assets side of the Balance Sheet, plus any write down in the value of these assets which may have taken place, less Loans owing or amounts owing to Sundry Creditors.

99. The Committee have also not taken into consideration that in one manufacturing group alone in Cawnpore there has been written off, within comparatively recent years, Capital to the extent of Rs. 2,60,70,000. This huge amount of Capital had to be written off as, while it appeared in the concern's Balance Sheet at the time when Capital was reduced, it was not represented by any tangible or available assets.

100. Accordingly if in their deliberations and calculations the Committee had taken these other factors into consideration and had calculated what percentage trading profits bore to the total Capital invested in the industry (a figure which would not

necessarily be displayed by any current Balance Sheet for reasons above stated), they would have found that the percentage of trading profit to the Capital invested was indeed meagre and in no way capable of further considerable reduction as would be the result of the recommendations put forward by the Enquiry Committee.

101. Money conditions to-day are admittedly easier than they were some years ago, a fact which has been taken advantage of by Government and public bodies when new loans have been floated, but the Committee apparently are of the opinion that the investing public will be satisfied with the same return on the much more speculative and uncertain dividend earning Ordinary Shares in manufacturing concerns as is obtainable on gilt edged securities. It is patent this is very far from being the case; the public will not invest in industrial concerns under such conditions.

102. In paragraph 73 the Committee claim that the working results of Mills in Cawnpore show a fairly satisfactory position over a series of years but as the Association points out above, the Committee are entirely unjust in their basis of calculation and the results which they have sought but failed to prove are indeed flattering to Industry in Cawnpore.

103. In this paragraph the Committee go beyond their terms of reference, in that they endeavour to support their contention that the industry is in a satisfactory position, by examining the improvement that has taken place during the course of the last six months, which brings the examination of the matter into 1938. They admit that they have no statement regarding the working results of the mills during the year 1937 and therefore they fall back on the general conditions prevalent in the trade. They say that "generally speaking" the prices of cloth, on the one hand, and of cotton, on the other, give a fair indication of the measure of profits in the textile industry, as the other conditions ordinarily remain more or less stationary. In the next sentence they abandon any idea of "speaking generally" and they particularise on the trend of prices in 1937 and find that there has been a very heavy fall in the prices of cotton during the year, synchronizing with a slight rise in cloth prices in Cawnpore. They maintain that this has helped to widen the margin of profit to a very considerable extent but they admit that it is not possible to make any exact calculation regarding the extent to which the margin has increased. In their difficulty they proceed to form an estimate of the consequences of the fall in the price of cotton.

104. Paragraph 74 is occupied with a comparative exposition of the price of cotton and the price of cloth, from which figures the Committee maintain that they are justified in holding that cotton prices fell from Rs. 20 per maund in January 1937 to Rs. 13-2-0 in December 1937, this latter price being stationary until February 1938 and dropping to Rs. 11-3-0 in March 1938. Comparing the average of cotton prices for the first quarter with that of the last quarter of 1937 they find that the fall works out at 28 per cent and they proceed to say that the effect of this variation on the profit margin will be better understood if they compare the cost of the total cotton consumed in a year by the Cawnpore mills at prices ruling in the first quarter of 1937 with those at prices prevailing during the last quarter; this on the basis of a total consumption of 244,340 bales in 1937. They therefore conclude that it is safe to say that the profits made on this score must be substantial.

105. It is unfortunate for the Committee's calculations that the prices of cotton quoted in the second column of the Table given in paragraph 74 are not correct. From information furnished to the Association it can be reliably stated that the prices during 12 months commencing from March 1937 for Bengals actually paid by the mills in Cawnpore were as follows:—

March	1937	Rs. 22/- per maund.
April	"	Rs. 22/4/- "
June	"	Rs. 21/12/- "

July 1937	Rs. 21/- per maund
September „	Rs. 16/- „
October „	Rs. 14/8/- „
November „	Rs. 15/12/- „
December „	Rs. 16/12/- „
January 1938	Rs. 16/8/- „
February „	Rs. 16/4/- „
March „	Rs. 14/8/- „

These prices are for local maunds of 100 lbs. and have been taken from sales made to the mills on the last day of each month or as near to the last day as possible. There were no sales during May and, in August, the mills were not buying cotton on account of labour trouble and strikes. It will be observed that the average price over the period for Bengal cotton works out at Rs 16/7/- per maund and the decline was 25½ per cent and not 28 per cent. as calculated by the Committee on the figures furnished to them.

106. The Association can only emphasise the grave fallacy of attempting to appreciate, for permanent purposes, a position due to a temporary trend of prices. It is in no way denied that during 1937 the trend of cotton prices has been advantageous to the mills, but are the Committee, in any way, safe in assuming that such a trend will either continue at its present level or indicate a further fall? The cotton business is admittedly highly speculative and it would be an entirely irrational proceeding to formulate opinions, the result of which would have a permanent effect on the temporary indications in this business.

107. The cotton principally used in the Cawnpore mills is suited for the production of coarse counts and it is estimated on the highest authority that the rates in these counts have fallen by approximately 8½ pies per lb. since March 1937. It is stated that actually the price of Bengal cotton fell by 9 pies per lb. but at the same time the price of coarse yarn spun from this cotton fell by 8½ pies during this period. In deducing the profits which might have been earned, it must be borne in mind that the Cotton industry is indeed speculative and that up country mills cannot live a hand-to-mouth existence as regards raw materials and must carry the risk of a severe drop in value on heavy stocks. That, on the basis of this temporary advantage to the mills, the Committee should decide that a permanent burden should be placed on the mills, the Association must strongly resist as contrary to all reason and fairness.

108. In paragraph 75 it is grudgingly admitted that these arguments have been put forward before the Committee and their force is not denied. None the less, however the Committee hold that "the facts of the present situation are incontrovertible." When this enunciation is compared with the fact that, in para 73, the Committee profess to speak in general terms their inconsistency is glaringly apparent. Realising, as they do, to the full, that this advantageous condition has been merely temporary and also realising, as they should, that any verdict they may give is intended to have a permanent bearing on the future it is obvious that the Committee have no justification for concluding as they do "So far at any rate the millowners have had the full benefit of this favourable factor."

109. In the remainder of paragraph 75 the Committee hazard an opinion on the future. They say:—"The difficulties of our exporters of cotton to Japan have been accentuated in recent weeks and it is considered most likely that Japan, our biggest buyer, will absorb the normal quantity." Candidly, the Association is in doubt whether a misprint has not crept in here and whether the intention of the Committee was not to state that it was considered most unlikely that Japan would absorb the normal quantity. If the exporters considered that Japan would absorb

the normal quantity why should their difficulties have been accentuated in recent weeks? Actually, no man can say with any certainty what the future position will be.

110. The Committee refer to and take great support from the fact that the Bombay Labour Enquiry Committee, which has recently issued an *interim* report affecting the Bombay Industry, have come to the conclusion that the average price level for Indian cottons during the current year will continue to be lower than it has been for some time. Comforted by this extraneous support the Committee of Enquiry "are satisfied, having regard to all aspects of this question, that the industry can well afford to meet the extra cost involved in giving effect to" their recommendations. It is significant that at the same time, the Congress Government are doing their utmost to raise the price of Cotton and, if they are successful, this would completely stultify the Committee's reasoning.

111. The Committee have also, in paragraph 72, taken support from the proceedings and findings of the Bombay Labour Enquiry Committee. They are not troubled by the fact that, although the Industry in Bombay has accepted the recommendations of the Interim Report, the conclusions and findings of the Bombay Committee have been attacked in many quarters as fallacious and *ultra vires*. The Association cannot resist the temptation of speculating as to what the Cawnpore Labour Enquiry Committee would have done if the findings of the Bombay Enquiry Committee had not been made available to them for their guidance and support.

112. In paragraphs 76 and 77 the disparities in the wages prevailing in Cawnpore and other centres are referred to. A Table, No. XVI, is quoted setting out these disparities, the figures for Cawnpore being taken from the summary in Table VIII of the Association's third mill-wise statement. It certainly has, in this case, been pointed out that the figures given for Bombay as obtaining in 1934, which have been taken from the General Wages Census Report of 1934, are for a 10 hour day while those for Cawnpore are for a 9 hour day, but the percentages in the last column of this Table are worked out regardless of this discrepancy and, obviously so, in order to increase the apparent differences. The only attention that has been paid to the fact that, owing to cheaper cost of living, lower rents, etc., the real wages in Cawnpore are much higher than the actual money earnings is given in paragraph 77 which reads:—"The differences thus disclosed are too glaring to escape attention. It is not possible for us to say what part of the difference should be attributed to factors such as greater efficiency, higher cost of living and finer counts in Bombay. Generally speaking, however, it appears to us that these causes cannot explain or justify the whole of the difference. These disparities will be further accentuated as a result of the recommendations contained in the interim report of the Bombay Textile Enquiry Committee which we gather have been accepted by the Bombay Millowners. They will push up the general wage level in Bombay by about 12 per cent."

113. Here it is necessary to refer to a most important factor which has not hitherto been touched upon. Whereas, as the Association maintains, it has been conclusively shown that, there have been no general wage cuts in Cawnpore between 1929 and 1937, the Interim Report of the Bombay Textile Enquiry Committee shows that in Bombay, Ahmedabad and Sholapur there have been definite and admitted wage cuts as between 1926 and 1937. Table VIII in this Interim Report goes to show that in Bombay City and Island, in December 1933 as compared with July 1926, there was a weighted average decrease of 16.94%; as between October 1934 and July 1926 there was a decrease of 23.79 per cent and as between July 1937 and July 1926 there was a decrease of 25.40 per cent. The Bombay Millowners dispute the accuracy of these statements but none the less it is definitely clear and admitted that in Bombay, wages were reduced in some percentage as between July 1926 and July 1937.

114. In Ahmedabad there was an all round cut of 15·6 per cent in June 1923 and a further uniform reduction of 6½ per cent. in January 1935.

115. In Sholapur, the mills effected a cut in wages of 12½ per cent. in January 1934. In these three centres, therefore, it has been clearly established that the employers reduced wages, sometimes on more than one occasion, as between the years 1929 and 1937, whereas in Cawnpore the employers have not reduced wages (wage cuts) in any way in this period, and yet the Committee of Enquiry find justification in recommending increases in Cawnpore wages comparable with those which have been recommended for Bombay, Ahmedabad and Sholapur. The effect of the recommendations of the Bombay Enquiry Committee will be, generally speaking, to restore, in some measure, the cuts which have been made; the effect of a similar recommendation in the case of Cawnpore would be to give to the workers in Cawnpore an increase which is clearly not justified inasmuch as their wages have not been reduced.

116. The conclusion arrived at in paragraph 78 that, relying on such data as they have and which they have indicated, the industry in Cawnpore is in a strong and healthy position and that it is possible to attempt a reduction in the difference between the Bombay and Cawnpore wage levels, must be resisted to the utmost.

117. The Committee have practically ignored the effect of the very much higher cost of living in Bombay, standard of living, higher efficiency and imported labour on wages there. They argue that wages in Bombay are higher than in Cawnpore, therefore the latter must be increased. They might, with equal logic, have compared wages in Cawnpore with those paid in Lancashire.

118. In paragraph 79 the Committee state their proposals for the purpose of giving increments in the wages of workers. These proposals do not cover the case of the lowest paid categories. The Association has not the least hesitation in utterly rejecting these proposals, which would have the effect of penalising to a greater extent those mills which pay higher rates of wages than those who pay on a lower scale.

119. The Association further rejects the proposal made in paragraph 80, that all time-workers wherever they are on a daily basis should be put on a monthly basis. The effect of this proposal would be that a worker would be paid for work which he had not done. The mills must have internal freedom to deal with this matter at their discretion. As far as this Association is aware nowhere except in India are industrial workers paid on a monthly basis, the most common method being payment of time workers on a rate per hour.

120. In paragraph 81 it is calculated that the proposals made in paragraphs 79 and 80 will raise the general wage level in Cawnpore by between 10 and 12 per cent., and it is hoped that the effect of these proposals will be to prevent the disparity between the wages at Cawnpore and those at Bombay and Ahmedabad being further widened in consequence of the Interim recommendations of the Bombay Enquiry Committee. The Association is not concerned with the fact that these disparities may be widened from this cause. What they are concerned with is the vastly important fact that Bombay and Ahmedabad are being required to give back to the workers something which they have taken from them as between 1929 and 1937, whereas in Cawnpore the Industry is expected to give to the workers something of which they have never been deprived, and for the grant of which justification has certainly not been shown in this Report, nor has any weight been given to the admitted fact that the cost per unit of production is higher in Cawnpore than in any other manufacturing centre in India.

121. Paragraph 82 brings out very vividly the fact that the findings of the Cawnpore Enquiry Committee are definitely *ultra vires*; the whole paragraph is an attempted justification for declining to take into consideration the fact that there has been a

reduction in the cost of living in Cawnpore as between 1929 and 1937. The Committee here sets up the question of cost of living *versus* the standard of living, and yet nothing can be more certain than that the standard of living is set by the cost of living, nor can the truth of the axiom be denied that a fall in the cost of living means an increase in the real wage.

122. The Committee state that "the cost of living theory cannot have in reality valid application to those classes of workers whose wages are below a living wage level". The Association admits that in their lower grades some of the wages paid in the mills may be of a low standard, but they maintain strongly that the lowest of the wages paid in the mills is higher than the earnings of non-industrial workers.

123. The Association produced for the consideration of the Committee, on the 11th January 1938, two comparative statements showing (a) the maximum wages paid to various type of artisans employed by the Executive Engineer, Provincial Division, Cawnpore, in the months of July 1929 and July 1937, and (b) comparative wages paid to postmen, telegraph peons and chuprassis working in Cawnpore in the years 1929 to 1937.

124. From the first of these statements it was shown that *near the city of Cawnpore*, Mates received Rs. 13/- in 1929 and the same in 1937; Beldars who received Rs. 10/- in July 1929, received only Rs. 8/8/- in July, 1937; Coolies who received Rs. 8/8/- in July 1929 received Rs. 7/8/- in July 1937 and Malis who received Rs. 9/- in 1929 received Rs. 8/8/- in July 1937.

125. In situations *away from the City*, Mates who received Rs. 13/- in 1929 received Rs. 11/8/- in 1937; Beldars who had received Rs. 8/8/-, received Rs. 7/8/- in 1937; coolies who had received Rs. 7/8/- in 1929 received Rs. 6/8/- in 1937 and Malis who had received Rs. 8/8/- in 1929 received Rs. 7/8/- in 1937. In the case of most of these categories the wages paid by Government are far lower than the wages paid for similar avocations by the mills in Cawnpore and, in many cases as the factories act does not apply, the hours worked are longer.

126. In the case of Postmen and other employees of the Posts and Telegraphs Department it was shown that postmen who received Rs. 33/5/- in 1929 received only Rs. 27/- in 1937; Task work peons who received Rs. 9/11/- in 1929 received only Rs. 9/- in 1937; Messengers fell from Rs. 19/9/- to Rs. 16/-; Orderly peons also fell from Rs. 17/9/- to Rs. 16/-.

127. So long as Government are content, as seems to be the case here, to regulate the scale of wages paid definitely on the basis of the cost of living the exclusion of a similar consideration by the Committee in the case of the Employers of Cawnpore is plainly perverse and, in view of the fact that this consideration was definitely laid down to be followed in the Terms of Reference, its exclusion by the Committee is plainly *ultra vires*.

128. Paragraph 83 deals with Bonuses and the recommendations here are that wherever bonuses are of a monthly character they should be incorporated with the wages. It has been shown that in some instances this incorporation has already been effected. There can be no compulsion whatever about it. The need of anything in the nature of a bonus due to dearness of food has disappeared and therefore there can be no case for the continuance of bonuses instituted for this purpose. In regard to bonuses of an annual nature, the Committee recommend that these should be converted into profit sharing schemes. Where annual bonuses are paid they are definitely of the nature of profit sharing and it must rest absolutely in the discretion of the mill whether the bonus shall be paid or not, and, if paid, what the scale shall be. It will be time enough if and when the circumstances justify it for the members of the Association to give any consideration to the point referred to in paragraph 84, i.e. bonuses given to compensate for the high cost of living. It has been shown above that there is no longer any justification for such bonuses.

129. CHAPTER II finishes with paragraph 85 which proposes a Wage Fixation Board. In the view of the Association any suggestion on this point at the present time, and under present conditions, is premature.

130. CHAPTER III of the Report deals with the question of Minimum Wage, and in paragraph 87 the Committee give prominence to the views which the Association has already expressed on this question. The Association, as is here recorded, see no objection to a minimum rate of wages being fixed for factory adult labour, provided that under no circumstances should the standard of minimum rate of wages be so fixed that the textile industry of the United Provinces would be unduly handicapped in competition with the textile industry in other centres. The Association very reasonably points out that it is not feasible to deal with a minimum wage for one industry without considering the possibilities of a minimum wage for all India and for all industries and it is indicated, moreover, that the establishment of a minimum wage would involve taking evidence about the whole of India's economic activity and the Central Government's fiscal policy.

131. The Committee of Enquiry agree that the employers are justified in stating that it would be unfair to single out any one industry for the imposing of this piece of legislation. They recognise that this would place a burden upon the selected industry not borne by other industries and, in fact, would be a discrimination against it; it would lead to the flow of resources away from it into other industries and it is sapiently stated that this "would be artificial and to that extent may injure the national dividend". But all these cogent arguments are dismissed as being theoretical and merely sound in principle. A concession is made to realities where, in paragraph 90, the Committee admit that in fixing a minimum wage they have necessarily to take the cost of living into consideration. They have already excluded this in connection with the wider question of real wages as they are. They see difficulty in determining the standard of living and they recognise that in this connection the background of rural conditions and the prevalent wage-rate for the agricultural labourer cannot be kept out of mind. They can see that all these considerations are relevant to the question but all the same they feel, in reviewing affairs as a whole, that their proposal for a minimum wage for the cotton industry is desirable.

132. In paragraph 94 the Committee evince a consciousness of their previous omissions for they say that while they have confined themselves exclusively to the cotton mill workers, they were nevertheless styled the Labour Enquiry Committee. They indicate that this awakening of their consciousness may perhaps be due to requests which they had received from other grades of labour, for instance, the Depressed Class workers and the scavengers, to take up the enquiry of their conditions of work and wages, and here they make an admission which must not be lost sight of. They say "It is probably true that the cotton operatives, comparatively speaking, are well off. Certain categories among the cotton workers, particularly the weavers, are definitely better off, in every way than low paid clerks, *muneems*, shop-assistants, and ill-paid municipal or district board school-masters and school-mistresses."

133. In paragraph 97 reference is euphemistically made to the Communist element of Cawnpore under the title of "The new civilisation." The Committee hold that the apostles of this civilisation have found ready material in the workers of Cawnpore and that the communist type of mentality has been fostered and engendered amongst the workers with zeal and tireless energy.

134. This paragraph is merely alluded to in order to indicate that the Committee have been alive to the real cause of the disturbances in Cawnpore.

135. In paragraph 98 they indicate that the demand put forward by the Mazdoor Sabha for a proper minimum wage was Rs. 33-4-10, a figure reduced by the President of the Sabha, in the course of his evidence, to Rs. 25/- and the Committee thereupon suggest, as a great concession, that the minimum should be Rs. 15/-. This

figure in no way dismays the employers and they would perhaps even be willing to consider a higher figure provided that their desiderata of (a) the application of the minimum wage be universal to all industries and (b) that it should apply to all India. With this indication given there is no necessity to make further reference to this question.

136. CHAPTER IV is a short chapter dealing with the Standardisation of wages. The Association has already indicated that it has realised the necessity for bringing about a standardisation of wages. The Association is quite competent to deal with this matter within its own body and it must decline the suggestion made in paragraph 103 that it should consult and enlist the cooperation of the Government Textile Expert and the representatives of Labour before it draws up its list.

137. The reference in paragraph 104 to the standardisation scheme prepared by the Bombay Millowners' Association is useful and the Association will give due attention to the assistance to be found here, but the Association still maintains that while the standardisation of wages, though difficult, is not impracticable in the case of time workers, this is not the case in regard to piece workers. The technical difficulties in the way of this are perhaps beyond the comprehension of this non-technical Committee.

138. In CHAPTER V the Report deals with Rationalisation and while the Association admits that there is a great deal of value in what has been said in many of the paragraphs in this Chapter, it must be pointed out that the demands put forward by the Mazdoor Sabha in regard to rationalisation are such as definitely to antagonise all employers.

139. The Sabha's modest demands merely are that rationalisation should be permitted only if *all* additional profits resulting from intensification, after deducting interest on additional investment and depreciation charges on the new plant, is paid to the workers; that no one shall be thrown out of employment amongst the present workers in the mills; that additional facilities for training and for rest are provided and, finally, that the whole scheme should be subject to the approval of the representatives of the workers' organisation.

140. The Committee do not reject these inordinate demands but rather they commend them, particularly in paragraph 116.

141. The Association also recognises the value of the suggestions made in regard to the laying down of a standard of allocation of work in the textile mills in Cawnpore. This obviously must be one of the points to which the Association must give due consideration.

142. Paragraph 119 brings out the fact that some at least of the employers have a correct appreciation of all that rationalisation implies and the Association can only confirm the statement made by one prominent employer to the Committee to the effect that rationalisation in his mills, if freely allowed, could proceed side by side with expansion *if peace was assured*. This connotes absorption of those thrown out of work as a result of rationalisation, but there can be no undertaking on the part of the Association that, if employment cannot immediately be found for all those who are displaced, the employers should give such persons an unemployment benefit of a fortnight's wages for every year of service. The Association might, if the precedent conditions were fulfilled *and peace assured*, consent to accept the obligation that no fresh workers should be entertained until those on the waiting list had all been absorbed. This would, of course, be subject to their being of good character and behaviour and of reasonably good physique.

143. If any artificial limit is to be placed on the progress of rationalisation, existing mills will be placed at a hopeless disadvantage with new mills which start off with the latest, fully rationalised plant.

144. In CHAPTER VI the vexed question of Shifts is discussed. The Association would like to condense its remarks on this subject by saying that night shifts, overlapping shifts, and multiple shifts are all, in themselves, a necessary nuisance. Night work is only resorted to in order to keep down overhead costs and thereby increase the competitive capacity of a mill. Both overlapping and multiple shifts are used only to a small extent, the multiple shift system being in force only in a few mills, but these systems are definitely permitted under the Factories' Act and so long as they are permitted, employers can in no way be blamed for continuing them in their necessity. Further it must be borne in mind that the multiple and overlapping shift systems have been adopted in many other manufacturing centres in India and any legislation or convention must accordingly be on an all India basis. In certain processes, continuity of working is an absolute necessity. If, as is suggested, adoption of these systems leads, or is likely to lead, to breaches of the provisions of the Factories' Act, relating to the hours of work, it is up to the Government Factory Inspector and his staff to detect these breaches and to take suitable action in regard to them, and if, as has been stated, the available staff is inadequate it is up to Government to increase it. The Association certainly does not condone anything in the way of a breach of the Factories' Act and therefore the Association cannot admit that the shift systems permitted by the Act are, in themselves, to be condemned.

145. In regard to the question of Recruitment dealt with in CHAPTER VII, there is a considerable measure of agreement among the employers that the recruiting system is faulty. Whatever individual opinion may be on the subject the Association is not, as a body, prepared to condemn the *mistri* or jobber system out of hand.

146. As an earnest of its recognition of the difficulties in the recruitment system the Association has set up its own Labour Bureau. This is referred to in paragraph 140 but the Association's Labour Bureau has not met with the approval of the Committee of Enquiry, who reject, be it said without any word of appreciation or apology, the view of the employers that a Labour Exchange should be a non-official body. The Committee would have the Labour Exchange under the supervision of, and controlled by, Government and would encourage close contact between Government's Labour Officer, the Labour Officer of the Employers' Association and the Central Executive of the Workers' Union in the working and management of the Labour Exchange.

147. The Association has found that its newly established Labour Bureau has been accepted by the workers as of definite value and they are resorting to it in almost unmanageable numbers. It is a very moot question as to whether the employers would accept and make use of a Labour Exchange controlled by Government and the Mazdoor Sabha. The Association would greatly deprecate any interference by Government or by the Mazdoor Sabha with the Association's Labour Bureau; such would tend merely to protract and enlarge the difficulties which now exist.

148. The Association would like to indicate its approval of the suggestions made in paragraph 142 in regard to physical fitness; in paragraph 143 in regard to educational qualifications and in paragraph 144 in regard to technical training. The Committee's recommendations in this respect will undoubtedly furnish material for future consideration, when and as practicable, by the Association.

149. In paragraph 146 reference is made to the fact that the Association is considering the question of "establishing a standard form of recruitment". The Committee, however, cloud the issue by bringing forward, one would almost say in anticipation, difficulties in connection with the Mazdoor Sabha.

150. As is indicated by the Committee in paragraph 147, the employers have no serious objection to the display of wage rates, and this too will be included in the Association's programme of work. The same may be said of wage cards (paragraph 148).

151. CHAPTER VIII deals with Punishments and this is directed to three causes, forced leave or suspension, differential rates of payment and dismissals.

152. In paragraph 151 the matter of "playing off" is considered among the punishments. It should be made clear here that "playing off" is never resorted to as a punishment. It becomes necessary owing to the exigencies of trade and mill demands. It is reduced as far as possible by maintaining a proper balance in the processes in the mill, but sometimes, as for instance in the case of Reelers already referred to the workers prefer "playing off" and short work to a permanent reduction to a minimum of the staff necessary for this purpose. The Association has already, in more than one place, referred to the other matters and it is not necessary to say much more here.

153. Paragraph 153, however, involves the definite right of employers to employ or to dismiss at their own discretion. The Mazdoor Sabha and the Committee of Enquiry would restrict this right but the Association stands firm in maintaining that the right is theirs and it must remain unfettered. If an employee who is dismissed finds that he has legal ground for complaint the Courts are open for redress.

154. The Association no more condones breaches of the Payment of Wages Act or of the rules made thereunder than it condones breaches of the Indian Factories' Act and if there are such breaches it is the duty of the Factory Inspectorate to bring them to light.

155. The circuitous procedure recommended in paragraph 154 is impossible, and the Association cannot, for a moment, admit that there is any analogy between the provisions in the Payment of Wages Act, which *limits* the power of an employer in regard to fines, and the inherent right of an employer to engage and dismiss his employees and it therefore declines to admit that the right of dismissal should in any way be restricted.

156. The Association would point out that in this paragraph the Committee desire to impose a double penalty upon employers for dismissing their workmen, in that they would allow to the Conciliation Officer the right to award compensation for dismissal and also payment of an award of the full or a part of the wages for the period subsequent to the dismissal. The members of the Association are fully prepared to guarantee that a worker who has been dismissed is given his legal dues but they will guarantee no more and the Association cannot accept any suggestion that they should.

157. The Committee deal with the question of leave with pay in CHAPTER IX. To summarise, their recommendations are that provision should be made for 15 days "privilege" leave with full pay for workers with not less than two years continuous service to their credit. In addition, such workers should also be eligible to get 15 days "sick" leave on half pay; this being converted into full pay for those whose period of service extends beyond five years.

158. The Employers are not unsympathetic in the matter of granting leave, but their benevolence in this direction must be controlled by two factors:—

1. That any decision or legislation on this subject must be of universal application to all Industries and to the whole of India, and
2. That the Industries are able to afford it.

The Committee must be aware that opinion on this vexed question is by no means unanimous in the industrial world.

159. It is understood that the Bombay Government have under consideration the introduction of legislation to make the grant of leave with pay compulsory. In support of their proposals the Bombay Government state that not less than 22 countries have established by Law the right of wage earners to paid holidays every year. The Association questions this statement. Their information is to the effect that such legislation has been introduced into only two countries.

160. Setting aside the axiom that all Western methods and procedure are not necessarily suitable or applicable to India, the fact remains that the draft Convention passed by the Governing body of the International Labour Office by no means received universal support from the Members of the League of Nations. The International Labour Office sent the draft Convention to various State-members for their ratification. Out of 51 State-members (including Germany) only 11 members had, up to the end of 1936, answered on the matter and of these, five had either opposed or postponed ratification.

161. The attitude of the Indian Government was definitely in opposition to ratification, and on the 26th January 1937, the Member for Industries and Labour moved a Resolution in the Central Assembly that the Governor-General in Council do not ratify the draft Convention. This resolution was passed.

162. With these facts evident the Association need say no more in regard to the attempt to force the recommendation of this principle on the Members of the League of Nations. The latest news available to the Association on the subject is that the Parliamentary Committee which had this matter under consideration have expressed the view that any attempt to apply immediately a unanimous rule providing holidays with pay for industrial workers in the United Kingdom would probably produce serious difficulties.

163. Within the body of Industry itself, the Federation of Master Cotton Spinners only last month refused the application of the Association, representing 350,000 operatives of Lancashire, for a week's holiday with pay. The Federation sympathises with the principle, but states that, owing to the present unsatisfactory state of trade, it is impossible to grant the application. In these circumstances it is evident that any proposals to introduce, whether by compulsion or by agreement, a system of granting holidays with pay to workers is premature and, in the opinion of the Association, any suggestion that such a system should be adopted in regard to merely one Industry is, on all counts, thoroughly wrong. The Association, before leaving this question, would draw attention to the fact that while workers in the United Kingdom are agitating merely for a week's leave with full pay the Committee of Enquiry have light-heartedly recommended 15 days "privilege" leave on full pay and also 15 days "sick" leave on half or full pay according to circumstances. The Committee must surely recognise that immoderate demands such as these are bound to antagonise the Employers.

164. In CHAPTER X, dealing with general working conditions, many recommendations are made, with most of which the Employers are definitely in sympathy. The recommendations which must be considered sympathetically, include the questions of improved facilities for providing drinking water; improved facilities for the use of latrines and urinals; better cooling and humidification arrangements, and a strengthening of the Government Factory Inspectorate.

165. With certain other recommendations the Employers are—in theory—in agreement, but in their opinion, acceptance of these recommendations is not always practicable. These include the provision of resting places within the mill premises and of sleeping places for workers on night shift. As is recognised in paragraph 170, the Indian Factories Act contains powers to compel the owner of premises where 50 or more men work to provide resting places. The application of this power must, actually depend upon the adequacy of space within the premises for such provision. The

ideas of the Committee of Enquiry on this matter seem, however, to be far too magnificent for adoption, even if the matter were otherwise practicable.

166. The suggestion that mill gardens should be provided is, perhaps, more ornamental than useful but here again this matter must rest on practicability.

167. The provision of facilities for taking meals is gravely complicated by the caste system.

168. In regard to meal hours, it has been shown, in evidence, that Employers are by no means hard on their workers in this matter, having regard to the requirements of work.

169. In regard to holidays, dealt with in paragraphs 174 to 176, the reply submitted by the Association to the Committee's Questionnaire indicated that 313 working days should be provided for. The Association has since learned that in Bombay 310 days are provided, and accordingly the Association would alter its demand in this respect to 310 days. The Committee propose to provide that there shall be 305 working days in Cawnpore. This might place Cawnpore Industry at a definite disadvantage in comparison with the Industry in Bombay.

170. The Association has already, in dealing with paragraph 66, drawn attention to the important difference between "working days" and "days worked". The provision of 310 working days would not necessarily imply that all the mills, or even any of them, would work the full 310 days; but in the view of the Employers they must be free to do so if circumstances demand.

171. In the matter of holidays, the Association feels that workers in India have a distinct advantage over workers in Western and Christian countries, where the holidays given are usually confined to Sundays and a very few other Christian religious holidays. In India, the workers expect not merely all Sundays and other Christian holidays, but also several of their own religious holidays. In fixing their demand for 310 working days, the Employers have this in mind.

172. CHAPTER XI deals at some length with labour organisation. To the credit of the Association, it is recorded in paragraph 178A that, "Practically every Employer who appeared before the Committee stated that he would welcome a Labour Organisation run on sound Trade Union lines; in fact, some of them expressed an anxiety to deal with a properly constituted Trade Union. We felt that such anxiety was genuine whatever may have been the attitude in the past".

173. In regard to this encomium the Association would merely explain that this has also been the attitude of the Employers in the past. They would always have welcomed a Labour Organisation run on sound Trade Union lines. It is because the only hitherto vocal Labour Organisation in Cawnpore has not been run on Trade Union Lines that all the difficulties with this Union have arisen.

174. In replying to the Committee's Questionnaire, the Employers give at some length their ideas as to what would constitute a sound Trade Union. Their recommendations may, perhaps, not be acceptable in full, but they furnish a good basis for the constitution of a really useful Trade Union; one that would be useful not merely to the workers, but also to the Employers.

175. In paragraphs 179/182, the Committee sets out generally to defend the Cawnpore Mazdoor Sabha and, in paragraph 181, actually have the temerity (with due apology expressed) to criticise, within this general attitude of defence, the (then) present constitution of the Mazdoor Sabha. They admit that the constitution of the Sabha was weak, but in the opinion of the Employers the tonic prescribed under this paragraph is even weaker. The Association learns that the Cawnpore Mazdoor Sabha

has very recently entered on a revision of its constitution. As to whether or not this revision will really strengthen this body and so purge it of its communist elements as to make it fit for acceptance, remains to be seen, and the attitude of the Employers to this Sabha must, therefore, also remain for the future to determine. The Sabha is mentioned in the Report as occupying the whole field of labour organisation in Cawnpore, but there exists another Organisation known variously as, "The Depressed Classes Workers' Organisation", or "The Dalit Mazdoor Sangh", which claims that it represents 65% of the workers in the Cawnpore Mills and is far more truly representative of the workers in Cawnpore, generally, than is the Cawnpore Mazdoor Sabha. This latter body is frankly stigmatised by the Depressed Classes Workers' Organisation as being a Brahmin-ridden body, which has never cared for the grievances of the depressed and poorest classes of workers.

176. Be this as it may, the objection of the Employers, gravely intensified during the last 12 months, to the Cawnpore Mazdoor Sabha is, that it is a communist ridden body. Whether the Dalit Mazdoor Sangh will succeed in excluding from its own Organisation the insidious virus of communism is also to be seen, but the Association cannot but feel that it is more likely to be successful in this direction than the Cawnpore Mazdoor Sabha, even when reconstituted. There are several other points in this Chapter to which the Association might have made questioning references, but in view of the earnest which has been given by the Sabha of a desire to achieve improvement by reconstitution, the Association considers that it would be ungenerous to pursue these points. Suffice it to say that if this Union or any other Union of Workers in Cawnpore proves that it is definitely out, not merely to redress the fancied grievances of workers at all costs, but to work with the Employers, in the atmosphere of fair play and freedom, which is envisaged by the Committee, for the amelioration of the condition of the workers consistently with the improvement of the Industry on which they depend, there will be no hostility among Employers to the Union, but on the contrary, a collaboration with the Union in the achievement of its purpose.

177. Having in view what has already been done by individual Employers in the matter of providing improved housing conditions for factory labour, it is not unnatural that the Association must be in almost complete sympathy with what is said by the Committee in Chapter 12 on the important question of housing.

178. In paragraph 213, it is mentioned that a number of Employers of labour had explained to the Committee of Enquiry that they had not had that cooperation from the Improvement Trust and the Municipal Board which they expected in their own efforts or desires to provide better housing.

179. In the latter portion of paragraph 213, however, the Committee seems certain that the employers have some ulterior motive in themselves providing housing accommodation, for the Committee observes "However good the intentions of an employer may be, the workers are at a disadvantage in living in quarters provided by them. They cannot feel absolutely free in such colonies; rightly or wrongly they feel that they are under some sort of surveillance. During a strike they are liable to be turned out, although no employer has done it in Cawnpore. Psychologically also it is not good for a worker to feel that he is under some restriction or other imposed by the employer not only during the working hours but also for the rest of the day". Truly was it said by Saint John "Can any good thing come out of Nazareth?"

180. Whatever individual views may be on this subject it must be accepted that in the present conditions of Industry, generally, the Employers are not in a position, as a whole, to do as much in this direction as they might desire. The Committee of Enquiry may have its own views as to the flourishing condition of Cawnpore's Industries but the fact remains that, speaking generally, Industrial conditions are not such in Cawnpore as would allow the Employers to set aside huge appropriations

for the purpose of housing, and which would bring in an entirely unremunerative return by way of rent. They are not blind to the fact that advantages, other than a mere monetary return on the investment, would accrue from their efforts if they were able to make them, but the fact remains that in many instances the Industry has not the capacity to make an outlay in this direction. It must be made clear that, while it accords general approval to the recommendations of the Committee in this Chapter, the Association does not necessarily support, in detail, the views which have been expressed, particularly in regard to the inter-relations of the Municipal Board and the Improvement Trust in this matter.

181. In paragraph 214 suggestions are made for the improvement of transport arrangements in connection with the Factory Workmen's area. The Association is generally in agreement here, but it must be made clear that it cannot accept the suggestion, which appears to be made, that the Mill Authorities should provide free transport facilities for their workmen.

182. The Association is in complete agreement with the recommendations in paragraph 215 that, in the Factory Workmen's area scrupulous care should continue to be exercised to maintain sufficient open spaces. It would go further and urge that this desideratum should be in the forefront in regard to all other areas.

183. CHAPTER XIII deals with the question of Labour Welfare. There is a good deal of generalisation in some of the paragraphs in this Chapter, but also a good deal that is of value. Paragraphs 222 to 231 cover the Welfare work which is said to have been undertaken by the Government of the United Provinces in Cawnpore, and for which a sum of Rs. 10,000/- has been made available in this year. The Association earnestly hopes that this entire sum will be spent on actual social welfare and not expended in other directions. They would further comment that the proposals put forward by the Committee are so wide and so compendious, that there is likelihood of the procedure in this direction becoming far too cumbersome. An improvement in the welfare of the working classes can best be brought about by just a few workers imbued with an earnest spirit for real welfare, freed of any tendency whatever to political propaganda, and furnished with adequate funds to carry out their benevolent purpose. What has been suggested by the Committee resolves itself into a General Welfare Council, such as is focussed on in paragraph 213, which in its results would be far too general and have far too much counsel to be really practical.

184. The question of Maternity Benefits may be dismissed, in-as-much as the United Provinces Government have already passed legislation for this purpose. Sickness Insurance, touched on in paragraph 234, must be an All-India measure and, in the opinion of the Association, the State must contribute. The Committee, however, admit that much more statistical data than they possess must be made available before details on this question can be worked out.

185. Paragraphs 235 and 236 suggest the setting up of a Contributory Provident Fund Scheme, to which the Employer is expected to be the chief contributor. While this matter may correctly come within the terms of reference to the Committee, the Association understands that actually, the suggestions in this regard have not emanated from the Committee but from Government as an addendum. The Association is entirely unable to accept the recommendations made here.

186. Paragraph 237, dealing with the indebtedness of workers, is more the concern of Government than of the Employers. The Association accepts the view that there is a grave need for relief to the worker from his indebtedness.

187. The matter of forming Co-operative Stores has already received the attention of certain Employers, but it cannot be said with any satisfactory result. The suggestion for the establishment of Canteens is at once put out of the sphere of

practical politics by the differences of the caste system. No Employer can be expected to provide and maintain a multitude of Canteens which would be requisite for the multitude of castes concerned.

188. CHAPTER XIV which deals with the collection and maintenance of labour and industrial statistics, concerns Government alone. The scheme adumbrated by the Committee is much too ambitious at this stage.

189. In paragraphs 242 and 243, the Committee would throw certain responsibilities on Municipal Boards, the acceptance of which is extremely doubtful. The Association must, however, express its agreement that there is a grave need for the collection and preparation of proper statistics relating to labour and industry.

190. The Report concludes with a summary of its recommendations in CHAPTER XV. These recommendations have already been dealt with in the course of this reply, but the Association may also summarise its decisions.

191. *Wage Cuts.* The Association denies that there have been any general wage cuts, and entirely rejects the recommendations of the Committee for a general increase of wages. The Association further denies that the statements furnished by it did show that, when considered in the only fair way possible for fair comparison, there was a decrease in earnings per hour. The Association further denies that the Textile Industry in Cawnpore is in a strong and healthy position, or even that, on the *facts shown*, there is justification for the Committee to hold this view. The Association entirely disputes the accuracy of the statement made in paragraph 248 that there is no justification for the lower level of wages in Cawnpore in comparison with Bombay. The lower cost of housing and living generally provides ample justification. There always has been a disparity in the matter of money wages in this respect, but in real wages there is no disparity. The Mills in Bombay, Ahmedabad and Sholapur had all definitely reduced wages, and any increase in wages now given merely goes partially to restore these cuts. In Cawnpore there has been no general cut in wages as between 1929 and 1935 and any general enhancement of wages is completely without justification. The Association cannot accept the recommendations made under which the Committee have suggested a graded increment from 2½ annas in the rupee in the case of workers getting between Rs. 13/- and Rs. 19/- per mensem, to half an anna in the rupee in the case of workmen getting between Rs. 40/- and Rs. 59/- (paragraph 79).

192. The Association also declines to accept the recommendation that all time-workers at present engaged on a daily paid basis should be paid on a monthly basis (paragraph 80).

193. The Association disputes the contention that the Committee were justified in excluding consideration of the cost of living and judging as to whether there should be an increase in wages. This omission nullifies the whole of the recommendations in the Report in regard to the wage problem.

194. The Association cannot accept the recommendation made in paragraphs 83 and 250 in regard to bonuses, nor can it, in present circumstances, accept any suggestion for the creation of a Wage Fixation Board. (paragraphs 85 and 251).

195. The Association agrees as to the principle of the recommendations made in regard to the minimum wage, but only if this be made by universal application to all Industries and to all-India. (paragraph 252).

196. The Association agrees generally that the question of standardisation should be taken up and will enter on an enquiry in this direction as soon as is practicable. (Paragraphs 106 and 253).

197. The Association will duly consider the recommendations made in paragraphs 113 to 119 and 254 in regard to rationalisation.

198. The Association cannot agree that the shift system permitted under the Indian Factories Act is either undesirable or unnecessary.

199. In regard to the suggestions made under paragraphs 133 and 256 for the adoption of Japanese hours of work and the replacement of the night shift by what is called an "afternoon shift" the Association would point out that the Japanese system has been devised for and is applicable only to conditions under which the large majority of workers are women residing on the Mill premises. These conditions do not obtain in India and, therefore, such a system would be entirely inappropriate to India.

200. The Association agrees that it is desirable to stamp out the evils of bribery and corruption, but opinion is divided as to whether these are solely or mainly traceable to the Jobber or Mistri system (Paragraphs 136 and 257). The matter is under examination.

201. The Association definitely declines acceptance of the recommendation for the establishment of a Labour Exchange under Government and Mazdoor Sabha control. The Labour Bureau which the Association itself has set up is proving of value and will be developed and improved (paragraphs 139, 140 and 257).

202. The Association agrees with the suggestions made in regard to the tests of physical fitness and educational qualifications and the provision of technical training (Paragraphs 142, 143, 144 and 257).

203. The Association agrees in general with the recommendations made in paragraphs 146 and 258 in regard to uniformity of terms of employment. It does not accept the accusation made in paragraphs 146 and 258, that active membership of a Trade Union has stood in the way of a worker. It is only when Trade Union activities are carried on within the mill premises and within working hours that objection has been taken to their indulgence.

204. The Association agrees as to the desirability of the display of wage rates on Notice Boards (paragraphs 147 and 258). The practice of giving wage cards has already been adopted in certain Mills and is spreading (paragraphs 148 and 258).

205. The Association is unable to accept the insinuations conveyed in paragraphs 151 and 259, that the Employers deliberately favour breaches of the Payment of Wages Act and Rules. It is for the Factory Inspectorate and staff to see that the Law and the Rules are observed. As regards "playing off", this is inevitable at certain times and under certain conditions. It is not resorted to in any excessive manner and it has been shown that in some instances at least, workers prefer short work and "playing off" to a reduction in their numbers. The Association cannot accept any suggestion that there should be compensation given to workers where "playing off" has necessarily to be resorted to.

206. The Association entirely rejects the suggestion that there should be any restriction on an employer's complete right to dismiss his labour. The recommendations of the Committee go far beyond the law of Contract and the law of Master and Servant, and therefore cannot be considered. (paragraphs 154 and 260).

207. The Association can only consider the recommendations made in regard to leave with pay if this is introduced universally throughout India and in regard to all Industries. (paragraphs 161 and 261).

208. The Association cannot agree to the enforcement of any improvement in working conditions which are not provided for in the Indian Factories Act. Wherever practicable Employers have provided, and are willing to provide, improvements even beyond the Act, and the Members of the Association may be depended upon of their own initiative to effect whatever improvements they can within the capacity of the industry.

209. The Association cannot accept the recommendation that there should be only 305 working days in the year. It requires the same maximum as is permitted in Bombay, namely 310 days. The Association agrees on the point of the necessity of increasing the strength of the Factory Inspectorate (paragraphs 177 and 262).

210. The Association and its Members are prepared to recognise and facilitate the efforts of any Workers' Organisation which is constituted on sound Trade Union principles, and confines its energies to improvements connected with labour, excluding politics. They will not under any circumstances recognise or work with a Union permeated with communistic ideas.

211. Mill Committees are strongly objected to, since it has been shown that in these Committees lies the main source of labour trouble, and in the opinion of the employers, it is not within the capacity, power or even intention of the existing Trade Unions, so to regulate the activities of their Mill Committees as to remove the objections which are entertained on this subject. (Chapter XI-paragraph 263).

212. The Association considers that the removal of the present evil housing conditions and the improvement of housing is a matter for local bodies, or of the Government (Chapter XII-paragraphs 264/265).

213. In the matter of Labour Welfare the members of the Association have done, or are doing, whatever lies in their power, and further improvements in this respect will be effected wherever practicable. The Association cannot, however, agree that the efforts initiated by Government—with a grant of funds for the purpose—for the ostensible improvement of the welfare of the workers, are devoted or will be devoted entirely to welfare proper. They fear that there will be a large diversion both of effort and of money to propaganda directed against the employers (Chapter XIII-paragraphs 217, 213 and 266).

214. The Association is entirely unable to accept the suggestion made in regard to the setting up of a Contributory Provident Fund Scheme (paragraphs 236 and 266).

215. The Association accepts and commends the suggestions made for the relief of indebtedness among workers. This is a matter, however, entirely for Government (paragraphs 237 and 267).

216. The Association deprecates as useless, or impracticable the suggestions made in regard to the formation of Co-operative Stores and the establishment of Canteens. (paragraphs 238 and 268).

217. The Association will examine the desirability of maintaining and publishing detailed labour and industrial statistics. At first sight, the proposals would appear to be much too ambitious.

218. The Association considers that the recommendations made in regard to the establishment of a regular Labour Office on the lines of the Bombay Labour Office are too ambitious at this stage. It has taken the Bombay Labour Office 17 years

to arrive at its present efficiency and, in the opinion of the Association, it would be impossible, in Cawnpore, immediately to assimilate and to apply all the procedure that has been suggested (paragraphs 240 and 269.) As a precedent, it will be necessary for Government to appoint a more senior and impartial Labour Officer than the present incumbent.

219. Paragraphs 270 to 276 are devoted to assessing, by way of percentages, the costs of the burden which the proposals of the Committee would impose upon Industry. The Committee calculate that the cost of the wage increment proposals would be about 11%; the cost of the minimum wage proposals would be 1%; the cost of unemployment benefit because of reduction due to rationalisation would be one half per cent; the cost of the Committee's leave proposals would be 6% and the cost of the Provident Fund scheme would be about 2.5% of the present Wage Bill. In the aggregate, the cost of these proposals will be 21%. Translated from percentages into actual money cost, the Association is able to state that, with actual figures furnished in all but two cases, and a close, weighted calculation in these two cases, the total cost of the proposals put forward by the Committee to employers would be Rs. 23,13,574/-. A reference to Table 15 on page 36 of the Report shows that in the year 1936, the total trading profit made by the Industry in Cawnpore amounted to Rs. 20,01,587/-. The Committee, therefore, cheerfully propose to wipe out the entire profits of the Industry and substitute a loss of over Rs. 3 lakhs, based on the figures of 1936. An examination of the figures given in Table 15 show, that only in the years 1929 and 1934 were the profits of 1936 exceeded—in the former year, Rs. 24,70,139/- and the latter Rs. 28,56,763/-. In the year 1933, the trading profit was only Rs. 11 lakhs. The average, over 8 years, was Rs. 19,14,609/-. A further examination of Table 15 will show that in the most successful year the dividend paid by the Industry represented only 3.48% of the block. In 1928 it represented 3.42 %; in 1936 it amounted only to 2.18% & in the least successful year-1933- it was 2.63%. The Committee have, however, preferred to disregard the all-important fact that the success of an Industry must not be gauged by the dividend on Capital, but by the dividend on Block (paragraphs 71 and 72). That was bad enough, but here we have a definite situation that the Committee propose to deprive the Industry (on the basis of the average and of the 1936 figures, the latest available) of its entire profits and saddle it with a loss.

220. Mention has been made in Press comments on the Committee's Report that their recommendations were equivalent to the "Killing of the Goose that laid the golden egg": Here we have this saying brilliantly illustrated. The Association will merely ask, "What is to become of the force of Employers' workers if the Textile Industry is to be deprived of all its profits and work at a loss.? The natural reply will be, "that the Industries must shut down". What then will the Committee do for the support of over 36,000 textile workers ? Need the Association say more ?

221. There is no mineral wealth of any description in the United Provinces and therefore there is no possibility of the development of heavy industries. The only industry capable of any large development is the textile industry. If the recommendations of the Committee were to be enforced, the result must inevitably be not only the arresting of all further development of that industry but the destruction of what has already been achieved.

222. Although the Association condemns the Report as being obviously biased and based on a wrong construction and is, generally speaking, unable to accept the main recommendations because the facts of the situation have been ignored, especially the two cardinal facts, that there has been no general cut in wages since 1929 and that the cost of living has fallen considerably since 1929 so that real wages have actually risen, also the prosperity of the Industry has been exaggerated and

has been based on a temporary fall in the price of Cotton, and the true position of the industry has been ignored, the Association recognises that the Report contains information some of which is useful and can and will be utilised by the Association to ameliorate working conditions from several aspects of the problem.

223. The Association is quite prepared to adopt any really practical proposals which will bring about that closer cooperation between Employers and Workers which is so necessary to the prosperity of Industry and Labour as a whole, and is now engaged in consideration of steps which will improve, as a start, the condition of the lower paid workers.

I have the honour to be,

Sir,

Your most obedient Servant,

T. GAVIN JONES,

Chairman.

X:9.252cc.N38t:2

G8

41084