

1. In para 1.1, the total number of units registered under the Factories Act in the cotton textile industry in 1965 has been stated to be more than 2,000 employing about 8.5 lakh workers. This, it is stated, includes 575 mills employing about 7.8 lakh workers. This means that about 1,425 units are powerloom factories employing about 70,000 workers which works out to an average of 50 workers per unit. This does not seem to be plausible. The statistics relating to powerlooms may kindly be verified.

2. In para 1.6, it is stated that modernisation, rehabilitation and rationalisation have been the burning problems of the cotton textile industry. I would like to add that these are not the only problems. The main difficulties are:

- (a) the inherent inability of the consumer to maintain his normal outlay on cloth consequent upon the continuous rise in food prices which constitute an important element in the family budget;
- (b) the continuous increase in the cost of production consequent upon the rise in the cotton prices and the abnormal increase in D.A. which is related to the cost of living index.
- (c) An increase in the burden of the industry by way of customs, excise duty, sales tax, octroi, etc. This burden is estimated to be around Rs.43 crores per annum.

3. I find that throughout the Paper there is no reference, in detail, on the powerloom sector as such, barring, of course, the manner in which this sector came into being. I feel that the Paper should bring out the nature of employment and working conditions in the powerloom sector and a point made that Labour Laws applicable to the organised sector should also apply to the workers in the powerloom sector in order to remove one of the major causes of unhealthy competition offered by this sector to the organised industry.

4. Insofar as the burden of excise duty on the industry is concerned, I find that the Paper has significantly overlooked the representations made by the Industry to Government for scaling down of excise duty with a view to assisting it to tide over the present critical period. In this section, a reference should also be made to the discriminatory nature of the excise duty levied on powerloom cloth vs. mill cloth which more than offsets the disability of 6 per cent (estimated by the Asoka Mehta Committee) suffered by the powerloom sector vis-a-vis the organised sector; as also to the discriminatory nature of the excise duty levied on control and non-control categories of mill cloth. This discriminatory nature has inhibited the demand for non-control cloth from which alone the industry was expected to make good the losses it was suffering on the sale of control cloth. The industry's persistent demand of reducing excise duty on non-control cloth to the level of that of control cloth may also be brought out in this section.

5. In para 1.8, it is stated that the rate of return

on capital has ordinarily ranged from 6 to 10 per cent according to the analysis of the data made by the Delhi Institute of Economic Growth. It is further stated that the rate is inadequate for inducing programmes of investment and expansion on a large scale. However, the Paper should also have brought out the fact that in 1962 the Tariff Commission had recommended a return of 12% on capital as a fair return and that more recently in the case of the Glass Industry the Tariff Commission had recommended a return of 15 per cent on capital employed in 1965. The Paper could have concluded therefrom that if 15 per cent was a fair return for an industry like the Glass Industry as late as 1965, the rate of return on capital should have been much higher for an essential industry like Textiles which is far older than the glass industry. The increasing cost of production as well as the gigantic problem of rehabilitation and modernisation with which the industry is confronted and which it had to postpone for want of adequate funds could have been supporting arguments for a higher rate of return on capital.

6. In para 2.3, it is stated that only 7.4 per cent of the workers are recruited through the Decasualisation Scheme. This seems to be an under-estimate. The Decasualisation Scheme is functioning in Bombay, Sholapur and Ahmedabad. Nearly one half of the industry is located in these three centres. Recruitment of workers in these centres is entirely done through the Decasualisation Scheme. I, therefore, feel that the percentage would be higher than 7.4.

7. Para 3.2 states that the Factories Act which is uniformly applicable in the country provides for leave with wages to the workers. At this stage, a point should also have been made that some of the Industrial Court awards have granted additional annual leave with wages on demands made by the labour unions and that this upsets the competitive position of the centres concerned and should, therefore, be discouraged.

8. The Paper could have pointed out that there is no national wage policy. Textile centres in Bombay and Ahmedabad have been paying D.A. on the basis of 100 per cent neutralisation under the Industrial Court Award. On the other hand, judicial decisions in successive cases like Buckingham & Carnatic Mills, etc. have consistently repelled workers' demand for full neutralisation on the ground that cent per cent neutralisation would induce a vicious spiral of wages chasing prices.

9. Pay Commissions for Central Government employees have also recommended 90 per cent neutralisation. In the matter of minimum wages, therefore, there would seem to be no justification for such a wide disparity in the wages of Government and textile workers.

10. I feel that the Paper should have brought out the fact that while granting increase in the basic wages, the first Wage Board for Cotton Textiles had recommended, inter alia, a linking of wages with productivity and that the implementation of this recommendation had been soft-pedalled throughout. Far from implementing this recommendation, a second Wage Board has now been set up raising hopes in the minds of workers that a fresh wage boost is in the offing. The Paper should also have stated that the increase in productivity is mainly on account of the introduction of modern machinery. This point has been accepted even by the INTUC in its Memorandum before the second Central Wage Board.

11. With regard to minimum bonus under the Payment of Bonus Act, the Paper could have pointed out that this is truly a wage increase. In turn, this results in a higher D.A.

and consequently higher bonus again. Thus, we are distributing to workers what is really not being produced.

12. Time and again Bombay Millowners' Association has in its various representations (and very recently in its submissions in the Court on the question of reducing D.A. of Bombay mill workers) has taken the stand that the wages should be based on the capacity of the industry to pay. There is surprisingly no reference to it in the Paper.

13. I find no reference on the subject of Collective Bargaining in the cotton textile industry. Perhaps, one of the illustrations of the applications of this principle in the textile industry was the negotiation between the management and workers of Ahmedabad mills when they entered into a 5-year agreement on the question of bonus. Similar agreement was also entered into between the Bombay M.O.A. and its workers. Significantly, these mills were free of any strike on this issue during this period, whereas the mills in the rest of the country had to fight hard to avert strikes on the issue of bonus.

14. With regard to the setting up of grain shops by factories, it is stated in para 7 that the number of factories which have done so is only 6 per cent. This again seems to be an under estimation. Practically, all the mills in Bombay have got grain shops. This itself comprises about 10 per cent of the total mills. In addition, some mills at other centres have also set up their own grain shops. I feel that the percentage will be much more than 6.

15. The Paper makes no mention of the manner in which our present labour laws militate against attempts by the industry to rehabilitate and modernise itself. Heavy retrenchment compensation payable to workers, even if a mill is to be scrapped, is a millstone around its neck. Such units do not have the equipment to produce cloth which can be of a reasonably good quality and saleable in the market. This point should be brought out at an appropriate place in the Paper.

August 12, 1968.