In bringing workers and managers together in a common production effort, industry gives rise to a type of human relationship, combining elements of conflict with elements of mutual interests. The prevalent convention is that the elements of conflict are more prominent in larger sized concerns than in the smaller sized units. This view is based on experience. Labour problem did not become chronic in any country until with the rise of larger sized concerns and so it is assumed that labour problem is mainly a function of size. It is generally maintained that in the smaller sized units, employers and employees are more in personal touch with one another and so there is a wide scope for mutual appreciation of problems of the two parties. Large scale industry has frequently broken the former bond between the worker and his job, giving rise to large scale industrial unrest. Where employees are small, labour problems are simple, few and quickly disposed of. As employing units grow in size, management must solve special problems of supervision, coordination and discipline; employees are faced with restrain, arbitrary personnel policy, specialised tasks and insecurity and both struggle with the evils peculiar to an industrial community—dirt, congestion, strain, squalor.  

1 Phelps, O.W. - Introduction to Labour Economics, page 56. Similar observation has been made by Daya, E. - "One of the main problems of organisation is that of overcoming the difficulties arising from size."
From a study of more facts, this observation would appear to be very near the truth. Labour problems, manifested in the forms of strike, lock-out etc. are of more frequent occurrence in the larger sized concerns than in the smaller sized units. It is also true that in small industry, management is on more intimate terms with the workers and sometimes help the workers in their personal problems. But this happens only in special cases. In fact the statement that small size is conducive to the maintenance of industrial peace, is true only in the case of home industry where all the workers belong to the same family, and in fact, are of the same status i.e. there is virtually no employer in the sense it is commonly used. This personal relationship is completely broken as soon as wage labourers are introduced, and the primitive home industry is transformed into factory industry.

Factors leading to industrial unrest

Mere absence of frequent strikes in small units does not convey the prevalence of an atmosphere congenial to good labour relationship. Small industries, in general, complain of a fall in labour productivity. Almost all the proprietors and managers of small concerns, interviewed in course of this study, expressed dissatisfaction with the workers. This would not be the case if actually human relationship is as cordial as is universally assumed to be. So, in order to examine the problem more closely, we have to study the problem from a different angle, to enquire the causes that actually lead to labour unrest and to examine whether

1 (contd.) In smaller units employees have more opportunity to know each other so that cooperation can develop on a more personal and informal basis; they can see more readily where they fit into the organisation and realise the significance of their jobs in the whole structure” - Human Relations in Small Industry, International Labour Review, June 1952.
small units are immune from it. Labour problems are nothing but manifestations of discontent in their mind which springs from a failure to satisfy certain fundamental economic and social needs and which in the workers' mind are centred on such factors as inadequate wages, unstable employments, excessively disagreeable working conditions, and unrewarding jobs. Employees' moral, that is, the degree of job satisfaction among the workers influences largely the human relations in industrial undertakings. The factors of organisation, administration and leadership, supervision and communication, all have something to do with the development of employees' morale. Other obvious factors are wages, insecurity, working conditions, chances of promotion, the handling of grievances, the opportunity to use ability etc. There are also other factors connected with life other than the work such as welfare and recreation facilities, trade-union activities and social economic and political conditions. However close the relationship between workers and management in small industry may be, small units in general have failed to satisfy the basic human needs. Wage level is exceedingly low not only in the small but also in the medium sized units, which has a serious repercussion on the standard of living and consequently on the efficiency of the workers. Employment position is most insecure and the working condition is extremely disagreeable and dangerous.

Wages and standard of living of workers

Although there is no uniformity in the wage structure, which varies between industries and between different concerns of same industry,

2 Ibid, page 590.
general wage level is found to be exceedingly low in the concerns personally
enquired into as also in the concerns investigated previously.

The monthly wages per labourers in the Small Engineering Industries of Howrah, were found to be Rs.57.2. It is Rs.56.3 in machine and
machine parts, tools and engineering stores manufacturing groups, Rs.57.7
in sheet metal processing, Rs.69.7 in foundries, Rs.67.7 in nut bolt rivet
e tc. manufacturing and Rs.80.6 in welding during 1951-52. The monthly
wages in small and medium sized units of the industries in West Bengal,
surveyed in connection with this study were as follows:

Table 1

Average monthly wages per labour in small
and medium units : 1954-55

<table>
<thead>
<tr>
<th>srl. no.</th>
<th>name of industry</th>
<th>wages per labour</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>small unit</td>
</tr>
<tr>
<td>1</td>
<td>brass lamp-holders</td>
<td>Rs. 45</td>
</tr>
<tr>
<td>2</td>
<td>belting</td>
<td>Rs. 65</td>
</tr>
<tr>
<td>3</td>
<td>oil-pressure lamp</td>
<td>Rs. 57</td>
</tr>
<tr>
<td>4</td>
<td>small tools and cutlery</td>
<td>Rs. 59</td>
</tr>
<tr>
<td>5</td>
<td>pipe-fittings</td>
<td>Rs. 68</td>
</tr>
<tr>
<td>6</td>
<td>hosiery</td>
<td>Rs. 70</td>
</tr>
<tr>
<td>7</td>
<td>saw-mills</td>
<td>Rs. 55</td>
</tr>
<tr>
<td>8</td>
<td>electric lamps</td>
<td>Rs. 50</td>
</tr>
<tr>
<td>9</td>
<td>fountain pen ink</td>
<td>Rs. 80</td>
</tr>
<tr>
<td>10</td>
<td>battery</td>
<td></td>
</tr>
</tbody>
</table>

The average monthly wage rates in different categories of Small Industries
in Calcutta, as found to be as follows in 1952-53.

3 Economic Survey of Small Industries of Calcutta - 1952-53 -
State Statistical Bureau, Government of West Bengal.
<table>
<thead>
<tr>
<th>age groups</th>
<th>unit using power and employing less than 20 workers</th>
<th>unit using power and employing 10 or more workers</th>
<th>unit not using power and employing 10 or more workers</th>
<th>unit not using power and employing less than 10 workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>upto 15 years</td>
<td>Rs. 22.45</td>
<td>Rs. 24.85</td>
<td>Rs. 25.70</td>
<td>Rs. 23.52</td>
</tr>
<tr>
<td>16 to 19 years</td>
<td>Rs. 41.63</td>
<td>Rs. 50.21</td>
<td>Rs. 59.09</td>
<td>Rs. 38.57</td>
</tr>
<tr>
<td>19 years &amp; above</td>
<td>Rs. 70.96</td>
<td>Rs. 75.42</td>
<td>Rs. 68.47</td>
<td>Rs. 72.15</td>
</tr>
</tbody>
</table>

Not only that the wage level is low compared to organised industries, the position of the workers is most insecure, specially in those factories which do not come under the Factory Act. There is no security or stability of employment of the workers which practically depends on the whims of the owners of the factories. Moreover, the workers in the typical small units do not receive any sort of benefits from the workshops legally enjoyed by the workers of organised industries. Thus only 29.4 p.c. of the workers of the units enquired into in course of this study, were found to have been deriving certain types of benefits from their workshops such as medical, provident fund and food concession. All these workers belong to the medium units which are enjoined by law to provide such benefits.

To what extent this low level of wages affected the health and efficiency of the workers has been amply revealed from an enquiry into the family budgets of the workers of those industries.

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4 Design for the survey: A preliminary list was first prepared of the fifty firms classified into industrial categories and total number of workers employed. Evidently the list was not exhaustive, nor could it possibly be, as the survey was conducted by the personal effort of
Composition of the families. Of the total families only 17.7 p.c. were non-Bengalees. This is the special characteristic of the small and medium-sized and specially of the small sized units of this State that these employ mostly the local people. Recently in a study of the income and employment characteristics in West Bengal by the State Statistical Bureau, it has been found that out of 6.3 lakhs of workers in the organised industries about 2.3 lakhs or only about 37 p.c. were Bengalis in 1952. As against this, most of the workers in the small industries including cottage industries were Bengalee. Out of the total workers enquired into 43.9 p.c. were refugees from East Bengal. Another characteristic of the workers of these types of industries is that the workers mostly came from the lower middle-class families with a moderate educational background. Thus it has been found that 95.5 p.c. of the workers can be called literate, of which only 10.1 p.c. can only read and write, 5 p.c. were matriculate, 58.5 p.c. had education from fifth class to class ten standard, while the rest have read not higher than 4th class.

4 (contd.) an individual. Taking for granted this limitation, an attempt was made to make our sample as random as possible. Total number of workers employed is 2371. A five per cent sample has been chosen and the sample size is 119.

The sample has been chosen in two stages. In choosing our sample according to industrial category, we have taken proportionate number of samples from each industrial category according to the number of workers employed. First we chose by Random Method, a particular firm from which we would take our samples. Thus ten firms were selected from ten industrial categories. Then a separate list was prepared of the labourers engaged in each of them. From these lists we chose the requisite number of samples by using the Random Sample Numbers used by the Statistics Department of the Calcutta University. In each category two to four reserved samples were drawn in case information was not available from any original sample.

5 Notes on Income and Employment characteristics of the Industries of the State of West Bengal with particular reference to the Bengalis employed therein. - State Statistical Bureau, Government of West Bengal.
The average number of persons per family was found to be 5 in which there were 1.7 adult male, 1.5 adult female and 1.8 children (that is below 15 years age). Number of dependants living away from family, was 5. In the family of 5 persons, there were 1.6 earners and 3.4 dependants. High percentage of dependants points to one of the pitiable characteristics of the lower middle class family of today.

Average income per family of the workers enquired into was found to be Rs.100 and annas three per month, and the average income per capita was to Rs.20 per month. The income of the family consisted of (a) the earnings from regular employment (b) income derived from other sources such as agriculture land and houses and in rare occasions, from sale of goods produced in the home by family members and part time employment such as private tuition. Of the average income monthly income per family, income from sources other than regular employment constituted Rs.7 and annas 2½ per month. It is found that only 27 out of 119 families in all derived income from other sources. Income from land was derived by only 13 families. Average monthly expenditure was found to be 119 and annas 7½ per family. So on average, there was a deficit of Rs.19 and annas 4 per month.

Table 3

<table>
<thead>
<tr>
<th>Income groups</th>
<th>no. of budgets</th>
<th>average monthly income</th>
<th>no. of earners per family</th>
<th>no. of wage earners</th>
<th>no. of family members</th>
<th>expenditure with family</th>
<th>expenditure of family</th>
</tr>
</thead>
<tbody>
<tr>
<td>below Rs.61</td>
<td>19</td>
<td>51-12-0</td>
<td>2.52</td>
<td>1</td>
<td>85-12-0</td>
<td>1.47</td>
<td></td>
</tr>
<tr>
<td>Rs.61 - below Rs.75</td>
<td>30</td>
<td>69-5-0</td>
<td>3.9</td>
<td>1.15</td>
<td>81-0-0</td>
<td>1.80</td>
<td></td>
</tr>
<tr>
<td>Rs.75 - Rs.100</td>
<td>28</td>
<td>95-0-0</td>
<td>4.08</td>
<td>1.12</td>
<td>96-6-5</td>
<td>4.00</td>
<td></td>
</tr>
<tr>
<td>Rs.100 - Rs.150</td>
<td>27</td>
<td>128-2-0</td>
<td>6.28</td>
<td>1.62</td>
<td>143-7-0</td>
<td>4.62</td>
<td></td>
</tr>
<tr>
<td>Rs.150 &amp; above</td>
<td>15</td>
<td>210-15-0</td>
<td>7.15</td>
<td>1.68</td>
<td>219-15-0</td>
<td>5.33</td>
<td></td>
</tr>
</tbody>
</table>
It is to be noticed from the table that though both the number of earners and number of dependants per family increase with the increase in the family income, the latter shows a sharp increase while the number of earners increases very slightly.

Table 4

Average monthly expenditure per family on different groups of expenditure.

<table>
<thead>
<tr>
<th>srl.</th>
<th>items</th>
<th>expenditure</th>
<th>p.c. to total</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
</tr>
<tr>
<td>1</td>
<td>food</td>
<td>66-3-0</td>
<td>56.04</td>
</tr>
<tr>
<td>2</td>
<td>fuel &amp; lighting</td>
<td>5-0-1</td>
<td>2.51</td>
</tr>
<tr>
<td>3</td>
<td>house rent</td>
<td>10-6-0</td>
<td>8.68</td>
</tr>
<tr>
<td>4</td>
<td>clothing, bedding, footwear &amp; household requisites</td>
<td>8-2-2</td>
<td>6.80</td>
</tr>
<tr>
<td>5</td>
<td>interest and debt repayment</td>
<td>3-6-2</td>
<td>2.83</td>
</tr>
<tr>
<td>6</td>
<td>remittance</td>
<td>4-14-0</td>
<td>4.07</td>
</tr>
<tr>
<td>7</td>
<td>miscellaneous</td>
<td>23-8-2</td>
<td>19.07</td>
</tr>
<tr>
<td></td>
<td>total</td>
<td>119-7-7</td>
<td>100.00</td>
</tr>
</tbody>
</table>

This expenditure pattern clearly reveals the poor standard of living of the workers of these industries. Expenditure on food, fuel and lighting constituted 67.23 p.c. of the total expenditure and if we add the expenditure on clothing, bedding, footwear and household requisites to it, very little is left for expenditure on other items. Medical expenditure constituted an important item in the working class budget as 45 p.c. of the families were found to be spending on this item and the average expenditure per family was Rs. 3 annas 6 and 9 pies per month. Turning to
education, it was found that only 26 per cent of the families are spending on education of their children and the average expenditure was found to be Rs. 2 and annas 10 per month. A groupwise study shows that only the families in the higher income groups had regular expenditure on this item Rs. 6 annas 15 and 11 pies per month in the highest income group and Rs. 2 and annas 10 in the next lower income group.

**Indebtedness**

A noticeable feature of the economic life of industrial workers in India, particularly of those employed in factories, is that they are generally in debt. Thus, 70 per cent of the families enquired of in the present study were found to be in debt and the average amount of indebtedness came to Rs. 297 and annas 14 per indebted family.

The causes of indebtedness were various; but insufficient income was found to be the most important cause for indebtedness as 48.3 per cent of the total amount has been borrowed for the maintenance of the family. Medical expense was responsible for 18.7 per cent of the amount. It is sometimes alleged that the low level of earning of the workers is not the only cause of his indebtedness, as better paid workers are found more indebted than the poorly paid ones. But as has been observed by the Labour Investigation Committee (1946) that though in some cases indebtedness may be due to extravagance, vices and imprudence, the root cause of the evil appeared to be the want of any margin left for meeting expenditure of an unforeseen character. It is true that one of the main causes of indebtedness is the expenditure incurred in marriage, funeral etc. There is a tendency to regard such expenditure as mere extravagance, but it has to be remembered that the worker is a part of a social organisation and has perforce to
conform to certain customary social standard even when he is not in a position to do so. In the present enquiry it was found that expenditure on social functions such as marriage festivals and other ceremonies accounted for 16.2 p.c. of the borrowed amount. Building of houses, home visit, education etc., have been mentioned as the causes for the remaining 16.8 p.c. of the borrowed amount.

Of the total borrowed amount, only 8.4 per cent have been borrowed from company's provident fund at a lower rate of interest and 9.5 p.c. from Government. The rest, that is, 82.1 p.c. have been borrowed from outside sources. Of the total amount, borrowed from outside, 43.2 p.c. have been lent by friends and relatives and the rest from outside money lenders and from shops. In 30 p.c. of cases loans have been taken from friends and relatives free of interest and in 27 p.c. of cases from provident funds. In most cases loans have been given by private money lenders against security of land, ornaments and utensils and the rate of interest charged by them varied from 20 p.c. to 200 p.c. per annum.

Working conditions

Not only the wage level and consequently the standard of living are low in the small and medium sized concerns, the working condition is also extremely unsatisfactory specially in the cases of those smaller sized concerns which do not come under the factory act. As has been rightly observed by the Labour Investigation Committee "actually the position is that conditions in such factories are worse than in factories regulated by laws. The places of works are generally ill-ventilated, ill-lighted, congested and positively dirty. There is no rule regarding hours of attendance and very often workers come early in the morning and
return late in the evening after work, which is monotonous and irksome... as compared to the condition in the unregulated concerns those in large scale factories are very much better .... The popular myth, somewhat like the 'Muriel England' fallacy to which we have been accustomed to give credence that such small scale and cottage factories enjoy immunity from some of the evils to which modern large scale industrialism is liable stands exposed. In the survey of the Small Engineering Industries of Howrah, it has been found that the area of work place is very small - about 75 p.c. firms have works area below 800 sq. feet, and 59 p.c. below 400 sq. feet. In foundries, the area of work places is smaller than what it should be. Recently, the Team of Experts from Germany, in their report on Small Scale Industry in India, remarked on the pitiable conditions in the Small Scale Industries. "At present, Indian Small Scale Industries are suffering as to their workshop facilities from a variety of shortcomings which tend to endanger the health of the workmen and at the same time curb their rate of productivity". The various shortcomings mentioned by them are inadequate working space, poor lighting at work places, poor ventilation of premises, lack of measures for dust control and lack of sanitary and safety measures. Personal visits to small and medium sized concerns in Calcutta have shown that working conditions in small sized establishments are intolerable. There is practically no working space and ventilation, lighting and sanitary arrangements are worse to the maximum extent. Similar observations have been made recently by the Central Team,

appointed by the Development Commissions Small Scale Industries in their survey of selected Small Scale Industries,\(^7\) as well as by Clark in his report on market development of small industry products.\(^8\)

It seems rather puzzling that in spite of low wages, low standard of living of the workers, pitiable working conditions and apparent insecurity of the employment of the workers in the small concerns, labour trouble is reported to be few in such industries. Of the total firms surveyed in the Small Engineering Industries of Howrah, 95 p.c. are reported to have good labour relation. In course of my own investigation labour trouble in the form of strikes is reported to have been practically absent in the cases of unregulated concerns, which on the other hand, is found to be a common feature in the organised small and medium concerns.

In course of an enquiry into the personal relationship of eighty two manufacturing plants in Trenta, New Jersey, strikes were also found to be fewer in smaller sized plants compared to medium and larger sized concerns.\(^9\)

**Consequences of unsatisfactory employment conditions**

Yet it is generally admitted that efficiency of the labour is not at all satisfactory in the small scale industry and the owners and managers always express dissatisfaction with their workers. Of course, efficiency of the labour does not necessarily depend upon the efficiency of the operatives, but is largely dependent on the efficiency of the machinery, the layout of the plant, the conditions of work and what is most important,

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\(^7\) Small Scale Industry Analysis and Planning Reports on Sport Goods sewing machines and parts, Leather Footwear and Battery - published by the Ministry of Commerce & Industry, Government of India.

\(^8\) A Market Development Programme for Small Scale Industry, Lincoln Clark 1955 "Many of the observed industries function under appalling working condition, poor sanitation and ventilation", page 42.

on the efficiency of the management itself. It is true that the worn-out machines used in the smaller sized concerns, and the incompetency in the managerial level are largely responsible for the low productivity of the labourers in small scale industry. But still it is no less true that the efficiency of labour depends also on the health and surrounding of the workers. Unless the workers are provided with a minimum standard of living, which can support and maintain the physical and mental health of the workers, we cannot expect the workers to show even the minimum standard of efficiency. If the management wishes to improve the productivity of the workers by encouraging them to willingly associate themselves in the undertakings, it must first of all find a solution to the essential problems of wages and conditions of work. That in spite of the appalling conditions of work and low level of wages, small industries remain practically free from labour trouble is due to the fact that workers in small industries are not properly organised and thus failed to show their resentment. The growing worsening of the relation between workers and managers, proves beyond doubt that workers are not in a satisfactory position in the small industry, as is wrongly assumed from the mere absence of labour unrest.

Need for improvement in the level of wages and conditions of work

The low standard of living of workers in small and medium sized units is not due only to the low level of wages, but partly due to a large number of non-earning dependants. Yet it cannot but be admitted that the wages are painfully low in most of the concerns. The general low level of wages in India in almost all industries, which lagged behind was incompatible in the war time and postwar rise in the cost of living, necessitates the enforcement of a minimum wage through Government legislature. But the
Indian minimum wages act, passed in 1948, is applicable in the first instance to thirteen industries only, namely, carpet making, shawl making, rice mills, flour mills, and dal mills, tobacco and bidi manufacture, tea, coffee, cinchona and rubber plantation, oil mills, employments under local authorities, road constructions and building operations, stone breaking and stone crushing, lac factories, mica manufacturing works, public motor transport, tanneries and agriculture. So the larger section of the industrial workers has been left outside the scope of the act, which otherwise is fairly wide enough and includes agricultural people also. The fixation of a minimum wage is specially necessary in those trades where there is no effective organisation of workers and where the level of wages is very low. The minimum wage convention passed by the International Labour Conference in 1928 laid down that wage fixing machinery should be set up in those trades wherein no arrangement exists for effective regulation of wages by collective agreement and where wages are exceptionally low. Unfortunately, the workers in the unregulated as well as in the most of the regulated smaller and medium sized concerns in India, which satisfy both these conditions are yet to be brought within the scope of minimum wage legislation. The necessity of the enforcement of minimum wage legislation, in these trades has been stressed both by the Royal Commission on Labour in 1931 and the labour Investigation Committee in 1946. The need for improving the level of wages has been stressed recently by the Central Team under Development Commission Small Scale Industries in cases of specified Small Scale Industries, surveyed so far. It is true that it is rather different to fix the minimum wages of the workers employed in different trades. But preliminary step can be taken by empowering the Central Team under the
Development Commissioner Small Industries to decide the minimum wages in the field of those industries surveyed by it. Steps should also be taken to enlarge the scope of the Minimum Wages Act, which alone would provide a long term solution to this serious problem. In the question of fixation of minimum wages, two major things need to be considered, the standard of living of the workers and the capacity of the industry to pay. The standard of living is obviously the starting point, because it is just the pitiable substandard living of the workers which have raised the question of enforcement of minimum wages. It is the most important consideration also. But enforcement of any such measure must be preceded by an enquiry into the ability of the industries to carry out such measure. That is the minimum wage must be influenced by the capacity of the industry to pay. Otherwise, it may have adverse effect on the level of employment. Enforcement of minimum wage would not have any adverse effect on the level of employment in the cases of those groups of industries where labourers are exploited. Although sweating is prevalent in most of cottage and small scale industries in India, it cannot be said that except one or two cases, there is any serious exploitation of labour in these fields of production. The low level of wages is mainly due to low productivity of labourers. In India we have the vicious circle of low wages and low productivity. The solution lies in the measures to improve the productivity. Enforcement of higher level of wages may induce the employers to adopt ways and means to reduce cost, adopting improved technique of production and such course would have beneficial effects both on the industry as well as on the labourers. This is true in the cases where low wage industries are run less efficiently. But it is often the fact that it is the dearth of capital that compels the firms to be content with less efficient methods of production. In such
case minimum wage would not alter the position and so would react adversely on the level of employment. There are also certain industries where there is neither a margin of profit nor room for improvements. Many of these industries owe their existence and able to survive only because of cheap labour enforcement of minimum wages in these cases may cause the closing down of such industries. But minimum wages are justified on the ground that certain degrees of underpayment and exploitation are socially unacceptable and can only be broken by legal action. This may cause some unemployment. But without it the low wage will become self perpetuating, the industry first being attracted by them and then being dependent on them. Only by closing down the avenues of employment, can a change be initiated. But this should be accompanied by constructive steps to improve the technique of existing industries and to provide alternative employment. Some unemployment would be inevitable in the transition period and the Government will have to look after these unemployed, during this period.

The particular small and medium sized industries studied so far, are of course not sweated industries but it cannot be denied that the level of wages is extremely low even in medium sized concerns compared to the minimum needs of workers. As productivity of labour is intimately connected with the standard of living and consequently on wage level, steps must be taken to raise it where possible. Labourers must receive a part of the increased earnings of the small industries which will result from the encouragement and assistance given to it by the Government.

10 For an excellent discussion on this point see Nigam S.B.L. State Regulation of Minimum Wages, pages 286-287.
Not only the wage level is low but the workers in the small scale industries are mostly denied of the benefits of social security measures. The workers of the unregulated concerns are even excluded from the benefit of Workmen's Compensation Act. Although the State Governments have been empowered to extend the application of the Act to other classes of persons whose occupations are considered hazardous, only Madras has taken advantage of this position and applied the Act to persons employed in establishments where power is used irrespective of number of persons employed. Even the workers of small factories coming under the Factory Act are not all enjoying the benefits of State Insurance Act and Employers Provident Fund Act. The Employers' State Insurance Act is applicable in the first instance to all factories other than seasonal factories run with power and employing twenty or more persons while the Employers Provident Fund Act of 1952, applies at present to those factories which employ fifty or more persons and are engaged in the manufacture or production of cement, cigarettes, electrical, mechanical or general engineering products, iron and steel, paper and textiles.

It is therefore necessary to extend the scope of the Factory Act so as to include all factories except those exclusively family workshops. Moreover, as certain percentage of workers employed in small scale industries are not coming under social security and welfare measures, steps must also be taken to provide the workers with such benefits, if necessary with greater measure of States' assistance. The extension of Factory Act to hitherto unregulated establishments is all the more necessary to improve the working conditions of such establishments. The Royal Commission on Labour, even in 1951, advocated the extension of
Factory rules to the unregulated concerns. "We are of opinion that time has now come to take the next step by the extension of protective legislation to the workers employed in some of the industrial establishments which have escaped legislative control. The places most in need of such regulation fall naturally in the categories - those using power machinery but employing less than twenty workers and those using no machinery but employing a substantial number of workers. 11 Regarding the small factories using power, the Report stated that the most important points requiring attention are the unsuitable and unsafe nature of the buildings in which the machinery is erected and lack of any adequate and indeed often of any protective guards to shafting, belting and machinery. With the amendment of the Factory Act, in 1946, its scope has been further widened so as to bring under legislation all the factories with ten or more workers if using power, and twenty or more workers if not using power. The factory Act of 1948 further lays down the minimum standards regarding the health, safety and welfare of workers instead of leaving them to the State Governments as before. However, in effect, the measure of ensuring cleanliness and providing healthy surroundings are not turned out to be as successful as might be expected specially with regard to existing smaller sized units. The Inspector of Factories finds it difficult to prosecute factory owners on such questions as ventilation or sanitation because structural alterations often involve considerable expenditure. The qualification of the Inspectors have also been questioned because they are appointed mainly on engineering qualification and so are unable to examine the measures adopted for health and welfare of workers.

11 Report of the Royal Commission on Labour, 1931; Published by the Government of India, page 92.
The setting up of Industrial Estates for small units is no doubt a move in the right direction. But these Estates would provide facilities only to a small number of factories in the localities where the Estates would be set up. The Industrial Estates in Pilot Project areas, on the other hand, would be for the new factories set up in those areas. So far as the existing concerns in other areas are concerned, this measure would not bring any material change to their conditions. It is, therefore, desirable or imperative to bring all the small units within some sort of legislation. It is, however, true that all the existing rules of the Factory Act cannot be made applicable to small units. Small units also complain of the difficulties caused by the Factory Acts and Rules. As the technique of production and methods of work are different in the small scale units, it is clear that the Factory Rules should not be made applicable in the same manner, in which they are applicable to large scale units. In connection with the relaxation of certain rules in the Factory Acts to the Small units, the Central Team expressed the opinion that instead of relaxing the standards, much of the problems can be solved positively through Government assistance in constructing proper premises which meet the standards of the Factories. Every endeavour should be made to improve premises available for small scale manufacturers through Industrial Estate or Industrial Area Schemes. Even if we hope that ultimately the conditions of the small units will be improved by the establishment of Industrial Estates all over the country, it would not be, before the

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* The scheme of Industrial Estate has been discussed in the next chapter.
expiry of a number of years. Meanwhile, therefore, it is necessary that
Factories Act and Rules should be made applicable in a lenient form to
all the units except the family workshops. Only certain sections of the
Factories Act, that is, the appropriate sections relating to Inspection,
health, safety, welfare and working hours should be made applicable to
them. It is suggested that the Factory Rules be examined by the Develop-
ment Commissioner for Small Scale Industry in consultation with the Labour
Ministry and the representatives of the various interests concerned with
a view to developing a realistic and enforceable labour code for small
scale units.

It is true that past experience of the extension of Factory
Acts and Rules to the small units is not at all satisfactory. Still the
extension of the Act to the small concerns except the family workshops,
would have the effect of improving the conditions of the industrial units
to be set up in future. To improve the condition of the existing units
is no doubt a tremendous difficult task as in many cases, this would
involve structural alterations not always financially possible for small
units. The problem can be solved to a large degree, if Small Industries
Corporation undertake the building of individual factory sheds in small
units and large villages against specific requests from small scale units
either for letting out on rent or on hire purchases or on outright sale
basis. 13

13 It may be mentioned here that the Board of Corporation had accepted
the principle of a proposal of this nature previously. But as Govern-
ment of India has under consideration a scheme of setting up Indus-
trial Estates in rural areas, the Small Industries Corporation later
decided not to undertake the function in order to avoid any duplica-
tion of effort in this regard. - Report on the Seventh Meeting of
the Small Scale Industries Board, September 1956.
It is sometimes argued that it may not always possible for the smaller sized units to provide the facilities which they would be legally bound to, if brought under factory regulation. But it is to be admitted that to-day, a welfare state cannot deny the right of labourers to some essential benefits such as a minimum wage necessary to maintain the efficiency of the workers, security of his employment and medical care.

Regarding employers' responsibility towards sickness, age and unemployment insurance for industrial workers the P.E.P. report on British Social Services observes that "employers of insured workers are compelled to contribute to each of these three insured funds in recognition of the needs for maintaining the health and physical fitness of their employees at all times." 14

As further observed by Dr Mukherjee "In India Social Security has become imperative ..... This is a demand as much of social harmony and justice, prime objectives of any civilization, as of economic efficiency, the objective of our industrial community. For, just as the employer must provide for the wear and tear of machinery ..... so has he also to replenish the wear and tear of human muscles and capacities as a result of sickness, maternity, accident or oldage in the interest of the continuity of efficient production." 15 If the small unit is unable to provide for the fundamental needs of the workers, it has no right to exist in the economy. Labour is not a commodity, a human being is not a tool or machinery, his dignity has to be safeguarded and provisions made for his fundamental human needs. These are imperative human considerations that cannot be

14 Quoted in Indian Working Glass by Radhakama Mukherjee.
15 Ibid, page 351.
disregarded with impunity. "The undertaking has a dual existence, it is not only an economic profit making unit in which the workers are an element in production costs, it is also a social unit, which, in addition to its responsibility towards the community, has a liability towards the workers it employs and it must accordingly offer them every possibility compatible with sound financial arrangement for the full expression of their personalities".  

Lastly, it must be admitted that mere legislation cannot protect the rights of the labourers unless they themselves are able to claim and protect their rights. The pitiable condition of the small scale units is largely due to the fact that labourers in small units are not at all organised. This is due mostly to the attitude of the employers towards workers organization. The majority of Indian employers, still today, find in the workers organisation nothing but a challenge to their power and authority. Large scale victimisation of the labours had often taken place in the history of trade unionism in our country. Even today, employers do not hesitate to take unfair methods to weaken the labour organisation in the organised industries. In such circumstances, the position of workers in small units, whose employments depend solely on the whims of the employers, can be easily understood. Yet it has been widely admitted today that strong and effective organisation of workers is essential for the maintenance of industrial peace. The existence of large number of heterogeneous groups of small units, each with a small number of workers also presents practical obstacles to the growth of any effective organisation of workers in these industries, and it is not easy to suggest practical solution to such problems. This fact itself enhances the responsibility of the state towards such units as well as that of the management of the small industries.

17 "Whatever the management does to associate the workers with the undertakings it should never try to split them from the union or endeavour to persuade them that their interests are more effectively protected by the company. It should hold the permanent trade union or organisations as trustees of their interests, freely chosen by their employees they represent, exchanging the informations such trusteeship entails". Ibid, page 299.