CHAPTER-II

CAPITAL AND LABOUR IN THE INDUSTRY

We have in our previous chapter laid the theoretical framework of our study. In this chapter an attempt will be made to analyse the nature of capital or business and the nature of the working class in the industry. In discussing the nature of capital we shall give primary importance to its organisation, the IJMA, the chief source of its strength, and in discussing the nature of the working class in the concerned industry primary importance will be given to its living condition. This discussion shall be divided in two sections entitled ‘Capital’ and ‘Jute labour’ and the sections will be divided into several subsections.

I

CAPITAL

By the turn of this century most of the capital invested in Indian industry was owned and controlled by Britishers. This was obvious keeping in view that India was a colonial adjunct of Britain. It must be pointed out here that though capital was owned and controlled by the Europeans but the source of this capital was “ploughed back profits from enterprises and from Europeans in India”. Indian capital emerged only by the end of the nineteenth century and consolidated during the entire World War I period. By the beginning of the Second World War it had climbed up significantly. This process of climbing up and the extent of its control varied over space. In Western India it had made its presence felt significantly by the 1920s but in Eastern India much of the capital was owned and controlled by the British. Jute mills, tea plantations and coal mines were mostly owned and controlled by them.¹

Levkovosky had pointed out that the first Indian factory owners were those who collaborated and aided the British in colonial exploitation; merchants, middlemen and money lenders. Conversion to capitalistic activities by them varied over space but one thing must be

noted that the conversion to capitalistic activities by them never meant that they did not continue their old trade side by side. The Industrial Enquiry Commission of 1918 commented:

The Indian capitalists (meaning money lenders and merchants) generally have followed their ancestral traditions of rural trade and had confined themselves to the finance of agriculture and of such industries as already existed. When communications were improved and India was brought under effective touch with the outside world, traders took advantage of the changed position merely to extend the scale of their previous operations. Like the landlord they lent money to the cultivators and found a profitable investment in landed property. In trade and money lending and, to a smaller extent, in financing village artisans, the trading classes found that large and certain gains were to be made; while modern industries required technical knowledge and offered only doubtful and in most cases apparently smaller profits.  

Once Indians drew them to capitalistic activities, they were confronted with stiff competition from British capital. But Indian capital managed to overcome the difficulties and grew significantly. What resulted was a high degree of concentration. Bettleheim points out the reason behind this in these words:

...only those who possessed large financial resources at the start could exist when faced with competition from foreign capital and with the feudal or semi feudal social and economic structure of rural India. Feudal relations reduced internal market expansion of industrial products to a minimum, the market being in any case supplied by imports from Britain.  

Now coming to the jute industry, we find that almost all capital from its inception in the 1850s to the beginning of the 20th century was owned and controlled by the Europeans, in sharp contrast to that of the cotton industry in Bombay and Ahmedabad (the Parsi community were the pioneers of the cotton industry in western India). Why was there such a difference? The most important of the reason was that trade, ports, shipping, etc., was controlled by the Europeans. Jute being an industry which was much more export-oriented, without this other infrastructural facilities like shipping, etc., Indians could not have succeeded in the industry. Hence, the reluctance to invest, though Indian capital was not found to be lacking in this part of the subcontinent.  

In Eastern India, the industries were controlled by the managing agencies and major managing agency houses were also interested in large exports and imports trade. The jute mills, the plantations, the coal mines all were controlled by the managing agencies which also engaged and controlled trade. For example, Jardine, Skinner & Co., was a typical agency which controlled

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some jute mills and also was interested in trade. The jute mills did not find it difficult to attract the
finances of the managing agencies though there was also competition for investment from the coal
and tea industry.

The First World War loosened the grip of Europeans in the jute industry. The Indians
entered, but not to any significant extent, though there are claims that 60% shares of jute mills
were owned by Indians. This seems to be an exaggerations. Thorough probe had revealed that till
the Second War, Indian control was not at all significant. No jute mill during this period passed to
Indian hands. Indian firms entered the industry but the Europeans were dominant. Indians were
able to capture a large part of the capital of the jute mills and also they engaged in jute trade. The
first Indian managed mills were Birla Jute Manufacture and Hukumchand Jute Mills Ltd. Other
Indians also were building mills; Elias, Dayaram Poddar, Adamjee and Raja Janakinath Ray.
Indians also entered into other aspects of jute trade and is reflected from the fact that several
Indian organisations came into being; like the Bengal Jute Dealers’ Association, the Hatkhola
Baniya Sabha to name a few.

Participation of Indians in the jute mills increased after the war in accordance with the
general trend which was witnessed throughout the country. To Levkovosky, Indian capitalism
developed and consolidated, though the development was lopsided, it gained momentum
particularly because the big bourgeoisie was making money faster than any one else. It was
growing and more monopolists were appearing. The share of the Indian capital, however, varied
from one industry to another. In the jute industry though Indian participation increased and it was
significant but it was still the Europeans who owned the majority of the mills. In 1943, the British
owned 62 mills with a total work force of 218,585 whereas the Indians owned only 20 with a total
workforce of 66,283. This domination of the British remained even in 1947, the European
agencies controlled a major share of India's jute manufacturing capacity, Indian firms have come
to control only 28 out of 85 mills.

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4 For an account of this kind, see A.K. Bagchi, *Private Investments in India 1900-1939*,
Cambridge, 1972, p. 263.
5 Ibid., p. 279.
6 See Omkar Goswami, “Collaboration and Conflict : European and Indian Capitalists and
the jute economy of Bengal, 1919-1939”, *The Indian Economic and Social History Review*,
7 See Table XLIX in A.I. Levkovosky, *op. cit.* pp. 364-65.
8 See Omkar Goswami, *op.cit.*
The Indians entered in a significant way after Independence in the industry and this is revealed from the fact that though there are quite a number of mills in the State but most of the mills are owned and controlled by a few monopoly houses. The monopoly houses are: the Birlas, Kanorias, Bajorias, Goenkas, Bangur, Singhania, Mehetas, etc. This ownership is important because there is very little oligopolistic competition in the real sense among these families. Not only that these houses own and control the mills, but also have their interest in the shipping of jute products and trade in raw jute. The Jute Enquiry Commission of 1954 recognised these facts that owners of the industry had entered into the business of raw jute and the shipping of jute manufactures. As a result of this the owners of the mills not only earn profit from the manufacture of jute products but also by trading and shipping. Many of the mills are owned by individuals and recently many of the mills are increasingly going to the hands of those who were pure traders. Significant part of jute manufacture and other aspects of jute trade is controlled by the same interests. The Capital once remarked, "it is jute industry's tragedy that the manufacturing units are owned by people who have the blood of brokers and traders in their veins." In recent years the owners had lost a considerable monopolistic power over external trade because of shrinking of the export market, but still earns profit from the internal trade of raw jute and its ability to control raw jute prices.

The managing agencies to which reference had been made earlier exercised economic control over the jute mills till 1970. Some of the important managing agencies which had acquired the control of jute mills in Eastern India were Macneill and Barry & Co., Jardine Henderson, Bird & Co. (Pvt.) Ltd. And F.W. Heilgers (Pvt.) Ltd., Andrew Yule, James Finlay & Co., Mcleoad & Co. Ltd. Apart from the above mentioned European managing agencies, there were certain Indian managing agents: Dayaram & Sons, D.R. Rungta Managing Agencies, G. Makhuria, etc. These European and Indian managing agencies not only acted as managing agents for one or two mills but controlled many mills at the same time. For example, Jardine Henderson in 1961 managed the Reliance Jute Mills Co. Ltd. And Howrah Mills Co. Ltd., Bird & Co.(Pvt.) Ltd. acted as managing

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11. This was also recognised by the Jute Enquiry Commission of 1954. See Government of India, Report of the Jute Enquiry Commission, Delhi, 1954.
agents of the Union Jute Company Ltd., the Northbrooke Jute Company Ltd. and the Auckland Jute Company Ltd. and acted as Secretaries and Treasures to the Lawrence Jute Company Ltd. and the Dalhousie Jute Company Ltd. In 1961. In the same year Bird & Heilgers was the managing agent for Northbrooke, Lawrence, Auckland and Kinnison Jute Mills. The Indian managing agents were less powerful and only controlled one or two mills at a time in the late sixties. For example, in 1968, Dayaram and Sons acted as managing agents for the Calcutta Jute Manufacturing Co. and the Indian managing agency, D.R. Rungta acted as managing agents for Birla Jute Manufacturing Co. and as Secretaries and Treasurers to Bally Jute Company in 1968. It has also been reported that jute mills under the same managing agency were amalgamated at times on the grounds "that greater economies will be secured". For example, the Orient Jute Mills Company Ltd. was amalgamated with the Cheviot Mills. Both were under the Andrew Yule Group in 1961. In another instance, the Belvedre Jute Mills Company Ltd. was amalgamated with the Delta Mills in the same year.13

The managing agencies though formally were in control of the management of the mills under period agreements approved by shareholders and government, but in fact these agencies exercised great economic power and there was a growing tendency towards concentration of economic power. These agencies had such a strong control over the mills and the Indian Jute Mills Association that when the Government formed the "Managing Agency Enquiry Committee" in 1965, the IJMA submitted a memorandum to the Committee for their retention. The memorandum stated:

...the enforced disappearance of managing agents will have most undesirable repercussions on the jute manufacturing industry under the conditions obtaining in it today...in the top of this the managing agency system if abolished, the whole cost structure and administration of the jute mill industry would be put in disarray, with grave consequences for the industry itself and for the national economy, which is so heavily dependent on the industry's export earnings.14

The Capital reported the argument of the IJMA in the following words:

The IJMA maintains that it would be wrong to take the radical step of dispensing with a company management system which has served India well, has proved its worth by endurance and has the strength to provide some stability today when the economy seems to be in need of it, saying that the restraints already imposed on the managing agents under the Companies Act are entirely adequate to prevent the abuses of the system. The memorandum maintains that "there is no

13 See the various issues of Capital, since 1950.
more scope for abuse in the case of companies so managed than in that of companies directly managed by board of Directors".

It stated further:

In the course of the last hundred years, the jute industry has built strong trading links with overseas buyers, many of whom rely on the name of the managing agency house. "To cut across those trading links by abolishing managing agents would be to disregard a natural development which has been to India's gain in her jute goods export trade", the memorandum adds....It has been rendered possible by the unique facilities available under group managing in technical know-how, sales organisation, finance and in other spheres....Enumerating the likely effects of that their disappearance would create a vacuum in the jute industry's top management and technical services, resulting in a decline in administrative efficiency, an increase in operational and production costs and a general loss of functional vigour due to the dissolution of the present well knit management structure of the industry....The breaking of the nexus between the managing agents and their managed companies might probably entail a disinvestment on the part of the former managing agents and may bring about a depression in the capital market.15

The memorandum of the IJMA reflects the economic power which the managing agencies exercised on the managed mills or companies. This is contrary to what J.R.D. Tata felt that the agencies "exercise very little real economic power."16 Moreover, the mere submission of the memorandum by the IJMA demanding the retention of the system also indicates the influence and control of the agencies on the organisation. We have argued earlier that there were only a few managing agencies which acted either as managing agents or as secretaries and treasurers for the majority of the mills; therefore, the exercise of this type of influence was not accidental. Though there were only a few managing agents, and some of the agents combined together and acted as managing agents for a particular mill (for e.g. till 1965, Bird & Co. (Pvt.) Ltd. And F.W. Heilgers (Pvt.) Ltd. together acted as managing agents for at least seven jute mills) but differences among the managing agencies always existed. There are instances when one particular managing agency objected to certain decisions taken by the IJMA. One such instance was in August 1969 when the Bird-Heilgers group which managed five jute mills recorded its protest against the inflexible approach of the IJMA towards negotiations with labour for averting a strike.17 This system of company management came to an end in 1970. A legislation to this effect had been passed in the Parliament earlier to do away with the company management system apparently to prevent the

15 Ibid.
concentration of economic power. After this system of company management came to an end, the mills were managed by Board of Directors.

ORGANISATION

The interests related to every aspect of jute trade have formed their organisations to protect their own interests. A few have been named earlier. The Indian Jute Mills Association (IJMA) is the organisation of the jute manufacturers. It was established after three decades of the establishment of first jute mill in Bengal and after its inception, it had acted as the leader of the jute manufacturers. Over time it had weakened because of several reasons including the decline in its membership, internal conflicts, but still it happens to be one of the stronger organisations of the Indian business. In 1981, even the General Secretary of the Bengal Chatkal Mazdoor Union, the largest organisation of the workers in the industry stated:

Despite these quarrels and internal conflict (among the members), the IJMA is still the leader of the jute industry.18

In order to understand the exact nature of the IJMA and its strength, let us delve deeper into history because past and present are very intimately connected. It came into existence in 1884 and was affiliated to the Bengal Chambers and Commerce. The Association after its inception elaborated its function in the following words:

(i) To impose restrictive conditions on the conduct of trade;
(ii) to adjust production of the mills in the membership of the Association to the demands of the world market;
(iii) to protect members of the Association against competition.19

Out of all these purposes in the words of Goswami, the principle of what may be called “indirect oligopoly”, i.e. keeping prices high through output restriction, had the sacrosanctity of a Papal bull - infallible at all times and to be unquestioningly resorted to at the slightest trade for fear of excess supply.20 Hence the instruments of control was, restricting to control prices and to this effect it used its favourite “short-term working agreement”. Therefore, IJMA possessed some powerful instruments to serve both the “short and medium cum long term interests of the mills”. Bagchi

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17 Report in the capital, September, 1969.
reports us that the first such agreement was reached in December 30, 1885. This agreement took several forms such as shutting down of given percentage of looms and spindles, closing the mills for a special number of days, working certain hours a week, putting restriction on the productive capability of the mills etc. All these had an avowed purpose of restricting production to keep prices in check. Thus, "the IJMA operated as a quasi-monopolistic body for most of the period".

The ability of the jute mills in Bengal to act as a quasi-monopolistic body had obscured the internal conflicts of the IJMA and conflicts between the IJMA and non-IJMA member mills. As is now known that the Indians entered into jute trade and manufacture after the First World War, though not in a significant way. But they made their presence felt in other aspects of jute trade strongly. Goswami had found that in 1903-4, out of the total strength of the Calcutta Bailed Jute Association (CBJA), a body of raw jute exporters, 70 out of 133 members were Indians of which 45 were Indian firms and by 1918-19 out of the total membership of the Association as much as 67% were Indians. These only confirms that interest in jute trade among Indian business houses was very much there, it was only they were trying to consolidate themselves. The trade in raw jute provided them opportunities to consolidate themselves. Many of the business houses which came to own and control the mills later were raw jute traders in the beginning.

Let us return to our discussion on the IJMA. Entry of Indians in jute manufacture in the 1920s is however significant way it was, if not solely but in a large way responsible for the conflicts within the IJMA. In the words of Goswami:

...it brought in its wake the emergence of Indian capitalists in the industry and also heightened some fundamental imbalances which rapidly developed within the manufacturing sector...the combined forces of Indian entry and imbalances in the backdrop of an expanding and then sharply contracted market had a fourfold impact on the jute economy...they increased conflict between Europeans and Indians in the product market. A heightening of Indo-European capitalist conflict did not lead to an immediate increase in collaboration between Europeans, if anything, the factors which promoted Indo-European conflict also increased tensions between the European managing agencies. In the third place, conflicts within the managing sector, during most of the 1930s, were not really resolved by any of IJMA's instruments or through any accepted form of oligopolistic retribution. Instead they were brought to a temporary halt because of a couple of years of cut throat competition which had no semblance of output control. Finally, Indo-European conflict and IJMA's inability to maintain high

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20 Ibid.
22 Ibid.
23 Omkar Goswami, n.19.
prices in the product market led to increased collaboration between Indian and European capitalists in the factor market.  

This conflict got manifested, for example, in the 1930s when the industry was hit hard by the depression, there was a massive slump in world demand. The industry (the IJMA members) reacted by its favourite "the working time agreement" by which the number of working hours were to be decreased from 60 to 54 hours in the beginning and later on it decreased the working hours from 54 hours to 40 hours per week. Some mills, particularly new mills, mostly Indian, came out of the IJMA and apparently dissatisfied with the agreement and increased its working time. Later on in 1932 an agreement was reached between the IJMA and non-IJMA mills in which the later had to compromise more. There was also an attempt by the IJMA to bring non-IJMA mills into its orbit but this failed. This is important keeping in view that in the years just after the entry of Indians, the Indians toed the line of the IJMA. Thus though the jute manufacturers were organised behind the IJMA, perhaps the strongest organisation of the business in colonial India, but this should not lead to a misconception that all was well with the members of the IJMA. The weakness of the IJMA strongly got manifested when the mills had to confront the situation of economic crisis prior to independence.

**The IJMA and the Mill Owners in Recent Years**

Over the years the IJMA had weakened but despite the problems which it faces it still is the leader of the industry. Let us look at its strength and weaknesses. We would like to argue here that the IJMA derives its strength from several sources. These sources are three in number. The unanimity of the millowners, the relationship which it has with associations related to other aspects of jute trade and the relationship which the IJMA or the millowners have with the state and the Central Government.

It has been pointed out earlier that the mills are now owned and controlled by a few monopoly houses namely; the Birlas, the Kannorias, the Bajorias, the Goenkas, the Bangurs, Singhanias, Mehetas, etc. This position of the jute mills in which majority of the mills are owned and controlled by big monopoly houses, provides enough strength to the mills and their organisation vis-à-vis labour and the jute cultivators. Prior to the control of these houses over the

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\[^{24}\text{Ibid.}\]
\[^{25}\text{Ibid.}\]
industry it must also be made clear that the mills were controlled by huge managing agencies till 1970.

It has been contended earlier that the IJMA derives its strength not only from the members which it represent but also from some other sources. The second source is the relationship which it has with the agencies or organisations representing different interests in raw jute trade or trade in finished products. Some of these bodies are directly controlled by the jute mills whereas the others have close links with the industry because the health of these organisations depend directly or indirectly upon the health of the industry. The organisations of the second kind are not completely independent from the owners of the capital of the industry but are independent in a relative sense. This is not to argue that no difference exists among the millowners and the owners of these agencies, but one must note that since their well being and condition depends upon the performance of the industry, the differences cannot go beyond a particular point. The dependence of these smaller organisations leads them to objectively and in the long run defend the interest of the millowners, hence they provide strength to the millowners and to their organisation, the IJMA.

Let us discuss first the agencies or organisations which are directly controlled by the millowners. The most important of these organisations is the “Indian Jute Mills Agencies Association”. It is an association of raw jute purchasing agencies owned by the mills. It must be pointed that almost all the mills have established their own agencies in order to procure raw jute. This fact was recognised by the Jute Enquiry Commission of 1954. The Commission held:

...mill managements had built up their raw jute purchase organisation for either buying directly from secondary markets or through dealers in Calcutta market.26

It is clear therefore that in the earlier phase the mills had set up their agencies to purchase raw jute at cheaper prices for the mills. The setting up of these type of agencies are natural for the mills, if one considers the fact that raw jute prices contributes around 60% to the total manufacturing costs in the industry. Coming to the point that these agencies provides strength to the mills. When the Government decided to form the Jute Corporation of India with the dual aim of providing some kind of relief to the agriculturalists by keeping the prices of raw jute at a remunerative level and with the aim of facilitating the supply of raw jute fibre, the Jute Mill Agencies Association

opposed it and despite its opposition, when it was formed, the association demanded that it should be allowed to operate along with the corporation. Their contention was that their agencies were not middlemen but brought raw jute for direct consumption of the mills. This demand was put forward by the Association in 1972.\(^{27}\) And prior to this in 1969 the President of the Association had urged the authorities to meet the bad situation of raw jute supply and had emphasised that the members of the Association (the mills) must have more agencies to help the industry.\(^{28}\) Hence the Association representing the agencies owned by the mills defends vehemently the interests of the mills. The control of the mills over the agencies and the Association was total, for example, various official positions of the Associations were held by the representatives of the mills. For example in 1972, D.L. Meheta of Thomas Duff & Co. was elected to the post of Chairman and M.C. Goenka of the Hukumchand Jute Mills was elected as the Vice-Chairman.\(^{29}\) The other agencies which are directly or indirectly related to the jute industry, to name a few are: the Jute Fabrics Shippers Association, the East India Jute and Hessain Exchange, Jute Bailers Association, Jute Brokers Association, etc. One thing needs to be stressed here is that these bodies and organisations owes its existence to the industry as such. The performance and well being of these bodies economically depends upon the health of the industry. Hence these Associations though at certain times develops conflict with the mills and their association but objectively and in the long run defends the interests of these mills, providing strength to the millowners. Providing strength may take several forms, such as during the strike the associations may show concern about the plight of the industry, it may demand the import of raw jute to meet the situation of bad raw jute supply to the industry, etc. Now it must be stressed that since all the organisations do not have a common function, hence the interests which they have is different, and thus the way they help defend the interest of the millowners take identical as well as distinct forms. For example, the Calcutta Jute Fabrics Shippers Association, an agency for the shipment of jute products very actively tries to mobilise opinion against strikes and when the strike do begins then the body expresses concern over the plight of the industry.\(^{30}\) The East India Jute and Hessain Exchange, which is primarily an agency for trade in raw jute and jute goods claims to be a common forum for

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\(^{27}\) A report in the *Capital*, July 13, 1972, p. 73.
\(^{28}\) Ibid.
\(^{29}\) Ibid.
industry, shippers, dealers and raw jute traders. It defends the interest of all the organisations which is related to jute trade, keeping in view the interest of the industry first. In an interview with Capital in November 1982, the President of the East India Jute and Hessain Exchange said:

The main function of the association is controlling the marketing of jute goods and raw jute trade. The association looks after the interests of different groups of people, including millowners who are connected with the jute industry and represented in the association. 31

Other associations like the Jute Bailers Association, Jute Brokers Association, Gunny Trade Association, all have their interest intact with the jute industry and hence directly or otherwise defend the interest of the millowners. For example, the Jute Brokers Association opposed in the early 1970s the proposal of the Government to take over the raw jute trade and demanded that the JCI should accept it as a canalising agency, it had from time to time expressed its concern over the supply of raw jute which adversely affects the industry and so on. 32 In 1972 the Association deplored the remark by a Member of Parliament in the Parliament that "it had been an open secret that jute prices were controlled by about fifteen brokers' houses. It contended this remark by saying this obviously "sprang from an ignorance of the jute broking trade" and pointed out that there were around 250 jute brokers and broking firms in the city, functioning in an atmosphere of free trade. It had affirmed that there was no monopoly in the trade, and no group controlled the activities of any particular section of the trade, much less the prices of raw jute. 33

Thus it is amply clear that not only agencies which are owned by the mills but also associations representing different sections related to the jute trade objectively and in the long run defend the interest of the millowners because the existence and condition of the former depends directly or indirectly on the health of the industry and the owners of the mills. Apart from this one must note that the IJMA is affiliated to the Bengal Chambers of Commerce and Industries which is affiliated to the most powerful business organisation in the country, the FICCI. And it is known that some of the millowners are from well known monopoly houses and even occupy important positions in the FICCI. It is also known that the FICCI had defended not only the jute mill owners but also all the interests related to jute trade. It had always opposed the

31 Capital, November 1982.
32 For an account of this type of opposition see the various issues of Capital from 1970 onwards.
demand of labour unions for nationalisation of the mills, it even opposed in the late sixties and early seventies the move by the Government for state trading in raw jute.34

The third important source of strength for the IJMA and the millowners is the relationship which it has with the State and thus with the ruling political party at the Centre. By the State we mean here following Milliband, “an ensemble of institutions: the executive power by which is meant Presidents, Prime Ministers and their Cabinet colleagues and other immediate advisers; the top layers of the administration, in departments of state, and also beyond ministerial department...”35 Among all these, the executive power is of greatest relevance here. The millowners both IJMA as well as non-IJMA members enjoy a tremendous clout at the executive level of the state and thus it is able to get concessions whenever needed and finds the State institutions in its own side when confronted with labour. This point needs to be substantiated.

Marxist scholars on Indian political economy had proved with clarity that the State in India is not a neutral entity but a state of the ruling classes in India. About the nature of the ruling classes, there is no unanimity though it is held that state power is exercised by the industrial capital and the landed interests. Let us begin with the assumption that the State in India is the state of the bourgeoisie and the landlord and the policies which is being pursued, overtly or covertly had the purpose of serving the interests of those who hold State power. If this is accepted then one can argue that the millowners who happen to be important industrial houses in this country, their interests is protected by the State directly or indirectly.

Contrary to our assumption it has been argued that the Central Government is interested in ruining the industry. This argument was put forward by the Bengal Chatkal Mazdoor Union (BCMU). The General Secretary of the BCMU held in 1986:

...It becomes clear from these facts that the Congress (I) Government at the centre is deliberately conspiring to ruin the most important industry of Eastern India, particularly of West Bengal. It is to be remembered that 2.5 lakh of workers and 4 million jute growers are involved within the industry.36

33 See the reported reaction against the remark of the leading Member of Parliament in the Capital, June 22, 1972, pp. 1053-1054.
34 The FICCI had cautioned the Government of India against the setting up of the public sector corporation for raw jute. See the Capital, May 9th, 1968.
This argument is not convincing and cannot be substantiated. The fact that the mills are largely controlled by big monopoly houses in this country and the fact that the State is the State of the ruling classes in this country only lends support to one assumption that the millowners have close connections with the political party which had formed the Government at the Centre. After 1977, the attempts of the millowners to bypass the State Government and deal directly with the Central Government only lends more support to this assumption. The close relationship of the millowners and their organisations with the ruling political party in the Centre was pointed out even by the Union Minister of Industries in 1978. Rejecting the plea of the millowners that they don’t have any money, he alleged:

You have earned the reputation of shelling out money to people from Delhi who came to you during election time.

Earlier the Minister had questioned a spokesman of the IJMA:

Why is the industry in such a position? Has the IJMA spent any money on improving production?37

This allegation by a Minister is important. This can be sufficiently supported. An important Committee, “The Committee on Public Undertakings" reported in the same year about the relationship of Enforcement Directorate and the Law Ministry with the jute industry.

*The Statesman* reported:

The enforcement directorate and the law ministry allegedly “colluded with a large number of jute millowners in carrying out what appears to be big economic offence….” It is amazing that the span in the ten years not a single person in the jute trade, which is seething its malpractices and economic offences in violation of the Foreign Exchange Regulation Act was prosecuted.38

This relationship of the millowners and the ruling political party at the Centre can also be made out from the IJMA’s liking and support for the policies pursued by the former. Commenting on the emergency the IJMA Chairman in 1976 stated:

Promulgation of emergency has engendered a sense of indiscipline and purpose on the national scene which, we all know, were absent in recent times. The enunciation of 20-point programme by our distinguished Prime Minister has breathed a new life into the masses of the country and has generated hopes amongst them. We on behalf of the jute industry, pledge ourselves to contribute our mite to the national effort.39

The IJMA was equally delighted by the results of the general elections in 1980. The Chairman said:

This year, 1980 will be memorable in the annals of our country for the general election in January, which, I am confident, will mark the end of the phase of political instability which has plagued the nation. It is a tribute to the vitality of Indian democracy that the people had given in unmistakable terms, a massive mandate for a strong and stable government, pledge to revitalise the national economy and provide constructive solutions to the problems of stagnant industrial growth, rampant inflation and the widening trade deficit. The lesson of the election is clear. The people will not tolerate internecine squabbling and demand constructive policies that will yield positive achievements.  

The statements quoted above of the IJMA Chairman is important because it indicates the political orientation of the millowners and also helps us to understand their attitude towards the political party at the Centre. One conclusion can be reached that the IJMA throughout the years had supported the political party ruling at the Centre, at times however, it may differ for example, the IJMA had protested against the Government's decision to form a state trading corporation in raw jute throughout the late 1960s. It had also protested against the Government's decision to import jute packaging materials from Bangladesh every now and then. But overall the IJMA throughout the period after independence had felt satisfied with the policies of the Central Government and had supported it.

After having established the fact that the millowners in general have supported the overall policies of the Central Government and the fact that the millowners are closely related with the political party which had been in government after independence except for a brief interruption, let us move to a different question; what is the attitude of the Central Government to the industry and the millowners. We have argued earlier that the general attitude of the government had been to provide as much as concessions to the industry and defend the millowners when they needed the help of the government most.

We may answer the question in brief. The government from the very beginning have provided concessions and assistance of different kind to the industry. This is contrary to what the

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40 Ibid., 1980.
41 See, the Capital from 1968 onwards.
42 One of the important feature of the IJMA annual general meetings is the presence of an important central minister. The efforts of the government to improve the condition of the jute industry was explained by the then Union Commerce Minister, Mr. D.P. Chattopadhyay in 1976. See, IJMA, Report of the Committee for the year 1976, Calcutta, 1976.
BCM had held as noted earlier. Since independence the government had been too sympathetic to
the industry. Immediately after independence the single most problem which the industry faced
was the problem of procurement of raw jute. The problem was an acute one and the government in
a very short period was able to enhance the area under jute cultivation and thus to some extent was
able to solve the problem of raw jute. Not only this, the government since then had done a lot for
the industry and among this, some of them are reducing the export duty on certain items whenever
demanded by the IJMA, to facilitate research and development efforts, providing funds for
modernisation of the units, revival of certain sick units, etc. Apart from these the government had
taken the side of the millowners in their struggle or fight against labour and their unions
particularly during general strikes. This stand of the government will be discussed later on in the
thesis. We would like to end our discussion on this topic by quoting from the Capital:

The Jutewallahs have had their way...over the decade since Independence; it has
been the same story always. The jute bosses get away with every concession
they want and the Central authorities just complaisantly surrender, demonstrating
the link between money power and political power. The former propelling the
later and the vice-versa. 43

The position and strength of the IJMA though is important for us in dealing with the class relations
within the industry at the same time the differences and conflicts within the IJMA and the
weaknesses of the IJMA must also be noted. More and more members are coming out of the
organisation which indicates that the IJMA had weakened. Conflicts among the members of the
IJMA are also not uncommon. Let us look at these two factors which had either weakened the
organisation or which is the manifestation of its weakness.

The membership of the IJMA had declined significantly. The membership had dwindled
to around 50% of the total mills in Bengal. In 1984, it was only 30 mills. The IJMA's base started
dwindling from the late 1970s. A report in the Statesman in September 1977 stated:

Many jute mills have lacked confidence in the IJMA. They hold the view that it
had ceased to be an effective organisation in representing the jute industry's
interest. About 20% of the mills have withdrawn their membership and stopped
payment of subscription to the Association, which had sixty mill units as
members.

It further stated:

Mr. I.K. Kejriwal, Chairman of the Association, said in Calcutta, that his
organisation has to reduce its budget from Rs.20 lakhs to Rs.12 lakhs a year. Its

43 "Lure of Golden Fibre", Capital, September 28/October 5, 1984, p.27.

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office in the USA had to be closed recently. These are some of the measures to reduce the budget. The spokesman from a mill which had withdrawn from the Association said that the organisation had failed to make its existence felt in New Delhi or in Calcutta. For nearly three months, which had been very critical for the industry, the Union Commerce Minister, Mr. Mohan Dharia had not cared to meet a representative of the IJMA. The Left Front Government did not seem well disposed to the organisation.44

From the decline of the membership of the IJMA over the years, one can infer that millowners had or are loosing faith on the efficacy of the organisation. The withdrawal of membership by some mills is important at the same time what is also fundamental is that members return back to the canopy of the IJMA whenever required. This is because members leave when they lose faith and return back to the fold whenever they gain faith. The loosing of faith can be explained by the fact that the Left Front Government which came into power in 1977 is not too friendly to the organisation and the change of government in the Centre from the Congress (I) to the Janata party meant that the IJMA was not going to cut much ice. Hence withdrawal of membership by mills from the IJMA in the late 1970s. Many millowners returned back to the IJMA after the returning back of the Congress (I) Government in 1980. Another cause can be the attitude of the big monopoly houses towards the IJMA. The big millowners in more recent times have started bypassing the IJMA by dealing directly with the Central Government thus weakening the organisation. In the late 1980s more than 20 mills were out of the IJMA.45 The other weak aspect of the IJMA is that differences among the IJMA members had grown and very frequently it comes out in the open. The General Secretary of the Bengal Chatkal Mazdoor Union, one of the central unions representing labour in the industry reported in 1981:

...the millowners are not united. A section of them are not in favour of curtailing production. Their conflicts with the big owners of the IJMA are coming out in the open. Curtailment of production is also not being favoured by millowners who have secured large foreign orders. Kanoria (Jr.) the Vice-Chairman has resigned in protest.

It further added (which is also no less important):

Despite these quarrels and internal conflicts, the IJMA is still the leader of the jute industry.46

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44 The Statesman, “IJMA Losses 20% of members”.
Differences within the members of the IJMA and between the IJMA and non-IJMA members are not uncommon. There are several issues affecting jute industry and trade on which they have differences; the issue of curtailment of production, the issue of rate of payment of bonus, the amount to be paid as wages, the terms on which settlements are to be made with that of labour during industrywide strikes are some of these issues on which conflict and difference arises. But despite these differences and weaknesses, the IJMA still happens to be one of the strongest organisations of the Indian business.

Before we end our discussion on the IJMA and the millowners in this section let us discuss the chief weapons of the IJMA which it uses or the threat of using it in its bargaining with labour and the agriculturalists. One of the important source of strength for the IJMA and the millowners is the relationship which it has with the state, particularly the Central Government and the State Government (prior to 1977). It had used this relationship to get concessions whenever required on the plea that the industry was facing crisis, etc. The nature of demand of the IJMA and the millowners had been like the demand for enhancing the area under cultivation, the demand for reduction of export duty, the demand for non-payment of bonus to the workers, the demand for extension of the domestic consumption of jute goods through legislation, etc. We have seen how generous the State particularly the Central Government had been on these demands but what is more important is that the State (Central Government and the State Government prior to 1977) had taken the side of the millowners and their organisation during the industrywide strikes of 1979, 1984 and 1992. The industry’s argument of “capacity to pay” was given adequate importance by the Government in its dealings with labour. We shall discuss this in the course of our discussion on mobilisation of workers in subsequent chapters.

Apart from the State’s assistance which the IJMA receives at crucial moments, the IJMA and the millowners at least have three other weapons, out of which two are related to curtailment of production. One of these was the working time agreement, a primitive weapon which the IJMA used since its formation till the end of 1960s. The purpose of using it was to reduce supply and thus keep the price of jute goods from diving. The other weapon was the threat of “block closure” on the plea that shortage of raw jute had made it impossible to continue to function the mills for all the days in the month. “Block closure” means that mills will remain closed for a few days in a month. Apparently, block closure may be resorted to by the mills or the millowners may threaten
to use it for the purpose of meeting the raw jute situation but it may even be used to counter the demands of labour and the demands of agriculturalists. The threat of “block closure” was given several times. One such instance was in February 1977, when the industry suggested in view of the acute shortage of raw jute that jute mills should be allowed to close down for at least for ten days a month in July and August. Groups of mills were to close in phases. The other important weapon which is mainly being used by the IJMA particularly since the late 1970s is the threat of lock out or actual “lock outs” and suspension of work. This is not something peculiar to the jute industry but it is also common to other industries in India including West Bengal. There is no need to discuss this point in detail but one thing needs to be noted here is that the millowners had used this weapon not only to put pressure on the government but also to strengthen its position in its bargaining with labour or the jute workers.

II

JUTE WORKERS

The jute industry in the past was a labour intensive industry, it continues to remain so even today. In India, it is the only industry which have a long past, but have remained significantly untouched by modernisation. In this context, it is surprising that in an industry which has gone through very little modernisation, the number of labour it had employed had gone down declining throughout the years. No exact estimate of labour in the industry is available, but data available through Government sources indicate that the industry which employed 3.47 lakh workers in 1929 now employs little more than 2 lakh workers. This decline is significant but still a labour force of more than two lakhs is interesting in its own right. The nature and living conditions of the workers can be a subject of research by itself. In this section, an enquiry will be made on the nature and living conditions of the workers in the industry in all its aspects.

The last detailed survey on the labour conditions in the jute industry prior to independence, was conducted by the “labour investigating committee” appointed by the

47 Government sources on employment in the mills include:
(i) Government of India, Labour Bureau Report on the survey of labour conditions in jute factories in India, 1965;
Government of India in 1944, which submitted its report in 1946. Enquiries and surveys continued after independence, the various jute tribunals, the Central Wage Committee etc. were appointed by the Government but with an avowed purpose of looking at the wage structure and making recommendations for its improvement. In the first half of the nineteen sixties, the Labour Bureau conducted a survey on the labour conditions in the jute factories which submitted its report in 1965. The report was a detailed one which contained chapters on the employment potential of the industry, composition of the work force, wages and earnings, working conditions, social security, industrial relations, trade unionism and some other aspects related to conditions of labour. The survey of 1965 found:

The employment potential of the jute mills in West Bengal and elsewhere had been showing a downward trend in the last few years. It can be seen that during the period of about three decades (i.e. 1920-1960) the number of workers had gone down considerably from about 3.47 lakhs in 1929 to about 2.32 lakhs in 1960, a decrease of as much as about 33 per cent.\(^4\)

The same survey also noticed a declining trend in the employment of women workers in the industry. In 1957, the number of women workers were 16,192 that is 6.38 per cent of the total work force; in 1961, it found that they numbered only 8,922, i.e. 4.19 per cent of the total work force.\(^5\) This declining trend continued even in subsequent years. The Labour Bureau Report of 1971 on labour conditions in jute factories commented:

The declining trend in the employment of women in jute factories revealed by earlier enquiry (1960-61) was noticed in the present survey also. The present survey shows that although women were employed in about 90 per cent of the jute factories, they formed only 2.5 per cent of the total working force as against nearly 4 per cent observed in the previous enquiry.\(^6\)

Ratna Sen reports that at the time of independence, the total employment was 3.29 lakhs. By 1963, it decreased to 2.2 lakhs; in 1980, it was 2.5 lakhs; in 1985, it was 2.43 lakhs and in 1980, it was 2.45 lakhs.\(^7\) These are all India estimates. In West Bengal, she found that there were 1.43 lakhs permanent workers, 27,856 special budlies and 49,905 casual workers 1980. In 1985, there were 1.36 lakh permanent workers, 28,298 special budlies, 52,228 casual workers and in

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\(^4\) The figures which are provided are all India figures of 1954 and since most of the mills were situated in West Bengal an idea can be made on the declining trend. Quoted from Government of India, Labour Bureau. Survey of labour conditions in jute factories in India, 1965, p.8.

\(^5\) Ibid, p.11.


1990, the number of 1.29 lakhs, 27,882 and 56,084 respectively. These number of workers were found by her working in 50 units in West Bengal. These figures on the workers lend support to the argument that the total working complement in the jute mills have declined over the years, though it had remained more or less stable since the early eighties. This is surprising keeping in view that the industry is a labour intensive industry which had gone through very little modernisation. The total production had also increased over the years. How could such a decline take place? It can partly be explained by saying that to some extent, rationalisation and modernisation had taken place in the production techniques, which have eliminated many manual processes, thus reducing the intake of labour. Part of the reason lies in the closure of the jute mills in the State permanently; as a result, number of units functioning in the State have come down. And more particularly because of illegal retrenchments.

The actual number of workers working in the mills daily are not known. Ratna Sen informs us:

Regarding the present daily working complement in the State of West Bengal, there are varying estimates. While the CITU and AITUC leaders estimates to be in the range of 1.80 lakhs and 2.20 lakhs, the INTUC leadership puts it as low as 1.20 lakhs. Our own estimate is that there are at least 2 lakh permanent and special budlie workers in the State. If we include casuals also, the number would rise to 2.10 lakhs.

According to government source, in 1980, there were 73 units and the average number of workers employed daily were 244,052; in 1985, it was 228,788 workers working in 77 units; in 1989, it was 224,602 workers working in 78 units; in 1989, it was 222,214 working in 78 units and 1991, 78 mills employed 227,254 workers daily. Though the above data are official data, still it cannot be relied upon because much of the official data are based on the figures supplied by the millowners.

Whatever may be the figures on employment and effective employment but one thing is certain that the total employment potential of the industry have declined over the years. Total employment as well as effective employment have declined considerably. It declined considerably in recent years after 1972. In the period between 1972-77, a large number of workers were retrenched illegally. The workload committee which was formed after the strike of 1979 acknowledged that some 48,000 workers were thrown out of employment illegally during the

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53 Ibid, p.46.
According to the Chief Minister of West Bengal, some 80,000 workers were already retrenched during this period. This retrenchment which went unopposed during the emergency was vehemently criticised by the Unions from 1977 onwards. An industrywide strike was launched in 1979 and among one of its demand was the demand for compensation or absorption of the retrenched workers. Though the management refused to compensate or absorb the retrenched workers but the pressure from the government and unions had led to no large scale further retrenchment, though the employers use certain pernicious system to check the effective employment which includes non-filling up of vacancies caused by retirements and engaging contract labour instead.

The total employment had declined, but what is worse is that effective employment had gone down considerably due to lockouts. Lockouts are frequently being resorted to by the millowners since the late seventies. Ratna Sen found that:

In recent years there had been frequent lockouts in the jute industry. According to official estimates, an average of twenty mills are locked out every year, reducing effective employment drastically. Loss of mandays is estimated to be 15 million annually. In many cases lockouts are seasonal, declared by mills unable to purchase raw jute at higher prices. Sometimes false allegations are also made against workers in order to justify lockouts.

Tmir Bose in 1984 found that the millowners are keeping 15 to 20 mills under lockout by rotation.

"Some 65,000 workers were thus out of employment all along strike or no strike." He wrote:

Lockout of jute mills by rotation has become a permanent feature since the emergency. However, despite the high incidence of lockouts in 1980, 1981 and 1982, the annual production of jute goods has been maintained at about 14 lakh tonnes. In other words the running mills further increased work norms, notwithstanding the work load Committee's report.

Paromita Mishra informs us that in November 1982, thirteen mills were lying closed thus throwing nearly fifty thousand workers out of employment. Indrajit Gupta in the same year found that there

55 For an assessment of the workload committee's report, see, A. Chakraborty, "Not quite all quiet on the jute front", Capital, April 30 - May 13, 1994, p.43.
56 The Chief Minister Shri Basu said this welcoming the decision of the IJMA for not resorting to block closure, Capital, July 7, 1977.
57 For the demands of the Union, see, Capital, 1st February, 1979.
were seventeen mills lying closed or under lockout, thus throwing fifty to sixty thousand workers out of employment.\footnote{See P. Mishra, "Should the Jute Industry be Nationalised?" \textit{Capital}, November 15, 1982, p. 10 and I. Gupta, "Call the Bluff", \textit{Capital}, November 15, 1982, p. 16.} Thus lockouts are being frequently resorted to by the mill owners since the emergency as a substitute to “block closure” in order to curtail production and keep the prices of jute goods from lowering down. It is also used as a weapon by the mill owners to bargain with labour. This pernicious practice had reduced the effective employment significantly. We can end this part of our discussion on the employment potential and effective employment by quoting from the recent West Bengal Government Labour Department Report which stated:

The employment is shrinking, the mills are being closed frequently and the liabilities are increasing.\footnote{See \textit{the Statesman}, July 26, 1996.}

\textbf{Workers And Their State Of Origin}

Several works on the labour force in the jute industry had found that in the first four decades of the industry’s existence, labour was supplied by the depeasanized Bengalis and ruined artisans, those who came from the adjoining districts with which Calcutta was well connected.\footnote{For an account of this see among others, (i) I. Mitra, “Growth of trade union consciousness among jute mill workers, 1920-40”, \textit{Economic and Political Weekly}, November 1981 (Special Number), (ii), R. Dasgupta, “Factory Labour in Eastern India”, \textit{Indian Economic and Social History Review}, Vol. XIII, No.3, 1976.} Immigration started from the last decade of the nineteenth century, thus changing the linguistic composition of the workers significantly.\footnote{For an account of this see among others, (i) R. Dasgupta, “Material Conditions and behavioural aspects of Calcutta Working Class, 1875-1899, Occasional Paper No. 22, Centre for Studies in Social Sciences, Calcutta, 1979, (ii) R. Dasgupta, “Factory Labour in Eastern India”, op. cit.} \footnote{\textit{Report of the Royal Commission on Labour in India, 1931}, Agricole Publishing Academy, 1983 (Reprinted).} Labour mostly migrated from the upcountry, Bihar and Orissa. The Royal Commissions of Labour in 1931 found that the bulk of the labour came from the west of Bihar and the east of the United Provinces.\footnote{\textit{Report of the Royal Commission on Labour in India, 1931}, Agricole Publishing Academy, 1983 (Reprinted).} The cause for this type of change in the linguistic composition of the workers, had also been studied by several researchers and had found that the existing avenues for migration were choking up. Needless to say that the labour force which migrated from outside the State replaced the Bengali labour force almost wholly. Bengalis were only found working in some mills that too situated in particular districts.\footnote{\textit{Report of the Royal Commission on Labour in India, 1931}, Agricole Publishing Academy, 1983 (Reprinted).}

The linguistic composition of the work force at present provides some important features.

The number of workers from Bengal who numbered less earlier, in terms of percentage, they are
next only to workers from Bihar. In 1980 the percentage of Bengali worker was as low as 22.86%. In 1992 it had gone by 28.45%. Bihari workers constituted around 35.56% of workers in 1992, workers from Uttar Pradesh constituted around 23.37%, from Orissa the percentage was 7.30 and from other States it was 5.32%.\(^{67}\)

**Classification of Workers**

The survey of 1965 found that "the production and related workers constituted the bulk of the working force, and for obvious reasons this group was followed by Watch and Ward and related workers." In addition to this group of workers, the survey which was based on data collected between 1961 and 1962 found that there were three other category of workers: (a) professional, technical and related personnel, (b) administrative, executive and management personnel, (c) clerical and related workers including supervisory.\(^{68}\) The Central Wage Board on the jute industry for making recommendations on the new wage structure classified the workers into four broad categories: (a) workers engaged in the manufacturing process and certain Sundry works, (b) Mistris, (c) watch and ward staff and (d) clerks.\(^{69}\) The survey of 1971 also found that an "overwhelming majority of the working force in the industry consisted of production and related workers, accounting for as much as nearly 94 per cent of the total working force."\(^{70}\) There is no need of going into details on this classification by the nature of work which they perform but one thing needs to be said that by workers in the jute mills we mean "production and related workers", "watch and ward staff" and "clerical workers", though they do not have homogenous interests.

**Categories Of Employment**

Ratna Sen informs us that there are different categories of employment in the jute industry - permanent, special budlies, casual or ordinary budlies, the benami workers and the Bhagwallas. She also observed that the percentage of permanent work force was declining steadily, the number of special budlies are constant, casual workers are increasing at a rate of 5 to 6 per cent annually.\(^{71}\)

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\(^{66}\) See R. Dasgupta, op. cit.


\(^{69}\) For the recommendations of the Central Wage Board in the Jute Industry, see IJMA, *industrywide Tripartite Settlement*, 1984.


\(^{71}\) Op. cit., p.43.
The budlies

The budlie workers are something unique in the jute industry. They are workers who take the place of absentee permanent workers. This system came into existence because most of the jute workers were migrants from Bihar and Uttar Pradesh and they returned to their villages during the peak seasons for around 5-6 months in a year. The Labour Minister, Mr. K.P. Ghosh, expressing dissatisfaction over the nature of the jute workers, which have remained unaltered for over the last hundred years, said in 1978:

A large exodus of workers starts migrating during some seasons, some of them possibly come back again depending, by and large, on certain sections of the workers, which are called 'budlie workers' and there is no definition of budlie workers. Who are budlie workers and who are not? Everybody comes from the villages and claims that they are budlie workers. In my point of view, this is not a good system. Employers must know that we have a stable force of workers and a permanent force of workers, which can give a production, an optimum production, as you may say, if the workers are regular workers.72

Budlies are not only conspicuous in the privately owned jute mills in West Bengal but also in the mills which are in the public sector. It is also a common practice to employ budlie workers in the jute mills outside the State. There are constant demand by the workers and the unions to abolish this category by placing them into the permanent category which the millowners had opposed vehemently. Demands by the unions had taken the form of reducing the percentage of budlie workers in the whole complement of workers. Under the 1972 Agreement, the mills were asked to employ 15 per cent of special budlies and were guaranteed 220 days of work.73 According to the settlement of 1979, twenty per cent of the workers were to be special budlies with a guarantee of 220 days of work in a year.74 In the Agreement or terms of settlement of 1984, the budlies were defined and called 'special budlies', they were guaranteed 220 days of employment and the 1988 Agreement extended provident fund benefits to them.75 But as we shall see later in subsequent chapters that the millowners have never implemented the agreements. Ratna Sen found that the number of special budlies in 1980 were 27,856; in 1985, they numbered 28,298 and in 1990, they were 27,882 working in 50 private sector jute mill units.76 She also found that the budlies were daily rated workers, whereas the permanent workers were monthly rated.

72  IJMA, Annual Report for the year 1978, Calcutta, 1979
74  Ibid.
75  R. Sen, op. cit.
76  Ibid.
Casual And Contract Labour

The other category of workers are casual workers or ordinary budlies who are in fact benami workers, i.e. under fictitious names or under the names of retired employees. Such workers are paid usual wages, but not given any statutory benefits. Another pernicious system which exists is Bhagwalla. In this system, the piece-rated workers, unable to fulfil their quotas, avail the assistance of unemployed family members and outside help and share their wages. The Capital in 1984 during the industrywide strike noted:

Nearly, 40 per cent of the mill workers operate under this system, evidently with the approval of the owners.77

The Government of India Survey of 1965 found that the “jute mills in West Bengal have completely implemented the recommendation of the tribunal on contract labour and at the same time of the survey not even a single factory surveyed in the State was found employing contract labour.78 The 1971 Labour Bureau Survey also found that the existence of contract labour was negligible.79 Though the Survey stated above found no contract labour, still abolition of contract labour had featured as one of the issues in several industrywide strikes. One of the terms of settlement of 1979 was that the mills will not employ any contract labour. The jute mills in West Bengal though are bound by the settlement not to employ any contract labour but in recent years' there is a growth of ‘casualisation’. Therefore, it is not surprising that the Labour Department, Government of West Bengal in a recent study observed:

Unscrupulous millowners engage contractor workers, a large number of ‘budlie’ workers and ‘Bhagwallas’ to reduce the financial burden.80

Working Condition And Workload

Workers no longer are ‘indentured’ as they used to be prior to independence. The “Sardari system which prevailed” in the industry and the Sardar's who had an absolute control over the workers started weakening from 1939 onwards. The survey of 1965 found that “direct recruitment of workers was most popular in the jute industries in various parts of the country. There was a Labour Bureau in each of the establishments surveyed in West Bengal and a labour

77 Quoted from a special report in the Capital on the industrywide jute strike of 1984, Capital, January 23 - February 5, 1984, p. IV.
officer was incharge of them". Labour even today are recruited in the same manner. The technical, administrative and clerical categories are recruited by head offices by the managing directors etc. Thus, recruitment of labour is no longer by the 'Sardars' who acted as mediators between the mill management and labour, except perhaps contract labour which the mills at times employ.

Regarding the working hours the survey of 1971 found that "all the jute factories worked 8 hours a day and 48 hours a week." The agreements which were reached between the unions and the IJMA in the presence of the representatives of the State Government, and the consequent increase in wages all took into consideration the working hours. The basic wages under the settlement of 1979 went up by Rs.47.50/month of 208 hours/26 days. The settlement of 1987 also increased the wage of workers at a flat rate of Rs.40/- per month. By a month was meant 26 days or 208 hours. Thus the total working hours in a month in the industry was 208 hours.

The Question Of Workload

Most of the findings on the conditions of workers in the jute mills have concluded that the workload of the industrial workers over the years have increased. The third jute tribunal of 1955 which made modifications in the wages of workers also found that an increase in workload had taken place. After more than two decades, the Bandopadhyay Committee which was appointed in 1979 after the strike and settlement, after studying the working of 16 jute mills in September, 1979 found that "the man to loom ratio had declined from 3.1247 in 1972 to 2.5775 in 1979". The increase in workload had remained a cause of resentment among the workers and unions since the late seventies. The workload had increased significantly particularly from 1972 onwards because of the illegal retrenchments which were carried on between 1972 and 1979. The increase of workload can be corroborated from the fact that the Bhagwalla system prevails even today in the

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80 As quoted in a report in the Statesman, July 26, 1996.
83 For the various terms of settlement between the IJMA and the Unions, see, IJMA, Industrywide Tripartite Settlements, 1984.
84 For a report on the third omnibus jute tribunal, see among others, IJMA, Industrywide Tripartite Settlements, 1984.
industry. The decline in the number of workers employed in the industry, the production level, the low level of modernisation in the industry, the prevalence of the 'Bhagwalla' system all indicate that the workload of the individual worker had increased significantly over the years, though it had remained more or less the same from the eighties. The workers and their unions had successfully resisted the onslaught of the millowners for imposition of more work by not accepting the demand of the millowners for linking a significant portion of their wages to productivity.

**Economic Condition Of The Workers**

In order to assess the exact economic condition of the workers in the concerned industry, one must turn to the prevalent wage structure and the minimum wage earnings of the workers. The existing wages in the industry are a result of several tripartite agreements which were arrived at different times between the IJMA, the State Government and the workers. It needs to be mentioned here that the Central Wage Board in the jute industry was appointed in 1963 and prior to that it was the omnibus tribunals which awarded the wages between 1948 and 1955. The Jute Enquiry Commission of 1965 commented:

The result of the present survey have shown that the estimated average daily earnings of a worker in the jute industry in the country were Rs.3.47 in December 1959, consisting of a basic wage and dearness allowance of Rs. 3.43 (or 98.8% of the total) and overtime and other cash allowances of Re. 0.4.

It also found that:

The average earnings of all workers in West Bengal wee higher by about 5.1% than of these employed in the residual group.  

The basic earnings consisted of basic wages and dearness allowance, which accounted for 98.8% of the total earnings of the jute workers in the country and 98.6% of the total earnings in West Bengal. Dearness allowance was paid to the workers in accordance with the recommendations of the Third Jute Industry Tribunal at a flat rate of Rs.7.50 per week of 48 hours or Rs.32.50 per month of 208 hours. The Survey also found "that not many allowances entered into earnings of the jute workers."  

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85 For a discussion on the Bandopadhyay Committee Report, see, A. Chakraborti, "Not quite all quiet on the jute front". April 30 - May, 13, 1984, p.43.
87 Ibid., pp. 29-30.
The Survey of 1971 found that:

The basic earnings, i.e., the basic wage and dearness allowance...or the consolidated wages accounted for about 95% of the total earnings of the jute factory worker in the country, as a whole, as against 99% as revealed by the last enquiry conducted in 1960-61. 

The Survey of 1971 also found that no much earnings comes to the workers in the form of allowances. The earnings quoted above are the basic average earnings of the workers and not the minimum wage. According to the 1972 Settlement the total minimum wage (including House Rent Allowance) went upto Rs.238/- per month of 208 hours, which was payable from the 15th April, 1972. Out of this minimum wage, the basic wage component was to be Rs.160/- and Dearness Allowance was to be Rs.75/-. It was found that the mills had not implemented the May 1972 agreement in 1974 and a Committee was set up to enquiry this charges of the unions on implementation. The memorandum of settlement of February 1979 increased the basic wages to go up by Rs.47.50 per month (of 208 hours/26 days). The total minimum wage inclusive of Dearness Allowance was to go up to Rs.470.10 per month, which was Rs.407/- before the strike. 

The most revolutionary aspect of the settlement was that the millowners agreed to the proposal of setting up independent panel on grades and scales of pay. The panel was to be set up by the State Government and the terms of reference were to be settled in consultation with both the parties involved. “The Committee was appointed by the State Government and though the recommendations of the Committee on grades and scales of pay was not very satisfactory for the workers, but they accepted it because the introduction of grades and scales of pay was itself a ‘revolutionary’ step for the jute industry, hitherto characterised by medieval working conditions, prevalence of piece rates, ad hoc wage fixation and so on.”

It needs to be pointed out here that the millowners did not accept the recommendations on the grades and scales of pay of the jute workers and the unions even alleged that the Government was unable to create pressure on the mill owners for the acceptance of the recommendations. This was one of the source of discontent of the workers and unions and one of the factors behind the strike of 1984.

The agreement of April 1984 was remarkable from the point of view of the workers. It settled the questions of grades and scales; the millowners accepted the recommendations of the Santosh Bhattacharya Committee, appointed after the 1979 settlement. The increase in the wages of the workers was put forward by Anirban Chakrabarty in the following words:

The mills have also agreed to a flat wage increase of Rs.65 a month for each worker, an increment of Rs.6 and other fitment benefits. Dearness allowance will be based at a rate of neutralisation of Rs.1.5 per point rise in the consumer price index, against the present Rs.1.30 per point. (The workers demand had been for Rs.2/- per point.).

Again in 1988 there was a revision of the basic wages of the workers, the threatened strike in the jute industry was averted. This was a unique situation “where the jute industry’s long term wage settlement was calculated without a strike - thanks to the co-operation of the West Bengal Government and the Central trade unions operating in the jute industry.”

According to the terms of settlement “All the workmen of the mills were to get a flat increase in their wages as of Rs.40/- per month (26 days/208 hours) with effect from 1.2.1988.” And so far as the dearness allowance was concerned the rate of neutralisation for the purpose of adjustment of dearness allowance was Rs.1.65 per point with effect from the same date instead of Rs.1.50 per point which was in existence.

In 1991 Ratna Sen found that there were three categories of mills: those “which pay between Rs.900 and Rs.1200; those who pay the basic and the D.A.; i.e. Rs.1,700/-; and those who pay full wages including full benefits.” Mills which are members of the IJMA pay higher wages than the non-IJMA member mills. She also found that employers which own more than one mill pay different wages in different mills. Workers engaged in non-IJMA member mills are the hardest hit as they receive wages lesser than IJMA mills, they are forced by the employers to accept wage cuts, wage freeze, higher productivity, etc. The workers after prolonged closures in order to retain their jobs accept anything they are paid. Thus non-IJMA mills resort to closures and lockouts frequently in order to strengthen their position vis-à-vis labour.

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91 A. Chakraborty, “Note quite all quiet on the jute front”, April 30-May 13, 1984, p.43.
93 Ibid., p. 45.
Several conclusions can be reached from the above discussions on the economic conditions of the workers. The wages had remained very low, though it had increased to some extent particularly after the agreement of 1984. It has remained low because not much earnings enter into their wages except basic wage and Dearness Allowance. They receive house rent allowance, medical allowance, some bonus, etc. The reason behind this lies in the strength of IJMA. The mill owners had used all kind of weapons in order to resist the demand of the workers for wage hike. Closures and lockouts are a weapon which is being frequently used by millowners to increase their bargaining strength. The IJMA and non-IJMA mill owners had used the “capacity to pay” argument very successfully since 1963 in the Central Wage Board and in the negotiating tables. It had cried wolf to receive concessions from the government and counter the demand of the workers. The workers of all categories find themselves helpless because of the high level of urban unemployment and the low absorption of labour in organised industries. But despite the low bargaining position of labour in the industry, it had fought gallantly for defending their own interests, through their unions. The State Government in turn had provided support to the workers and during bargaining it had sided with labour.

Secondly, wage differentials between the different category of workers particularly the skilled and unskilled workers had decreased over the years as a result of ad hoc wage increases since the 1963 Central Wage Board recommendations. Ajit Sengupta in 1982 found that “the total wages earned by them (the workers) bears little relation to the proportional wage differentials implicit in the basic wage structure.” Flat increase in wages after the 1979 settlement had also contributed to the decline in wage differentials. This is done by the mill owners to “keep the total wage bill as low as possible”.

We end our discussion of this chapter by quoting from the recent report of the West Bengal Labour Department, 1995, which stated:

Some employers have deprived a large number of workmen of their statutory dues like P.F., Gratuity, Bonus and even the dues on account of earned wages. 

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95 A. Sengupta, “Dynamics of Class Relations in Jute Industry: A Preliminary Analysis”, Economic and Political Weekly, p. 1152.

96 As quoted in the Statesman, July 26, 1996.