CHAPTER - V

"PROBLEMS OF LABOUR RELATIONS IN ELGIN MILLS COMPANY" (EMC) LTD - A CASE STUDY

In the previous chapter it has been highlighted that the textile industry in U.P. is regarded as prime mover of the state's economy because of its multiple contribution to the state's exchequer industrial production and employment generation. However, in general, the condition of all the textile mills is not appreciable. Even then the development of textile mills is an essential precondition for industrial growth and economic development of the state.

The present chapter examines the problems of labour relations in Elgin Mills Company (EMC) Ltd. Kanpur. Though all the important aspects of Labour relations have been discussed but the main thrust of the study is to highlight the major problems i.e. Unionisation, disputes etc.

EMC Ltd. was established in 1861 at Kanpur with a capital of Rs. 3 Lakhs. It is the first cotton mill of North India which laid down the foundation of industrialisation in the District of Kanpur. The company was originally named as Elgin Cotton & Spinning Company.
Limited in the name of Lord Elgin, the then Governor General and Viceroy of India in 1962. During 1864 to 1900, Elgin mill made tremendous progress in the field of manufacturing Turkish Bath Towel, Khadi, Jeen & Jalis, filter and Lattha and was known as one of the reputed mills of Kanpur. It was converted from partnership to a private company in 1900 and again into a public company in 1912 with an authorised capital of Rs. 31-59 lakhs. Today Elgin Mills Co. Ltd. consists of two mills. Elgin Mill No.1 and Elgin Mill No.2. Elgin Mill No.1 is at Civil Lines, Kanpur. It was formerly under private section with M/S Begg Sutherland & Company as managing agents in 1960 and thereafter it was merged into British India Corporation. Elgin Mill No.2 which is at Cooper Ganj was earlier as Kanpur Cotton Mills (Under the entrepreneurship of a private group) and was purchased by Elgin Mills Company in 1960 and renamed as Elgin Mills Co. Ltd. (Mill No.2). Since 11th June 1981, EMC is a subsidy company of British India Corporation (BIC) Ltd., (A Government of India Company) whose registered office is at Sutherland House, Civil Lines, Kanpur (U.P.).

Financial Position of EMC Ltd.

In order to ascertain the financial position of the EMC Ltd., it is necessary to have an idea about the
share capital, borrowings, reserves & surpluses, income, production etc. of the Company. The following is the brief financial position of EMC as per the information available from the annual reports and accounts of the British India Corporation Limited.

Share Capital

The EMC Ltd. is a subsidiary of British India Corporation in accordance with Section (4) of the companies Act, 1956. The authorised share capital of the company is Rs. 125 lakhs, divided into 890000 ordinary shares of Rs. 10 each, 1,50,000 vendors share of Rs. 10 each, 11000, 8% cumulative preference shares of Rs. 100/- each and 1,00,000, 5% 'B' cumulative preference shares of Rs. 10/- each as on 31st March 1991. The issued, subscribed and paid up capital of the company on the same date was Rs. 109.70 lakhs divided into 1,60,000 ordinary shares of Rs. 10 each fully paid up in cash, 6,36,000 ordinary shares of Rs. 10/- each issued as fully paid up Bonus share by capitalisation of reserves, 1,50,000, vendors shares of Rs. 10/- each fully paid up otherwise than in cash (including 1,00,000 Bonus shares by capitalisation of reserves, 11000, 8% cumulative preference share of Rs. 100/- each fully paid up in cash and 2000, 5%, 'B'
cumulative preference shares of Rs. 10/- each issued as fully paid up Bonus shares by capitalisation of reserve as on 31st March 1991.

Funds

The following table exhibits the financial resources of EMC Ltd. during 1987-88 to 1990-91.

**TABLE - 5.0**

Showing the financial resources of EMC Ltd. during 1987-91.

<table>
<thead>
<tr>
<th>Year</th>
<th>Paid up share capital</th>
<th>Reserves &amp; Surpluses</th>
<th>Loan Funds</th>
<th>Total Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987-88</td>
<td>109.70</td>
<td>65.74</td>
<td>N. A.</td>
<td>N. A.</td>
</tr>
<tr>
<td>1988-89</td>
<td>109.70</td>
<td>65.74</td>
<td>10681.58</td>
<td>10856.82</td>
</tr>
<tr>
<td>1989-90</td>
<td>109.70</td>
<td>68.30</td>
<td>13053.06</td>
<td>13231.06</td>
</tr>
<tr>
<td>1990-91</td>
<td>109.70</td>
<td>70.70</td>
<td>15779.12</td>
<td>15959.52</td>
</tr>
</tbody>
</table>

Source: Annual Reports & Accounts of British India Corporation Limited.

Date noted in above table reveals that the paid up capital in the last four years has remained constant. The reserves and surpluses have improved slightly from
Rs.65.74 lakhs in 1987-88 to Rs.70.70 lakhs indicating an increase of 7.54 percent over 1987-88. The loan funds have shown a sharp increase during the period review i.e. from Rs.10681.58 lakhs in 1988-89 to Rs.15779.12 lakhs in 1990-91 an increase of 47.72 percent over 1988-89.

Capital Structure

The ratio analysis is one of the most important tools of financial analysis, and a way to analyse the financial position of the company. To know the capital structure of company ratios have been computed which reveals that the debt equity ratio of the company was 55.15:1 in 1987-88, 64.72:1 in 1988-89, 73.90:1 in 1989-90 and 83.29:1 in 1990-91.

Reserves and surpluses amounted to 0.37% of total liability in 1990-91 as against 0.43% in 1989-90, 0.50% in 1988-89 and 0.64% in 1987-88. It also amounted to 64.45% of the equity capital in 1990-91 as against 62.26% in 1989-90, 59.74% in 1988-89 and 59.93% in 1987-88.

Working Results

The net loss incurred by the company in 1990-91 was Rs.3536.88 lakhs as against a loss of Rs. 3066.18 lakhs.
in 1989-90, Rs. 3106.60 lakhs in 1988-89 and Rs. 2180.66 lakhs in 1987-88. The cumulative loss incurred by the company up to 1990-91 after adjusting general reserve amounted to Rs. 17035.79 lakhs as against the paid up capital of Rs. 109.70 lakhs as on 31st March 1991. The cumulative loss represents 15529.43% of paid up capital of the company. The main reasons for the losses are the decrease in the value of production, steep increase in the prices of raw materials, steep increase in the prices of fuel and power, persistent liquidity constraints throughout the year, increase in the interest charges etc.

Cost Trends

The table below indicates the percentage of cost of sales to sales during the last four years.

**Table 5.1**

Showing the sales, percentage of cost of sales during 1987-88 to 1990-91 (Rs. in lakhs).

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (including excise duty)</th>
<th>Add : Loss</th>
<th>Cost of Sales</th>
<th>Percentage of Cost of Sales to sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987-88</td>
<td>3729.14</td>
<td>2180.66</td>
<td>5909.80</td>
<td>158.48%</td>
</tr>
<tr>
<td>1988-89</td>
<td>4231.94</td>
<td>3106.60</td>
<td>7338.54</td>
<td>173.41%</td>
</tr>
<tr>
<td>1989-90</td>
<td>4931.65</td>
<td>3066.18</td>
<td>7997.83</td>
<td>162.17%</td>
</tr>
<tr>
<td>1990-91</td>
<td>4169.41</td>
<td>3536.88</td>
<td>7706.29</td>
<td>184.83%</td>
</tr>
</tbody>
</table>

Source: Annual Reports and Accounts of BIC Ltd.
Above table reflects that the sales volume of the company has went up from ₹ 3729.14 lakhs in 1987-88 to ₹ 4931.65 lakhs in 1989-90 an increase of 32.25 percent over 1987-88 but has come down to ₹ 4169.41 in 1990-91. Same trend has persisted in case of losses incurred by the company. Consequently percentage of cost of sales to sales was 158.48% in 1987-88, 173.41% in 1988-89 and 184.83% in 1990-91. It means the cost of sales has increased rapidly being one of the major cause of losses, and is responsible for the incurrance of continuous losses.

Production & Export Performance

The EMC Ltd. is producing mainly cloth and yarn on 2376 looms and 118092 spindles in both the mills. The company could not make any change in its production process due to continuous losses. Nor much modernisation has taken place to have a larger product mix of synthetic cloth and yarn in the mills. However, the company has made research and development for the development of process for quality improvement, cost saving, product development, import substitution etc. The company is also the earner of foreign exchange. During 1990-91, a sum of ₹ 111.01 lakhs was earned from foreign countries through exports.
of cloth and yarn as against Rs. 112.46 lakhs in 1989-90
The company is conscious of increasing exports but due to
plant constraints, the company has not been able to make
much headway in this direction. A scheme of modernisation
involving a capital outlay of Rs. 41 crores has been prepared
and is pending with the government for its approval. On
implementation of the proposed Modernisation Scheme, the
quantum of export is expected to rise substantially. In
the following table an attempt has been made to exhibit
the production of yarn and fabrics in EMC Ltd.

TABLE 5.2
Showing the production of yarn & cloth during
1989-91.

<table>
<thead>
<tr>
<th>YEAR</th>
<th>FABRICS (in lakh Mtrs.)</th>
<th>YARN (in lakh Kgs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989</td>
<td>381.23</td>
<td>18.08</td>
</tr>
<tr>
<td>1990</td>
<td>421.14</td>
<td>16.81</td>
</tr>
<tr>
<td>1991</td>
<td>326.16</td>
<td>16.17</td>
</tr>
</tbody>
</table>

Source: Annual Reports & Accounts of BIC Ltd.

As appears from the above noted data, the production
performance of the company is not quite satisfactory. The
production of fabrics was 381.23 lakhs metres in 1989 which
rose to 421.44 lakhs meters in 1990 but declined sharply to 326.16 lakhs meters in 1991. At the same time the production of yarn has shown a continuously declining trend since it was 19.08 lakhs kgs. in 1989 and come down to 16.17 lakhs kgs. in 1991. Which reveals that there is a fall in the production of cloth and yarn over the period review. This fall is mainly due to shortage of raw cotton, shortage of electricity supply, communal disturbances etc.

A brief resume of the financial appraisal of EMC Ltd. discloses some important facts that the financial position of the company is not sound enough due to incurrence of continuous losses. Debt equity ratios have already worsened. Cumulative losses represents more than 15 thousand percent of the paid up capital. Production and sales volume of the company has also shown a declining trend. Due to burden of heavy losses, the borrowing of the company have also mounted up. The company is not in a position to pay any dividend either or equity or preference share due to accumulated losses. However, the company has been regular in depositing dues of ESIC, UPSEB, provident fund etc. except a few minor delays.
Future Prospects

The EMC Ltd. is a government owned company hence does not come under the per view of Board of Industrial and Financial Reconstruction (BIFR) and provisions of SICK Industrial Companies Act 1985 of the government. The future prospects largely depend on the behaviour of prices and availability of cotton. The prices of cotton which showed an upward trend since November 1990, recorded an unprecedented increase by about 14% during July August 1991. Besides due to poor crop production during 1990-91, the availability of cotton was also meagere and substandard.

With a view to make the company economically viable, it is proposed to curtail the economic activities and the company has already prepared on Action Plan involving capital expenditure of Rs. 22.00 crores for modernisation and Rs. 56.00 crores for voluntary retirement Scheme. The plan has been submitted to the Ministry of Textiles for its consideration and on approval of this plan it is expected that there are chances of improvement in financial position of the company.

Labour Relations Pattern of EMC Ltd.

This section of the chapter is devoted to review the pattern of labour management relations in the company.
The whole discussion is split up into two parts. The first part discusses the organisation and the second deals with the pattern of employment in the company.

Organisation

The Board of Directors of the British India Corporation (BIC) Ltd. (the holding company of EMC limited is the top management organ to control the whole network of all subsidiaries. However, the Joint Secretary, Ministry of Textiles, Government of India is the Chairman-cum-Managing Director (CMD) of the company. He is the chief executive incharge of the company. Though there are functional heads, yet the complete authority is vested in the hands of CMD at Board level. Below the rank of CMD is the General Manager who is the overall incharge of production, sales, purchase and administration of Mills Nos. 1 & 2. All the senior executive incharges of functional divisions would report directly to him. Mill Manager Mill No. 1 and Mill Manager Mill No. 2 are the incharges of production and labour matters of their respective mills. There are processing superintendents one in each mill. Secretary-cum-Manager is the head of secretarial, legal and vigilence department and administrator of Elgin Higher Secondary School and BIC Junior High School.
Chief Manager (Marketing) looks after the sales and marketing function of mill Nos. 1 and 2. Cotton executive is the incharge of cotton purchase department. Sales executive is the incharge of sales department, and sales Manager (Contracts) is the incharge of Government and Institutional sales. Financial controller and Joint Financial Controller are the Incharges of finance and cost and project department and accounts departments respectively. Besides, technical Manager, Chief Engineer, Personal Officer etc. are the independent head of their respective departments. All the executive heads/Incharges are assisted by their respective assistants. Executive decision are made on the advice of these people.

**Personnel Management**

In BMC Limited the personnel Department is under the overall charge of the Senior Personnel Officer. He is directly accountable to Mill Manager in case of all labour matters. However, one labour officer and one labour welfare officer is attached to each mill, who report to personnel Officer. Thus personnel Officer with the assistance of labour officer and Labour Welfare Officer deals with the day today personnel policies, practices and problems and chalk out welfare facilities. He mainly deals with the matters related to employees like
recruitment, selection, training, transfer, promotion, termination, statutory compliance, payment of wages, taking disciplinary action, settlement of grievances and disputes, communicating the attitude of management towards workers etc. At the same time play advisory role to provide help to the other service managers in promoting effectiveness in their distinct role.

Finally it can be summed up that the management of EMC Ltd. is done by the Board of Directors of BIC Ltd. The CMD is the chief executive incharge of the company. All the executive incharges of functional divisions are under his control however, at the departmental level they are independent decision making authorities. Thus there seems decentralisation of functions. The personnel officer has an equal status that of a departmental head. He is a staff expert in advising and assisting the line management in handling the total personnel and labour relations. There by play a very significant role in solving labour matters with the assistance of labour officers and labour welfare officer at mills level.

**PATTERN OF EMPLOYMENT AND DEVELOPMENT OF PERSONNEL IN E.M.C. Ltd.**

The EMC Ltd. is one of the biggest employer amongst the Government owned textile mills of Uttar Pradesh. The
labour absorption potential of the company is quite appreciable. The total number of workers on the pay roll of Mill No. 1 was 5716 in 1975 and 5581 in 1985. Whereas in 1989 the number of workers was 5050. As regards the Mill No. 2 is concerned, the total number of workers employed was 4844 in 1975 which rose to 4987 in 1985 and 5000 in 1989 including permanent temporary and substitutes.

Recruitment

Recruitment is a process to discover the source of manpower to meet the requirement of the staffing schedule and to employ effective measures for attracting that manpower in adequate number to facilitate effective selection of an efficient working force.

In EMC Ltd. it has been observed that a systematic recruitment programme is in practice in the company. Job specification is the first step towards recruitment. The Personnel Officer prepares a detailed description of work based on job analysis in terms of skill and special aptitudes with the cooperation of departmental head. Thus, it becomes easier for Personnel Officer to match people with the job due to predetermined job specifications. Whenever there exist vacancies of skilled workers, they are recruited from the open market. There is no bar on education regarding
the unskilled workers. Skilled workers should possess ITI training. The main source of the recruitment of workers is the employment exchange when a vacancy cannot be filled by internal promotions, it is notified to the Employment Exchange with job specification. Employment Exchange send a list of candidates to the company for final selection. The departmental head conducts a test of all the candidates. Selected candidates are taken into as trainees in the weaving Departments. No middleman exists in the recruitment procedure of EMC Ltd.

Selection

The object of manpower selection is to ensure the right man for right job i.e. matching the men with job or in other words, the type of persons required and to secure an appropriate candidate for filling that position. There are two aspects of selection of workers in the EMC Ltd. (1) Selection of workers to fill up vacancies in permanent posts; and (2) Selection of workers to fill the vacancies in badli pool as substitutes. Both the aspects are related to each other. Whenever, there exists a permanent vacancy, substitutes (Badli workers) are automatically promoted to permanent posts. No Medical or trade test is conducted, since the standard of ability and other qualities are already known to the
departmental head, if the worker is already working in the mills. On the other hand, selection of workers to fill up the vacancies of substitutes is a problem some job for management since new workers are selected on temporary basis and later on given the status of a substitute. They work on probation for two months and ultimately get a permanent post. Job analysis and decausalization schemes are not in practice in the company. The Personnel Officer with the Cooperation of Departmental head makes selection of the candidates keeping in view the various matters pertaining to job requirements. Normally, the sons of the employees are given preference. Managerial staff is selected by the Executive Director and Shift Incharges, Senior Assistant and Supervisors are selected by the manager of branches concerned after duly assessing their technical knowledge, capability etc. through interviews.

Training

Training is the effort of the company to improve the individual's ability to perform duties on the job. It increases the skill and knowledge of the workers about the job which ultimately results in reducing waste and improving the quality. Subsequently, it is the next step after recruitment and selection. The EMC Ltd. has training schemes varying in time and base of training for various
levels under the supervision of a Training Officer.

Under the Apprentice Act 1951, apprenticeship is important because proficiency can be acquired only after a relatively long period of time in direct association with the work and under direct supervision of experts. The company follows the rudimentary system of training i.e., Apprentice Training. These apprentices are generally given training in engineering department. The period of apprenticeship varies from 1 year to 3 years. During the training period, trainees are given an stipend as fixed under the Act. After the completion of training period, they are appointed, if any vacancy exists in the mills. In addition, operative training is also imparted to workers in which learner stands next to the skilled workers and tries to learn the skill of skilled worker. Apart from this, the company has set up a technical school to impart training of spinning, weaving winding, warping, bleaching, finishing etc. to make a learner as an operator in the shortest possible time. The period of training is 3 months during which they are given a stipend of Rs.2.50 per day.

Supervisory training is also imparted to diploma holders or graduates in textiles technology. The main purpose of this scheme is to aware them about the
responsibilities in the departments in which they have to work. Apart from the training inside the mills, they are also sponsored by the company to attend refresher courses organised by National/Regional Productivity Council, Labour Institutes etc.

Transfers and Promotions

A transfer is, generally, regarded as movement of an employee from a task or position to other within the organisation which does not involve any significant change in the degree of skill and responsibility and has no effect on earnings. A promotion, on the other hand, refers to the placement of worker on a task requiring more skill and greater responsibility which is also, usually accompanied with an increase in earnings and status.

In EMC Ltd. the situation of transfer of workers from one job to another hardly arises because of job specification office staff and managerial staff (Non-technical) is transferred in a few case to other departments mainly due to promotions.

Promotions in EMC Ltd. are normally done on the basis of seniority-cum-merit. The promotions in lower categories like jobbers etc. are done on the recommendations of departmental heads. Even the promotions to the
supervisory level is done on the recommendations of departmental heads concerned. Promotions of the Senior and Junior personnel (Administration) are done by the Executive Director on the recommendations of the General Manager after evaluation. Recently, the company has introduced a scheme of management by objectives (MBO) where the objectives are clearly explained to the personnel (mainly technical) regarding the production per month, percentage of waste, productivity per worker, quality of output, consumption of power etc. This scheme will prove beneficial for the staff to get higher posts.

EMPLOYEE'S WAGES, WELFARE AND WORKING CONDITIONS IN EMC LTD.

Wages and Salaries

Wages and salaries means all remunerations, capable of being expressed in terms of money which would, if the terms of the contract of employment, were fulfilled, be payable to a person employed in respect of his employment of work done in such employment. The productive capacity of a worker ultimately depends upon his wages, other incomes, benefits derived from the employer and the welfare measures provided by the Government. Wages and salaries have two facts; one from the standpoint of industry and the other
from the point of view of the employees, wages and salaries constitute an important item of cost, the importance depending upon the industrial development of a nation. In a nation a general increase in the cost of labour without an equal increase in productivity will result inflation. But an increase in the cost of labour in a certain sector and in certain key jobs without equal increase in productivity may not result in general inflation to the same extent. Wages and salaries are important to workers because, their attitude towards work and standard of living is determined through it. Employer thinks it as a share in the total cost of production while it is a means of livelihood for an employee, payment of fair wages may prevent industrial conflict and tension.

Therefore, it is felt necessary to trace out the evaluation of wage rates, and to evaluate the wage levels in EMC Ltd. to understand the real magnitude of the wage problem in disturbing the industrial peace but very little information is available in this context from the office of the mill hence in the following table an attempt has been made to present a true picture of wages and salaries paid to the employees during last few years.
TABLE - 5.3

Showing the amount of wages and salaries paid to employees of EMC Ltd. during 1988-89 to 1990-91.

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (Rs. in Lakhs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988-89</td>
<td>1359.19</td>
</tr>
<tr>
<td>1989-90</td>
<td>1517.48</td>
</tr>
<tr>
<td>1990-91</td>
<td>1560.08</td>
</tr>
</tbody>
</table>

Source: Annual Reports & Accounts of BIC Ltd. Kanpur.

A perusal of the above mentioned table reveals the amount of wages and salaries including allowance during last three years. The company paid a sum of Rs.1359.19 lakhs on account of wages & salaries in 1988-89 which has increased continuously and stood at Rs.1560.08 lakhs in 1990-91 registering an increase of 14.78 percent over 1988-89. Thus it could be said that the company has paid attractive wages and salaries to its employees and majority of them is satisfied with it.

Welfare

A worker does not live by bread only. The hazzards of industrial life have necessiated a consideration of physical and mental well being of workers in business.
Whole field of welfare is one in which much can be done to combat the sense of frustration of industrial workers, to relieve them of personal and family worries, to improve their health, to afford them a means of self expression, to offer some spheres in which they can excel and to help them to a wider conception of life. The encyclopaedia of Social Science defines welfare as voluntary efforts of an employee to establish within the existing industrial system, working and sometimes living and cultural conditions of his employees beyond what is required by law, the customs of industry and conditions of the market. Labour welfare makes substantial contribution towards happy industrial relations. It refers to any effort by the employees, Government or any other agency either voluntarily or statutorily which aims at the betterment of workers' conditions. EMC Ltd. is the pioneer industry for organising labour welfare facilities on humanitarian grounds in the Northern textile mills of India, various welfare programmes inside and outside the mills to make a remarkable improvement in the working and living conditions have been chalked by the management. The company has appointed Labour Officers, Labour Welfare Officer to look after the interests of Labour force. Thus following are the various types of statutory and non-statutory facilities which have been provided by the
The existing welfare facilities may be classified into Financial and Non-financial facilities.

**Financial Facilities**

The financial facilities are provided for general well-being of workers. These may be beneficial in times of needs i.e., sickness, old age, marriage, construction of house etc. Further, the habit of thrift may be encouraged with the financial incentives. The following are some important financial facilities provided to the workers of EMC Limited.

**Bonus**

Bonus is an amount paid to workers besides their wages, out of surplus profit of the company. The payment of Bonus Act, 1955 is applicable in all industrial organisations which employee 20 or more persons. In EMC Ltd. despite of continuous loss the payment of bonus is made in time in accordance with the provision of Act. The following table reveals the amount of bonus paid to employees during last four years.

**TABLE 5.4**

Showing the amount provided on account of bonus during 1987 to 1991.
It is surprising to note from the above table that despite of incurrence of continuous losses, the amount, paid on account of bonus is substantial. It rose from Rs. 99.25 lakhs in 1987-88 to Rs. 116.18 lakhs in 1990-91 indicating an increase of 17.06 percent over 1987-88.

Provident Fund

The employees will be motivated for more work when they know that employer will pay them after retirement. The main idea behind this contributory scheme is to stimulate savings for old age or to give family pension to dependents of the workers in case of his death. The Employee's
Provident fund Act 1952, is applicable to every establishment, engaged in any industry specified in schedule 1 to the Act a which the Central Government notifies in the official Gazette and in which 20 or more persons are employed.

As per the provisions of the provident fund Act, the employees contributes 8.33 per cent and the same percentage of contribution is paid by the management in the Provident Fund Account of the employee. The payment of Provident Fund is made at the time of retirement, death or leaving the organisation. However, management's contribution is paid on the basis of length of service of the employee. There are some regulations of this scheme which provides;

1) That a workers will get non-refundable advance for the purpose given in Provident Fund Act 1952.

2) That a worker will get full contribution of the company with interest in the event of death or retirement or after completing 10 years of service.

3) That if a worker puts in less than 10 years service. The company's contribution will be paid in the following way.
TABLE 5.5

Showing the employer's contribution in Provident Fund.

<table>
<thead>
<tr>
<th>Year of service</th>
<th>Employer's contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 3 years</td>
<td>25%</td>
</tr>
<tr>
<td>3 - 5</td>
<td>50%</td>
</tr>
<tr>
<td>5 - 10</td>
<td>75%</td>
</tr>
<tr>
<td>10 and above</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: General Office of the company.

Thus, the company's contribution is paid according to above mentioned criteria. However, the workers own contribution must be paid under all circumstances.

The Provident Fund Act is applicable to EMC Ltd. The management contributed a sum of Rs.128.24 lakhs in 1991 on account of provident fund as against Rs.117.45 lakhs in 1990 and 110.10 lakhs in 1989. Thus there is an increase of 16.48 percent in 1991 over 1989.
Gratuity

Gratuity is lump-sum payment made by the company to the employees on the termination of job, which may be due to retirement, voluntary retirement after specified years of service or death. The main object of this scheme is to help the employees after retirement to maintain their livelihood. A qualifying period of at least 240 days service every year has been provided for getting the payment of gratuity. If a worker completes 40 years service he will be given gratuity equal to a salary of 15 days per year. In EMC Ltd. a provision of Rs.239.50 lakhs was made for retirement gratuity during 1991 and a sum of Rs.90.85 lakhs was paid during the same year as against Rs.115.43 lakhs in 1990 and Rs.91.60 lakhs in 1989 on the same account.

Others

The EMC Ltd. has provided some other financial facilities also in addition to above mentioned facilities. In special cases, the Company provides the facility of loan at advances against the salary, leave with pay etc. is also a financial facilities to the worker.

Non-Financial Facilities

The non-financial facilities are also very important to workers because these facilities improve the efficiency
of the workers and keep them contended and minimise industrial conflicts.

Further, these facilities are helpful in promoting a sense of responsibility and dignity among workers. The following are the various intra-mural and extra-mural non-financial facilities provided to the workers of the EMC Ltd.

**Housing**

The place of housing is very significant amongst the basic necessities of life. It is next to food and clothing. The management is not statutorily obliged to provide housing accommodation to its employees. But many are of the progressive managements/taking keen interest. Provision of proper shelter for the employees with the necessary sanitary facilities, further attractive conditions may prevent the migratory character of the employees and make him committed to industrial order. Further, provision of housing facilities near the plant solve the difficulties of transportation. The need of regular conveyance is minimised to a great extent. As such colony housing will not only influence the standard and the way of life of the employees but also increase the productivity. It would also greatly
measure their efficiency because the widely prevalent social evils like drinking, prostitution etc. which can be attributed to a great extent to bad housing conditions. Further, the provision of good accommodation for the workers will greatly improve the relations between the employer and employee.10

An overwhelming majority of workers are migrant coming from rural areas with an occupationed ground of agriculture or agriculture labour. The management of ZMC Ltd. has tried to solve the housing problems of such workers. There are two colonies namely Max wellganj and Elign Mill settlement consisting of 188 houses for the workers of Elgin Mill No.1. However, the workers of Elgin Mill No.2 are not provided any housing facilities. The company has provided all amenities like electricity and sanitary fittings in these houses. The workers are not supposed to pay any rent as well as annual repairs and white washing facilities are also provided by the company free of cost.

Medical Facilities

Since, the second world war, the importance of preventive care has increased. It is now accepted theory that health care of workers will help to reduce the
incidence of sickness and therefore, absenteeism and increase productivity. The importance of industrial health care in general has also been emphasized by the ILO. In 1931, the Royal Commission on Labour, and the Labour investigation Committee in 1946 underlined the necessity for providing basic health and welfare amenities. The Government has also enacted the Employee’s State Insurance Act 1948. The Act provides for several types of benefits to the ensured person or their dependants as the case may be subject to certain conditions. The benefits provided under that Act are (a) Sickness benefits (b) Maternity benefits (c) Disablement benefits (d) Dependents benefits (e) Medical benefits (f) Funeral benefits.

Workers of EMC Ltd. are provided a number of Medical facilities by the company. Firstly all the cases of sickness, accident etc. arising inside the mills are referred to the first aid posts in every plant with sufficient number of first aid boxes as required under the Factories Act, 1948. In addition, there are 10 dispensaries having one doctor and one compounders to cater the needs of all patient. The company has also maintained one Health Centre for all the employees having Medical Officers, Compounder and nurses to attend the patient. Employees state Insurance (ESI) Scheme is in operation and all the workers
are the member of it and avail the benefits rendered by ESI Corporation. The contribution of Company to ESI Scheme was Rs. 62.86 lakhs in 1991 as against Rs. 62.05 lakhs in 1990 and Rs. 57.80 lakhs in 1989.

**Educational Facilities**

Workers' education is an attempt on the part of the organised labour to educate its own members under an education system in which the workers prescribed the courses of instructions, select the teachers and in considerable measure finance it. The Indian Labour is ignorant and illiterate. The labour education is must for maintaining healthy and harmonious relations between labour and management and developing the feelings of solidarity among workers. Equally important is the education of their children.

The management of EMC Ltd. has laid due emphasis on the field of education of workers and their children. The workers educations scheme in practice to provide basic education to uneducated workers. As the same time, the management is not ignorant towards the education of their wards. Apart from a number of primary schools, the company runs 'Elgin Higher Secondary School in which free schooling upto 10th standard alongwith free stationary, free dresses
and free mid-day meal is provided to the children of workers.

The company has also formed a committee for managing and administering the education system for the workers and their children.

**Recreational Amenities**

Labour welfare is a necessary corollary of industrialisation and recreation occupies its pride of place in the welfare programmes for industrial workers. Recreation consists of sports & games, cultural and social activities undertaking on voluntary basis for personal satisfaction and pleasure.13

The Management of EMC Ltd. has paid due attention towards the recreation of workers. A cultural committee consisting of equal number of representatives of workers and management has been formed to organise Dramas, Musical programmes, Kavi Sammelan, Mushairas etc. management has also formed a sports cell to promote games and sports among workers.

**Canteen**

It is obligatory on the managements' part to maintain and run a canteen, where more than 250 workers under the
factory's Act are working. The object of an industrial canteen is to introduce an element of nutritional balance diets the otherwise deficient and unbalanced dietary of the workers. to provide cheap and clean food and offer an opportunity to relax near the place of work. Besides, a canteen provides a meeting place for the worker of all departments of factory where they not only eat their meals but also talk, rest and receive their energies. It can, thus have a great influence on the morale of the workers.

There are two canteens in EMC Ltd. in Elgin No.1 a canteen was established in 1864 and in Elgin No.2 in 1960. These canteens are run through a canteen managing Committee consisting of five representatives of each workers and management. The committee looks after the functioning of canteens regarding the quality, prices cleanliness etc. Various items like Tea, Jalebi, Samosa Sweets, Snacks, food etc. are provided to workers at subsidized rates since the canteens run on profit and no loss basis. These canteens renders 24 hours service.

Cooperative Credit Society

In 1932, a workers Cooperative Credit Society was established in Elgin Mill No.1. There are 4000 workers members with a share capital of Rs. 3.44 lakhs. The Society
provides loans upto Rs. 4000 on easy installments for special purposes like marriages, construction of houses, illness or death.

**Others**

In addition to above noted welfare facilities, company also provides several other amenities as a fair price shop has been opened by the company where the workers may get the items of domestic use at cheaper rates than markets. To develop academic and professional awareness, there are two libraries having books, magazines, newspapers (English, Hindi, and Urdu). Further safety appliances have been provided to workers. Safety posters and pictorial boards are also exhibited inside the mills for safety consciousness among them. Besides, drinking water, first aid facility, fire service, rest room, uniforms to security guards, jobbers and peons, transport facility to workers and their families in case of emergencies, reimbursement of medical bills etc. are also provided by the management. Most of the Central/State legislations like, minimum wages Act 1948, ESI Act 1948, Provident Fund Act 1952, Payment of Gratuity Act, Payment of Bonus Act etc. are all applicable to the mill and all the workers derive the benefits of these acts.
Working conditions

The conditions in which a person works influence his health, efficiency and the quality of work. It is said that environment creates a man and if we improve the environment we improve the man, it has to be realised that good working conditions have a great effort not only on the efficiency of the workers but also on their wages, migratory character and the industrial relations as whole. The efficiency of a worker depends directly on his health and willingness to work. In the absence of desirable working conditions a worker is not comfortable and feels as if his job is very tough and he becomes very sluggish which makes him in-efficient. In good working conditions not only a workers remains happy but the employer also gains because with better efficiency, production is greater. The relations between employers and workers will also improve, if the employer takes care of the condition in which the workers have to work. 15

It was revealed during survey that the working conditions in EMC Ltd. are good and the management takes proper care of working conditions in which the workers have to work. The working conditions are generally determined by the hours of work, rest intervals, shift
arrangement, leave and holidays, sanitations, lighting etc. The following is a brief idea of some important working conditions in the company.

**Hours of work**

Those hours during which workers are at the disposal of the management are called hours of work. Presently, in EMC Ltd., the hours of work have been fixed at 8 hours per day for all categories of workers. While office staff has to work for $7\frac{1}{2}$ hours per day.

**Rest intervals**

According to the provisions of factories Act, 1948, no worker is to work for more than five hours before he has taken an interval of half an hour. The workers of EMC Ltd. are provided with an interval in between working hours for half an hour. Office staff is given an interval of one hour for lunch. This rest reduces fatigue and provides mental relaxation to the employees.

The following table shows the spread over the different categories of employees in EMC Ltd.
### TABLE 5.6

Showing the spread over of employees in EMC Ltd.

<table>
<thead>
<tr>
<th>Category</th>
<th>Spread over</th>
<th>Rest Interval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office Staff</td>
<td>8 hours</td>
<td>1 hour</td>
</tr>
<tr>
<td>Workers</td>
<td>8 hours</td>
<td>½ hour</td>
</tr>
</tbody>
</table>

Source: Personnel Department of the Company.

### Shift Arrangement

To utilise the maximum productive capacity and increase production and productivity, the EMC Ltd. has three shift working in both the mills. However, there is one general shift for Office Staff. The following table shows the timings and duration of various shifts for workers and clerical staff of the mills.

### TABLE 5.7

Showing the shift arrangement in the EMC Ltd.

<table>
<thead>
<tr>
<th>Shift</th>
<th>Duration From hour to hour</th>
<th>Time</th>
<th>Duration rest interval From hour to hour</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mill 1&amp;2</td>
<td>A 6.30 AM 2.30 PM ½ Hr.</td>
<td>10.30 AM 11.00 AM</td>
<td></td>
</tr>
<tr>
<td></td>
<td>B 2.30 PM 10.30 PM ½ Hr.</td>
<td>6.30 PM 7.00 PM</td>
<td></td>
</tr>
<tr>
<td></td>
<td>C 10.30 PM 6.30 AM ½ Hr.</td>
<td>2.30 PM 3.00 PM</td>
<td></td>
</tr>
<tr>
<td>Office</td>
<td>9.00 AM 5.00 PM 1 Hr.</td>
<td>1.00 PM 2.00 PM</td>
<td></td>
</tr>
</tbody>
</table>

Source: Personnel Department of the Company.
Other working conditions

About other working conditions in Elgin Mills No. 1 and 2, it was observed that the conditions regarding leave and holidays are satisfactory, with proper arrangement for the disposal of waste and affluents both the mills are kept clean. Adequate lighting and ventilation facilities are available. Humidity is maintained properly. Laterines and bathrooms have been provided in adequate number and are kept clean. In other words, the company pays due attention towards the maintenance good working conditions in the mills, so that workers may feel satisfied with the environment in which they work.

TRADE UNIONISM IN BMC LTD.

In the modern industrial set-up the workers feel alienated. They find themselves helpless sometimes and in a very weak bargaining position when compared with the employer. Profit maximisation motive of the employer leads to the exploitation of labour force. Labour has to work for longer hours in bad working conditions and are paid low wages. Consequently, they stand united to fight for their rights through collective efforts and rely on the principle 'Union is Strength'. Thus workers thought to join in a group which will be called Union.
Thus trade unions are effective instrument for improving the economic conditions of their members. The second five year plan rightly declared, "a strong trade union movement is necessary both for safeguarding the interest of labour and for realizing the targets of production. In EMC Ltd., there are more than thirty working trade unions but the number of registered trade unions is ten in each mill. The following table reveals the position of registered trade unions in EMC Ltd.

**TABLE - 5.8**

Showing the membership of registered trade unions in the Elgin Mill No.1 & Elgin Mill No.2 as on 31st Dec., 1990.

<table>
<thead>
<tr>
<th>NAME OF THE TRADE UNION</th>
<th>AFFILIATION</th>
<th>MILL NO.1</th>
<th>MILL NO.2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rashtriya Textile Mazdoor Union</td>
<td>INTUC</td>
<td>800</td>
<td>2000</td>
</tr>
<tr>
<td>Rashtriya Shrimik Sangh</td>
<td>BMS</td>
<td>NA</td>
<td>1500</td>
</tr>
<tr>
<td>Janta Mill Mazdoor Panchayat</td>
<td>HMKP</td>
<td>300</td>
<td>300</td>
</tr>
<tr>
<td>Sati Mill Mazdoor Panchayat</td>
<td>HMP</td>
<td>300</td>
<td>275</td>
</tr>
<tr>
<td>Sati Mill Mazdoor Sabha</td>
<td>CITU</td>
<td>200</td>
<td>180</td>
</tr>
<tr>
<td>Kanpur Mazdoor Sabha</td>
<td>AITUC</td>
<td>150</td>
<td>150</td>
</tr>
<tr>
<td>Elgin Mill Karamchari Parishad</td>
<td>BMS</td>
<td>100</td>
<td>NA</td>
</tr>
</tbody>
</table>
Textile Labour Association | INTUC | 50 | 2200
Textile Mazdoor Congress | INTUC | 50 | 50
Suti Mill Mazdoor Union | INTUC | 50 | 30

Source: Personnel Department of company.

A glance over the table leads to this conclusion that Rashtriya Textile Mazdoor Union, Rashtriya Sharmik Sangh, Suti Mill Mazdoor Panchayat, Janta Mill Mazdoor Panchayat, Suti Mill Mazdoor Sabha are the strongest trade unions in both the mills having a good number of workers as members. Apart from this, Union like Textile Labour Association etc. have been formed Unitwise.

All the unions of Elgin Mills No.1 and 2 collect upto Rs. 5/- as monthly subscription from the members directly for a general fund.

The structure of all the unions in the company is more or less the same. The general body of each union elects representatives i.e. President, Vice-President, General Secretary, Joint Secretary, Office Secretary, Treasurer etc. who in turn selects the office bearers by direct method in accordance with the needs and strength.
of the union. The general body of each union meets once or twice a year while the executive Committee once a month or more if needed.

The main aims of all the unions are to make an improvement in service conditions of the members and safeguard their interest. At the same time there are several problems which hampered the growth of trade unions and due to which they have not developed on sound lines, firstly, due to multiplicity of unions the membership has been divided. It has also aired multiplicity of demands and grievances of workers. Consequently utter most confusion arised among the workers as to whom they should lend support. Some times they join the union to get support of the union to settle their individual grievance against management. Quite a good number of workers are the members of more than one union which reflects the absence of trade union consciousness among them. Secondly, there is lack of unified trade union due to existence of various unions. Some of the trade unions are owned and influenced by the management for the lack of leadership. The unions are influenced by the political leaders (due to illiteracy of majority of workers) who exploit the workers for their political motives. Management also keeps a hostile attitude to some extent towards the trade Unions, they think the unions as a challenge to their powers and authority.
There is also lack of unity among the workers in Elgin Mills. They are divided according to cast, creed, religion, language, region and very often unit wise in which they are working. Thus these are the factors due to which the unions are not capable of bargaining properly with management. All the Union are not working for management, some of the union needs to be strong to fight for the rights of workers and raise the demand for the general well being of the workers of EMC Ltd.

**Industrial Disputes in EMC Ltd.**

Industrial disputes is one of the major problem of labour relations. There are a number of steps of industrial disputes which include the strike, Gherao, work to rule, stoppage of work, refusal to work, demonstration, delaying tactics, mass absenteeism etc. at the disposal of workers. Of course, management has also an instruments i.e. lockout. In EMC Ltd., very few strikes have been organized by the workers since its inception. In 1984, three partial strikes took place which caused little loss to the production.

In May 1985, workers of drawing department went on strike. Wage revision was the major cause of strike. About 100 workers were involved in this strike. An agreement was
made between workers and management and strike was called off. Two strikes took place in 1986-87 and three in 1988. In 1988, all the workers abstained from work. This was a general strike in both the mills in which all the workers were involved. There were multiple issues but wage revision was important to all but very soon a compromise was made between unions and management and mills started working smoothly. In 1989, again there was a general strike in all textile mills of Kanpur and a Bandh was observed at the Railway station and the Railway Traffic was squeezed.

From October to December 1990 due to serious communal disturbances, curfew was imposed in the town as the curfew was lifted workers joined duties and immediately went on agitation demanding for full wages for the curfew period, it caused a loss of production amounting to Rs.17.88 crores with several other reasons like under utilization of capacity on account of non-availability of adequate quantity of raw material and other essential inputs etc.

During survey it was observed that the personnel Officers, labour officers and labour welfare officers play a significant role in settling industrial disputes and maintaining good labour relations. There were very few strikes in the EMC Ltd. in regard to the economic matters
like wages, bonus, termination etc. Most of the strikes had been at All India level or at least of the all the textile mills of Kanpur.

**Settlement Procedure**

The procedure for the settlement of industrial disputes in EMC Ltd. is a combination of collective bargaining, conciliation, arbitration and adjudication. The management always tries to solve the disputes through combined efforts of both the parties. In case of failure, the case is referred to Conciliation Board. The Board try to find out the points of difference between the parties, ascertain the grounds on which respective claims are based and explore the possibilities to settle the disputes. If there is no settlement between the parties, the Board reports to the U.P. State Government along with the facts and circumstances on account of which a settlement could not be arrived at between parties. If the State Government is satisfied with the report the case is referred to Labour Court or Industrial Tribunal for adjudication. Adjudication is the ultimate method for settlement of unresolved disputes by the Government. Major issues which are referred to Labour Court in EMC Ltd. are severally regarding wage revision, promotion, termination, dismissal etc. The following data reveals the number of cases referred to Labour Courts during 1985-90.
**TABLE - 5.9**

Showing the number of cases referred to Labour Courts during 1985-90.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of cases (Mill No.1 &amp; No.2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
<td>59</td>
</tr>
<tr>
<td>1986</td>
<td>95</td>
</tr>
<tr>
<td>1987</td>
<td>96</td>
</tr>
<tr>
<td>1988</td>
<td>101</td>
</tr>
<tr>
<td>1989</td>
<td>78</td>
</tr>
<tr>
<td>1990</td>
<td>48</td>
</tr>
</tbody>
</table>

*Source: Personnel Department of the Company.*

Finally, it can be observed that in EMC Ltd. labour relations practices are governed under the legislative framework, the majority of disputes are settled through collective efforts of the representatives of workers and representatives of management, in case of failure the case is referred to conciliation board and of course adequate number of disputes are referred to Labour courts also which is very dilatory and expensive. Most of the cases either end up in a settlement or withdrawal or are decided in favour of management.
Disciplinary Action

In accordance with the Model Standing Orders (SOS) laid down in the Industrial Employment Act 1946, there are Standing Orders, for every textile mill of U.P. which are applicable on the EMC Ltd. These orders cover a wide range of aspects of employment conditions of workers of the company such as hours of work, payment of wages, Attendance of holidays and weekly rest days, Attendance and late coming, Attendance, leave of absence, playing off, closure due to strike, termination of service, misconduct, complaints etc. Acts or omissions constituting misconduct have been defined by Standing Orders. The management of EMC Ltd. has a set procedure of taking a disciplinary action against the employees. First of all, a charge sheet is framed against the worker in case of any indiscipline observed by him against the Standing Orders of the company and he is required to give his explanation within a specified time. If he admits his guilty, he may be fined or alternatively be given a censure or warning notice, otherwise, labour officer and departmental head conduct an enquiry, if after enquiry the operative is adjudged guilty
of misconduct, immediate action is taken against him taking into account the gravity of the misconducts.

**Procedure of handling employees Grievances**

The formation of a sound grievance procedure and its strict adherence is essential condition for maintaining industrial harmony. Because unredressed grievances of the workers would ultimately result in industrial disputes. If the grievance procedure is followed by both the parties, it will serve as an eye-opener to them, reduce the number of disputes taken up to conciliation machinery and will certainly contributes, towards harmonious labour relations. The aspects which come under the purview of grievance procedure include, wages overtime, bonus, gratuity, promotions, work distributions, hours of work etc.

Procedure of handling employees grievance in EMC Ltd. is simple. A worker having any grievance approach the supervisor who tries to redress it at his level but if he is not able to redress it, the worker approach the departmental head who also tries to settle the grievance after making a detailed study of the problem. If the worker is not satisfied even with judgement of departmental head, the case then is reported to Labour Officer. In some cases
the workers are allowed to approach even the mill manager directly who after consulting with the labour officer makes a decision which is final provided worker has no intension to report the case to Conciliation Board.

**Conclusion**

The final analysis of problems of Labour Relations in EMC Ltd. leads to some important conclusions as the company is a subsidiary of British India Corporation Ltd. (A Government of India Company) Kanpur. The company has suffered continuous losses due to a variety of reasons like decrease in production on account of increase in price of raw materials, fuel and power persistent liquidity etc. Even then the company continued to provide as far as possible its employees free housing, free schooling to the children of the employees upto 10th standard, subsidised canteen facilities and other welfare benefits as are compatible with the company's resources. The company has been constantly pursuing the implementation of various welfare activities to improve the quality of life of employees and their families. Procedure of recruitment, selection training, transfer and promotion is quite appreciable. At the same time the procedure of settlement of disputes, taking disciplinary action and redressing
employees grievances also deserves much praise. In order to know the reactions of employees a survey was conducted which has been analysed in the Chapter sixth to observe the true picture of labour relations in EMC Ltd. In the next chapter, the problems of labour relations in another textile mill of U.P. namely Modi Spg. & Wvg Mill Co. Ltd. will be discussed.

REFERENCES:


