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STUDY GROUP FOR JUTE



NATIONAL COMMISSION ON LABOUR

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FOREWORD

The National Commission on Labour appointed the Study Group for Jute industry in its attempt to understand the changes in conditions of labour in that industry since Independence. This was one of the series of Study Groups set up for different industries. The Study Group was required to analyse available information and present its thinking on labour problems in the jute industry for the years to come taking into account the possible developments in that industry.

The views expressed in the report are the views of the Study Group. In examining them for framing its final recommendations, the Commission will attach due importance to these views coming as they do from knowledgeable persons in the Jute industry. In the meanwhile, the report is being published by the Commission with a view to seeking comments on it from persons/institutions interested in the development of that industry.

The Commission is grateful to the Chairman and Members of the Study Group individually for completing their work within the time-limit fixed for them. The Commission is also grateful to all persons/institutions who may have helped the Study Group in reaching conclusions.

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Part I

JUTE INDUSTRY AND ITS SPECIAL FEATURES

1.1 Jute is India's oldest manufacturing industry, founded in 1855 at Rishra, 13 miles upstream from Calcutta, by a George Acland. Five companies had come up by 1873, running 1,250 looms. In another 12 years, the number of companies went up to 11, controlling 6,700 looms. A total of 38 mills with a complement of 30,685 looms were operating by 1909. The loom strength of the industry increased to 50,354 in 1927. In 1949, there were 65 Jute companies managing 93 mills with 65,762 looms. Today India's loom strength is 75,275 out of a total world loomage of 132,496.

1.2 The overwhelming concentration of mills in West Bengal was facilitated by a combination of natural factors. Both banks of the Hooghly upstream and downstream from Calcutta offered ideal location for a jute industry. Over nine-tenths of the world production of raw jute is obtained from the Ganga/Brahmaputra delta with its abundant rainfall and a hot and humid climate. Calcutta offered excellent port facilities. Inland water transport was cheap. The proximity of Calcutta to the Bengal/Bihar coal-belt assured sufficient supply of power to the jute mills, who also found a ready reserve of textile workers in the Lower Bengal districts, many of which had been thriving centres of hand-spinning and weaving of jute for nearly a century before the founding of the Indian Jute Mill Industry.

1.3 The jute industry occupies a position of strategic importance in the scheme of India's planned development, having been the country's largest foreign exchange earner for six consecutive years. Jute and jute goods are a principal source of revenue. With the present taxes and duties, the annual earnings of the Central and State Governments from jute are of the order of Rs. 70 crores. The jute industry is a large employer having on its roll some 230,000 workers. The growing of jute provides a living to nearly 40 lakh farm families. The marketing of jute and jute products also goes to employ a sizeable number of people. Over 40 per cent. of the outgoing cargo from Calcutta port is jute goods. The

jute industry supports a number of ancillary industries and trades and calls on commercial services of many kinds.

1.4 Jute industry is principally an export industry and is the country's single largest earner of foreign exchange. The internal consumption of jute goods has been on the increase for some time. From 196,800 tonnes in 1957-58 it had increased to 415,800 tonnes in 1967-68. Despite this, nearly 70 per cent of the production of the industry is still shipped out of the country. Dependence of the industry on world markets makes its trading results liable to fluctuations. For its principal raw-material, moreover, jute industry has to depend on agricultural crop which is subject to wide variations in yield and quality out-turn. According to employers' representatives, these wide variations in yield and quality out-turn add to the degree of sharpness of fluctuations. The labour representatives, however, are of the view that the wide variations in yield and quality out-turn are due to several factors, not all of which are beyond the control of the industry. The labour representatives, in fact, feel that in view of the strategic importance occupied by the industry in the nation's economy and the unusually wide spectrum of interests connected with it, as indicated above, there is a strong case for its nationalisation.

1.5 In its export market, the industry faces unremitting competition not only from substitute materials and bulk-handling methods, but also from foreign jute manufacturing industries and particularly the jute industry in Pakistan. In recent years, the Pakistan jute industry has been expanding rapidly and this expansion constitutes an ever-increasing threat to the jute industry in India. Pakistan's raw material supply potential and export voucher system are important determinants of international prices of jute manufactures, and India, even more so than before, is unable to dictate prices to overseas consumers. Furthermore, great strides have been made in recent years in the perfection of marketing of bags made from synthetics such as polypropylene. These bags which are being manufactured through large petro-chemical based industries, having world wide connections, are of greater threat to Indian jute goods in the export market. The future of the jute industry, therefore, depends on the extent to which it can explore the new uses of jute goods and diversify its activities. This requires a series of experiments and scientific research work.

1.6 Synthetic substitutes have certain advantages over jute goods. They can, for instance, be had at prices which can be ascertained in advance and are also available from indigenous sources of supply. Manufacturers of synthetics, moreover, invest heavily not only in product development but also in market research and sales-promotion. To be able to compete with synthetic substitutes, jute goods must be offered at relatively stable prices. Besides, manufacturers of jute goods should be prepared not only to trim their product to the requirements of the consumer but also to organise market intelligence and promote sales vigorously.

1.7 The following table which gives the landed price of hessians in New York in terms of cents per linear yard as also total exports of hessians from India will show that the prices of hessians do not enjoy a reasonable measure of stability and have their effect on the total quantum of hessians exported from India.

Year	Hessians	
	Landed price in New York cents/yd. (Jan/Dec.)	Exports in 000 tonnes (Apr./Mar.)
1956—57	10.43	436.6
1957—58	10.98	400.5
1958—59	10.44	432.3
1959—60	10.19	452.3
1960—61	12.28	419.9
1961—62	14.15	426.1
1962—63	14.13	518.0
1963—64	12.18	576.9
1964—65	11.95	588.9
1965—66	14.55	556.4
1966—67	15.57	494.4

1.8 What holds good of hessians holds true of other jute goods also. Since raw jute constitutes almost 60 per cent. of the cost of production of jute goods, the instability in the prices of jute goods is ultimately traceable to a similar instability in the prices of raw jute. The following table which gives the prices of Assam Bottoms per maund from 1959-60 to 1966-67 will show that the fluctuations in the prices of raw jute do not remain confined within a reasonable range from year to year.

Year	Assam Bottom cost per md. (Rs.)
1959—60	22.52
1960—61	40.61
1961—62	46.80
1962—63	58.35
1963—64	28.80
1964—65	33.83
1965—66	44.32
1966—67	61.92

1.9 Since long-term stability of prices must be there to ensure the competitiveness of jute goods against substitutes and bulk-handling methods, a number of steps have been taken during the last decade or so to achieve a measure of stability in the prices of raw jute. Among them may be mentioned fixation of minimum support prices and grade differentials for various varieties of raw jute both at Calcutta and in upcountry markets "to offer an assured and adequate return to the cultivator as the best incentive to increase his yield of raw jute and step up its quality", regulation by the Jute Commissioner of both stocks and purchases of raw jute by the jute mills particularly "to ensure that the mills do not keep away from the market at particular seasons in order to depress raw jute prices artificially", buffer stock operations by the Jute Buffer Stock Association, price support purchases by the STC, and ban on futures trading in raw jute. While these measures have proved useful in times of short crops, they have not served the purpose to the desired extent in times of bumper crops. Fluctuations in the prices of raw jute are very largely due to fluctuations in the size of crop from year to year. The Government set up a Committee recently to study the need for a buffer stock of raw jute if only to minimize the range of prices from year to year and the Committee is expected to submit its report shortly

1.10 The need for effective measures to check speculative excesses in the jute trade has long been admitted. The East India Jute and Hessian Exchange have no doubt taken whatever action they could, though not with much of success, to forestall speculative activities.

1.11 The Indian Jute Industries Research Association is now actively engaged in problems of fibre conversion and product development both on its own and in collaboration with an organisation in the United States. In these activities, the Association is being assisted with funds from the Public Exchequer also.

1.12 The ISI have laid down standards for the major portion of conventional goods. Pre-shipment inspection and quality control in areas where standards have been laid down have been made compulsory under the law.

1.13 The Indian Jute Mills Association has established offices in London, Brussels and New York, though it has yet to open them in large areas of Latin America, Africa, Australasia and particularly East Europe. The industry has not yet done much either to organise market intelligence or

to promote sales, particularly to meet competition from Pakistan.

1.14. The spindleage side of the industry has been modernised in full, though the work on the weaving side is yet to start except, of course, the area of carpet-backings, the manufacture of which was taken up in the last decade only and with the installation of latest broad-loom only. It is, however, difficult to say to what extent modernisation of the spindleage side has reduced the manufacturing cost per tonne. The labour representatives have pointed out that the Jute Committee appointed by the Government of India in March, 1962, had estimated that manufacturing costs had been reduced by modernisation to the extent of Rs 90 per ton of hessian and Rs. 80 per ton of sacking (of which Rs. 30 per ton was attributable to higher output per labour hour and the rest to reduced batch costs), and that there was an estimated saving of another Rs. 10 per ton by extending the system of one weaver attending to two looms instead of one. The employers' representatives, however, consider that the reduction in manufacturing costs as a result of modernisation, as estimated by the aforesaid Committee, must be viewed in terms of the variations in production cost during the period in which the modernisation has taken place. According to them, the total conversion cost has, in fact, gone up substantially, in spite of reductions resulting from modernisation.

1.15. Except a few changes made here and there, nothing much has been done in the industry either to rationalise managing structures or to introduce a uniform costing system or even to make inter-firm comparison studies.

Part II

JUTE MILL LABOUR

The representatives of employers on the Study Group, namely, Sarvashree S. K. Ghosh, D. P. Goenka and R. L. Moitra think as follows :

2.1 Amongst the major organised industries of the country, the jute industry is one of the biggest single employers of industrial labour with a total labour force of over two lakh workers. In so far as the State of West Bengal is concerned, where 95.3% of the jute mills are situated, its very economy, life and prosperity depend largely on this industry. It is a labour-intensive industry. The process of rationalisation of production method, multiple machine operation and other labour-saving devices is to be carried out by the industry so as to remain viable. Reasonable workloads of labour which have been established in the jute mills of other countries have yet to be achieved by the jute industry in India and it is time that proper study should be made for the assessment of adequate workloads. In the existing highly competitive world market for jute goods, the Indian jute industry will remain at a disadvantage if it does not take full advantage of up-to-date developments in the manufacturing techniques and keep abreast of its competitors. Though it has, by and large, modernised its machinery up to the spinning process, yet further modernisation at a faster pace particularly in the post-spinning and weaving processes has to be introduced. The essential need for modernisation and rationalisation of this industry to save a permanent damage to it, has been well recognised both by the Jute Enquiry Commission of 1954 and the last Central Wage Board for the Jute Industry. (Report of the Jute Enquiry Commission, 1954, Chapter XXVI, page 173 ; Report of the Central Wage Board for the Jute Industry, paragraph 3.90)

2.2 The Jute Enquiry Commission 1954 was also of the opinion that without rationalisation of labour force the industry will not be able to survive and this in turn will cause a large scale permanent unemployment to labour and growers. (Jute Enquiry Commission Report, 1954 Chapter

XXVI, page 172 and Third Omnibus Tribunal Award, Calcutta Gazette Extraordinary, October 6, 1955, page 1777)

75 per cent of labour force in the jute industry in West Bengal, where the majority of the jute mills are situated, come from other States with moorings on agriculture in their village homes and as a result there is a considerable outflow of jute mill labour particularly during the sowing and harvesting seasons. This causes high labour turnover and absenteeism warranting the creation of a pool of Budli and casual labour force to fill up temporary vacancies. Moreover, in this industry there are also certain types of manufactures which are purely of seasonal nature requiring employment of additional labour force for temporary periods. Once a Budli or a casual labour is recruited in a temporary vacancy, he insists that his name should continue to be retained in the list even if the chances of his re-employment in the near future are remote. However, in order to extend equal chance of employment to these non-permanent workers, they are given jobs in strict rotation. In accordance with the resolutions of the First Session of the Industrial Committee on Jute; the Budli list was once frozen by the industry from 2nd August 1958 until such time as the Budli workers in that list had been suitably absorbed under the scrutiny of a Special Officer appointed for that purpose by the State Labour Department. After the Budlis from the above list were absorbed, the list of fresh Budlis and casual workers again swelled up.

2.3 The question of permanency of workers and employment of Budlis was fully gone into by the Central Wage Board for the Jute Industry. The Wage Board unanimously recommended that in consideration of the special feature which is inherent in the industry, there should be a certain number of workers in the complement who should be non-permanent to allow for changes in the line of production (which the industry is forced to introduce, because jute goods being basically a packaging material, its world demand is variable depending on the size of agricultural crop from year to year in countries throughout the world) as also for future rationalisation. Taking all these factors into account the Wage Board fixed a permanent cadre in all the units in the industry and was unanimously of the opinion that the fixation of this permanent cadre will set at rest all disputes in this regard. (Chapter 9 of the Wage Board Report)

LABOUR BUREAU AND RECRUITMENT

2.4 The recruitment of Labour in the jute mills is regulated through the Labour Bureau at the unit level. Manpower planning through the administration of leave programmes, transfers and promotions has also been one of the main functions of the Labour Bureau.

2.5 Recruitments are made through the Labour Bureau according to the Standing Orders as well as through the employment exchanges. The applications for employment are received and registered by the Mill Labour Bureau. The registered applicants are given trade tests where necessary and if found suitable their names are recorded for employment when vacancies occur. On requisitions being received from the departments by the Labour Bureau, workmen are recruited from the list and given employment in strict rotation.

2.6 It is significant to note that no contract labour system exists in the regular work of the jute mills. Nor is child labour employed.

THE EXISTING TRAINING FACILITIES

2.7 There are in-plant training schemes approved by the Wage Board for the operatives and the mechanical workers. The Institute of Jute Technology which has been established by the industry is fully utilised for the training of the technical supervisory personnel required by the industry. The facilities are also given to the children of employees for undergoing technical training at the Calcutta Technical School. The training expenditure in all cases are borne by the sponsoring mills.

WAGES

2.8 Wages of all categories of workers in jute industry are standardised. The existence of uniform rates of pay and other conditions of service has ensured that the workers in all units are treated on the same footing.

2.9 The demand for wage revision in the jute industry from time to time led to the setting up of three Omnibus Tribunals and a Central Wage Board for the Jute Industry all of which carried out exhaustive studies of various aspects of the industry including its capacity to pay and came to the conclusion that its two special features, viz, its extreme difficulties in competing in the export market and its fluctuating fortunes make it necessary to proceed cautiously in connection with any increase in the manufacturing cost. These bodies,

however, made upward revisions of wage structure in the jute industry on the principles of fair wages as enunciated in the Report of the Fair Wages Committee. The minimum wage in the jute industry is Rs. 127/- as on February 1968 and as a built-in provision for any rise in the cost of living of the workers, the dearness allowance is linked with the cost of living index. In determining the minimum wage in the jute industry, the wage fixing machineries fully considered as to how far they could go towards the achievement of the need-based wage in view of the limiting factors peculiar to the industry. In this connection, they made a study of the paying capacity of the industry and came to the conclusion that the feature which is unique to this industry is that the concept of the capacity of the industry cannot be the same as it is generally understood in the case of other industries. The fundamental difference between the jute industry and most of the other industries is that the jute industry is principally an export-oriented industry, and by virtue of the fact that it had to depend for the disposal of its product mainly upon the fluctuating foreign markets which depend on the size of the agricultural crop in other countries, and as the nation earns through this industry a valuable foreign exchange, it deserves special consideration. They also realised that the cost structure of the industry cannot be kept under control merely by keeping the wages low, as a contented and happy labour force is as essential as the modernisation of the industry itself. By striking a balance, the wage-fixing machinery went for the principle of social justice within the limitations of the industry's financial resources. The Wage level was increased to the extent as it could be absorbed by the industry without affecting its competitive position in the world markets and the consequent foreign exchange earnings of the country. (Report of the Central Wage Board for the Jute Industry, paragraphs 7.35 and 7.38)

2.10 Another peculiar feature of this export industry is that it has to depend for its survival on its ability to compete in the world market and therefore, it cannot pass increases in production cost to its consumers and any additional payments to workers, therefore, constitute a direct charge on the industry's finance and invariably weaken its competitive position vis-a-vis its rivals.

INCENTIVE SCHEME—PRODUCTIVITY

2.11 The industry has been endeavouring to improve the productivity through modernisation of machinery and

improving the techniques of production. Joint consultation has also been encouraged, particularly through the Works Committee. If the industry is to remain viable, it should aim towards achieving higher productivity so that the industry may continue to play its important role in the development of national economy through its export earnings.

2.12 In the jute industry, about 44 per cent of the workers are at present piece-rated to whom the payment is made by results. Amongst the remaining 56 per cent of the workers, some are non-productive and in the case of others, any scientific incentive scheme has not been introduced on the industry-wise basis though a study was made by the industry with the help of the industrial consultants to introduce group and individual incentive schemes. In some individual units, however, incentive schemes to these categories of workmen have already been made as an experimental measure. It is desirable that a proper incentive scheme should be introduced by the industry with the co-operation of the workers in order to improve productivity as well as to augment the workers' earnings. Steps should also be taken to train shop stewards in work study and job-evaluation.

SOCIAL SECURITY

2.13 Retiral Benefit - The jute industry had a pension Scheme up to 1948, which was replaced, as a result of a tribunal award, by gratuity-cum-provident fund scheme. The provident fund was introduced in 1948 and the workers were entitled to gratuity for the period uncovered by the provident fund instead of pension. With the coming into force of the Employees' Provident Funds Act in 1952, the industry's Provident Fund Scheme was brought in line with the statutory provident fund scheme by assessing the contribution on basic wages as well as dearness allowance. In most of the jute mills, the Workers' Provident Fund is exempted under Section 17(1) of the Employees' Provident Funds Act because the overall benefits thereunder are more advantageous than those of the Government Scheme.

2.14 The age of retirement fixed by the Wage Board has been 58 for male workers and 55 for female workers.

2.15 Prior to the introduction of the Employees' State Insurance Scheme, all the units of the jute industry extended free medical care through the mill dispensaries to the work-

men and their dependants. Some mills also had their own hospitals. The workers were granted leave with half wages for 15 days as sick leave. These benefits have now been replaced by the provisions of the Employees' State Insurance Act.

2.16 About 40 per cent jute mill workers are housed at nominal rents. The quality of housing varies from mill to mill. The paucity of funds and site, however, stands in the way of improving the quality of workers' colony.

WELFARE MEASURES

2.17 The Indian Jute Mills Association has a special staff for looking to the needs of welfare measures and recreational facilities, educational and other welfare measures for the workers. Welfare centres under the supervision of the IJMA providing various kinds of recreational facilities have been in existence in the jute mill areas since 1943. In addition, a number of welfare centres were also set up by individual mills to supplement the social, educational and recreational needs of the workers. The recreational activities of these welfare centres include indoor and outdoor games, sports, physical culture classes, reading rooms, radio-sets, musical classes, dramatic societies, zenana club and sewing classes for women. Regular cinema shows for the workers are organised by the IJMA and the individual mills. All the jute mills either have their own schools where free education is imparted or contribute to the schools in their locality. To cater to the growing educational need of a large number of workers' children, free primary schools are run by the IJMA Welfare Centres. The school curriculum includes, apart from the routine teaching, indoor and outdoor games, boy scouting and girl guides, debating classes, physical exercises, gardening, etc. Regular holiday camps for the school children and the scouts are organised by the IJMA every year and yearly rally of scouts is held. Few mills have also established higher secondary schools.

2.18 A modern and well-equipped hospital called the Gandhi Memorial Hospital with 409 beds mainly for the benefit of industrial workers has been built at a cost of over Rs. 50 lakhs through contributions of member mills of the Association.

2.19 The industry has promoted co-operative movement by setting up co-operative credit societies and consumers' stores. In mills where there are no consumers' co-operative stores, there are consumers' stores.

2.20 Family Planning Centres have been started in a large number of mills and Family Planning Orientation Camps were organised to train up special trainees from among the workers to spread and propagate the Family Planning Programme. The progress made in this respect in the industry got appreciation of Mr. Jack Lippe, the inventor of Loop System who opened one of the family planning centres in a jute mill.

INDUSTRIAL RELATIONS

2.21 The Labour Department of the Indian Jute Mills Association plays an important role in the field of labour management relations in the industry. The Association's Labour Department maintains constant touch with all the units and keeps the Association regularly posted with the labour situation in the industry in general including the workers' difficulties with a view to taking suitable measures. The implications of various laws, tribunal awards and judicial verdicts are critically analysed by the Association's Labour Department and a uniform procedure for meeting statutory obligations is prescribed by the Association from time to time for adoption by member mills. This has ensured an effective standardisation of rules and conditions of service of jute mills' workers. As a rule, the Officers of the Association's Labour Department take part in all bipartite and tripartite conferences to help the management and labour settle disputes and differences by negotiations.

GRIEVANCE PROCEDURE

2.22 To start with, an employee takes his grievance to his overseer or in-charge who tries to settle it to the best of his ability. If the decision is not acceptable to the employee, the latter approaches the Mill Labour Bureau for its intervention. Where the internal machinery in individual mills for the settlement of disputes appears to be inadequate, the matter is taken up by the Indian Jute Mills Association's Labour Department for mediation. If the dispute still remains unresolved, it is taken up at conciliation by the State Labour Directorate and the machinery under the Industrial Disputes Act is set in motion.

WORKS COMMITTEES

2.23 Works Committees have been functioning in the jute mills as an effective machinery for communication

between the management and labour and for resolving day-to-day problems at the plant level.

2.24 With the realisation that these committees are an integral part of the factory management, the unions functioning in the jute mill areas take a keen interest in the Works Committee elections.

JOINT MANAGEMENT COUNCILS

2.25 Joint Management Council has been functioning as an experimental measure in three units. Though these committees have been of some help in settling disputes amicably, yet no tangible result has so far been achieved from them.

TRADE UNIONS

2.26 Because of the multiplicity of trade unions, none having substantial following in the industry as a whole, there is no industry-wise recognition to any single union as the bargaining agent. Nevertheless, the Indian Jute Mills Association, as also the individual jute mills, negotiate with different unions whenever disputes are raised and enter into bipartite agreements.

THE WORKERS' EDUCATION SCHEME FOR TRADE UNION LEADERSHIP

2.27 Jute Mills release workers selected by the Central Board of the Workers' Education Scheme (sponsored by the Government of India) for training as worker teachers in trade union leadership. On completion of their training, these worker teachers are given facilities to operate classes for workers' education according to the approved syllabus.

The representatives of labour on the Study Group namely, Sarvashree Indrajit Gupta and Kali Mukherjee however, think as follows :

2.28 The jute industry—one of the biggest single employers of labour in the country—had over 3 lakhs of workers on its rolls at the time of partition in 1947. From 1949 onwards the IJMA embarked on a planned drive for rationalisation, consisting partly of modernisation of plant and partly of reducing the existing labour complements on old plant by a straight increase of workload. By the time the 15th Indian Labour Conference met in 1957 and framed its "Model Agreement on Rationalisation" (rationalisation without tears), the jute industry had already advanced far along its road but at the cost of many tears. Even after 1957 the Model Agreement was never applied to this industry.

2.29 Since then, modernisation of the batching, preparing and spinning process has been virtually completed. As a result, the total number of workmen employed has decreased from 310,000 in 1951 to 2,30,000 in 1967. At the same time, total annual production during this period rose from 9 lakh tons to 12 lakh tons, i.e., by about 35%. But no portion of the gains from the higher productivity thus achieved has gone to labour. The need for further modernisation, viz., of the winding, beaming, weaving and finishing sections, is open to question. It will result in shrinkage of employment, both actual and potential, which will not yield corresponding benefits to the economy as a whole. The installation costs of fully automatic looms are very high, whereas, as calculated by the Jute Committee, 1963, savings in manufacturing costs per ton to the extent of Rs. 90 for hessian and Rs. 80 for sacking have already been effected by modernisation and a further Rs. 10 per ton by extension of the system whereby one weaver attends to two looms instead of one. Secondly, further investment for modernisation where the existing installed capacity of the industry is never fully utilised is neither desirable nor justified. Thirdly, it is not in respect of modernised machinery that Pakistan enjoys any advantage over India; on the contrary, conversion costs in India are decidedly lower than in Pakistan.

2.30 75% of the labour force in the jute industry in West Bengal where the majority of mills are situated come from other States with moorings in agriculture. This has produced a traditional instability in the labour force, an unsettled character, which has been aggravated by inadequate housing facilities, proverbially low wages, primitive conditions of recruitment and work, insecurity of service, exceptionally high proportion of non-permanent workers, and the absence of incentives to settled employment such as retiral gratuities, incremental scales of pay, in-plant training facilities, promotion prospects etc. Prior to the Wage Board's recommendations (1963), the jute workers were paid no annual bonuses and their D.A. was not even formally linked to the cost of living indices. Those negative features are responsible for a relatively high turnover of labour in this industry, though there is no evidence to show that absenteeism is greater than in many other industries.

2.31 The question of permanency of workers and employment of Budlis was gone into by the Wage Board,

but the latter's limited recommendations were not implemented and could not solve the problem which has been a perennial one in the jute industry. The employers contend that an indefinite number of workmen in the total complement must be kept as non-permanent in order to cater for changes in the line of production, for seasonal variations in products, and as a buffer against possible future rationalisation. The workers and their unions, on the other hand, maintain that Budlis should be kept on mill registers only as substitutes for permanent hands who may be temporarily absent ; that the definition of "Budli" workers in the certified standing orders should be strictly adhered to ; and that the complement of permanent workers, mill-wise and department-wise, should be fixed on the basis of the actual (average) recorded daily attendance. There is no other means of cutting down the inflated number of so-called "Budlis" who at present constitute a reserve army of unemployed and semi-employed workers which itself acts as a depressing factor on the wage level.

2.32 More or less uniform wages and rates are prevalent in the member mills of the IJMA. But all the "standardisation" achieved through the years by the IJMA itself (in the self-interest of the employers), by three Omnibus Tribunals and by a Central Wage Board, had yielded a minimum pay-packet of only Rs. 127/- p.m. by February 1968. This is far below the minimum need-based norm of the 15th Indian Labour Conference.

2.33 As far as piece-rated workers are concerned, they constitute nearly 50% of the total strength. The Central Wage Board recommended minimum fall-back wages for all piece-rated workers working with sufficient diligence, but such fall-back wages have, in practice, never been paid. Consequently, actual earnings fluctuate up and down depending on factors outside the workers' control such as variations in the quality of raw jute, changes in the batching mix, shortage of beams and cops, etc.

2.34. In the case of weavers operating double looms, unpaid "helpers" are unofficially permitted to enter the mills and work with the weavers who, naturally, have to pay them out of their own wages.

2.35. It is desirable that a proper incentive scheme should be introduced by the industry with the co-operation of the workers and in consultation with the unions in order to improve productivity as well as to augment the workers' earnings.

2.36. But further improvement of wages cannot be dependent on linking with productivity alone, so long as the minimum need-based requirements of the workers are not satisfied. It must be remembered that even after all the wage increases sanctioned to date, the total pay packet of the lowest-paid jute mill worker is smaller than that received by his counterpart in two other major and adjacent industries, viz., Engineering and Cotton Textiles. It is true that the Wage Board (1963) was of opinion that the Jute industry could not immediately afford to pay a minimum wage corresponding to the need-based norm approved by the 15th Indian Labour Conference. But there can be no doubt about the desirability of filling the uncovered gap between the existing wage and the norm-target in a progressively phased manner; the need for this is heightened by the erosion in the jute workers' *real* wages in the post-Wage Board period (1964-68) due to the rise in the cost of living, only a part of which is compensated for by the existing D.A. rates. It must also be kept in mind that wages constitute, at present, less than 20% of the industry's total production costs

2.37. As far as industrial relations in this industry are concerned, the situation is thoroughly unsatisfactory due to the traditionally conservative and unenlightened attitude of the employers in matters affecting organised labour.

The IJMA's whole concept of industrial relations is confined to the activities of its own labour department and the labour offices of the various mills. These are unilateral agencies of the employers whose principal aim is, naturally, to safeguard management interests as against those of labour. Further, the IJMA labour department has no powers of ensuring implementation of its recommendations or decisions by the individual mills.

2.38. No grievance procedure as prescribed by the tripartite Code of Discipline has been introduced in the Jute industry. Not a single trade union is recognised, either at industry level or mill-level. The elected Works Committees are allowed to play only a limited and formal role, confined to relatively minor matters like welfare facilities, or are sometimes utilised to oppose unions and to disrupt strikes.

2.39. At industry level, bipartite meetings were unheard of until a few months ago when the first such

meeting in the history of the industry was agreed to by the IJMA at the request of the Government. The bipartite discussions have failed to achieve any success so far.

The other members of the Study Group feel as follows:

2.40. Jute goods are faced with severe competition not only from Pakistan but also from synthetics and alternative methods of handling and packaging goods. This competition has assumed serious proportions and, in the interest of sheer survival of the Indian jute industry if not to maintain the current pre-eminent position of jute as the largest single earner of foreign exchange for the country, Indian manufacturers of jute goods must be prepared to compete not only quality-wise but also price-wise and for that purpose to modernise their machinery and to rationalise both their methods of production and organisation as much and as soon as possible. So far as rationalisation is concerned, some mill-companies have closed down some of their uneconomic units and are now concentrating on production in the more efficient ones, but, as there is some surplus capacity in the industry, the process may have to be carried still further. As regards modernisation, even though the work outside the area of carpet-backings has so far remained confined to the spinning stage, it cannot brook any further delay in respect of post-spinning, weaving and finishing stages. However, since the industry cannot operate irrespective of what happens to labour, both rationalisation and further modernisation should be carried out in such a way that hardship to labour is reduced to the minimum. This will be possible if first, displacement or retrenchment of labour is restricted to that necessary through natural wastage and, second, every addition to work-load incidental to the introduction of modern mechanical contraptions is compensated by a proportionate increase in wages. The Central Wage Board for the Jute Industry had observed that "if the industry is to remain in a strong and virile state of health it should not only continue its fight against obsolescence, the aim should also be to achieve higher productivity so that industry may continue its important role in the development of national economy through its export earnings". The position holds good as much today as it did when the Board made this observation. In fact, rapid advances that have since been made in the production of synthetic substitutes for jute good make one feel that if the Indian Jute industry does not keep abreast of the latest innovations

in the areas of both rationalisation of the methods of production and modernisation of machinery, it may have to meet the fate of the salt-petre industry in Chile.

2.41. This, however, does not mean that the rate of wages to be paid to different categories of labour should be determined on the primacy of industry's ability to compete either with Pakistani jute goods or with synthetic substitutes. It is for the nation to consider whether an industry should continue to earn foreign exchange for the country and if so whether it should be subsidised or given any other incentives, in cash or in kind, to enable it to meet competition from whatever source or sources it emanates. The wages to be allowed even in a highly export-oriented industry like the jute industry should, however, be determined on the basis of the same criteria as in the case of any industry which caters entirely to domestic requirements and has no export potential whatsoever. A workman does not have to work less because the product he is helping to turn out is likely to be exported and there is no reason, therefore, why the fact that the industry is an export oriented industry should be used as an argument to pay him less or even to put a ceiling on the rate of wages admissible to him. Acceptance of the case put forward by the employers' representatives in this regard would mean that the wages of workmen employed in export-oriented industries would be depressed for ever or this cannot but be characterised as altogether unreasonable.

2.42. There is no evidence to show that absenteeism in the area of jute mills is any larger than in that of any other industry in India. As it is, the mill worker is unable to forsake his connection with agriculture and has to arrange for both the sowing and harvesting of crop on his agricultural land. The mill-owner also has to adjust his production both to meet seasonal requirements and changes in consumer demand and, therefore, cannot afford to keep the entire labour force on a permanent basis. However, while the employer should have the right to have Budlis as and when some long-term workers have to devote themselves to agricultural occupations, he should not be allowed to cash in on the same to deny the benefit of permanency to those who have worked with him for a reasonable length of time, barring occasional absence in connection with agricultural needs, and are senior to others. Budlis should, therefore, be kept on mill registers only as substitutes for permanent hands who

may be temporarily absent as urged by the representatives of labour and no more.

2.43 The problem of Budli labour in the jute industry was considered at length by the Central Wage Board. The recommendations made by that Board, however, are now more than five years old and a review of the whole problem without any further delay to reduce the number of Budlis attached to the mills seems called for. Permanency not only gives a sense of job security to the workmen but is also reflected in better production and conduces to industrial peace.

2.44 The 15th Labour Conference appreciated the necessity for a minimum need-based norm of wages. While it is true that wages now constitute a larger percentage of the total cost of production of jute goods than they did, say, five years ago, yet the total pay-packet currently allowed to labour in the jute sector does not come up to the minimum need-based norm as accepted by the 15th Labour Conference and, in the sheer interest of industrial peace, the earlier the gap is closed, the better it would be for all concerned.

2.45 The jute industry provides old types of housing accommodation to about 40 per cent of the employees. The housing facilities offered are inadequate and far from satisfactory in most of the units. Considering that the industry complains of instability, large turnover and absenteeism amongst the workers, it is to be deplored that it has not done anything worth mentioning during the last several years except maintaining the housing facilities which were provided at the time most of the units were initially established. The industry has neglected improving the housing accommodation on the plea of paucity of funds and non-availability of suitable sites for housing. While the availability of suitable sites in the neighbourhood for provision of satisfactory housing accommodation to the labour force in due course should be considered as one of the conditions which must be fulfilled before permission to set up an industry is given, mill-owners should also be required to provide a certain measure of housing facilities on a statutory basis.

2.46 Institutional arrangements which elsewhere appear to be so essential for promotion of better industrial relations and maintenance of industrial peace are conspicuous by their absence in the jute industry. For instance, in this industry, neither has recognition been accorded to workers' organisa-

tions either on the mill basis or at the industry level, nor has any Grievance Procedure been laid down in line with the Model Grievance Procedure under the Code of Discipline. Similarly, neither Works Committees can be said to be a lively feature of the industry, nor have Joint Management Councils made much headway here. According to the employers' representatives, the absence of these institutional arrangements has not detracted from either the promotion of industrial relations or maintenance of industrial peace in the case of jute mills. In this connection, the following para from the Labour Department of the IJMA seems to be very significant :

“If the volume of work-stoppages and other forms of labour unrest in any industry is any barometer for assessing the quality of industrial relations in an industry, it is highly significant that the average number of disputes leading to work-stoppages in jute mills between 1962 and 1965 works out to 27.5 per annum as against 217.25 in cotton textile, 65 in coal and 225.5 in major engineering industries in the same period. Per 10 thousand workers employed these are 1 per annum in jute, 2.4 in cotton, 1.5 in coal and 2.5 in major engineering (Source : Latest Indian Labour Statistics published by the Labour Bureau, Government of India). During the major part of 1967, when the State of West Bengal was swept by a spate of labour unrest, the jute mills were least affected although the industry is one of the biggest single employers in West Bengal, where 95 per cent of the jute mills are situated. The reasons for this greater industrial harmony in the jute industry are not far to seek. A common and uniform approach as well as a cohesion in labour management relations in the units of the jute industry and the tackling of disputes and difference at the Central level through the Indian Jute Mills Association is a conspicuous feature and is paralleled in no other industry”.

The Industrial Relations Department of the IJMA has no doubt done very good work in the area of industrial relations. The fact, however, remains that the IJMA has no power to impose its recommendations on individual mills.

All jute mills, moreover, are not members, of the IJMA. Also, what is more significant is that not only one big mill company has very recently resigned its membership of the IJMA, but also one or two others have been threatening to follow suit. On the whole, therefore, it would be better if the institutional arrangements provided by recognition of workers' organisations, works committees and joint management councils and laying down of a grievance procedure were adopted on a mill-to-mill or even on the industry basis in the case of the jute industry also. These institutional arrangements serve as shock-absorbers and go a long way towards reducing both the frequency and duration of strikes and lock-outs.

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| 3. | Sri R.L. Moitra,
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| 7. | Sri H.M. Ghosh,
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Dated, Calcutta,
The 27th May, 1968.