THE PHASES OF DE-CASUALIZATION IN THE BOMBAY COTTON INDUSTRY

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I. INTRODUCTION

The industrialization of India for the last one hundred and twenty years. The cotton industry was one of the few leading industries, particularly before her independence, which ushered a new era in the history of India's industrialization. We, therefore, would be justified in supposing that the creation of labor force in the Indian cotton mills set the pattern to a certain extent for the general characteristics of the labor force in other Indian industries. It is very dangerous, of course, to make a hasty generalization on the formation of the work force in India only from those experiences gained in the cotton industry. The local differences should also be examined. The so-called characteristics of Indian industrial labor, however, such as absenteeism have been among the major difficulties with which the cotton industry has had to cope.

The chief objective of this paper is to give a general view of the vicissitudes of the *badli* system over the last forty years taking into account the de-casualization scheme which was introduced soon after the independence.

The de-casualization scheme (i.e., controlling casual laborers) could be defined as a scheme aimed at reducing the difficulties caused by the uncertainty of the labor market, particularly that of absenteeism. Through an analysis of the de-casualization, I would like to examine some aspects of the labor market in Bombay. This writer does not know exactly whether there is such a system like the de-casualization scheme in other countries. But the scheme attracts our attention in that it is one method of controlling skilled or unskilled laborers in the labor market in developing countries where the supply of labor usually exceeds demand.

Although capitalists try to make use of the excess supply of labor over demand in order to pull down the level of wages as much as possible, they are at the same time concerned with the preservation and up-keep of the labor force. Their policies are pursued through the state mechanism. This is one of the conclusions Prof. Ōkōchi put forth when he defined the so-called social policy.

In an independent capitalist State, the State usually acts as a representative of

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^{1 &}quot;State" with a capital letter means the organized political community with its apparatus of government, different from an administrative unit.

so-called capital as a whole. In this respect, we can get a clue to an understanding of the matter by taking into account one of the influential theories in labor economy which was propounded by Prof. K. Ōkōchi. He defined the so-called Sozial-politik ("social policy") as the measures taken by capital as a whole to preserve and keep the labor force. The definition given by him needs more precise explanation. At the same time, his explanation may not be enough to describe the impact which the struggles carried out by the laborers as a whole have had on social policy. However, the definition is very suggestive in the sense that social policies are analyzed from the viewpoint of the whole process of capitalist production [7, p. 22]. In the framework of his theory, the pivotal concept is the reproduction of labor power. According to him, so-called labor problems arise only when the capitalist mode of production is confronted with the difficulty of effecting a smooth reproduction of labor power.

"Excessive labor" and "low wages," together with oppressive and status-oriented industrial relations, resulted in the rapid wear and tear of labor power, which forced capital as a whole to take measures to protect laborers. These measures were nothing but the action taken by capital as a whole for self-preservation. The Health and Morals of Apprentice Act in Britain in 1802, the Law for the Protection of Laborers in Preusen in 1839, the same in France in 1841, and the Factory Legislation in Japan in 1911 are typical examples. [5, p. 13]

Prof. K. Ōkōchi's propositions may be supported to some extent by this paper on the industrialization of India.

II. THE FIRST STAGE (UP TO 1935)

It is generally believed that since the beginning of the cotton textile industry in India, the jobbers played a very important role in the recruiting and training of the labor force.

Enforcement of work discipline was not a responsibility taken by upper management but came into the possession of the jobbers who, in effect, became the actual managers of the work force. In hiring and in the general powers of supervision, punishment, and discharge, the jobber was largely able to exercise the power of the employer. Coming from the same social and economic strata as the workers over whom he tyrannized, typically illiterate, with no specialized training, and with no hope of promotion into managerial ranks, the jobber had no interest in the long-run efficiency of the mill. [4, p. 129]

The jobber's right to select new hands was thought to be subject to approval by the departmental master or mill owner, but inevitably the jobber's choice was decisive. His superior could only choose from those the jobber decided to present to him. The jobber's position and income depended on his having an easily accessible supply of labor to meet fluctuating mill needs, and each jobber tended to create a small pool of labor around himself on which he could draw as needed [4, p. 133]. In a labor market where employment opportunities were desperately few compared with the supply of labor, the authority of the jobber

became very strong. He had the power to give or withhold the chance of employment to the laborers. It is mentioned that from the beginning a jobber enjoyed the position of being able to demand and obtain baksheesh or dasturi from any worker seeking a job. This system whereby dasturi from a laborer could be demanded by a jobber was a very strong incentive for him to keep labor turning over as quickly as possible. According to a remark made by a mill official in 1933 which is cited by M. D. Morris, the jobber could exert very strong power on the laborers.

If the jobber is left to engage badlis (substitutes) from day to day, it is to his advantage to have each day as many freshmen as possible. By doing so, he is able to distribute his patronage as widely as possible, and thereby reap a very large harvest of graft. When the jobbers are in charge of badli engagement it is found that in addition to the total complement of permanent hands nearly thirty to fifty per cent of the full strength of the mill are working as mere badlis, of these, hardly ten per cent are persons who secure work for more than a fortnight while the rest get work for one or two days only in the month. [4, p. 135]

The above-cited remark reveals a surprising fact concerning the composition of the laborers in the mills, that is, the preponderance of badli laborers.

It may be difficult to trace the origin of the jobber system. But what M.D. Morris suggests concerning the origin of the system seems to be very important. He says as follows:

I would suggest that jobbers did not by some socio-linguistic accident usurp their powers. It seems to me, rather, that they were intended to play the role of a middle management cadre from the beginning. Had they not been used to select and manage the work force, albeit in a subordinate capacity, it would have been necessary to employ other more expensive and perhaps no more efficient supervisory staff to perform the same functions. Given the fact that for a long while the technology of the industry was relatively simple, the products quite coarse and work-forces skills quite elementary, no one more sophisticated than the jobber was required. [4, pp. 131–32]

The last point he tries to present is quite suggestive. Although the jobber system existed from the establishment of the cotton textile industry in Bombay, the managing agents of those mills made no effort to change the system for seventy years. We have to admit that managing agents found the continuance of the system rather advantageous and profitable taking into account the level of technical skill required for the industry. It is very suggestive, however, that the Bombay Mill Owners' Association (BMOA) accepted the *badli* control system in 1935 which paved the way for the limitation of the powers exerted by the jobbers. At that time there were still divergent opinions concerning the continuance of the jobber system among managing agents, mostly against the complete abolition of the system. BMOA, however, had to admit the necessity of introducing some measures to control the workings of the jobber system.

It is reported that opinions against the jobber system from outside the cotton industry had existed for a long time. But it was only in the late 1920s and

early 1930s that the necessity for changing the jobber system was felt keenly. The attitude and measures taken by the mill owners were in general not positive toward the abolition of the system. Nevertheless, it is important to take into account the fact that at the end of 1929, the BMOA recommended to its members that the policy of direct recruitment of labor should be encouraged [4, p. 137]. Although, it is reported that those mill owners took the recommendation half-heartedly, it seems to me that we have to take note of the change in their behavior toward the system which led to the introduction of the *badli* control system in 1935.

Behind the move, we can discern the difficulties which the mill owners of the cotton textile industry in Bombay had to face after the First World War. As S. D. Mehta has justly put it, the difficulties encountered by the Bombay mills, which would have even otherwise been grave, were accentuated further by the presence of Japanese competition which confronted the mills in the port town more directly and no less abruptly [3, p. 163]. The Bombay mill owners, running factories which were technically more advanced than most other mills in the country, fared worse than most of their competitors in other parts of the country. Naturally enough, they led the way in the agitation for the abolition of the excise duty, in the demand for protection against foreign competition, and in the drive to approach superior levels of labor deployment [3, p. 164]. S. D. Mehta explains as follows:

Prior to the war the Japanese mill industry worked on levels of labour deployment which compared adversely even with the better-run Bombay mills. Japanese mills then employed 103 workers for every 100 looms. But by 1928 they had succeeded in reducing the labor complement to 63 workers. This amazing progress was continued in the next five years when Japanese mills employed between 18 and 37 workers on 100 looms. Against these facts of Japanese advance in technical matters is to be contrasted with the prevalence of single-loom working in several centres of the mill industry in India, although the charge does not have much of relevance against Bombay mills. The latter, however, when compared with Japan, showed in 1930 an excess of at least 50 per cent in the number of workers employed per 100 looms...The Japanese mills, however, employed only 6 men to operate a thousand spindles, when the mills in British India required 15 workers. [3, pp. 164–65]

In order to cope with the stiff competition, mill owners in India were forced to resort to a reduction in wages. These measures encountered an emerging resistance by the laboring class, particularly in Bombay. In any case, the last seven years of the decade ending in 1930 saw a new stage in the development of the cotton textile industry. The mills were forced by an imperative necessity, as a matter of competitive survival, to diversify cloth and yarn output to the maximum possible extent. These years showed that an industry engaged exclusively in yarn spinning could no longer flourish in Bombay. Vertically integrated units became the order of the day in Bombay. As S. D. Mehta has rightly pointed out, consciously directed change in the technical aspects of the industry became an imperative necessity by the end of the 1920s, and the need

was widely recognized [3, p. 171]. Therein is the hallmark which distinguishes the 1920s from any prior period.

We cannot dismiss the new attitude toward the jobber system observed among the members of the BMOA as mere coincidence with those new features which appeared in the 1920s in the cotton textile industry in Bombay. With the intended technical changes, what was needed was not unskilled labor, but much more skilled labor. Some trials on the part of mill owners to recruit laborers directly without the help of jobbers could be explained as an expression of the initial period when the mill owners were forced to organize the labor market to their liking. Of course, every aspect cannot be explained only from this point of view. There were other factors such as the growth of trade unions and social activities by philanthropists who were against the continuance of the jobbers as middlemen between the mill owners and laborers. But the most important factor in the new trend is that the mill owners themselves recognized the necessity to change more or less the jobber system itself.

III. THE SECOND STAGE (1935-50)

With the passage of the Bombay Trade Disputes Act in 1934, the "Government Labour Officer" was created, one of whose obligations was to move directly against cases of bribery. The BMOA appointed its own labor officer to cooperate with him.

The "Government Labour Officer" submitted a proposal to control the badli laborer employment system. The idea of this badli control scheme was to establish a pool of substitutes with first claims to temporary and permanent jobs. The idea of the scheme was to control the labor market of badli laborers as much as possible under the direct supervision of the mill owners. Supported by the government, this proposal was quickly accepted by the BMOA and formally introduced into all mills in 1935. The following year the system was modified in an attempt to reduce the size of the badli labor pool [4, p. 139].

The BMOA also recommended two other procedures for the mills. It urged that mills should provide retrenched hands with certificates of service so that they might be given preferential treatment for either temporary or permanent vacancies in other mills, thus reducing, to some extent, the dependence of managers on their head jobbers or jobbers for the supply of labor. The BMOA also proposed that mills keep service records for all jobbers [4, p. 139].

These proposals together with the introduction of the *badli* control system could be looked upon in the light of the new attitude taken by the mill owners toward the labor market as the new situation obliged them to slowly rationalize the productive process. These measures were, in a sense, the efforts on the side of the employers to train their laborers, including *badli* laborers, and to raise their standard of skills in order to catch up with technological progress. This point of view is supported by the report of the Textile Labour Inquiry Committee:

The Millowners' Association, Bombay, considers that the badli control system has

to a great extent improved recruitment and points out its value has been recognized by Government, who, in a circular letter addressed to all industrial establishments, recommended its adoption. The advantages which they claim, have been secured by the working of this system, are thus briefly stated.

- (1) It has brought about a gradual reduction in the amount of casual labour employed, and has been responsible for an improvement in the efficiency of substitute labour.
- (2) It has gradually curtailed the power of jobbers to employ labour and to obtain illegal gratification from workers seeking employment.
- (3) It has made it possible for the mills to have stable, adequate, trained and efficient badli labour ready to fill up casual as well as permanent vacancies in the mills. [1, pp. 13-14]

The mill owners recognized the need of a stable, adequate, trained and efficient badli labor force and they agreed to the introduction of the so-called badli control system. How to obtain stable, adequate, trained and efficient badli labor was not the sole concern of the mill owners. However, it is much more important to explain the introduction of the badli control system in the middle of 1930s from the viewpoint of the level required for the technological development of the cotton textile industry in Bombay. Philanthropic activities by some people might have played a part, more or less, in introducing the system but this factor alone could not be taken as the decisive one.

The introduction of the *badli* control system, however, did not mean the abrupt decline of the influences jobbers exerted on the mill hands. M. D. Morris points out as follows:

Reports of the Government Labour Officer for the years 1935 to 1939 are filled with evidence of the jobber's continuing power and of the overt and covert support he received from his superiors. Higher officials almost invariably supported the jobber against charges brought by the labour. Even the combined pressure of the two labour officers was often resisted by managers and millowners. [4, p. 152]

The Textile Labour Inquiry Committee also reported as follows:

Since the publication of the Report of the Royal Commission, the Millowners' Association, Bombay, claims to have restricted the influence of the jobber by transferring from him to the manager and departmental heads the powers of engaging and dismissing men and of inflicting fines and granting leave. But the action taken in this behalf does not seem to have been effective, and the jobber still continues to be the main instrument of labour management. [1, pp. 337–38]

The above-quoted report suggests a tenacious survival of the jobber's power. However, as is pointed out by M. D. Morris, the jobber's authority was in fact gradually being undermined by the intervention of state authority [4, pp. 152–55]. The Payment of Wages Act (1937), and the Bombay Industrial Disputes Act (1938) were passed through the state legislature. This process was nothing more than the strengthening of state authority over labor control. Through the process, the powers held by jobbers were obstructed more and more.

In order to understand the process which brought about the decline of the

jobbers' authority, it is necessary here to examine the role of the State.

It is a very difficult and complicated problem to identify the role played by the State at the end of 1930s in Bombay. In other words, the question will be as follows. In whose interest did the State act?

Now we have to come to the problem of the applicability of the theory propounded by Prof. Ōkōchi. We have to take into consideration the different conditions in India which was under the colonial rule of Britain. What is the major difference between sovereign States and subjugated States? In the latter, the capitalist class cannot exercise its sovereignty in formulating policies independently due to the pressures applied by the dominating country. It is very difficult, therefore, to estimate the extent to which the Indian capitalist class exerted an influence upon the formulation of labor policy in the 1930s whilst India was under colonial rule. In 1937, the Indian National Congress (Congress, in short) took part in the election for legislative assembly and formed cabinets in several provinces. According to the 1935 Constitution, factories, labor welfare, unemployment insurance, trade unions and industrial and labor disputes were classified as items under the concurrent legislative list [6, p. 218]. The Congress came to power in Bombay Province in 1937. The Bombay Industrial Disputes Act was passed in 1938 replacing the Bombay Trade Disputes Act of 1934. The law intended to frustrate direct collective bargaining. Whenever a dispute arose, the participants forced the issue into official channels as quickly as possible. The Industrial Court, representing the authority of the State, ultimately became the key and decisive institution [4, p. 190]. Although the Bombay Industrial Disputes Act conceded to some extent to the demands of workers, the object of the act was to "modernize" industrial relations and to have industrial peace as a pre-condition for production.

It is very interesting to find many points in common between the statement issued at the formation of the new government in 1937 and the statement made by the Congress ministry in 1946 concerning labor policy in Bombay Province. In 1937 the statement said as follows:

With regard to trade disputes, Government is determined to pursue an active policy with a view to maintaining industrial peace..., endeavoring all the time to see that the workers obtain a fair deal. It is the intention of Government to promote legislation aiming at the prevention of strikes and lockouts as far as possible. [4, p. 188]

In 1946, the Congress ministry in the state issued the following statement:

The workers may feel assured that the Government of Bombay will explore further ways of checking arbitrary dealings on the part of employers and removing delays in the redress of grievances. Government is equally anxious to ensure that the course of efficient production is not hampered by thoughtless and needless stoppages of work....Government is concerned at the excessive frequency of illegal strikes in the City of Bombay. [4, p. 190]

It is possible to find out the difference between the two. However, what strikes us is the similarity in the way of thinking behind the two statements. One point of similarity is that both of them attempt to "modernize" industrial relations.

The second point is that both of them emphasize the role of the government in industrial relations. And the third point is that the government is interested in trying to maintain industrial peace as far as possible, although it tries to take into account the interests of the working class.

The above characteristics can be observed in the Industrial Disputes Act of 1947 which was passed at the central government level. The continuity might be a clue to an understanding of the nature and role of the State during the 1930s although India was under colonial rule at the time.

In studying the *badli* control system in 1930s, the increasing interference by the government in the mechanism of labor market of the textile industry in Bombay becomes apparent. It is not far from the truth to say, therefore, that something in common can be found between the *badli* control system introduced during the middle of 1930s and the successive labor legislation of the 1930s. This was the increasing effort on the side of the government to "modernize" industrial relations and the labor market, in order to facilitate the smooth working of the production process in general. These were the trials on the side of the government in order to make the capitalist system work as smoothly as possible given the new conditions of technological progress and the emerging power of the working class.

IV. THE THIRD STAGE (SINCE 1950)

The third stage could be characterized by the introduction of the de-casualization scheme (1950) in Bombay. In the statement issued on May 22, 1946 the Government of Bombay explaining its labor policy declared its intention to examine and overhaul the employment procedures prevailing in industry with a view to eliminating injustice and corruption and ensuring the continuity of an adequate and efficient supply of labor. It was further stated that the *badli* control system adopted by the textile mills in the city of Bombay had yielded good results to an extent [2, p. 14].

After the independence, it was decided in June 1949 by government that preliminary arrangements for the introduction of the de-casualization scheme should be taken in hand and, to start with, a complete record of the workers employed in different mills should be prepared. The BMOA agreed to cooperate with the government in introducing the scheme on the clear understanding that it would be on a voluntary basis, and that it would be open to any mill to accept or reject it. Government clarified that all the mills were expected to participate in the scheme which would be voluntary in the sense that it would not be enforced by law but introduced by consent. The main idea behind the scheme was to create a central pool from which individual mill management would draw the requirement of substitute labor. The then *badli* labor forces in each mill were to be recruited only through the central pool and no mill management was allowed to recruit workers directly [2, pp. 14–15].

The scheme was introduced in Bombay in January 1950. The principal objects of the scheme are: (1) to regulate recruitment of labor with a view to

avoiding waste of manpower; (2) to increase efficiency and production by reducing labor turnover; (3) to reduce the waiting period of unemployed textile workers; (4) to eliminate bribery, corruption and favoritism in the recruitment of textile workers; and (5) to encourage the systematic training of textile workers with a view to ensuring a steady supply of efficient workers.

The introduction of the de-casualization scheme in Bombay in 1950 was one step forward in the process of intervention and control by government in the labor market of the textile industry in Bombay. Although the BMOA was very careful not to commit itself to the scheme completely, it was not averse to the scheme itself.

The de-casualization scheme in Bombay is organized through a central office and four sectional offices, one each at Naigaum, Worli, Kalachowki, and Delisle Road. Each sectional office caters to the needs of about fifteen mills in that region for the supply of *badli* labor.

The working of the scheme is explained in the report of the Badli Labour Inquiry Committee on cotton textile industry in 1967. It can be summarized as follows [2, pp. 15–17]:

Persons who had worked previously in the cotton textile industry and who are unemployed may register as badlis. Unemployed cotton textile workers are registered under the scheme on the basis of service certificates produced by them. In addition, workers coming from any part of India and having worked in cotton textile mills in occupations which are "short" (i.e., in occupations where persons with previous experience or training are not available) under the scheme are also registered. The registration is done on the basis of service put in by them and literacy. Literate workers having service of one year and illiterate workers having service of three years and more are grouped in the first category. Literate workers having less than one year's service are grouped in the second category. Illiterate workers are grouped in the third category according to their service certificates. Persons who have lost connection with the industry for more than seven years are not registered and should be deemed to have left the industry for good. Before a worker registers himself at any of the regional offices of the decasualization scheme, he must produce a certificate from his previous employer to the effect that he has worked in that particular mill. In addition, those who have taken training in, (1) the Mafatlal Gagalbhai Textile Training School run by the Social Service League, (2) the Sabu-Siddigue Technical Institute, Byculla, (3) the David Sassoon Industrial School (learner weavers), and (4) the Technical Training Institute at Satara, are also registered as freshers. When the scheme was introduced, in the circular letter dated December 24, 1949 by the BMOA to all the member mills in Bombay City and Kurla, it was enjoined that no textile employer governed by the scheme or any person acting on his behalf should employ a fresh worker either permanently or as a badli except in accordance with the provisions of the scheme. Whenever there are vacancies of workers the employer prefers an indent to the sectional office, and it immediately issues "call letters" to the employers, whose names have been registered, and they are requested to call at the sectional office. The employers are recommended in order of seniority i.e., according to the date of registration and regard is given to the fact as to whether or not the employee has worked for more than one year in the industry. Each of the recommended employees is given an "Introduction Card" to the mill and is directed to report to the mill within forty-eight hours of the receipt of indent by the sectional office. As soon as the employee recommended by the sectional office reports to the "Labour Officer" before the starting of the shift, his particulars are noted, he is interviewed, and is sent to the departmental head to find out whether the employee is suitable. The department head refers him to the jobber or supervisor who after asking him to work on a machine reports whether the employee is suitable or not. If he is not suitable, he is rejected. The employee who is rejected comes back to the regional office and reports to the person in charge of the section.

V. SOME COMMENTS

The three stages of the de-casualization scheme (or badli control system) shows the progressive intervention by the government in the labor market of the cotton textile industry in Bombay. This process reflects also the development of the cotton textile industry in Bombay. At a different stage of development, government as a representative of capital as a whole (particularly since the 1930s) intervened in the labor market due to several reasons. Among these we should not lose sight of the fact that the government tried to take into account the long term interests of the cotton textile industry, and the owners of cotton mills.

The present de-casualization scheme has some problems. According to a report concerning it, out of nearly 160 occupations notified by the registrar of the Bombay Industrial Relations Act, workers are not available through the sectional office in roughly 110 (66 per cent) accounting for a very large number of occupations of the skilled category. The mills, therefore, have no other option but to recruit directly. The writer visited the sectional office of Worli in the southern part of suburban Bombay in March 1977. The number of staff at the office was only five. They had to interview the laborers who came to the office in order to find out the names of factories which required a certain category of laborers. The chief officer told the writer that although it was not difficult to meet the demands of mills as far as low-skilled laborers were concerned, it was not possible to provide the necessary quantity of skilled laborers in certain categories. At the BMOA also, the "Labour Officer" complained that mills could not completely depend upon the sectional office for a supply of laborers in certain skilled categories. There exists an imbalance between the supply and demand of skilled laborers. The actual function of the sectional offices is not enough to supply the quantity of skilled labor required. However, it is rash to reach the conclusion that the de-casualization scheme has failed. Criticizing the actual functioning of the scheme, the "Labour Officer" at BMOA recognized its usefulness in principle. What BMOA demands is the training of laborers in general so that they can come up with the technological progress.

The intention of the textile industry which introduced the de-casualization

scheme was only partly satisfied. Apart from the government's role in intervening in management-labor relations, the role of the government in bringing about the smooth operation of the labor market has been achieved to some extent. The idea of the control of the labor market with the help of this kind of de-casualization scheme has received responses from among some other industries. As far as the writer knows, the de-casualization scheme is observed among the dock workers and the bus drivers who were formerly employed in BEST (Bombay Electric Supply and Transport). Along with the labor exchanges, the role of these de-casualization schemes should be examined from the viewpoint of their functioning as a labor market for India as a whole.

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