WAGE COMPENSATION PAYABLE TO EMPLOYEES IN TIRUPPUR KNITWEAR UNITS IN COIMBATORE DISTRICT OF TAMILNADU

Chapter VI
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SUMMARY, FINDINGS, SUGGESTIONS AND CONCLUSION

This chapter summarises the study based on the observations and findings of the cross section analysis of the workmen compensation payable to the employees in knitwear units in Tiruppur of Coimbatore District, and offers a few suggestions for future guidance.

SUMMARY

After focusing the importance of workers compensation, the changing demand for garment and textile workers in the International, National and state level has been discussed. Following it, the statement of the problem and the causes for the study has been discussed. Following the statement of problem, the scope, the objectives, the hypothesis, concepts and limitations of the study were detailed.

The next section deals with a brief profile of the study area of Coimbatore District. It reviews the sociological, economical and geographical environment. Following it, a brief profile of the Tiruppur knitwear units is provided. It explains the socio-economic and the sample group of survey population. The brief outline includes the history of Indian Textile Industry, Human Resources practices and issues in Textile Industry, apparel industry in a quota free market.

The next chapter, reveals the various related literature survey undertaken by the researcher with regard to the growth and development of knit wear industry and labour issues in this industry, socio-economic conditions, payment of wages, working conditions, working hours, legal issues, labour conditions in international perspective. With the help of the review the researcher had framed a constructive idea for sampling framework, data collections and application of statistical tools.

The fourth chapter has focussed on related theories and supportive materials to the study. Labour laws and regulations and wage structure and compensation payment procedures were outlined in this chapter.
The fifth chapter deals with the descriptive analysis of the primary data collected and the aspects such as age, sex, educational qualification, income, marital status of the workers. The level of satisfaction the workers derived towards their work environment, organisation safety and medical facilities available to them. The study also concentrated on the awareness level of financial and non-financial benefits available to the workers and to their family.

The sixth chapter presents the summary, field observation, findings, suggestions with regard to the workmen compensation paid in Tiruppur knit wear units.

**OBSERVATION**

It is observed that about 93 million people are directly on indirectly engaged in this industry. It accounts for 35 percent of country’s export earnings and 14 percent of its Gross Domestic Product (GDP). In fact, the textile industry is the second largest provider of employment next to agriculture.

An important observation of the study is that the Tiruppur knit wear industry is mainly export oriented. This area has a large number of very small garment producers who manufacture goods for the lower end markets who are mostly decentralised form of production organisation liking cutting, making or sewing and finishing the garments. Clothing and Textile Industry is highly labour intensive in nature. Decentralised productions always backs the natural advantage of cheap labour in sub-contracted firms as well as flexibility of production.

It is also observed that with the managed trade era in textiles phased out from 1st January 2005, it is important that Indian industry must be prepared to face competitive environment, both at the home as well as in foreign market. Even the domination by India of market niches described based on its strength of natural resources and factor endowments, namely cheap and flexible labour and raw material has to be strengthened. The literature study reveals that India enjoys competitive edge over its competitions as a proportion of total cost, the labour cost in India is only 6 percent compared to 10 percent in China, 19 percent in Mexico, 22 percent in Thailand, 29 percent in Turkey, 51 percent in South Korea, 69 percent in Germany and only 5 percent in Indonesia.
It is clearly observed that the knitwear industry has been viewed as a low skill industry, where more labour energy is considered than the educational qualification that attracts more labour population (both men and women). Most of the workers in Tiruppur knitwear sector are the migrants from near by villages, towns and from the neighbouring states.

It is also observed that the industry has been complaining of an idle labour force during the lean season which generally is April to September corresponding to winter booking overseas. Thus the manufacturers contract or sub-contract, recruit, hire and pay the garment workers who cut, sew and package clothing as the strategy applies "take it or leave it" portion. The contract prices are driven down so low that factories are unable to pay legal wages or comply with safety laws. This leads to the employability of temporary workers who does not enjoy any financial or non-financial benefits.

FINDINGS

This cross section study of wage compensation payable to employees in Tiruppur knitwear units in Coimbatore District reveals that the employees are not aware of the various benefit schemes that are available to them and the only solution is to make various amendments in the Acts relating to textile industry. The following are the findings of the study:

1. The socio-economic condition of the workers in Tiruppur reveals that majority of the workforce falls under the age category of 21 years to 35 years, that includes 72.28 percent of men and 72.12 percent of female respectively. The knitwear industry is found to be run with low educated workers of which the male workers are more educated then their female counterparts. In the survey it was found out of 450 respondents, 15 men’s had obtained degree where as only 8 of the female were found to be graduates. The employee’s take up the job in knitwear units as it is readily available in the job market and requires less-skills. The majority of garment workers in India is not organised in trade unions. Because of this the industry is organised along layers of middlemen and sub-contracting chains, often the real owner is not known to the trade unions. Due to the seasonal nature of the industry the workers are
contracted or sub-contracted as per the requirement arises. Most families have three to five members and most of them find jobs in knitwear units around Tiruppur. Average family income of these workers ranges between Rs. 2000 to Rs.4000 per month.

2. Majority of the units operating in and around Tiruppur are registered under the companies act of 1956 (i.e.), 414 units of out 450 surveyed. Large garment export units are owned by single families and in few cases by corporate bodies. Some companies are registered as corporate companies with board members however most of the firms are registered as small scale industries to avail loans and to draw little attention from labour inspectors. In some cases the joint family business units convert themselves into private company to enjoy tax benefits and reputation among the buyers in overseas markets. About 92 percent of the labour population in Tiruppur is working as registered companies. Due to the inherent nature of the industry the units operation in Tiruppur are classified as organised and unorganized sector. The workers dose not work under single employer during their work period as they keep changing the working units to reap the increase in wage benefits. It is found that the young migrant labour forces from the rural areas join together in form of contract labours who work in export units for period of say three to five year and these groups keep changing their employees in order to reap more wage benefit. Though the workers has long work experiences of 10 years or more.

3. The work environment consists of the various amenties, safety and working equipments. The researcher tried to find out respondent’s level of satisfaction towards variables available of these to them in their work atmosphere and workers opinion towards being employee of his or her concern. For both queries they expressed a degree of either high or highly satisfied (i.e) 56 percent and 42.89 percent respectively. It is also proved with the help of chi-square test that the workers are satisfied with the work environment as calculated value 320.52 is much higher than the table value 9.49 at 5 percent level of significance. Thus the hypothesis framed was rejected and it is concluded that there is a good degree of relationship between the level of satisfaction workers derived being employee of a concern and their liking
towards their work environment. It was also proved in another hypothesis test where the researcher had concluded that the workers are satisfied with basic facilities available to them in their working atmosphere. Here too the calculated Chi-Square 433.2958 value was much higher than that of the table value 29.296 at 5% level of significances.

4. Health and safety of the workers and provision of air ventilation, sufficient space for each workers, potable drinking water, sufficient toilets, emergency exits, medical expenses in case of accident, first aid box and health check up who are working inside the main factory are working in a comparatively better working environment than the workers in the small export units. It has been clear in the research work that mid value (1450 points) of the various variables test are above the mid value calculated in Likert's five point scale. It is noticeable that the workers were satisfied with the various amenities and facilities available to them since the calculated chi-square value 433.30 is much higher than the table value 29.30 at 5 percent level of significance. This was also proved with the help of ANOVA test, which stated that the workers are either satisfied or highly satisfied with respective to the entire variable taken for the test as the table value of F for $V_1=11676.50$ and $V_2=711$ at 5% level of significances is 5.19. The calculated value of $F=16.42$ is higher than the table value.

5. The study reveals that the wages paid to the contract or temporary workers is less than the minimum wages fixed in accordance with the legal norms fixed, labour laws and regulations. Majority of the worker are satisfied with the present salary and wage payment system. Although wages are low and working hours long, many workers consider themselves to be fortunate just to have a job in a factory. The analysis clearly states that the majority of the workers are paid on basis of piece rate system i.e., 72.89 percent of the respondents, where as only 18 percent of the workers are paid on the basis of monthly salary. The employers generally as a practice do not cover casual, contract, piece-rated workers under the social security benefits that may be applicable to the respective workers. As per the Likert's five point summated scale the table value 1676 was higher than the mid value 1350. Thus it is
concluded that the workers were satisfied with their salary and other allowances paid to them.

6. There is lack of awareness among workers with regard to the monetary and non-monetary benefits (both financial and non-financial) which ought to be provided to them. In the Pearson's Correlation test, the calculated table value is $>1$, thus the hypothesis frame was accepted and it is realized that there is no correlation between the financial and non-financial benefits paid to worker in an organisation. The noted reason for this condition is workers in Tiruppur town earns a considerable income for their families (ie) are above Rs.6000 per month, which is quite sufficient to run a healthy family, thus the workers are not much bothered about the availability (or) non availability of financial benefits. The temporary or contract workers are deceived from any financial (or) non-financial benefits. Distribution of respondent’s frequency on availability of Provident Fund, Employee State Insurance, Lay Days and availing Lay Days benefits, supports this statement. The researcher has found in her study that higher the years of experience do not support their level of awareness towards various financial benefits available to them. This statement had been proved with help of Chi-Square test at level of 5% significance, where it was ironical to found that the calculated value 283.227 is much higher than the table value 11.070, thus the hypothesis framed was rejected and in another test it was concluded that the most of the workers employed in Tirupur knitwear industries are permanent employee and not contract workers thus they enjoy all sorts of financial benefits available to them.

7. The regulations regarding the benefits of Tamil Nadu State Labour Welfare benefit schemes are implemented to a very low degree and hence the awareness about it among the workers is poor. Lack of adequate educational qualification and less service length of the workers also hinders their level of awareness on provision, availability and usage of various financial benefits. In the survey the researcher was able to come to a conclusion that the worker has a good opinion regarding the contribution made by the State Government towards labour welfare, with help of Likert's five point scale were the
calculated score of the table 1684 was higher than the mid value 1350 the statement has been justified.

8. It is also found that majority of the textile workers avail the benefit schemes such as Employees State insurance, Provident Fund, Medi-claim and life Insurance policies taken by an employers. These facilities are generally provided to the permanent workers, in most of the causes temporary workers are deprived from such benefits.

9. There is cordial relationship between the management and the workers, which proves sound implementation of various policies and provisions in the organization. The workers has expressed the level of satisfaction as satisfied with regard to employers concern toward them, family member, appreciation, promotion and grievances handling procedures. In the Chi-square test, it was found that the calculated value 36.43597 was much higher than the table value 9.488 at 5 percent level of significance, thus the hypothesis framed was rejected and it was concluded that there is a significant relationship between welfare measures provided by the concern to bring out positive attitude and commitment among the employees towards the organisation and the concern's interest in the welfare of the family members of the employee. In the survey out of total respondents, 26 percent of the workers were of the opinion that the grievances of them are handled in excellently, 56 percent of the workers say their grievances handled are good, 9.11 percent reveal it is on average and 8.89 percent of them comment that it is below average level. Hence it was concluded that the workers grievances are also cared by the management, thus the workers found to be involved themselves in labour welfare and its management.

10. There are moderate labour relations between employers and workers, since the workers are not assertive about their rights and they are under frequent threat not to get regular working hours in non-peak season. Many workers do not realise why these funds are important for them. This situation has to be changed the workers must realize their rights. It is also observed that though they have concerns to join unions for claim the rights, for instance rights in
regard to Provident Fund and Employees State Insurance they hesitate to join trade union as this would lead in job loss.

SUGGESTIONS

On the basis of the findings of this cross section study, the following suggestions are given for future guidance towards the awareness and implementation of wage compensation payable to employees of knit wear units of Tiruppur.

1. No doubt the knit wear industry occupies a unique position in terms of export earnings and employment opportunities, at domestic and international level. From 2005 its importance will only increase many fold. Thus it is the need of the hour to train and educate the workers in various soft skills and technical know-hows to stand competitively. The workers must be enabled to work with modern manufacturing, designing, quality control and information tools.

2. It is suggested to the law-makers and policy framers to retain the temporary labourers instead of their disposal on off-seasons to generate substantial productive employment. Contract labourers should be allowed in the knitwear units by operationalising 1984 amendment (Government's National Employment Guarantee Act) permitting fixed term contract for workers, especially the units which provides atleast 200 days employment to the labour in a year and 60 hours per week. As this industry can easily meet the requirement of the act it should be amended. Also special provisions in the law can be amended to provide various financial and non-financial benefits that are enjoyed by the permanent workers.

3. As common saying points out “Virtue and happiness meet in rare unity where wealth in abundance, comes in shining grace” whether it is for a individual or for a corporate, the moral standards are important to achieve ultimate success. Then it is rare unity of wealth and virtue. As it is understood from the study that the workers are satisfied with their working environment, they should build up a better organisation with high ethics of trust and integrity, kindness of love and kindness in words, equity and uprightness, discipline and conduct, fear to evil deeds,
hospitality, gratitude, humility and self-control, duty to society, grace and finance and glory. As all these qualities will be proved as unique quality of Indians to win order in the competitive textile market and for their better survival.

4. As the study reveals that the workers are satisfied with the various amenities and facilities available to them inside the factory, the management should provide comfort levels to the workers to achieve better results. Generally the climatic factors (climatic comfort) which normally helps in deciding the orientation of the building to set desirable benefit of lighting and ventilation inside the building. Ventilation requirements to maintain and quality and control bad odour in terms of an changes per hour and to ensure thermal comfort, heat balance for men, material and machine. The organisation must also make provisions for enough doors and windows, emergency exits, personnel facilities – cloak rooms, wash rooms, toilets, entrance, exits, smoke rooms, first-aid rooms, rest/eating facilities etc. which are not mostly found in all the knitwear processing and manufacturing units.

5. It is suggested to the management to make provisions for notice boards passive of regular circulation to the workers regarding the availability and utility of various financial and non-financial benefits available to them. The management must also take steps to educate the workers about their benefits and compensation procedures to save themselves from the clutches of legal practioners and misguidance of the workers by unwanted forces.

6. These days most of the knitwear units are implementing quality control norms like International Standard Organisation (ISO) standards which in turn are much beneficial to the workers. The unregistered sectors under these category must get themselves audited to stay globally competitive and also to restrict non-tariff barriers imposed by the importing countries. The implementation of International Standard Organisation (ISO) standards will help in enhancing labour awareness on various labour welfare schemes available to him and to reap the benefit to the maximum.
CONCLUSION

The knitwear industry is experiencing production and organizational changes globally, with deepening trade activity altering employer-employee relations. Labour is one of the most important contributors to economic activity. Harmonious relations between Labour and Management are needed to maximise production and speed up economic growth and the employer-employee relationship is essentially a partnership to promote the community’s economic needs. There should, therefore, be the closest collaboration at all levels between the employer and the employees for increased production, improvement of quality and reduction of cost. With growth in the dimensions and variety of industrial activity, the task of Labour administration has become increasingly difficult. It calls for comprehension, sensitivity, expedition and efficiency at every stage. To enable industries to be competitive in the present context, and at the same time to protect the rights of workers, labour administration has to provide an effective industrial relations system.

In India we have been talking of labour laws relaxation and flexibility for almost a decade. No government has been able to take effective steps in the matter for political reasons. If adequate measures for optimizing productivity are not taken, Indian textile will not be able to remain competitive and will miss on volume business. Continuous product and technological innovation demands, constant motivation by the employers towards the employees to attain higher technical skills.

In this study the researcher has made attempt to study the wage compensation payable to workers in Tiruppur knitwear units. The researcher has found out that though the workers have expressed satisfaction toward their work environment, liking towards the organization and various amenities available to them, they lack knowledge on availability of various financial or non-financial benefits to them, or procedure for the implication of the same. The temporary nature or contracting or sub-contracting of the workers by the factory owners on peak seasons deceive them from such benefits, which has proved to be the inheritant weakness of this industry and it is also considered as the single biggest issue confronting the sector.
The Maslow's motivation theory rightly states that unless the basic and love need of an individual are fulfilled he or she will never pass to the next stage of self-actualization. The worker has to be properly paid for their jobs and a threat free job security can only make him potential asset to his/her organization. In concluding not the researcher strongly emphasis that there is a greater demand to create awareness among the workers to know their strength and weakness to pool out their best. This is because, most of the workers in Tiruppur knitwear units spend a large portion of their life toiling in factories where they do not get time for any entertainment or for recreation. By making them realise the various needs of human life, there is a scope for improving their living condition and working capacity, which in turn could increase their productivity. In the globalised economy with just low-labour cost and strong base of raw material, India cannot compete as a major trader, it needs a highly skilled and potential labour force who could carry out the show in a successful manner for a longer term.