



# CHAPTER - V

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### LABOUR RELATIONS AND LABOUR PRODUCTIVITY

In this chapter we present labour relations and trends in labour productivity and labour cost.

#### 5.1 LABOUR RELATIONS

The importance of labour welfare can be explained from various point of view. From humanitarian point view industrial workers should be provided certain facilities and amenities of life. From economic point of view, welfare is very essential and it improves the living standard of workers as well as working condition and productivity.

Due to labour welfare activities, a good housing facility, minimum wages and other fringe benefits, such as medical facility, provident fund and other benefits, are bound to create a feeling of satisfaction and containment among the workers, which in turn it reduce the absenteeism of workers. The provisions of housing and working conditions recreational and educational facilities, medical etc. are bound to increase the mental efficiency and economic productivity of industrial workers.

The labour welfare activities has become an integrate aspect of industrial organisation in almost all the activities. It performs every significant role in industrial economy and increase the efficiency

of workers, in our country, which has started a programme of industrialisation with socialistic approach need for labour welfare activities have become of great importance.

The amount spent on labour welfare activities by the employer is bound to affect directly benefits of the employees. If working conditions are improved it will certainly improve the health and efficiency of the workers which in turn increase the production and the productivity of workers. Welfare activities may insure the employer a stable and contained labour force leading to reduction in labour absenteeism and labour turnover.

The importance of workers welfare in India can not be overemphasized. Welfare activity influence the sentiment of the workers, when workers feel that the employer and the state are interested in their happiness, his tendency to oppose will steadily disappear. The development of such positive feeling paves the way of industrial peace.

Secondly, the provision of various welfare measures such as good housing, canteens, medical and sickness benefits etc. make them realize that they also have some status in the undertaking any reckless action which might against the interest of undertaking.

Thirdly welfare measures such as cheap food in canteens, free medical and education facilities etc. indirectly increase in real

income of workers. They try to avoid industrial disputes as far as possible and do not go on strike on flimsy grounds.

Fourthly welfare activities will reduce labour turnover and absenteeism and create a permanent settled labour force by making such units attractive to the labour.

Fifthly, welfare activities will go a long way to better the mental and moral health of workers.

Lastly, welfare measures will improve the physique, intelligence, morality and standard of living of the workers, which in turn will improve their efficiency and productivity. A higher efficiency can be expected only from persons who are properly fed and properly clothed.

This labour welfare activities carried on the mills would contribute,

- a) In making the service in mill attractive to the workers.
- b) In creating a permanent settled labour force.
- c) In reducing labour turnover and absenteeism.
- d) In improving the efficiency of workers.
- e) In improving relation between employers and employees.

Besides, the social advantages of the welfare activities are also great importance :

- 1) The provision of canteens where cheap, clean and balanced food is available to workers health improves.
- 2) Medical, a maternity and child welfare facility improves the health of the workers and their families and brings down the rates infant morality and improves the health of workers.
- 3) Educational facilities increase the mental efficiency and economic productivity.

## **5.2 LABOUR WELFARE FACILITY BY MILL**

Labour welfare schemes of Sangole Sootgirni are as under. As a co-operative sector unit the mill has given due priority to the following measure welfare schemes.

- 1) Food Scheme : Under this scheme the workers are provided peanuts, eggs and biscuits at a subsidized rate. This hopes to improve the nutrition level of workers diet.
- 2) Health Check Up Camps : The mills has organised health check up camps for the workers. Moreover it has organised free eye check up for the people in general.

- 3) **Consumer Stores** : A consumer stores is based on co-operative principle. It provides qualitative goods at a reasonable price.
- 4) **Credit Society** : Co-operative credit society has been established to cater the financial needs of the workers. It has now its share capital of Rs. 70 lakh.
- 5) **Accident Insurance** : For all the workers an accident insurance of Rs. 1,80,000 to Rs. 5,00,000 is provided. This scheme is applicable for five years periods.
- 6) **Group Gratuity Scheme** : The mill has created a trust under which the gratuity amount of the worker is contributed. If a worker expires before retirement then the gratuity is paid to his relatives.
- 7) **Best Worker Prizes** : The best worker prize awarded for ten workers based on their regular attendance, general behaviour and his contribution to the mill.
- 8) **Attendance Incentives Schemes** : For the workers who works for 25 days in a month a salary of one day is given as incentives.
- 9) **Workers' Participation in Management** : In order to have effective coordination between the management and the

workers joint meetings are organised. Workers representation on grievance committee, safety committee, canteen committee.

- 10) **Social Welfare Scheme** : The mill has launched schemes to benefit the society by organizing collective marriages. It also offers prizes to student of primary, high school and college level. Co-operative industrial estate is also established by the mill. There is also a woman spinning mill.

The expenditure incurred by the mill on various labour scheme is presented in Table No. 5.1.

**Table No. 5.1**

**Expenditure on Labour Welfare**

Particulars	1994-95	1995-96	1996-97	1997-98
Bonus	2381131.00	2506211.70	2951600.50	1377617.70
Incentives	430046.00	563069.30	310745.40	2036115.45
Labour Welfare	192952.90	120850.85	86950.00	136200.70
Medical Facility	20962.00	20184.40	15734.80	36073.75
Accidental Benefits	8214.80	114405.35	1366.70	187031.00
Food Scheme	389862.63	554371.20	611247.45	712859.95
Labour Wages	13103146.05	16115338.35	17994812.95	21184992.01
Total Labour Expenditure	26.12%	24.07%	22.110%	21.17%
Bonus	18.17%	15.55%	16.40%	6.50%
Loss	- 300.44	- 411.55	- 134.64	- 184.38

Note : Data for Expenditure on Labour Welfare is not available for 1998-99

Source : Annual Reports of the Mill

In Table No. 5.1, the expenditure on labour welfare and bonus is presented. Although bonus is not the welfare activity in a regular classification, we considered it as labour welfare scheme because the bonus has been given to the workers eventhough there is lost to the unit. For expenditure on labour welfare we get following conclusions.

1. The worker has got bonus in the range of 18.17% to 6.5% during the study period. The amount of bonus decreased from Rs. 23.81 lakh to 13.78 lakh during 1994-95 to 1997-98.
2. The incentives given for better production went up from Rs. 4 .13 lakh to Rs. 20.36 lakh, which means nearly five times increase in the incentive wages.
3. The labour welfare expenditure was Rs. 1.93 lakh, which came down to Rs. 1.36 lakh in1 997-98.
4. The expenditure on medical facility went up from Rs. 21 thousand to 36 thousand, which means 71% increase in medical facility.
5. The accidental benefits were Rs. 8 thousand, which went upto 1.87 lakh during 1994-95 to 1997-98. The increase in accidental benefit shows higher quantum of accidents.



6. The expenditure on foods scheme went up from Rs. 3.90 lakh to Rs. 7.13 lakh during 1994-95 to 1997-98. This shows an increase of 83% over four year periods which mean 20.75% increase per annum.
7. The overall expenditure on welfare schemes is 23.53% this is satisfactory level of welfare facility. However, it should be noted that the large part of it is a bonus.
8. The mills has provided bonus and welfare facility even though in the loss. However the proportion of bonus was affected by loss.

### 5.3 TREND IN LABOUR PRODUCTIVITY AND LABOUR COST

The trend labour cost and productivity helps to understand the management regarding the impact of expenditure on labour.

**Table No. 5.2**

#### **Trends in Labour Productivity**

Year	Total production in Kg	Total Labour	Per labour production in Kg	Per labour per day production in Kg
1994-95	4814924	1100	4377.20	11.99
1995-96	5498268	1200	4581.89	12.55
1996-97	6257697	1200	5214.75	14.28
1997-98	6273842	1200	5228.20	14.32
1998-99	5612208	1200	4678.84	12.81

Source : Annual Reports of the Mill

In Table No. 5.2 the trend in labour productivity is presented. We can draw following conclusion on the basis of the data related in the table.

- 1) The total production increased from 48.14 lakh to 56.12 lakh kg. This shows an increase of 16.66% in the same period the number of workers went up by 9.16%.
- 2) Comparatively to the production the change in labour force is of smaller magnitude. This shows improvement in labour productivity.
- 3) The per labour production was 4377.2 Kg. per annum in the year 1994-95, which is improved to 4676.84 kg. in the year 1998-99. This shows increasing in labour productivity by 6.83%.
- 4) The production was higher in 1997-98, where the per labour production was 5228.20 kg per year. This means compare to the 1994-95. The labour productivity improved by 19.44% in the year 1997-98.
- 5) The per day per worker production improved from 11.99 kg to 14.32 kg during the year 1994-05 to 1997-98. However, it was reduced to 12.8 kg. in the year 1998-99.

#### 5.4 LABOUR COST

The labour cost of a unit comprises of administrative staff and manual workers. In the Table No.5.3, the total labour force and wage cost is presented it.

**Table No. 5.3**

**Labour Cost**

Year	Total labour (labour + Admini staff)	Wage cost	Per labour cost (per year)	% of labour cost
1994-95	1116	247.94	0.22	5.23
1995-96	1218	302.53	0.24	5.57
1996-97	1217	364.21	0.29	6.37
1997-98	1216	414.75	0.34	6.74
1998-99	1217	456.44	0.37	8.35
% change	9.17	54.32	68.18	59.66

Source : Annual Reports of the Mill

We get following conclusions from the Table No. 5.3 regarding labour cost.

- 1) The total labour force increased by 9.17% over period under study. The administrative staff increased by only one, while the number of labours increased by 100.

- 2) The wage cost was 248 lakh in 1994-95, which went up to 456.11 lakh this mean the wage cost increase by 54.32%.
- 3) The labour cost per year per worker also shows an increasing trend it was on an average 22 thousand rupees in 1994-95, which went to 37 thousand rupees in the year 1998-99. This shows an increase of 68.18% over a period of five years, which means 13.64\$ per year. This increase in the labour cost is gives higher number of workers and higher salary per worker.
- 4) The labour cost as percentage of total cost also reveals an interesting trend in the labour cost was 6.45% on an average for the period of five years in the total cost. It was 5.233% in 1994-95, which went up to 8.35% in 1998-99. This means an increase of 59.66% over the period of five years. In other words the labour cost is growing by 12% per annum.