

## CHAPTER I

### INTRODUCTION

Pune is a city which goes back a long time and which has rich cultural traditions. Though it has grown and expanded tremendously from the days when it was no more than a village on the banks of the Mula Mutha river, these traditions are alive and active even at the present time. The city is also known as an Educational Centre, not only in Maharashtra but also throughout India. Pune has also always been a city of strategic and military importance and since the time of Chatrapati Shivaji the great, it is also a well established Military Centre. The British had continued this military tradition and even today Pune continues to be the Head Quarters of the Southern Command of the Indian Army.

From very humble beginnings, Pune has grown into a

giant sprawling metropolis. It is after the Bombay second most important industrial city of the state. Historically speaking though, Pune was not an Industrial City. However as far back as 1869, the Ammunition Factory was started at Khadki, in 1885 The Deccan Paper Mill was founded by the Padamjis. The Raja Bahadur Motilal Mill was started by Seth Hindumal Balmukand in 1893 and the High Explosives Factory went into production in 1940.

Industrial development is relatively new and it is only in recent times that Pune has begun to be known as an Industrial Centre. It was only in the early 1950s that the first factories of any size began to be established. Ruston and Hornsby and Kirloskar Oil Engines started manufacturing Marine and Diesel Engines. The Government set up Hindustan Antibiotics Limited around the same time.

The Maharashtra Industrial Development Corporation undertook the development of a large Industrial area in 1960. This has developed into the Bhosari, Pimpri and Chinchwad Industrial complex. Various other smaller industrial estates have also been set up in some other parts of the city. From a figure of 216 factories in 1951 there are today more than 6700 units in Pune Metropolitan region employing over 200,000 people. In 1978 there were 2515 Industrial units in the Pune Metropolitan Region in 1983 there were 4529 units and in 1990 there were 6766 units. Figure 1 gives the distribution of industries in the Pune Metropolitan Region. Industry is relatively new to Pune.

The first generation of industrial workers have just started retiring from employment and the second generation has started its active life. The

# DISTRIBUTION OF INDUSTRIES IN PMR

Figs. in nos.

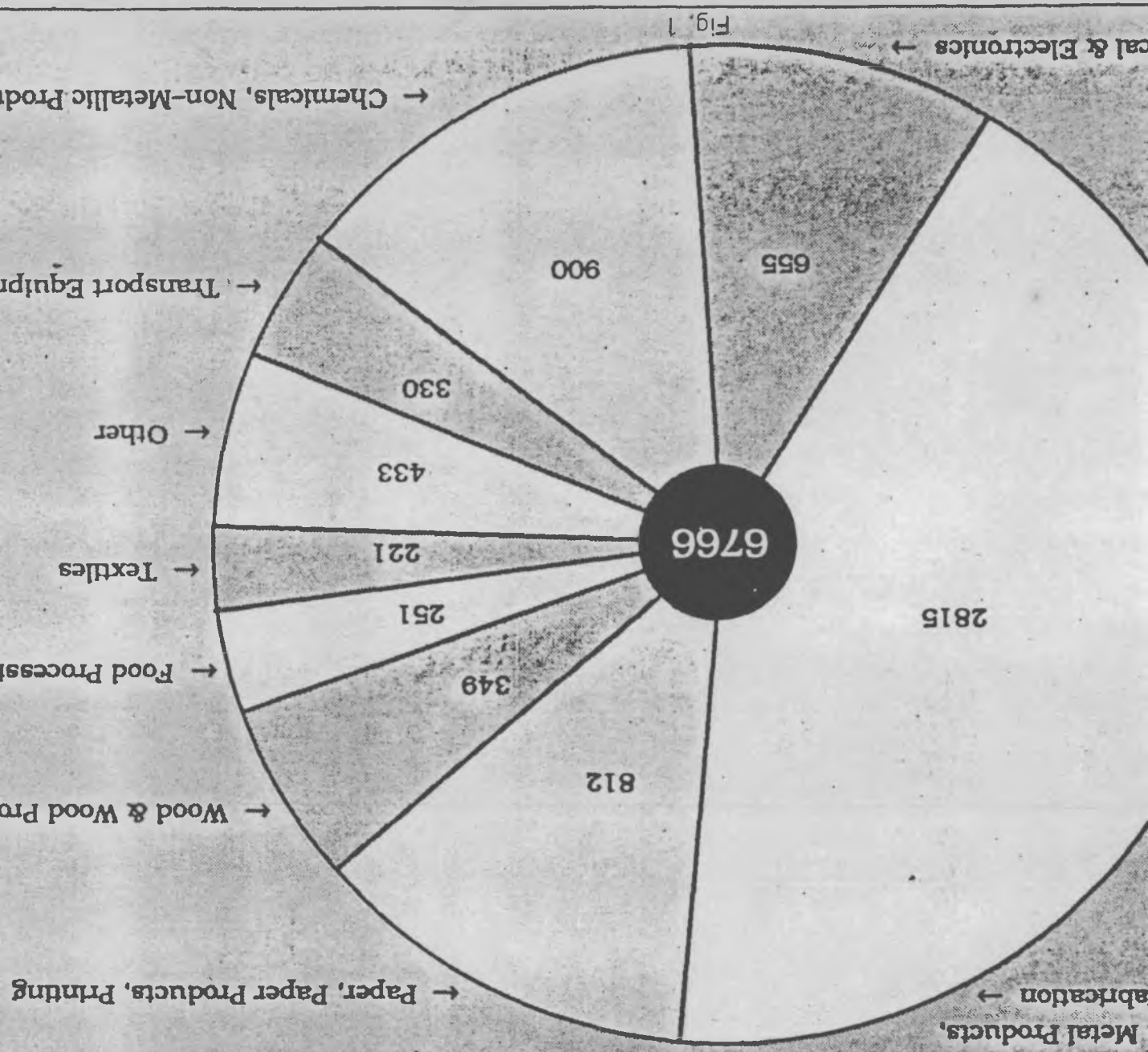


Fig. 1

establishment of Industry brings with it the Industrial way of life, adequate infrastructure, ear marking of land and securing the sources of water and power. One of the factors for the establishment of an industrial society is also obtaining skilled labour. In fact all these problems are those which are faced with the conversion of a Rural Agricultural Society to an Industrial Urbanized one.

With the changes in governments at the Centre, which have made changes in Industrial Policy, and with the exposure of more and more Indian Industrialists as well as Managers of various disciplines to the Industrial Market Place world wide, and to progressive Industrial societies in some foreign countries, there have been changes in the scene at home also. More and more Indian Entrepreneurs and Managers have been exposed to foreign industrial companies and their method of working. The setting up of factories in

India with foreign collaboration is another phenomenon where the expatriate manager in India has brought along with him the values and mores of his parent country and company.

Though there is a very large domestic market for all types of goods and services and inspite of the large amount of human resources cheaply available, a consciousness has developed of the need for productivity. With liberalisation in the economy comes greater opportunity but at the same time greater need to be competitive, both nationally and internationally. This has meant not only making use of latest technologies, but working not only harder but also smarter. Industry has become extremely cost conscious. One of the effects is that This has given rise to such phrases as " Turnover per employee" and "Ratio of employee cost to turnover."

This in turn has led to the realisation that it is possible in any given factory to get a large number of jobs done by someone other than the regular employees of that factory. This has two major forms. One is the system where work is contracted out to an ancillary unit which does some of the manufacturing or processing and supplies the semi finished goods or parts of the components to the parent factory ,where these are incorporated into the final product. The other form is that the factory itself employs workmen either directly or through a contractor to get certain jobs done within the factory premises itself. These latter employees are then not employees of the company but employees of the contractor.

The Grandfather of this system may have been a system introduced in textile mills as early as the beginning of this century, of Badli workmen.

These are workmen who do not have a fixed, continuing, contractual employment in the mill but who turn up at the gate of the mill at the start of a shift, in the hope that the Mill Manager will employ some of them either in the position where the regular workmen have not turned up, or to take care of a temporary increase in the work load. Incidentally, this system of Badli workmen continues in textile mills even today.

The entrepreneurs desire to keep costs down has led him to seek cheap means of getting work done. The contract system of employment is one such which starts with the employment of workmen on contract basis for carrying out jobs in the beginning, which are not directly related to the manufacturing process being carried out. Thus in the early days, it was frequently seen that workmen were employed on contract to take care of the work in Canteen, in the Sanitation and sometimes in the Security Department. These jobs are



peripheral to the main manufacturing activity of the company.

However with the passage of time, the system of contract labour employment kept spreading not only from factory to factory but also within each factory to include areas, initially which were on the periphery of the manufacturing process such as packing of finished goods, loading and unloading of raw material . It was not a long step away that various other jobs which formed part of the manufacturing process also started being given on contract until finally a situation obtains today in which there is virtually no area of the manufacturing process which has remained immune to this system.

The system of employment of contract labour has spread from "service" related jobs to those closer to the

manufacturing process and finally to the manufacturing process itself. This is on the one hand. On the other hand it has also spread from factory to factory and from industry to industry until there is virtually no segment untouched by it. Moreover in many factories there is a sizeable population of contract employees and in some factories the number of contract employees very nearly by equals the number of regular or company employees. The system has become all pervasive.