REPORT

OF THE

CENTRAL WAGE BOARD

FOR THE

COTTON TEXTILE INDUSTRY

With the statement of S. A. Dange, General Secretary, AITUC before the Board and the Replies of the Sub-Committee of the AITUC to the Board's Questionnaire.

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PART II

'extile Wages

—A Note for examination by the Wage Board.

The demand for revision of the wages level in the country has been gathering momentum since 1953-54. In some industries tribunals have gone into the question and given wage increases as in coal. Now textiles are on the agenda. At the time of the 15th Indian Labour Conference the workers' delegates pressed hard their case that the wages structure of the whole working class in India and particularly the workers engaged in organised industries required a thorough upward revision. The claim for higher wages and better working conditions was pressed mainly on the ground that the wages level of the Indian working class is quite far below than what it should be in terms of the net value it produced, and the national wealth it generated. It was also pressed that in the conditions since the First Five Year Plan was enunciated, wherein the national income has been consistently rising, the working class is entitled to claim a larger share of the greater wealth that is being produced. The Government of India has for long been saying that it saw the justice of the claim but nothing practical was done by the Government on its own. Wherever wages were revised upwards, they were generally done as a result of a persistent struggle that was waged by the trade unions in various industries. It is a welcome fact now that the Government has, as a result of the conference referred to above, started appointing Wage Boards in various industries in order to revise the wages structure and other conditions in the industry concerned. It is the expectation of the working class, especially in the large-scale industries that they would benefit by the deliberations of the various Boards that are being appointed.

TEXTILES AND NATIONALISM

The Cotton Textile Industry has been generally described by the Government and the employers as a national asset. It is an industry which along with the railways has the longest history of growth and development in our country. But in national literature, the railways formerly were not so described as the cotton textile industry was. One reason was that railways were more or less owned by foreign capital while the cotton textile industry had quite an amount of Indian capital in it, though foreign capital was not absent — in fact, for a certain time, it was very much dominant even in the textile industry.

But the above statement has also another meaning. The cotton textile industry suffered from severe competition from Lancashire and wherever it tried to stand on its own legs, it was handicapped by imposition of certain duties by the then British Government in order to protect the interests of the Lancashire industry.

In the national movement, it was one of the points of our national programme that our industries should be protected from foreign competition and especially the textile industry. Removal of excise duties from the textile industry and imposing protective tariff against import of foreign textile goods was one of the prominent planks in the national movement. In those days, the products of our cotton textile mills, despite the low wages that they paid in comparison with Lancashire industry, were not able to compete with foreign imports, particularly in view of the excise duties and in view of the fact that the machinery that they had to import was more costly to them than their competitors in the metropolitan countries.

Failing protection from the State, the industry got protection from the people. The Swadeshi movement which grew as a part of the national movement exhorted the people to buy Indian cotton goods even though they might be a bit dearer and not so finished as foreign products. The people, in response to this call of the national movement, did boycott foreign textile goods and protect the interests of the Indian textile industry. Thus, our cotton textile industry got protection from the people and grew on the basis of this popular support.

Later on when it became more or less established and could compete on its own with foreign imports and got also certain protection from the State, the industry flourished and grew very rapidly. During the First World War and the Second World War, it gathered tremendous strength and, after Independence, it is the industry of Lancashire that demands protection from Indian imports, whereas formerly it was we who demanded protection from Lanchashire imports. The tables have been turned against Lancashire.

Our industry is now able to export grey cloth to England at cheaper rates than England can manufacture and only the other day, we read in the press that the Lancashire industry has invited a delegation of Indian millowners to discuss this question of competition of Indian cloth in Britain and the Bitish Government is also now giving serious thought to it.

From this it can be seen what tremendous strength the textile industry in our country has gathered.

Three principal elements have gone into the making of this strength: **one**, the low wages paid to the working class that left a large margin of surplus or capital accumulation in the hands of the industry; **two**, state protection by protective duties; **three**, protection of the national movement which meant that the consumer sacrificed a little on his layout on his clothing requirements in order to give popular protection to the industry.

In this sense, the textile industry is really a national asset.

CONCERN ONLY FOR PROFITS

It is necessary then, to raise the question as to how those, who owned the industry before and those who own it now, have treated the people in this period of 100 years of growth of the industry, how they have treated the working class and the country, whether when the people were performing their duty to the country, these barons were also doing the same?

This question has to be raised because the industrialists are asking the people to make sacrifices in the interests of national economy, in the interests of building the Second Five Year Plan and helping the industry to grow still further.

If we scan the whole history of the textile industry, we find that all that the industrialists were concerned with were their own profits and nothing more. If any of them were inclined to do good to the nation, that intention was translated only in the form of a few donations to the national movement and nothing more. In fact, it is on record that while the Swadeshi movement was giving protection to the industry and while the industry had secured certain protection in duties, it was charging extortionate prices to the consumers, so much so that at one time in 1929-30, Mahatma Gandhi had to make an appeal to the millowners in the country not to do so and behave in a manner beneficial to the people.

To take the most recent example of their behaviour, one has only to scan the history of prices that they charged to the country during the Second World War and after the attainment of independence. Their price policy has been a scandle through out all these years.

After the Second World War started, the price index in the year 1940 was 113. It rose to 414 in December 1942, and 513 in June 1943. This rise in prices had nothing to do with the rise in wages because the basic wages were never revised and the dearness allowance that was introduced in 1940 had certainly not increased by 400 per cent to explain the rise in prices of cloth. Even when control of prices was introduced, the management of the price control itself was handed over to the millowners, with the result that there was very little of control in favour of the people.

In this connection, I can quote no better authority than Mr. Khandubhai Desai, who is one of the well-known leaders of the Ahmedabad textile workers and was till recently the Labour Minister of the Government of India. In his study of the Indian Textile Industry of the period 1940 to 1946, he says the following about the owners of this great "national asset" of ours and this great industry which in answering our demands for wage rise always preaches to us about our duty to the country, to the people, and to the industry. Mr. Khandubhai Desai says:

> "I feel that the blackmarketing, the general corruption in the country, and the existing economic hardships we are witnessing, can reasonably be ascribed to a large extent to the extraordinary large amount of money that has come into the hands of those who are connected with the textile industry, either as manufacturers, traders or suppliers of raw materials and stores needed in cloth manufacture."

That is so far as the industry's morals and behaviour towards the people are concerned.

The cotton textile industry, never in its history, has charged fair prices to the people; never in its history was it ever ready on its own to reduce prices if that were possible in order to help the people. Only when threatened by world depressions or severe competition, or some other compelling factors did they ever reduce prices. Therefore, their claim that they are serving the country and the people and that they are taking very modest profits and supplying cloth at reasonable prices to the people, is a false claim and deserves no consideration in the matter of judging the question of wages of the workers in the industry.

WORKERS ALWAYS DENIED THEIR SHARE

If we now consider the way in which employers in this industry have approached the question of wages, we find a similar picture.

Nowhere in the history of the last hundred years of this industry has it ever on its own made any change in favour of the workers in their wages or working conditions. But whenever there was a little unfavourable wind in their conditions, they have always been ready to attack the workers' wages. I wonder if the industry can produce even one solitary instance throughout the country where they voluntarily offered a wage increase or bonus to the workers because they had made profits; one solitary instance where they have changed the working conditions in favour of the workers.

For years and years, whenever any wage claim was put forward, they have always pleaded inability to give a wage increase. They even have dared to plead losses when actually they were making profits. Even when they were working 14 hours a day and giving Rs. 6/- per month to the weaver, with no Sunday holiday in the last century, they said the working conditions were good and they were paying a fair wage to the workers! In fact, they never tolerated "bad conditions" or an "unfair wage" in their whole history.

Every wage rise had to be fought for. Every improvement in working conditions, even the securing of a Sunday holiday or Festival holidays, required a tremendous sacrifice on the part of the workers in this industry. Therefore, it is futile to expect that today when we are putting forward a claim for a minimum decent wage and a claim for fair wage, the textile magnates would easily agree to it.

As usual, they will resist the claim and produce all sorts of so-called "statistical" material to tell us how they are actually living from hand to mouth all these years and are threatened with great difficulties, which can be overcome only if the workers were in fact to agree to do more work and to take lesser wage.

Therefore. it is not surprising that the industrialists should resist our claim for a fair wage in the industry. It is just their natural philosophy and nothing more.

We need not give here a long history of the wages question in this industry. But one or two salient facts may be mentioned.

The two world wars have been periods of the greatest boom and greatest prosperity of the industry. After the Second World War also, the industry has been enjoying boom conditions. During the First World War, even where prices were rising and cost of living had gone up, for the first three years, the millowners never gave any dearness allowance. The workers were unorganised and unconsicous of their own power to fight for higher wages. The result was that only when in 1917, the first large-scale strike took place in Bombay on the question of dearness allowance, did the milllowners come forward to give a 10 per cent increase while the prices had really gone up by several times the D.A. given. Naturally a series of strikes followed and each one was succeeded by a rise in the dearness allowance. The workers drew the natural conclusion that unless they organise and fight for it, better wages and working conditions would never come to them from the employers.

But the millowners were very eager and quick to cut the bonus, the moment the war boom receded and they imposed a cut in 1923 They tried another cut of 25% in 1925, which was resisted by a big general strike. They withdrew the cut on the Government of India removing the excise duties. They tried another wage-cut in 1926 of nearly 20 per cent but failed due to the resistance of the workers. Later, taking advantage of the large-scale attacks on the trade unions carried out by the Government in those days, and the world depression that came in 1930s, the millowners carried out a series of wage-cuts to the extent of nearly 25 to 27 per cent.

After the depression lifted, they recovered their position, but they did not restore the wage-cut. Again, the workers organised and fought for it and the Jairamdas Committee while accepting that a 25 per cent wage-cut had taken place, restored only $12\frac{1}{2}$ per cent, saying that the balance could be given in the form of medical insurance that was being contemplated in those days. The medical insurance never came.

Then came the Second World War. Again the workers had to struggle in order to secure a dearness allowance to meet the rise in the cost of living. During the war and after, a series of struggles had to be waged in order to extract neutralisation of the rise in the cost of living which then yielded only to the extent of 75 to 78 per cent and to secure a share, in the form of bonus, of the tremendous profits that were being made by the industry.

From all this, what we have to point out is that it is the firm belief of the working class, arising from its own experience, that any betterment of its wages and working conditions can never be secured without a struggle, that the employers on their own will never yield even a pie unless they were compelled to do so by the organised strength of the working class. The actual benefit may come to the workers through the goodwill or judgements of various Tribunals or Committees and Boards. The final judgement may be delivered to them through all these impartial agencies but even to bring them into existence, it is first necessary for the workers to be organised and to impress their strength upon the government of the country and the industry.

Hence, the claim made by the industrialists that they are ever ready to yield a fair day's wage for a fair day's work and the worker can be rest assured that if he gives a fair day's work, he would receive a fair day's wage, is a claim which is not borne out by the history of the industry, either in textiles or in any other branch.

This is not the peculiar virtue of the cotton textile industry or the industrialists in this country. .We do not want to say that as individuals they are particularly unpatriotic or that they are dishonest. What we want to emphasise is that as a capitalist class interested in their profits and their accumulation of capital, they behave in this way towards the working class and the people. They do so as a class wherever they exist.

Hence we wish to impress upon the Board the fact that when the employers plead their case in terms of general principles of fairness, good of the country and such other things, it has no base in their own conduct or in their own class nature.

Having put forward these general considerations, we shall take the specific questions involved in this inquiry.

PLEA OF REHABILITATION

The workers are putting forward the claim for fair wage. It is considered that the cotton textile industry is one of the industries where fair wages, as defined by the Fair Wages Committee, can be paid and that the minimum wages in the industry should not be below what they should be in terms of the findings of the Minimum Wages Committee. This claim is being resisted by the employers.

The main arguments with which the employers resist this claim are that the industry requires large amounts for rehabilitation because its machinery is worn out and old. These funds are not at their disposal today and they have to accumulate them over a number of years in order to buy machines at the prices now prevailing.

They say that their depreciation funds were allocated on the basis of old prices of machinery and the new prices are many times more. Some say they are five times more, some say they are ten times more than the prewar prices. And if this rehabilitation fund has got to be created, which according to them was estimated at Rs. 72 crores in 1947, then the claim to a rise in wages would have to be refused.

In fact, when they argued their case against our demand for bonus before the Labour Appellate Tribunal, this argument of the employers was partly upheld by the Tribunal which evolved what is called a "bonus formurla". In that formula the claims for rehabilitation and expansion were given a large place for deductions from the earnings of the industry, before the worker was paid his bonus. The retained profits of the industry to meet the needs of rehabilitation were put at such a level that the fair share of working class was denied to it.

The financial figures involved in this argument are at present under inquiry by the Bombay Industry Rehabilitation Commission. The prices at which the mills have to buy their machinery in the postwar market are quite a fluctuating element and the general multiplier which is being assumed by the industry to claim deductions for rehabilitation is on the high side. We do not want to anticipate the argument before the Commission or its findings. But here we wish to refer to the basic fallacy that is involved in the claim of the millowners and also the total falsehood of their statement that they have not got enough funds for rehabilitation.

The economic fallacy is as follows:

The industry claims that the major part of its present machinery or almost the whole of it, is outmoded, old and worn out. Do they therefore mean that it is scrap-value? If it is so, then the element of cost of machinery in every yard of cloth that they are selling today produced out of this "worn-out machinery should be scrap-value, i.e., more or less **zero.** But the same yard of cloth they are selling on the market in terms of prices which are worked out on the basis which is nearly five times that of pre-war value and on a basis which compares with the products of advanced machinery in other countries.

How is it, for example, that a yard of cloth produced in Bombay with outmoded machinery, competes in prices right in London with a yard of cloth produced in Lancashire which has got renovated machinery according to the very claims of the Millowners?

How is it that a yard of cloth produced with outmoded machinery in Bombay is able to hold its own in the South East Asian markets in Africa and the Middle-East, against a yard of cloth produced with new automatic looms in Japan, Hong Kong and other places?

The only answer would be that with outmoded machinery, the millowners are selling cloth at prices that do and can compete with products of advanced machinery of Japan and United Kingdom and that with this very outmoded machinery, they are charging to the country prices which are the prices of advanced machine products or with prices of products produced with machines of high value.

Therefore, the millowners today or for the last several years, have been accumulating large surplus of funds by selling cloth nearly five times the prewar value, produced on machines whose value is scrap. Where has all this difference gone? Should it not be considered as having accumulated in the hands of the industry as reserves and *depreciations* of companies or as private fortunes of the mill-owners themselves?

That they have not accumulated as "known" reserves and depreciations is patent from the balance-sheets. But balance-sheets are no indices of real positions of reserves or depreciations. There is such a thing as ***"secret reserves"*** in every indusrty, with every company, with every millionnaire and we claim that the textile industry has got enough reserves and more, not only to rehabilitate the whole industry but also to pay higher wages to the workers. We hope the Board will go more thoroughly into this matter.

Recent debates in the Parliamemnt of the country have shown that well-known Companies and concerns have got secret reserves which generally do not find place in the balance-sheets. It was openly acknowledged by certain banks before the Bank Tribunal that they could not reveal the secret reserves that they had accumulated. If the Banks which are subject to the scrutiny of the laws of the country in greater detail than the textile industry and which have nothing else but pure finance and figures to deal with, can maintain secret reserves and admit it, how much more so would it be in the case of an industry which has a vast buying and selling system, any number of systems of commissions and discounts, vast lines of complicated production, buying of stores, fuel, cotton, etc.? The financial balance-sheet of such an industry can never be properly checked unless it is totally nationalised and subjected to democratic control.

Company Laws and requirements of such laws are unable to reveal the true financial position of any Company whether in India or anywhere else in the capitalist world.

ENORMOUS ACCUMULATIONS

Our claim is that the textile industry, even during the short period of the six years of the war and later of the ten years of independeenc, has accumulated reserves, open or secret, either as property of the company or of the biggest shareholders or owners of these companies, which should be enough for hehabilitation and for paying higher wages to the workers in the industry.

The volume of this accumulation, especially of the war period, is best stated by once again referring to Mr.

Khandubhai Desai. Dealing with gross profits of the industry, he said:

> "The profits made in the year 1943 worked out at nearly 2000 per cent over the pre-war profits, and the average profits for this period of seven years is nearly 1000 per cent."

Mr. Khandubhai Desai estimates that during the war period 1940-46, the Indian textile industry made gross profits of Rs. 372 crores, i.e., at the rate of Rs. 53 crores a year, whereas the gross profits for the year 1938 and 1939 were Rs. 5 crores each. Mr. Desai also shows that while the ex-mill value of products in these six years was Rs. 1150 crores, the consumers paid Rs. 1934 crores for the cloth that they purchased. Allowing for a share of this being taken up by the wholesale and retail merchants, where has all this difference between the ex-mill value and the value paid by the consumers, gone?

If this rate of gross profits were to be converted to net profits only for the six years, the industry could be found to have enough funds lying somewhere to rehabilitate itself completely and to pay higher wages. In spite of all this, however, the industry has been getting loans from the Government for rehabilitation and getting deductions from the dues to which the workers were entitled in bonus payments, for the sake of its rehabilitation. These deductions granted by the Appellate Tribunal, in our opinion, are unjustified and unjust and the argument of rehabilitation needs should not be allowed to stand in the way of meeting the claims of the workers.

Once again, let us quote Mr. Khandubhai Desai who, at the time he wrote the pamphlet seems to have been very severe and outspoken. He says that

> "the profits discussed and analysed in the course of the statement are the balance-sheet profits. It should not be forgotten that all the mills during the last seven years have built up crores of secret reserves and stocks of cloth, cotton and stores which are kept out of the public eye. The illegitimate and secret gains made by the managing agents, their friends and associates, in the purchase of materials, stores, etc., and on the sale of products, are in addition to what has been mentioned above. And these ill-gotten gains, if calculated,

would easily run into several crores which remain unaccounted and will remain ever so."

In this connection, we should bring to the attention of the Board, the case of a very big concern of the Bombay textile industry, The India United Mills, which has got five textile mills and one dye works in the group. Its paid-up capital is Rs. 2½ crores. This concern along with other mills was formerly owned by E. D. Sassoon Co. During the war, the Sassoons sold out their interest and various Indian interests bought over these mills. There are many famous names in industry who form a group of partners in this firm. We find names from the family of Khaitan, Morarka, Bagla, Poddar and others.

A report was launched with the Government of India from certain quarters that these mills were being badly managed and that there were considerable fraudulent transactions leading to losses worth several lakhs, while actually the mill was making profits. The Government appointed a one-man inquiry committee of Mr. S. P. Chopra, a Chartered Accountant, to investigate into the affairs of this group of mills. One of the terms of reference read that the said industrial undertaking was being managed in a manner likely to cause serious injury or damage to the interests of the consumers or a substantial body thereof. . ." The officer made a report to the Government of India on 28th August 1953, after an investigation lasting for about four months. The investigations revealed quite a large number of fraudulent transactions resulting in what may be termed as the "disappearance" of several lakhs of rupees. There were manipulations in the purchase of cotton, in the purchase of stores; there were quarrels amongst partners in the firm about sharing the gains and orders. In fact, the story revealed in the whole investigation would be quite a lesson in the manipulations that managing agents, directors and others can carry on in the textile industry.

What is still more astounding is, however, the fact that the Government of India completely kept silent over the findings and took no action against the company though the investigating officer had recommended such action under the existing law.

The findings in regard to the affairs of the India United Mills Ltd., cannot be said to be merely the case of a black-sheep, which should be considered as a rare one and there-

ore not to be given serious thought ...
udgement regarding the profit and loss accounts of the in-
lustry or its pleadings about its capacity to pay. We are not
ure whether the Board would be in a position to demand a
eference to the investigations of this officer. We are how-
ver submitting a copy of this report for the consideration
of the Board, because the company is such a large one and
employs quite a large working force.

THE QUESTION OF CLOSURES

While discussing this question of the financial capacity of the mills, we would like to bring to the attention of the Board, the number of closures that have been taking place recently.

The Government of India, while making a statement on this question, and also the Government of Bombay, have emphasised the fact that these closures are leading to hardships to several workers, sometimes put at 22,000; sometimes at 10 or 15,000.

One of the reasons given for these closures is mismanagement. And this reason is added on to another statement that some of these mills are "uneconomic" units.

Now, it is well-known that there is no such thing as a permanently "uneconomic" unit in any given industry. Therefore, merely describing them as uneconomic because of the simple fact that they have closed, does not mean much. A detailed investigation into the affairs of some of these mills has revealed the fact that many of them have closed down, not because the workers' wages were high or that they had no capital or that their goods were not being sold; they closed down because the several partners or dirctetors owning the mills quarrelled among themselves, squandered the funds of the mills on their private affairs and indulged in fraudulent practices. Some of them have even refused to pay outstanding wages of workers and have run away with Provident Funds. To mention only three of them, we can quote the case of Sholapur Mills which has been subject matter of inquiry and some attention from the Government of India and the Government of Bombay; the case of Gendalal Mills in Jalgaon, the case of Kishengarh Mills in Rajasthan, and so on.

What is the answer of the employers of the industry as a whole to this phenomenon embracing several members *of their fraternity and affecting the interests of several thousands of workers and the interests of the consumers?*

It is no use pointing out to the fact that these employers do not form a majority of the mills or a substantial part of them; they are partners in determining the general fate of the industry; they are cited in the general arguments that the industry puts forward to combat the workers' claim though they are not in the general interest of the economy of the country as a whole.

We are quoting all this material in order to show that the arguments about the financial condition of the industry as a whole which are put forward in order to combat the workers' demands for a rise in wages are not really honest arguments, though we do not wish to suggest that every concern in the industry is nothing but full of fraudulent practices. At the same time, we cannot shut our eyes to the fact that large companies involving capital worth several crores, when they plead inability to pay, are really not either uneconomic or insolvent, but have just misappropriated the money due to the share-holders and to the workers.

Even if we come to the "honest" balance-sheets owned and acknowledged by the members of the Millowners' Association, we have to say that a mere certificate by Chartered Accountants is not an index of the real economic condition of the industry.

We may in this connection refer the Board to the findings of the Jairamdas Committee of 1937, when the Bombay textile industry lifted itself out of the depression of the 'Thirties and made tremendous improvement in its financial position and yet refused to restore the wage-cut that it had imposed. While appearing before the Committee, the millowners relying on their balance-sheets showed only a very slight improvement over their previous condition, and actually put in a plea of suffering losses and inability to restore the wage-cut. But when the Committee itself went into the financial position of the industry, it held otherwise. It came to the conclusion that the plea of losses was not a correct one and that the industry had improved its position sufficient enough to restore the wage-cut, to give an increase of 12½ per cent in immediate wages and 12½ per cent later in the form of medical benefits, etc.

The way in which financial statements were made by the mills before the various Committees and Tribunals has been the subject matter of severe criticism by all the trade unions which have concerned themselves with this question. Even the INTUC, which on certain matters differ with us, is not prepared to believe the correctness of the balance-sheets of these companies and their argument about capacity to pay, based on such statements. In view of this we would request the Board to go very thoroughly into this question while giving its openion on the question of capacity to pay.

WAGES' DEMAND

We, however, wish to make it clear at this stage that our claims for wages are not conditional upon the capacity to pay, of the industry. Our claim is that in return for the work that we do, we are entitled to the wages that we are claiming and that it is for the industry to find out the ways of meeting these claims. Since the trade unions are in no way connected with the management of the companies, their technical organisation, or their financial transactions, we cannot take up the responsibility of finding out ways and means for the industry to satisfy the claims of the workers. Nor can we be guided by the results of the working of these companies because the results in no way are controlled or influenced by the trade unions or the workers concerned. We submit our claims and we stand by them.

We take this standpoint because in no capitalist concern have ever wages been determined by the position of capacity to pay. Whenever workers have found themselves organised and strong enough to claim better wages and better working conditions and the employers unable to resist such a claim, the extra payment that the employer makes to the worker is always recovered by him by reorganising the financial or the technical organisation of the industry concerned. That is why in economic literature, the trade unions do not accept the argument of capacity to pay as being a determining factor for wages.

It is also accepted now even by bourgeois economists that wages are governed not only by what are called the ordinary economic factors of the market price of labour but also by the fact that this price can be governed by the strength and unity of the trade union organisations. If this element would not operate, then the price of labour would always fall even below its "market value".

HEAVY TAXATION

The millowners while refuting the claim for higher wages put forward the plea that they have to undergo heavy taxation. One of the taxation to which they object to is the burden of the City Corporation dues. On this we can only say this: if the City were not kept cleaner and better, it would be the millowners first who would stand to lose. They learnt this lesson far back in 1898 when as a result of the plague that infested Bombay City, workers began to leave the mills and go to the countryside. The millowners then ran after the workers offering them higher wages to induce them to stay in the city. It was later on that eminent citizens like Sir Pheroz Shah Mehta and others made it their serious job to improve the city's layout, its finances and its sanitation. Even then the millowners resisted any burden of taxes in order to improve the city. The taxes of the Corporation bring innumerable advantages to the industry and hence the complaint about high taxation is not a justified one, inasmuch as they reap more profits and benefits than they spend to gain them in the city.

So far as the other State taxes are concerned, those taxes are imposed in the present period partly in order to help in the development of the Plan. The millowners themselves benefit from the taxation inasmuch as they draw heavy loans from the Government of India in order to carry out expansion of the industry. Taxes that the industry pays to the State are not paid in order that workers and the people in general may live better but in order that the State primarily should come to the aid of the industries in its difficulties and should support it in times of trouble, whether financial or otherwise. And if the industry is not to be taxed for development of the economy, then what is it built for ?

Another factor to note is that the taxes are imposed on the industry from the profits that are made but most of these taxes are passed on by the industry to the consumers. Therefore, the employers as such, so far as their personal fortunes or fortunes of their companies are concerned do not have to pay anything from their own pockets. Taxes are, in fact, a share of the surplus that the industry gains from the value produced by the worker with the aid of the instruments that are put at his disposal by capital. In philosophy it may be said that they are not a share taken out of anything that may be said to belong 'legitimately' to the entrepreneur as such.

But without going into the niceties of this philosophy, we may say that wherever it has been found that the industry cannot bear a certain tax, the Government has been found willing to accomodate it and even trade union organisations and other interests have not hesitated to support the industry in getting some relief. For example, recently when it was found that the excise duty was acting as a brake on the industry to some extent ,though not to the extent claimed by the industrialists, we supported the demand for a reduction in the excise duty. We supported it in the first instance because the excise duty was being passed on to the consumer who was finding it difficult to pay the prices charged, and secondly, because of this resistance, there was a fear of deadlock in the disposal of goods. The millowners, of course, exaggerated the effect of the excise duty and attributed all the deadlock in the disposal of goods and the increase of stocks to the incidence of taxation. In fact, the temporary accumulation of stocks was more due to the refusal of the employers to reduce prices and take lesser profits than to the excise duty as such. In spite of all this, the employers were given relief to the extent of Rs. 15 crores. Therefore, it should not be difficult for them to meet the demands of the workers that are being put forward before the Board.

DECLINE IN COTTON PRICES

Another relief to the industry to which attention may be drawn is the reported fall in prices of cotton which is imported from foreign countries. In view of the independence that Egypt has secured and the mobility, as a result of the independence which it has got in disposing of its wealth Egyptian cotton is available to our country in terms of rupee prices and also at a cheaper rate. The same is the case with African cotton. As a result of this and as a result of market conditions in America, the prices of American cotton have also gone down. Hence the industry is going to get substantial relief in cotton prices. Cotton forms nearly 50 per cent in the total cost of production and hence this fall in prices of long-staple foreign cotton should be a substantial relief to the mills.

Another line in which the industry should have fought *for relief is the prices of oil. Ahmedabad mills run very much on oil and Bombay also uses a lot, though the Bombay industry is mainly run on electricity. If the millowners who are such a powerful force in the country's economy were to press hard on the Government of India and the oil interests for a reduction of oil prices and for the development of the internal resources of the country, the industry* and the country would gain a lot. But so far, we have never found the textile millionnaires of India protesting against the high prices charged by foreign oil monopoly companies for supplies to our country. This strange silence on their part explains how millowners in this country are not prepared now to take up battle with the foreign oil interests even in their own interests but would rather seek avenues of relief by protesting against taxation and refusing the wage claims of the workers. We hope they would change this approach of theirs, which will benefit them also.

ARGUMENT OF EXPORTS

In resisting the claims of the workers, the millowners advance the argument that they must introduce rationali sation and reduce their cost of production in order that they may be able to export at least 1000 million yards of cloth. Export of cloth figures so much nowadays in the arguments of the millowners as well as the Government that it appears as if the whole of our textile industry's fate depends on nothing but export. It is a strange contrast that an industry which barely 20 yeare ago, complained of imports into India and wanted protection, is now complaining that it can survive only if it is allowed to export to other countries. At the time of fighting against imports, they demanded a cut in the wages of the workers in order to lower costs of production and fight the cheap imports into this country. Now, after a lapse of time, they demand again, if not a wage-cut, at least freezing of wages and increase of workload in order that they could fight other countries and export their own goods into those countries. In both cases, the victim is the wages of the working class.

Another strange fact in this argument is that in the total production of 5000 million yards of cloth, 20 percent of that production is supposed to make or unmake the fate of the whole industry! This is unheard-of economics. We not accept the fact that the fate of the industry hangs it's capacity to export to the foreign market. With a protected market inside the country and with a little lowering of prices and lowering of profits, the industry would be in a position to sell all its production inside the country itself. And if the gains of the rise in national income were not concentrated in the hands of a few rich but were spread over the working masses, the rise in their incomes would lead to a rise in the standard of living, that would consume not only the present quantum of production but would demand increased production from the industry.

Under such circumstances, it sounds strange that the industry should ask us to take lesser wages and mind more machines in order to save it by enabling it to export to foreign markets.

Arguments are advanced and comparisons are made with regard to the exports of Japan and the United Kingdom. The first thing that has got to be noted is that both these countries have no vast internal market of their own. Therefore, it is necessary for them, with the big installed capacity that they have got, to fight for exports. But that is not the condition of our country which has its own source of cotton supplies and its own market. The reason why these countries can instal better machines and can undertake exports on such a scale, is not that their workers are paid starvation wages. It cannot be said so, in the case of the United Kingdom. Everybody knows it. The reason is that these two countries have industries to manufacture their own machines and therefore their cost of production can be made lower than ours. But here in our country, despite so many years of development of the textile industry, hardly an attempt has been made to build textile machinery-producing plants in our own country. Even after independence, there has been resistance to undertaking such activity. In fact, the most advanced textile millionnaires in our country pride themselves in being "sole selling agents" for stores and machinery parts from either the U.K. or Japan. The difficulty with which looms and cards were manufactured in India and could be sold to the textile mills shows that our millowners are more ready to make their gains at the expense of the working class than by organising the basic industries needed for developing an expanded industry of our own.

COMPUTING MINIMUM WAGE

We would now like to refer to the subject of wages.

According to the decisions ot fhe 15th Indian Labour Conference, the working class in India, in every industry, expects to secure a minimum wage from its employers. The content of this minimum wage is defined in the resolution of the Conference itself. Though we do not agree with the idea that the wages be computed on the basis of three consumption units, yet in this case, we are prepared to argue on the basis adopted by the resolution. In India, the family does not merely consist of three consumption units, i.e., an earner, his wife and two children. The family always has one or two dependants, either an old mother or the father, and Indian traditions and Indian economic life has not yet come to the level of the bi-molecular conception of families in the industrialised countries of the West.

Our office has tried to work out, as far as possible, the amount that would be required to secure a life that is envisaged in terms of the resolutions of the Labour Conference. We think, a sum of Rs. 146/- to Rs. 150/- would be the minimum wage, in the City of Bombay, required to satisfy the norms envisaged in the resolution.

We are putting the sum as Rs. 146/- to Rs. 150/- because the computation of the same on the basis of the cost of living indices as made available by the enquiries of the Labour Office, cannot be very exact. The method adopted by the Labour Office in their surveys of cost of living and arriving at indices has not been quite reliable. Large margins of error have been found in the computation of their indices as was made clear in the Report of the Rangnekar Committee of the year 1940. Therein, the index on the basis of the prices calculated by the Labour Office was proved to have been wrong to the extent of almost 53 per cent. Prices were calculated in a manner which had no relation to the actual market prices and goods were taken for computation which had no correct relation to the life of the workers. Therefore, without another survey of the cost of living in various centres, an exact figure could not be arrived at by an agency like that of the trade unions, which have not at their disposal the resources of a wide scientific survey and assessment.

One would then ask as to why we should think that the figure would be about Rs. 146 to Rs. 150. Why it sould not be lower or more? We are laying before the Board the quantities and qualities of things consumed by the working class family and their prices, for the Board's consideration.

It is also our experience that the working class family is trying hard to raise its standard of living, its cultural habits have undergone a change and therefore their cost of living has gone up. They try to make it up by fighting for higher wages or sometimes by compulsory reductions on some other items. To quote an example, the worker in Bombay City has become extremely conscious of education and newspaper reading. This item has become an absolute necessity in the cost of living of the working class.

FAIR WAGE

In the matter of arriving at fair wages, we have followed the definitions given by the Fair Wages Committee and our survey leads us to think that Rs. 220/- could be called a fair wage in the present conditions of living.

If we take these as minima, the differentials can be worked out on the basis of the existing differentials in the industry except for some changes here and there. The major differential between spinning and weaving has already been overcome in the last thirty years. The differentials partly are not so much based upon a scientific assessment of expenditure of energy as due to traditions also. But in the last 50 years, the traditional differentials which arose out of necessity in the past have been destroyed and new differentials introduced. Even then, some of these differentials do require considerable readjustment. For example, differential between rationalised and unrationalised wage rate requires re-consideration, apart from the fact that we are opposed to the introduction of rationalisation, unless it is hedged in by all the protective conditions, as are laid down by the Tripartite Labour Conference.

We think that these wages are not beyond the capacity of the industry to pay nor are they on the high side. It would be wrong to compare these wages with wages prevailing in other industries because the absolute minimum has to be the same in every other industry. It would also be wrong to compare the wages of the textile worker or the worker in any industry with the per capita income in the industry.

ARGUMENT OF PER CAPITA INCOME

It has been a fashion nowadays with the employers and those who argue their economics, to compare the national per capita income with the income of a worker in an industry. It is stated that while per capita national income is Rs. 272 (in 1956), the average wage of the Bombay worker is about Rs. 118/- per month or Rs. 1,416 per year. With four heads in a family, the national income in a family works out at Rs. 1,088. It is therefore argued that the income of the industrial worker is far higher than the national income level.

As against this, we would request the Board to consider the following:

We would like to raise the question as to what is the value that each worker adds to society as against the value that is paid for his labour? The Census of Manufactures of 1952 shows that salaries and wages per head were Rs 1,283. A worker who got this amount not only reproduced his own wages but made a **net** addition of value of Rs. 1738. Thus the worker not only reproduced what he was paid but added almost 150 per cent to social wealth. Therefore, when he claims a higher wage, he is doing it out of the wealth he himself is contributing.

It may also be noted that the gross ex-factory value of output of a worker employed in the textile industry in the same year comes to Rs 6351-0-0.

It will thus be seen that the claims of the worker are based upon the national wealth that he himself generates and not upon the goodwill or labour of somebody else.

PRODUCTIVITY AND WAGES

Here we would like to combat the argument that labour should get a rise in wages only in so far as it would contribute to greater productivity, i.e., wages can rise only if productivity rises. A study of the wages trends would show that wages have always lagged behind the rise in productivity. Even if calculations of per man-hour productivity were not available, it would be seen that the productivity of the textile worker everywhere in India has risen, from the simple fact that large sections of the industry have been turned over to rationalised processes which means, in many cases, on worker doing that quantum of work which was formerly done by two or three. Certainly nobody would deny that the introduction of rationalisation has not meant higher productivity. But has rationalisation meant higher wages to the worker, and to what extent? Our study leads us to the conclusion that the wage rise even in rationalised processes where rise in productivity is so obvious and so high, is very meagre and does not justify the sacrifices that were claimd from the workers to save the industry from so-called threat of extinction or difficulties of exports.

A study put before the Divatia Committee far back in 1938 by the employers, showed the following in two mills which had carried out rationalisation:

— The number of men in 1938 compared to 1927 had been reduced from 89.9 to 48.44 per 100 looms.

— The employer saved in his wage bill 41 per cent in costs, while the worker got only 8 per cent wage increase.

Considering the unemployment of 41 people who had to be maintained by the total income of the employed working class, this 8 per cent rise even if it were supposed to be for the whole class would result into an actual wage-cut and that is just the secret of rationalisation. Though the employer saves enormous amounts on wages bill, the worker gains a paltry increase and a large load of unemployed has to be borne out of this increase in his previous earnings.

The argument that rationalisation leads to cheapening of prices, larger consumption and increased employment, has been falsified at least by the history of Indian textiles. Hence it is that the working class has resisted and still resists the introduction of rationalisation which leads to unemployment, very little rise in wages and large withdrawal of wages earned by workers who are thrown into unemployment and no benefit in reduction of prices to the community The acceptance of the resolution of the Tripartite Conference on rationalisation by us does not mean that we are giving away our fight against rationalisation. It only means that if the evils pointed out above were eradicated from the effects of ratonialisation, then alone we would be agreeable to it. We have yet to see how that can be done.

HAVE WAGES INCREASED ?

A certain improvement in the earnings of the textile workers is no doubt seen. Leaving aside the factor of rationalisation, a little improvement may be seen in un-rationalised sections also. While a part of this increase is due to a few revisions carried out according to the Awards of 1947 and revisions made later on, a large part of it is due to the rise in productivity of the worker, especially his rising efficiency. Detailed measurements for this can certainly be obtained from the records of the millowners. But even without that, it can be got from the simple fact that during war time, efficiency had gone down due to short-supply of stores, non-maintenance of machines and failure of supplies of parts and such other factors. This was overcome after the end of the war. And therefore efficiency also rose. This was bound to be reflected in the earnings of the workers. Therefore, if anybody were to maintain that the little increase that can be seen in the earnings is due to the employers' paying a higher value for the same labour, then it would be a wrong conclusion. We have earned higher wages by more work and consistent work and **not because the industrialists have raised the price of our labour power in absolute terms.**

We are submitting to you herewith certain notes compiled by our office which would give some details which form the basis of the statements that we are making before you. If any detailed clarification is required, we are prepared to give it, as far as it lies in our capacity to do so. In supplying information, we are handicapped by the fact that in certain areas such as Bombay, despite the influence that we wield amongst the workers, we are not a recognised organisation in the textile sector. In certain other centres, we are. But they are not the centres of big industry. The observations we are making are, however, based upon facts which have appeared in several official publications and facts which are ascertained from the workers directly. If the Wage Board were to obtain access to the records of the mills and examine them on their own, our contentions would be borne out.

CHANGED COMPOSITION OF LABOUR FORCE

We would like to draw the attention of the Board to one or two other matters and that is on the composition of the labour force in industry, particularly in the big centre of Bombay City. The working class in the city is now more diversified in its origin as regards domicile than it was before. There are now perhaps more workers from Uttar Pradesh than thirty years ago. There are more workers from other States also. The preponderance of the coastline worker in the weaving shed which used to exist before is no longer so on the same scale. Therefore, the cost of living index which were ascertained on bases some twentyfive years ago, is no longer valid, even if you look at it from the point of view of this one factor alone. We do not wish to go into the implications of this question on other aspects of the life of the workers in the City.

DISPLACEMENT OF WOMEN WORKERS

The second thing which we would like to refer to is the increasing dismissal of women workers from the industry. It was at one time thought that the employers preferred women workers in so far as they are found to be very consistent workers and not so defiant as men workers. It used to be said so before. But Bombay textile industry and textile industry in other centres too are doing away with women workers. Can it be due to the simple fact that they have to pay maternity benefit which is so meagre in total benefit? And if it is so is it not time to demand that the employers must engage a certain percentage of women workers in the total wage force in their employment? There are any number of reservations that have found their place in the Constitution of the country. But this kind of reservation does not find a place in it.

It is therefore our suggestion that it should be made incumbent on every industry, where women offer themselves for employment, to keep at least 25 per cent of the jobs for women workers. Unless such a compulsory reservation is made, the woman worker will be totally excluded from the factory, and all that talk about our Indian civilization being very much mindful of women's position, would prove to be futile. Unless women are given the source of maintenance and independent work, even the social advance of the country will be checkmated. We hope the Board will take this into consideration.

Hardly as the Board started its work than there is a demand that the work of all the Wages Boards should be suspended because a recession is coming.

It is plain that a certain amount of recession is taking place in the advanced capitalist countries and that it will have some repercussion on our economy too. Without going into a long argument at this stage about this factor, we wish to maintain that if we really base ourselves on planned economy and doing away with the anarchy of the capitalist market and capitalist industry, we can protect ourselves *from the effects of this recession.*

We would discuss this question with the Board in greater detail at a later stage, if this argument is really presisted in.

New Delhi,
April 2, 1958.

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