

# CHAPTER - I

## INTRODUCTION

CHAPTER I  
I N T R O D U C T I O N

I) Evolution and growth of Public sector and Pvt. sector :-  
Immediately after independence, the Indian people were steeped in mass poverty, unemployment and under employment, an illiterate and untrained labour force, static agriculture with semi-feudal relations and a less developed industrial sector. All these problems required long term national effort. Instant solution was not possible. Each and every activity had to be carried on according systematically laid out plan, capable of bringing in social and economic change.

Pandit. Jawaharlal Nehru, the architect of Indian planning, greatly admired the achievements of soviet planning and so, borrowed the concept of socialism from the Russians but, he also regarded the democratic values of the capitalist society as indispensable for the full growth of a just society. So, in his attempt to take advantage of the virtues of the two extreme societies, Nehru adopted 'Mixed Economic System'. With this, a) Public sector b) pvt. sector came in to being.

a) Public Sector :- It refers to all those undertakings which are directed either by a branch of govt. itself or body set up by the govt. to direct the undertaking in public interest.

Prior to the industrial policy resolution 1948, public sector was confined to a limited area. However in the post

independence period, the expansion of public sector was undertaken as an integral part of the industrial policy 1956.

Public Sector may be devided at two levels. One at the central govt. level and another one at the state govt. level.

As on March 31st 1992 there were 246 central govt. undertakings excluding banks, financial institutions and departmental undertakings, having a total investment of Rs.1,35,871 crores. In this textile industries' share is Rs. 2558 crores. At present the total investment in central P.S.U's has gone up to Rs. 1,50,000 crores. The total number of workers employed in public sector by the end of March 1991 stood at 190 lakhs. Of this, 18.63 lakhs of people are engaged in manufacturing activity.

Information available about state level public enterprises is much less. As on March 31st 1986 there were 636 SLPEs functioning in 24 states. As on March 31st 1986 the investment in SLPEs was at Rs. 10,000 crores, as against 2860 crores as on March 1977.

However it must be noted that return from all this heavy investment in central public enterprises and state public enterprises is too less and performance is miserable. It is time for the management to justify themselves by demonstrating their ability for growth, diversification, entrepreneurship, quality control and export capability in competition with overseas producers. It is for them to accept the challenge and lift their enterprises and nation's economy to new heights.

b) **Private Sector :-** Private sector refers to all types of individual or corporate enterprises, domestic and foreign in any field of productive activity. Private sector enterprises are characterised by ownership and management in private hands, personal initiative and profit motive.

Inspite of the expansion of P.S.U.s since last four decades, the private sector has continued to be dominant in all spheres accounting for 80% of the gross domestic product and over 90% of the total employment. Growth of private corporate sector in India is as follows :-

Table 1.1

	No. of companies as on		
	March 1957	March 1971	March 1991
a) P.S.V	74	314	1179
b) Pvt. sector undertakings.	29283	30147	219542

Table 1.2

	Paid up capital as on (Rs. crores)		
	March 1957	March 1971	March 1991
a) Public sector	73	2074	49424
b) Private sector undertaking	1005	2349	18696

Source : CMIE. Basic statistics Relating to the Indian economy, August, 1992.

Table 1.3

Private sector employment in India. (in Lakhs)	
Years	Private sector
1971	68.0
1976	68.4
1981	73.9
1986	73.7
1989	74.5
1990	75.9
1991 (provisional)	78.5

Source : Compiled from Economic survey 1992-93.

In recent years the govt. has further liberalised the economy in favour of the pvt. sector. The control - regulatory apparatus under which the private sector has been functioning for so long has been abolished. After the announcement of industrial policy of 1991, the govt. has systematically abolished licensing in all industries except some 15 industries and is simplifying procedures and controls to release the private sector from unnecessary bureaucratic shackles.



## II) Cotton Textile Industry.

Cotton textile industry is the single largest industry of modern India. It has three mutually exclusive sectors, namely, the mills, the hand looms, the power looms. The mills manufacturing cloth come under the organised sector and the other two are generally included in the decentralised sector. In my project I have taken in to account two mills, one from public sector and another one from private sector. But in the structure of the textile industry, consisting of mill sector or organised sector and decentralised sector, both the mills taken in to account for study fall under only one sector i.e. Mill sector or organised sector.

Over the years textile industry has been developing. The first textile mill was set up in 1818 in Calcutta. At the end of March 1991 there were 1062 mills in the country (781 spinning mills and 281 composite mills) with 27 million spindles and 1.8 lakh looms.\* The industry provided direct employment to 11.50 lakh workers accounting for 18% of all factory labour in the country.\*

The pattern of cloth production of the different varieties of fabrics for the last few years is given in table.

\* Indian Economy, Ruddar dutt and K.P.M. sundharam. 1993.

Table 1.4

Production in textile industry

Industry	Unit	1986-87	87-88	88-89	89-90	90-91	91-92	92-93
I) Cloth	Million							
a) Cotton cloth	sq.metres	12727	12626	13658	13936	15431	14647	13054
i) Mill sector	- do -	2594	2346	2100	1957	1859	1651	1453
ii) Decentralised sector	- do -	10133	10280	11558	11979	13572	12996	11601
b) Mixed/blended	- do -	1817	1815	2321	2118	2371	2712	2479
i) Mill sector	- do -	880	827	782	658	689	666	553
ii) Decentralised sector	- do -	937	988	1539	1460	1682	2046	1926
c) Man-made fibre fabrics.	- do -	3393	3536	4039	4544	5126	5229	N.A.
i) Mill sector	- do -	9	5	20	52	41	59	N.A.
ii) Decentralised sector	- do -	3384	3531	4019	4492	5085	5170	N.A.
II) Spun yarn (Cotton textile mill)	Million kgs.							
i) Cotton	- do -	1302	1321	1310	1372	1510	1450	1402
ii) Mixed/blended	- do -	144	152	185	173	207	234	270
iii) 100% non cotton	- do -	80	82	92	107	107	122	145
III) Filament yarn								
a) Viscose	- do -	45	46	44	49	51	53	50
b) Synthetic	- do -	118	145	179	195	225	218	278
i) Nylon	- do -	37	34	36	39	40	31	38
ii) Polyester	- do -	81	111	143	156	185	187	240
IV) Staple fibre								
a) Cellulosic	- do -	96	119	126	148	160	158	159
i) Viscose	- do -	96	119	126	148	160	158	159
ii) Acetate	- do -	--	--	--	--	--	--	--
b) Synthetic	- do -	89	101	138	157	176	183	--
i) polyester	- do -	66	79	112	127	134	136	--
ii) Acrylic	- do -	23	22	26	30	42	47	--

Source :- The Hindu survey of Indian Industries. 1994.

It is necessary to take note of the textile industry as the largest foreign exchange earner accounting for nearly a third of the total foreign exchange earnings of the country. The sector has responded favourably to the exporter friendly policy framework introduced by the govt. and has been weaving excellent results. The aggregate value of exports of textiles and clothing is Rs.16250 crores excluding coir, Jute and handicrafts for 1992-93.\* During 1993-94 also textile exports have performed well. The export earnings for first seven months were \$ 3874.45 millions.\* The bulk of the mill made fabric exports is to the U.S.A., the European union, scandinavian countries and Dubai. In the total exports of textiles and clothing in 1992-93, Garment sectors' share is 50%.\* Again in Garment sector, knitted garments is an item on the fast track having recorded a growth of 73% in one year.\*

The dismantling of Multi-Fibre Arrangement by way of phasing out of the quota regime gradually over the ten years period has opened up tremendous possibilities for expansion of trade in textiles and hence India should take full advantage of the emerging scenario.

However it has to be admitted that India will be able to take advantage of the free trade regime, only if the industry makes adjustments in tune with the requirements of the international

\* The Hindu survey of Indian Industry 1994.



textile trade milieu and improves its export competitiveness. To be capable of facing the Fierce competition from countries like Malaysia, Taiwan, China and Pakistan, the industry has to induct new machineries like open-end rotors, shuttle less looms etc. The total number of open-end rotors installed as on March 31st 1993 was 1,16,530 and shuttle less looms installed was at 11000.\* In spite of this in terms of degree of sophistication, India has hardly 1.5% of the world installed capacity of open-end rotors. Similarly India has the lowest number of shuttleless looms in comparison with Malaysia, China, Taiwan & Pakistan.

According to a study conducted by the International Textile Manufacturers federation, investment in new machineries of not less than 7.5% of the turnover is necessary to remain competitive. During the year 1992-93 the organised mills have invested about 350 crores in modernisation process. If we consider the turnover of organised sector during the 92-93, Rs. 350 crores is a meagre amount. Because, the turnover was Rs. 16000 crores and according to the international standards, 7.5% of 16000 crores comes to Rs. 1200 crores. Rs. 350 crores is nearly 1/4th of that it should have been. So, the pace of modernisation is extremely slow and will not change the face of the industry to make it competitive.

In addition to technological advancement, good industrial relations and the attitude of workers is also necessary. Labour

\* The Hindu survey of Indian Industry, 1994.

co-operation is essential for improvement of productivity and production of flawless and fault free fabrics. But the various studies conducted by different institutes and individuals have made adverse remark about the workers efficiency. According to the experts, productivity of the workers is not up to the mark. One of the reason for low productivity of the workers is absenteeism. Absenteeism is quite common in every industry, whether it is public sector undertaking or private sector undertaking. Particularly in textile industry it is too much. If the following information is taken in to account, it would be quite clear that absenteeism rate is at the highest level in textile industries, in comparison with other industries.

Table 1.5

Absenteeism Rate in selected industries.

	(Percent)					
Industry	1971	1976	1981	1982	1983	1984
Cotton textiles	19.3	20.1	21.8	N.A.	22.9	15.8
Iron and steel	11.0	14.9	15.9	16.0	16.8	16.1
ordinance factory	13.8	9.8	14.1	14.1	13.7	14.0
Cement	13.0	13.1	10.8	14.8	12.2	12.7
Match.	14.7	14.1	16.6	17.4	19.3	18.6
Telegraph work shops.	16.2	14.7	15.8	17.4	17.9	17.3

Source : India Economic Information year book 1987-88 By A.N. Agrawal.  
H.O. Verma. R.C. Gupta.

Absenteeism is attributed to different causes. A brief review of the research findings on different aspects of absenteeism is given below.

#### Causes of absenteeism

From time to time, different scholars have tried to ascertain the various causes that lead to absenteeism. But when it comes to study about the human behaviour, difference of opinion is bound to arise. Because human psychology is complex and an intricate phenomena. A particular factor which is considered to be causing 'absenteeism' according to one author may be disproved by another. The various causes of absenteeism have been classified & presented by different authorities on the subject in different manner.

Dr. Baldev. R. Sharma, in his article on 'absenteeism a search for correlates' has presented the various causes at two levels. i.e. at Macro level and Micro level, as follows :-

- I) At Macro level the various causes are as explained below :-
  - a) Lack of commitment.
  - b) Calculation by every employee of economic consequences of absence
  - c) Rural bias and lack of adjustment to industrial way of life.
  - d) Behaviour pattern of workers affected by social, cultural, economic background.
- II) At Micro level the causes are as follows :-
  - A) Organisational factors:
    - a) Managerial style.
    - b) Technological environment.
  - B) Personal factors.
  - C) External factors.

There is another presentation by Mr. Premchand and Ramprakash. Almost all the causes are similar to those presented by Dr. Baldev. R. Sharma. Wine is same, but the shape of the bottle in which it is put is different. The various causes as explained by Mr. Premchand and Ramprakash are as follows :-

a) Socio economic factors.

- i) Living condition of worker.
- ii) Health of worker.
- iii) Indebtedness of worker.
- iv) Drinking habit of worker.
- v) Education.
- vi) Social norms & values.
- vii) Side income.

b) Inplant factors.

- i) Attitude and practice of management.
- ii) Working condition.
- iii) Personal policies.
- iv) Welfare amenities.
- v) Leave facilities.
- vi) Differential wages and bonus.
- vii) Working of trade unions.

c) E S I scheme.

d) Other unavoidable factors like :

- i) Occurance of accidents.
- ii) Personal matters like attending or arranging of marriages, funerals, family sickness, religious ceremonies.

By synthesising the various findings and presentations as made by various researchers, the causes of absenteeism can be explained as follows :-

i) Migration from rural to urban areas :- It is said that majority of the industrial labour force comes from rural areas. Many a scholars argue that because of this transition from rural to urban areas, the workers are not in a position to adjust to the industrial way of working and urban life style. The work pattern in industries is different from the one they are used to in the village. Living conditions in urban areas is poor. According to Myers "It is poor living condition that is more disliked than the factory job".

The Royal commission on labour observed that high absenteeism among the Indian labour, is due to his rural orientation and his frequent urge for rural exodus. The labour coming from rural atmosphere, finds great difficulty in adjusting himself to the new way of life within the urban industrial milieu and hence he wants to return to the village as frequently and as early as possible.

The poor living condition and the working pattern in industries often drive the workers back to their native villages to meet their families. They may also go back to villages to help other family members in sowing and harvesting of crops.

Bhatia & valecha in their study on absenteeism in large manufacturing units have found out that chronic absentees paid more frequent visits to home town as compared to average groups.

Naturally a worker who has spent major portion of his life in a particular village finds it difficult to get disconnected. Because the relationship itself is deep rooted. In a nutshell transition from rural to urban life is painful and this affects the commitment of the workers.

However this hypothesis is disproved by some other researchers. Arun. Monappa and Mirza. S. Saiyadain state that the new traditional generation of workers largely has an urban background with only a few sentimental ties with the village.

2) One of the most important factor that forces a person to work is 'financial gain'. It is a common knowledge that each and every one toils simply to earn his or her lively hood. So, once the need to earn money decreases, worker starts giving lesser and lesser importance to his work. A worker calculates the loss that may arise because of his absence & he also ascertains his capacity to sustain the loss. He compares & weighs the loss with the benefits that he may derive by being away from work, like liesure, rest etc. If he gets more benefits by remaining absent, he does not hesitate to do so. In other words, as long as workers self interest is alive worker shall not remain absent. And the moment the workers self interest dies worker is bound to be disinterested in his job and as a result he would start remaining absent.

However this arguement is also not accepted by the behaviour scientists.



3) **Size of the family :-** It is generally stated that workers having large families remain more absent. Because family problems are more if the size of the family is big and the worker may have to remain absent to solve such problems. For e.g. a worker may have to remain absent in order to, arrange for the marriage or any other ceremony or to be with the ailing family member. etc.

4) **Community obligations :-** Man is a social animal. Society is a web of relationships. To be in the society, one has to adhere to the accepted norms & values of the society and discharge social or community obligations properly.

A worker being a social animal may have to remain absent for work to attend marriages, religious and other ceremonies, funerals etc.

5) **Bad habits :-** A worker may develop some bad habits like drinking alcoholic liquours, consumption of drugs etc. Such an unhealthy development may be because of individual maladjustment, personality difficulties, despair and discontent, desire for pleasure and recreation etc. whatever may be the cause, the effect would be same i.e. absenteeism. In other words, such habits compel him to be away from the work or incapacitate him to work properly, even if he remains present. So, bad habit is one of the important cause of absenteeism.

6) **Sickness :-** Bad habits, lack of nutritious food, improper eating and sleeping habits, occupational hazards, accidents etc. may result in to ill health. This sickness robs him of the capacity to be present & work hard, resulting in to absence,

ultimately. A worker may have to remain absent not only because of his sickness, but also due to the ill health of wife, children and other family members.

7) **Indebtedness :-** A worker may find it difficult to meet all the expences with the help of the income that he derives by selling his labour. It may be because of large family size, desire for high standard of living, desire to fulfill material wants etc. In other words, it is difficult for the worker to make both the ends meet. In order to overcome this difficulty, worker, may borrow from a money lender who charges exorbitant interest. A worker while borrowing, does not normally think about his capacity to repay the debt. so, when the time to repay the debt comes, again he falls short of funds. In addition to this, a worker may be disinclined and reluctant to part with 'net take home pay'. On the other hand money lender is at his throat to extract the amount of money lent either through hook or crook. For the worker, one easy way of escaping from this liability is to be elusive and avoid coming across the money lender. So, he may avoid coming out of his home and as a result remain absent. 'Stock Ford' in his study, has reported that higher absence employees had greater personal debt. Bhatia and Valecha in their study on absenteeism have reported that chronic absentees had a whopping debt.

8) **Education :-** It is said that lesser the education, more the absentee behaviour of the worker. Education enlightens the worker. It enables him to behave more responsibly and discharge his duties



properly. So, naturally if a worker lacks education, it will have an adverse impact on the workers attitude towards his work. Studies carried out by the National productivity council, India, indicated strong relationship of level of education to absenteeism. Noland has reported that years of education were inversely related to absenteeism. Bhatia and valechas' findings were also same.

9) **Atmosphere in the organisation :-** Atmosphere in the plant in which worker works affects the attitude of the worker towards work. In other words, if the atmosphere is not conducive, worker may try to avoid the work. In the words of Dr. Baldev. R. Sharma, "Work milieu is very important since a large portion of a workers daily life is spent there. The atmosphere obtaining in the plant affects his attitude towards his work & either persuades him to attend the work or keeps him away."

If the relationship with the superior is not cordial, then worker may not feel it better to work with and so remains absent. D.H. Bhutani has stated that "There may be a "wild" type of foreman who is such a terror as to cause absence due to sheer fright about him".

Some studies have showed that employees attendance is better in those jobs that offer a greater degree of autonomy and responsibility.

It is also stated that the size of work unit has its impact on the employees absenteeism. Action society trust, pari fitt and

Rewans, khistyen and Indana, Baumgartel & sobol, Indik and seashore, all reported that as the size of the work group increased, so, did employees absenteeism. The results clearly indicated that greater absenteeism is associated with larger work group among industrial workers. It is because of the fact that, as explained by porter and steers, increase in size results in lower group co-hesiveness, higher task specialisation, poor communication etc. Ingham has also given same type of explanation.

10) **Managements' policy** :- If managerial authorities concerned, grant leaves without following stringent policy, workers may take under advantage of such a liberal attitude and frequently remain absent for the work. As Myers says, "The high rate of absenteeism found in much of Indian industries is a measure of the accommodation which Indian employers have made to the demands of Indian workers".

Dr. Baldev. R. Sharma states that "a worker may also be influenced by a lenient policy which freely grants leave and condones or regularises unauthorised leave".

11) **Other Causes** :- It includes distance covered by the worker to reach the work place, means of transport used to reach the place, climatic & other related conditions, recreational facilities etc. 'Stock ford', in his study has reported that high absentees have a longer distance to cover. Bhatia and Valecha reported that "Chronic absentees travelled longer distance than average employees." Continuing further, they stated that mode of

transport used to reach work place had significance and the employees using independent mode of conveyance like bicycle or motor cycle were found to be less absent than those dependent on public transport."

Climatic condition, such as excessive cold, heat, humidity, snow, heavy rain are conducive to absenteeism.

Recreation and entertainment is must after a long spell of hard work. So, when proper recreational facilities are not available, workers may fall prey to bad habits and addictions which may interfere with good attendance.

#### E F F E - C T S

What ever may be the cause of absenteeism, its effect would be the same i.e. loss to both the parties i.e. employer & employee and in addition to this loss to the nation and the society as a whole.

Absenteeism results in to loss of production in terms of quality and quantity. It also decreases productivity. Such a decrease in production and productivity is a loss to the concerned organisation and nation & society as a whole.

It also culminates in to loss to the worker like financial loss, in terms of reduced wages, bonuses, lesser incentive payment and consequent hardships to the families of the workers.