CHAPTER II

THE INDIAN SCENE *

The decade 1850 to 1860 stands out sharply in the industrial development of India as one in which the first successful jute and cotton mills were established, the coal fields were connected by rail to the port city of Calcutta, and the beginning of the rapid expansion of railway-lines throughout India took place. Unlike countries moving into an industrial revolution, however, this was not the beginning of a diversified industrial growth, but both a beginning and an ending; for not until a century later, with the coming of independence, did India again move toward an active broadening of her industrial base. For a half-century following 1860 the history of industrial growth in India is the history of growth of these four sectors. Only in 1911, with the completion of the Tata Iron and Steel Works, was there an important addition to the established industries of jute, cotton coal and rails.

* Major portion of this chapter is based upon C.S. Myers (1) and (2).
1. Industrial Relations in India (1960); and
Among the major developments in the industrial sector, railroads grew as a direct result of governmental encouragement. In the economic sphere, the railways fostered a measure of regional specialization of both agricultural and industrial production and encouraged the bringing of more land under cultivation. The railways appear also to have helped raise the level of wages and prices and to have helped make them more nearly uniform in the sub-continent as a whole. Yet when we consider the fact that the railways have been the largest and most important enterprise of a truly modern character in India, involving heavy machinery, precision techniques, and advanced communications, we have to conclude that they have had surprisingly few "constructive" results. They helped spread a veneer of modernization over the country-side while doing little to initiate a process of genuine modernization.

Advances in the cotton textile industry in the later half of the nineteenth century were the only industrial advance which were basically the result of indigenous entrepreneurship in the period. The first textile mill was established in 1854 by a member of the Parsi community who was already successful as a cotton
merchant. Such transition from cotton trading to cotton manufacture appears to have been the most typical form of entry into the industry in the following years. Most of the early mills were built by Parsi yarn and cloth merchants already concerned with supplying the Chinese and African markets. The growth of the industry was rapid, the number of mills rising from 8 in 1861 to 193 in 1900 and 271 in 1914.

Early mills were at least as interested in producing yarn for the handlooms of India and China as for their own power looms. From a ratio of approximately 100 spindles to one loom in the years before 1900, however, there was a rapid decline to about 50 to one in 1920, and the ratio has remained approximately constant at that point. Even in the 1930s handloom output accounted for 25 to 30 per cent of total cloth production, using, in large part, mill produced yarn.

The contrast in the rate of growth of the older industries with those more recently established is indicative of the change taking place. From 1946 to 1953 steel, jute and cotton textiles and the coal industry, increased their capacity by less than 25 per cent. The same trend is apparent in output

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statistics. From 1946 to 1955 the output of coal, steel, cotton and jute textiles increased one-third or less.

THE MANAGING AGENCY SYSTEM

Important aspect, for an understanding of industry in India today, is the distinctive form of control which has developed with it - the managing agency.

Managing agencies have been prominent in Indian industry from the beginning. Technically, they are firms which for a fixed fee, or more commonly a percentage of profit or sales, operate the business of one or more firms for the owners. In practice, the managing agents typically dominate the firms they manage, normally through substantial ownership or control of voting rights, and thus dominate the board of directors with whom they make the agency contract. The origin of this form of business control appears to lie in a severe shortage of managerial ability and venture capital in India, combined with the absence of owners, who were in England, who saw the managing agency as the best means of utilizing this scarce resources for the maximum profits. Time did not materially change the situation, and by the end of the nineteenth century a managing agent had become a near necessity for securing loans and for general business respectability.
The clearest picture of this form of business control is, to see the agency as the "firm" and the companies it controls as so many operating divisions. Certainly it is true that the managing agencies have been primarily responsible for whatever industrial growth and business initiative occurred after 1850. There is no question that managing agency is still the dominant form of business control. Each major Indian industry was at least 70 per cent controlled by managing agencies; and coal, cotton and jute were over 90 per cent under agency control.

The early Parsi entrepreneurs were originally cotton merchants and the transition from merchant to manufacturer was repeated by the first Hindus who moved into the cotton spinning and weaving business. They were the members of Gujarati trading caste. Historically, the second transition but one of equal importance, has been that from money-lending to the industrial enterprise; and it is in the money-lending castes in Marwar that the third important business community, the Marwaris, have their roots.

The growth of business leadership is reflected not so much in the companies owned - which under the managing agency system signify no particular managerial
competence - as in managing agencies controlled. While in many cases managing agencies have tended to specialize in one industry, the largest and most prominent have surprisingly diverse holdings. This diversity in companies under the control of large agencies is perhaps a natural counterpart of the concentration of industrial control in the hands of these same agency houses.

The joint Indian family has also facilitated the concentration of industrial control. The Hindu joint family views cousins, nieces, and nephews, little differently than Westerners view brothers, sisters, sons and daughters; and the responsibility for and to a family thus broadly defined is far more inclusive than in Western countries. The result is often to make any business venture a family venture, for the cost of hiring a brother is something like paying one's wife a salary.

Although most observers agree that the influence of the joint family in India is declining, especially in the cities, the family tie is still of importance in choosing personnel for top positions in Indian firms.
Even while emphasizing the importance of community and family in the structure and development of Indian business enterprise, one should point out to the fact that there had been particularly in recent years growth of employer organizations which tends to cut across these divisions. Commercial organizations as such have a long history in India.

The two most important employer associations concerned solely with employer-employee problems were both established in 1933. The Federation of Indian Chambers of Commerce started the All India organization of Industrial Employers. The Employers Federation of India was established under the auspices of the Bombay Millowner's Association and represented not only British business interest, but generally the group of Indian businessmen who were not members of the Federation of Indian Chambers of Commerce.

The stresses of war, independence and partition, and of avowdly socialist oriented government, have encouraged further cooperative action by business; and in so doing have helped to weaken the ties of family, caste, and community which have traditionally determined business
associations. Since independence the businessmen of today find they have many problems in common with foreign business groups.

Although these federations have helped to create a more favourable climate for private business enterprises in India one of the major problems still facing Indian business today is the negative and sometimes hostile attitude toward it held by other segments of the community and even by government. Part of the cause of this lies in the businessman himself.

AWARENESS OF NEW PROBLEMS

Until 1947, the businessmen operated along with British business interests, which had the support of a friendly government. They tended to retain the psychology of a trader and speculator interested in quick profits rather than in long-term investment in the building of a business.

No section of Indian opinion recognizes this problem more clearly than some of the leading businessmen themselves. Writing in 1952 in a publication primarily for businessmen, a past President of the Federation of...
Indian Chambers of Commerce and Industry cautioned his colleagues as follows:

"The fact must be recognized, however unpalatable it may appear to be, that businessmen are now under suspicion everywhere. We are fast losing goodwill. This is no doubt sad, but nevertheless true. In a condition where social forces are bringing in new thought-currents and new complexes, businessmen should learn to move with the time and so guide their policy and change their perspective that social conscience may not react against them.... So, we must develop a new perspective and a new approach so that mere money-making and profit-grabbing may no longer remain the main urge of our existence as businessmen. If we do so, we may have to pay a bitter price in the future."

A 1949 speech by late Prime Minister Nehru to the Federation is exceptionally sharp in some of its criticisms:

1. Sarkar, Nalini R. "My days in the Federation" Silver Jubilee Souvenir, p. 197-8, 1927-51. Mr. Sarkar was Federation President in 1933.

"With all respect, I should like to inform you that if your demands come in the way of the good of the masses, your demands will be completely ignored... They (commercial classes) have become unpopular because some people among them have not behaved rightly, have taken advantage of situations to obtain profit for themselves at an inordinate rate to the disadvantage of the community at large..."

Rajarshi Tandonji, (3) once remarked to his friend, a businessman, after the war, "Whenever I see a rich man, I cannot help feeling that either he, or his father, or someone else among his near and dear ones had adopted questionable means to amass wealth. 'Wealth cannot be amassed by following methods which are above board.' "

This view of businessmen is changing climate of fairly rapid economic, social and cultural change. What the status system is may be less important than the direction and speed of its change. The direction of change may be favourable to business, or at least to management skills; but the belief that an unfavourable climate for private enterprise exists is still evident in many business circles.

GOVERNMENT AND INDUSTRY -
THE SOCIALISTIC PATTERN

While within the socialist pattern private and government enterprise were to work side by side, it was not always entirely clear which industries would escape nationalization, and for how long. The numerous and sometimes irritating controls which accompany the planned economic development of a nation were a source of many complaints, and foremost among these were the controls included in the Industries Development and Registration Act, of 1951. The most prominent feature of the act provided for complete takeover of the management of a business, if in the opinion of government, the quality of the product, or the consumer's interest suffered under the existing management. Continued uncertainty of ultimate government intentions led to an increasing sense of isolation and mistreatment on the part of business. The constitutional amendment in 1955 which made the legislature the final authority for setting compensation for nationalized firms deprived business of redress through the courts.

Perhaps of all the causes of concern, the Company Law reform was the one which appeared to threaten the businessman's security more than any other. Among other things this law provided for strict licensing by
government of managing agents by 1960, a ten-company limit for any one agent or his close associates, a fixed maximum agency commission, the right to prohibit managing agents in any industry by government decree, and increased authority for government to intervene in business affairs under powers so broad, in the opinion of the business publication Eastern Economist, as to make such intervention almost purely discretionary.

While the public sector of industry was substantially enlarged the private sector found within the resolution of 1956 - the new Industrial Policy Resolution - much that was encouraging. For example, existing private enterprise could continue and even expand present units in areas like iron, steel, electric, power etc. The resolution stated, "it will be the policy of the government to encourage private enterprise by the development of transport and power and other essential services, by appropriate fiscal policy, by fostering institutions to provide a financial aid and on occasion by supplying direct financial aid. When state and private enterprise worked side by side, government would give fair and impartial treatment to both."(4)

Modern business management in India had been slow in changing in response to the protest and challenge presented by the growth of the Indian labour movement, by the partially committed industrial workforce, and by the evidences of labour indiscipline. There is a widespread view in India shared by a number of progressive employers as well as by trade union leaders and government officials dealing with labour matters, that many Indian Top Managements are relatively authoritarian in their relationships with lower management and with labour.

Some Indian managements have realized that paternalism does not win employee loyalty - or over unions. A Calcutta industrialist said that in one of his mills (in other region) I have given almost all facilities to workers. But in spite of all I have done for them, the INTUC Union still creates trouble makes more demands, and says, "If you don't give us something the Communists may take over." Then he added, "In a nearby plant, I pay just the minimum required, but have four trustee employees who keep out Communists and trouble makers - We have an INTUC Union here but no trouble. You avoid trouble if you keep all unions out. They are all trying
to outbid each-other; and left alone, the Indian worker is as good a worker and as sensible as any."\(^{(5)}\)

The Ahmedabad Millowners' Association has a longer tradition of direct constructive relationship with a labour organization - The Textile Labour Association - which was organized with the assistance of Mahatma Gandhi in 1920. The history of this relationship began with a strike, and there have been several in intervening years. But it is characterized by a genuine attempt on both sides to settle disputes by direct negotiations or private voluntary arbitration, rather than by resort to government adjudication.

One observer of the Ahmedabad scene evaluated managements' reaction to workers' rising protest in these words:\(^{(6)}\)

"Two basic questions arise: first, how fast India will be able to improve working conditions; and second, how this improvement will keep pace with the rising Westernization of the workers' minds, their sense of the

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fact that in a world in which workers are more and more articulate and demanding, and in the long run likely to get most of what they ask. I speak not at all as an expert, I would offer with some caution only the following points; in the first place, there are huge individual differences among the millowners in their readiness to modernize, rationalize, reduce noise, dirt, poor illumination, and confusion, their willingness to reduce somewhat the magnitude of their earnings for the workers' welfare; their general sensitivity to the social science approach and their awareness of the terrible pay-off which will come if a modern viewpoint toward labour is not rather early developed. There are in Ahmedabad a few millowners who understand that the tide is rising."

ORGANIZATION OF INDUSTRY

Coming to the organizational characteristics one can say that even though the private limited company form of organization has increasingly replaced the proprietorship and partnership, the officers of the managing agency are often members of the same family, or of the same caste. Not infrequently, the son follows
the father, in positions of responsibility and this is expected even if the son may not possess the requisite ability. Staff appointments to other important positions in firms controlled by the managing agency are also frequently made from among the joint family, or within the community or sub-caste, to which the principal officers belong.

The real managerial role is found more often in the large firms and in situations where the managing agents are physically distant from the operating companies and must therefore delegate more responsibility to the manager on the spot.

Below the operating manager is frequently a group of "technicians." Some of them are line management officials at the second or third level, heading operating departments or divisions such as the weaving, spinning, in a cotton mill, or serving as assistant departmental heads or supervisors. Others are staff specialist, such as accountants, statisticians, chemists, and labour welfare officers. The use of staff specialists of this type is comparatively new in Indian industry, and the middle management level as a whole is relatively
"thin" in many companies. The view expressed in 1945 by Mr. G.L. Mehta, leading Indian industrialist and former Ambassador to the United States is still relevant: (7)

"The place of the technician and managerial executive is, in fact, yet to be recognized in the world of Indian Industry. Those who have studied Indian industrial organization have noted that there is a gap between the "top man" and the lower rungs of managements in many factories and plants. In a large scale organization, not only are people wanted to formulate policies and give orders but also in intermediate category of persons who would seek to translate such policies in terms of concrete measures and who would try and see that those policies are implemented in practice."

The same conclusion was reached by an English expert invited by the Federation of Indian Chambers of Commerce and Industry to assess developments in India during 1952-53: (8)


"There are firms in India which already have very high standards of efficiency but, taking Indian industry as a whole, there is a great need for it to equip itself with proper management cadres, especially in the middle and lower grades of management, and for this purpose to develop good recruitment techniques proper training methods, means for discovery of talent and promotion policies which regard merit and eliminate favouritism." (The conditions still to-day is almost the same).

REACTION OF TECHNICIANS

The frustration within the technical group resulting from a failure by the managing agents to understand their needs, are widespread.

The qualities of an effective supervisor in Indian industry do not appear to differ markedly from those found in an advanced industry in any other country. Yet the good supervisor has many unfulfilled aspirations; his job satisfaction is less than that of the poorer supervisors. "More specifically" the study points out, "he is somewhat dissatisfied with the work he does, and substantially dissatisfied with his income and scope for further training."(9)

The managing agency system is an hereditary system, and sons take on responsibilities for which they are not adequately prepared. In some cases this is changing, so that technicians can discuss matters more than formally, but it is a sort of half-baked knowledge which also makes for difficulties. The agent may interfere, and then if things go wrong, he blames the technicians. There is inadequate delegation on responsibility to departmental heads.

Within the managing agency, two brothers may vie for control, give contradictory orders, and this is reflected and sensed all along down the line. There is also conflict between sales and production; and managing agents listen more to sales, which bring in the money. Managing agents are still interested in quick profits; and are still speculators.

The Indian scene, thus, does not show awareness for the human factors, which are mostly viewed in the same fashion as machines.

Research in India, especially in the Industrial field, is far behind. Western trends are read widely and used haphazardly. The government and the industrialist are
both very much busy in industrialization; but no one shows awareness for the labour factor except the labour union - and these too for their own existence. Their main demands center around wages rather than anything else. Labour productivity does not seem to be anybody's real concern so as to study factors influencing their work. Whatever research, and there is not really much, is done by some individuals working for a paper or dissertation for Ph.D. degree. There is less desire on their part to publish it - reasons unknown.

The studies, whatever magnitude they have, are concentrating on supervision in plants or job satisfaction.

As long as there is the apathy from government and industrial side the psychologists have to keep their jobs on borrowed material. The present work is isolated work, not knowing what way it will be received and what suggestions will be allowed to be pursued further. The object of the present work is just to collect facts and arrange them in meaningful wholes. So much little really we know here in India about the totality of the problems of productivity that most of our approaches have been fragmentary, studying the peripherals, rarely touching the core. The present study, it is hoped, will
be creating the ground on which the structure of the researches can be built.

THE LABOUR FORCE

The workforce in India in general, and in textiles in particular, is largely illiterate. More often the education is only to the extent of being able to sign and at the most reading and writing a few sentences. The worker population largely comes from economically backward areas. Job is more often looked as a means to subsistence and pay packet matters much more than anything else.

Usually the workforce population possesses the skills because of ancestral business of fabric constructions. The Mohammedan dominance in weaving or loom shed is a good example which points out to the traditional roots of fabric making on hand-loom. This was historically the population concentrating on the business of weaving especially designs and Kashida (a form of embroidery).

Ring frame on the other hand is almost the monopoly of Harijans. To certain extent they have some roots in the spinning traditions even though it is not to cotton spinning.
Bhyayyas from U.P. dominate most of the jobs in processing houses as the work involved needs stamina and hefty built. Even though these specific attachment to departments is ignored, because today all the departments are attracting various types of people, people from different provinces and castes and communities - the presence of certain older workers, and as there is no specific selection system or training system, still workers relatives or friends come in the jobs.

Earlier the job of getting the workers was done by Jobbers - virtually they were the suppliers of labour. This condition is slowly disappearing now and the importance of Jobber level is gradually decreasing.

Indian workers in general, because of the backwardness and illiteracy has been God fearing and mostly, honest and faithful to the employer. The employer is treated as demi-god because he provides the daily bred. Nothing more is expected from him and the worker wants to put himself on the job at all costs. This condition is gradually changing because active work of the Unions in the direction for the basic rights.

A look at the physical facilities that are provided for
the workers in textiles will show how this necessity is ignored. There is no fight for this. One is ashamed to see a worker taking his lunch in a dirty, illventilated place. Unions and sanitary inspectors, it seems, are either not doing their jobs properly in this direction or meeting resistance from some corners - management or workers.

Another important characteristic of labour in Ahmedabad is his taking the things bit philosophically. Most of the labour in Ahmedabad is non-Gujarati and even the Gujarati workers are either from backward classes or from distant villages. This has naturally created a feeling of non-belongingness to the city and the company or the industry in particular. The feelings that "we are to live here for few years only" is very general. This seems to be a typicality of the places where the labour is comparatively foreign. As a result the workers accept whatever conditions there are and put up with it without grumbling.

THE EMERGENCE OF INDUSTRIAL LABOUR FORCE

Industrialization requires not only the recruitment and training of an industrial labour force, but also its
commitment to an industrial as opposed to an agricultural way of life. As an economically underdeveloped economy moves toward industrialization, some part of the rural labour force is either pushed or pulled toward the growing industrial cities. The ties with the village and the land may remain strong. The development of a labour force which accepts the discipline of factory work and the conditions of urban living is much slower than initial recruitment of enough workers to man the mills and factories.

The industrial labour force in India today is somewhere around 10 million; India is still predominantly an agricultural country. But the rise of the cotton and jute textile industries in Bombay and Calcutta during the latter part of the last century, and their continued growth along with the newer industries like steel, engineering, cement, paper, etc. has brought an increase in factory employment from around 300,000 in 1892 to 2,500,000 in 1950 and today this figure has reached to around 5,500,000. Similar gains were registered in the other sectors of the industrial labour force; primarily mining, plantations, railways and other transport, and municipal and public works. In 1881 only 9.3 per cent of
the Indian population lived in urban areas while by 1941 it was 12.8 per cent and by 1951 it rose to 17.3 per cent. (Present figure is 19.1 per cent - 1967).

An understanding of the changes which have occurred in Indian agriculture and which have given rise to a large group of agricultural labourers willing to move to urban industrial employment is necessary to an understanding of the growth of the industrial labour force. In the pre-British period, the Indian economy was characterized by more independent, self-sustaining villages. Flots of land surrounding the village were owned and cultivated by individual peasants who lived in the village, although there were also various types of semi-free and unfree agricultural labourers. Non-agricultural needs were met by local artisans.

In some areas such as Bengal and Bihar, the British encouraged a type of landowner known as "zamindars" who were assigned the responsibility of collecting land taxes of British revenues. When a peasant could not pay his taxes his lands might be confiscated by the Zamindars; and he would be forced to work for hire on the latter's holdings to provide for himself and his family. This increased the number of semi-free agricultural
labourers. The process was further accelerated as some agricultural production began which was oriented to a cash market as in the case of cotton and jute. The demands of the tax collectors encouraged the growth of cash crops and moneylenders financed the peasant until his crops were sold. A poor harvest, however, could put the peasant at the mercy of money-lender, who would also appropriate land when loans were defaulted, or at least, keep the peasant permanently in debt.

The plight of the small landowner was further accentuated by the subdivision of existing holdings among all sons. Many landholdings became so small as to be uneconomical. The rapid increase in population, especially after 1921, added to the rural impoverishment. The number of agricultural labourers increased; and by 1954 the Agricultural Labour Inquiry estimated that there were 17.6 million agricultural labour families and about 40 million working agricultural labourers. This number is still large, but it is clear that considerable surplus labour earlier left the land and migrated into the expanding industrial cities.

One recent study of an Indian village for example, reported that:
"A near doubling of population (in thirty years) has stimulated more extensive and intensive use of Kishen Garhi's land for agriculture.... Increased pressure on local lands has brought about an increase in the number of groups in the village whose members have dispersed to the outside urban world. One or two persons of almost every clan have joined with outsiders to earn a living instead of staying to work with kinsmen and neighbours." (10)

The significance of this push from the land for the character of India's industrial labour force is graphically indicated by a distinguished student of Indian labour problems:

"The mass of workers still represent the superfluous elements of India's rural population whom an impoverished land... is incapable of supporting. Socially and economically they represent the most backward sections of the population." (11)


In many cases, undoubtedly, those who migrated to the cities were not only impoverished agricultural labourers; they were also from the lower castes, and had less to lose by leaving the security of the village. But there were also migrants among the better educated and the restless villagers. These points are best understood against the background of the caste and joint family structure of the Indian village.

THE RESTRAINING PULL OF VILLAGE

Despite the poverty which the average villager faced, the socio-economic structure frequently held him and even to-day attracts him, back from the city. The typical Indian village family is a joint family, including brothers, sons, grandsons, and even cousins, and their wives and children. Each member, who worked, contributes to the support of the joint family, not just to his immediate dependents. Elderly, incompetent, or unemployed members of the family unit are taken care of by the others; the family thus represents a social security system.

This feeling of security is reinforced by the effect of the caste system on occupational choice and social intercourse. The four major castes in Hindu culture
are subdivided into numerous sub-castes to which many individuals are affiliated. Below these are the millions without caste - the "untouchables." The pervasive influence of caste is underscored in the following statement which refers to an earlier period:

Hindu society ... is communal; it is the caste and not the individual that counts. A man's social position is that of the caste of which he is a member. The caste chooses his occupation for him, and if he disregards its decision then it can take away his social position altogether by outcasting him. Secondly, the caste system is rather a socio-economic than a social organization. Almost every caste is closely associated with a particular occupation.

Strong as family, caste and language ties were in the past these began to weaken under the pressure of economic forces. Better alternative job opportunities in the expanding urban industrial centers attracted even higher caste villagers.

Growing labour requirements in cotton textiles, jute textiles, mining and plantations were filled by employers largely through the use of labour jobbers or contractors,
known variously as 'Sardars', 'Mistries', 'Mukadams', and 'Jamadars.' These men frequently recruited friends, relatives and fellow members of the sub-caste from their own villages. In many cases they were paid a commission by the employer for the numbers they recruited, and security of employment once the worker came to the city was therefore, by no means, assured. He often had to pay a 'commission' to the jobber to keep his job, get promoted, obtain leave, or be re-employed.

In many industrial plants jobbers also acted as first-line supervisors, since they had recruited the workers, knew them personally and usually spoke their language. Thus, discipline and direction of the workforce were placed by the managers in their hands. This supervisory role of the erstwhile labour recruiter persisted even after the recruitment functions were supplanted in many factories by the growth of centralised hiring department. This was to come much later however, and in the meantime, most managements were not particularly concerned with the development of a stable, committed industrial workforce.

With labour relatively plentiful and recruitment and even day-to-day supervision in the hands of jobbers, management failed in most instances to show systematic and
sustained interest in labour problems. The speculative character of much of early Indian and British management was partly responsible for this.

The labour force in the mills before 1934 has been described by one investigator as "little more than a vast seething mob, with few loyalties and even less discipline." Yet in the eighty years preceding the 1934 intervention by the state to bring order into the labour force, employers took no effective steps to change this situation. One reason was that there was never a shortage of unskilled labour, which poured in from the impoverished rural areas as employment opportunities appeared and as the jobbers showed the way. Secondly the mills were very profitable, capital equipment was expensive and labour was cheap, so the "efficiency with which labour was utilized and the discipline under which it worked were matters of small concern."

Later, in the 1920's, when employers tried to reduce wages and rationalize in the face of increasing competition, they reaped the whirlwind of labour protest, strikes, and unionization in which the Communists played an important role. The labour force was structured and disciplined
only through intervention of the Bombay State Government
with a series of legislative enactments beginning in
1934. Subsequently, the Millowners' Association
established a Labour Office - many mills appointed
labour officers before this was required by the Factories
Act of 1948, and a dominant union, affiliated with the
strongest national trade union federation, developed to
give stability and direction to workers' aspirations.

Absenteeism rates in the factories and industries are
largely ascribed to the pull from village and push by
the cities with their difficulties which a labourer
experiences once he gets into the routine of the cities.
Absenteeism rates are more objective indications of the
degree of commitment in the industrial workforce, than
are reports of indiscipline and poor performance by
employers. Yet the latter cannot be ignored, for views
based on such evidence are widely held by Indian and
European employers in India.

The visitor to Indian factories, particularly in the
cotton textile and jute industries, is struck by the
amount of loitering which he sees in the mill yards.
Workers have apparently left their machines, frequently
without permission, to go outdoors for a smoke, to chat
or just to sit. Attempts to discipline them are either resisted by the workers with the help of the representatives, or are ineffective according to many managements. Not all the employers interviewed complained of this indiscipline, but many did. The difficulty of discharging offending workers, and the lack of pressure to utilize labour effectively because it is so plentiful, help to explain poor labour discipline.

Apart from indiscipline, poor performance by Indian workers is less generally charged by employers. Among the employers interviewed the frequent response was that the Indian worker was often just as good as his counterpart in other countries, given the same equipment and the same state of health. Malnutrition and disease, of course, lower the stamina of the Indian worker, and these coupled with poor training and illiteracy, seem to indicate a lower level of performance. But an appreciative view of the Indian worker is found in many of the better managed firms.

The development of stable, committed industrial labour force is, therefore, more consequence of 'managerial pulls' than of 'pushes' from the impoverished rural regions. In fact, the push from the land can create a
discontented industrial labour force if nothing is done to adapt it to the factory and urban requirements. Inadequate management policies have been an important reason of the slowness of the development of a disciplined labour force in India. Many management are equally at fault in not taking necessary steps to reduce excessive absenteeism, and other evidences of non-commitment. A question can be asked, however, "Is not management acting rationally in an economic sense in ignoring these factors when labour is still so plentiful and so cheap?" The answer is partly that labour costs are no longer low in India, and partly that management policies which may have been politically adequate in a similar economic context in the nineteenth century are politically explosive in the mid-twentieth. Industrial labour is now more articulate, has powerful political friends competing for its allegiance, and is ready politically to protest any short sighted and selfish managerial practices.

Commitment to industrial employment implies more than the presence of workers on the job, however. It involves also their acceptance of industrial discipline and the performance of tasks under supervision. Here the role of the employer has been stressed, as a crucial
factor in shaping the kind of responses which the worker gives to the job. It is the failure of management to structure and discipline the labour force.

THE AHMEDABAD SCENE

Ahmedabad, the second city in the Western India with large textile industry, is not different than its counterparts in other part in India. But it has the influence of the nonviolence principles of Jain religion and the influence of the Gandhian philosophy. The Union representing the labour in Ahmedabad is the creation of Gandhiji to a large extent. The Union's role in this context is second to none to change the picture of Ahmedabad labour. The Textile Labour Association (T.L.A.) or Majoor Mahajan as it is called in the local language, is an association unique in world labour organization.

The T.L.A. is a very stable and active labour union. It has set a pace for other congress dominated unions and the impact of Gandhian philosophy over this union is also unique. Even though this union could not keep itself from the local politics it has not left the principles by Gandhiji at its inception. A brief review of Indian
labour unions and the place of T.I.A. in it will bring out the influence of this union over workers.

The unstructured state of unionism and of industrial relations is well indicated by a statement of findings contained in the report of the Industrial Disputes Committee appointed by the Government of Bombay. The exception cited in this report was in Ahmedabad, second largest cotton textile center in India.

The 1918 struggle is significant because it revealed the unquestioned authority of Mahatma Gandhi and indicated a beginning of a new ideology, appropriately called the "Gandhian" labour ideology. During the struggle, as well as on other occasions, Gandhi stressed that the union should rely on self-help and on its own internal strength. Gandhi also strongly recommended that in future all dispute should be settled amicably by means of arbitration.

While the country was plunged into a wave of industrial unrest after the war, the Congress Working Committee expressed its dissatisfaction with the radicalism of labour leadership and recommended specifically that congressmen work with the Hindustan Mazdoor Sevak Sangh (a labour advisory body sponsored by leaders associated
with the Ahmedabad T.I.A.) and "accept its guidance in dealing with labour questions." Two months afterwards, the HMSS adopted a resolution directing its members to affiliate their unions with All India Trade Unions Congress. They were further instructed to promote through the policy and programme of the HMSS and to secure such changes in the constitution organization and administration of the Trade Union Congress as to make it a fit and effective instrument for the relationship of the legitimate aspirations of the working class and of the objectives of the Sangh.

Despite the popular mandate with which the Congress assumed office, Congress labour policies came in for serious criticism by non-Congress labour leaders. Some of this reflected basic difference of opinion with the Congress policy of compulsory arbitration. Congress sponsorship of the INTUC was especially disliked.

Practically all Indian unions are led by persons who have no background in industry - that is by "outsiders." These outsiders are mostly middle-class intellectuals, with clear-cut political orientation in many cases.

The dominance of the outsiders in the leadership of the principal unions in the key industrial cities is
reflected in the distribution of offices in the trade union executive. They occupy the key posts of president, general secretary, treasurer, office secretary, and so on. This is true even of such well developed and stable unions as the Ahmedabad T.L.A., the Bombay Transport and Dock Worker's Federation, the Bombay Engineering Mazdoor Sabha, the unions affiliated to UTUC in Trivandrum, and to the City Trades Union Council in Madras. The general secretary is usually the key official who runs the union from day-to-day.

The dominance of outsiders is usually reflected only in the composition of the key posts in the trade union executive. The dominance of outsiders is so apparent that signs of real "inside" leadership are difficult to find.

All this has led to the industrial performance of the workers in its present state. The real problems of the labour are not known or perhaps are ignored by the union officials because they don't give a befitting cause for the struggle. The physical conditions in the mills are at their worst and the state is still tolerated. The illiteracy of the labour class makes them think of everything in terms of money and the labour demands all around are for increases in wages. Training and such other
aspects are ignored not only by the management but by the labour and labour union officials too. The backwardness of the labour class, their coming to cities for earning money, their still growing tendency to settle in villages after retirement or after getting enough money in the work place, all lead to a disturbing result - and that is of less productivity of the Indian labour. One is right when one says that our labour is no way inferior to the labour in other countries, but the awareness of the other worthwhile factors to make the labour really so - without excuses of ill health or malnutrition or under-nutrition - is the job of the unions as well of management. This is only possible if the management tries to make the labour committed to the cities and the industries where it resides and works.

THE MANAGEMENT IN THE MIDDLE RUNGS

It is because of the growing awareness that we find today's supervisors technically qualified. In old times the educational institutions did not cater to specific needs of various industries. The know-how through experience was considered to be all that was necessary.
Only slowly institutions emerged to provide qualified people for the textiles and other industries. A good supervisor was considered to be a man who would see that the workers did not loiter around and the production went on smoothly. The evolution of Indian supervisory force seems to be more through the Jobber class than through the necessity felt to have better people to manage, skillfully, the labour and their problems. Naturally very few of them were versatile as for the technological aspects and human relations aspects are concerned and much less were they conversant with the producing capacities of the machines and men.

Even though some specialized institutions are training for a degree in textile, the industry as a whole is failing to get these people. This has two reasons:

1. Textile management usually tries to look for cheaper manpower because the supervisor's job is not properly understood. Supervisor was and even now is treated as a messenger boy to convey orders below and report the results to the higher managers. This gave only law enforcing responsibilities to the supervisors. Trade secrets were closely guarded by the then spinning and weaving masters. What the
mill needed was a policing man than a supervisor.

2. In addition to this a technically qualified man has mostly the theoretical knowledge and is usually not oriented to the realities of the industrial situation. It is also a grouse that these persons don't like to work but feel like semi-big bosses doing the things by sitting in a chair and giving orders. They want attractive salaries and naturally management keeps them away from the jobs as they do not deserve it. Apprenticeship or on the shop experience and training is neither provided and not sought. This is a general complaint and the true state of education in India, whatever be the faculty, technical or nontechnical. The less qualified but practically trained persons, having practically no formal theoretical training are usually ready to work hard on the job and accept reasonably low salaries.

So in general the picture in Indian textile today is semi-qualified people man the supervisory positions. This picture is changing as modernization is taking roots and high cost machinery is being installed. The training and experience of the present supervisory staff being too inadequate to handle it.
Even though this condition is bringing degree-diploma holders into the job. Training for supervision for handling the human situation at work is totally absent. The man knows about material factors but the "managing" of people is mostly learned by trial and error - by using force, persuasion or "giving up" as the situation permits. This lack of human relations skills has robbed these people their social status in the industries. The supervisory force, is having this drawback - at least a drawback to be considered in fast developing countries and where productivity aspect becomes important and production figures need to be squeezed by best available methods. Presence of labour Unions and the growing literacy of the working population demands attention to the emphasis on 'managing' for better productivity,' in every supervisor.

The departmental heads are not far different than their subordinates. More experience and better technical degrees is the qualification that this group has. Actually human relation training and such other things are totally absent.

About managing agents one will like to point out to the hereditary family management with its obvious drawbacks.
A growing awareness at this level of the need of professional management training for supervisors is a good sign but they themselves are reluctant either to utilize the new techniques of personnel management or to submit themselves for any appropriate training in this direction.

One difficulty in developing a professional managerial class in India lies in the nature of the educational system. The leading Indian universities, distinguished as they are for their contributions to other areas of knowledge, have paid little attention to the type of training which develops competent industrial managers. There are relatively few first-rate engineering schools and technological institutes. Furthermore, the imprint of the British emphasis on university training in the humanities and law is strong in the Indian universities, many of which were founded by the British. This training was useful for those entering the professions, or the government civil service under the British, and later in independent, India. But it does not prepare a man adequately for the complexities of modern industrial management or for the administrative skills required for building organizations.
Relatively few private or public Indian enterprises have instituted systematic supervisory management training programmes designed to develop more competent managers from within the ranks. A notable exception is the Tata Group of industries. Another Indian firm interested in management training is the United Commercial Bank. A growing awareness on this front by the other organizations, in recent years, shows growth in this direction in many firms.

More widespread interest in supervisory training developed as a result of the Training Within Industry programme introduced first in Ahmedabad in September 1953, by a British expert sent by the International Labour Organization at the request of the Government of India. Twenty-two of sixty-eight mills agreed to participate in the programme, and within a year some 2,000 supervisors were exposed to Job Methods training. This was done by company designated training officers, who had earlier been trained in methodology by the ILO expert under the auspices of Ahmedabad Textile Industry's Research Association.

An active TWI association was formed in Ahmedabad, and there was great enthusiasm among those participating in the programme, particularly at the junior management
level. But an evaluation meeting during November, 1954, brought out the fact that in many cases top management had not understood the implications of supervisory training for their own behaviour toward subordinates in the organization which needed modification in order to reap the fruits of this supervisory training. Instead, a frequent attitude reported was, "we have given approval to TWI, appointed some training officers, so now show us the results." There were exceptions where top management got interested in the programme and actively supported the concepts by word and by action. Some who were skeptical at first subsequently became the most enthusiastic TWI boosters.

It is fair to say, however, that a large section of Indian management still remained unconvinced or unaware of the value of in-plant supervisory and management training programme, partly because the TWI experience has been limited by lack of staff.

Authoritarianism and paternalism still characterize the approach of many managements in India in utilizing human resources and in dealing with labour problems. Changes are occurring, however, under the impact of an increasingly articulate labour movement and a government
which supports the aspiration of industrial labour.

Exceptions to the prevailing pattern of management ideology and approach in handling labour problems can be found in almost every industrial region in India. These firms vary in size and in other environmental characteristics; they have in common a top management which believes in the importance of building an effective managerial organization and in developing workable relationships with employees and trade union representatives.

Many, but not all, of these progressive firms are foreign-owned or foreign-managed companies. Specific foreign firms are often cited favourably by Indian trade union, government and management officials.

The organizational structure of Indian management is highly centralized and often family-oriented, with the result that many in middle management appear to regard their opportunities for participation in management decisions and for promotion to top ranks as rather limited. Caste, class and family differences are main factors accounting for the gulf which exists between different levels of management. But organizational changes in
in several of the firms interviewed indicated that these barriers are not insurmountable.

Charges of nepotism in the selection and promotion of higher management personnel are frequent, but the recognition of the value of professionally trained management (regardless of family connection) is growing. Foreign firms are also increasing the proportion of competent Indians in their middle and higher managerial ranks, partly under pressure from government.

THE TOP MANAGEMENT AND THE SERVICE FUNCTIONS.

There is a widespread view in India, shared by a number of progressive employers as well as by trade union leaders and government officials dealing with labour matters, that many Indian top managements are relatively authoritarian in their relationships with lower management and with labour.

The Ahmedabad Millowners' Association has an even longer tradition of direct constructive relationships with a labour organization - TLA - which was organized in 1920. The history of this relationship began with a strike, and there have been several in intervening years.
There is considerable variation of outlook between mill managements even in such a centre as Ahmedabad. The managing agents in some firms are authoritarian in their relationships with their subordinates in the management organization, holding information closely, by-passing middle management and giving orders directly to supervisors, and blaming labour and labour leaders for any troubles. Others are developing a different philosophy of management, improving their organizational structure by delegating responsibility and authority to junior management in many matters, and seeking agreement with workers and trade union representatives on ticklish problems involved in rationalization.

Although some firms may represent exceptions, the typical structure of company management in India is still highly centralized and personal. This has roots in the nature of managing agency system, as well as in the attitudes towards utilization of labour and organization building.

Managing agency system has a character which is the basic decision-making unit in Indian industry. The Indian trading and money lending castes and communities adopted the managing agency form of organization as a way of maintaining and extending family control of
investment in business and industry. Thus they retained in their own hands the major decisions affecting the operating companies which the agency controlled.

Even though the private limited company form of organization has increasingly replaced the proprietorship and partnership, the officers of the managing agency are often members of the same family, or of the same caste. Not infrequently, sons follow fathers in positions of responsibility, and this is expected even if the sons may not possess the requisite ability.

In some cases an officer of the managing agency firm may also be the top executive officer of the operating company. This officer may have had special technical training himself, or have acquired a working knowledge of operations sufficient to enable him to be the operating manager, in fact. In these cases, an additional man designated as "manager" in the operating company may be no more than a glorified head clerk.

The various management control tools as research laboratory, quality control and industrial engineering department and accounts body all are mostly used to feed the data to the central decision-making unit - the
managing agent himself. The officers heading the departments have only recommendatory powers. But the recommendations seem to be ignored completely without any opportunity given to them to clarify or explain why of it. The incumbents of such posts naturally become "yes" men to the managing agents decision - and sometimes try to fabricate the data to the topman's satisfaction. This in turn helps in pressurizing the production departments for more production.

THE PRESENT WORK

On this background the researches need to be formulated. The conditions as they exist do determine the limitations of any research problem. The experimental approaches will have to be shelved for the time being. For any modification in the present industrial systems and any awareness to be created in the people who manage, one will have to first get ideas from the industrial population about their work situation. "How they perceive what exists in the situation as affecting their performance?" will be the first question towards such efforts.
Their perceptions of the various conditions in their work environment - tangible and intangible - directly observable and felt - will give us data which will further open up the immediate problems for applied research. A hunch problem is always worthwhile to tackle, but the kind of organization in which it is tried for its utility may set obvious limitations to its success. A knowledge of "what people perceive as conditions affecting their performance" will help in directing our efforts to the comparative smaller elements which can and do affect in a limited field. Experimental manipulation of them will be possible to show the impact of change on performance, without disturbing the organizational systems at all or even if disturbed, the disturbance will be slight to warrant attention.

Such results may further convince - we here mean convince and not 'making aware' - the management of the direct help from such organizational studies. Only this is going to create an healthy atmosphere for any industrial research in Indian industries to-day - where the management even though aware of necessities of such studied is not convinced to leave the well trodden successful (?) path of business management.
The present situation sets limits on obtaining the data on wide scale. It also sets limits to have any studies of motivation, morale, and attitudes - least of all the studies needing organizational changes.

With these limitations and the management and organizations as they are, the present study has been planned to know about the productivity correlates - the emphasis is only on one correlate - the perception. "How a person will react will depend on how he perceives a stimulus?" The search is to know what he perceives as stimuli for his action in an industrial setting. The deviation from the expected response the ability utilization for better production will thus be traced back to what he has perceived.

The chapters outlines the work in this direction.