CHAPTER 1

INTRODUCTION

Foreign Exchange is necessary for every country in the world so that market in the transfer of technology imperfections and bottlenecks in productions are removed. Foreign exchange helps every country to create infrastructure required for industrial growth. If capital goods and technology needed for industrial growth is not available within the country only with the help of foreign exchange we can obtain them. For establishing the economic growth and also for structural transformation of the economy, from agrarian to industrialised economies, foreign exchange is needed.

After importing the necessary inputs required for production and distribution, the imports must be paid only through foreign exchange. Thus without adequate foreign exchange in the era of globalisation and privatisation no economy can survive and grow. India is a developing country and it has potentials for sustained secular growth. India even after 50 years of independence has shortages in the supply of electric power, raw materials, water, transport and communications due to low capital formation. India has borrowed extensively from international financial institutions such as IMF, World Bank etc., and it has to remain a debtor at least till 2020. Economic development for any country through monetary expansion is not a wise way and for India which has a huge population and land area the best way is to create sources of inflow of foreign exchange for a long period so that it can achieve secular growth.

Though there are various ways to increase foreign exchange earnings, the best source of earning foreign exchange for India is through exports because of its geographic location and political situation within the country. Invisibles such as tourist income, insurance and other services are present are satisfactory though balance from merchandise trade are not satisfactory.
SIGNIFICANCE OF THE PROBLEM

India’s export volume, direction, and composition is well diversified and is showing an increasing trend since independence. In the volume of India’s foreign trade, the total India’s exports during 1947-48 was only Rs.403 crores and it increased to Rs.1,17,525 crores during 1996-97. In the composition of India’s exports, gems and jewelry ranks first amounting to Rs.20,501 crores during 1996-97 and next to it ready-made garments (RMG) which totaled Rs.12,295 crores as on 1996-97. The other major India’s exported items were engineering goods, cotton yarn and manufacturers and leather manufactures whose export volume during 1996-97 were Rs.12,058 crores, Rs.8619 crores and Rs.5790 crores respectively. Thus the above literature on the composition of India’s exports lead the researcher to select RMG industry as topic of research.

India’s RMG exports is divided into Multi-Fibre Agreement (MFA) country exports or quota country exports and non-quota country exports. European Union, U.S.A. Canada, are classified as quota countries and other countries such as Argentina, United Arab Emirates are called as non-quota countries.

In India, every year AEPC, a Government of India organisation distributes export quotas for every exporter on the basis of three preceding year’s export performance to quota countries and every exporter is compelled to manage time effectively. An Indian RMG exporter is under constant pressure to exhaust his quota and at the same time improve his exports to non-quota country markets effectively. Recently literature on RMG exports reveal the fact that India’s quota country exports are nearly 55 percent and thus till 2004 quota country exports cannot be ignored. Further more, quota-countries import nearly 65 percent of India’s total exports and thus MFA countries are more important for Indian exporters due to their sustained purchasing power and standard of living.

The above paragraph clearly illustrates the stress situation of the exporter in India and in addition the exporter has problems such as obtaining shipping space, shortage of electric power during summer, non availability of fabric and manpower. The above
mentioned problems were revealed to the researcher by some of the managerial personnel of the units in Chennai city. Thus though there are problems in production the RMG Industry is labour intensive and without labourers this industry cannot survive. The managements have also revealed to the researcher that absenteeism and labour turnover are problems of this industry and the above facts made the researcher to choose absenteeism in RMG industry in Chennai city.

Absenteeism for the purpose of this study refers to any type or cause of staying away from work, whether it is authorised or unauthorised and is voluntary or involuntary.

In the RMG industry, the manufacturers of apparel employ workers on either time or piece rate of wages. The piece rate wage is paid only among small units employing less than 20 workers. The RMG industry though predominately in the unorganised sector, implements legislative measures prevailing in the organised sector such as factories act, payment of wages act, minimum wages Act, employees provident fund Act, trade union act, employees state insurance etc. In additions to quota exporters owning factories, there are contractors and sub contractors to exporters owning units and employing between 2 to 20 workers on a piece-rate basis.

RMG industry in India mostly being an industry in the unorganised sector aroused the curiosity of the researcher in finding out what the industry at present is and also about absenteeism so that the researcher can suggest measures to increase production and control absenteeism in this industry.

An exporter in RMG industry must supply goods to his overseas buyer, before the delivery period and for which the presence of workers in the production department is compulsory. Absence of one worker reduces the output since any one of the tailoring machines may not work.
RMG factory in India and in Chennai are partly automated. Labourer inside a RMG factory is thus the most important factor of production and if he is absent due to any cause, production schedules are disrupted and exporter cannot supply goods on or before the delivery period and sometimes he cannot accept export orders due to shortage in labourers.

SCOPE OF THE STUDY

In RMG exports business of India, the exporters are facing problems such as non-availability of fabric, shortage of electric power and water, non-availability of mother vessel to send his shipment directly to the importer, non-availability of shipping space, procedural delays created by customs and import authorities and non-availability of workers in the RMG factory.

While manufacturing a garment, the RMG exporter in Chennai city can solve his problems only at an extra cost and also by time management techniques. Workers absenteeism is very difficult to be solved since availability of workers are an uncontrollable input to production and in Chennai city it is true. Thus though there are other problems for the Chennai city RMG exporter, this study attempts to explain only the problem of absenteeism in RMG factories in Chennai city.

An exporter of RMG is under constant pressure to exhaust his export quotas and availability of workers is a necessity. In a RMG factory, worker's involvement in activities such as ironing, packing, quality control, buttoning are considered compulsory by the industry. Thus this study attempts to explain the causes of absenteeism in a RMG factory in chennai city. This study applies to metropolitan cities with similar labour and other inputs situation.

This study also attempts to explain the need for regular inflow of labour in a RMG factory and its impact on exporters profits and the foreign exchange position of India.
Thus though there are other problems for an RMG exporter in Chennai city, this study confines only to workers absenteeism in RMG factories. Thus for the purposes of this study, absenteeism refers to the failure to attend to work, with or without the permission of the owner of the factory or enterprise because of its impact on export production and profits and ultimately the foreign exchange earnings of the country.

LIMITATIONS OF THE STUDY:

This study was conducted in factories located in a Metropolitan city, where there are no infrastructural problems and also in an area where flood, drought, cannot affect the operations of the factories. Hence the results of this study can be applied in factories located in places such as Mumbai, Calcutta, Cochin, and places having a similar situation. The results of the study may differ or vary in places like Thirupur, Bangalore since they don’t have a similar geographical background. The result of the study may also differ or vary in places where there is poor infrastructure.

The extent of absenteeism study was based on attendance records of the factories for the period of January to December 1997. The records were not always supported by facts such as leave letters, medical certificates etc, and is considered as the limitation for the study. Since the interviews were conducted inside the factory, the respondent bias is possible due to the fear of losing employment or some other benefits or fear over managers who supervise them. Since the schedule was filled by the respondent during lunch time and coffee break recall bias is also possible. In addition, the study was conducted during October 1997 and results may vary if conducted in some other month.

OBJECTIVES OF THE STUDY:

1. To study the extent of absenteeism among male and female workers in the RMG industry in Chennai

2. To examine the causes of absenteeism:

3. To find out the socio-economic characteristics of workers in this industry and to find out whether socio-economic variables causing absenteeism:
4. To explore the possibilities to reduce absenteeism in this industry at Chennai city:
5. To assess the relationship between the wage level and absenteeism and
6. To identify income/length of service category of workers among whom absenteeism is more.

HYPOTHESIS

The objectives of the study are hereunder transformed into a set of statistical hypothesis and tested for validity. They are,

1. The extent of absenteeism is same for the male and female workers in the sample units.
2. There is no relationship between category of workers and absenteeism.
3. There is no relationship between absenteeism and socio-economic characteristics in sample units.
4. There is relationship between age of the workers and absenteeism (that is young workers are absenting themselves more than aged workers)
5. There is no relationship between the educational qualification of the worker and absenteeism.
6. There is no relationship between the wage level and absenteeism (that is absenteeism and wage level are negatively related)
7. There is relationship between the place of origin (native town or village) of the worker and absenteeism.
8. There is relationship between the involvement in subsidiary occupation (such as own tailoring unit, agriculture etc) and absenteeism.
9. There is relationship between experience of the workers and absenteeism (experience of the workers increase absenteeism rate of more experienced workers are more absent when compared to less experienced workers)
SAMPLE DESIGN

For the purpose of this study, the Chennai district in Tamilnadu state in India has been selected because of the existence of more number of Ready-made garment units. The Chennai district has been divided into six circles and the Office of the Chief Inspector of Factories, Chennai collects the list of factories statistics on the basis of the above mentioned classification as per orders of Government of Tamilnadu.

The industrial units or factories were selected at random using the inclusion criteria of industrial units having at least 5 years of experience and having more than 500 employees in their concerns. One unit called P.S.Apparels [P.S.A] is located in Guindy Industrial Estate and another is Milano International (India) Ltd.[M.I.N] located in St.Thomas Mount Road, Chennai-600016, both belonging to the VI Circle in Chennai city and the survey was conducted during October 1997.

A well designed pre-tested questionnaire has been administered by the researcher himself for the above mentioned two units. The questionnaire contained three major segments. The first segment consists of general profile such as age, sex, number of family members, number of earning family members and their socio-economic conditions.

The second segment consists of the working environment and the third segment deals with the pattern of their taking leave and reasons for taking such leaves.

A random sample of 250 employees from each of these industrial units have been selected for the present study. Some questionnaires which contained incomplete information were omitted for the final analysis. A sample of 239 from P.S.Apparels and another sample of 238 from Milano International were included in the final analysis.

Employees who were interviewed were directly engaged in the manufacturing of garments. They were classified as checkers, machine operators, ironers, pattern makers, •
cutting masters and these employees are compulsorily required for manufacturing garments. There is job rotation and every category of worker is asked to do another category of work and hence these classification cannot be adopted for selecting the sample. The basic qualification required is the knowledge in tailoring.

TOOLS OF STATISTICAL ANALYSIS

Some of the statistical tools used for the analysis of the data were two way tables, Correlation and student T-test. To find out whether there is any difference between the opinion of male and female workers and to test whether the proportion of respondents in one industrial units responding positively to a question differ from that of another industrial unit, the chi-square tests were applied.

To test whether the scores differ significantly between male and female workers and between employees working in two industrial units on questions such as working conditions, leave, etc. student T-tests were used.

For causes of absenteeism and reasons for taking leave, chi-square tests has been used. The entire statistical analysis was processed through a computer and the results were obtained with the help of a software.

ORGANISATION OF THE THESIS

Chapter I: INTRODUCTION

The first chapter explains the significance of the study i.e., why the researcher selected the topic. In this chapter the conceptual definition of the research problem, the place and period of study, objectives and hypotheses of the study, the methodology and tools of statistical analysis applied, scope of the study, limitations of the study and scope for further research are explained.
Chapter II: REVIEW OF LITERATURE

In this chapter at first the various definitions on absenteeism and the ways to measure absenteeism are explained. In addition the causes and effects of absenteeism on production and general measures to control absenteeism are explained. Further, a note about various studies on absenteeism in India and at the international level are explained.

Finally in this chapter, an explanation about S.S.I sector in India and exports of Tamil Nadu are explained because RMG is a S.S.I sector industry and is predominantly an export-oriented industry.

Chapter III: PROFILE OF RMG INDUSTRY

In this chapter, the growth of RMG industry in India, Tamil Nadu and Chennai, their problems and prospects are explained.

Chapter IV: STATISTICAL ANALYSIS

In this chapter, based on the primary data collected by the researcher, tools of statistical analysis such as Chi-square test, student t-distribution etc. are applied, analysed and interpreted.

Chapter V: SUMMARY, FINDINGS AND SUGGESTIONS

The thesis concludes here with summary of various chapters at first and later the findings based on statistical analysis are explained finally the thesis ends with the suggestions to control or reduce absenteeism in RMG industry in Chennai city.
SCOPE FOR FURTHER RESEARCH:

The researcher brings out the following observations as scope for further research and are as follows :-

1) Absenteeism studies of RMG industry in a semi-urban area such as Thirupur, Coimbatore, Chengalpattu in Tamilnadu or elsewhere in India.

2) Exports of Tamilnadu-problems and prospects.

3) Exports of India problems and prospects with special reference to RMG industry after 2004, i.e., after phasing out MFA.

4) Labour turnover studies in RMG industry-causes, extent and cure.

5) Labour disturbances in Textile Industry in Tamilnadu and in India.

6) Problems of fabric users in Textile Industry in India — quality, delivery period, dyes used, yarn count, etc. in India or in a region in India or with special reference to man-made fibres or natural fibres.

7) A study relating to the role played by AEPC, NIFT can also be made and it should be recommended by the Central Government ministry and it should be in the nature of a critical appraisal.

8) Studies on job analysis, performance appraisal, training methods, recruitment practices, labour welfare in RMG industry can also be done.

9) Studies on labour productivity can be also done which will be useful for exporters.

10) Labour turnover, port congestion due to Tamilnadu's excessive dependence on Chennai Port only for export purposes and

11) Fabric shortage are other problems identified in the observations made by the researcher

Thus the above points are identified by the researcher as scope for further research