

C H A P T E R - III

HISTORY AND GROWTH OF THE UNIT UNDER STUDY

3.1 INTRODUCTION OF THE UNIT :

Land of Kolhapur is known as Kalapur. Because it has produced a number of gigantic personalities like Artists, Singers, wrestlers, Sportsman etc. The land has also created a no. of industrialists.

Kolhapur is industrially developing City. The name of Late Shri V.M. Ghatge and Shri J.B.Patil, popularly known as Ghatge-Patil is familiar all over the country, because of their country-wide 2nd largest transport business in India. These two businessmen are very intelligent, business minded and having future foresight. They had started Ghatge Patil Industries Ltd. 20 years ago.

Late Shri V.M.Ghatge, Shri J.B. Patil and Shri Chandrakant Kirloskar, Son of well known industrialist Shri Shantanurao Kirloskar are the pioneers/promoters of this unit. These three persons established the unit known as "KIRLOS KAR GHATGE PATIL AUTO LTD."

The Company's factory and Registered Office

MAR. BALASOBBE KHARDEKAR LIBRARY
SHIVAJI UNIVERSITY, KOLHAPUR



situated at Uchagaon, at 10 K.M. from Kolhapur City. For this purpose the company has acquired land of 22 acres.

This company was incorporated on 11th March, 1971 with an intention to start the assembling of "LAXMI-48" Scooterettes. The technical know how was purchased from "Automobile Products of India" who had introduced this model as "LAMBRETTA-48"cc in 1958-59. The Automobile Products of India had obtained the technical know how from "INNOCENTI" Italy.

The Company's basic idea behind selection of this particular vehicle was to take advantage which this vehicle enjoyed in the rural areas, where this particular model was used as mini-hawliar. It was very popular with Milkmen, Farmers, and industrial workers who had to come for their jobs from Villages.

Initially, the company had decided that all the components were to be purchased and engine was to be supplied by Kirloskar Kisan Equipments Ltd. The sheet components were to be supplied by Del-Star Ltd., Karad. However, Kirloskar Kisan Equipments Ltd. and Del-Star Pvt. Ltd. failed to fulfill their commitment and the company was compelled to develop entire engine in house as well as

to commence production of press components.

Therefore, an assembling plant turned into manufacturing and assembling plant. This sudden change in the basis concept resulted in;

- a) delay in implementation of project by 4 years.
- b) Paucity of Capital.
- c) financial stringency.

The product had to undergo initial technical problems and after lapse of 2 years, the company was able to manufacture vehicles without any major problems and with certain consistency.

From 1975 to 1983 the company increased its installed capacity from 500 vehicles to 1500 vehicles per month.

However, unfortunately, the increase in production capacity could not be utilised to its fullest extent mainly because of 3 major strikes which the company faced.

3.2 MANAGEMENT OF THE COMPANY :

This unit is managed by Board of Directors consisting of six directors including nominee director from S.I.C.O.M. and M.S.F.C.

The names of directors are as under -

- 1) Shri C.S. Kirloskar - Chairman (Recently Expired)
- 2) Shri J.B. Patil - Director
- 3) Shri V.M. Ghatge - " (Recently Expired)
- 4) Shri V.K. Gadgil - "
- 5) Shri S.A. Pradhan - SICOM Nominee
- 6) Shri M.D. Limaye - MSFC Nominee

Now a days Shri M.V.Ghatge, Senior Executive looking towards the day to day transactions of the Company.

3.3 SHARE CAPITAL :

Authorised Capital of the Company is Rs.50.00 Lakhs which is fully paid up. The shares are listed on Bombay Stock Exchange. The present market value (Price) is Rs.8/- for fully paid shares of Rs.10/- each.

+

In fact, to take care of the additional working capital requirements Company made a Right Issue in June, '81 of Rs.21.80 Lakhs. However, Unfortunately, due to the prolonged strike, the Company could not take the advantage of the Right Issue.

3.4 PRESENT STATUS OF THE COMPANY :

Presently Company is having an installed capacity to produce 1200 engines and spares in three shift basis. However, capacity in other major areas like press shop, Welding shop, assembly shop, is to assemble 2500 vehicles per month, of course with the addition of few balancing equipments.

In the year 1979-80 (18 months) and in 1980-81 Company sold 7,843 and 8,333 Vehicles and earned a cash profit of Rs.18.00 Lakhs and Rs.10.57 Lakhs, respectively. Even on the operational level of 14,400 vehicles p.a. and spares sales of Rs.20.00 Lakhs, the Company can earn a Cash profit of Rs.20.00 Lakhs.

The Company is going ahead with its plan of producing 18,000 vehicles per annum. However, the Company feels that the turnover of higher number of vehicles will help the Company to improve its situation much faster.

At present the Company is trying its best to come out of the problems which are the out come of the prolonged strike. The depression in the market had also made the problems difficult. Similarly non payment of interest and

instalments during the strike period, payable to institutions are also causing some problems.

At present Company is having approximately 30 general purpose machines in its machine shop and require about 600 workers including staff in normal condition.

3.5 PRODUCTION :

Initially the Company was manufacturing the model named and styled "Laxmi 48cc". The main features of these vehicles were -

- a) Front Fork.
- b) Pedal Start.
- c) Braking by reverse pedling.

This model was having mainly rural applications.

In August, 1979, the Company introduced a major change in the design. The front Fork was replaced by front suspension to give sophisticated look to the vehicle and comfortable ride.

In July, 1981 a major change in the Engine design was introduced i.e. Kick Start and Foot Brake in place of Pedal Start and reverse pedling brake. This ensured easier starting and braking.

Recently the Company has launched another model named as "PIZZAZ" having reduced wheel diameter, dual seat, new silencer design. This model is satisfying needs of Urban customer class. By introducing the new model the Company wants to tap the Urban market.

3.6 PRODUCTION AND SALE :

Following Table No.3.1 shows the total production and Sale since 1975-76 to 1984-85.

TABLE No.3.1 SHOWING DETAILS OF PRODUCTION AND SALE

| Year | Production Nos. | Sale Nos. | Closing Stock Nos. |
|-------------------------|--------------------|--------------|-----------------------|
| 1975-76 | 437 | 265 | 172 |
| 1976-77 | 913 | 807 | 278 |
| 1977-78 | 3427 | 3405 | 300 |
| 1978-79 | 3102 | 3020 | 382 |
| 1979-80 (18 Months) | 7788 | 7843 | 327 |
| 1980-81 | 8111 | 8333 | 104 |
| 1981-82 | 2869 | 2971 | 2 |
| Dec. '82 To June '83 | 6054 | 5955 | 101 |
| 1983-84 | 7646 | 7551 | 196 |
| 1984-85 | N.A. | N.A. | N.A. |

3.7 MARKETING :

The Company's market is mainly in Maharashtra, Gujarath, Rajasthan, Tamilnadu, Karnataka and West Bengal. The sale is effected through 98 dealers spread in above stated States as well as in some other states. The Company also have its sales depots at Baroda (Gujarath) and Kota (Rajasthan)

3.8 STAFF :

There are various departments in the Unit. e.g. Production/Machine Shop departments, Tool Room department, Assembly department, Painting department etc. There are 482 employees working in the factory as on 31-10-85. Table No. 3.2 shows department wise strength of the employee.

TABLE NO.3.2 SHOWING DEPARTMENT WISE STRENGTH OF THE WORKERS

| Sr.No. | Name of the Department | No.of Employees |
|--------|-----------------------------|-----------------|
| 1. | Production & Machine Shop | 127 |
| 2. | Tool Room | 17 |
| 3. | Assembly | 45 |
| 4. | Painting | 34 |
| 5. | Welding | 71 |
| 6. | Maintenance | 18 |
| 7. | Production Planning Control | 9 |
| 8. | Design/Tool crib. | 8 |
| 9. | Stores | 18 |
| 10. | Inspection | 23 |

(Contd....)

| Sr.No. | Name of the Department | No.of Employees |
|--------|----------------------------|-----------------|
| 11. | Internal Audit/Secretarial | 5 |
| 12. | Accounts | 13 |
| 13. | Costing | 5 |
| 14. | Labour Department | 6 |
| 15. | Purchase | 22 |
| 16. | Sales | 29 |
| 17. | Finance | 1 |
| 18. | Establishment | 18 |
| 19. | Watch and Ward | 13 |
| | Total | 482 |

3.9 INDUSTRIAL RELATIONS :

This Unit has started its commercial production in 1975, when the strength of the workers was low. Year by year production increases and ultimately strength of the workers is also increasing year by year.

In the year 1980 the 1st strike took place. The strike was for cancellation of retrenchment of one temporary worker, cancellation of additional work load. For the above demands the workers went on strike on 10-1-81. It continued up to 1-4-81. The workers went on strike without giving proper notice to the management. And so the strike was

treated as illegal by the Hon'ble Labour Court. On 2-4-81 all workers joined their duties.

In the month of March 1982 the Union gave notice for strike to the management. The Union demanded increase in wages, D.A., H.R.A., provision for night shift allowance, travelling allowance etc. For the above demands Union decided to go on indefinite strike from 14-3-82. Accordingly all workers went on strike from 14-3-82. On 2-3-1982 Union requested The Deputy Commissioner of Labour to act as an conciliation officer. Accordingly the Deputy Commissioner of Labour intimated both the parties on 6-7-82 that he has started his work as an conciliation officer. But conciliation officer failed in solving the problems. Accordingly concilliation officer submitted his report to the Government on 17-9-82, On 12-11-82, Government of Maharashtra, Department of Labour by its order No.ADK/2282/101849(2474) L.A.B. dt. 12-11-82 transferred the proceeding to Industrial Tribunal Pune for award.

Meantime Union and Management decided to come to a compromise. Accordingly on 21-12-82 Union and Management entered into an agreement. For 3 years, management increased wages, increased leave by one day, made applicable Sholapur index. Major demands of the Union had been accepted.

After a pro-longed period of strike, (9 months and 9 days) workers resumed their duty on 21-12-82. Table No.3.3 shows present pay scale of the workers working in the Unit.

Shri P.D. Dighe is a President of "Kirloskar Ghatge Patil Employees Union". Under the Chairmanship of Shri P.D. Dighe the Union has become strengthen one. The above Union is registered under the Indian Trade Unions Act,1926 and recognised by the management. Majority of the workers are members of the this Union.

3.10 WORKING CONDITION :

3.10.1 HEALTH

a) Ventilation - The building of the factory is situated at Uchagaon, 10 K.M. from Kolhapur City. The factory is situated in 22 Acres. So natural ventilation is there. In addition to that air cooler and fans are provided by the Company to minimise temperature.

b) Lighting - The factory is constructed in such a way that natural light will be available in the factory. Adequate light is available in the Unit.

c) Cleanliness - In order to maintain health, cleanliness is essential. All the departments and premises of the factory is seen very clean.

d) Drinking Water - The Company has provided and maintained sufficient supply of wholesome drinking water as per the provision of factory Act, 1948.

e) Latrine and Urinals - Latrine and Urinals are provided for the workers.

3.10.2 SAFETY :

All safety provisions are made available by the Unit. Fire precautions are provided i.e. Cylinder hung on wall. But there is no adequate gap between two machines. No provision for uniform to the workers. Workers who have to work on machine not provided shoes.

3.10.3 WELFARE FACILITIES :

a) Canteen - Canteen is provided by the unit. The eatable items are provided to the workers at concessional rate. All required furniture are provided by the Company.

b) First Aid Appliances - Facility of first aid is provided as per provisions of the Factory Act, 1948.

3.10.4 OTHER FACILITIES :

Recreation - Some facilities for recreation are

available in the Company. News Papers and Periodicals are made available to the workers. Ganesh Festival is celebrated every year by the workers.

TABLE NO.3.3 PAY SCALE OF THE EMPLOYEES WORKING
IN THE KIRLOSKAR GHATGE PATIL AUTO LTD.,
UCHAGAON, KOLHAPUR.

A) MANAGERIAL

| | Basic Pay (in Rs) |
|---------------------------------|---------------------------|
| 1. Jr. Engineer and Jr. Officer | 600-40-840-EB-50-1140 |
| 2. Sr. Engineer and Sr. Officer | 700-50-2000-EB-60-1360 |
| 3. Assistant Superintendent | 800-60-1160-EB-70-1580 |
| 4. Superintendent | 950-70-1370-EB-80-1850 |
| 5. Assistant Manager | 1175-80-1655-EB-95-2225 |
| 6. Manager | 1450-95-2020-EB-120-3100 |
| 7. Senior Manager | 1775-120-2495-EB-155-3890 |
| 8. Executive | 2175-355-3105-EB-200-4905 |
| 9. Adviser | 2650-200-3850-EB-250-6100 |

B) WORKERS

| | Basic Pay (in Rs) |
|-------------------|------------------------------|
| 1. Unskilled | 40-3-55-EB-4-75-EB-5-125 |
| 2. Semiskilled -2 | 55-4-75-EB-5-100-EB-6-160 |
| 3. Semiskilled -1 | 60-5-85-EB-6-125-EB-7-185 |
| 4. Skilled -3 | 100-6-130-EB-7-165-EB-8-245 |
| 5. Skilled -2 | 115-7-150-EB-8-190-EB-9-280. |

(Contd.....)

| | |
|--|---------------------------------|
| 6. Skilled -1 | 140-8-180-EB-9-225-EB-10-325 |
| 7. Extra Skilled | 145-11-200-EB-12-260-EB-13-390 |
| 8. Junior Clerk | 75-9-120-EB-10-70-EB-11-280 |
| 9. Senior Clerk | 95-10-145-EB-11-200-EB-12-320. |
| 10. Departmental Asstt. | 145-12-205-EB-14-275-EB-16-435. |
| 11. Senior Departmental Assistant and Senographer. | 205-17-290-EB-22-400-EB-27-670. |
| 12. Chargeman Cum Supervisor | 330-27-465-EB-29-610-EB-31-920. |
| 13. Supervisor | 405-32-565-EB-37-750-EB-42-1170 |

Source : Agreement dated 21st December, 1982 executed by
the Management and Union Leaders.