

**CHAPTER - VII.**

**MARKET STRUCTURE, BARGAINING POWER OF LABOUR AND**

**NATURE OF MANAGEMENT AS THE CAUSE AND**

**EFFECT OF EXCESS CAPACITY**

**: A FIELD SURVEY.**

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7.0: The mediocre performance of industrial unit results from an obligation to build mechanism against conflicting considerations for which compromise is unreasonable. If Govt. industrialisation is politically dependent on organised labour and if unions are dominating forces in the Govt. party then for political reason it cannot adopt a strong policy in negotiations. The inevitable results are concession in wage rates, fringe benefits, over manning, absence of rapport among management and unions, faulty planning which make an adverse to capacity utilisation. For private sector enterprises self interest, self-responsibility and unwillingness to face all maladies born from socio-political culture limit the function and finally keep management away from manoeuvre. Many factors come to cease manoeuvre to pull down production; but few among

them are important for which inference can be drawn through ratiocination. In our assignment we work out following factors as the causes and effects of excess capacity:

- (1) Market Structure,
- (2) Bargaining Power of Labour,
- (3) Nature of Management.

#### 7.1: Market Structure:

In a free-enterprise economy, marketing activities bring about a flow of goods and services from producers to users or consumers. Therefore, the principal activity in marketing is selling. The producer sells goods to a wholesaler; the wholesaler to a retailer; and the retailer to a consumer. For a product following this channel, transportation and storage are generally arranged by wholesalers. The product may be advertised and promoted by producer or wholesaler. Now a days may producers are quite concerned with and involved in the full marketing sequence for their products. It is becoming more and more common, particularly with large manufactures, for a sales or marketing department to plan and direct the entire marketing effort. The practice of a producer planning or managing the marketing of his product past an initial sale is often referred to as the marketing

concept.<sup>(1)</sup> To develop a plan or strategy, the manufacturers' marketing department must estimate when, where and in what quantities a product will be needed or wanted.<sup>(2)</sup> The marketing department will probably also have a substantial voice in making production and packaging decisions — that is directing production to-wards the more salable products, styles and designs. To carry out a marketing strategy, the manufacturer must have the co-operation of wholesalers and retailers.<sup>(3)</sup> So, to run the industrial enterprise the marketing knowledge has now become essential for the proprietor.<sup>(4)</sup>

In our assignment we study the marketing through a survey for different products under Registered Manufacturing Sector of West Bengal and find the following tertiary events which directly or indirectly have averted the performance of industrial units.

#### 7.1.1: The locking up Working Capital: A Liquidity Problem:

The purchasing input and selling output peculiarly affect the working capital of industrial unit. The working capital<sup>(5)</sup> comprises of:

Cash in hand  $\pm$  (Amount receivable — Amount payable)  
 + Value of finished goods in stock + Value of unfinished goods + Value of raw materials (inputs) in stock.

In the face of crisis for working capital the entrepreneurs purchase raw-materials on debit which come through big wholesalers who charge high prices for the items. Then after processing entrepreneurs sale the output to other wholesalers on credit which is likely receivable in due time. But in practice the traders use the sale-value as their working capital for a few days when a crisis generates for working capital in manufacturing units. So, the lots of amount receivable and amount payable affect the production operation of industrial enterprise.

In non-census sector many units for manufacture of bakery products, grain milling, oil milling, flour milling and beverages suffer from the above peculiar event. For bakery products the units Floras Bakery, Tower White Products, Standard Biscuits, Barua Bakery (P) Ltd. at Calcutta, East Bengal Biscuits Factory at Ultadanga, Zenith Biscuits Co. at Belgachia, Paramount Traders at Durgapur and Paradise Bakery in Birbhum had reported the shortening of working capital through the crisis of amount receivable and amount payable. For oil and flour mills we observed that wholesale traders unnecessarily had put off time for payment against credit for which the producers were compelled to sit idle for sometimes; and they did not want to miss the wholesale traders as the producers from other states provide privilege to the traders for making payment. Pursuant to an enquiry for soft drink and carbonated water industries the same type of problem had been

reported by Spencer Acreated Water Fey (P) Ltd. at Entally, Ferrinni Eleven Up, Sambhunath Pandit St. in Calcutta and Rose & Thistle at Calcutta in slight different view.

### 7.1.2: The Discardment of Wholesalers.

The wholesale traders play an important role to distribute a product to the retail traders. For a product they are key to make an advent before the consumer. In non-census sector many entrepreneurs under industry group of weaving and finishing cotton textiles in powerlooms, and bleaching of woolen textiles, spinning weaving and finishing of synthetic fibres, rayons and bylons eat their heart out over their failure to get favour from the wholesalers who are always engaged to know on which side the bread is buttered. We observed that the units like Basak Textiles, Ranaghat, Sri Sita Ram Co, at Agarpara, Pranati Textiles at Dum Dum, Amar Bharat Textiles at Cossipur, Siddeswari Powerlooms, Adharsha Powerlooms and Domjur Powerlooms at Howrah, Oriental Tape Mefg. Co. at Shibpur, Ladak Chand Yoras Cotton Waste Fey at Salkia and Kusum Wool and Woolen at Belighata are trembling in the balance. By few observations we ever that the product of the Co-operative societies were always evaded by the wholsale traders.

### 7.1.3: Discouraging Market for Few Products:

The two main industrial products as Jute and Tea have fallen in trouble due to a tough competition and disruption of market

abroad. Many substitutes as plastic, paper and synthetic fibre bags have threatened the demand for gunny bags which are main products of 68 jute mills in West Bengal. Jute research had developed many possible commercial decorative products which may have high artistic value and market in home and abroad; but little effort have made to produce and sale them in market. For tea a similar scene of market disruption has recently been observed as now is developed countries of Europe and America Coca-cola and bear are preferred to tea which relivently change the degree of capacity utilization of domestic tea producing units.

#### 7.1.4: The Inert Action against Competition:

From few specific places of India different industrial products are now suppling profusely in the market where products of West Bengal are bring at bay through competition. Saveral products as textiles, chemicals, perfumes, glass, transport equipments, cutlery and kitchen ware, Razer, blade, springs, machines, machinery parts and accessories, electric generators, switchgear and motors, photographic and optical goods, and various nonmetallic meneral products from Bombay, Delhi, Gujrat and Madras have overfilled the markets where Bengal's products annex to an insignificant amount to the stack. Now products from few other places as Hoslery products from Ludhiana & Kanpur Glass from Pune and Chemical products from Vijoyara, Faridabad, Borada and Kanpur, Engineering goods from Bangalore, Hydrabad,

Ranchi, Raypur, and Bhupal, sports goods from Amritsar, Sanatary items from Orissa, Ahmedabad and Faridabad have become popular in the market where Calcuttan products have never stolen a much on some one.

#### 7.1.5: Little Concernment about Marketing Knowledge:

Verily, an industrial product can be promoted and an entrepreneur can make the most or best of modern marketing knowledge. But here we observe that many of them had little programme for entire marketing effort as they did never concede to the marketing concept. We study the promotion effort for few products and find fault with following items as Veneer Plywood, Leather and Plastic products, Footwear, Petroleum and Coal products, Tiles, Asbestos, Sanatary Plumbing fixtures and pens. In Many instances, once the producers had sold his product to a wholesaler he had little or no further concern with where it had gone, who had retailed it or who had finally used it. This inefficient marketing practices had resulted in lost sales and lost profits to the producers.

#### 7.1.6: Unfavourable Orders:

Unfavourable orders from big units dismay the small units under non-census sector and make production operation more dismal in character. As in the year 1989 most of the orders



from Durgapur Steel Plant had gone outside the state. A very small percentage of orders between 17 to 20 percent had been placed with the local units. At least 85 local units were selected for modernization jobs in the D.S.P. and only 56 units got work orders. Owners of units under non-census sector reported that the biggest chunk of the D.S.P.'s orders had been secured by a big industrial house and some favourable companies which had no such capacity to deliver the goods. Then they did pass the order to small units at a very low rate. A sort of guerilla war had been done among small units to secure those orders. That cut throat competition did further lowered the rates. If this continues, many units in Durgapur-Asansole will close in no time. (6) The Ruhr of India is now failing to fulfil its purpose to cut a dash on industrial works.

#### 7.1.7: Enhancement of Price through Standarization:

Higher price for higher quality does not always follow favour of all consumers; only a small section does prefer to a good quality what a higher price of it. So production of a quality should be tied with reasonable cost and pricing. But here we have few observations on the products of some units in different industry groups; as for machines tools parts and accessories units are Elench Engg.(P) Ltd., Calcutta, Indian Tools Crafts at Dasnagar, ProceSSION Tool & Instruments (P) Ltd. at Narendrapur and B.S. Machine Tools Crps. at Jessore Road; for asbestos caramic and pottary products the

units are Asbestos Cement Ltd. at Taratola, Techno Ceramic India at Panihati, Modern Art Floor Ltd. at Hooghly and Hindustan Pottaries of Liluah; for rubber and leather products the units are India Rubber goods Mfg. Co. in Calcutta, Kep Rub (P) Ltd. at Liluah and National Tannery Co. Ltd. (footware Dvin.) in Calcutta. Most of the units were engaged in production of quality which enhanced high price beside that a slight below quality, the product of Delhi Gujarat and Maharashtra, at lower price had appeared in the market to despire of their success.

#### 7.1.8: Production Gap.

Of course, the West Bengal industries have failed to form specialised products, the items for to-day's society and industries, for which producers of Bombay, Gujrab and Delhi put their best foot forward. No industrial units either in census or non-census sector have so far been set up in the state to produce the following specialized items for which a big volume of market demand is domineering by few producers in India. The products are in 4th digitd form i.e. in Sub-groups: (7)

<u>Sub-Group:</u>	<u>Description</u>
248.1	Printing, dyeing and bleaching of synthetic Textiles by hand.
248.2	Printing, dyeing and bleaching of synthetic Textiles other than by hand.

Sub-groups:	Description.
268.1	Manufacture of coir fibre and yarn.
268.2	Manufacture coir Matting, Carpets etc.
268.3	Manufacture of coir ropes and twins.
268.9	Manufacture of other coir products.
270.1	Manufacture flush doors and boards.
281.1	Manufacture of Pulp (Machine made).
293.2	Manufacture of ladies leather purse and hand bags.
302.6	Manufacture of Foam Rubber Mattresses and cushions.
303.2	Acrylic Plastic Sheets.
303.3	Reinforced and laminated plastic sheet.
319.5	Manufacture of Glue and gelatine.
319.6	Manufacture of Synthetic sweeteners.
321.5	Manufacture of optical glass.
321.7	Manufacture of glass Bingles.
357.2	Manufacture of Broaching Drilling and Threading Machines.
357.3	Manufacture of Milling, Planing, Shaping, Gear cutting and Slotting Machines.
357.4	Manufacture of Grinding, Lapping, Honing and Polishing Machines.
357.5	Manufacture of Sowing, Contour sowing Filling and cut-off machines.

<u>Sub-groups:</u>	<u>Description</u>
357.6	Manufacture of metal forming Machines.
387.2	Manufacture of Pencil.
387.6	Carbon & Type writer Ribbon.

Following the expansion of industrial works in other specific places of India, as we have mentioned earlier, the market for industrial inputs which are the products of other industries, have become wide open closely to the areas. For engineering and manufacturing of machines, Howrah, the sheffiled of India, is now experiencing a depressing demand for her product in India. By this Guest Keen William, Bridge & Roof, Hooghly Docking are in bad shape. The small engineering units around Bellious Road are in a moribund state. All foundry units around Banaras Road one on the verge of collapse. A big engineering units, which had reopened a few years ago under a new name, had closed down again. (8)

## 7.2: Bargaining Power of Labour:

Bargaining between management and union represents a situation where a single seller faces a single buyer.<sup>(9)</sup> In a developing economy the demand for higher wages is geared up to the inflationary situation as nominal wages hardly get around real wages. Like a developing country, India has been shocked at this setback since 1961. Between 1961 and 1975 money wages rose by 107 percent ( Base 1961 = 100 ) but the

working class consumer price index had gone up by 217 percent during the same period. As a result, the index of real earning decreased by 35 percent. Leaving a few years, the index number of real earnings was less than 100 (1961 = 100) showing a deterioration in the standard of living of the masses. <sup>(10)</sup>

This shows the extent of inflation and its adverse effect on the working classes. Since 1972, rise in prices was much higher than in money wages and real earnings had some down for all industrial workers, demand for higher wages had become slogan in every industrial units in which many were hit out

at labour unrest. There was no exception to this for West Bengal. But here bargaining power of labours had been put forward by rulling political parties; and in addition to nominal wages many other privile-ges had thrustred at the demand. Higher wage does not always lead to higher productivity. <sup>(11)</sup>

Only gaining on productivity the cost condition does concede to pay higher wages for labours. <sup>(12)</sup>

In West Bengal labour productivity had responded to wages only in few industries. Following 'Instrumental Variable Method to the VES production function <sup>(13)</sup> we study on the response of wage (W) and technology ( $K/L$ ) on productivity in some industries under Registered Manufacturing Sector of West Bengal for the period from 1978 to 1986 and find interesting results.

For eight industries we set eight equations; and all of them satisfy the test of overall significance with maximum

percentage of variation of productivity explained by the regression plane. As through Durbin and Wasson test two of them suffer from the problem of auto-correlation. The results reflect that the productivity responds to wages for only 4 (four) industries as 25, 31, 35 and 37. The calculated t values for the co-efficients of the variable W being higher than those of table values we accept that the Co-efficients are significant to explain labour productivity in those four industries. For two cases the labour productivity does respond to technology. From the results we reel off the fact that productivity of labour in the industries of West Bengal does not lie behind the nominal wages. It does corroborate in table 7.1 where for same period, wages in public sector units raised remarkably than those of private sector units for same industries. The higher productivity in public sector units is not the result of higher wages. As we have mentioned that higher labour productivity in public sector units is maintained through higher amount of capital per labour which pushes back the productivity of capital and keeps up the excess capacity in the units under the sector. It may be, more exploitation resulted in higher capacity utilization at private sector units. But here bargaining power of labours has gone to such extremes that the entrepreneurs sometimes take the insult lying down: sometimes fell in with disputes which carry through stoppage of works i.e. strikes and lock-outs.

The equation for VES Production function by  
Instrumental Variable Method:

$$\log(V/L) = a + b \log w + c \log(K/L) \dots \dots (7.1).$$

Industry Code	Obs.	$\log(V/L)$ on $\log w$ and $\log(K/L)$	$R^2$	$F_{2,4}^*$	$D^w$
21	7	$-7.1833 + 0.5555 \log w + 2.0780 \log(K/L)$ S.E. (5.7279) (0.4626) (1.6845) $t_{(4)}^*$ (-1.2541) (1.2008) (1.2336) $t_{L_4}^T = 2.132$	0.83	9.5051	2.0629
				$F_{2,4}^T = 6.94$	
25	6	$-.40362E-01 + 0.7382 \log w + .038134 \log(K/L)$ S.E. (.24268E-01) (.31722E-01) (.18216E-01) $t_2^*$ (1.6632) (23.232) (2.0934) $t_2^T = 2.920$	0.99	471.84	2.3214
				$F_{2,2}^T = 19.0$	
27	7	$1.5961 + 1.0118 \log w - 0.3265 \log(K/L)$ S.E. (0.4317) (0.5809) (0.4820) $t_{L_4}^*$ (3.6968) (1.7436) (-0.6774) $t_{L_4}^T = 2.132.$	0.88,	14.110	3.06
				$F_{2,4}^T = 6.94$	
29.	7	$-2.7444 + .084157 \log w + 1.5222 \log(K/L)$ S.E. (1.0063) (.057450) (0.2270) $t^*$ (-2.7273) (1.4649) (6.7062) $t_{L_4}^T = 2.132$	0.98	24.222	2.46
				$F_{2,4}^T = 6.94$	

Industry Code	Obs.	$\log(V/L)$ on $\log w$ and $\log(K/L)$	$R^2$	$F^*$	$D^w$
31	7	$3.7710 + 2.9045 \log w - 2.2242 \log(K/L)$ S.E. (1.1676) (0.5295) (0.6229) $t_L^*$ (3.2297) (5.4852) (-3.5709) $t_L^T = 2.132$	0.96	46.21	2.27
				$F_{2,4}^T = 6.94$	
34.	7	$0.1956 + 0.5898 \log w + 0.2937 \log(K/L)$ S.E. (0.4010) (0.4662) (0.5748) $t_L^*$ (0.4878) (1.2651) (0.5111) $t_L^T = 2.132$	0.80	7.83	1.51
				$F_{2,4}^T = 6.94$	
35	7	$-0.8591 + 0.9272 \log w + 0.2983 \log(K/L)$ S.E. (0.3042) (0.062378) (0.093769) $t_L^*$ (-2.8241) (14.865) (3.1810) $t_L^T = 2.132$	0.99	334.00	2.81
				$F_{2,4}^T = 6.94$	
37	7	$0.9555 + 0.9096 \log w - 0.093502 \log(K/L)$ S.E. (1.5586) (0.1363) (0.3201) $t_L^*$ (0.6131) (6.6749) (-0.2921) $t_L^T = 2.132$	0.92	22.327	2.02
				$F_{2,4}^T = 6.94$	

Source: Data prepared from statistical  
Abstract, West Bengal(1978-1989)  
174. P. 460-475 and A.S.I. Frames 1978-79



Table : 7.1

Average Annual Wages of The Employees  
by Industry in West Bengal (in Rs. )

Industry	For Govt. Factories (in Rs. )			For other Factories (in Rs. )		
	1984	1987	Index as 1984=100	1984	1987	Index as 1984=100
20	12381	14749	119	4626	6148	133
21	6470	6827	106	6318	6773	107
22	-	-	-	12508	14059	112
23	11171	13012	116	11200	12348	110
24	6836	8133	119	15816	15858	100.2
25	8096	14652	181	9768	14148	145
26	-	-	-	11494	11511	100
27	-	-	-	7947	6839	86
28	13524	15185	112	8779	11548	132
29	-	-	-	8357	9965	119
30	10442	16389	157	8362	11622	139
31	12486	13459	108	13254	11055	83
32	11437	11458	102	9993	7456	75
33	-	-	-	10288	10607	103
34	15647	18187	116	11282	13468	119
35	12338	16502	134	12919	11623	90
36	10052	16724	166	13576	12430	92
37	15752	16715	106	15911	19003	119
38	9363	15179	162	10588	8394	79
40	-	-	-	14681	19688	134
73	-	-	-	3685	5442	148
74	-	-	-	8255	10432	126
82	-	-	-	5623	13644	242
95	-	-	-	4581	5992	131
96	-	-	-	3333	6005	180
97	14201	15218	107	7643	8543	112

\* Table prepared from the source: Chief Inspector of Factories, West Bengal. P529- 530 T. 20.5. , 92.

- Note :- (i) Information cover workers of registered working factories drawing less than Rs.1,600 per mensem.
- (ii) Wages include bonus and any sum payable to workers by reason of termination of his employment but does not include the value of any house accomodation, supply of light, water, medical attendance or other amenity or of any service specially excluded by the state Govt. any travelling allowance or employer's contribution to any pension or provident fund or any gratuity payable or discharge or any sum paid to employee to defray special expenses entailed or him by the nature of his employment.
- (iii) Information exclude certain industries returns for which were not available:
- 

### 7.2.1: Strikes and Lockouts in Industries.

We worried ourselves about industrial disputes in West Bengal, that from the year 1982 they are at rising trend in cotton, jute engineering and miscellaneous industries. In the year 1982 total 146 disputes comprised of 4 disputes for cotton, 24 for jute, 39 for engineering, 11 for plantation (Tea) and 68 for miscellaneous industries, had entered upon the industrial carrier of the state. In the year 1988 the total disputes had come up to 246. <sup>(14)</sup> In the year 1988 an observation made by Labour Commissioner, West Bengal, that most of the

industrial disputes resulted strikes were connected with demand for higher wages and bonus; but most of the industrial disputes resulted lockouts were connected with uneconomic running, financial stringency, loss of economic viability and alleged labour dispute. (15) Though the information vehemently claimed that indiscipline, rowdiness, violence and vilification were nil, yet some entrepreneurs have informed that they have fallen upon evil days as through unions activity workers have been over-secured day by day. In the year 1980 the number of persons laid-off and retrenched were 11,966 and 1043 respectively; and the figures had come down significantly in the year 1988 when 1572 persons were laid-off and only 74 persons were retrenched. (16) Of course, unions have secured salutary service for the workers. But from this action side by side if it says that the entrepreneurs had not been cornered and deprived of strength to direct their units then it will lead to fake up a story.

Following trends of strikes and lock-outs we puzzle out what have done with the bargaining power of the entrepreneurs:

Table-7.2:

## Strikes and lock-outs in the Industries of West Bengal.

Period	Number of cases			Men involved (in thousand)			Mandays lost (in lakh)		
	Strikes	Lock-outs	Total	Strikes	Lock-outs	Total	Strikes	Lock-outs	Total
1	2	3	4	5	6	7	8	9	10
1970	678	128	806	371.3	82.8	454.1	57.8	36.5	94.3
1980	78	130	208	68.4	85.4	153.8	14.8	47.0	61.8
1985	39	165	204	13.5	135.9	149.4	2.0	151.1	153.1
1986	29	178	207	23.1	129.7	152.8	2.7	132.7	135.4
1987	39	197	236	92.5	161.6	254.1	16.4	214.7	231.1
1988	34	212	246	99.2	162.9	262.1	33.2	284.5	317.7
1989	16	207	223	14.2	149.4	163.6	2.5	275.5	278.0

Source: (1) Labour Commissioner,  
West Bengal.

(2) Labour in West Bengal.

Note:-Lock-out is inclusive of cases of strikes following by Lock-out.

In the early years of seventies the number of strikes were more than that of late eighties; and reverse was for lock-out cases. As in the year 1980 there were 208 disputes which had caused 78 strikes and 130 lock-outs whereas in the year 1988 within 246 cases, 34 were strikes and 212 were lock-outs. The more frequent use of lock-outs by the employers had raised the number of man-days lost every year. The relatively high share of lock-outs in man-days lost suggests

that there have been a qualitative change in the character of industrial disputes. Slacken off strikes have been born one evidence that there have been eased off utter enslavement of workers. But what about lock-out? The traditional believe on lock-out stems from socialist idea that it is a form of punishment that the burgeois class inflicts on workers. Since, in West Bengal the entrepreneurs are not strong enough to punish workers, the decision of many lock-outs lie on other factors. With this, management can't take quittance from feeble functioning of some industrial enterprises.

### 7.3.: Management: A Hope to-wards the Desire Goals.

In making decision, the function of management is the efficient direction for an industrial enterprise which is always subjected to the problems of scarcity and choice at present and future practice. The unit under uncertainty in an imperfect market represents a coalition of different groups as manager, workers, shareholders, customers and suppliers who have their separate goals <sup>which</sup> do conflict each other through a continuous bargaining process. The management performs 'five main goals'<sup>(17)</sup> of the firm as the (i) Production Goal, (ii) Inventory Goal, (iii) Level of Sales Goal, (iv) Market-share Goal and (v) Profit Goal.

The top management makes various payment to resolve the conflict within the firm. The example of such payments are money payments, side payments and slack payments. Money payments refer to the payments of regular wages and salaries etc. On the other hand side payments are in the form of policy commitments by the top management to satisfy some demands of groups within the firm. As to keep a good scientists employed in the firm the management has to allocated certain funds for the development and conduct of the research plans of the scientists. The slack payments or organisational slacks refer to those payments made to the members of the coalition in excess of what is required to maintain the organisation. Among them the managerial slack takes the form of higher salaries or other perquisites that the firm provides to the top management. The existence of slack has a stabilizing effect on the performance of the firm to pursue its goal and have a steady performance in a changing environment. (18)

### 7.3.1: The Aberrant Management to set back Manoeuvre:

Our inclination to study the role of decision maker had dealt with word of mouth as although many entrepreneurs did never let the eat out of the bag. In many public sector enterprises we observed the parental and political managements, whose members belong to the dominant family groups and whose members are powerful in politics or connected with influential persons. Other qualifications of managers, such as leadership

and knowledge were of secondary importance. As stronghold of union had been encouraged by Govt. party through recruitment, an attitude was born (now in existence) that the plant should be operated only for benefit of the employees. With this the members of top management had enveloped in faulty planning, delaying bureaucratic exercise, absence of experience and expertises, and many other erratic shocks which fouled up a good working partnership in many public sector units like Central Dairy at Belgachia, Sodepur Cotton Mills at Sodepur, Oriental Cotton Cultivation & Mills on South Station Road at Agarpara, Encoply wood & Saw Mill at Siliguri, Tribeni Tissues at Tribeni in Hooghly, Hindustan Wire at Sukchar and Bengal Tools in Calcutta.

Having been fully aware of the gravity of public sector unit and erratic shock of management, Govt. made effective contract with joint sector with the hope that it will endorse savoir-faire of private sector in feeble management of public sector. But when we come across the management of few joint sector units like Webel Telematik Limited, Webel Tele Communication Industries Limited, Webel SL Energy Systems Limited at Salt Lake, Biaxially Oriented Polyporpylene Film Projects and Polyester Filament Yarn Project at Bankura, we find fact of enfeoffment of public sector units. These units have not directed to-wards desire capacity utilization.

In Gujarat the progress of multipurpose Co-operative societies during last decade is more than any other state in

India. The state had got through ' the scope of service Co-operative, '(19) back off twenty years. But here in West Bengal we see painful and slow work effort of management of some units under service co-operative as Dooars Co-operative Rice Mill Society Ltd. at Siliguri, Arambag Co-operative Rice Mill Society Ltd. at Garbati in Arambag, West Bengal Appex-Co-operative Agricultural Marketing Society Ltd. (Rice Mill sec.) at Memari Moutiswar Thana Co-operative Processing Society Ltd. at Baraipara, Saktigarh Co-operative Cotton Mill Ltd. at Agarpara, Vidyanagar Co-operative Multipurpose Society Ltd. at Behala, Ashokenagar Cotton Mill Co-operative Society Ltd. at Ashokenagar and Siliguri Powerloom Co-operative Society Ltd. on Cussipore Road in Calcutta. In all these units management took the forms of Govt. department. Here Govt. officials who supervise the units, were not aware of the needs of the units. Moreover, the office bearers were not strict in getting payment from those whom they gave the output on credit. By this the working capital of 6 units out of 8 (eight) had fallen into decline and gummed up the works.

Under private sector many a company has units in and outside the state; and alike a number of companies have scaled down their productive activity under the units in the state, however, to the activity their units at outside the state have got into their stride. The wit and wisdom of management of these companies have got abreast of state politico-social condition which kept themselves away from step off on wrong foot.



In British period the social root of business entrepreneurship and supply of capital brought Parsis and Jain community to the fore.<sup>(20)</sup> By this the entrepreneurial activities in the field of industry had concentrated in certain religious groups for which a discussion would be a purely sociological phenomenon.<sup>(21)</sup> Many of them had come up and started industrial units in the state with no other motive than to horn in on loans and subsidies which might have invested in other profitable business and the units are now throwing out the baby with bath water. We try to know the difficult position for some units. Generally they reported that (i) demand for their output had slackened off, (ii) the working capital had fell away to meet the amount payable to bank-loans, (iii) partners had fell apart and (iv) family had disintegrated to put the units in difficult position. Notwithstanding the reasons we stole over their cunning which get themselves into a situation seems profitable. Furthermore enquiry would be just bang our head against brick wall.

### 7.3.2: Study on Managerial Slack and Side Payments:

We went on to study the managerial slack and side payments in public and private sector under a few groups as shown in table 7.3 and get amezed at the fact that not a single private sector unit had side payment as although they had payments for slack amount to much. On the other hand public sector units being allied to research and development made side payment for many cases. But sanction made at such long procedure that the

Table : 7.3.

The Response of Units to side and Slack Payments in Registered Manufacturing Sector under Different Industry Groups.

Industry Group	Number of Units.									
	Public sector					Private sector.				
	SL	S	SL and S	No. SL or S	Total	SL	S	SL and S	No SL or S	Total
1	2	3	4	5	6	7	8	9	10	11
231	2	3	1	1	4	4	-	-	1	5
280	-	2	1	-	3	2	-	-	2	4
313	-	2	-	1	3	2	-	-	1	3
330	-	2	-	2	4	3	-	-	-	3
340	-	-	-	3	3	2	-	-	2	4
360	-	2	-	2	4	4	-	-	1	5

SL → slack Payment .  
S → Side Payment.

Source: Survey From Premises 1989-90.

scientists, whom we had questioned, had applied themselves less enthusiastically to the work which would have been pleasure task for them. As the management of public sector unit is tied with Govt. rules, the top official person's service conditions and payments are also subjected to the discorums of Govt. employee. And their dream of additional money, like extra perquisites of a top manager in a private sector enterprise, find some illegal ways of amassing their own capital. However, no one of the employees admitted that they had additional sources of income from the premises in some other ways contrary to the law. We stole ever their replay and it would be worthwhile to mention the corruption have wrapped up in the work culture. On the problems there are so many variables and uncertainties affecting the issue of wages fixation, revision or determination that many public and private sector units are not succeeded in their effort at compromise. And the industrial relations climate have become adverse. Many units are closing down and few are reopening as shown in table 7.4:

Table :7.4.

Industrial Units Closed and Re-opened in West Bengal

Period	Unit closed Number	Units re-opened Number
1	2	3
1970	260	170
1980	63	23
1985	27	11
1986	27	8
1987	26	8
1988	25	5
1989	12	4
1990	17	4

Source : (1) Labour in W.B. (2) Labour Commissioner, W. Bengal.

No wonder, the situation was threatening since 1970 when 260 units had closed down and 170 units re-opened. In the year 1980, 63 units were closed and 23 units re-opened and by this in the following years many units were closed but re-opened at a very insignificant rate. As generation of new units had slowed down, both the number of close and re-open had wineed in the latter years. Many units have not closed down; they have just opened with greater excess capacity.

In this through working order we found many other imponderable effects which could not be estimated were adverse to the capacity utilization of the units. And we found that many manufacturing units in West Bengal followed excess capacity and finally closed down where of re-opening did not prevent the chain of deterioration which had been born from a number of weak links. Haggler trade-unionism is one of them. As now in West Bengal, the practice of a part of working-class in manufacturing units is misfeasance i.e. doing of lawful work in wrongful manner which is difficult to subdue by entrepreneurs and it finally forces the function to remain on tenterhooks Hence, it is reasonable to conclude that there must be something wrong in the economic-political situation in West Bengal which have made inroad in the industrial units and resulted industrial activities with greater excess capacity.

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