

## CHAPTER - I

### INTRODUCTION

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#### SECTION - I.

Labour is the backbone of industry. It is an essential independent ingredient of production process, besides raw materials, power and capital. The term 'labour' is used in various senses. Broadly speaking, any work, whether manual or mental, which is undertaken for monetary consideration is called 'labour' in economics.

Marshall has defined 'labour' as:

*Exertion of mind or body undergone partly or wholly, with a view to some good other than the pleasure derived directly from the work.<sup>1</sup>*

The terms, 'labour', 'labourer', 'worker' and 'employee' are, however, practically synonymous in the discussions of labour problems.

In one-man business, where the various factors of production are supplied by the one and the same person, the labour problem does not arise. But as he starts hiring other people to work in his business, a host of problems like wages, conditions of work, security, health and safety, etc., start cropping up. These problems do not have only economic aspects, but they have psychological, social, political and aspects also. Thus, all problems of labour arise from individual and group

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1. Marshall, A. : "Principles of Economics", 1961, p.54.

conflicts, friction and competition in the process of adaptation to the working (industry) and living (society) environment.

Thus, labour problems refer to either the personal problems of the individual workers or the general economic and social problems arising from industrial employment.

At the personal level, the problems assume the forms of personal- or employee- and -employer relations. At the general and industrial level, they assume the form of relations between employees or their union and the management concerned. The labour problems of an industrial society, therefore, centre around the purchase, sales and performance of labour services and thus, they are generally related to conditions of employment and to the mechanism for handling them.

According to Phelps, there are essentially three major problem areas covering all labour problems that draw utmost attention, viz. income, security and organization.

#### **The Growth of Labour Problems:**

Thus, in the midst of apparent prosperity and a phenomenal increase in goods and wealth, there arose a series of maladjustments from which the workers suffer. The chief amongst them are unemployment, employment of women and children on a large scale, insecurity of service, low real wages, insanitary and unsafe working conditions, physical ailments, industrial diseases, risk to life and limb by accidents

and social and moral degradation. These evils of industrialization and the lack of adjustment and harmonious relationship between the employer and employees create problems which are commonly known as "Labour Problems".

These problems constitute a serious menace to society and should have been attended to from the very beginning and solution found to eradicate or atleast, to mitigate the evils. Employers, on their part, were so obsessed by the capital they had invested for installation of machinery and resulting mass production from them that they gave their technical improvement to the utter neglect of the human hands employed to operate the machines as they could be easily procured and readily replaced. Employers showed a callous indifference to the wellbeing and needs of their workers. The workers, on their part, did not and could not assert their natural rights owing to their illiteracy, poverty and ignorance. Moreover, in socio-economic status, they were so far below the employers that they could not exercise their free will in entering into the contract of employment. Naturally, the employers freely took advantage of their position. The terms and conditions of employment, deduction of wages and leave were dictated by the employers and had to be accepted by the workers, as employment was the sole means of livelihood for them.

Thus, though the contract of employment was one-sided, in the sense that the employer, by the use of his

superior power, could easily exercise undue influence over the workers. The ordinary Courts of law did not take note of this aspect of the contract and decided cases relating to it in the same manner as cases regarding other contracts.

Concerted action to get a fair deal exposed them to both civil and criminal liability under the existing law of the land. Fear of losing employment, which was the only source of livelihood, prevented many from participation in concerted action. Government, to maintain law and order, in many cases, did not permit workers to attend or hold meetings to discuss matters pertaining to working conditions or to organize themselves for protecting and safeguarding their natural and human rights. Organization of workers had no legal status. Their officers and members were exposed to the risks of criminal prosecution and civil action for any concerted action taken.

Government refused to take notice of these problems on the plea of its policy of non-interference in such matters. It laid undue emphasis on the freedom of contract of the parties concerned and confined its action only to maintain law and order. In this way, matters were allowed to drift and consequently, they deteriorated to such an extent and began so adversely to affect society that the government had willingly to take some remedial action.

**OBJECTIVES:**

The objectives of the present study are:

- 1) To study the Vikas Industrial Co-operative Organization, as a model of labour co-operative organization;
- 2) To study the labour problems in the Vikas Industrial Co-operative Organization; and
- 3) To understand whether the working conditions prevailing in this organization differ significantly from those of other private industrial organizations.

**METHODOLOGY:**

The present study was mainly based on the primary data collected in the course of a sample survey. The survey was undertaken to get first-hand information regarding the working conditions of labour. Out of 117 workers, 40 workers were taken as a sample and information was collected from them with the help of a questionnaire.

The secondary data was also collected from the relevant literature.

**CHAPTER SCHEME:**

There are four Chapters in the Dissertation. The First Chapter is an introductory one. The Second Chapter deals with the socio-economic profile of the workers, in the industrial co-operatives with special reference to VICO

(Vikas Industrial Cooperative Organization Limited). The **Third Chapter** deals with an analysis of the working conditions and some major labour problems prevailing in VICO. The **Fourth Chapter**, being the last Chapter, is the concluding one. The main findings of the study are given in a summarized form and some suggestions are also included in the same Chapter.

## SECTION - II

### HISTORY OF THE ORGANIZATION

The **Vikas Industrial Co-operative Organization Limited**, was established in the year 1959 at Palus in Sangli District. As compared to other districts of Maharashtra, Sangli district has prospered in the co-operative sector.

The main objective of this organization is to improve the economic conditions of its members. Since the means of production belong to all the members, who are workers of the unit, a high sense of production has been ensured. Another objective was to speed up the industrial development of the region. The **Vikas Industrial Co-operative Organization Limited**, formed under the guidance and leadership of **Shri.Sakharam Ganpatrao Yesugade** and his followers. As far as the industrial activity in Sangli district is concerned, this is the first labour Co-operative offering a unique way of organizing.

Before joining this unit, the workers had the entire experience, since they worked in various organizations in

different capacities like workers, supervisors, etc. The Unit was registered on 4th July 1959 under the Co-operative Societies' Act. The Registration Number of the Unit is P-4963. In the year 1960, the Unit started its machine-shop with 30 shareholders. The unit purchased 4 acres of land to construct its office building.

The machinery was purchased from the National Small Industries Corporation, New Delhi. It was purchased on instalment basis, the cost of which was Rs.40,000. At the time of establishment of the unit, the area under it was limited.

The following villages were covered:

1. Palus
2. Kundal
3. Kirloskarwadi
4. Dudhondi
5. Burli
6. Amanapur
7. Nagarale.

As demand started expanding for agricultural implements, mainly due to the provision of irrigation facilities, an expansion in the area was required. At present, this unit covers the entire State of Maharashtra and some parts of Karnataka State. The main objectives of this unit are as follows:

1. To manufacture agricultural equipment,
2. To manufacture spareparts of agricultural equipment,

3. To purchase and sale industrial raw materials,
4. To undertake the work of contract godown and construction, and
5. To provide work to all shareholders.

In the initial period of establishment of the unit, only jobwork and repairing work were undertaken. After few years, the unit started producing machinery spareparts which were required by other industries, such as Kirloskar Brothers Limited, Kirloskarwadi; Walchandnagar Industries Limited, and so on. The quality of the productsd was very high.

The authorised share-capital of the unit is Rs.18.00 lakhs, of which Rs.7.44 lakhs is subscribed by the shareholders and the balance Rs.10.56 lakhs is subscribed by the Government of Maharashtra.

The additional working capital required for the unit was obtained in the form of loan finance from the Sangli District Co-operative Bank and the SICOM Limited. The particulars are as under:

1. SICOM Limited	Rs. 0.39 Lakhs
2. Sangli District Co-op.Bank	Rs.22.32 Lakhs
3. Shareholders' Deposits	<u>Rs. 0.70</u> Lakhs
<b>Total</b>	<b>Rs.23.41 Lakhs</b>

The Vikas Industrial Co-operative Organization Limited, at present has 117 employees. They are working in one shift. Its working capacity was of 1,034 metric tonnes in



the year 1983-84. The working of the organization can be understood by studying the organization chart appearing on the next page.

A Committee, which is also called the 'Board of Directors', undertakes the long term planning and formulates the policies. The present Board of Directors consists of the following members:

1.	Shri.R.B.Jadhav	Chairman
2.	Shri.B.K.Koli	Vice-Chairman
3.	Shri.S.N.Gondil	Director
4.	Shri.B.A.Bhore	"
5.	Shri.B.B.Sawant	"
6.	Shri.S.H.Patil	"
7.	Shri.M.D.Shikalgar	"
8.	Shri.H.R.Patil	"
9.	Shri.S.A.Kadam	"
10.	Shri.B.R.Patil	Bank Representative
11.	Shri.S.B.Kollikar	Govt.Representative
12.	Ex-Officio Member	Managing Director.

Thus, the Managing Director is one of the Executives of the top management. The Chairman has the authority to take every decision on any issue of the organization under the guidance of the Board of Directors.

The Departments of the organization may be divided into two, as follows:

ORGANIZATION CHART

THE VIKAS INDUSTRIAL CO-OPERATIVE ORGANIZATION LIMITED.

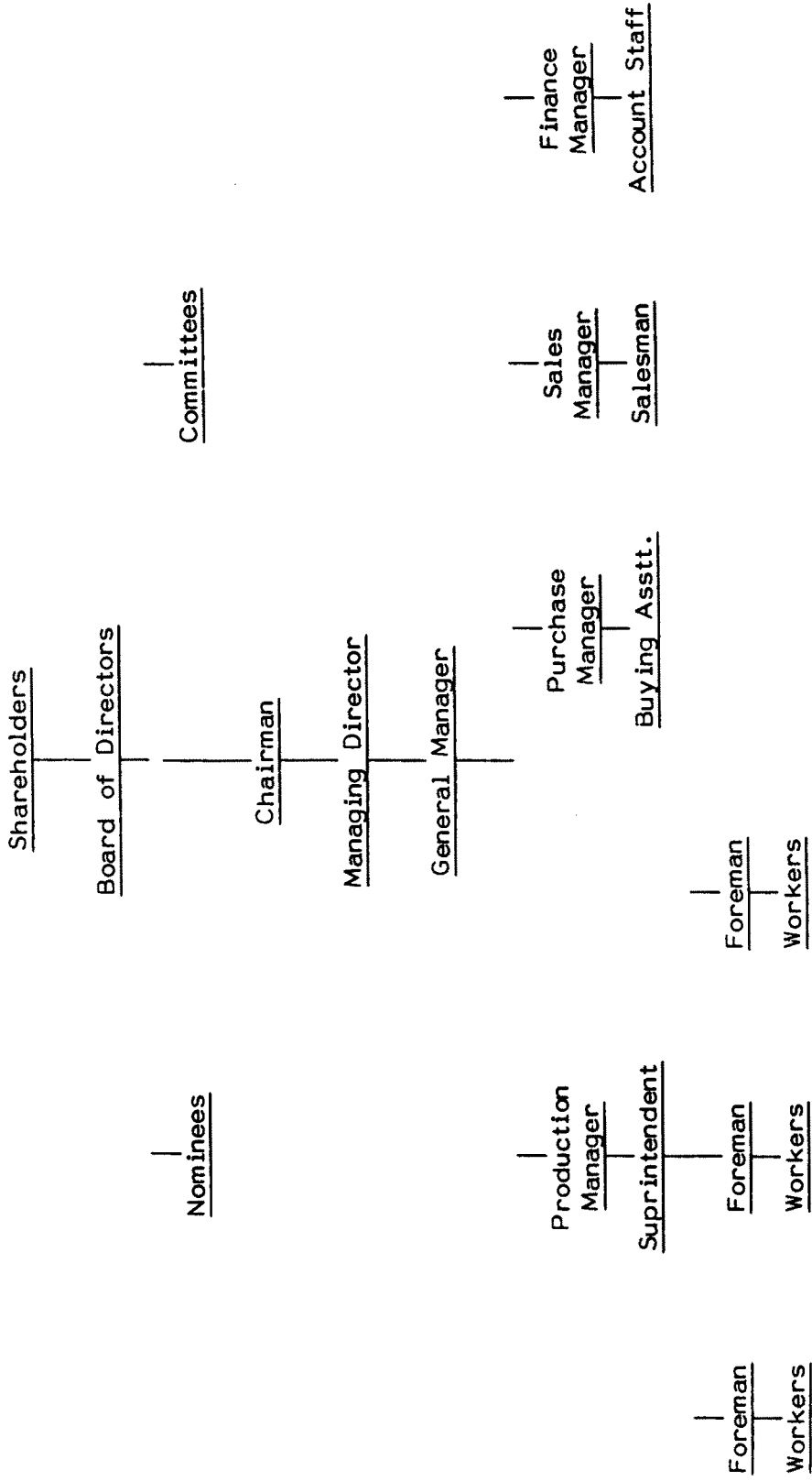


Chart No.1.1

1) Department engaged in Administrative Functions:

This Section is headed by a Chief Accountant. This is an important department in the organization. In this Department, all accounting functions are performed by the Manager. In the absence of the Managing Director, the Manager takes over the charge as the Managing Director. This Department is also responsible for the functions such as raising funds, use of funds, day-to-day administration, stores-control, cost accounting and financial accounting.

2) Production Departments:

- a. Foundry Department,
- b. Machine Shop
- c. Fabrication Shop.

**Products:**

The Vikas Industrial Co-operative Organization Limited, Palus, produces the following products:

1. 'Sahakar' Ridger
2. 'Vikas' Ridger
3. 'Kisan' Ridger
4. Bar Bandagé
5. Khat Kuri
6. Reflex Valve
7. Footvalve
8. Other agricultural equipment.

**Marketing:**

All finished products are sold through the sales-branches of the organization established, one in Sangli district and another in Karnataka State. There are various sales centres in Maharashtra, some of the important ones being located at Sangli, Satara, Solapur, Kolhapur, Yavatmal and Bombay.

**Future Plans:**

The future plans of the organization include the purchase of an electric furnace and development of new machinery. The organization also desires to have their own separate building for producing agricultural equipment. Due to the lack of such a building, the organization cannot raise its production level.