

The State of Punjab:

Punjab, which had undergone several political vicissitudes in the last 150 years, took new shape on 1-11-66 as unilingual Punjabi-speaking state. Its area is 19,404 sq miles and population 111.47 lakhs. It lies on the North West Frontier of India. Political changes bring in their wake their own problems, be they temporary or permanent. Along with Independence on 15-8-1947, came the partition of the country and the Punjab. The Partition of the State in 1947 completely disrupted its industrial economy. The united Punjab before 1947 had grown as an economic and political unit. In its development, however, greater attention had been paid to western districts which went to the share of Pakistan and what is now Punjab was one of the backward areas on the sub-continent, especially so in comparison to the western counter-part now in Pakistan. The Indian Punjab started its career with poor resources and disrupted economy. The economy of the State was out of gear due to the effects of war, partition, post-partition communal riots and exchange of population. After the great upheaval, industrialists like others found themselves drifting hither and thither without knowing where to settle and re-start life. The industrial centres on the border districts were insecure. The tragic events in the wake of Independence created a contagion of fear and panic that blighted enterprise and scared away the capital. The whole picture of industrial economy was extremely lousy at the eve of Independence.

Post-Independence Development:

The first couple of years after Independence were spent in taking stock of the situation and repairing the damage inflicted by the partition and the post partition riots. Thereafter the people and the Government of Punjab directed their attention towards the development of the State. In the post Independence era, the state of Punjab marched very fast in the road to industrialization, acquired a place of pride and became a source of inspiration for other states in the country. Punjab has been surcharged during last two decades with agricultural and industrial activity. To-day the state stands on the threshold of industrial and agricultural revolution. Punjab, despite the set-back of the partition of the country in 1947, through the dynamism of its people has come up as the most progressive state in India. The growth of small scale industries has not only helped the employment of good number of persons but has also resulted in the industrial development of the State and its economic rehabilitation without much capital, particularly, external capital. The refugees from west Punjab beginning almost from scratch have taken long strides in the last two decades.

Development of Small Scale Industries:

Small Scale Industries in Punjab have emerged as the predominant sector of the state's industrial economy as a result of the rapid progress achieved by these industries since partition.

There has been an efflorescence of small industry during the 1st two decades. Soon after the partition, the industries were mainly oriented towards consumer goods such as hosiery, handloom spinning and weaving. This pattern has over the decade shifted towards producer goods such as machine tools, automobile accessories, general & electrical engineering goods. In the beginning the small scale industries were mainly based on textiles, but slowly the pattern changed in favour of engineering industries, where smaller inputs of minerals and chemicals and correspondingly large inputs of various types of skill can be combined on profitable scale.

After the partition, the sports industry was re-established and a new Sialkot was transplanted at Jullundur, not with standing the initial limitations of raw material and skilled labour which for greater part fell to the share of Pakistan. The sports industry in Punjab is the outcome of endeavours of the displaced entrepreneurs who migrated from Sialkot the home of this industry, now in Pakistan. With the limitation of raw material and the non-existence of trained labour, as was the position at the time of partition, one could least imagine that the industry would attain such a status as it has today. The sports goods, industry of Punjab has captured an appreciable export market and has further potentialities of earning more foreign exchange.

The state's record of progress in the field of small - scale industry has indeed become striking on account of success gained in the development of several light engineering industries. Punjab is perhaps foremost in India in the development of engineering industries in the small scale sector. The varied production pattern which this sector has developed includes not only consumers' goods, like bicycles, sewing machines, hosiery and brass utensils but also skilled and precision goods such as machine tools and components and spares of machinery employed in textile and auto-mobile parts etc., The engineering industry of Batala is now well known all over India. Sewing machines, machine-tools, bicycles and other metal user industries are an off spring of the post-Independence period marked by growing pace of import substitution. The industry exhibits signs of vigorous growth and resembles in many respects the progress made in Japan. Its development is mainly toward catering to markets outside the State. It is fairly diversified spreading its manufacturing achievements to a variety of engineering products.

HOW BIG IS THE SMALL SCALE SECTOR IN PUNJAB:

Punjab, industrial development has all along been characterized by the predominant role of house-hold industries and modern factory-type of small industries. In fact these two links of small industries together contributed a significant proportion (about four-fifty) of the total net-output from the industrial sector in

1960-61, whereas for the country as a whole the corresponding figure is only about one half. *There has been phenomenal increase in the number of units, in the volume of production, the employment opportunities and variety of new products requiring highly-developed skills in the small scale industrial sector. Small industrial sector has developed much faster than the large-scale industrial sector and Punjab is now well known for its small industries. The small scale sector has shown great vigor, competitive strength and a capacity for multi-directional growth and has brought into the economy of the new entrepreneurial skill of small and medium level people and has made a significant contribution to the creation of new employment and to the total industrial production of the State. The main large scale industrial complexes of Faridabad, Yamunanagar and Sonapat are now included in Haryana. There is only one project in the Central Public Sector located in Punjab involving a capital out-lay of Rs. 30 crores out of a total investment of Rs. 2130 crores during the three plants.

The small scale units in the State are manufacturing a variety of products and are substantially contributing to the industrial production and the economic activity of the State. According to RBI Seminar, Punjab produced in 1966, machine tools worth Rs. 70 crores out of Rs 130 crores in the country as a whole. Ludhiana produces 90 per cent woollen hosiery of India.**

The position of industrial units as on 1st November, 1966 at the time of re-organization of State is as below:***

S. No.	Size based on Capital Investment			Central Projects	Total
	Small (upto Rs 5 lakhs)	Medium (Between Rs. 5 lakhs to Rs 25 lakhs)	Large (above Rs 25 Lakhs.)		
i) No of Units	14,589	114	50	1	14,754
ii) Workers (lakhs)	1.26	.11	.28	.034	1.7
iii) Investment (Rs crores)	36.00	10.4	39.2	30.2	115.8
iv) Annual production (Rs crores)	108.7	24.3	56.3	9.0	198.3

* "Industrial Programme For Fourth Plan, Punjab", National Council of Applied Economic Research, New Delhi.

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** Report on the Industrial Survey of Ludhiana, District published by the Director of Industries, Punjab.

- *** 1. Statistical Abstract of Industries in Punjab prepared by the Directorate of Industries Punjab Dec. 1966.
 2. Here a small undertaking means one having a capital investment of less than Rs 5/- lakhs irrespective of its falling within or without the Factories Act, 1948.

Out of 14,589 small scale industries, in the Punjab at the time of re-organisation, the Agricultural implements and Machine Tools alone accounted for 5,840. The other important sectors were :-

Cycle and Cycle parts	730
Power loom Weaving	1,879
Hosiery	1,971
Sports	340
Radios and Loudspeakers	308
Non-Ferrous metals	359
Sewing Machine and Sewing Machine Parts	290
Water Pipe Fittings	124
Surgical and Scientific Instruments	106
Bolts and nuts	132
Wood Furniture	121
Automobile parts	354
C.I. Soil Pipes	143

The directory of the Small Industries prepared by the Director of Industries does not give the whole picture as this includes only such units which voluntarily register themselves.

Beside the above detailed units registered with the Director of Industries, there are many un-registered small scale units in the State, which are manufacturing a variety and are substantially contributing to the industrial production of the State. According to one estimate, the small scale industry in the state absorbed in 1961-62 nearly one third of the material inputs allocated to the entire small scale sector in India.

*. Statistical Abstract of Industries Published by Directorate of Industries, Punjab, Chandigarh, December, 1966.

** Development Through Industry Linkage, Punjab, University Department of Economics, Chandigarh, 1961.

At the time of the partition of the Punjab in 1947, there were only 600 factories covered under the Factories Act, 1948. Since then there has been a rapid development. The number of factories rose to 2739 in 1954 and since then the number of factories year wise is as below:-

<u>Year</u>	<u>No of Factories</u>
1954	2739
1955	2983
1956	3053
1957	2970
1958	3220
1959	3517
1960	3866
1961	4079
1962	4485
1963	4735
1964	3823
1965	3995
1966	4069

Small factories even excluding units not registered under the Factories Act contribute surprisingly large share of Punjab's manufacturing output to-day.

The following table prepared on the basis of the data available in regard to factories covered under Factories Act, 1948 and submitting returns to the Chief Inspector of Factories, Punjab confirms the general belief that the majority of factories are in small scale sector.-

LATEST POSITION OF THE FACTORIES AS ON 31ST DECEMBER, 1966.

Type of factories according to working strength.	No. of factories	No. of workers employed	Percentage to Total factory workers	
1. 1 to 9 workers	626	3987	24.2	4.5
2. 10 to 19 workers	1092	14208	42.5	16.0
3. 20 to 49 workers	568	17701	22.1	20.0
4. 50 to 99 workers	178	13030	6.9	15.5
5. 100 to 499 workers	89	17992	3.5	20.0
6. 500 to 999 workers	12	8325	0.5	9.5
7. 1000 to 4999 workers	7	12700	0.3	14.5
Total	2572	87943	100.0	100.0

It would be evident from the above statistical table that 88.8 per cent factories covered under the Factories Act, 1948 employ less than 50 workers each.

THE CONCEPT OF SMALL SCALE INDUSTRY.

There is no uniformity as how to define a small-scale industry. There is no hard and fast definition of small scale industry. The concept and definition of small scale industries has undergone changes from time to time. Sometimes it is referred to, as in 1961 census, the cottage industries i.e. house hold manufacturing. The main distinction between household and non-household manufacturing units is that in the latter the activities are on employer-employees basis. Further, the latter, particularly the power using ones are said to be of the modern type. At occasions, it is referred to as non-household manufacturing units, but falling out-side the control of the Factories Act, 1948 because they employ less than 10 workmen when using power and less than 20 when they operate without the aid of power. Some refer as small scale units those non-household manufacturing establishments which are covered under the Factories Act, 1948 but employ more than 9 but less than 50 workers with the aid of power. These units are covered by the Sample part of the Annual Survey of Industries conducted by the National Sample Survey. The Small Scale Industries Organization has linked the definition of small Industries with the magnitude of the investment. Units employing less than 50 workers if using power or less than 100 persons if not using power and having capital structure less than Rs 5/- Lakhs are treated as Small Scale Industrial Units. This definition is by no means rigid and is applied with certain amount of flexibility. However for the purpose of this study, it is not very necessary to attempt any exact definition of small scale industry. Broadly speaking the term has been used in accordance with common usage, to cover industries employing less than 50 workers.

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ECONOMIC AND SOCIAL IMPORTANCE OF SMALL SCALE INDUSTRY.

The development of small industries has a very significant role to play. Small industrial sector is more labour intensive as it provides more employment per unit of capital. It therefore relieves unemployment by providing a large scale employment at relatively small capital cost. Small industries are not only labour intensive but also entrepreneur-intensive, in the sense that per unit of output, proportionately larger amounts of these two factors have to be invested. The small industries offer a very promising field to the educated youngman who is prepared to make his career on the strength of his own skill and enterprise. They facilitate mobilization of resources and skill, which might otherwise remain unutilized. The income created in the small scale sector is distributed thinly over a large number of recipients as compared to the large scale sector. It therefore paves the way for

a decentralised pattern of production and a socialistic pattern of society, avoiding concentration of industries in big cities. More equal distribution of national income and economic power helps in the growth of a balanced, politically stable and democratic society.

FACTORS THAT STOOD IN THE WAY OF ESTABLISHMENT OF LARGE SCALE INDUSTRIES IN PUNJAB AND WHICH LEAD TO GROWTH OF SMALL INDUSTRIES.

Following factors have led to a slow growth of large industry but helped the rapid and phenomenal development of small scale industries in the Punjab:-

(1) As a result of partition in 1947, the Punjab became a border state and thus was considered unsuitable for development of large-scale or connected industries, which form easy targets for enemy action during war.

(2) Lack of minerals, fossil fuels and other resources in the state is a great handicap to the establishment of large metallurgical or chemical complexes or even of setting up of specific industries based on the minerals in the large scale sector. The growth of large industrial plant in the Punjab is limited by the absence of chemicals, metallic minerals and coal. In the absence of aforesaid natural resources, the only possible type of industrialisation could be in the small-scale sector.

(3) Consequent on the loss of wealth by immigrants and because of proximity to international border, there has been a shortage of investible funds in large blocks. The development of small scale industries by immigrants after partition of the country in 1947, has an underlying meaning of deficiency of capital. The distribution of income in the Punjab is less unequal than in other states. There is consequently a smaller potential of savings available from the richer sections of the population. Therefore, there has been a dearth of investible funds in large blocks, although there has not been much shortage of these funds in small quantities. This shortage of domestic saving in large blocks has not been relieved by the inflow of surplus. Capital from other states owing to political as well as other factors. Small industries could be set up not only with low capital costs but also could be saved of certain over-head costs. In small industries the prospects of obtaining credit are easier and the marginal risk premium of running into losses lower than in organized industry. Many small undertakings in Punjab were started with the personal savings of the owner or of one or more partners, usually colleagues, friends and members of his family and even with the aid of mortgages on personal property such as houses ornaments etc.

(4) Traditionally, the attainment of a high standard of living ranks high up in the value system of a Punjabi, Hindus and Sikhs in west Pakistan had flourishing business. Partition

of the country turned large number of them into destitute refugees. With a virile people misery engendered hope. Despite the suddenness with which their fortunes which were devastated, they remained stubborn in their spirit not only to which they were but also formerly accustomed. The result was a rapid process of rehabilitation to improve and the conversion of a people who might have been a liability to the State into its strongest driving force towards economic prosperity. The displaced persons from West Pakistan were forced by the pressure of circumstances to start manufacturing units for their survival with meagre financial resources and with indigenous and old type and inco-machinery.

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(5) The main factor in this development has been the entrepreneurial ability and technical skill of Punjabis. Punjab has no locational advantage. It is situated far off from the source of raw materials and in the north-western corner of the Indian Union. Even the markets for finished production are located far away involving high transportation costs. The poverty of Natural resources of metallic mineral or coal or fuel deposits is more than compensated by the quality of its people who are an asset to the State. Punjab is inhabited by hard-working as well as innovation disposed peasantry. A Punjabi is well known all over the world for his spirit of enterprise, hard work and technical skill. The growth of the industrial economy of the Punjab during the post-Independence period has been predominantly the result of entrepreneurial spirit and organizational ability coupled with the enterprising nature of the people. One aspect of this quality is the willingness of the people to learn new skills and enter into new fields of endeavour. The smallness is a direct consequence of a growing number of technicians anxious to become entrepreneurs endowed with modest resources no doubt, yet possessed of adequate skill to fabricate components and accessories-equally simpler types of finished products.

(6) Private enterprise on its part has not only shown initiative but also acquitted itself creditably in relation to the tasks of organization, management and other executive functions. The process has been strengthened by the scale of assistance provided by the Government. The programme of industrial areas and estates (with provisions of water, power, transport, raw material depots, quality marketing and testing facilities etc) has helped the growth and promotion of small scale units as well as dispersal of industries in economically backward and rural areas.

(7) Punjab's industrial performance has to no small extent depended on rapid electrification of rural and semi-urban areas. The electrification of villages offered a vast scope for development of small industries. Extension of supply of electric power to the countryside encouraged the growth of small scale units.

(8) Punjab is relatively better served by railways and arterial roads than the country as a whole. Punjab possesses an excellent transport system. It has wide spread network of link-roads district roads, state and National highways. Though it is somewhat lacking in rural roads, there are no inaccessible pockets and the existing roads are intensively utilized. The disadvantages of small scale undertakings became less and less important as transport and communications improve.

(9) With effect from 1-3-1953, the Government of India levied excise duty at the rate of 6 pies per square yard on art silk fabrics manufactured by power-loom factories with 25 or more power looms. Similarly the Government levied an excise of $6\frac{1}{4}$ per cent ad-valorem on woollen power looms. Almost at the same time the Provident Fund Scheme and Lay-Off compensation came into force covering establishments with 50 or more workmen and employees State Insurance became applicable to establishments employing 20 or more workmen. The excise duty and the labour laws became responsible for changing the shape of industry. Large number of units were split up into smaller ones with a view to avoiding the incidence of taxes and labour laws. The processes of disintegration of the bigger units into smaller ones worked in full.

PRODUCTIVE EFFICIENCY OF PUNJABI WORKERS.

Before Independence, 90% of the skilled labourers were Muslims, who migrated to West Pakistan in the wake of the partition of the country. They left behind them a big vacuum and their exodus had a disastrous effect on the industrial economy of the State. The result was that most of the factories and workshops had to close down temporarily. Their place was taken by non-muslim refugees or new entrants in the line. The Punjabi is quick to learn the techniques and has aptitude to pick up skills. He can be taught to become skilful in astonishingly short period. Though few possess creative skill almost all of them have an initiative skill. The local Ram Garhia community is a class of highly skilled artisans. The ingenuity of a Ramgarhia is a great asset to the economy of the Punjab. He has a reputation of producing anything if he has a model. It is a common saying that if a Ramgarhia sees a machine from a close quarter, he can manufacture it without getting its design. His methods may be rough but he is eager to learn new techniques to perfect them. He is a born technician and possesses hereditary skill to manipulate various kinds of machinery and a natural aptitude for emerging industries.

Punjabi labour has many other excellent qualities. His vigour, enterprize vitality, intelligence and love for hard work is well-accepted. He is capable of giving as much production as any other worker anywhere else in the world. But, the use of old and outmoded equipment stands in his way of increased productivity. However, labour productivity is in general rising.

X. The change in the structure of small scale industries from non-durable consumer goods (hosiery and handloom products) to durable consumer industries (bicycle parts, sewing machines and their parts, electric fans, radio component) and export-earning

X. 'An inquiry into the changing structure of Punjab's Industries' by S.B. Rangnekar, Department of Economics, Punjab University 1966 P. 370.

and import-saving products (machine tools, sport goods, automobile accessories) have brought in their wake an increase in productivity per worker.*

LITERACY.

No survey has been conducted by any organization with a view to determining the extent of literacy among workers in the small scale industries of Punjab. However, it is found that even today there is not insignificant number of workers who even do not sign their names to get their wages. Despite an increase in the percentage of literacy level, the number of illiterates in the country is on the increase on account of the fact that the growth of literacy rate has not kept pace with increase in population. This is mainly attributed to in-adequate provisions for compulsory primary education. Literacy is a condition precedent for economic and social development. This is amply proved by the fact that the world map of illiteracy corresponds fairly closely with the world map of poverty. There is close relationship not only between literacy and technological development but between literacy and agricultural production also. Education is the art of drawing out of man all that is best and most useful to him, so that, that it may be employed to the advantage of the community and himself as a member of it. The illiterate workers do not appreciate their role in the modern set up, cannot guide their day-to-day relations with the society, the management and their fellow workers vis-a-vis the complex multitude of legislations that direct their destiny. An educated workman is not easily exploited either by the employer or misled by an unscrupulous trade unionist. Even conciliation of disputes involving educated workers becomes easier.

Lack of education is the greatest handicap of workers. Illiteracy is the most formidable obstacle to efficiency. Industrial training is handicapped by lack of primary education. Without a good foundation of general education, acquisition of industrial skills and techniques is both difficult and expensive. Ignorance and conservatism of the uneducated workmen tends to delay the progress of industrial development. The Second Five Year Plan recognised that for the success of industrialization on which the country had embarked, it was necessary to improve the quality of our human resources. The Government of India in the Ministry of Labour and Employment have sponsored a countrywide scheme of workers' education with the object of creating, over a period of time, despite lack of education, a well informed constructive and responsible minded industrial labour force.

There is a Regional Centre for workers' education functioning at Chandigarh under the Central Board for workers Education, serving the states of Punjab Haryana, Jammu and Kashmir, Himachal Pradesh and the Union territory of Chandigarh. The Punjab Labour Department had arrangement for literacy classes for adults workers in the Government Labour Welfare Centres at various industrial

*. 'The growth of Punjab Economy' Published by the Department of Economics, Punjab University.

towns in the State. But these classes had to be closed as there was no response and enthusiasm among the workers to become literate, probably on account of their getting tired after day's arduous job in the factory, the pre-occupation with domestic problems, their eagerness to supplement their meagre incomes by odd or part-time jobs, their apathy and indifference to self-improvement and distance between their places of work and residence. Perhaps there is need for providing some incentives which may prove effective in creating a climate of opinion and an interest among workers for acquiring literacy.

TRAINING.

In addition to elementary education, workers should receive technical training so that they become skilled in their particular jobs. A systematic training of the workmen is an essential pre-requisite to get the maximum output and eliminate waste. Productivity depends a great deal on the amount and quality of training imparted to the workmen. Vast masses of workers engaged in small scale industrial units in Punjab have hardly any access to specialized training. Unlike big units, there are no arrangements for formal training of new workers under qualified instructors in small scale units, training of new employees is left to chance. The workers pick up the jobs as they go along with such help, often rather casual, as Mistri and old hands can give them. However, the scope for acquiring vocational skill under personal supervision seems to be greater in small establishment. There is need for technical training to those workers in small scale units who did not have an opportunity to have formal industrial training at an Industrial Training Institute or other recognized centres. The usual practice of learning or 'picking up' by experience is a costly and inefficient process. The quality of a workman improves greatly as more and more institutional training facility is provided. Training helps in changing long and firmly held views and ingrained habits and acquiring new attitudes and learning new ways of doing things. The training to improve and upgrade the skills of workers and managerial personnel in the small scale sector is as important as supply of adequate finance, technical assistance and other allied programmes. The tempo of industrial development also depends on the availability of suitably trained persons in the required number at the right time.

In the muster-rolls and pay-rolls of small industrial units, one comes across number of workers designated as 'learners' or 'apprentices' and in certain cases, they are kept so for years. Such persons are 'learners' or 'apprentices' only for the purposes of wages but are full-fledged workers for purposes of work-load and production. There is therefore need for a well-planned and well-supervised scheme for training to avoid the abuses. As industrial development proceeds, industrial processes would require greater technical skill and accuracy. This would necessitate substantial re-equipment of the existing plants and re-training of the working force. Whatever the size

of the firm or its line of business, there are no two opinions about the fact that those who work in, should have the opportunity of continuous trainings. Workers should be given every incentive to better their skills by taking advantage of training facilities in the area. Groups of small firms might also get together to arrange training of workers. There should be a constant endeavour to upgrade the skills of workers in all units.

Industry in Punjab had to face and fight the hurdle of trained labour in 1947 due to whole sale migration of muslim labour to West Pakistan. Mass migration of muslims created a big void in the class of skilled workers in the State. The void created was speedily made up by the substitution of new labour or by training. Immediate training of refugees to fill the gap was a serious problem that had to be solved to rehabilitate industries in East Punjab. A number of Schemes for large-scale training of refugees in various crafts were prepared and put into execution to enable them to step into the shoes of muslim migrants. As an immediate measure, all the available demonstration parties of the Punjab Industries Department were shifted to refugee camps to provide necessary facilities to the inmates. Side by side, training centres in various trades were opened at several place in the state to provide industrial training. The Punjab Government, realizing the importance of technical education as a means of increasing labour productivity, has set up a number of institutions for increasing training facilities for graduate and diploma courses as well as for craftsmen training. There has been a massive increase in the number of trained workers from Industrial Training Schools, Polytechnics, Technical Institutes and colleges. The position regarding training facilities other than degree and diploma courses in the re-organized Punjab since 1-11-66 is as below.X.

	<u>No.</u>	<u>Seating Capacity</u>
1) Industrial Training Institutes	28	10,328
ii) Govt. Industrial School for girls	33	2,000
iii) Arts and crafts teachers Training Institute, Nabha.	1	60
iv) Boys Industrial School Hoshiarpur.	1	80
v) Industrial Trge Centre for Scheduled Castes (men)	1	80
vi) -do- (women)	1	80

.X. Statistical Abstract of Industries in Punjab published by the Directorate of Industries, Punjab Chandigarh December, 1966.

A growing nucleus of technicians and entrepreneurs is thrusting forward towards rising level of industrial affluence. Small units especially in semi-urban areas are providing a large number of persons with opportunities for 'learning by doing'. Among agricultural workers and village artisans hopes have been kindled that technical skills could well be acquired by trial and error. However, it is necessary that there should be arrangements to impart theoretical knowledge for a couple of days, while in service to those who had not the benefit of such training earlier. It is felt that for training and re-training programmes of such workers, the small Industries Training Institutes can take a lead and expand the man-power resources.

GROWTH OF TRADE UNIONS.

Communal riots that took place at the time of partition and exchange of population between Indian Punjab and Pakistani Punjab, in 1947 affected the industrial workers, too. For sometimes, the functioning of workers organization became difficult. There was upsurge of communal passions for some time even amongst workers. But that was a very temporary phenomenon. Independence of the country on 15th August, 1947 opened a new era in the life of working class. With the changed political atmosphere in the country and growth of such ideas as democracy, socialistic pattern of society, right of living wage welfare state and so on the workers began to realize that it was very essential for them to unite to protect and advance their rights. The establishment of popular rule after Independence helped and encouraged labour to organize/form unions and put forward their demands as they were no longer faced by an unsympathetic and bureaucratic Government. The popular Government was responsive to their aims and aspirations. This brought about a new awakening amongst the working class about their rights and privileges and the realization of the importance of forming organisations of their own for pushing ahead their welfare through collective bargaining. The number of registered trade unions rose from 7 in 1948 to 764 in 1965 i.e. a rise of more than 100 times. In spite of this phenomenal increase in the number of registered trade unions, it is difficult to say that the Trade Union Movement in Punjab has reached maturity. It is not yet strong both qualitatively and quantitatively. Though, in the beginning, even big employers resisted trade unions in their establishments, yet gradually their has been a definite change in their attitude. Most of them have come to realize that the workers are a force to be reckoned with and they have to deal with them in the running of Industry. Some of them however object to outsiders mainly on their expectation and experience that their own workers and employees will be more docile and accommodating in negotiations. The worker in bigger units of course looks to his union for protection and mutual assistance. Standing alone he feels like a reed in the wind - bent which ever way the employer wishes.

In general the trade union movement in small scale establishments had made slower progress than in bigger units. Effective trade unionism in some of the smaller factories is only of recent growth. The workers of majority of small industries

are widely dispersed and un-organised. The small scale units do not provide an adequate or satisfactory base for the development of trade unionism. The number of employees being small, the relationship between the workers and the management is more direct and personal eliminating the need for unionisation, to some extent. Besides, the opposition towards trade unions, by the employers of small scale industries has not completely gone. As a class, the small scale industrialists are ill informed about trade unions and their functions and role. To them, every trade union is a conspiracy to rob them, commit mischief and destroy the industry. They take every possible step to keep their workers away from trade unions. The small employers do not hesitate to prevent the development of trade unions by adopting unfair means such as victimization, repression etc, though they profess that they are ready and willing to recognize sound and bonafide trade union organization of their employees. In practice, many of them play the game of 'Divide and rule', frustrate the attempts of the workers in building up unity. The other factors that have checked the development of trade unionism to any significant proportions in small scale units are illiteracy of workers, paucity of funds, multiplicity of unions, inter-union and intra-union rivalry and mixing of politics with union work.

Notwithstanding what has been stated above, trade unions movement even in small sectors at places like Amritsar and Chehharata is quite strong, it exists in a loose manner at other place like Ludhiana, Jullundur and Batala and a certain amount of organization of a latent and tacit character has not failed to develop throughout state. This tacit feeling of unity and solidarity has enabled workers to organise strike on occasions with some immediate end in view. The industrial trade unions and trade union workers are always available in almost all industrial areas ready to help the workers in their hour of difficulty. In case of individual or collective problems faced by workmen of small industries, from time to time they approach trade union leaders/come forward to champion the cause of workers employed in small sectors, although they have not been members of their large organization previously. This tendency has increased many folds since the insertion of Section 2A of the Industrial Disputes Act, 1947, whereby cases of dismissal, retrenchment or discharge of individual workmen become industrial disputes even without the support of co-workmen. More and more workers are getting enlightened and organized into unions than they did previously. Economic factors like rising prices, speedy industrialization etc. are also playing a very important part in promoting the growth of trade unions.

The development and organizational pattern of workers associations in the State have been considerably influenced by the political parties desirous of having their hold on the working class. Upto 1962 AITUC and INTUC had their hold on labour movement in the State. The influence of HMS has been only to a limited extent. The HMS started having its influence in 1964 and is getting momentum gradually. The UTUC has had never any influence

on the industrial workers of Punjab. The following table indicates the membership of various central organizations of workers in the State, based on the information supplied by the unions submitting returns to the Registrar of Trade Union, Punjab.

NUMBER OF MEMBERSHIP OF TRADE UNIONS AFFILIATED TO CENTRAL TRADE UNION ORGANIZATIONS.

Year	No. of Unions				}	Membership			
	INTUC	AITUC	HMS	BMS		INTUC	AITUC	HMS	BMS
1950-51	9	10	-	-		4533	3429	-	-
1955-56	26	16	-	6		8844	6260	-	-
1958-59	81	23	1	-		21387	14814	115	-
1959-60	43	35	2	-		12549	12555	722	-
1960-61	105	38	1	-		28461	18685	1005	-
1961-62	152	51	8	-		32336	19658	1656	-
1962-63	177	49	3	-		40452	15145	690	-
1963-64	163	46	4	-		33474	13335	1372	-
1964-65	180	45	6	18		47299	19151	1461	3490
1965	162	47	6	23		35609	20464	1193	4973

FROM PAID WORKER TO SELF-EMPLOYED ENTREPRENEUR.

The workers employed in the smaller units do not linger on as workers for long. Small enterprises offer the best promise for workers to graduate into independent entrepreneurs. Many small entrepreneurs of to-day in Punjab were working as skilled technicians about two decades ago. They have risen on the economic and social ladder because of their hard work, sense of discipline and enterprise. In a Ludhiana Study, .X. conducted by the Economic Department of Punjab University, a considerable upward shift in employment was noticed. Out of the 200 employers interviewed as many as 95 had started either as self-employed or employees. This upward shift from the status of employee to employer is more noticeable in metal using trade. Many lines especially in metal using trades, like sewing machines, bicycle parts etc. are suitable for this process of rapid escalation. In flow of savings and technical skill into textile manufacture does not

.X. Social, Psychological aspects of Small Scale Industrial Entrepreneur in Punjab. (1964).

hold out rewards comparable with the engineering trades. That is why in sections like textile and hosiery, there is a distinct social gulf between the employers and employees, caste difference between those employed and those employing and small mobility between the two. This explains more of unionization among textile and hosiery workers than among machine workers. Chances of success, in the efforts of workmen to graduate as employers is more bright in engineering trades. Machine apprentices are paid little, yet they are anxious to enter the trade. In spite of low wages and not very happy terms and conditions of employment the skilled employees in small units continue to work and aspire to be entrepreneurs. They are prepared to work longer hours, even on inadequate wages and unfavourable working conditions, in the hope that they learn the techniques rapidly and well enough. The sacrifice accepted in leisure/earnings can well be regarded as the compensation price for graduation to ownership.

A large number of craftsmen-cum-entrepreneurs are gradually hazarding into newer types of business. When the workmen see around them craftsmen of the day before yesterday becoming independent entrepreneurs of to-day, demonstration effect comes into play. This strengthens their urge to be free lance (self-employed) technicians, rather than the wage-employed. In this frame labour is no longer proletarian but entrepreneurial. This type of industrial frame is most congenial to a class which until yesterday were agricultural tenants aspiring to become landlords. This urge is basically to be traced to the sociology of rural communities especially in Punjab, where the most preferred position is that of peasant-proprietorship. Ideas of Izzat (social position or prestige) are deep-rooted and traditionally associated with the possession of landed property..X. With the growth of industries, these ideas have similar associations with proprietorship of industrial units, however small. This not only holds out the chances of workmen to be independent and well-placed but also tends to take him away from the idea of unionization. They attempt within five to eight years to get off the ground into the ranks of entrepreneurs. The fact that quite a few fail to achieve their aspirations does not deter others from venturing out on their own.

WORKERS AND WAR EFFORTS.

Industrial workers of Punjab, like all the inhabitants & other institutions of this border state have to face the problem of living near to the international border and of facing the evil designs of two aggressive neighbours i.e. China and Pakistan. Trade Union movement can feel proud of its behaviour. During aggression by chinese in 1962, the workers of Punjab rose to the occasion as not only they did not resort to strike for the redressal of their grievances but also contributed liberally to National Defence Funds; at occasions by working on Sundays and overtime without extra wages. Unions did not try to ferment discontent and organize strikes. They became active supporters of war efforts.

.X. 'Wisdom and Waste in Punjab' by M.L. Darling (1934)

They continued to advocate workers demands but took pretty good care to see that it did not lead to strike or any other struggle. The workers and their unions, were therefore second to none in appreciating the danger to the country. They came forward with pledges of sacrifices and services in the national cause. They exercised restraint and fore bearance to remove the impediments in the smooth running of the industries. During the emergency created by aggression of Pakistan in September, 1965, the industrial workers of Punjab had to undergo severe hardships. During the war workers of Amritsar, Jullundur and Ludhiana were greatly hit and adversely affected and thousands of them were rendered jobless. They did not resort to any agitation even when they had nothing to live upon. They even volunteered themselves to donate blood and organized full kitchen and tea canteens on the road side to serve the Jawans going to forward posts to protect the integrity of motherland.

INDUSTRIAL RELATIONS.

The small-scale enterprize has certain special characteristics which place its labour problems in a different setting from that in which they appear in the case of a large-scale enterprise. By their very nature, small industries are expected to have a comparatively easy problem of labour management. A small firm's strength is in the fact that it enjoys direct leadership of the proprietor who is in a position to inspire confidence through personal guidance and direct supervision. There is the advantage of personal, face to face and direct in-formal-between the owner and the workers. The employer mostly himself devotes his time to actual production; devoting his energies to directing, co-ordinating and supervising the work of his staff. The personal face to face relationship between the head of the firm and the workers in small firms build up a sense of team work. Therefore small units are less prone to employer-employee tensions, strikes and lockouts and the general temper of industrial relations, in this sector is more equable. The practice in small units is that grievances are looked into directly by the proprietor. As industry grows bigger and bigger, the employee's voice grows smaller and smaller. In small establishments, there is great willingness to give prompt consideration to grievance as soon as they arise and to seek a settlement on an equitable basis. In spite of lack of organization workers in small industries are in a better position to exercise a certain amount of pressure and influence. Closer contact and communication between workers and management in a small undertaking often leads to a more pleasant social atmosphere than in large undertakings. Ofcourse a tendency is noticeable among the small industrialists to paternalistic attitude or by imposing his will upon the workers.

As industry becomes bigger, the individual worker becomes more divorced from the final product and therefore, derives a diminishing personal satisfaction that flows from a sense of creating something. They are so remote from the final product that they see themselves as cogs in great

industrial machines. Though specialized labour is considered to be an advantage in big factories but from individualistic consideration it is considered one of the main disadvantages. In big scale factories, the worker is only interested in wages and not in the work itself. Unlike this, the enthusiasm, earnestness and interest shown by the worker in a small scale units reflect his interest in the work. Many small industrial workers are relatively free from the monotony of a highly mechanized process of production as well as from that kind of management which tends to inhibit self-expression.

the creative On the other hand, probably they have more outlets for their imagination and for self-expression. Psychologically workers in small enterprises are relatively free from the complexities of pride of mechanized processes and routine operations connected with in work. This freedom is expected to lead to better job satisfaction. for manship, outlets

Many of the small entrepreneurs were not long ago workers themselves. Because of their hard work, sense of discipline, enterprize and the manner in which they get on with their colleagues on the one hand and the employer on the other, they had been able to prosper despite difficulties. It shows that they have inspired confidence in those whom they employ. In many cases the small industrialist belongs

the same world as he went through the same stages as they did, before setting up in business himself. This similarity in experience helps in providing an atmosphere of mutual understanding and Co-operation between the management and the workers. The closer contact with the employer and very often the employer himself working with his employees on the shop floor helps employees to understand management problems better as much as as the employer himself, because of his past, would be in a position to comprehend the woes of workers. He is also able to honour any commitment made by him as he does not have to refer to a higher authority or head office.

But all the advantages to a small industry for a better industrial atmosphere are not something which would answer fully all the basic needs of workers especially in rising prices. Insertion of section 2A in the Industrial Disputes Act, 1947 and the introduction of the system of compulsory adjudication had led to the inevitable result of increasing the number of demand notices and industrial disputes. The policy of the Punjab Government has been directed towards securing place in industry and a fair deal for workers. The emphasis is laid for settlement through conciliation and minimum of adjudication. The following table depicting mode of settlement of disputes in the State is indicative of that:-

Year	No. of disputes settled through conciliation	No. of disputes in which conciliation failed.	No. of disputes in which voluntary arbitration was accepted.	No. of disputes referred to adjudication.
1956	169	-	-	55
1957	413	-	-	107

1958	50	-	-	245
1959	830	-	-	359
1960	881	-	-	457
1961	889	-	-	286
1962	503	-	-	227
1963	499	-	31	145
1964	494	423	32	177
1965	707	528	31	195
1966	522	402	16	172

WOMEN AND CHILD WORKERS.

In Punjab number of the female and child earners are insignificantly small in industries. This is on account of social and economic factors, like number of jobs available for women and children, high family incomes, social tradition, effect on family life and health and education of children. It is Punjabi character not to encourage women folk to work for livelihood who have a full time domestic job of cooking meals and looking after children. Women labour is mainly employed in cotton ginning and pressing factories and textile mills on process of sorting yellow cotton and pirⁿ-winding on hand charkha.

PROBLEMS OF REMUNERATIONS.

Generally speaking the wages in small industrial units are lower. This is on account of financial status and the marginal existence of many small undertakings, low productivity per worker, low rate of profit, poor organization of the workers and the difficulty of supervision of enforcement of minimum wages in small establishments. Besides in small industries, there are usually no grades or incremental scales of pay, providing for annual increments. However, occasionally annual or biennial increments are given. But these are not automatic and depend upon the discretion of the employer. The extent of /fringe benefits enjoyed by the workmen of small firms is also comparatively less. Even lower wages in small scale undertakings in rural or sub-urban areas gives workers a comparable standard of living since workers in large undertakings and urban areas incur higher cost of living in respect of housing and other items.

Before Independence, the wage rates were conditioned solely by the demand and supply principle with the result that a low level of wages was established. The wages were customarily and arbitrarily fixed and were generally in favour of employer as they were not the result of either collective bargaining or any scientific

wage fixation. The economic theory of demand and supply as applicable for determining the value of lifeless commodities cannot be made applicable for determining the value of services of human being who has wants and responsibilities. Article 43 of the Constitution of India deals with the wage policy and provides that the State shall endeavour to give all workers a living wage and a decent standard of life. The principle of equal pay for equal work for both men and women has also been laid down as one of the Directive Principles of State Policy in Art 39 of the Constitution. The wages of women workers have traditionally been lower than men in the past, either because the relative value and nature of work were different in the two cases or because historical development and social and economic factors had generally made for the fixation of lower rates for women workers irrespective of the nature of their work. But during the last two decades the differences have been narrowed down and even eliminated on account of fixation of statutory minimum wages under the Minimum Wages Act, 1948 and standardization of wages for different jobs by collective agreements, awards of the adjudicators and by wage Board guided by the Directive Principle of State Policy of our Constitution. Besides, there has been an over-all gradual improvement in wage level of all types of workers on account of trade union activities, minimum wage regulation, industrial conciliation and adjudication as well as wage Boards.

STATUTORY MINIMUM WAGES.

In the wake of Independence, the necessity of statutory minimum wage was felt to protect the workers against the consequences of their weak bargaining strength. The result was the enactment of Minimum Wages Act, 1948 which covered employments in which the labour was un-organized or badly organized and in which the chances of exploitation of labour were greater. Under the Act 'Employer' has been defined as any person who employs whether directly or through any other person, one or more employees. Thus the Act covers the smallest employing units. The Punjab Government was one of the first few in India to fix minimum wages under the Act as early as 1950-51. The wages fixed for the first time have been periodically revised in upward direction, considerably. Prior to 1950 the general wage level of an unskilled worker of the lowest category was about Rs 30/- only. The notifications fixing the wages for the first time brought the level upto Rs 45/- and as result of latest revisions it is Rs 75/- per month. There was no definite rule followed for the fixation or revision of wages. The competitive rates along with a little consideration for the expenses and skill of the workers were generally the main guiding factors in the fixation of initial wages. In Punjab the minimum wages fixed under the Minimum wages Act, 1948 are pegged generally at higher level than in other States.

Fixation of wages under the Act, not only resulted in up-grading the general wage-level in the State but also brought about a certain amount of uniformity in wages and reduction of

wage disputes. Minimum rates of wages as statutorily fixed and revised under the Act are generally being paid by employers. In many cases, the workers are getting even more than the statutory wages. Once the wages had been fixed, the increase or decrease depended generally on the whims of employers, competence of those employed and their bargaining strength. Wage in small units are lower than those in bigger units. This variation of wages in small and big units is on account of following reasons:-

1. Standards higher than those fixed under the Minimum wages Act, 1948 or prevailing in the industry have been secured by workmen in bigger units through collective agreements or awards. As might be expected, with no trade union movement, few disputes for wage increases, dearness allowance or grades and scales of pay have been raised by workmen of small units.

2. The Wage Boards appointed by the Government of India have in their reports exempted the small scale units for payment of wages recommended by them. For example the recommendations of Wage Board of Engineering are not applicable to units employing less than 50 persons and the recommendations of Wage Board for Leather apply to units employing 20 or more workers.

The Punjab Government also adopted a liberal policy to bring in more and more scheduled employments under the Minimum Wages Act, 1948 by recourse to section 27 and fix wages. The list of employments in which wages have been statutorily fixed in the State is given below:-

1. Tea Plantation
2. Agriculture
3. Construction or maintenance of roads or building operations and stone breaking or stone crushing.
4. Local Authority
5. Public Motor Transport
6. Foundaries with or without attached machine shops.
7. Agricultural Implements, machine tools & General Engineering including cycle and Electric goods industry.
8. Contractors Estts. of Forest Deptt.
9. Oil Mills.
10. Shawl Weaving Estts. run on Power Looms.

11. Shawl Weaving on Hand Looms.
12. Rice, Flour and Dal Mills
13. Tenneries and Leather manufactory.
14. Ayurvedic and Unani Pharmacy.
15. Scientific Industry.
16. Saw Mills and Timber Trade.
17. Cotton Ginning and Pressing factories.
18. (i) Non-Ferrous Metal Rolling and Re-rolling industry.
ii) Brass, Copper and Utencils making Industry.
19. Electroplating by using Salts of Chromium, Nickle, and any other compound and the connected Buffing and Polishing Industry.
20. Private Presses.
21. Textile Industry.
22. Cinema Industry.
23. Ferrous Metal Rolling and Re-rolling Mills.

Besides, the necessary procedural steps have been taken by the Government to fix wages in the following employments which have recently been brought under the provisions of the Act:-

1. Employments in the following categories of Shops and commercial Establishments:-

- (a) Grocers and Karayana Merchants.
- (b) General Merchants.
- (c) Cloth Merchants.
- (d) Commission Agents, Bankers and grain dealers.
- (e) Hotels, restaurants and tea Stalls.
- (f) Furniture dealers of manufacturers.
- (g) Halwahis.

2. Employment in Potteries, Ceramics and Refractory Industry.

3. Employment in Chemical and Distilling Industry.
4. Employment in Glass Industry.
5. Employment in Rubber Industry.
6. Employment in Tube well Industry.
7. Employment in Brick Kiln Industry.

DEARNESS ALLOWANCES.

About 20 years back in almost all the factories big or small in the state wages were consolidated and there was no system of payment of dearness allowances as such. Even today generally speaking, the wages are paid in consolidated form in almost all the small scale units in the State. The practice of paying dearness allowance as a distinct components of wages is prevalent only in negligible number of establishments. Even the wages fixed under the Minimum Wages Act, 1948 are all inclusive in all the scheduled employments except to a very limited exception in case of two industries. There was a provision of dearness allowance at the rate of increase or decrease of Rs 1 for rise or fall of every 2 points, when wages in employment in Textile Industry were fixed for the first time in August, 1964. But this provision remained a dead letter and was deleted when the wages were revised in March 1965. There was no provision for any dearness allowance and all inclusive minimum wages were fixed for Employment in Tanneries and Leather Manufactory for the first time in year 1951. This practice was unchanged when the wages were revised in 1959. However in the latest revision of wages in the year 1965 provision has been made to vary the wages of monthly rated workmen by Rs 3/- increase or decrease of Rs. 3/- for every rise or fall of 5 points in the cost of living index numbers. The wages of piece rated workmen who constitute more than 90% workmen in the employment are all inclusive with no linkage with rise or fall of prices.

There has been phenomenal rise in prices of essential commodities in recent years. The rising cost of living has to a great extent eroded the increase in wages of the workmen brought about during the last two decades either through fixation of minimum wages or by settlements and awards. There is a very strong persistent and serious demand from all sectors of workers in the Punjab to link their wages with the Consumer Price Index Number so as to provide for an automatic neutralization of rise in prices of essential commodities. The workers argue that: because of continuous increase in prices, their wages are constantly being eroded and therefore, it is imperative that dearness allowance be linked to the Consumer Price Index. With the gradual rise in prices during the last 5 or 6 years the demand for dearness allowance and its direct and automatic linking with cost of living is being voiced by all types

of workers. Workers are pressing for protection against fall in their real wages or standard of living. Whereas the workers want wages to be linked with rise in prices, the employers in the State want to create an explicit link between the earnings of the workmen with their productivity. They feel that this will not only imbibe in the workers an enthusiasm, to put in more work to earn higher wages but would also assist in avoiding disputes on wage problems. The employers argue and persist that in an economy of uncontrolled inflation, the mechanical system of linking the dearness allowance with the consumer price index is self-defeating and that the only safe way of ensuring higher real emoluments is to relate them to increase production. The employers are taking the position that it is not economical to meet the demand of the workers in the present situation, especially in view of the current recession and slump in industrial activity. At present, the State is facing the most debated and controversial issue of adjustment of wages to changes in the cost of living and there is an intense unrest among the organised labour over the rising cost of living. This is a difficult situation where contradictory suggestions have been made. Mere linking of dearness allowances with rise of prices without other economic measures has inflationary tendencies resulting in short-lived satisfaction to workers. Therefore this is no remedy. The solution is neither wage-freeze as is claimed in certain sections of society on the grounds that prices and wages are almost as interdependent as the chicken and the egg. The need of the hour is a viable and intergrated wages-dividend - income-prices-production policy at national level.

In principle the Punjab Government is committed to increase the wages of labour but was considering how to avoid adverse effect on any increase in wages on small-scale industries. The Punjab Government has recently appointed an expert committee to go into the working of the present series of working class cost of living index numbers with a view to ascertain how far they reflect the existing pattern of consumption and current variation in prices, recommend a scientific basis of their revision and examine linking of the dearness allowance with the cost of living index numbers.

In pursuance of the decision at the 20th session of the Indian Labour Conference for opening of Fair Prices Shops by establishments employing 300 or more workers, 29 such shops have been opened by the industrial units in the State. The workmen employed therein are able to get quality things at reasonable prices. This facility is not available to workers of small scale industries. In this respect they are at an additional disadvantage in as much as whereas the workers of some of the bigger units have got dearness allowance in recent years (linked with cost of living Index Numbers in few cases) no such relief has been secured by workers of small units.

WAGE INCENTIVES.

There is no system of incentive schemes, production bonus, good attendance award, efficiency bonus etc. Of course a substantial

number of workers engaged in small scale units are piece-rated. In private transport undertakings in the State, is prevalent system of payment of commission to drivers and conductors varying from 1% to 4% on the total booking of the vehicles in addition to their usual wages. In a developing economy the importance of adopting system of payment by results as a means of providing incentives for the raising of productivity cannot be over-rated. It is necessary to adopt measures for creating incentives to work in the employees and thereby augment production which go in the long run to raise their wage level. There is need for scientific job evaluation and fixation of remuneration by drawing proper system of piece work so as to enable the workers to augment their earnings as their productivity increases. This would help to improve wages and other labour standards in small undertakings without adversely affecting their financial stability or the volume of the employment they can provide. Without higher productivity, inflationary tendencies are bound to be accentuated rather than checked by wage increases and dearness allowances meant to liquidate rising prices.

BONUS.

The conception of bonus has undergone a complete change during the last two decades. In the beginning it had come to be used to describe a gift at the discretion of the employer at the time of the main annual festival or close of the financial year. This conception was paternalistic in origin as it was entirely discretionary. It bore no relation to profits except in so far as the employer might be more generous in a year of prosperity than in a lean year. The well-known, Full Bench award of Labour Appellate, in 1950 laid down that bonus was no longer an ex-gratia payment because a claim for bonus if resisted gives rise to an industrial dispute and where an industry could not afford to pay living wages, bonus must be looked upon as the temporary satisfaction, wholly or in part, of the needs of the employee. But this bonus was payable only in years of profits and when the employees raised a demand for that. The Payment of Bonus Act, 1965, has given a new meaning to bonus by making it obligatory on all registered factories. Under the Factories Act 1948 to pay statutory bonus with a minimum guaranteed bonus 4% of annual wages. This has to be paid to the workers even in years when the concern has incurred losses. This has materially affected the workers of small scale units, who were in most cases not getting any bonus due to the weak organization and lack of power for collective bargaining:-

EMPLOYEES STATE INSURANCE SCHEME.

The Employees State Insurance Scheme was originally brought into force in the state with effect from 17-5-1953 at Amritsar (including chehhareta and Verka) Jullundur and Ludhiana. From 1-11-1958 the Medical Benefit was extended to the families of the insured persons. The present position

regarding the enforcement of the Employees State Insurance Scheme in the State is as follows:-

(a) <u>Penal System.</u>	<u>Town.</u>	<u>No. of workers covered</u>
(i)	Amritsar including Khasa, Chhehreta, Verka	14100 350, 7200 2000
(ii)	Batala	4200
(iii)	Ludhiana	17750
(iv)	Jullundur	12500

(b) Service System.

(i)	Kapurthala	2500
(ii)	Phagwara	5250
(iii)	Gobindgarh	2600
(iv)	Rajpura	3150
(v)	Patiala	1900
(vi)	Abohar	2400
(vii)	Bhadurgarh	700
(viii)	Sirhind	550
(ix)	Goraya	1250
(x)	Phillaur	550
(xi)	Khanna	700
(xii)	Dhariwal	3350
(xiii)	Kharar	2450

OTHER SOCIAL SECURITY MEASURES.

The Employees Provident Fund, Act, 1952 does not apply to newly set up factories until the expiry of three years in case of those employing 50 or more persons and five years in case of those employing 20 to 49 persons. The workmen employed in establishments employing less than 50 workers are not entitled to any compensation during lay off period under the Industrial Disputes Act 1947.

LEAVE AND HOLIDAYS

In the matter of leave and holidays, practice varies from industry to industry and from unit to unit. The workers of large-scale units enjoyed better leave and holiday facilities. There were no definite rules about leave and holidays. In some of the concerns, the custom was to give leave with pay only to the clerical and supervisory staff. In seasonal factories, there was no leave or holidays except the weekly off. Festival holidays for important festivals were only 2 or 3 in a year. Even these were with pay only for permanent monthly workmen; piece rated and temporary workmen were not paid anything for

these days. Whatever leave facilities were there were not as a matter of right, but as one of favour. The Factories Act, 1948 made provision for only earned leave with pay at the rate of one leave for 20 days of actual work. The Punjab shops and Commercial Establishments Act, 1958, which applies to industrial units employing less than 10 workers with power and less than 20 without power, besides making similar provision for earned leave also provide for paid weekly rest, 7 days paid casual leave, 7 days sick leave with wages, 3 days National and 3 days Festival holidays to the employees in a year. The industrial units covered under the Factories Act, 1948 are bound there under to have a weekly off. But the Act is silent whether this is to be with or without pay. The practice is to give the weekly off with pay only to monthly rated workers and without pay to daily rated and piece rated. However, those units which are covered under the Minimum Wages Act, 1948 are under a statutory obligation to give weekly off with wages unless their daily earnings multiplied by 26 equal or exceed the minimum wages fixed for that category by the State Government. The Punjab Industrial Establishments (National and Festival Holidays, casual and sick leave) Act, 1965 has secured for workmen 7 days National and Festival holidays, 7 days casual leave and 14 days sick leave in a year. Both the Employers and the workmen in the State have welcomed this piece of legislation as it has standardized the leave facilities and avoided disputes on this issue. Quite often leave is encashed at the end of the year. Workers prefer to encash their earned leave to augment their low wages. The employers co-operate as they have to pay the same amount and get additional production. But this frustrates the object of leave which is to give much needed rest and opportunity to the workmen for social and human needs and responsibilities.

WELFARE.

The workers in small scale units are deprived many of the welfare facilities which his colleagues working in large establishments get. The Punjab Labour Welfare Fund Act, 1965 has been brought into force with effect from 1st July 1965. It applies to all establishments employing one or more persons either directly or indirectly and includes a factory, a motor omni bus service and any other establishments including a society registered under the Societies/Registration Act, 1860, and a charitable or other trust, which carries on any business or trade and has been employing on any working day during the preceding twelve months more than twenty person. The main object of the Act is to constitute a Fund for the financing of activities to promote welfare of labour in the State of Punjab. The Fund consists among others of all fines realized from the employees, all unpaid accumulations, any voluntary donation and any fund transferred or borrowed. The Fund is to be utilized by the Board to defray expenditure on the following measures intended to promote the welfare of labour and their dependents:-

(a) community and social education centres including reading rooms and libraries (b) community necessities (c) games and sports (d) tours and holiday homes (e) entertainment and other forms of recreation; (f) home industries and subsidiary occupations for women and unemployed persons; (g) corporate activities of a social nature (h) cost of administering the Act and (i) such other objects, as would improve the standard of workers. The fund is to be administered by a Board Called the Punjab Labour Welfare Board. The Board is to consist of equal number of representatives of employers and employees and prescribed number of independent members nominated by the State Government. The Board is to appoint with the approval of the State Government a Welfare Commissioner who will act as its principal Executive Officer to ensure that the provisions of the Act and rules made thereunder are duly implemented. The State Government may appoint Inspectors to inspect the records in connection with the sums payable into the Fund, who shall be vested with necessary power to carry out their duties.

In order to enable the workers to utilize the leave earned by them in recuperating their health, the Punjab Government set up in July 1963 a Workers Holiday Home at Dalhousie. It provides full accommodation upto 15 days to workers and their families with facilities of free light and water, library, reading room and crockery etc., Besides, one way third class Railway/Bus fare is allowed to each worker, his wife and his children upto the age of 18 years. This Holiday Home is quite popular with the workers. The State Government has also opened 13 Labour Welfare Centres in the important industrial centres for providing instructive entertainment to workers and facility of sewing/knitting/embroidary classes for the benefit of female workers and female dependents of male workers. The State Labour Department with its own 35 MM film projector has arrangements to show various films to workers in the premises of these centres. There are also arrangement for library, reading and facilities for out-door and in-door games.

SAFETY.

No safety schemes are in use in the small scale units of Punjab. Neither the employers nor the workmen are safety conscious and the entire work in this behalf is left to the Factory Inspectors.

HEALTH.

The health problems of industrial workers are dichotomous in nature. It is so because the industrial workers, besides sharing the health hazards with other members of the general community with whom he lives, is also exposed to hazards associated with

the occupation he pursues. While the former are looked after by the services available, to the community, there is yet no well established Industrial Health Service or any other agency to deal with the former, especially in small scale sector. The worker has the right to demand measures for the protection of his health at his work place

or in connection with his work over and above the health protection provided by the State for the community of which he forms a part. A modest beginning has been made by the appointment of a whole time Medical Inspector of Factories in the Labour Department. Poverty (low and inadequate wages) produces an adverse effect on health through the operation of such factors as inadequate nutrition, unsatisfactory housing and lack of proper medical care during periods of illness. Big concerns have provided canteens where the workers can have refreshments and mid-day meals at reasonable and subsidized rates. In absence of canteens in small industries the workmen employed therein journey back to their homes during rest intervals or take bad tea and snacks from the near by tea-stalls. Even the provision of shelters with arrangements of drinking water is not available to small establishments, where they could eat the meals brought by them. In practice also, rest-shelters for taking meals or for use during intervals are not provided in Small scale factories. It is not pleasant to see workers sitting near trees or squatting on the ground in dirty premises to eat meals brought by them in handkerchiefs covered with dust.

WORKING CONDITIONS.

The working conditions and the physical environment within the undertaking have an important impact on morale and efficiency of workers, on industrial relations and productivity of the units as a whole. It is not possible to carry on hard work under unhealthy surroundings. Workers sweat in insanitary factories. Healthy, bright and inspiring atmosphere leads to more work than dirty, sullen and unhealthy atmosphere. The small factories spring like mushrooms and unlike large factories are not designed and constructed with a view to making them suitable and reasonably comfortable.

Some of the small factories are housed in most unsuitable dangerous dilapidated ill-ventilated slum-like lodgings, crowded with machines and workers, inadequately furnished, lighted and ventilated in dark corners and dirty lanes. Working conditions in smaller concerns are un-satisfactory and in certain cases even deplorable. Light and ventilation arrangements are not satisfactory. There is considerable congestion and machinery is

.X. Factories Act, 1948 makes this facility obligatory only on concerns employing more than 150 workers.

also not properly laid out. There are no proper arrangements for removing of industrial wastes and fumes.

After Independence in 1947, the refugees from West Pakistan started industries in small buildings situated in congested areas, with no space for expansion. The old units are defective in construction with insufficient arrangement for elimination of wastes and dust, lack of control of temperature, unsatisfactory sanitary conditions and inadequate sanitary arrangements as regards latrines and washing accommodation. In some of the units especially those outside the coverage of the Factories Act, 1948, there is defective lighting particularly at night, suffocating atmosphere due to lack of proper ventilation and the loud and jarring noise of machinery. New factories have good sanitary conditions and in recent years there has been a general improvement to a great extent due to insistence of the Punjab Labour Department for approval of the factory building plans according to requirements of the Factories Act, 1948 and specification laid down in the rules made thereunder. Development of industrial areas and industrial estates has helped the shifting of at least some of the industries from congested areas and their location in better buildings. The establishment of industrial areas and industrial estates have helped the small enterprises to establish their workshops with good accommodation/well designed work-shed with better lighting, water and sanitary facilities.

Workers in small units have many disadvantages in regard to improvement in their financial position does not enable them to conform to satisfactory standards of physical working conditions. Small Scale The weak financial condition and lack of suitable management of concerns small units is the major cause of poor conditions of work of person employed therein. Besides financial burden, the small employer has also psychological opposition to compliance of various labour standards. He objects to the direct and indirect cost involved, to the red tape, returns and registers, mainly because he has not always the education needed to understand all the laws and regulations. Lastly, even the compliance of statutory provisions is rather ineffective. Labour standards are extremely difficult to enforce in small undertakings. Effective inspection is most rapidly organised in workplaces where workers are concentrated. The prescribed hours of work are generally observed. During the peak season, there is a tendency especially on the part of smaller units and seasonal factories to resort to overtime work as they find it difficult to start second shift for a short time being handicapped by non-availability of adequate trained staff and insufficient funds. The workers being low paid willingly agree to work over-time even at the rate of ordinary wages.

LIVING CONDITIONS.

Although, fortunately the Punjab is free from the evils of night-walkers, street-sleepers and slums of industrial towns of other states like Bustees of Bengal, Cheries of South Indian Towns,

Dhoarangs of Coal-fields, Chawls of Bombay and Ahatas of Kanpur, yet the standard of housing of industrial workers in the Punjab is rather low. The population in towns has grown every fast during the last two and a half decades. The problem has become complicated by the results of war of 1939-45, destruction of property in riots before and after the partition of the country (and of Punjab) in 1947 accompanied by the exchange of population between East and West Punjab, growing industrialization, constant drift into cities from the rural areas and outstripping the growth of population to the building programmes. Housing of the workers cannot be a financial success as they cannot pay economic rent. The considerable increase in the cost of developed land and building materials is a great obstacle.

Existing housing conditions of industrial workers in towns of Punjab are extremely unsatisfactory. The facilities such as water, light and sanitation are very meagre. The general feature of the houses of industrial workers are over-crowding, congestion, lack of sanitation, no ventilation, absence of latrines, water tap, darkness and dampness with little arrangement for privacy. Large undertakings tend to be located in or near large towns or cities. City housing is nearly always very bad. A hut in the village (humble but healthy) is much better than a 'Kothi' in an industrial centre. Workers in small undertakings especially in village or small towns either own their houses or pay very little rent. But workers in small firms in cities and industrial centres are generally worse off than their friends in larger firms. The small scale industries have provided housing facilities to workers almost to a negligible extent. Accommodation is provided by factories only for the watchmen and that too in the form of a solitary room in the factory itself.

A substantial section of the industrial workers in Punjab still retain their connection with countryside and are desirous of continuing it. They do not migrate to industrial towns. The family and property interests provide important nucleus between the workers and their villages. There is a strong tendency on the part of a Punjabi worker to retain his link with the village farm and use it for supplementing income or otherwise. That is why he prefers to travel daily back to his home after doing the work in the factory during the day and enjoy the advantages of cheap or free housing and a healthy environment. Punjabi workers prefer to live in house, hired or owned by themselves in villages near and surrounding the factories with a range of 3 to 7 miles. The policy of the Punjab Government to distribute surplus land to Harijans and other landless agricultural labourers have also encouraged the workers to remain tied to the villages.

House and health are inter-connected and both influence industrial efficiency. No attempt at raising the standard of living of industrial workers can be successful without an early solution of housing problem. Problem of industrial housing is of such a magnitude, that neither

the employers nor the State and other local authorities can effectively solve them individually and in isolation. Immediately after the partition of the country coming in the wake of Independence in 1947, Rehabilitation Ministry built a number of houses for various income-levels of refugees. The working class mostly lived in 4 marla houses and 9 marla sun-burnt houses. But there were no proper arrangement for water supply and removal of refuse. The subsidized Industrial Housing scheme of Government of India which came into operation in September, 1952, envisaged grant of financial assistance by the Government of India to the State Governments and through them to other approved agencies such as Industrial employers and registered co-operative societies of industrial workers for providing housing accommodation for industrial workers, covered by section 2(i) of the Factories Act, 1948 and whose income does not exceed Rs 350/- per mensem.

The Punjab Government have constructed 1266 houses under this scheme with the financial aid given by the Government of India. There exists a provincial legislation namely The Punjab Industrial Housing Act, 1956 that regulates the allotment and other matters connected therewith. Private employers have constructed 828 houses and the co-operatives of industrial workers have constructed 317 houses under this Scheme.

THE CURRENT RECESSION

Since last one year the country is experiencing recession. This has particularly hard hit the art silk textile and general engineering industry (particularly machine tools) of Punjab. There is a continuous fall in the orders especially of machine tools as the development and expansion in other industries have been very badly affected by the recession and tight money conditions. There is general stoppage of expansion programmes and cutting down of the production volume. This is a strange phenomenon of recession in the midst of inflationary trends and rising prices. Besides, the Indo-Pak conflict of 1965 gave a very severe blow to the economy of the Punjab industry particularly in the border districts of Gurdasur, Amritsar and Ferozpur. Subsequent political situation in the State/ also had particularly on the expansion of existing units and establishment adverse of new units. Finance and credit availability became very effects scarce and private credit is still shy to come into the market. on the Industries

of the State The major causes attributed to the present recession are decline in the agricultural production particularly during the last two or three years, inflation and other connected factors arising from Chinese aggression in 1962 and Indo-Pakistan conflict of 1965 and the revised credit policy adopted by the banking institutions as a result of restricted monetary policy introduced by the Reserve Bank of India. The Punjab Government is alive to the situation and finding out ways and means to assist the industrialists in meeting the situation. It has recently set apart huge amounts to be made available to small scale units in meeting the situation. As a result of

improvement in agricultural production, the difficulties faced by the industries on account of lack of purchasing power and slackening of current investment are expected to ease.

THE FUTURE.

In terms of perspective, the indications are that because of break-through in agriculture, which the Punjab State is experiencing these days, Small Scale units will have greater role to play. Agriculture in Punjab is highly developed and therefore, places a standing demand within the State for agricultural implements. Though at present, machine tools industries are facing recession, there is growing increased demand in another sphere of engineering production i.e. agricultural implements, pumping sets etc., In as much as Punjab agriculture is becoming more and more mechanized, the demand for tractors, harvesting and pumping sets is steadily on the increase. Punjab is passing through an agricultural revolution and has abundance of traditional technical skill.

There is, therefore, great scope for further expansion of engineering sector of the industry, especially in the manufacturing of diesel engines, power-driven pumping sets, tractor and tractor spare parts and machine tools. Taking the development of agriculture as the base for project development in industrial and other sections, the scope of small industries is un-limited.

The areas of the re-organized Punjab have large potential for rapid industrialization and tube-well irrigation. Punjab has an advantage of early start, for spread out skill and hard-working habits and capacities of its artisans. The State exhibits adequate signs of sustaining the gains already made in the levels of living. Punjab has a capacity not only to survive but to materially accelerate the development of the State, Industrial development in the State is showing a tendency to penetrate into the countryside and it is expected that industrial complex which is growing fast in the urban sector may also spill over to the countryside. If no untoward situation arises in the near future, Punjab would soon reach the peak of glory in the field of industrial activity.

But, it is being progressively realized that the remarkable progress made by the State in the small scale industry cannot be sustained without a proper balance between large scale and small scale units. While a healthy development of small scale sector is good, from the long term point of view, there has to be a balanced growth of both the large and small industries. In this connection, industrial experience of Japan should be particularly useful. The Japanese industrial structure is characterized by the numerical preponderance of small producers existing side by side with large factory establishments. The relationship

between these two sectors is to a significant degree complementary in character, operating through the sub-contracting system. The development of the system of sub-contracting in Japan has not only assisted in the growth of small-scale industry, but has made small business owners quality and standard conscious and alert in a competitive world. In fact all countries with modern large-scale industrial sector, sub-contracting work accounts for a substantial proposition of all the work done in small scale industries. Certain parts are manufactured or certain operations are carried out by small firms for a larger parent firm which itself produces other part and assembles and sells the products.

/in the Punjab is still industrially backward as compared to other states/
sense that strenuous efforts of the State Government to establish large
there were scale enterprise, the prospects at present are not bright. There
no heavy is only one public sector industrial project in the Punjab, that is
industries Fertilizer Factory at Nangal. The State Government is making
Despite considerable effort to persuade the Central Government to establish
large scale units especially tractor factory and fertilizer
factory and nuclear power plant. The build-up of small industries
provides a valuable base for developing large industry. According
to competent observers, without large scale units it would be
difficult for the State to maintain the small scale sector in
a satisfactory manner. Small-scale industry must be encouraged to
convert itself into specialised ancillary industry to cater to
the requirement of large scale industry. The panacea for most
of the ills of the local industries lies in the establishment of
big Public Sector Projects and only then can the small scale units
assuredly work by becoming ancillary units. With this co-ordination,
the Punjab will achieve the economic prosperity which is noticeable
in countries like Japan and Germany.
