
CHAPTER-VIII: COMPANY-E

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COMPANY-E

8.1 Manager's View-points on His expectations Regarding Benefits and Difficulties

The Head office of this Company is at Jogeshwary, Bombay. The company started its plant in 1976-77. In that year the basic investment was of Rs. over one crore. The plant is engaged in the production of chemicals like Bulk drugs, Fire chemicals and Formulations. The researcher found that there were 109 workers engaged in the work, out of whom 84 held permanent posts and 8 were engaged in administrative work. They have formed their internal union named " x x x Employees' Union" (Political person's name is involved). A notable thing is that the manager has obtained a Doctorate degree in managerial science after completing B.Sc. course.

The Industrial Estate is primarily a device for expanding, strengthening and locating small or medium scale industries as a part of a broad programme of industrialisation and social development. In fact industrial estates provide an organisational set up in which medium and small scale industries get a favourable environment for development. This technique is not only effective for rapid industrialisation but it has also a unique role to play in achieving industrial decentralisation. The concerned plant is a part of the Company in Bombay. So, it is not a new establishment, but useful for decentralisation policy of the Government. But the

company naturally started to expect some benefits from this estate.

Table 8.1: Fulfilment of Managerial expectations

Items of benefits	Not expected	Expected			Total
		Satisfactory	Unsatisfactory	Cannot say	
Land for factory	-	8	-	-	8
Land for housing	1	-	7	-	8
Labours	2	-	3	3	8
Raw material	5	-	-	3	8
Finance	-	6	-	2	8
Transportation	3	-	4	1	8
Technical help	5	-	-	3	8
Water supply	-	5	3	-	8
Electricity supply	-	1	4	3	8

Note: The number of managers and supervisors interviewed was 8.

Source: The questionnaire and personal interview.

The Table 8.1 clearly indicates both the expectations and the extent of their fulfilment regarding some of the important facilities.

1] Land for Factory and the Housing: ^{for} As/the physical planning is concerned, M.I.D.C. must consider the layout of plots consisting of a) Factory plots, b) Roads, c) Administration and common

amenity buildings, d) Space for housing colonies, and e) Open space.

M.I.D.C, has allotted plots for factories, for roads, for common space and administrative and amenity buildings but have not provided space or any other facility like finance for workers' colony.

2] Transportation: Availability of adequate transport facilities been considered as an important factor for an industrial estate. Generally road and railway transportation facilities are available. Therefore, in the construction of an industrial estate, it is always taken into account, whether the site is located near the rail roads or highways. It is intended to provide a railway siding for each large industrial estate and for this reason, big industrial estates are to be located close to the railway stations with good year facilities.

When the researcher visited this estate, there was just a plan of railway line. And the national highway is directly connected with the main road going through this estate. But managers were not satisfied with the transport companies' services.

8.2 Managerial View-point on the Services from Institutional Agencies

Various institutions provide basic and infrastructural services. The infrastructure of an estate should be fully developed.

Hence a decision to set up an industrial estate should be accompanied by a simultaneous decision to provide the necessary infrastructure. The mere establishment of an industrial estate cannot bring industrialisation. The provision of infrastructure in a particular area is the pre-condition of success of an industrial estate and this should, therefore, be considered before taking the decision of locating an industrial estate in a particular area. The Dhatav Industrial Estate is not in a position to provide adequate facilities and utilities either from the Government or from Institutional Agencies.

Table 8.2 on the following page shows the position of fulfilment of expectations regarding institutional services.

Table 8.2 leads the researcher to conclude that -

A] Communication: The system of communication is available through Post and Telephones. An adequate arrangement of telephones is made available but many a time telephones are dead. Specially in rainy season telephones are failures for two to three days. In that period a man may go and come by a bus to the Head Office.

B] As regards the drainage and sewerage, arrangement for such things is essential for good sanitation. In general the use of open drains has been suggested as an economical solution with brick pitching on both sides of the main road and on one side of the subsidiary roads. If an underground system with concrete pipes is found necessary, it will be better. The storm water must

Table 8.2: Fulfilment of expectations regarding institutional services.

Name of the service	Not expect- ed	Expected			Total
		Below expecta- tion	As per the expecta- tion	Cannot say	
Telephones	-	8	-	-	8
Warehouses	7	-	-	1	8
Water effluent treatment plant	1	7	-	-	8
Training and education	2	4	2	-	8
Good roads	-	4	3	1	8
Street lights	-	7	1	-	8
Playgrounds	5	-	2	1	8
Gardens	4	1	2	1	8
Hospitals	-	7	1	-	8
Entertainment provisions	2	4	-	2	8
Shopping centre	-	8	-	-	8

Note: The number of managers and supervisors interviewed was 8

Source: The questionnaire and personal interview.

channelled into a natural drainage outlet or connected to the main storm water drain for the area.

In the said Industrial Estate there are concrete pipes

for drainage. But it is compulsory that every company must have its own water effluent treatment plant which cost in certain lakhs of rupees. Managers were expecting a common treatment plant which was not provided.

C] As regards the training and education there is no good provision. A small education society is running secondary school and a Junior College in Commerce in the Roha village. The need for Science College and of a technical institution is not fulfilled. So, staff is working at Dhatav and their families are living in cities like Bombay or Pune as their children will not get good education here.

D) The plans for roads occupy a prominent place in the layout. The design of the road network must be carefully determined so that maximum economical use can be possible and the major and minor roads can grow as the estate develops. Generally a one-way road system with feeders and collectors separately connected is considered most useful and economical. Because, firstly the system minimises the width of pavement and thus only a limited area is utilised for land. Secondly, it permits one-way traffic movement. Therefore, two major roads (incoming and outgoing) are commonly used and branch roads join them with all the sheds.

In Dhatav-Roha Industrial Estate the roads are of double-way system. The main road is maintained by B. & C. Department, a Government Agency and minor roads are maintained by M.I.D.C.

Both agencies are failure in providing better road network.

C] Regarding shopping facilities, entertainment facilities and hospitals, workers mostly depend upon Roha.

8.3 A. Manager's View-point on the Performance of His Unit
On the Basis of Production

Table 8.3: Performance on the Basis of Production of Company-E

Year	Actual production (in Rs.)	Variation	% change over previous year
1980-81	90,00,000	-	-
1981-82	1,00,00,000	+ 10,00,000	+ 11.11
1982-83	1,05,00,000	+ 5,00,000	+ 05.00
1983-84	1,10,00,000	+ 5,00,000	+ 04.76
1984-85	1,20,00,000	+ 5,00,000	+ 09.09
1985-86	1,25,00,000	+ 5,00,000	+ 04.16

Source: Questionnaire and personal interview.

In the year 1980-81 the concerned company was not able to use its full capacity of production which proves the inability of the management or they might have faced certain difficulties. In the years 1981-82, 1982-83 and 1983-84 the company was quite successful to attain its targets. The company added its capacity of production in the year 1984-85. In that year again there was shortfall of production. But immediately in the next year the

company attained its target. So, on the basis of production company's performance is well.

8.3 B. Manager's View-point on the Performance of His Unit

On the Basis of Labour Cost

Labour cost contributes a major role in the total cost of production. In the backward area manager expects low cost on this item which is then divided into various sub-groups. The concerned Company's distribution of labour cost in percentages is as follows:

(See Table 8.4 on the next page)

The overall performance of the Company-E in the last 10 years is better. The average labour cost per manday worked is constantly less as compared with other companies in the developed areas in Maharashtra State and in other States. Labour cost is one of the important factors affecting the efficiency of the unit. Percentage distribution of labour cost on salaries and wages and bonus is constantly more in comparison. The percentage distribution of labour cost on benefits in kinds, oldage benefits and other elements is constantly low. Whereas security charges were high in the years 1975 to 1976 and then they started decreasing. Perhaps in the establishment period management might have expended more amount on the security.

Table 8.4: Percentage of the components of Labour Cost to the total labour cost in Company.

Year	Area	Average Labour cost per manday worked Rs. wages	% Distribution of Labour Cost					
			Salaries and wages	Bonus	Benefits in kind	Old age benefits	Other social security charges	Other elements
1975-76	India	21.88	80.80	6.70	2.80	6.80	1.50	1.40
	Maharashtra	26.65	79.30	7.50	2.80	7.50	1.60	1.30
	Dhatav (Comp.E)	26.00	80.00	8.10	1.10	7.40	2.20	1.20
1980-81	India	28.02	80.40	6.40	2.20	7.00	2.20	1.80
	Maharashtra	35.11	79.40	6.60	1.80	7.60	2.80	1.80
	Dhatav (Comp.E)	35.00	80.10	7.10	1.50	6.75	2.80	1.75
1985-86	India	36.49	80.50	6.20	2.30	7.00	2.20	1.80
	Maharashtra	44.81	79.50	6.50	2.00	7.50	2.40	2.10
	Dhatav (Comp.E)	42.50	80.15	7.10	1.90	6.40	2.35	2.10

Sources: 1. Indian Labour Yearbook and Labour Statistics under the annual Survey of Industries (For all India and Maharashtra Figures).

2. Govt. Publicity Department, Dist. Raigad.

3. Dist. Industries Centre, Dist. Raigad.

8.3 C. Manager's View-point on the Performance of His Unit
on the Basis of Labour Relations

The labour relation problem is quite inherent in the industrial society. The solution depends upon the development of industrialisation, cultural and national characteristics of the society. The society must find its own solution. Various factors are responsible for industrial unrest. For eliminating the discontent in the minds of workers, their basic needs are to be satisfied. There are some social needs and some economic needs. Workers today worked in a group and with machines. So, their needs are also related with some working conditions in a factory. So, if there is any dispute, that will be because of economic needs, Social needs, security, need of the scope of self expression or because of working conditions.

Table 8.5 on the next page shows the position of rating of working conditions by workers.

For obtaining maximum productivity, maximum wages, dividend, ploughing-back of profit, and low prices, cordial and harmonious relations are to be obtained. For better relations, Management, Union, and Government are responsible. In the company premises some working conditions are to be considered as they have surely/effect on the workers-management relations.

As regards the ventilation, there should be proper air

Table 8.5: Rating of working conditions by workers

Working conditions	Good/ Adequate	Bad/ Inadequate	Reasonable/ Fair	Total
1 Ventilation	08	22	05	35
2 Cleanliness	31	-	09	40
3 Drinking water	38	-	02	40
4 Toilets	31	03	06	40
5 Lockers	37	-	03	40
6 Quality of food	20	07	10	37
7 Safety measures	14	19	07	40
8 Tools and equipments	04	22	09	35

Notes: 1. Due to non-responses in each variable the totals are not equal.

2. For testing minimum sample of 36.7 per cent workers is selected.

Source: Personal interview.

movement, proper temperature humidity and moisture in the plant. There is very close correlation between ventilation and labour efficiency. Air stagnation is an important cause of fatigue and inefficiency of labourers. The rate of output, sickness, labour turnover and the accident rate are important criteria, reflecting faithfully on the performance of a company; so does ventilation on labour efficiency. Air in a well ventilated factory should be cool rather than hot, dry rather than damp, diverse in temperature in different parts rather than monotonous and uniform

in the plant, and the air should be moving or circulating rather than still. Bad air should be continuously expelled and fresh air should be injected by means of mechanical devices for proper air circulation in the factory. Management should evolve optimum combination of temperature, air movement and humidity. In the concerned company workers in a large number are unhappy with the ventilation provided by the company.

As regards the safety measures, and tools and equipments, it is indicated that the situation is not good. Normally accidents are caused by psychological or physical unfitness of workers. Psychological condition depends upon the relations with management, social and financial security and training with education. Physical factors consist of maintenance of machinery, its inspection and the provision of good tools and equipments.

Table 8.6 on the following page shows that the situation regarding other factors of working conditions is satisfactory.

Industrial relations assume a unique role in the establishment and maintenance of industrial democracy. In a narrower sense it refers to labour relations only, i.e., relations between management and labour unions. In a broader sense it includes employee relations, labour relations, public relations, customer relations etc. In India industrial relations means labour relations only.

Table 8.6: Industrial disputes in Company-E by causes

Reasons	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
Wages	-	1	-	-	1	-
Bonus	1	1	1	1	1	1
Personal	-	-	-	1	-	-
Retrenchment	-	-	-	1	-	-
Any other	-	-	-	-	-	-
Total	1	2	1	3	2	1

Source: Personal interview

Labour relations are the relations of management with the group of employees, especially collective bargaining of contract between the employer and the trade union.

In the modern industrial set-up both employers as well as employees are fully organised and, therefore, labour relations with management usually represent importance of collective bargaining, i.e., agreement through voluntary negotiation, conciliation and arbitration on all vital labour problems. Industrial relations covering personnel relations and labour relations describe all activities of management by which it can secure enthusiastic and willing co-operation of human resources to maximise productivity and efficiency of the enterprise as a whole.

Table 8.6 clearly shows that there were 10 disputes in last six years, out of which 6 were for the demand of more bonus. According to the dictionary, a bonus or a gift is any payment over and above the due remuneration to the employees. The concept of bonus has different meanings: 1) It may be a payment as incentive for regular attendance, for higher output, for higher quality or for special services rendered by employees, 2) It may be a share in the profits which labour may consider as a right for industrial co-partnership, 3) It may be just an additional payment depending on the management's goodwill and not as a right claimed by labour to share in the profits.

Incentive bonus is justifiable as productivity bonus. This concept cannot create any labour dispute. The concept of bonus as a form of profit sharing is also not controversial. But as a form of deferred wages it is objected to by employers. As an ex-gratia payment at the goodwill of management it is objected to by labour organisations. Labour always prefers to recognise bonus as deferred wages payable by a firm whether it is running in profit or loss.

The workers and trade unions are not satisfied with the legal provisions of bonus payment. The bonus commission advocated the payment of bonus as a share in the profits of the company payable to workers. Payment of Bonus Act, 1965 was enacted and it gave the formula for payment of bonus to employees - minimum

4 per cent and maximum 20 per cent of wages plus D.A. Workers demand bonus as deferred wage payments not dependent on the company's profitability or prosperity. Employers also are dissatisfied as employees only share in the profits and not in the losses and thereby employees get a raw deal. The said Company's disputes are caused by bonus issue.

According to the latest legal interpretation bonus is not recognised as a deferred wage but only a share in the profit or a share in the gains of the productivity. Units making losses are exempted from the obligation of paying even the minimum bonus. Productivity-linked bonus is more logical and satisfactory to all.

The researcher found that there were disputes after every 3 years for more wages. Trade Union and management decide the rates of wages by an agreement after every 3 years. And Union used the strike as a tool for bringing pressure on the management. In the history of the concerned company 1983-84 was a bad year as there were two more strikes then for the bonus. They were for personal reasons and for the retrenchment. In the year 1984-85 the company added its production capacity by Rs. 25,00,000. It was a part of the modernisation of the plant, with this view the company might have taken the decision of terminating some workers who were not suitable for new techniques and then there were strikes.

If the reasons are thus analysed, it can be concluded that the regular relations of workers with the management are surely better.