

## Factory Employment and Industrial Production

*Does a rise in the index of industrial production say anything about industrial employment? It is generally assumed that the two would move together. But published statistics of factory employment tell a different tale.*

**E**MPLOYMENT in organized factories subject to the Factories Act increased by nearly 50 per cent during the war. It showed a big drop in 1946 and 1947 but resumed its upward trend afterwards. Complete statistics are not available after the first half of 1952. From 2,504,000 in 1950 the average daily number of persons employed in factories in the Part A States, Delhi and Ajmer increased to 2,599,000 in 1951. Figures for all the States except West Bengal are available for the first half of 1952. These show a fall in factory employment by 60,000. The decline was shared by Assam, Bihar, Bombay, Madras and the Punjab. It was the heaviest in Bombay- 45,000. Assam showed a fall of 11,000 or nearly 17 per cent. Madhya Pradesh, Orissa and UP, Ajmer and Delhi showed small gains.

Statistics for the second half of 1952 are available only in respect of Assam, Madras, Orissa and the Punjab. These States together show a fall from 535,000 in the first half of 1952 to 508,000 in the second half--a drop of 27,000 or 5 per cent. Madras accounted for a fall of 47,000 (more than 11 per cent). Assam, on the other hand, more than made up for its decline in the January-June period. Employment in Assam seems, however, to be subject to seasonal fluctuations, and a drop in the next half-yearly period may be looked for.

All this time, the index of industrial production had been steadily going up

What does a rise in the index of industrial production say about industrial employment? It is assumed that the two should move together. But published statistics of factory employment tell a different tale. Take, for example, the cotton textile industry, one of the biggest employers of organised labour. The trends of production and employment in this industry, compiled from the data given in the *Indian Labour Gazette*, are given in the table below. For convenience of comparison, indices of production and employment have been reduced to the same base 1949=100.

Though production in the cotton mills has been rising continuously

since 1950, the average number of workers employed in the mills does not show a corresponding rise. For instance, though output rose by 4.3 per cent between 1949 and 1951, the daily average number of workers employed actually went down by 2.8 per cent.

Cotton mills crossed the target set for them in the Five-Year Plan last year. This highly gratifying result was achieved with little benefit to employment, the average number of workers employed by the cotton mills during the year being less than one per cent higher than it was in 1949, though the mills had been able to step up their production by some 18 per cent.

Could rationalisation have affected employment in the cotton textile industry to such an extent as to inverse the relationship between production and employment so that in the first quarter of this year production should be up by 22.3 per cent (1949=100) while the number of workers employed should be down by half per cent? In the Tripartite Conference held in Delhi in December 1951, it was agreed that as far as possible rationalisation would be undertaken along with an expansion of the unit, in which case the displaced personnel could be engaged in the expanded portion of the industry. It was further agreed that vacancies due to natural causes should not be filled so that the question of retrenchment does not arise when rationalisation takes place. Since the natural rate of wastage in labour force is 6 per cent or more, in such circumstances prospects of increased employment in the cotton textile industry or in any other industry for that matter, cannot brighten unless substantial new investment takes place in the shape of additional units.

Since the beginning of 1952, periodical lay-offs and closures affected Assam, Bihar, Bengal, Ma-

dhya Pradesh, the Punjab, Saurashtra, UP and Travancore-Cochin the number of workers rendered idle in Bihar and Assam is estimated at 90,000 and 60,000 respectively. The tea industry is responsible for reduction of employment in Assam. The slump in jute has affected 15,000 in West Bengal. Electricity cut rendered idle more than 30,000 in Travancore-Cochin, mainly employed in the textile, coir, cashew-nut and oil factories.

What is the general trend shown by the employment exchange statistics? It is not easy to interpret the statistics collected by them, because the unemployed who register are often only a small percentage of the total. The number of persons registering on the Exchanges averaged 135,000 a month in 1951, 118,000 in the first half of 1952, 130,000 in the second half and 116,000 in first half of 1953. But placements have declined from 28,500 a month in 1952 to 18,000 in the first quarter of 1953. The number of persons on the live register has steadily mounted from 322,000 in January 1952 to 474,000 in June 1953.

A noticeable feature of the employment exchange statistics is the indication of unemployment among unskilled workers and the magnitude of middle class unemployment in cities. They formed 70 per cent of the total number on the live register in June 1952 and 80 per cent in June 1953. Persons seeking clerical and educational jobs increased from 88,000 in January 1952 to 143,000 in June 1953. This can be easily understood with the annual outturn of nearly 500,000 from schools and colleges.

In contrast to falling employment elsewhere, employment in Central Government establishments, excluding defence and railway, showed an increase from 595,372 in January 1952 to 614,264 in February 1953.

Year	Production Mn yds	Average daily		
		Production (1949=100)	No of workers	Employment (1949=100)
1949	3,904	100	734,604	100
1950	3,655	93.6	676,523	90.7
1951	4,073	104.3	714,479	97.2
1952	4,608	118	740,640	100.8
1953 (1st Quarter)	1,194	122.3	732,000	99.5