



Munich Personal RePEc Archive

Employment Conditions in Traditional Sector: A Study of Spinning Mill Workers in Kozhikode, Kerala

Anooja, Chacko

Zamorin's Guruvayurappan College

10 August 2017

Online at <https://mpra.ub.uni-muenchen.de/85266/>
MPRA Paper No. 85266, posted 19 Mar 2018 14:33 UTC

Employment Conditions in Traditional Sector: A Study of Spinning Mill Workers in Kozhikode, Kerala

Anooja Chacko,

Asst. Professor, Department of Economics,
Zamorin's Guruvayurappan College, Calicut-14.

Email: 333anooja@gmail.com

Abstract

Spinning mill industry, one of the labour intensive traditional sectors in Kerala plays an important role in absorbing rural unskilled labour force. Even though these medium and large scale industries had existed since the late 19th century and initiated the industrialisation process of the state, the present situation is gloomy. This sector faces several problems both in the management level and at the employment level. The present paper tries to critically evaluate the inherent labour problems.

Keywords: textile industry, cotton mills

Introduction

Traditional industries play a vital role in the economy of Kerala. Due to their huge labour absorption capacity, it supports the livelihood of several rural families. Even unskilled labourers are capable of finding an employment in these avenues. These low capital-cost industries help in industrialization of rural areas and thereby reduce regional imbalances by assuring more equitable and fair distribution of national income and wealth. Moreover these industries sometimes offer uninterrupted supply of inputs for large scale industries and thereby ensure the effective functioning of these industrial backbones.

Out of various traditional industries, textile industry was the largest and oldest industry in Kerala by serving as the mother industry through nourishing several other industries. It not only helped to resolve the mounting unemployment problems but stimulated the industrialization process in Kerala way back in 19th century. The cotton textile industry can be broadly categorized into organized mill sector and decentralized sector. The organized mill sector includes spinning mills which produce only yarns as well as composite mills which produce both yarns and cloth. Handlooms, power looms and khadi are incorporated in the decentralized sector. The cotton industry encompasses both traditional hand woven labour intensive segment and highly sophisticated machine supported capital intensive segment

(Mohanakumar, 1994). This heterogeneity in its structural composition provides a complex structure to the industry as a whole.

Cotton Mill Industries in Kerala

The history of cotton mill industry in Kerala starts with the establishment of Malabar Spinning and Weaving Company in 1884 at Kozhikode with an initial capital of 6 lakhs. It was a private owned firm promoted by Mr. Velayudhan Mudaliyar. By registering as a joint stock company in 1883, it raised 3000 shares from public with a face value of Rs. 200 each. At the starting stage, there were 200 employees and 300 spindles (Company Records). The mill was closed several times and government of Kerala vested the charge of mill to Kerala state Textile Corporation in 1978. On 01 September 1983 mill was taken over by government of Kerala. The mill closed again in 2003 due to the financial crisis and it was re-opened on December 2006 and now it is functioning.

The second spinning mill was initiated under the European management in 1884 named 'Quilon Spinning Mills' at Kollam but with the outbreak of World War I it ceased its operations (Kerala State large and Medium Industries Directory, 1967).

The third textile mill originated at Thrissur in 1908 namely Sitaram Textiles Ltd. Even though it started as a private limited small power loom company, gradually it transferred as a composite mill capable of producing both yarns and cloths. But gradually financial crunches emerged and the company has to face liquidation proceedings in 1953. Later with the intervention of court, the company undergone public auction in 1972 and during this procedure, the government of Kerala purchased the ownership right. Later a new company was registered in 1975 and consequently new mill was initiated in 1978 and it run purely under public sector (Kerala Business Directory, 1982).

The development of cotton mills recorded significant growth after the state reorganisation. Kerala Textile Industry is now organised into public sector units, co-operative units and those units jointly in public and co-operative sectors (Economic Review, 2018). Out of the twenty five spinning mills, twelve units are run by private individuals, four each under co-operative sector, National Textile Corporation, Kerala State Textile Corporation and one under Kerala Government.

With the establishment of Kerala State Textile Corporation in 1972, cotton mill sector acquired a fresh momentum. Around 75% of the cotton mills are spinning mills (Economic

Review, 2017).It is a public sector corporation exclusively designed to promote textile industry and ensure modernisation of sick units by offering ample financial support. As an expansion activity, with the financial assistance of National Co-operative Development Corporation, modernisation/ expansion projects were undertaken during 2015-2016 for an outlay of Rs 120 crores (Economic Review, 2016). Still obsolete technology and equipments along with low productivity and stiff competition discourage the sector to move in par with the industry standards.

Literature Review

Asha et al(2017) evaluated the employee satisfaction and ESI benefits among public sector textile workers. The study recommends increased coverage of medical support through quality improvement in medical assistance. The study highlights non satisfaction level of the service of doctors as well as ESI staff and this creates lesser access to these facilities. In order to rectify it the study suggests attitudinal changes as well as enhancement in monetary benefits and timely payment to meet the contingencies.

Varghese & Salim (2015) undertakes a critical evaluation of the challenges and burning problems of handloom sector of Kerala. Lack of professional technical knowledge and managerial skill of the management staff, shortage of capital, stiff competition from powerloom sector and neighbouring states, failure to comply with demand for diversified products etc. are cited as the major challenges.

Jebadurai(2013) conducted a study on the job satisfaction and working environment of spinning mills in Tamilnadu. The results of the study indicate that the level of implementation of welfare measures is not satisfactory. Even though government has set norms and standard the real situation is far below and it seriously affects the productivity and job pleasure.

Varghese (2002) in her doctoral thesis compared the labour welfare measures to various industrial units in Kottayam district. The striking finding is that cotton mill workers was one of the least paid sections in terms of availability and timely access of the welfare measures.

Mohammed (1997) points out the red-tapism and poor financial management as key reasons for the poor performance of cotton mills in Kerala. Hence he suggests eradication of dual control and centralised open purchase of raw materials along with marketing of value added products to reach at the quality standards.

Mohanakumar(1994) assessed the managerial level inefficiency of spinning mills in Kerala in his doctoral thesis. The study focused on the absence of professional managerial techniques and continuance of red-tapism as the central features for inefficient management of mills.

Significance of the study

Even though cotton mill industry offers valuable contribution to the economy, now it is not a booming industry in Kerala. Rather it passes through a critical phase and even faces existence problems. Several mills face the challenge of shutting down and some units have already become sick units. Both the managerial problems and labour unrest make it a vulnerable industry. Since many of these industries run with limited technologies and semi skilled labour force, scope for advancement and diversification are limited. As it supports the livelihood of a large number of people, the improvement in this sector not only enhances the contribution to GDP but directly instil welfare to the lives of those masses. For that it is essential to generate reliable baseline data regarding the fundamental problems facing these industries. Then only it would be possible to frame apt policies for resolving it in respective industries. Most of the research studies in this area either focus on handloom sector or concentrate on managerial aspects. Another school of studies thrust on the co-operative sector. Limited studies are available on cotton mills and labour problems and deficiencies of welfare measures in public sector units. Hence the present study tries to address this research gap makes an empirical study in this direction.

Objectives

The research is premised on the following objectives.

1. To analyse the working condition of the employees
2. To evaluate the labour problems
3. To assess the efficiency of welfare measures

Methodology

The study is both analytical and empirical. It made use of both primary and secondary data. Secondary data was collected from various government reports, magazines, books and net sources. Primary data mainly generated through well structured interview schedule among the workers of Malabar Spinning and Weaving Mill, the oldest mill in Kerala. Besides the basic details collected from 100 samples of the employees, the data also supplemented with key informant interviews and group interviews. The officials of the company and labour union

leaders were the key informants. The data generated out of these three different dimensions helped to fill and crosscheck the information and increase the data authenticity.

Results and Discussion

Working Conditions

At present the mill employs 304 employees under various sections. Of these there are 199 males and 105 females. But when a segregate analysis is done according to age category, Even though male employees are almost equally distributed among (20-40 age category, 49.25%) and (40-60 category, 50.75%), a sharp disparity is visible among the female workers (87.62% in 20-40 category and 12.38% in 40-60 age group). A downfall in employment with increase in working age is the hallmark of female employment. The results clearly indicate 'missing of women' in age hierarchy. Even though there is parity at entry level a large share of female employees do not complete their retirement age. The interaction with female employees reveal that health issues, lack of supporting working conditions and low wages deter them from continuing in the employment option. So at their middle age they quit the jobs. This issue demands sufficient attention in framing of policies in a gender friendly way.

The pro male workforce trend continues in the case of the permanency of job options also. Out of the total male workers, 50.75% are permanent workers but when we come to the case of females it is only 12.38%. Female share is prominent in the 'badal' category (substitute labour), 87.61%. This is another reason for the missing of women workers when age progresses. Due to non permanency and lack of job security, they are forced to leave the job. The technical jobs which demand training and the labour intensive casual labourers are fully males.

Salary depends upon the experience of the employees. High salary (15000) gets only after completing minimum 15 years of experience. Non permanent workers get below 15000. Non continuance for a long span and quitting of jobs in the middle of the career also acts a negative factor for the women employees. It deters them from enjoying the high paid segment of workforce. Large share of casual and non permanent labourers in the mill are receiving not a reasonable salary and 83% of the employees have expressed their displeasure over their wages and the public sector nature of the mill is shared as the sole reason for continuation of the job.

Salary incentives are mainly of two types- provident fund and festival allowance for permanent employees and bonus for casual labourers. Provident fund are provided on the basis of total financial earnings of employees. The arrears of provident fund at times of shutting down of company have not settled yet. Similarly loans from provident fund are not distributing properly because of the financial crunch. Only salary advances are paid and it too demands prolonged processing time. Since it serves as the sole relief at times of emergency, delayed payments often distorts the financial position of the employees. Bonus is distributed for non-permanent workers who earn less than Rs 3500. 8.33% of the wage is offered as bonus.

Labour Problems

The mill has the presence of all the three prominent trade unions. The largest trade union is CITU followed by INTUC and BMS. Out of the total workers 67.57% are union members. Trainees have no opportunity to take membership from any union. This has created several problems in their work-life.

The employees are the backbone of the spinning mill industry. But one of the concerns pointed out by them is the communication barriers with officials and management. Most of them, except union activists and leaders fail to interact with the management with respect of their genuine demands and problems. The problem is severe among trainees who have no right to join in unions. Being one of the discriminated sections in terms of salary and other benefits, this communication barrier further aggravates their problems. 93% of trainees have pinpointed this as the important obstacle.

Even though union activities are there, workers are not fully satisfied in terms of opportunity to express their opinion. Union hierarchy often give more preference to permanent workers and active union members. Opinion and concerns of others are neither properly aired nor adequately represented. A gender wise analysis among the union members has revealed that 45% of the women workers are of this opinion whereas 27% of the male workers have shared this view. Gender difference in terms of active union involvement is the contributory factor towards this trend. Qualitative interaction with union leaders have revealed that even though there is no such disparity in terms of gender, sometimes prominence is offered to the active members irrespective of gender and increased involvement of male members in union activity sometimes favour them.

Efficiency and comfort of the employees largely depend on the working condition of machineries installed in the factory. It is a crucial in determining both the production and productivity of the firm. Results indicate that 93% of the workers have expressed their satisfaction regarding the quality and efficiency of these machineries. They are highly satisfied with the installation of imported high yielding machines as part of modernisation.

The workers were asked to rank the major burdens or hurdles in connection with their work. To get more composite results, gender-wise, age-wise and employment-wise (permanent and temporary category) analysis was done. Women workers reported over time work (84%), night shifts (76%) and lack of sufficient rest rooms (67%) as their most burning problems. Male workers reported lack of timely revision of wage (88%), need for enhancement of incentives (82%) and denial of union rights of to non permanent employees (71%) are to sorted out immediately. Age wise analysis reports that, in the age group 40-50, only 28.57% considered the employment as a burden but when it moves to 50-58, it has enhanced to 40%. Among the workers under the age of 40, 87.5% are satisfied and didn't express any burden in their present employment. When it turns to employment-wise results, the major concerns of temporary workers were low salary (91%), limited opportunity to express the opinion (83%), lack of job security (74%) and no scope for union activity (70%). Permanent employees shared the major concerns with respect to deficiency in timely settlement of cash benefits including PF loans and ESI benefits (91%), insufficient cash benefits (84%) and shortage of skilled labourers in different portfolios (76%).

Welfare Measures

The most dissatisfying component faced by the workers is lack of proper ventilation facility. At times of summer, this becomes very severe issue and workers have to face health issues in connection with this. The delay in disbursement of ESI benefits and timely settlement of cash benefits are yet to be achieved. Moreover, the attitude and response from ESI officials were also pointed out as non- satisfactory. The basic welfare measures like canteen facility, supply of clean and adequate drinking-water, and rest rooms are not in par with quality standards. Even though government has framed rules and norms the implementation and efficiency of many of the welfare measures are not meeting with those mandatory standards. Still workers have expressed a harmonious working relation with co-workers and management.

Recommendations

Malabar Spinning Mill is a public sector unit functioning under the Kerala State Textile Corporation. Hence labour problems have to be sorted out at the earliest by setting a model for other non-public sector units. The major recommendations evolved out of the study are following.

❖ **Ensure fundamental facilities in the mill**

Water supply, canteen facility and rest rooms have to be upgraded along with installation of sufficient ventilation facilities.

❖ **Timely Revision and disbursement of monetary benefits**

Being low paid workers, monetary benefits are very crucial for them. Those who are not incorporated in health insurance are to be covered under group insurance scheme. Revision of the ESI and other incentives are to be done to meet the present cost of living. Avoidance of unnecessary delay in disbursement of benefits is to be achieved by simplification of norms unnecessary processing and red tapism.

❖ **Avoid communication gaps between management and workers**

Any institution will function effectively with harmonious labour relations. In the absence of union activity, non permanent workers get only limited opportunity to represent their concerns. This can be minimised by arranging separate meeting with them in the presence of management and this will enhance an intimacy among them.

❖ **Frame gender friendly policies**

In order to ensure the contribution of more female workers by resolving the 'drop out' and 'missing' of female workers, more gender friendly facilities including adequate rest rooms and medical facility along with ample training to enhance skills are to be implemented.

❖ **Ensure adequate safety measures**

In view of health hazards, the company should provide more safety measures like hand glove, hearing protection to reduce the noise level.

Conclusion

Malabar Spinning Mill is one of the premier industrial units in Kerala which initiated the industrialisation process in the state. Overcoming its critical phases, now it is functioning in a more stable manner. At present it employs 309 workers and producing quality products with modernisation. Being a labour intensive venture, more attention has to be provided in maintaining enhanced labour standards and harmonious labour relations. Improvement of the

network of amenities and inclusion of more employees into this welfare stream along with effective monitoring of the welfare measures by the authorities will definitely improve the quality standards and productivity of labour.

References

1. Jebadurai, Joel, *A Study On Status Of Labours In Spinning Mills Of Rajapalayam, Tamilnadu*, Asia Pacific Journal of Research, VO:1, Issue:7, ISSN 2320-5504, 2013
2. Mohanakumar, P S, *Analysis of Resource Use Efficiency of the Spinning Mills in Kerala*, Ph D thesis, Department of Applied Economics, Cochin University of Science and Technology, Kerala, 1994
3. Asha et al, *Employee Satisfaction and ESI Benefits Among Public Sector Textile Workers In Kerala*, International Journal of Current Engineering And Scientific Research, Vol-4, ISSUE-5, ISSN : 2393-8374, 2017
4. Varghese, Anu and Dr. M. H. Salim, *Handloom Industry in Kerala: A Study of The Problems And Challenges*, International Journal of Management and Social Science Research Review, Vol.1, Issue.14, ISSN -2349-6738, Aug - 2015.
5. Government of Kerala, *Ecnomic Review,2018*, State Planning Board, Thiruvananthapuram
6. Government of Kerala, *Economic Review, 2017*, State Planning Board, Thiruvananthapuram
7. Government of Kerala, *Economic Review, 2016*, State Planning Board, Thiruvananthapuram
8. Mohamed, K K, *Financial Management in Textile Mills in Kerala*, Ph D Thesis, Department of Commerce and management Studies, University of Calicut, 1997
9. Government of Keraala, *Kerala State large and Medium Industries Directory*, 1967
10. Government of Kerala, *Kerala Business Directory*, 1967