



Government of Bombay

**REPORT**  
**OF**  
**THE BOMBAY COTTON TEXTILE**  
**INDUSTRY (REHABILITATION)**  
**INQUIRY COMMISSION**



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Government of Bombay

# REPORT

## THE BOMBAY COTTON TEXTILE INDUSTRY (REHABILITATION) INQUIRY COMMISSION



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**No. BIR/356 of 1959.**

**OFFICE OF THE BOMBAY COTTON TEXTILE INDUSTRY  
(REHABILITATION) INQUIRY COMMISSION :**

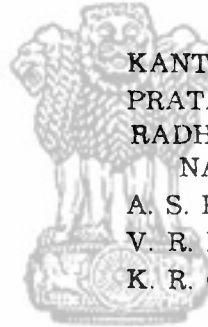
**Muzafarabad Hall, Grant Road, Bombay-7.**

**17th April 1959.**

**Sir,**

We beg to submit to the Government of Bombay, Labour and Social Welfare Department, the enclosed Report of the Bombay Cotton Textile Industry (Rehabilitation) Inquiry Commission prepared by us as a result of the investigations and inquiries made by us.

**Yours faithfully,**



**KANTILAL T. DESAI,  
PRATAP BHOGILAL,  
RADHAKRISHNA RAM-  
NARAIN RUIA,  
A. S. PARASURAM,  
V. R. HOSHING,  
K. R. GADGIL,**

**To**

**The Secretary to the Government of Bombay,  
Labour and Social Welfare Department,  
Bombay-1.**



## CONSTITUTION OF THE COMMISSION.

- |                                                                                                                                        |           |
|----------------------------------------------------------------------------------------------------------------------------------------|-----------|
| 1. Shri Justice K. T. Desai, B.A., LL.B., Judge,<br>High Court, Bombay ... ..                                                          | Chairman. |
| 2. Shri Pratap Bhogilal, M.A. ... ..                                                                                                   | Member.   |
| 3. Shri Radhakrishna R. Ruia, B.A. ... ..                                                                                              | Member.   |
| 4. Shri V. R. Hoshing, LL.B. ... ..                                                                                                    | Member.   |
| 5. Shri A. S. Parasuram, L.T.M. (Hons.) Bombay,<br>B.T.A., Boston (U.S.A.), Consulting Engineer,<br>Cotton & Silk Mills, Bombay ... .. | Member.   |
| 6. Shri K. R. Gadgil, L.T.M. (Hons.) Technical<br>Inspector of Factories (Textile), Bombay ...                                         | Secretary |



## REPORT OF THE BOMBAY COTTON TEXTILE INDUSTRY (REHABILITATION) INQUIRY COMMISSION.

### Historical Background :

Disputes and differences have arisen from time to time regarding payment of bonus between the workmen employed in the Cotton Textile Industry at Bombay on the one hand and the employers on the other. For the year 1941 bonus had been paid to the workmen at the rate of  $12\frac{1}{2}$  per cent. of the total basic earnings of the employees. For the years 1942, 1943 and 1944 bonus was paid at the rate of  $\frac{1}{6}$ th of the total basic earnings of the employees during the respective years. For the year 1945,  $\frac{1}{6}$ th of the total basic earnings of the employees was given as bonus in addition to the Victory bonus equivalent to one month's wages. The workmen employed in the cotton textile mills in Greater Bombay refused to receive bonus for the year 1946 which was offered at the rate of  $\frac{1}{6}$ th of the total basic earnings of the employees, subject to certain conditions, on the ground that the same was inadequate. The demand made on behalf of the employees as represented by the Rashtriya Mill Mazdoor Sangh for bonus formed one of the subject matters of Reference No. 5 of 1946 before the Industrial Court constituted under the Bombay Industrial Disputes Act, 1938. The demand was for an unconditional and adequate lump allowance as bonus every year out of the increased earnings of the industry on the grounds that the workers had suffered heavily on account of cuts in their wages, strikes, etc. Owing to war and that after the war the conditions of the textile industry had improved considerably. The Rashtriya Mill Mazdoor Sangh formulated its claim for bonus for the year 1946 as equivalent to 25 per cent. of the wages earned during that year, including in the term "wages" the dearness allowance paid to the workers during that year. The Millowners' Association in reply denied liability for payment of any bonus on the ground that bonus was entirely an *ex-gratia* payment and not a deferred wage as contended on behalf of the employees. The Association urged that the payment of bonus made by the member mills of the Association in the preceding few years, subject to certain conditions, was quite fair and adequate and that it should be left to the discretion of the employers how much bonus, if any, should be given in any year. As regards bonus for the year 1946, the Association contended that the bonus already declared, was adequate and that there was no reason for changing the same. The Industrial Court made an award on 31st May 1947 in the course of which it observed that the Millowners' contention that bonus was an *ex-gratia* payment was true from the point of view of civil law which could only enforce the terms of a contract between the parties, but that in the domain of industrial relations between employers and workers the rights and duties of the parties were not governed merely by civil law but by collective bargaining in the settlement of disputes arising out of demands made by one on another for more earnings,

better conditions of work and increased production. It further observed that the justification for such demands as "industrial matter" arises especially when wages fall short of the living wage standard and the industry makes huge profits part of which are due to the contribution which the workers make in increasing production. The Industrial Court further observed that although the demand was for adequate bonus for every year, it could not fix the quantum of bonus for each year to come as it would be premature to do so without assessing the profit earning capacity of the industry. The Industrial Court held that the employees should get as bonus for the year 1946 one-fifth of their earnings, excluding dearness allowance.

In celebration of the independence of India, an independence bonus equivalent to one month's earnings was paid soon after 15th August 1947. No bonus for the year 1947 however, was declared by the Millowners' Association towards the end of the year 1947 as was done in the previous years. In connection with the bonus for the year 1947 there was a reference to the Industrial Court being Reference No. 1 of 1948 under the Bombay Industrial Relations Act, 1946. The Industrial Court awarded 1/6th of the earnings of the employees for the year 1947 as and by way of bonus, exclusive of dearness allowance and bonus paid during the period. In making the award the Industrial Court observed that the employees of the cotton textile industry in Bombay had gained substantially by way of increased dearness allowance, the standardization of wages and the bonus awarded to them. It further observed that the living wage standard was not then reached, but the total increases granted made a fairly good approach to that standard.

For the year 1948 there was again a dispute in connection with the payment of bonus and the same formed the subject matter of Reference (IC) No. 7 of 1949 under the provisions of the Bombay Industrial Relations Act, 1946. The Industrial Court consisted of Mr. K. C. Sen, as President, and Mr. D. G. Kamerkar and Mr. M. C. Shah as members. The Reference arose as a result of a notice of change given to the Millowners' Association by the Rashtriya Mill Mazdoor Sangh demanding bonus for the year 1948 "in order to make up the deficit in the living wage in the first instance and in addition an adequate share in the profits of the Industry." The Industrial Court made an award on 23rd April 1949. It observed that "so long as the living wage standard had not been attained, the bonus partakes primarily of the character of the satisfaction, often partial and temporary, of the deficiency in the legitimate income of the average worker in an industry, and that once such income has been attained, it would also partake of the character of profit sharing." In paragraph 7 of the award, the Industrial Court observes as follows :—

"In the Bombay award dated the 31st May 1947 the cost of replacement and modernisation of machinery (including depreciation) has been taken as about 72 crores. We are informed that

the original value of the present machinery of the mills is 26·6 crores and the Millowners' Association have asked us to raise it, in view of the rise in the cost of machinery at the present time which was not foreseen in 1947, to 100 crores. If we are to rely on the estimate of the Tariff Board, which is stated to be based on enquiry 'from persons intimately acquainted with the cotton textile industry', the cost of replacement today would be  $2\frac{1}{4}$  to  $2\frac{1}{2}$  times the pre-war cost. On this view the estimate of 72 crores itself, particularly in 1947, would appear to be excessive. We were at first inclined to increase this sum to 80 crores, but in view of the authoritative opinion of the Tariff Board we think that there would be no sufficient justification for such increase, and we would, therefore, take the figure of 72 crores as the cost of replacement, renewals and modernization of the existing machinery. This amount would include not only what should be put aside from year to year as reserve but also the total amount at the credit of the depreciation fund."

The Industrial Court awarded bonus equivalent to the basic earnings of the employees in the year 1948 for  $4\frac{1}{2}$  months, excluding dearness allowance and bonus paid during the period.

For the year 1949 there was again a dispute as regards bonus, which was referred to the Industrial Court being Reference (IC) No. 195 of 1949, in the matter of the arbitration between the Rashtriya Mill Mazdoor Sangh, Bombay, and the Millowners' Association, Bombay, and Reference (IC) No. 6 of 1950 : Arbitration between the Kurla Girni Kamgar Sangh, Kurla, and the Millowners' Association, Bombay. On 7th July 1950 the Industrial Court made its award. In the course of its award it referred to the concept of a living wage as summarised in the report of the Committee on Fair Wages to the effect following : "There is a general agreement that a living wage should enable the male earner to provide for himself and his family not merely the bare essentials of food, clothing and shelter but a measure of frugal comfort including education for his children, protection against ill-health, requirements of essential social needs and a measure of insurance against the more important misfortunes, including old age". The Industrial Court awarded bonus equal to  $1/6$ th of the basic earnings of the employees in the year 1949, exclusive of dearness allowance and bonuses paid during the period.

There were two appeals filed against the aforesaid award of the Industrial Court, dated 7th July 1950, being appeal No. 1 of 1950 and appeal No. 5 of 1950 before the Labour Appellate Tribunal of India at Bombay. Appeal No. 1 of 1950 was filed by the Millowners' Association, Bombay, against the Rashtriya Mill Mazdoor Sangh, Bombay, and the Kurla Girni Kamgar Sangh, Kurla and appeal No. 5 of 1950 was filed by the Rashtriya Mill Mazdoor Sangh, Bombay, against the Millowners' Association, Bombay. On 9th October 1950 the Labour Appellate Tribunal of India at Bombay gave its decision

in the matter. In the course of its decision the Labour Appellate Tribunal observed that bonus could not any longer be regarded as an *ex-gratia* payment, for it had been recognised that a claim for bonus, if resisted, gave rise to an industrial dispute, which had to be settled by a duly constituted Industrial Court or Tribunal. It quoted the following remarks of Lord Birkenhead in the case of *Sutton v. Attorney General* reported in (1923) 39 I. L. R. 294 in connection with bonus : "It differs from wages, in that it does not rest on contract, but still payments for bonus are made, because legally due, but which the parties do not contemplate to continue indefinitely." It further observes as follows : Where the goal of living wages has been attained bonus, like profit sharing, would represent more as the cash incentive to greater efficiency and production. We cannot, therefore, accept the broad contention that a claim for bonus is not admissible where wages have (as in the case before us) been standardized at a figure lower than what is said to be the living wage. Where the industry has capacity to pay, and has been so stabilised that its capacity to pay may be counted upon continuously, payment of 'living wage' is desirable, but where the industry has not that capacity or its capacity varies or is expected to vary from year to year, so that the industry cannot afford to pay 'living wages', bonus must be looked upon as the temporary satisfaction, wholly or in part, of the needs of the employees. In the case before us wages of the employees had been standardized by an award made by the Industrial Court, Bombay, in Reference Nos. 1, 4 and 5 of 1946, published in the *Bombay Government Gazette*, Extraordinary, dated the 2nd June 1947. It is not denied that the standardized wage falls short of the 'living wage' as some of the other factors which contribute towards a 'living wage' are still wanting."

In paragraphs 21 and 22 of its decision the Labour Appellate Tribunal observes as follows :—

21. "We will now consider what should be the general principles governing bonus. As both Capital and Labour contribute to the earnings of the industrial concern, it is fair that Labour should derive some benefit, if there is a surplus after meeting prior or necessary charges."

22. "The gross profits are arrived at after payment of wages and dearness allowances to the employees, and other items of expenditure which are not necessary for our present purposes to enumerate in detail. As investment necessarily implies the legitimate expectation of the investor to secure recurring returns on the money invested by him in the industrial undertaking, it is essential that the plant and machinery should be kept continuously in good working order for the purpose of ensuring that return, and such maintenance of plant and machinery would also be to the advantage of labour, for the better the machinery the larger the earnings, and the better the chance of securing a good bonus."

The first charge on the gross profit should, therefore, be the amount of money that would be necessary for rehabilitation, replacement and modernisation of the machinery. As depreciation allowed by the income-tax authorities is only a percentage of the written down value, the fund set apart yearly for depreciation and designated under that head would not be sufficient for these purposes. An extra amount would have to be annually set apart under the heading of 'reserves' to make up that deficit."

In paragraph 26 of the decision it is stated that the claim of the employees for bonus would only arise if there should be a residue after making provision for (a) prior charges and (b) a fair return on paid-up capital and on reserves employed as working capital. A reference is made in paragraph 29 of the decision to the award in connection with bonus for the year 1948 whereunder a sum of Rs. 72 crores was found to be required for rehabilitation, replacement and modernisation of the existing machinery. The Labour Appellate Tribunal negatived the contention urged on behalf of the representative Unions of the employees that the total cost of rehabilitation, replacement and modernisation, ought to be estimated at much less than Rs. 72 crores and observed as follows :—

"All the relevant materials for fixing the requisite amount for rehabilitation etc. were placed before the Industrial Court by both the parties in connection with the question of bonus for 1948. That Court was inclined to fix the cost of rehabilitation etc. at 80 crores, but in view of the considered opinion of the Tariff Board, fixed the sum at 72 crores. In the 1949 award, the Court did not disturb any of the above findings and proceeded on the figure of 72 crores. Having regard to the uncertain tendency of the price level of machinery, we think that a liberal estimate should be adopted, and so we also proceed on the figure of 72 crores."

After considering all the factors, the Labour Appellate Tribunal came to the conclusion that there was no ground for disturbing the decision of the Industrial Court on the question of bonus.

In connection with bonus for the year 1950 there were disputes and the matters were referred to the arbitration of the Industrial Court, being Reference (IC) No. 95 of 1951, in connection with the arbitration between the Rashtriya Mill Mazdoor Sangh, Bombay and the Millowners' Association, Bombay, the Raghvanshi Mills Ltd., Bombay, and the Hirjee Mills Ltd., Bombay, and Reference (IC) No. 99 of 1951 in connection with the arbitration between the Rashtriya Mill Mazdoor Sangh, Bombay, and the Millowners' Association, Bombay for its member mills in Kurla. The Millowners' Association contended that the cost of replacement and rehabilitation of machinery given by the Millowners' Association in 1947 as 72 crores and adhered to in later decisions should be revised, as the cost of machinery had gone up appreciably since 1946-47, and that

it should be Rs. 97.44 crores out of which should be deducted the amounts spent on new machinery since 1947-48. The Millowners' Association further contended that the cost of the rehabilitation of buildings belonging to the mills viz., 11.67 crores as in 1950 should be taken into account. The Rashtriya Mill Mazdoor Sangh, on the other hand, contended that the calculations regarding rehabilitation etc., included buildings and that if buildings were to be separately allowed for "only the value of the buildings up to 1939 should be considered". The Industrial Court gave its award on 28th August 1952. In paragraph 8 of its award the Industrial Court states as follows :—

"We first take the question of replacement and rehabilitation of machinery. In our opinion the Sangh is wrong in contending that this Court and the Labour Appellate Tribunal's calculations under this head include the rehabilitation of buildings. The latter subject was raised for the first time when this Court considered the question of bonus for the textile industry at Ahmedabad for 1948. This Court then found it necessary to proceed on the basis of reserves required for rehabilitation of both machinery and buildings of the mills because many of the mills had given only the combined figures for depreciation of both the buildings and machinery. As regards Bombay, however, the rehabilitation costs in respect of machinery alone have been considered so far. In the award in Reference Nos. 1, 4 and 5 of 1946 it was stated. 'They (the Millowners) pointed out that the cost of replacing and modernising the machinery will come to 72 crores'. In this Court's award regarding bonus for 1947 in the cotton textile industry in Bombay (Reference No. 1 of 1948), no question regarding rehabilitation arose. In the next year's award [Reference (IC) No. 7 of 1949] that question was fully discussed and in paragraph 7 of the award, after a reference to the award in Reference Nos. 1, 4 and 5 of 1946, the statement made by the Tariff Board that the cost of replacement would be 2-1/4 to 2-1/2 times the pre-war cost was referred to, and then it was stated, "We would therefore, take the figure of 72 crores as the cost of replacement, renewals and modernisation of the existing machinery." It is, therefore, clear that so far the question of rehabilitation of buildings has not been taken into account in connection with the textile mills in Bombay. That it should be taken into account, as was done in the case of the Ahmedabad mills, admits of no doubt."

Paragraph 9 of the said award runs as follows :—

"The next question we wish to deal with is the claim of the Millowners' Association that the figure of 72 crores given by it in 1947 as the cost of the replacement and rehabilitation should be revised in view of the increased cost of machinery in later years. We agree with Mr. Shah (who appeared for the Rashtriya Mill Mazdoor Sangh) that the calculations regarding replacement

costs should be regarded as resulting in a long term policy or programme and that it would be improper, after ascertaining carefully how much is required to be set aside as reserve for rehabilitation, to change the basis of such calculations every year or whenever the cost of machinery goes up or down. We do not therefore think that either the figure of 72 crores found as the amount required for rehabilitation at the end of 1947 should now be revised on any of the grounds which were taken into consideration by the Labour Appellate Tribunal in its decision regarding the 1949 bonus, and it is clear that the ground of higher cost of new machinery was taken into consideration in 1950....."

As regards the rehabilitation of buildings, the Industrial Court observed that as that item had not been allowed for in the previous years and it seemed to the Industrial Court that the average life of a building was longer than 15 years from 1947, the Industrial Court thought that it would be justified, when introducing that new element in the calculations, in proceeding on the basis of the value of buildings as they existed in 1950. The Industrial Court further observes as follows :—

"According to a statement filed by the Millowners' Association the original cost of those buildings was 11.67 crores. This does not include the buildings of the two mills which are not members of the Association. It is agreed that we may take the value of all the buildings as 12 crores."

The Industrial Court took 27 years as the average life of mill buildings from the date of the award and decided that 27 crores were required for rehabilitation of buildings. The Industrial Court awarded bonus at the rate of 15 per cent. of the annual earnings from basic pay.

There were appeals from that award to the Labour Appellate Tribunal of India at Bombay, being appeal No. 261 of 1951 filed by the Rashtriya Mill Mazdoor Sangh, Bombay, against the Millowners' Association, Bombay for its member mills in Kurla, and appeal No. 262 of 1951 filed by the Rashtriya Mill Mazdoor Sangh, Bombay against the Millowners' Association, Bombay for its member mills in the City of Bombay, the Raghuvanshi Mills Ltd., Bombay and the Hirjee Mills Limited, Bombay. There was also an appeal filed by the Millowners' Association, Bombay, against the Rashtriya Mill Mazdoor Sangh, Bombay, being appeal No. 264 of 1951. The Labour Appellate Tribunal gave its decision on 21st February 1952. In paragraph 6 of the decision of the Labour Appellate Tribunal it has been stated as under :—

"The Millowners by their appeal contended that the figure of 72 crores which we considered to be adequate for rehabilitation spread over a period of 15 years from 1947 ought to be increased to 96 crores in view of the increase in the price of machinery



within the last two or three years, and they rely upon the affidavit of one Mr. Martin Gibson, Director of the Indian Textile Engineers Ltd., who has prepared two statements, indicating the rise in the price of machinery from March 1936 to March 1951. It is not denied that Mr. Gibson was present before the Industrial Court for cross-examination and that he was not questioned by the Union but it is quite impossible for us on such limited materials to arrive at the conclusion that there had been such a rise in the cost of machinery since our Full Bench decision of October 1950 as to justify a revision of the figure of 72 crores. It cannot be disputed that a substantial variation in the price of machinery either way would justify a reconsideration of the figure of 72 crores, but such reconsideration must not be hastily undertaken and could be justified only on the basis of a substantial change of a stable character extending or likely to extend over a sufficient number of years so as to make a definite and appreciable difference in the cost of replacement. For the present we see no reason to increase the sum of 72 crores which we fixed only 18 months ago as the reasonable cost of replacement of machinery within a period of 15 years from 1947. Such computations must be regarded as long term plans not to be tampered with except when manifestly required, and in the view we take of the matter we have nothing at present before us to suggest that the figure of 72 crores ought to be revised." The Labour Appellate Tribunal did not interfere with the decision of the Industrial Court granting 15 per cent. of the basic earnings as bonus for the year 1950.

A meeting of the Standing Committee of the Central Advisory Council of Industries was held in Delhi on the 12th and 13th November 1949. In pursuance of a resolution passed at that meeting a working party for the Cotton Textile Industry was constituted under the Government of India, Ministry of Industry and Supply Notification No. 1 (4)/WOP (1), dated 31st March 1950. The terms of reference to the working party for the cotton textile industry *inter alia* were to examine and make recommendations on measures to achieve a rationalization of the industry. According to the Standing Committee, the working parties were expected, after a careful objective study of the problems, to make recommendations capable of being implemented within the existing structure of industries. The working party for the cotton textile industry made its report on 22nd April 1952. In chapter VIII dealing with rehabilitation of the Industry the working party in paragraph 92 states as follows :—

"The result of the survey made by the Technical Sub-Committee shows that the Industry is working with plant and machinery most of which is not only old but completely out-moded, and that the renewal of the machinery is an urgent problem with the Industry. That the Industry is aware of the position of its machinery is clear from the memorandum which the Millowners

of Bombay have placed before the Committee. According to this memorandum, 90 per cent. of the present machinery is more than 25 years old and such of the machinery as has been working multiple shifts throughout the second World War and in many cases have been installed prior to 1930, has become old and run down. It was particularly difficult to get spare Parts during the war and the maintenance of the machinery was therefore quite inadequate. The Technical Sub-Committee also points out that machinery prior to 1910 which exists in mills is obsolete in design and completely worn out and should be replaced by modern equipment at the earliest time. In most of the mills the preparatory processes are conducted by plant and machinery which is out-moded. There are many other details regarding Cards and Combers bought before 1925, regarding the size of the Can for the Cards, the combers and the Draw Frames which the Sub-Committee in its paragraph on Rehabilitation, Replacement and Renovation point out need replacement. It is true that in some textile units by careful attention to the maintenance of the plant and by timely renovation of parts which are worn out, the old machinery still functions satisfactorily. But in other cases it would not be an exaggeration to say that grossly inadequate attention has been paid to maintenance and the resulting evils are quite patent. In the first place, the further life of the machinery is very limited. In the second place, the production out of it is poor involving higher costs for the mill concerned. In the third place, the worker is at a greater disadvantage in discharging the proper work-load owing to the nature of the machinery. These facts suggest the very serious question as to how far the Industry on the basis of the present plant and machinery has a future and how soon it ought to be renovated, repaired or properly rehabilitated. Apart from the fact that modern machinery of an improved type capable of better production with less strain on the worker is desirable in itself, the existing machinery ought at least to be brought up to proper maintenance standards, if there should not be a breakdown in the Industry as a whole at no distant date. To add to the complexity of the situation, certain mills which have changed hands and come under the management of persons who have little knowledge of the Industry and who are new-comers to it have suffered even worse within the last few years than other comparable units under old managements. It is in the interest of the consumer, in the interest of the general economy of the country and in the interest of the large labour population engaged in the Industry, that proper rehabilitation, renovation and replacement of this old and deteriorated plant and machinery should be undertaken. The Textile Industry and the Millowners' Association have come forward with the plea that as the cost of the plant and Machinery has trebled since the war and the depreciation set apart is not adequate for the purpose of renovation, some method must be found whereby mills will be enabled to make these changes. They have pointed out that the amount required

for the purpose of rehabilitation is beyond the existing resources of the different units. They have further pointed out that it is not possible at this stage to get new capital invested in the industry for the purpose of renovation or rehabilitation."

In paragraph 94 the working party observes as follows :—

"The Millowners' Association of Bombay in its memorandum states the requirement of the mills in Bombay City and Island alone for this purpose amount to Rs. 80 crores and that the funds available in reserves and other funds earmarked for new machinery is approximately Rs. 30 crores, thus leaving a balance of Rs. 50 crores to be provided for to bring about such a renovation."

In paragraph 95 of its report the Working Party states as under :—

"The process of rehabilitation or renovation, like the process of rationalisation, must be spread over a fairly long period; and by a long period the Committee means from 10 to 15 years. The procurement of the necessary plant and machinery at reasonable prices and in the present state of industrial production in countries where such plant and machinery could be manufactured necessitates the spreading over of the requirements of the Industry over a period so as to avoid both abnormal prices and to regulate timely deliveries."

In connection with buildings the working party states in paragraph 96 as follows :—

"96. Apart from the question of renovating or replacing plant and machinery, there is the very important question of re-modelling some of the existing buildings of the Industry. The Committee in its inspection of certain mills has come across buildings constructed many decades ago which are totally ill-suited to workers and which in themselves contribute to poor work and absenteeism and various other evils following from it. In some areas Labour Welfare Officers have not acted as vigilantly as in other areas, while there are also areas where, till recently, there was hardly any labour welfare organisation set up by Government of the areas. The problem of rebuilding presents, of course, a greater difficulty but we are quite certain that this difficulty ought to be faced and that the State Governments concerned should require the units which are badly housed to make suitable alterations and modifications to their structures."

The Working Party for the Cotton Textile Industry had appointed a Technical Sub-Committee. The Technical Sub-Committee made its report *inter alia* in connection with rehabilitation, replacement and renovation. The Technical Sub-Committee made the following recommendations which appear at pages 124 and 125 of the report of the Working Party for the Cotton Textile Industry :—

"(1) Machinery prior to 1910 is obsolete in design and completely worn out and should be replaced by modern equipments at the earliest.

(2) Below Room process should be made continuous by adding Blending Feeders, Hoppers, Condensers, Reserve Boxes and Automatic Distributors.

(3) Cards and Combers of the years up to 1925 should be replaced as they could not be set close enough.

(4) Size of the Can should be changed over to 12 inches for the Card, the comber and the Draw Frames.

(5) Slubbing Frames must be scrapped and the existing Intermediate Frames in good condition converted to Zone Drafting.

(6) Ring Frames should be equipped with high drafting, tape drive and changed over to large package.

(7) Reeling machines should be changed over to power drive.

(8) Ordinary Winding and Warping machines should be replaced by modern High Speed machines.

(9) Slashers should be equipped with Automatic Controls to regulate cooking, level, temperature, stretch and moisture content.

(10) Warp Stop motion and Auto-pirn change device should be equipped on looms in sound mechanical conditions.

(11) The cost of the above replacements and renovation for the mills which submitted returns in reply to the questionnaire issued by the working party is as under :—

Centre : BOMBAY.

Number of Mills which submitted returns ...	38
Total spindles in these mills ...	22,00,000
Total looms in these mills ...	50,000
Approximate amount of renovation and replacement cost for Spg. & Wvg. only ..	30,00,00,000

(12) If the above improvements are effected, it will be possible to improve the quality of yarn and cloth which should be the primary consideration.

(13) The quality of cloth is not up to standard.

(14) Productions in several mills are far below standards and with these changes would improve and increase appreciably. This rise in production is very conservatively estimated to amount to 5 per cent. over the existing total production.

(15) If further increase in production is required it will be necessary to work extra hours, or shifts or expand existing plants.

(16) The recommendations made in Ahmedabad report for—

(a) Planning and Lay out, (b) Lighting, (c) Machine Specification, (d) Alteration in existing machinery and (e) Principles of processing held good in general for all the centres."

In respect of bonus for the year 1951 there were disputes which formed the subject matter of Reference (IC) No. 31 of 1952 and Reference (IC) No. 32 of 1952. Ultimately an agreement was arrived at between the parties and the Industrial Court made its award, dated 15th July 1952 in terms of the said agreement. Under the said agreement bonus was paid at the rate of 25 per cent. of the basic earnings of the employees for the year 1951 excluding dearness allowance and bonus paid during the year.

The question of bonus for the year 1952 came up before the Industrial Court in two References, one being Reference (IC) No. 113 of 1953 : Arbitration between the Rashtriya Mill Mazdoor Sangh, Bombay and the Millowners' Association, Bombay, for its Member Mills in the local area of the Kurla Municipal Borough, and the other being Reference (IC) No. 114 of 1954 : Arbitration between the Rashtriya Mill Mazdoor Sangh, Bombay and the Millowners' Association, Bombay, and others. Before the Industrial Court Shri Ambekar, who appeared for the Rashtriya Mill Mazdoor Sangh contended that the figure for rehabilitation cost should be reduced to Rs. 45 crores in view of the report of the Technical Sub-Committee of the working Party for the Cotton Textile Industry in which it was stated, at page 125, on the basis of the returns submitted by 38 mills in reply to the questionnaire, that the approximate amount of renovation and replacement cost for spinning and weaving machinery would be Rs. 30 crores. According to Shri Ambekar the aforesaid figure of Rs. 30 crores was in respect of 75 per cent. of the mills to which may be added Rs. 10 crores for the remaining mills so as to bring the total to Rs. 40 crores, and if a further sum of Rs. 5 crores were allowed for other miscellaneous machinery, in all the cost of rehabilitation and replacement of machinery would come to Rs. 45 crores for all the mills. The Millowners' Association on the other hand produced a letter from the Secretary of the Working Party setting out how the figure in respect of 38 mills was worked out and filed a statement according to which the rehabilitation requirement of the industry on the basis of the report of the Technical Sub-Committee would come to Rs. 108 crores. The Industrial Court in the course of its award observed that it appeared to it that the Technical Sub-Committee made its calculations on the basis of the immediate replacement of completely worn out machinery and renovation of some and not the cost of the rehabilitation and replacement that might be necessary over a course of 15 years or over any particular period. The Industrial Court observed that the report of the Technical Sub-Committee of the Working Party did not afford sufficient ground for reducing the figure of rehabilitation fixed at Rs. 72 crores. By its award the Industrial Court directed that 38 member mills represented by the Millowners' Association should pay to their employees bonus equivalent to 15 per cent. of the basic earnings for the year 1952, exclusive of dearness allowance and bonuses paid during the year.

There were three appeals filed from that decision before the Labour Appellate Tribunal of India at Bombay—one being appeal No. 16 of 1954 filed by the Millowners' Association, Bombay, against the Rashtriya Mill Mazdoor Sangh and all other workmen employed in the member mills in Bombay who were not members of the Rashtriya Mill Mazdoor Sangh, another being appeal No. 17 of 1954 filed by Sonoo Shripati Ghone and three other employees of the cotton textile mills at Bombay against the Millowners' Association, Bombay, the Rashtriya Mill Mazdoor Sangh, Bombay, and all other employees of the cotton textile mills in Bombay other than the appellants, and the third being appeal No. 88 of 1954 filed by the Rashtriya Mill Mazdoor Sangh, Bombay, against the Millowners' Association, Bombay, the Raghuvanshi Mills Ltd., Bombay and the Hirjee Mills Ltd., Bombay, and all workmen other than the members of the representative union. Shri Ambekar, who appeared on behalf of the Rashtriya Mill Mazdoor Sangh urged that the whole subject of rehabilitation, replacement and modernisation of machinery should be revised so as to shift the starting point from 1947 to 1952. He contended that the Labour Appellate Tribunal should re-estimate how much money the various mills had in hand and what further rehabilitation was necessary. The Labour Appellate Tribunal negatived the contention of Shri Ambekar that the figure of 72 crores considered necessary for rehabilitation, replacement and modernisation of machinery was erroneous. In the course of its judgment the Labour Appellate Tribunal observed that there was no substance in the contention about a mistake in calculation and that from the beginning it had clearly recognised that the year 1947 was included in the period over which the recovery of the amount required was spread and that period as extended by the Full Bench of the Tribunal extended only to the end of 1961. The Labour Appellate Tribunal modified the award of the Industrial Court and raised the bonus from 15 per cent. to 20 per cent. of the basic earnings, for the year 1952.

The matter again came up before the Industrial Court at Bombay in connection with the bonus for the year 1953, in Reference (IC) Nos. 24 and 25 of 1954 between the Rashtriya Mill Mazdoor Sangh, Bombay, and the Millowners' Association, Bombay for its member mills in Bombay and Kurla and the Raghuvanshi Mills Ltd., Bombay. A submission was made on behalf of the Rashtriya Mill Mazdoor Sangh that the industry required no further amounts for rehabilitation and that the industry had already been given more than its requirements from its rehabilitation both for building and machinery. On 15th April 1954 the Rashtriya Mill Mazdoor Sangh made an application to the Industrial Court for appointment of assessors to put an end once for all to the controversy regarding the requirements of rehabilitation of buildings and machinery and contended that for the purpose of estimating the requirement for the rehabilitation of the industry, "the prices of only one year should not be taken into consideration, but the average prices ranging for

a long period from 1947 to 1952, both inclusive, should be taken into consideration". On 22nd June 1954 the Industrial Court appointed assessors to assist the Court in determining the cost of rehabilitation of machinery and buildings. In view of subsequent events no effect was given to the said order.

Whilst these references were pending the Rashtriya Mill Mazdoor Sangh which had always disputed the figure of Rs. 72 crores as representing the requirements for rehabilitation of machinery gave a notice of change dated 17th February 1956 to the Millowners' Association, Bombay, as representing all its member mills in Greater Bombay, desiring the following change :—

"1. That the Millowners' Association, Bombay as a representative of its local member mills and the Rashtriya Mill Mazdoor Sangh, Bombay, as a representative of employees employed in the Textile Industry of Bombay agree to a common formula to ascertain minimum and maximum bonus payable to every employee employed in the Industry.

2. This formula to be continued for a period of four years from year 1954 to year 1957.

3. The amount of bonus to be paid in accordance with the formula agreed to by the Association shall be worked out in each mill every year jointly."

On 28th February 1956, the Rashtriya Mill Mazdoor Sangh and the Millowners' Association filed a joint submission (IC) 3 of 1956 in the Industrial Court under section 66 of the Bombay Industrial Relations Act. The submission concerned the disputes for bonus for the years 1954, 1955, 1956 and 1957.

On 1st March 1956, an agreement was arrived at in connection with the payment of bonus to the employees of such of the mills as accepted the agreement between the Rashtriya Mill Mazdoor Sangh, the representative Union for the local area of Greater Bombay under the Bombay Industrial Relations Act, 1946, and the Millowners' Association, Bombay. The said agreement is herein-after referred to as the bonus agreement. The bonus agreement covers disputes relating to the payment of bonus for the year 1952 in respect of 11 mills referred to in Schedule B to the said agreement. It also covers disputes relating to the payment of bonus for the year 1953 in respect whereof two References being References (IC) Nos. 24 and 25 of 1954 were pending. It also covers the dispute for bonus for the years 1954, 1955, 1956 and 1957 in respect whereof submission (IC) 3 of 1955 was pending. On the date of the said agreement 47 mills mentioned in Schedule A to the said agreement authorised the Millowners' Association to accept the said agreement and gave their consent thereto. One of the recitals to that agreement sets out as follows :—

"Whereas the Millowners' Association, Bombay and the Rashtriya Mazdoor Sangh, Bombay, without prejudice to the

rights and contentions of either party in or in respect of or under or by reason of any proceedings either completed or pending, and with a view to creating better relations between the workers and industry and for the purpose of maintaining peace in the industry but on the express understanding that this agreement is not to be treated or quoted as a precedent, have decided to arrive at a mutual arrangement in the matter of the demand of the Rashtriya Mill Mazdoor Sangh, Bombay as contained in the notice of change dated 17th February, 1956."

By clause 3 of that agreement it is provided that the claims of the employees for bonus for the year 1952, in respect of the Mills thereon referred to and for the years 1953, 1954 and 1955 would only arise if there should be available surplus of profit after making provision for all the prior charges including a fair return on paid up capital and on reserves employed as working capital as per the formula laid down by the Labour Appellate Tribunal in its Full Bench decision in appeals Nos. 1 and 5 of 1950 (Millowners' Association, Bombay vs. the Rashtriya Mill Mazdoor Sangh, Bombay) i.e. :—

" (a) Prior charges,

(i) Statutory Depreciation and the Development Rebate ;

(ii) Taxes ;

(iii) Reserve for Rehabilitation, Replacement and modernisation of Block as calculated by the Industrial Court (Basic year 1947) ;

(b) A fair Return.

(i) at 6 per cent. on paid up capital in cash or otherwise including bonus shares ;

(ii) at 2 per cent. on Reserves employed as working capital ;

(1) For the purpose of this Formula the amount of the total gross profits of the mill for the year shall be the amount of profits as disclosed in published Balance sheet of the company without making provision for depreciation and for Bonus and without affecting the profit and loss position through bonuses of previous years but after deducting from it, the amount of extraneous income (like interests from investments, rent from property and adding to it the amount of extraneous expenses (such as donations) which is unrelated to the efforts of the workers.

(2) If in any year, the amount of Statutory Depreciation and Development Rebate will be higher than the amount of reserve for Rehabilitation, the full amount of Statutory Depreciation and Development Rebate shall be adopted as a prior charge and no extra provision shall be made for Rehabilitation in that year."

Clause 4 of the agreement provides *inter alia* as follows :—

"That a mill which has an available surplus of profits after providing all prior charges etc., on basis of the Full Bench Formula, as described above in clause 3 of this Agreement, shall



pay to its employees bonus out of the available surplus, which bonus in no case shall be less than an amount equivalent to 4.8 per cent. of basic wages earned during the year or shall exceed an amount equivalent to 25 per cent. of the total basic wages earned during the year."

This is followed up by provisions for a "set on" and "set off" i.e., adjustment in subsequent years.

Clause 5 of the said agreement provides as follows :—

"That the claim of the employees for bonus for the years 1956 and 1957 would arise and be calculated in the same manner and subject to the same conditions as are specified in clauses 3 and 4 hereof in respect of the bonus for the years 1952 (where applicable) 1953, 1954 and 1955 save and except that—

(a) development rebate will be excluded entirely from all calculations for the said years 1956 and 1957 and therefore the said clauses 3 and 4 shall in respect of claims for bonus for years 1956 and 1957 be read and be construed as if there was no reference to development rebate therein.

(b) In adopting the bonus calculation formula of the Labour Appellate Tribunal the figures for rehabilitation for the years 1956 and 1957 will be subject to such adjustment as may be determined by a Commission to be appointed for the purpose, provided that so far as the year 1956 is concerned, if the Commission's report is not available before 15th September 1957 which date may be extended to 15th November 1957 by mutual agreement, the bonus shall be calculated on the basis of the figures for rehabilitation as laid down in clause 3 hereof.

(c) The terms of reference to such Commission and its composition will be such as are agreed upon between the Millowners' Association, Bombay, and the Rashtriya Mill Mazdoor Sangh, Bombay. Failing agreement as regards the terms of reference and the composition of the Commission, an application may be made to the Government of Bombay to appoint a Commission and to refer the question regarding rehabilitation to it. In either case it is agreed that one of the terms of reference will be the increased cost of machinery and that the Commission should consist of a sitting High Court Judge and one or two representatives of each of the Millowners' Association, Bombay, and the Rashtriya Mill Mazdoor Sangh, Bombay.

Save as aforesaid all the provisions of clauses 3 and 4 shall apply to the claims for bonus for the years 1956 and 1957 *mutatis mutandis*."

By an explanation to clause 9 of the said agreement it is provided that the expression "basic wages earned during the year" wherever it occurred meant all earnings (exclusive of dearness allowances and bonuses paid) for the respective calendar year concerned.

The bonus agreement was filed before the Industrial Court in Reference (IC) No. 114 of 1953, Reference (IC) No. 24 of 1954, Reference (IC) No. 25 of 1954 and Submission (IC) No. 3 of 1956.

The Rashtriya Mill Mazdoor Sangh and the Millowners' Association, Bombay requested the Industrial Court to make an award in terms of the bonus agreement.

On 13th March 1956 the Industrial Court made its award in accordance with the terms of the bonus agreement arrived at as aforesaid, holding that the agreement appeared to be fair and reasonable. In the award it is stated that the award will be treated as award Part I in respect of all the mills in submission (IC) No. 3 of 1956 except six mills which were not parties to the agreement, viz. (1) Colaba Land and Mills Co. Ltd., Bombay, (2) Hirjee Mills Ltd., (3) Prakash Cotton Mills Ltd., Bombay, (4) Raghuvanshi Mills Ltd., Bombay, (5) Podar Mills Ltd., Bombay and (6) Shree Sitaram Mills Ltd., Bombay in respect of the bonus for the years 1954, 1955, 1956 and 1957 and that disputes against the said six mills would be taken up separately. A copy of the said bonus agreement is annexed as Exhibit A.

Subsequently the Podar Mills Ltd., Bombay wrote to the Millowners' Association requesting that the bonus agreement should be made applicable to them also. The parties thereupon requested the Industrial Court to make the award Part I in submission (IC) No. 3 of 1956 applicable to the Podar Mills Ltd., Bombay. On 31st March 1956 the Industrial Court made an Award being Award Part II in Submission (IC) No. 3 of 1956 directing that the said Award Part I dated 13th March 1956 shall also apply to the Podar Mills Limited, Bombay.

Shree Sitaram Mills Limited, Bombay also wrote to the Millowners' Association requesting that the bonus agreement should be made applicable to them also. The parties thereupon requested the Industrial Court to make the award Part I in Submission (IC) No. 3 of 1956 applicable to the Shree Sitaram Mills Limited, Bombay. On 17th April 1956 the Industrial Court made an Award being Award Part III in Submission (IC) No. 3 of 1956 directing that the said Award Part I dated 13th March 1956 shall also apply to the Shree Sitaram Mills Limited, Bombay.

The Colaba Land and Mill Company Limited, Bombay also wrote to the Millowners' Association requesting that the bonus agreement should be made applicable to them also. The parties thereupon requested the Industrial Court to make the Award Part I in Submission (IC) No. 3 of 1956 applicable to the Colaba Land and Mill Company Limited, Bombay. On 30th June 1956 the Industrial Court made an Award being Award Part IV in Submission (IC) No. 3 of

1956 directing that the said Award Part I dated 13th March 1956 shall also apply to the Colaba Land and Mill Company Limited, Bombay.

On 1st March 1956 the Rashtriya Mill Mazdoor Sangh, Bombay had given a notice of change under section 42 (2) of the Act to the Raghuvanshi Mills Ltd., Bombay, stating that in view of the fact that the Millowners' Association Bombay had agreed to a common formula for determining the minimum and the maximum bonus for the years 1954 to 1957 the formula be accepted by the Raghuvanshi Mills Ltd., Bombay. The Rashtriya Mill Mazdoor Sangh and the Raghuvanshi Mills Ltd. Bombay on 9th March 1956 agreed that the Raghuvanshi Mills Ltd. should adopt *in toto* and be bound by the bonus agreement. The Rashtriya Mill Mazdoor Sangh and the Raghuvanshi Mills Ltd., filed Submission (IC) No. 4 of 1956 in the Industrial Court and requested the Court to make an award in terms of the said agreement. On 23rd March 1956 the Industrial Court made an Award in Reference (IC) No. 114 of 1953, reference (IC) No. 24 of 1954 and Submission (IC) No. 4 of 1956 in terms of the agreement arrived at between the parties. Under the said award the provisions of the bonus agreement are made applicable to the Raghuvanshi Mills Ltd. and its employees.

In exercise of the powers conferred by sub-section (2) of section 114 of the Bombay Industrial Relations Act, 1946, the Government of Bombay directed that the said award dated 13th March 1956 shall be binding on the employers of the Prakash Cotton Mills Ltd., in the matter of payment of bonus for the years 1952 to 1957 (both inclusive) on the Hirji Mills Ltd. (in liquidation) in the matter of payment of bonus for the years 1952, 1953 and 1954, on the Sayaji Mills Co. Ltd., No. 2, in the matter of payment of bonus for the years 1955, 1956 and 1957 and on the Moon Mills Ltd., Bombay in the matter of payment of bonus for the years 1953 to 1957 and their respective employees.

In respect of bonus for 1956 and 1957 Clause 5(b) of the bonus agreement provided that in adopting the bonus calculation formula of the Labour Appellate Tribunal the figures for rehabilitation for the years 1956 and 1957 would be subject to such adjustment as might be determined by a Commission to be appointed for the purpose. It was provided by the said agreement that the terms of reference to such Commission and its composition would be such as were agreed upon between the Millowners' Association, Bombay and the Rashtriya Mill Mazdoor Sangh, Bombay. Failing agreement as regards the terms of reference and the composition of the Commission an application was to be made to the Government of Bombay to appoint a Commission and to refer the question regarding rehabilitation to it.

The Millowners' Association, Bombay and the Rashtriya Mill Mazdoor Sangh, Bombay could not agree upon the terms of reference to such Commission. Thereupon the Rashtriya Mill Mazdoor Sangh made an application under sub-clause (c) of the said clause 5 to the Government of Bombay for appointment of a Commission and for referring the question regarding rehabilitation to it.

## APPOINTMENT OF THE COMMISSION

On 3rd January 1957 the Government of Bombay made an order in pursuance of the provisions of sub-clause (c) of the said clause 5 appointing a Commission consisting of the following members to determine how the figures for rehabilitation for the years 1956 and 1957 should be adjusted, namely :—

- |                                                                                           |                                                                      |
|-------------------------------------------------------------------------------------------|----------------------------------------------------------------------|
| 1. Shri S. T. Desai, Judge,<br>High Court, Bombay, as<br>Chairman of the Commis-<br>sion. |                                                                      |
| 2. Shri Pratap Bhogilal                                                                   | Representatives of the Mill-<br>owners' Association, Bombay.         |
| 3. Shri T. P. Barot                                                                       |                                                                      |
| 4. Shri G. D. Ambekar and                                                                 | Representatives of the Rash-<br>triya Mill Mazdoor Sangh,<br>Bombay. |
| 5. Shri A. S. Parasuram                                                                   |                                                                      |

and appointed Shri K. R. Gadgil, Technical Inspector (Textiles), Bombay as Secretary to the Commission. The terms of reference were as follows :—

" (1) The Commission shall inquire into the question of the cost of rehabilitation of the Cotton Textile Mills in Greater Bombay (except the Prakash Cotton Mills Private Limited) to which the said award applies, or has been made applicable ;

(2) In examining the said question the Commission shall.....

(a) approach the question of assessing the requirement of rehabilitation, replacement and modernisation of machinery for the mills individually as well as for the whole industry, in the same manner as was done by the Technical Sub-Committee of the working party for the Cotton Textile Industry in its report dated 22nd April 1952 and published by the Government of India, Ministry of Commerce and Industry in April 1952 on pages 124-125 under the head '(g) Rehabilitation, Replacement and Renovation' ;

(b) take into consideration the increased cost of machinery, if any, by taking the average prices of machinery ruling during the calendar years 1952 to 1956 (both inclusive) ;

(c) work out and include in its report its estimate of the cost of rehabilitation of machinery for fifteen years from the beginning of the bonus year 1956 and in the case of buildings for a period of the average estimated life thereof ; and

(d) work out and include in its report the cost of requirement of rehabilitation of machinery on the basis of the rehabilitation of requirement upto the end of the bonus year 1961."

In exercise of the powers conferred by section 11 of the Commissions of Inquiry Act, 1952, the Government of Bombay directed that all the provisions of the said Act would apply to the Commission.

The order appointing the Commission is hereto annexed as  
Ex. B Exhibit-B.

### **Amendment in the terms of reference**

By an order, dated 20th February 1957 the Government of Bombay amended the terms of reference by adding the words and figures "in items Nos. 1 to 9" after the words and figures "on pages 124-125" in clause (a) of the terms of reference No. (2) contained, in paragraph 2 of the said order. As a result of this amendment the Commission was required to approach the question of assessing the requirement of rehabilitation, replacement and modernisation of machinery for the mills individually as well as for the whole industry, in the same manner as was done by the Technical Sub-Committee of the Working Party for the Cotton Textile Industry in its Report dated 22nd April 1952 and published by the Government of India, Ministry of Commerce and Industry in April 1952 only to the extent set out in items 1 to 9 appearing at pages 124-125 thereof.

The order amending the terms of reference is hereto annexed as  
Ex. C Exhibit C.

The principal effect of the amendment was to delete the reference to item 10 whereunder the Technical Sub-Committee of the Working Party had recommended that "Warp Stop Motion and Auto-pirn change device should be equipped on looms in sound mechanical conditions".

The Millowners' Association Bombay, regarded this change as a very material change in the terms of reference and protested against this change and made representations both to the Government of Bombay and to the Commission in connection therewith.

### **Changes in the Constitution of the Commission**

After working for some time Shri T. P. Barot could not continue as a Member of the Commission and Shri Radhakrishna R. Ruia was substituted as a representative of the Millowners' Association in the place and stead of Shri Barot by an order passed by the Government of Bombay on 18th July 1957. Shri Justice S. T. Desai tendered his resignation and in his place and stead Shri Justice K. T. Desai was appointed as the Chairman of the Commission by an order passed by the Government of Bombay on 20th September 1957. Shri G. D. Ambekar, after doing considerable work as a member of the Commission, resigned for reasons of health and in his place and stead Shri V. R. Hoshing was substituted as a representative of the Rashtriya Mill Mazdoor Sangh by an order passed by the Government of Bombay on 6th August 1958.

### Statements filed before the Commission

**Ex. D.** Before the amendment of the terms of reference the Millowners' Association, Bombay, on 4th February 1957 made a general statement of claim. The said general statement of claim is annexed as Exhibit D hereto. In the course of the said general statement of claim the Millowners' Association submitted as follows :—

“Not only is the Commission required to assess the amounts necessary to carry out the replacements due by 1961 and 1970 but it is also required to ascertain the amounts which mills will have to set apart to take care of the wear and tear of machinery which will not fall due for replacement until later dates. It is an acknowledged principle of industrial management that amounts must be set apart for replacing a machine during the working life of that machine itself, so that when the time comes to discard the machine, the company will have available sufficient funds to replace it. Applying the same principle, the Association also claims that amounts will have to be set apart in respect of machinery installed subsequent to 1925, so as to take care of the proportion of its useful life which would have been exhausted by the end of 1961 and by the end of 1970”.

At the end of the general statement of claim, it was stated that as regards the actual amounts to be allowed by way of rehabilitation etc. the Millowners' Association was collecting from mills data regarding their machinery and the dates of manufacture of the machinery and after collecting that information would submit their claim regarding the amount to be allowed to the Bombay cotton mill industry for rehabilitation.

**Ex. E** The Rashtriya Mill Mazdoor Sangh filed their preliminary written statement, dated 12th February 1957, in reply to the general statement of claim filed by the Millowners' Association, Bombay. The said preliminary written statement is hereto annexed and marked Exhibit E. In the course of the said written statement the Rashtriya Mill Mazdoor Sangh *inter alia* submitted as follows :—

“..... what is required to be assessed by Commission is the requirement of rehabilitation of such machinery and such buildings which required to be rehabilitated and hence not all machinery and all buildings are to be rehabilitated simply on the ground that they are purchased or built in the pre-war period. Therefore the question of rehabilitation of machinery and buildings in the war and post-war period does not arise at all. No machinery and buildings purchased or built in the recent years especially after 1939 require rehabilitation. In fact no machinery or buildings erected or built after the end of I World War require any rehabilitation.”

**Ex. F** On 16th February 1957 the Commission issued a Questionnaire and required the same to be answered by the various mills concerned.

A copy of the questionnaire is annexed hereto and marked Exhibit F. 49 mill companies sent replies hereto. A statement showing the requirements for rehabilitation, replacement and modernisation of machinery as disclosed in the aforesaid replies sent by the mills to the questionnaire issued by the Commission is annexed hereto as Exhibit G.

Ex. H On 27th March 1957 the Millowners' Association submitted a further statement. That statement is annexed hereto as Exhibit H.

On 2nd July 1957 the Millowners' Association filed their objection before the Commission in connection with the amendment to the terms of reference made by the Government on 20th February 1957, contending that the Government's action in issuing that order was illegal and in excess of its powers. The Millowners' Association prayed that the Commission should decide and rule and direct that in considering the question of the cost of rehabilitation of the Cotton Textile Mills in Greater Bombay it would not consider itself precluded by its terms of reference as amended by the order dated 20th February 1957 from taking into account all relevant factors as may be placed before it including the factors set out in items 10 to 16 of the aforesaid report. The said petition is annexed hereto and marked Exhibit I. When it was pointed out to the Millowners' Association that it was not open to the Commission to sit in judgment over the terms of reference, the Millowners' Association agreed not to press their contention in that connection before the Commission.

Ex. J On 29th November 1957 a further written statement by the Rashtriya Mill Mazdoor Sangh was filed before the Commission. A copy of that statement is annexed hereto as Exhibit J.

The Millowners' Association submitted a reply dated 10th January 1958, in answer to the written statements dated 12th February 1957 and 29th November 1957 filed by the Rashtriya Mill Mazdoor Sangh. The said reply is annexed hereto as Exhibit K.

Ex. L On 25th January 1958 a supplementary questionnaire was issued by the Commission. A copy of the said Questionnaire is annexed hereto as Exhibit L.

On 29th December 1958 the Commission inquired about the average spinning count in each mill as on the last working day of the calendar year 1956. A copy of the said letter is annexed hereto as Exhibit M.

Ex. N The prices of the textile machinery submitted by the Millowners' Association are shown in Exhibit N.

The evidence given before the Commission by Shri N. H. Poonager, Ex. O Shri A. N. Ghosh and Shri James Clifford Morton is annexed as Exhibit O.

### Meetings & Deliberations

Numerous meetings were held by the Commission. The Commission was handicapped in its deliberations for paucity of data. Under the terms of reference the Commission had to take into consideration the increased cost of machinery, if any, by taking the average prices of machinery ruling during the calendar years 1952 to 1956. In arriving at its conclusion the Commission had to consider machinery of various types and of various makes manufactured in different countries. The Commission had to consider the average life of each machine installed in the mills. The Commission had to approach the question regarding the rehabilitation, replacement and modernisation of machinery in the same manner as was done by the Technical Sub-Committee of the Working Party for the Cotton Textile Industry in its report dated 22nd April 1952 and published by the Government of India, Ministry of Commerce and Industry in April 1952 on pages 124-125 in items Nos. 1 to 9, giving due effect to the alterations made in the original terms of reference; by Government notification dated 20th February 1957.

The Commission took time to investigate into the matter and consider the same. The time for submitting its report was extended from time to time, the last of such extensions being made by the order of the Government dated 15th April 1959 whereunder the time for submitting its report stands extended to 30th April 1959.

The Commission after holding numerous meetings, discussing the matters at great length have ultimately arrived at a unanimous conclusion in connection with the report to be made to the State Government.

### Conclusion

The Commission finds and reports (a) that the estimate of the cost of rehabilitation of machinery for 15 years from the beginning of the bonus year 1956 and (b) that the estimate of the cost of rehabilitation of machinery on the basis of the rehabilitation requirement up to the end of the bonus year 1961 in respect of the following mills are as under :—

#### *Estimate of the cost of Rehabilitation of machinery.*

Name of the Mill.	Amount required for rehabilitation of machinery for 15 years from the beginning of the bonus year 1956.	Amount required for rehabilitation of machinery on the basis of Rehabilita- tion Requirement up to the end of bonus year 1961.
	Rs.	Rs.
1. The Apollo Mills Ltd. ...	88,94,000	57,34,000
2. The Beharilal Ramcharan Cotton Mills Ltd.	1,11,05,000	78,05,000
3. The Bombay Dyeing & Mfg. Co. Ltd.	4,40,21,000	1,73,34,000



Name of the Mill.	Amount required for rehabilitation of machinery for 15 years from the beginning of the bonus year 1956.	Amount required for rehabilitation of machinery on the basis of Rehabilita- tion Requirement up to the end of bonus year 1961.
	Rs.	Rs.
4. The Bradbury Mills Ltd. ...	1,01,55,000	88,46,000
5. The Calico Processors Ltd.	34,84,000	33,63,000
6. The Century Spg. & Mfg. Co. Ltd.	3,14,83,000	1,82,04,000
7. The Colaba Land & Mills Co. Ltd. ...	1,18,44,000	88,98,000
8. The Coorla Spg. & Wvg. Co. Ltd. ...	47,89,000	23,72,000
9. The Crown Spg. & Mfg. Co. Ltd.	1,08,11,000	38,94,000
10. The Dawn Mills Ltd. ...	1,24,07,000	88,72,000
11. The Dhanraj Mills Ltd. ...	1,16,34,000	70,03,000
12. The Digvijay Spg. & Wvg. Co. Ltd.	55,24,000	44,55,000
13. The Edward Textiles Ltd.	88,19,000	81,02,000
14. The Elphinstone Spg. & Wvg. Co. Ltd.	1,11,75,000	81,06,000
15. The Finlay Mills Ltd. ...	1,09,65,000	77,39,000
16. The Gold Mohur Mills Ltd.	89,99,000	58,23,000
17. The Hind Mills Ltd. ...	1,12,09,000	92,24,000
18. The Hindustan Spg. & Wvg. Mills Co. Ltd.	68,74,000	28,49,000
19. The Indian Manufacturing Co. Ltd.	95,57,000	53,41,000
20. The India United Mills Ltd.	7,37,33,000	6,04,38,000
21. The Jam Mfg. Co. Ltd. ...	64,62,000	34,17,000
22. The Jubilee Mills Ltd. ...	82,96,000	50,35,000
23. The Kamla Mills Ltd. ...	93,70,000	65,34,000
24. The Khatau Makanji Spg. & Wvg. Co. Ltd.	1,67,89,000	96,63,000
25. The Kohinoor Mills Co. Ltd.	2,17,97,000	1,08,93,000
26. The Modern Mills Ltd. ...	77,12,000	43,17,000
27. The Moon Mills Ltd. ...	6,47,000	6,35,000
28. The Morarji Goculdas Spg. & Wvg. Co. Ltd.	2,12,50,000	1,43,77,000
29. The New City of Bombay Mfg. Co. Ltd.	1,18,54,000	69,78,000
30. The New Great Eastern Spg. & Wvg. Co. Ltd.	1,19,16,000	69,36,000
31. The New Kaiser-I-Hind Spg. & Wvg. Co. Ltd.	1,33,97,000	61,01,000

Name of the Mill.	Amount required for rehabilitation of machinery for 15 years from the beginning of the bonus year 1956.	Amount required for rehabilitation of machinery on the basis of Rehabilita- tion Requirement up to the end of bonus year 1961.
	Rs.	Rs.
32. The Podar Mills Ltd. ...	92,59,000	74,13,000
33. The Phoenix Mills Ltd. ...	1,75,12,000	1,12,70,000
34. The Ruby Mills Ltd. ...	60,11,000	47,49,000
35. The Sassoon Spg. & Wvg. Co. Ltd.	89,52,000	23,77,000
36. The Sassoon Spg. & Wvg. Co. Ltd. (Mazgaon Mill).	58,65,000	12,08,000
37. The Seksaria Cotton Mills Ltd.	1,92,52,000	1,02,18,000
38. Shree Madhav Mills Ltd. ...	94,26,000	73,01,000
39. Shree Madhusudan Mills Ltd.	1,52,02,000	1,00,31,000
40. Shree Niwas Cotton Mills Ltd.	1,33,46,000	83,62,000
41. Shree Ram Mills Ltd. ...	94,97,000	59,81,000
42. Shree Sitaram Mills Ltd.	1,75,63,000	1,19,37,000
43. The Sayaji Mills Ltd. ...	98,23,000	65,75,000
44. The Simplex Mills Ltd. ...	1,10,13,000	73,23,000
45. The Standard Mills Co. Ltd.	1,15,01,000	73,56,000
46. The Standard Mills Co. Ltd. (New China).	64,80,000	20,31,000
47. The Swadashi Mills Co. Ltd.	1,18,04,000	94,02,000
48. The Swan Mills Ltd. ...	1,03,19,000	78,80,000
49. The Tata Mills Ltd. ..	1,57,89,000	1,12,97,000
50. The Victoria Mills Ltd. ...	1,04,13,000	88,88,000
51. The Western India Spg. & Mfg. Co. Ltd.	73,76,000	41,60,000
<b>Total ...</b>	<b>66,33,75,000</b>	<b>42,55,47,000</b>

The above figures represent the cost of rehabilitation, replacement and modernisation, within the terms of reference, of all machinery and plant installed prior to 1st January 1947 only and which continued to be in existence on 1st January 1956.

We have been unable to make a report in connection with the rehabilitation requirements of the New Prahlad Mills Ltd., as the said Company has failed to furnish any particulars of its requirements.

The total rehabilitation requirement of the whole industry in Greater Bombay excluding the Prakash Cotton Mills Private Ltd., which has been excluded by the terms of reference (2) The New Prahlad Mills Ltd. which has not supplied any data and (3) The Raghuvanshi Mills Ltd. which on a strict interpretation of the terms of the reference may be said to be not covered thereby in respect of machinery for 15 years from the beginning of the bonus year 1956 is Rs. 66,33,75,000 and on the basis of rehabilitation requirement up to the end of the year 1961 is Rs. 42,55,47,000.

The rehabilitation requirement in the case of all the buildings of each of the mills mentioned below is as shown below on the basis of the average residual estimated future life of the same being taken as 35 years from 1st January 1956 :—

*Rehabilitation Requirement for Buildings on the basis of the average estimated residual future life of the same, being taken as 35 years from 1st January 1956.*

Name of the Mill.	Total requirement from 1st January 1956 to 1st January 1991.
	Rs.
1. The Apollo Mills Ltd. ...	46,32,000
2. The Beharilal Ramcharan Cotton Mills Ltd. ...	43,80,000
3. The Bombay Dyeing & Mfg. Co. Ltd. ...	3,47,46,000
4. The Bradbury Mills Ltd. ...	27,93,000
5. The Calico Processors Ltd. ...	18,88,000
6. The Century Spg. & Mfg. Co. Ltd. ...	1,39,76,000
7. The Colaba Land & Mills Co. Ltd. ...	46,71,000
8. The Coorla Spg. & Wvg. Co. Ltd. ...	39,64,000
9. The Crown Spg. & Mfg. Co. Ltd. ...	53,66,000
10. The Dawn Mills Ltd. ...	32,15,000
11. The Dhanraj Mills Ltd. ...	60,99,000
12. The Digvijay Spg. & Wvg. Co. Ltd. ...	54,22,000
13. The Edward Textiles Ltd. ...	45,87,000
14. The Elphinstone Spg. & Wvg. Co. Ltd. ...	42,55,000
15. The Finlay Mills Ltd. ...	58,61,000
16. The Gold Mohur Mills Ltd. ...	58,54,000
17. The Hind Mills Ltd. ...	90,16,000
18. The Hindustan Spg. & Wvg. Mills Co. Ltd. ...	49,62,000
19. The Indian Manufacturing Co. Ltd. ...	53,49,000
20. The India United Mills Ltd. ...	3,96,29,000
21. The Jam Manufacturing Co. Ltd. ...	42,11,000
22. The Jubilee Mills Ltd. ...	34,34,000
23. The Kamla Mills Ltd. ...	58,63,000
24. The Khatau Makanji Spg. & Wvg. Co. Ltd. ...	1,02,27,000
25. The Kohinoor Mills Co. Ltd. ...	1,35,57,000
26. The Modern Mills Ltd. ...	77,76,000

Name of the Mill.	Total requirement from 1st January 1956 to 1st January 1991.
	Rs.
27. The Moon Mills Ltd. ...	16,73,000
28. The Morarji Goculdas Spg. & Wvg. Co. Ltd.	1,33,59,000
29. The New City of Bombay Mfg. Co. Ltd. ...	41,83,000
30. The New Great Eastern Spg. & Wvg. Co. Ltd.	41,98,000
31. The New Kaiser-I-Hind Spg. & Wvg. Co. Ltd.	64,86,000
32. The Podar Mills Ltd. ...	70,43,000
33. The Phoenix Mills Ltd. ...	89,73,000
34. The Ruby Mills Ltd. ...	28,52,000
35. The Sassoon Spg. & Wvg. Co. Ltd. ..	39,52,000
36. The Sassoon Spg. & Wvg. Co. Ltd. (Mazgaon Mill).	60,09,000
37. The Sekhsaria Cotton Mills Ltd. ...	1,05,21,000
38. Shree Madhav Mills Ltd. ...	40,75,000
39. Shree Madhusudan Mills Ltd. ...	82,83,000
40. Shree Niwas Cotton Mills Ltd. ...	80,59,000
41. Shree Ram Mills Ltd. ...	74,84,000
42. Shree Sitaram Mills Ltd. ...	98,85,000
43. The Sayaji Mills Ltd. ...	72,62,000
44. The Simplex Mills Ltd. ...	45,15,000
45. The Standard Mills Co. Ltd. ...	87,11,000
46. The Standard Mills Co. Ltd. (New China).	44,63,000
47. The Swadeshi Mills Co. Ltd. ...	1,41,56,000
48. The Swan Mills Ltd. ...	53,42,000
49. The Tata Mills Ltd. ...	1,23,13,000
50. The Victoria Mills Ltd. ..	51,19,000
51. The Western India Spg. & Mfg. Co. Ltd.	52,50,000
Total ...	38,98,99,000

The total rehabilitation requirement of the whole industry in Greater Bombay excluding (1) The Prakash Cotton Mills Private Ltd., (2) The New Prahlad Mills Ltd. and (3) The Raghuvanshi Mills Ltd. in respect of buildings on the basis of the average residual estimated future life of the same being taken as 35 years from 1st January 1956 is Rs. 38,98,99,000.

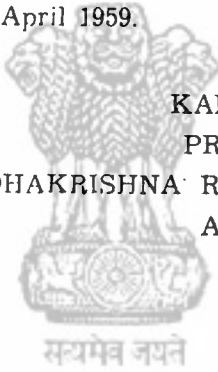
The Raghuvanshi Mills Ltd. and the Millowners' Association, Bombay, desired the Commission to make a report also in connection with the rehabilitation requirement of the Raghuvanshi Mills Ltd. on the same basis on which the Commission had estimated the requirements of other Mills covered by the reference.

The Raghuvanshi Mills Ltd. and its employees are bound by the bonus agreement and in view thereof we have found and report that the estimate of the cost of rehabilitation of machinery of the Raghuvanshi Mills Ltd. for 15 years from the beginning of the bonus year 1956 is Rs. 23,48, 000 and that the estimate of the cost of rehabilitation of such machinery on the basis of the rehabilitation requirement up to the end of bonus year 1961 is Rs. 18,86,000 and that the rehabilitation requirement of the Raghuvanshi Mills Ltd. in respect of its buildings is Rs. 34,76,000.

### **Acknowledgment**

The Commission is thankful to the Millowners' Association and to the Rashtriya Mill Mazdoor Sangh for the co-operation extended by them to the Commission and for every help and assistance rendered by them without which it would have been difficult for the Commission to reach the unanimous conclusions to which it has arrived.

Dated this 17th day of April 1959.



KANTILAL T. DESAI,  
PRATAP BHOGILAL,  
RADHAKRISHNA RAMNARAIN RUIA,  
A. S. PARASURAM,  
V. R. HOSHING,  
K. R. GADGIL.



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EXHIBIT A.

**Bonus Agreement between the Millowners' Association, Bombay and  
The Rashtriya Mill Mazdoor Sangh, Bombay (For the years  
1953-1957).**

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IN THE INDUSTRIAL COURT, BOMBAY.

*Reference (IC) No. 114 of 1953.*

BETWEEN

The Rashtriya Mill Mazdoor Sangh, Bombay

AND

1. The Millowners' Association, Bombay,
2. The Raghuvanshi Mills Ltd., Bombay,
3. The Hirjee Mills Ltd., Bombay.

In the matter of bonus for the  
year 1952.

*Reference (IC) No. 24 of 1954.*

BETWEEN

The Rashtriya Mill Mazdoor Sangh, Bombay

AND

1. The Millowners' Association, Bombay,
2. The Raghuvanshi Mills Ltd., Bombay,
3. The Hirjee Mills Ltd., Bombay,

In the matter of bonus for the  
year 1953.



*Reference (IC) No. 25 of 1954.*

BETWEEN

The Rashtriya Mill Mazdoor Sangh, Bombay

AND

The Millowners' Association, Bombay, for its member mills in the local area of the Kurla Municipal Borough.

In the matter of bonus for the year 1953.

AND

*Submission (IC) No. 3 of 1956.*

BETWEEN

The Rashtriya Mill Mazdoor Sangh, Bombay

AND

The Millowners' Association, Bombay.

In the matter of bonus for the years 1954, 1955, 1956 and 1957, to the employees of the cotton textile mills in Greater Bombay.

*Industry.*—Cotton Textile.*Present.*—Shri S. H. Naik, President.

## AWARD.

The dispute about payment of bonus to employees of the cotton textile mills in Bombay for the year 1952 was referred by the Rashtriya Mill Mazdoor Sangh, Bombay, to the arbitration of this Court under section 73A of the Bombay Industrial Relations Act. That became the subject matter of References (IC) Nos. 113 and 114 of 1953. This Court made an award (Part I) in the said References on 15th December 1953, in respect of 38 mills (including two mills of Kurla, namely, (1) The Svadeshi Mills and (2) The Coorla Spg. & Wvg., Mills) named in the annexure thereto. By that award Reference (IC) No. 113 of 1953 was disposed of. As regards Reference (IC) No. 114 of 1953 the award applied to 38 mills (including the two Kurla Mills named above) and the case of the remaining 15 mills, which pleaded losses was left undecided.

2. In April 1954, the Rashtriya Mill Mazdoor Sangh, Bombay, referred the disputes about bonus for the year 1953 to this Court and they were admitted as Reference (IC) Nos. 24 and 25 of 1954. These disputes were pending in this court till today.

3. In 1956 the Rashtriya Mill Mazdoor Sangh gave a notice of change dated the 17th February 1956 to the Millowners' Association, Bombay, as representing all its member mills in Greater Bombay, desiring the following change :—

“1. That the Millowners' Association, Bombay as a representative of its local member mills and the Rashtriya Mill Mazdoor Sangh, Bombay, as a representative of employees employed in the Textile Industry of Bombay agree to a common formula to ascertain minimum and maximum bonus payable to every employee employed in the Industry.

2. This formula to be continued for a period of four years from year 1954 to year 1957.

3. The amount of bonus to be paid in accordance with the formula agreed to by the Association shall be worked out in each mill every year jointly.”

On 28th February 1956, the Sangh and the Millowners' Association, filed a joint submission (IC) 3 of 1956 in this Court under section 66 of the Bombay Industrial Relations Act. The submission concerns the disputes for bonus for the years 1954, 1955, 1956 and 1957. On March 6, 1956, they filed in this Court an agreement for payment of bonus to the employees of such of the mills as accepted the agreement. The agreement provides a scheme for payment of bonus for the years 1952, 1953, 1954, 1955, 1956 and 1957. To the agreement are attached two Schedules A and B. The former contains a list of 47 mills and the latter a list of 11 mills. The mills named in Schedule B are to pay bonus to their employees in accordance with the agreement referred to above for the year 1952. The 47 mills mentioned in Schedule A are to pay bonus in accordance with the said agreement for the year 1953. I was informed that there are some mills who have not yet authorised the Millowners' Association to accept the agreement and given their consent thereto. Shri Narayanaswamy with Shri Gokhale and Shri Warty for the Association and Shri Deshpande for the Sangh appeared before me in Chambers on March 8, 1956, and explained to me the provisions of the agreement. The agreement appears to be fair and reasonable. I, therefore, make an award in terms of the said agreement annexure I. This award shall be Award Part II in Reference (IC) No. 114 of 1953 in respect of the 11 mills mentioned in Schedule B. The following mills will not be governed by this award in respect of dispute regarding bonus for the year 1952, namely, (1) Colaba Land & Mill Company Ltd., Bombay, (2) Hirjee Mills Ltd., Bombay, (3) Prakash Cotton Mills Ltd., Bombay and (4) Raghuvanshi Mills Ltd., Bombay.

4. This award shall be treated as the final award in Reference (IC) No. 25 of 1954 (in respect of the two mills at Kurla) and as Award Part I, in Reference (IC) No. 24 of 1954 in respect of the

mills mentioned in Schedule A to the agreement. This award will not apply to the six mills which are not parties to the agreement viz., (1) Colaba Land & Mills Co. Ltd., Bombay, (2) Hirjee Mills Ltd., Bombay, (3) Prakash Cotton Mills Ltd., Bombay, (4) Raghuvanshi Mills Ltd., Bombay, (5) Podar Mills Ltd., Bombay, and (6) Shree Sitaram Mills Ltd., Bombay. The award will be treated as Award Part I in respect of all the mills in Submission (IC) No. 3 of 1956 except the six mills referred to above in respect of bonus for the years 1954, 1955, 1956 and 1957. The dispute as against the mills which are not covered by this award, will be taken up separately.

5. This award, based upon an agreement arrived at as a result of persistent and continued efforts on the part of both the parties keeping in view the prosperity of the employers as well as the well being of the employees, will go down in history as a significant land mark in collective bargaining. It augurs well for the future of the industry as well as those employed therein, particularly in view of the ambitious Second Five-Year Plan on which the country will shortly launch. It also avoids, for some time and let us hope for all time to come, the bonus dispute which cropped up every year since 1947. I congratulate both the parties and compliment them on the successful termination of their efforts to bring peace to the industry and set an example to the employers and employees in the country.

(Signed) K. R. WAZKAR,  
Registrar,  
Bombay, 13th March 1956.

(Signed) S. H. NAIK,  
President.

ANNEXURE 'I'.

IN THE INDUSTRIAL COURT AT BOMBAY.

Submission (I.C.) No. 3 of 1956.

BETWEEN

The Rashtriya Mill Mazdoor Sangh, Mazdoor Manzil, Parel,  
Bombay.

AND

The Millowners' Association, Elphinstone Building, Veer Nariman  
Road, Fort, Bombay.

In the matter of Section 66 of B. I. R. Act, 1946,

AND

In the matter of bonus for the years 1954, 1955, 1956 and 1957  
to the employees of the Cotton Textile Mills in Greater Bombay.

May it please to Hon'ble Court,

The Rashtriya Mill Mazdoor Sangh, Bombay, and the Millowners' Association, Bombay, have made to you the above submission on 28th February 1956. The parties now beg to submit herewith an Agreement dated the 1st March 1956 which has since been arrived at. It is prayed that the Hon'ble Court may be pleased to give an award in terms thereof.

(Signed) N. S. V. AIYER,  
Secretary.

THE MILLOWNERS' ASSOCIATION, BOMBAY.

(Signed) N. S. DESHPANDE,  
Secretary.

THE RASHTRIYA MILL MAZDOOR SANGH, BOMBAY.

Bombay, dated 6th March 1956.

#### AGREEMENT.

WHEREAS the Rashtriya Mill Mazdoor Sangh, Bombay, the Representative Union for the local area of Greater Bombay under the Bombay Industrial Relations Act, 1946, has given a notice of change in Form 'L' dated 17th February 1956 to the Millowners' Association, Bombay, representing its local cotton textile member mills, desiring that certain definite principles, procedure and method should be decided by both the Sangh and the Association for adoption for grant of bonus for the years 1954, 1955, 1956 and 1957 to the employees of the cotton textile mills in Greater Bombay which are members of the Millowners' Association, Bombay, AND

WHEREAS the parties have referred the above said dispute to the arbitration of the Industrial Court by submission dated 28th February, 1956, under section 66 of the Bombay Industrial Relations Act, AND

WHEREAS the bonus dispute for the year 1952 in respect of mills mentioned in Schedule 'B' and the bonus dispute for the year 1953 in respect of mills mentioned in Schedule 'A' are pending before the Industrial Court by way of Reference (I.C.) Nos. 113 and 114 of 1953 and Ref. (I.C.) Nos. 24 and 25 of the 1954 respectively, AND

WHEREAS the said parties to the submission and to the said references have reached an agreement in respect of these bonus disputes, AND

(G.C.P.) L-A H 286—3a

WHEREAS the Millowners' Association, Bombay, and the Rashtriya Mill Mazdoor Sangh, Bombay, without prejudice to the rights and contentions of either party in or in respect of or under or by reason of any proceedings either completed or pending, and with a view to creating better relations between the workers and industry and for the purpose of maintaining peace in the industry, but on the express understanding that this agreement is not to be treated or quoted as a precedent, have decided to arrive at a mutual arrangement in the matter of the demand of the Rashtriya Mill Mazdoor Sangh, Bombay, as contained in its aforesaid notice in Form 'L', AND

WHEREAS out of the members of the Millowners' Association, Bombay, the members specified in Schedule 'A' hereto have expressed their respective agreement to join in and be bound by this arrangement the terms of which are recorded in these presents.

NOW, therefore, it is agreed between the Millowners' Association, Bombay, on behalf of its local member mills specified in the Schedule 'A' hereto, and the Rashtriya Mill Mazdoor Sangh Bombay, a Representative Union, as under :—

1. That this Agreement shall apply to Bonus claims in respect of years 1953, 1954, 1955, 1956 and 1957 in case of each individual member mill. Such claims shall be considered on basis of the result of working of the concern during the year as disclosed in the published balance-sheet and profit and loss account for the year (1) ending 31st December 1953, 31st December 1954, 31st December 1955, 31st December 1956 and 31st December 1957 in case of mills whose accounting year begins on 1st January, (2) ending 31st March 1954, 31st March 1955, 31st March 1956, 31st March 1957 and 31st March 1958 in case of mills whose accounting year begins on 1st April, (3) ending 30th June 1953, 30th June 1954, 30th June 1955, 30th June 1956 and 30th June 1957 in case of mills whose accounting year begins on 1st July and (4) ending 31st October 1953, 31st October 1954, 31st October 1955, 31st October 1956, and 31st October 1957 in case of mills whose accounting year begins on 1st November.

This Agreement shall remain in force for a period of five years and shall apply to Bonus claims in respect of the five years, viz., 1953, 1954, 1955, 1956 and 1957 and notwithstanding both the parties to this Agreement getting their right for termination of the Agreement under provision of Section 116 (3) of the Bombay Industrial Relations Act, 1946, both the parties agree that they will not exercise their right of termination of this agreement, since, as this Agreement makes provision of "set-off" and "set-on" for a period of five years, it is necessary that it should remain operative for that period.

2. That this Agreement shall also apply to Bonus claims in respect of the year 1952 which are pending before the Industrial Court and in respect of such members of the Millowners' Association who are agreeable to join in these presents and whose names are specified in Schedule 'B' hereto.

Such claims shall be considered on the basis of the result of working of the concern during the year 1952 as disclosed in the published balance-sheet and profit and loss account for the year ending on 31st December 1952 in case of mills whose accounting year begins on 1st January, ending on 31st March 1953 in case of mills whose accounting year begins on 1st April, ending 30th June 1952 in case of mills whose accounting year begins on 1st July and ending 31st October 1952 in case of mills whose accounting year begins on 1st November.

As this Agreement is agreed to remain in force for all years up to 1957, the provisions of "set-off" and "set-on" shall in case of mills affected by this clause commence from the year 1952.

3. That the claim of the employees for Bonus for the year 1952 (in cases where clause 2 hereof is applicable) and for the years 1953, 1954 and 1955 would only arise if there should be available surplus of profit after making provision for all the prior charges including a fair return on paid-up capital and on reserves employed as working capital as per the Formula laid down by the Labour Appellate Tribunal in its Full Bench decision in Appeals—Nos. 1 and 5 of 1950 (Millowners' Association, Bombay, *vs.* the Rashtriya Mill Mazdoor Sangh, Bombay), *i.e.*,

(a) Prior charges, *viz.*,

(i) Statutory Depreciation and the Development Rebate ;

(ii) Taxes;

(iii) Reserve for Rehabilitation, Replacement and Modernisation of Block as calculated by the Industrial Court (Basic year 1947);

and

(b) A Fair Return

(i) at 6 per cent. on paid-up capital in cash or otherwise including Bonus shares :

(ii) at 2 per cent. on Reserves employed as Working Capital ;

(1) For the purpose of this Formula, the amount of the total gross profits of the mill for the year shall be the amount of profits as disclosed in published Balance Sheet of the Company, without making provision for depreciation and for Bonus and without affecting the profit and loss position through bonuses of previous years but after deducting from it, the amount of extraneous income (like interests from

investments, rent from property) and adding to it the amount of extraneous expenses (such as donations) which is unrelated to the efforts of the workers.

(2) If in any year, the amount of Statutory Depreciation and Development Rebate will be higher than the amount of Reserve for Rehabilitation, the full amount of Statutory Depreciation and Development Rebate shall be adopted as a prior charge and no extra provision shall be made for Rehabilitation in that year.

4. That a mill which has an available surplus of profits after providing all prior charges etc., on basis of the Full Bench Formula, as described above in clause 3 of this Agreement, shall pay to its employees bonus out of the available surplus, which bonus in no case shall be less than an amount equivalent to 4.8 per cent. of basic wages earned during the year or shall exceed an amount equivalent to 25 per cent. of the total basic wages earned during the year.

(i) Provided that if in respect of a particular year, a mill has an available surplus of profit as determined according to the Full Bench Formula, as described hereinbefore in clause 3, which is adequate for granting Bonus at a higher quantum than the ceiling of 25 per cent. of basic wages earned during the year as fixed above and it pays the maximum Bonus *viz.*, 25 per cent. of basic wages earned during the year under the provisions of this Agreement, such mill will be deemed to have set aside a part of the residue of available profits after grant of maximum Bonus (*i.e.*, 25 per cent. of basic wages earned during the year), not exceeding an amount equivalent to 12½ per cent. of the basic wages earned during the year as a "reserve" for Bonus for purpose of "set-on" (adjustment) in subsequent years, provided, however, that the aggregate amount of available surplus thus deemed to have been set aside for purpose of "set-on" (adjustment) shall not at any time exceed an amount equivalent to 12½ per cent. of basic wages earned during the year.

The amount of available surplus of profits thus deemed to have been set aside for purpose of "set-on" (adjustment) will be utilised for making up the deficit, if in any subsequent year the available surplus of profit of a mill calculated according to the Full Bench Formula described hereinbefore in clause 3, will not be adequate to pay bonus as provided under this Agreement.

The setting aside of a part of available surplus of profits provided under this clause is only for notional calculation for purpose of bonus and has nothing to do with the actual appropriations and allocations made in Balance Sheet of the Company.

(ii) Provided further that in case of a mill whose available surplus of profit in a particular year, as calculated under the Full Bench Formula is adequate to grant Bonus at a rate lower than the

ceiling (i.e., 25 per cent. of basic wages earned during the year) fixed under the Agreement, the quantum of Bonus will be fixed in such a manner that there will remain with the mill, at least a minimum amount of Rs. 10,000 after providing all prior charges including taxes and after grant of Bonus to the employees. The amount, as indicated hereinbefore set aside and left with the mill under the provisions of this clause shall not be required to be utilised for set-on (adjustment) purpose i.e., for distribution of Bonus in any subsequent year or for making up deficit in the maximum Bonus (i.e., 25 per cent. of basic wages earned during the year) in any such year.

(iii) Provided further that if in respect of any year, a mill has available surplus of profits which is adequate to pay bonus at a rate lower than the minimum rate (i.e., 4·8 per cent. of basic wages earned during the year) fixed under this Agreement and it is required to pay bonus at the minimum rate (i.e., 4·8 per cent. of basic wages earned during the year) under the provisions of this Agreement, it shall be entitled to set-off the excess amount thus paid by it to make up the minimum bonus (i.e., 4·8 per cent. of the basic wages earned during the year) against the amount of bonus that would be payable in a subsequent year or years in the manner following :—

1. If in the subsequent year, the available surplus of profits of this mill as calculated under the Full Bench Formula as described hereinbefore in clause 3 is adequate to grant bonus at the maximum rate of 25 per cent. of basic wages earned during the year, the mill will first take out of the amount thus payable as bonus, the excess amount paid by it as bonus in the previous year to make up the minimum bonus (i.e., 4·8 per cent. of basic wages earned during the year) and will then distribute the remaining amount (25 per cent. of basic wages earned during the year less the excess amount) as bonus but in no case less than 4·8 per cent. of the basic wages earned during the year.

2. If in the subsequent year, the available surplus of profits of this mill as calculated under the Full Bench Formula described hereinbefore in clause 3 is adequate to grant bonus at a rate lower than the maximum rate (i.e., 25 per cent. of basic wages earned during the year), the mill (a) will first set aside out of the available surplus after providing all prior charges including taxes at least an amount of Rs. 10,000 and (b) then out of the balance of available surplus of profits, it will further take out the excess amount paid by it as bonus in previous year to make up the minimum bonus (i.e., 4·8 per cent. of basic wages earned during the year) and (c) then it will distribute the remaining amount of available surplus of profit as bonus.

The provision for setting aside at least a minimum amount of Rs. 10,000 out of the available surplus of profits for the year by mills whose available surplus of profit calculated according to the



Full Bench Formula described hereinbefore in clause 3 is adequate to pay bonus at a quantum lower than the maximum (i.e., 25 per cent. of basic wages earned during the year) fixed under this Agreement, is made on *ad hoc* basis and the actual apportionment of the available surplus of profits between the mill and its employees will be decided on merits of the case of each individual mill on the principle laid down by the Labour Appellate Tribunal that there is no justification for granting the entire surplus profits as bonus.

5. That the claim of the employees for bonus for the years 1956 and 1957 would arise and be calculated in the same manner and subject to the same conditions as are specified in clauses 3 and 4 hereof in respect of the bonus for the years 1952 (where applicable), 1953, 1954 and 1955 save and except that—

(a) development rebate will be excluded entirely from all calculations for the said years 1956 and 1957 and therefore the said clauses 3 and 4 shall in respect of claims for bonus for years 1956 and 1957 be read and be construed as if there was no reference to development rebate therein.

(b) In adopting the bonus calculation formula of the Labour Appellate Tribunal the figures for rehabilitation for the years 1956 and 1957 will be subject to such adjustment as may be determined by a Commission to be appointed for the purpose. Provided that so far as the year 1956 is concerned, if the Commission's report is not available before 15th September 1957 which date may be extended to 15th November 1957 by mutual agreement, the bonus shall be calculated on the basis of the figures for rehabilitation as laid down in clause 3 hereof.

(c) The terms of reference to such Commission and its composition will be such as are agreed upon between the Millowners' Association, Bombay, and the Rashtriya Mill Mazdoor Sangh, Bombay. Failing agreement as regards the terms of reference and the composition of the Commission, an application may be made to the Government of Bombay to appoint a Commission and to refer the question regarding *rehabilitation* to it. In either case it is agreed that one of the terms of reference will be the increased cost of machinery and that the Commission should consist of a sitting High Court Judge and one or two representatives of each of the Millowners' Association, Bombay, and the Rashtriya Mill Mazdoor Sangh, Bombay.

Save as aforesaid all the provisions of clauses 3 and 4 shall apply to the claims for bonus for the years 1956 and 1957 *mutatis mutandis*.

6. That—

(i) a mill whose profit is not adequate to provide for all prior charges, etc., as per the Full Bench Formula, as described in clause 3, or

(ii) a mill which has made loss,

though totally exempt from liability to pay Bonus under the general principles governing Bonus enunciated by the Labour Appellate Tribunal in its Full Bench decision in appeals Nos. 1 and 5 of 1950 (Millowners' Association, Bombay, vs. The Rashtriya Mill Mazdoor Sangh, Bombay) and the decision of the Supreme Court in Civil Appeal No. 135 of 1951 (Muir Mills Ltd., Kanpur, vs. Suti Mill Mazdoor Union, Kanpur, and the State of U. P.) will, as special case, and with a view to creating better relations between the workers and the industry and for continuing peace in the industry but without creating a precedent, pay to its employees a minimum bonus equivalent to 4.8 per cent. of the basic wages earned by them during the year.

Provided that such mill shall be entitled to set-off (adjust) the amount thus paid by it as minimum Bonus (i.e., 4.8 per cent. of basic wages earned during the year) against the amount of bonus that would be payable in the subsequent year or years under the provisions of this Agreement in the manner following:—

The Mill will first deduct from the amount of bonus that would be payable in the subsequent year under the terms of the Agreement, the amount of minimum Bonus (i.e., 4.8 per cent. of basic wages earned during the year) paid by it in previous years and then out of the residue of the surplus profits thus arrived at, it will pay bonus under the provisions of this Agreement.

7. That the illustrations given in the Ahmedabad Agreement dated 27th June 1955 be referred to for purposes of clarification in the event of doubt wherever any point requires clarification.

8. That the amount of "reserve" for Bonus deemed to have been set aside by a mill for the purpose of 'set-on' (adjustment) under the provision of this Agreement which remains unutilised at the end of the year 1957 (or on 31st March 1958 or on 30th June 1957 or on 31st October 1957 as the case may be) after grant of Bonus for that year, shall lapse and the employees shall have no right to such amount for satisfying their claim for Bonus at any future time after the expiry of this Agreement. Similarly, the amount or amounts of minimum Bonus (i.e., 4.8 per cent. of basic wages earned during the year) paid by a mill during the period of the Agreement which it is entitled to set-off (adjust) against the amount of Bonus that was payable during the period of the five or six years as the case may be under the provisions of this Agreement but which remains unadjusted on 31st December 1957 or on 31st March 1958 or on 30th June 1957 or on 31st October 1957, as the case may be, shall lapse on the termination of this Agreement and the Mill shall not be entitled to set-off (adjust) such amount against the amounts of Bonus that may become payable in future years.

9. That the mills concerned shall pay to their employees Bonus according to the terms and conditions provided under this Agreement in respect of each of the six years from year 1952 to year 1957, both inclusive :

Provided that the Bonus in respect of years 1952 and 1953 shall be paid on or before the 15th day of March 1956 and the Bonus in respect of years 1954 to 1957, shall be paid within a period of two months of the date that will be mutually fixed by the parties for distribution of Bonus in the respective years, subject to the following conditions :—

(i) In the case of women employees who have been on maternity leave during the year, the maternity allowance drawn by them shall be included in their earnings for the purpose of calculating Bonus ;

(ii) Employees who have been dismissed on account of misconduct causing financial loss to the Company will not be entitled to Bonus to the extent of the loss caused ;

(iii) Persons who are eligible for Bonus but are no longer in the service of the mill shall submit their claim within one year of the scheduled date for payment of Bonus to the employees in service and the Bonus shall be paid within one month of the receipt of the claim. Failing an application within the period specified, the right to claim the Bonus shall not survive.

*Explanation.*—In this Agreement the expression “basic wages earned during the year” wherever it occurs means all earnings (exclusive of dearness allowance and bonuses paid) for the respective calendar year concerned.

10. That the Millowners' Association, Bombay, and the Rashtriya Mill Mazdoor Sangh, Bombay will jointly determine in case of each individual member mill the available surplus of profit and fix the quantum of Bonus to be distributed in terms of the Agreement on basis of the Balance-Sheet of the year after obtaining the necessary information regarding Bonus provision, statutory depreciation etc., from the Mills after the publication of Balance-Sheet. Such necessary data shall be supplied by the mills to both the Association and the Sangh within a period of two months of the publication of the Balance-Sheet or before the end of the month of September of the next year whichever is later. If there will be any difference of opinion between the parties regarding determination of the available surplus of profit or the quantum of Bonus to be paid by the Mill, the matter will immediately be referred to Mr. Justice D. V. Vyas, Judge of the Bombay High Court, and in case he is

not available or is unable to function, to a person mutually agreed to between the parties and his decision shall be accepted by both the parties.

BOMBAY,

*Dated March 1st, 1956.*

FOR THE MILLOWNERS' ASSOCIATION, BOMBAY,

(Signed) N. S. V. AIYER,  
*Secretary.*

FOR THE RASHTRIYA MILL MAZDOOR SANGH, BOMBAY,

(Signed) G. D. AMBEKAR,  
*General Secretary.*

#### SCHEDULE 'A'

1. The Apollo Mills Ltd., Bombay.
2. The Beharilal Ramcharan Cotton Mills Ltd., Bombay.
3. The Bombay Dyeing & Mfg. Co. Ltd., Bombay.
4. The Bradbury Mills Ltd., Bombay.
5. The Century Spg. & Mfg. Co. Ltd., Bombay.
6. The Coorla Spg. & Wvg. Co. Ltd., Kurla, Bombay.
7. The Crown Spg. & Mfg. Co. Ltd., Bombay.
8. The Dawn Mills Co. Ltd., Bombay.
9. The Dhanraj Mills Ltd., Bombay.
10. The Digvijay Spg. & Wvg. Co. Ltd., Bombay.
11. The Edward Textiles Ltd., Bombay.
12. The Elphinstone Spg. & Wvg. Mills Co. Ltd., Bombay.
13. The Finlay Mills Ltd., Bombay.
14. The Gold Mohur Mills Ltd., Bombay.
15. The Hind Mills Ltd., Bombay.
16. The Hindustan Spg. & Wvg. Mills Co. Ltd., Bombay.
17. The Indian Mfg. Co. Ltd., Bombay.
18. The India United Mills Ltd., Bombay.
19. The Jam Mfg. Co. Ltd., Bombay.
20. The Jubilee Mills Ltd., Bombay.
21. The Khatau Makanji Spg. & Wvg. Co. Ltd., Bombay.
22. The Kohinoor Mills Co. Ltd., Bombay.
23. The Modern Mills Ltd., Bombay.
24. The Morarjee Goculdas Spg. & Wvg. Co. Ltd., Bombay.
25. The New City of Bombay Mfg. Co. Ltd., Bombay.
26. The New Great Eastern Spg. & Wvg. Co. Ltd., Bombay.
27. The New Kaiser-I-Hind Spg. & Wvg. Co. Ltd., Bombay.
28. The New Pralhad Mills, Bombay.
29. The New Union Mills Ltd., Bombay.
30. The Phoenix Mills Ltd., Bombay.

Schedule 'A'—*Contd.*

31. The Ruby Mills Ltd., Bombay.
32. The Sassoon Spg. & Wvg. Co. Ltd., Bombay.
33. The Seksaria Cotton Mills Ltd., Bombay.
34. The Shree Madhav Mills Ltd., Bombay.
35. The Shree Madhusudan Mills, Bombay.
36. The Shree Niwas Cotton Mills Ltd., Bombay.
37. The Shree Ram Mills Ltd., Bombay.
38. The Simplex Mills Co. Ltd., Bombay.
39. The Standard Mills Co. Ltd., (New China Mills), Bombay.
40. The Standard Mills Co. Ltd., Bombay.
41. The Svadeshi Mills Co., Ltd. Bombay.
42. The Swan Mills Ltd., Bombay.
43. The Tata Mills Ltd., Bombay.
44. The Victoria Mills Ltd., Bombay.
45. The Western India Spg. & Mfg. Co. Ltd., Bombay.
46. The Calico Processors Ltd., Bombay.
47. The Kamala Mills Ltd., Bombay.

**NOTE.**

Subsequently the following mills have signed the Agreement :—

48. The Podar Mills Ltd., Bombay.
49. The Shree Sitaram Mills Ltd., Bombay.

**SCHEDULE 'B'.**

1. The Beharilal Ramcharan Cotton Mills Ltd., Bombay.
2. The Dawn Mills Co. Ltd., Bombay.
3. The Dhanraj Mills Ltd., Bombay.
4. The Digvijay Spg. & Wvg. Co. Ltd., Bombay.
5. The India United Mills Ltd., Bombay.
6. The New City of Bombay Mfg. Co. Ltd., Bombay.
7. The Phoenix Mills Ltd., Bombay.
8. The Seksaria Cotton Mills Ltd., Bombay.
9. The Shree Madhusudan Mills, Bombay.
10. The Tata Mills Ltd., Bombay.
11. The Kamala Mills Ltd., Bombay.

**EXHIBIT B.****LABOUR AND SOCIAL WELFARE DEPARTMENT.**

Old Secretariat Building, Bombay No. 1, 3rd January 1957.

**Order.**

No. ARM. 1056-I.—Whereas the Industrial Court, Bombay, has given an award (Part I) on the 13th March 1956 (hereinafter referred to as "the said award") in the matter of bonus for the years 1954, 1955, 1956 and 1957 to the employees of certain Cotton Textile

mills in Greater Bombay in terms of the agreement arrived at between the Millowners' Association, Bombay, on the one hand and the Rashtriya Mill Mazdoor Sangh, Bombay, on the other in Submission (IC) No. 3 of 1956 and appended as annexure I to the said award (hereinafter referred to as "the said agreement") ;

And whereas clause 5 of the said agreement (hereinafter referred to as "the said clause 5") provides that the claim of the said employees for bonus for the years 1956 and 1957 would arise and be calculated in the same manner and subject to the same conditions as are specified in clauses 3 and 4 of the said agreement in respect of the bonus for the years 1952 (where applicable), 1953, 1954 and 1955 save and except that development rebate will be excluded entirely from all calculations for the said years 1956 and 1957, and that in adopting the bonus calculation formula of the Labour Appellate Tribunal the figures for rehabilitation for the years 1956 and 1957 will be subject to such adjustment as may be determined by a Commission to be appointed for the purpose ;

And whereas sub-clause (b) of the said clause 5 further provides that the terms of reference to such commission and its composition will be such as are agreed upon between the Millowners' Association, Bombay and the Rashtriya Mill Mazdoor Sangh, Bombay and failing such agreement, an application may be made to the Government of Bombay to appoint a Commission and to refer the question regarding rehabilitation to it ;

And whereas no such agreement has been reached between the Rashtriya Mill Mazdoor Sangh, Bombay, and the Millowners' Association, Bombay, and the said Sangh has made an application under sub-clause (c) of the said clause 5 to the Government of Bombay for the appointment of the Commission and for reference of the question regarding rehabilitation to it ;

Now, therefore, in pursuance of the provisions of sub-clause (c) of the said clause 5, the Government of Bombay hereby appoints a Commission consisting of the following members to determine how the figures for rehabilitation for the years 1956 and 1957 should be adjusted, namely :—

1. Shri S. T. Desai, Judge, High Court, Bombay, who shall be the Chairman of the Commission.
2. Shri Pratap Bhogilal, The Shree Ram Mills Ltd., Ferguson Road, Lower Parel, Bombay 13.
3. Shri Radhakrishna R. Ruia, *vide* Government Order, Labour and Social Welfare Department, No. ARM. 1056-I, dated 18th July 1957.  
C/o Ramnarain Sons Private Limited, State Bank Annexe, Bank Street, Fort, Bombay 1.

Representatives of the Millowners' Association, Bombay.

- |                                                                                                                                                                                                                        |                                                                               |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| <p>4. Shri G. D. Ambekar,<br/>General Secretary, Rashtriya Mill<br/>Mazdoor Sangh, 25, Government Gate<br/>Road, Parel, Bombay 12.</p> <p>5. Shri A. S. Parasuram,<br/>G. 54, Ganesh Baug, Matunga,<br/>Bombay 19.</p> | <p>Representatives of the<br/>Rashtriya Mill Maz-<br/>door Sangh, Bombay.</p> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|

Shri K. R. Gadgil, Technical Inspector (Textiles), Bombay, is appointed Secretary to the Commission.

2. The terms of reference are as follows :—

(1) The Commission shall inquire into the question of the cost of rehabilitation of the Cotton Textile Mills in Greater Bombay [except the Prakash Cotton Mills (Private) Limited] to which the said award applies, or has been made applicable ;

(2) In examining the said question the Commission shall—

(a) approach the question of assessing the requirement of rehabilitation, replacement and modernisation of machinery for the mills individually as well as for the whole industry, in the same manner as was done by the Technical Sub-Committee of the Working Party for the Cotton Textile Industry in its Report dated 22nd April 1952 and published by the Government of India, Ministry of Commerce and Industry in April 1952 on pages 124-125 in items Nos. 1 to 9 (*vide* G. O., L. & S. W. D., No. ARM. 1056-I, dated 20th February 1957, under the head “(g) Rehabilitation Replacement and Renovation”;

(b) take into consideration the increased cost of machinery, if any by taking the average prices of machinery ruling during the calendar years 1952 to 1956 (both inclusive);

(c) work out and include in its report its estimate of the cost of rehabilitation of machinery for fifteen years from the beginning of the bonus year 1956 and in the case of buildings for a period of the average estimated life thereof; and

(d) work out and include in its report the cost of requirement of rehabilitation of machinery on the basis of the rehabilitation requirement up to the end of the bonus year 1961.

3. The Commission shall submit its report to the State Government within 6 months from the date of this Order.

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THE COMMISSIONS OF INQUIRY ACT, 1952.

No. ARM. 1056(a).—I.—Whereas under Government Order in the Labour and Social Welfare Department, No. ARM. 1056, dated 3rd January 1957, the Government of Bombay in pursuance of clause 5

of the Bonus agreement appended to the award made by the Industrial Court, Bombay, in Submission (IC) No. 3 of 1956, has appointed a Commission (hereinafter referred to as "the said Commission") to inquire into the question of the figures for rehabilitation of certain Cotton Textile Mills in Greater Bombay;

And whereas the matter into which the said Commission has been directed to make an inquiry is a definite matter of public importance;

And whereas the Government of Bombay is of opinion that all the provisions of the Commissions of Inquiry Act, 1952 (Act No. LX of 1952) (hereinafter referred to as "the said Act") should be made applicable to the said Commission;

Now, therefore, in exercise of the powers conferred by section 11 of the said Act, the Government of Bombay hereby directs that all the provisions of the said Act shall apply to the said Commission.

By order and in the name of the Governor of Bombay,

B. B. BRAHMBHATT,  
Under Secretary to Government.

EXHIBIT C.

**LABOUR AND SOCIAL WELFARE DEPARTMENT**

Old Secretariat Building, Bombay, 20th February 1957.

**Order.**

No. ARM. 1056-I.—The Government of Bombay is pleased to direct that the terms of reference of the commission appointed under Government Order, Labour and Social Welfare Department, No. ARM. 1056-I, dated the 3rd January 1957, to inquire into the question of the figures for rehabilitation of certain Cotton Textile Mills in Greater Bombay, should be amended as shown below, namely :—

In clause (a) of the term of reference No. (2) contained in paragraph 2 of the said Order, after the words and figures "on pages 124-125" the words and figures "in items Nos. 1 to 9" shall be inserted.

By order and in the name of the Governor of Bombay,

B. B. BRAHMBHATT,  
Under Secretary to Government.



## EXHIBIT D.

BEFORE THE BOMBAY COTTON TEXTILE INDUSTRY  
(REHABILITATION) COMMISSION.

UNDER THE CHAIRMANSHIP OF MR. JUSTICE DESAI.

*A general statement of claim submitted by the Millowners' Association, Bombay.*

May it please the Honourable Commission,

The Millowners' Association, Bombay, begs to submit as under :—

In terms of the Bonus Agreement between the Rashtriya Mill Mazdoor Sangh and this Association, the Government of Bombay, by their Order ARM. 1056, dated 3rd January 1957, appointed this Honourable Commission to enquire into the cost of rehabilitation of the cotton mill industry of Bombay. We submit that, for a proper appreciation of the problem, it is necessary to make a reference to the previous history of the bonus question and we accordingly beg leave to do so very briefly.

From 1941 to 1945, our member mills voluntarily declared an annual bonus to their employees. In 1946 and 1947, there were disputes regarding bonus, and the matter was referred to the Bombay Industrial Court, for adjudication. The Court awarded certain bonuses for those two years, more or less on an *ad hoc* basis. When the question of bonus for the year 1948 was referred to the Industrial Court, the Court went into the matter very carefully and laid down certain principles for awarding bonus. From 1949 to 1952, except for the year 1951 when the quantum of bonus was settled by an agreement between the Sangh and the Association, the question of bonus has been decided by the Bombay Industrial Court and the Labour Appellate Tribunal. The principle adopted by the Courts for all these years was that the employees could claim bonus only if a surplus of profit was available after making provision for all prior charges, one of these charges being the provision of reserves for rehabilitation, replacement and modernisation of machinery and buildings. This principle also constitutes the corner-stone of the bonus agreement between the Rashtriya Mill Mazdoor Sangh and this Association, and is incorporated in clause 3 of the Agreement. This and the other principles to be followed in deciding the bonus question have been laid down in the decision of the Labour Appellate Tribunal in Appeal No. 1 of 1950 between these very parties, which has come to be accepted all over India as the basic formula for the determination of bonus. We quote hereunder paragraph 22 of that decision, which we consider, is relevant to the present enquiry :—

"22. The gross profits are arrived at after payment of wages and dearness allowances to the employees, and other items of expenditure which are not necessary for our present purposes to

enumerate in detail. As investment necessarily implies the legitimate expectation of the investor to secure recurring returns on the money invested by him in the industrial undertaking, it is essential that the plant and machinery should be kept continuously in good working order for the purpose of ensuring that return, and such maintenance of plant and machinery would also be to the advantage of labour, for the better the machinery, the larger the earnings, and the better the chance of securing a good bonus. The first charge on the gross profits should, therefore, be the amount of money that would be necessary for rehabilitation, replacement and modernisation of the machinery. As depreciation allowed by the income-tax authorities is only a percentage of the written down value, the fund set apart yearly for depreciation and designated under that head would not be sufficient for these purposes. An extra amount would have to be annually set apart under the heading of "reserves" to make up that deficit."

In order to determine such extra amount to be set apart each year, it became necessary to make an estimate of the amount required for rehabilitation, replacement and modernisation of the existing machinery and buildings of Bombay mills. And the Courts ruled that this amount should be taken at Rs. 72 crores for rehabilitation of machinery only. In 1950, the Association claimed an upward revision of this figure in view of the rise in the prices of machinery but the Labour Appellate Tribunal stated : "It cannot be disputed that a substantial variation in the price of machinery either way would justify reconsideration of the figure of 72 crores ; but such reconsideration must not be hastily undertaken and could be justified only on the basis of a substantial change of a stable character extending, or likely to extend, over a sufficient number of years so as to make a definite and appreciable difference in the cost of, replacement." In 1952, the Rashtriya Mill Mazdoor Sangh challenged the figure of Rs. 72 crores and the Labour Appellate Tribunal stated that "in the Full Bench case we decided that the amount that the mills would require from 1947 would be 72 crores, and that the allocation on that basis should be made in future years for the purpose of rehabilitation reserves. That decision stands, and the attempt of Shri Ambekar to show that the figure of 72 crores was erroneous, has failed. In our Full Bench decision we worked out our formula on the basis of 72 crores and that formula must run its normal course."

In spite of this categorical finding of the Labour Appellate Tribunal, the Association agreed to the incorporation of clauses 5(b) 5(c) in the Bonus Agreement, at the request of the Sangh, and this resulted in the appointment of this Honourable Commission. A copy of the Bonus Agreement is sent herewith.

The terms of reference drawn up by the Government of Bombay require this Honourable Commission to approach the question of assessing the requirement of rehabilitation, replacement and modernisation of machinery "for the mills individually as well as for the

whole industry". We beg to submit that the terms of the Bonus Agreement require an assessment for the whole industry only and in determining the amounts of individual bonuses for the years 1953, 1954 and 1955, under the Bonus Agreement, the figures of Rs. 72 crores for machinery and Rs. 27 crores for buildings were distributed *pro rata* to mills on an agreed basis. In this connection, we beg to invite the Commission's attention to clause 5(b) of the Bonus Agreement in pursuance of which this Honourable Commission has been appointed. The clause states: "In adopting the bonus calculation formula of the Labour Appellate Tribunal, the figures for rehabilitation for the years 1956 and 1957 will be subject to such adjustment as may be determined by a Commission to be appointed for the purpose."

The Agreement visualises only an adjustment in the figures for rehabilitation and not a change in the method of determining the individual mills figures, and we, therefore, submit that this Honourable Commission should ascertain the rehabilitation requirement of the Industry as a whole and then proceed to adjust the existing agreed quota figures of individual mills to the extent there is any change in the industry-wise figures of Rs. 72 crores for machinery and Rs. 27 crores for buildings. This procedure would be in conformity with the terms of the agreement and we pray that we may be allowed to submit detailed information on this basis.

We shall now proceed to set out the general claim of the industry for the amounts required by it for rehabilitation, replacement and modernisation of its machinery and buildings. The terms of reference require the Commission to include in its report the cost of requirement of rehabilitation of machinery up to the end of the bonus year 1961 and also for fifteen years from the beginning of the bonus year 1956, and in the manner of the working Party for the Cotton Textile Industry in its report dated 22nd April 1952. The first essential therefore in preparing an estimate of the amount required for rehabilitation will be to decide what machines installed in the Industry are to be regarded as requiring replacement by the end of the bonus year 1961 and also by the end of the bonus year 1970.

According to paragraphs 1 and 3 on page 124 of the Working Party's report, all machinery manufactured prior to 1910 is to be regarded as requiring replacement and all cards and combers manufactured prior to 1925 are to be similarly regarded.

The Association also begs to submit that according to the Working Party's Report itself, all machinery including cards and combers installed prior to 1925, would fall to be regarded as requiring replacement by the end of the bonus year 1961. On page 382 of the Working Party's report, a review has been made of the machines that require to be replaced in Bombay mills. Referring to machines installed between 1910 and 1925, the Working Party states, "machines in the second age group are capable of giving satisfactory service for 10 years more; however, it is not economical to work some of them."

As this section of the report was prepared in 1951, it is clear that, according to the Working Party, machines in the second age group are capable of giving satisfactory service up to the end of 1961 only, and they, therefore, require replacement thereafter. The reason why the Working Party did not include the cost of replacing these machines in their assessment is obvious when we look to the purpose of their enquiry as mentioned on page 95 of the report, namely "assessment of capital required during the next ten years for machinery replacement". The Working Party was concerned with finding out the amount of capital which would be required to be spent in the period ending 1961. As the machinery in the second age group had to be replaced only at the end of 1961, the Working Party did not include the replacement cost of this machinery in their assessment.

This Commission, we submit, has an additional duty to perform. Not only is the Commission required to assess the amounts necessary to carry out the replacements due by 1961 and 1970 but it is also required to ascertain the amounts which mills will have to set apart to take care of the wear and tear of machinery which will not fall due for replacement until later dates. It is an acknowledged principle of industrial management that amounts must be set apart for replacing a machine during the working life of that machine itself, so that when the time comes to discard the machine, the Company will have available sufficient funds to replace it. In fact, it is in acknowledgment of this principle that depreciation is allowed on a tax-free basis during the working life of a machine. It is clear, therefore, that for machinery which would be due for replacement in 1962, the Industry should be allowed to set apart by 1961, funds which would be sufficient to replace it at the replacement level of costs. It is for this reason that we submit that the Industry must be allowed to set apart by 1961, amounts which would be enough to replace all machinery manufactured prior to 1925. These amounts, we would once again emphasise, would not be required to be spent by 1961, but would be required to be accumulated and retained. The Technical Sub-Committee of the Working Party was interested only in assessing the amounts which were required to be actually spent, and our submission is that this difference in the approach to the problem of the Working Party on the one hand and of this Honourable Commission on the other, must be borne in mind.

Applying the same principle, the Association also claims that amounts will have to be set apart in respect of machinery installed subsequent to 1925, so as to take care of the proportion of its useful life which would have been exhausted by the end of 1961 and by the end of 1970.

We, therefore, submit that the following represents the minimum amounts which the Industry should be allowed to set apart by the end of the bonus years 1961 and 1970 :

(G.C.P.) L-A H 286—4a

*The amounts to be set apart by the end of the bonus year 1961—*

1. An amount sufficient to replace by modern equipment all machinery in productive departments manufactured prior to 1925.

2. As regards machinery installed after 1925, the Industry should be allowed to set apart an amount equal to such proportion of its replacement cost as represents the part of its useful life exhausted by 1961. For instance, if by 1961, a machine has exhausted half its useful life, the Industry should be allowed to set apart in respect of that machine half its replacement cost. The principle and estimate of life taken by the Working Party will be applied in such cases also.

3. In respect of post—1925 machinery of specified departments, the Industry should also be allowed amounts which would be necessary for bringing about the conversions mentioned at paragraphs 2 and 4 to 12 on pages 124 and 125 of the Working Party's Report.

4. The above paragraphs relate to productive machinery. We have now to deal with other machinery such as boilers and economisers, Machine shop equipment, transformers, electric motors, bleaching, dyeing and finishing equipment, etc. Here also the same formula would hold good except that the life span of this machinery would be somewhat different from that of productive machinery. From our knowledge and experience, we consider the life expectancy of these types of machines to be as under :—

Boilers (Water tube)	...	...	20 years.
Boilers (Lancashire)	...	...	30 years.
Economisers	...	...	20 years.
Electric Motors	...	...	20 years.
Switch Gear	...	...	25 years.
Transformers	...	...	25 years.
Machine tools	...	...	25 years.
Humidifiers	...	...	12 years.
Bleaching, dyeing and finishing machinery.			15 years.

5. There remain buildings for which a formula must also be found. We submit herewith a report to the Industrial Court made on 8th August 1951 by Mr. N. H. Poonager, Chartered Civil Engineer, Surveyor and Valuation Expert. His report was accepted by the Industrial Court, and we would like to quote relevant extracts from paragraph 15 of the Bombay Industrial Court's Award relating to Bonus for the year 1950 :

“As to period of replacement (of buildings), we have an affidavit by Mr. N. H. Poonager, M. I. E., Chartered Civil Engineer, Surveyor and Valuation Expert, which we regard as very useful. He has inspected and surveyed certain representative mills in Bombay and

divided the mills into three age groups with a reference to the dates on which they were erected; (a) 1870 to 1900, (b) 1901 to 1915 and (c) 1916 to date. According to him 70 per cent. of the buildings belong to group (a), 25 per cent. to group (b) and 5 per cent. to group (c), and average future life of the three groups are (a) 20 to 25 years, (b) 35 to 40 years and (c) 50 to 55 years. The average for these figures for all would be between 26 and 27 years. We have accordingly decided to take 27 years as the average life of mill buildings from to-day."

6. We would like to mention that, when on an application by the Rashtriya Mill Mazdoor Sangh, the Industrial Court had appointed Assessors in 1953 to assess the rehabilitation requirements of the industry, the Sangh had accepted Mr. Poonager as the Sole Assessor for buildings. Although the appointment of Assessors was subsequently cancelled by the Industrial Court due to the Labour Appellate Tribunal's observation that no such enquiry by Assessors was deemed necessary, the point which we wish to make is that the Industrial Court's above-quoted finding, based on an affidavit by Mr. Poonager who was subsequently appointed by both parties as the Sole Assessor for buildings, should be accepted by this Honourable Commission.

*Amounts to be set apart by the end of the bonus year 1970 —*

The principles mentioned above would also apply in calculating the rehabilitation requirements for the period ending 1970 and all that is necessary is to add the appropriate number of years to the various periods mentioned above.

We are collecting prices of machinery and rates for buildings and the data will be submitted as soon as ready. This would dispose of item 2(b) of the Commission.

As regards the actual amounts to be allowed by way of rehabilitation, etc., we are collecting from mills, data regarding their machinery and the dates of manufacture of the machinery. After collecting this information, we shall submit to this Honourable Commission our claim regarding the amount to be allowed to the Bombay Cotton Mill Industry for rehabilitation.

The Association craves leave to add to, amend, or alter the statements made above if and when necessary.

(Signed) N. S. V. AIYER,  
Secretary,  
The Millowners' Association, Bombay.

Bombay, dated 4th February 1957.

## EXHIBIT 'E'.

BEFORE THE BOMBAY COTTON TEXTILE INDUSTRY  
(REHABILITATION) COMMISSION.

UNDER THE CHAIRMANSHIP OF MR. JUSTICE DESAI.

*Preliminary written Statement in reply to the Millowners'  
Association's General Statement of Claim.*

May it please the Honourable Commission,

The Rashtriya Mill Mazdoor Sangh, Bombay, hereinafter referred to as 'the Sangh' begs respectfully to submit as under :—

1. The Government of Bombay by their Order ARM. 1056, dated 3rd January 1957, appointed this Honourable Commission to enquire into the cost of rehabilitation of the Cotton Textile Industry of Bombay as mentioned in the Bonus Agreement between the Rashtriya Mill Mazdoor Sangh, Bombay and the Millowners' Association, Bombay.

2. The previous history as given by the Millowners' Association in their General Statement of Claim is wrong, distorted and contrary to the facts of this dispute. The history of this dispute regarding rehabilitation is given in one of our recent Applications, dated 15th April 1954, in References (IC) Nos. 24 and 25 of 1954 to the Industrial Court and the orders of the Industrial Court thereon, dated 22nd June 1954 and 20th August 1954, which are enclosed herewith an Appendix 'A'. These in a nutshell give an idea of the whole dispute and the findings of the Industrial Court thereon support the history as stated by us. In spite of these findings of the Industrial Court, the Labour Appellate Tribunal though dismissed the appeal of the Millowners' Association, Bombay on this order of the Industrial Court, went out of its jurisdiction by opening that the orders of the Industrial Court may be without justification or validity.

3. References to the portions of the Labour Appellate Tribunal judgment made in the Millowners' Association's statement are irrelevant for the purposes of this enquiry as these are not based on the actual facts of the history of this dispute and also for the reason that the same Labour Appellate Tribunal has revised their views about rehabilitation and consequential matters in subsequent decisions. It is also wrong to say that the Millowners' Association agreed to the incorporation of clauses 5(b) and 5(c) in the Bonus Agreement in spite of the categorical finding of the Labour Appellate Tribunal at the request of the Sangh.

4. As regards the contention of the Millowners' Association, Bombay and the other Mills that the Agreement visualises only an adjustment in the figures for rehabilitation and not a change in the method of determining the individual mills figures, is not correct. On the contrary the terms of reference by the Government asking the Commission to approach the question of assessing the requirement of rehabilitation, replacement and modernisation of machinery for the

mills individually as well as for the whole Industry, is strictly in conformity with the Agreement, which is clear from clauses (1) and (5) of the said Agreement between the Millowners' Association, Bombay on the one hand and the Rashtriya Mill Mazdoor Sangh, Bombay on the other. It is submitted that it is not on this point that the terms of reference have gone beyond the terms of the Agreement. Clause (5) lays down only the cost of rehabilitation to be assessed by the Commission and not as required by the terms of reference, viz., the cost of rehabilitation, replacement and modernisation as mentioned therein. Therefore it is submitted that to the extent it has gone beyond the original terms of reference for determining the cost of rehabilitation, viz. the requirement of rehabilitation, replacement and modernisation of the machinery and asking the Commission to approach the question in the same manner as was done by the Technical Sub-Committee of the working Party for the Cotton Textile Industry, dated 22nd April 1952 on pages 124-125 under the head "(g) Rehabilitation, Replacement and Renovation", the Government of Bombay has exceeded the jurisdiction vested in it.

5. The contention of the Millowners' Association that according to the Working Party's Report all machinery including cards and Combers installed prior to 1925, would fall to be regarded as requiring replacement by the end of 1961 is not correct and is denied. Only machines installed prior to 1910 require complete replacement. Cards and Combers prior to 1925 are to be replaced as they could not be set close enough and not for any other reason. It may be remembered that all machinery would not require replacement immediately after 1961 which is the first period over which the assessment of rehabilitation is to be made, because this machinery which requires replacement after 1961 falls in the age group of 1911 to 1925 and they are not purchased on the same dates nor are they maintained with uniform care. Having once scrapped all the machineries prior to 1910 and having provided for some of the machineries in the second and third age groups also to be replaced before 1961, only some of that machinery will require immediate replacement. And that too will have spread over a period of 15 years. Even assuming the whole machinery in the second age group 1911-1925 gives in Working Party's Report at page 382 requires to be rehabilitated, most of it will have been already replaced before 1961 because many of those machines such as Cards and Combers, Slubbing frames, Winding and Warping, Blow Room Process, Mixing Feeders, etc., will have been replaced or renovated for one reason or the other, the foremost reasons being that it is not economical to work such machinery. So also the claim that the mills should be provided with funds in the first period for machinery which is due for replacement after 1961 is not correct. Moreover on the machinery purchased during the period 1947 to 1961 depreciation at a higher cost will go on accruing and the Industry will have also accrued huge amounts by way of reliefs given by Government such as rebates, initial extra depreciation, etc.



6. There is no essential difference between the Technical Sub-Committee of the Working Party's approach for assessing the amounts which were required to be actually spent and this Honourable Commission's approach on the same problem even though the period may be extended up to 1970. It is the amount required for rehabilitation that is to be assessed between a number of years and not prospective periods to be provided for in this period. The approach suggested by the Millowners' Association and the other Mills at page 6 is a vicious circle and will never end. It is for the parties then existing to decide the principles and the quantum required for rehabilitation, if at all it still continues to be a live question at that time. Even after the Bonus period 1957, the parties are not bound to accept the requirement of rehabilitation according to this Honourable Commission's conclusions. It is only for the Bonus years 1956 and 1957 that the parties are bound to accept these figures.

7. The Mill machinery is continuously being subject to wear and tear and the process of replacement is a continuous process with the result that this very process of replacement also creates funds in the hands of the Mill Industry through rebates, initial and extra depreciation over and above the normal and multiple shift depreciation. In fact in the first year the available funds by way of relief through rebates is 25 per cent. of the increased cost of machinery and another 25 per cent. through normal and additional depreciation. In fact the Mills can completely recover the full value of the machinery purchased within 5 years of the working of such new machinery through rebate, initial extra normal and additional depreciation. In view of the rebate it shall continue to draw depreciation till it realises in all 125 per cent. of the already higher cost of this new machinery.

8. No conversion be allowed in respect of post-1925 machinery as mentioned in sub-paragraph 3 of the Millowners' Association's statement at page 7.

9. It is denied that the formula of the Working Party in respect of a productive machinery from Spinning to Weaving would hold good in respect of other machineries such as Boilers and Economisers, Machinshop Equipment, Transformers, Electric Motors, Bleaching, Dying and Finishing equipment, etc. In fact the life span of this other machinery would be much higher than that mentioned in respect of productive machinery. Therefore, it is suggested that the span suggested at the end of page 7 in sub-paragraph 4 should not be accepted.

10. In sub-paragraph 5 on page 7, the Millowners' Association wants the Honourable Commission to accept the Report of Mr. N. H. Poonagar, Chartered Civil Engineer, Surveyor and Valuation Expert. That was a general report without reference to any specific mills or specific buildings. Here the Commission has to go into the life of each

block and each mill separately. Many of the buildings though old have been renovated and their life is much more prolonged than what has been mentioned in Mr. Poonagar's Report.

11. It is submitted that the Sangh under the then existing conditions and circumstances had accepted Mr. Poonagar's Report as the sole Assessor for the purpose of building, which the Sangh is not bound to accept now. The circumstances have changed and therefore Mr. Poonagar's Report alone is not acceptable. It is submitted that this Honourable Commission should appoint two Experts, one nominated by the Sangh and one nominated by the Association to go into each mill for looking into the question of rehabilitation of the buildings.

12. As regards buildings the suggestion that the Industrial Court's findings should be disturbed by multiplying Rs. 12 crores which was the value of the buildings Block in 1950 by 3 instead of 2.25 is not acceptable to the Sangh. In fact the Rs. 12 crores is not the original cost of pre-war buildings block which requires rehabilitation, but it is an increased value of the buildings block in the post war period 1950, due to appreciation of the buildings block in some mills as a result of change of hands and also as a result of putting up new buildings during the war period up to 1950. Moreover when the Industrial Court applied the multiplier 2.25 the present Factories Act was already in force and all these requirements were taken into consideration by the Industrial Court. Structural changes or alterations in the buildings as a result of the standard laid down in the Working Party Report were also, therefore, considered by the Industrial Court in view of the requirements of the buildings for the modern machinery. Moreover the multiplier 2.25 to the whole block of the buildings is wrong because the whole block is not to be replaced or remodelled but only such buildings which require renovating and re-modelling are to be re-built.

13. The Working Party recommendations as regards adequate lighting, air changes, relative humidity, etc., cannot be considered in the nature of rehabilitation. Similarly the requirements of the Factories Act for the purposes of welfare of the workers such as cool drinking water, good canteen arrangements, sanitary arrangements cannot be considered as part of rehabilitation but the same is applicable to all factories old and new and are in consonance with the modern ideas of the working of the factory or the industry. If the Industry has failed to provide proper amenities and therefore statutory provision has to be made, expenditure of compliance with the statutory provision cannot be called as requirement for rehabilitation as it does not fit in with the basic idea of rehabilitation of the industry i.e., maintaining the industry under the economic working conditions. All these provisions for amenities, welfare activities and to suit the requirements of the Factories Act

are in the nature of expansion. Similarly the additions and extensions to block by way of rest rooms and canteens, etc., do not fall within the scope of rehabilitation. Similarly provision for modern type of buildings or roofs etc., which is not absolutely necessary also cannot be considered as part of rehabilitation. So also in the case of machinery ultra modern machinery do not come within the scope of rehabilitation; only necessary modernisation inherent in rehabilitation, i.e., for efficient economic working of the industry can reasonably fall within the scope of rehabilitation. It is needless to add that no expansion is covered under rehabilitation.

14. We may submit at this stage that what is required to be assessed by Commission is the requirement of rehabilitation of such machinery and such buildings which required to be rehabilitated and hence not all machinery and all buildings are to be rehabilitated simply on the ground that they are purchased or built in the pre-war period. Therefore, the question of rehabilitation of machinery and buildings in the war and post-war period does not arise at all. No machinery and buildings purchased or built in the recent years especially after 1939 require rehabilitation. In fact no machinery or buildings erected or built after the end of I World War require any rehabilitation.

15. In respect of Shree Sayaji Mills Ltd. No. 2, the Sangh submits that the basic quota for Shree Sayaji Mills was fixed for the years 1953, 1954 and 1955. It is already fixed as is done in report of other Mills. Even if it is not so fixed the new quota fixed by the Commission will be adjustment to the original quota for that Mills.

The Sangh craves leave to file a detailed written Statement after the detailed Statement of Claim by the Millowners' Association and the individual Mills concerned in this Commission.

Bombay, Dated, 12th February 1957.

(Signed) V. R. HOSHING,  
Secretary,  
Rashtriya Mill Mazdoor Sangh, Bombay.

I do hereby solemnly declare that what is stated above is true to the best of my knowledge, belief and information. This verification is signed at Bombay this 12th day of February 1957.

(Signed) V. R. HOSHING,  
Secretary,  
Rashtriya Mill Mazdoor Sangh, Bombay.

## EXHIBIT F.

No. BIR/

OFFICE OF THE SECRETARY, BOMBAY  
COTTON TEXTILE INDUSTRY  
(REHABILITATION) ENQUIRY

COMMISSION :  
19-21, Manordas Street,  
Bhatia Hostel Building,  
Opp. G. P. O.,  
Bombay, 16th February 1957.

From

THE SECRETARY,  
Bombay Cotton Textile Industry (Rehabilitation)  
Enquiry Commission, Bombay.

To

*Subject.*—Information required by the Commission relating  
to the Inquiry to assess rehabilitation require-  
ment of the Bombay Cotton Textile Industry.

Dear Sirs,

Reference is invited to the Government Order and Notifications, Labour and Social Welfare Department Nos. ARM. 1056-I and ARM. 1056(a)-I respectively both dated 3rd January 1957, published in the *Bombay Government Gazette*, Part I-L, dated 10th January 1957 (pages 280 to 283).

2. The Commission has now started its sittings under the Chairmanship of Shri Justice S. T. Desai.

3. The Commission requires that the Questionnaire sent herewith may be answered by you and the answers may be sent to me on or before the 18th March 1957. The Questionnaire consists of 11 sheets. The first 9 sheets are supplied to you in duplicate and these questions should be answered questionnairewise.

Forty copies of the General Questionnaire No. 10 are also enclosed. The questions here have to be answered in respect of the following twenty mill departments named below :—

- |             |     |                                                                                                    |
|-------------|-----|----------------------------------------------------------------------------------------------------|
| 1. SPINNING | ... | Mixing.                                                                                            |
| 2. Do.      | ... | Blow Room.                                                                                         |
| 3. Do.      | ... | Card Room including Flat Grinding,<br>Licker in Grinding, Flat Mounting,<br>Vacuum Stripping, etc. |
| 4. Do.      | ... | Drawing and Combing.                                                                               |

- |                |     |                                                                                        |
|----------------|-----|----------------------------------------------------------------------------------------|
| 5. SPINNING    | ... | Speed Frames.                                                                          |
| 6. Do.         | ... | Ring Spinning/Mule Spinning including Roller Covering and other equipment.             |
| 7. Do.         | ... | Doubling Winding/Doubling/Twisting.                                                    |
| 8. Do.         | ... | Waste Plant.                                                                           |
| 9. Do.         | ... | Thread Making/Gassing/Polishing/Coning/Cheesing/Spooling/Packing.                      |
| 10. Do.        | ... | Reeling/Bundling/Pressing/Banding/Balling, etc.                                        |
| 11. WEAVING    | ... | Winding (Grey, Colour, Pirm and any other winding machines).                           |
| 12. Do.        | ... | Sizing (all types) and size mixing.                                                    |
| 13. Do.        | ... | Warping (Slow, High Speed, Colour etc.).                                               |
| 14. Do.        | ... | Drawing-In.                                                                            |
| 15. Do.        | ... | Weaving Sheds, including Dobbies, Jacquards, Drill/Twill/Terry Reed/Line Motions, etc. |
| 16. Do.        | ... | Folding.                                                                               |
| 17. DYEING     | ... | (Yarn Dyeing) (Piece Dyeing).                                                          |
| 18. BLEACHING  | ... | Yarn/Cloth, etc.                                                                       |
| and            |     |                                                                                        |
| MERCERISING.   |     |                                                                                        |
| 19. PRINTING.  |     |                                                                                        |
| 20. FINISHING. |     |                                                                                        |

It should be understood that the answers to the Questionnaire No. 10 are required in respect of each of these 20 mill departments separately. Two copies of Questionnaire No. 11 are supplied and this may be answered.

4. In answering these questions you are required to follow the directive issued by the Government of Bombay in their said Notification and provide your answers in two parts :—

(a) Your requirements for rehabilitation, replacement and modernisation of buildings and machinery up to the period ending bonus year 1961.

(b) The same requirements for a period between the bonus years 1962 and 1970, both inclusive.

5. Seven signed copies of these answers may be sent to me. An additional copy may be supplied to the Secretary of the Millowners'

Association and another copy of the same may be supplied to the Secretary, Rashtriya Mill Mazdoor Sangh on or before the 18th March 1957.

Yours faithfully,

K. R. GADGIL,  
Secretary,  
Bombay Cotton Textile Industry (Rehabilitation),  
Enquiry Commission.

Copy together with the Questionnaire to the Secretary of the Millowners' Association, Fort, Bombay.

Copy together with the Questionnaire to the Secretary of the Rashtriya Mill Mazdoor Sangh, Bombay.

Copy together with the Questionnaire forwarded with compliments to—

Honourable Shri Justice S. T. Desai, Chairman, Bombay Cotton Textile Industry (Rehabilitation), Enquiry Commission, Bombay.

#### QUESTIONNAIRE 1.

Name of the Mill ...  
Department ... Building.  
Section ... Block Nos. 1, 11, 111, etc., separately for each block showing questionnaire Nos. 1 (a), 1 (b), 1 (c) and so on.

#### 1. General description—

- (a) Number.
- (b) How many storied high ?
- (c) What departments does it house ?
- (d) Constructional details of the Block.

#### 2. Construction—

- (a) In which year was it built ?
- (b) Its estimated future life in years.
- (c) Plinth area in square feet.
- (d) Actual contents in C. Ft.

#### 3. Cost—

- (a) Actual cost incurred when constructed new.
- (b) Book value according to last made up account.
- (c) Insurance value according to last made up account.
- (d) Depreciated cost according to last made up account.

4. *Condition—*

- (a) Present condition of the structure.
- (b) Does it need structural repair or alterations?
- (c) Describe same in detail.
- (d) Estimated cost of carrying out that above repairs.
- (e) In which year were major repairs carried in this block last?
- (f) What actual total amount was spent over these repairs at that time?

5. *Future scheme—*

- (a) State whether any renovation or modernisation scheme is drawn up or contemplated in respect of this block.
  - (b) Describe same in concise form with reasons for forming same.
  - (c) Whether any constructional changes needed in the existing structure for this scheme.
  - (d) Total estimated cost of putting this scheme into execution.
6. (a) State the amount you have realised by the demolition of old buildings during the period of bonus year 1947 to bonus year 1955 giving the particulars of the area demolished.
- (b) State the amount you have spent to re-build the same area.
- (c) Also the amount spent by you in any other construction or larger area.

7. *Additional information—*

Any further information, as far as construction is concerned, you wish to furnish to further aid the Commission in this enquiry with a concise history from its inception to-date.

## QUESTIONNAIRE 2.

Name of the Mill ...  
 Department ... Engineering.  
 Section ... Boiler House.

1. Details of equipment, boilers, economisers, pumps, pipelines with sizes and lengths etc. with makes, year of make, year of installation (in case year of make not available); meters and other auxiliaries. (Scrapped machines not to be included).
2. Whether working one, two or three shifts showing number of boilers working in each shift.
3. Copies of latest Boiler Inspector's reports on boilers.

4. Average number of years that Boilers may give useful service according to your experience and opinion.
5. If rehabilitation/replacement/renovation and modernisation has become necessary, state number, type and cost of machines and equipments required against existing machines and against present production, basing the cost on the average market prices prevailing in 1952 to 1956.  
Reply in detail with reasons and show installation cost separately on a percentage basis.
6. State the condition of the chimney giving details of the type of existing chimney, size etc. What will be the approximate cost if chimney has to be replaced or reconstructed?
7. Any other suggestion, information or statement that you wish to place before the Commission in connection with and in relation to the enquiry for the purpose of assessment.

### QUESTIONNAIRE 3.

Name of the Mill ..

Department ... Engineering.

Section ... Powerhouse or sub-station.

1. What is the total Power in K. Watts which is provided for in your Mill either generated by you or drawn from any Supply Co. ...
2. Details of all equipments installed in the Power House/ sub-station with their year of make, year of installation (in case year of make not available), maker's name, units in each type and make etc. (Scrapped machines not to be included).
3. Average number of years that such equipments as described in column 2, may give useful service according to your experience and opinion.



4. If rehabilitation/replacement/renovation and modernisation has become necessary, state number, type and cost of machines and equipments required against existing machines and against present production, basing the cost on the average market prices prevailing in 1952 to 1956. Reply in detail with reasons and show installation cost separately on a percentage basis.
5. Any other suggestion/information/statement that you may wish to place before the Commission in connection with and in relation to the enquiry for the purpose of assessment.

#### QUESTIONNAIRE 4.

Name of the Mill ...

Department ...

Engineering.

Section ...

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Power Transmission/Drive/  
Main/Group/Individual.

1. Details of the system of Power-transmission/drive etc. with engines, motors and other equipments including wiring, switch gears etc. in different types and makes, year of make, year of installation (in case of year of make not available. (Scrapped machines not to be included).
2. Whether working one, two or three shifts.
3. Which and how many of the equipments are working one, two or three shifts.

4. If rehabilitation/replacement renovation and modernisation has become necessary, state number, type and cost of machines and equipments required against existing machines and against present production, basing the cost on the average market prices prevailing in 1952 to 1956. Reply in detail with reasons and show installation cost separately on a percentage basis.
5. Any other suggestion/information/statement that you wish to place before the Commission in connection with and in relation to the enquiry for the purpose of assessment.

#### QUESTIONNAIRE 5.

Name of the Mill ...

Department ...

Engineering.

Section ...

Workshop including Smithy and Foundry.

1. Details of machines and equipments installed in the department with number and types of machines, makes and year of makes, year of installation (in case year of make not available). Scrapped machines not to be included).
2. Whether working one, two or three shifts showing machines and equipment working in each shift.
3. Average number of years that such machines and equipments as described in column 1 can give useful services according to your experience and opinion.

4. If rehabilitation/replacement/renovation and modernisation has become necessary state number, type and cost of machines and equipments required against existing machines and against present production, basing the cost on the average market prices prevailing in 1952 to 1956. Reply in detail with reasons and show installation cost separately on a percentage basis.
5. Any other suggestion/information/statement that you wish to place before the commission in connection with and in relation to the enquiry for the purpose of assessment.

#### QUESTIONNAIRE 6.

Name of the Mill

Department

Fire Service.

*Hydrants, Sprinklers and other installation in connection with Fire Service.*

1. Details of machines and equipments installed in the mill, godown, compound etc., with necessary information regarding types, makes year of make and/or installation length of pipe lines in different sizes, number of sprinklers etc. (Scrapped machines not to be included).
2. Average number of years that such equipments as described in column (1) may give useful service according to your experience and opinion.

3. If rehabilitation/replacement/renovation and modernisation has become necessary, state number, type and cost of machines, and equipments required against existing machines and against present production, basing the cost on the average market prices prevailing in 1952 to 1956.

Reply in detail with reasons and show installation cost separately on a percentage basis.

4. Any other suggestion/information/statement that you wish to place before the Commission in connection with and in relation to the enquiry for the purpose of assessment.

#### QUESTIONNAIRE 7.

Name of the Mill ...

Department ...

Humidification/Ventilation/  
Heating.

1. Details of machines and equipments installed in the various departments of your mill with number type, make, year of make and/or installation, number in different types, makes, and all other details in relation to installation department wise. (Scrapped machines not to be included).
2. Whether working one, two or three shifts showing machines and equipments working in each shift.
3. If rehabilitation/replacement/renovation and modernisation has become necessary,

state number, type and cost of machines and equipment required against existing machines and against present production, basing the cost on the average market prices prevailing in 1952 to 1956.

Reply in detail with reasons and show installation cost separately on a percentage basis.

4. Any other suggestion/information/statement that you wish to place before the Commission in connection with and in relation to the enquiry for the purpose of assesment.

#### QUESTIONNAIRE 8.

Name of the Mill ...

Department ... Lighting installation.

1. Details of lighting installation in your mill department-wise in the offices, compound etc. showing number of points, types of lighting, year of installation etc.
2. Illumination hours per day departmentwise. ...
3. Average number of years that such installation and accessories can give useful service according to your experience and opinion.
4. If rehabilitation/replacement/renovation and modernisation has become necessary, state number, type and cost of machines and equipments required against existing machines and against present

production basing the cost on the average market prices prevailing in 1952 to 1956....

Reply in detail with reasons and show installation cost separately on a percentage basis.

5. Any other suggestion/information/statement you wish to place before the commission in connection with and in relation to the enquiry for the purpose of assessment. ...

### QUESTIONNAIRE 9.

Name of the Mill

Department

Transport/Handling of Material.

1. Details of transport arrangements of material from department to department and within the departments stating number and types of equipments existing in your mill.
2. If replacement/modernisation/re-arrangement has become necessary, state number and types of transport system desired to be introduced with approximate cost according to your estimate based on the market rates prevailing between 1952 to 1956.

Reply in detail with reasons.

3. Any other suggestion/information/statement you may wish to place before the Commission in connection with and in relation to the Enquiry for the purpose of assessment.

### QUESTIONNAIRE No. 10.

Name of the Mill .....

Department .....

1. Details of machines and equipments installed in the department showing types, makes and year of make and/or year of installation, number of machines in different types and makes, etc. (Scrapped machines not to be included.)
2. Whether working one, two or three shifts showing machines and equipments working in each shift.
3. Average number of years hereafter that such machines and equipments as shown in column (i) can give useful service according to your experience.
4. If rehabilitation/replacement/renovation and modernisation has become necessary, state number, type and cost of machines and equipments required against existing machines and against present production, basing the cost on the average market prices prevailing in 1952 to 1956.

Reply in detail with reasons and show installation cost separately on a percentage basis.

5. Any other suggestion/information/statement that you may wish to place before the Commission in connection with and in relation to the enquiry for the purpose of assessment.

### QUESTIONNAIRE No. 11.

Name of the Mill.....

- (a) In respect of all machinery (including Boilers, Power-House equipment, etc.) state the costs of new machinery installed for replacement purposes (excluding expansion) in your mills, year by year, during the period of bonus years 1947 to 1955 (both inclusive).
- (b) Also state the amounts realised by you, year by year, during the above period by the sale of old machinery so replaced.

## EXHIBIT G.

THE MILLOWNERS' ASSOCIATION.

Elphinstone Building,  
Veer Nariman Road,  
Post Box No. 95,  
Bombay No. 1.

30th October, 1957.

No. 33-B.

THE SECRETARY,  
Bombay Cotton Textile Industry (Rehabilitation)  
Inquiry Commission, Bombay.

Dear Sir,

With reference to your letter No. BIR/8 dated 18th October 1957 and further to this office letter No. 33-B, dated 26th October 1957, I send herewith a list showing mill-wise, the amounts required for rehabilitation, replacement and modernisation of machinery only, as disclosed in their replies to the Commission's questionnaire.

It may please be noted that the list does not contain figures in respect of Dhanraj Mills, New Pralhad Mills, Prakash Cotton Mills, Raghuvanshi Mills and Sayaji Mills No. 2.

Six additional copies of this letter and enclosure are also being sent herewith. Another copy is being sent direct to the Rashtriya Mill Mazdoor Sangh.

Yours faithfully,

सत्यमेव जयते

B. G. KAKATKAR,

Acting Secretary.

*Requirements for rehabilitation, replacement and modernisation of machinery as disclosed in the detailed replies sent by mills to the Questionnaire issued by the Rehabilitation Commission.*

Name of Mills.	Rehabilitation Requirements upto	
	1961.	1961 to 1970.
	Rs. (in lakhs).	Rs. (in lakhs).
1. Apollo ...	207.72	123.71
2. Bombay Dyeing—Spring Mill.	746.94	65.62
Bombay Dyeing—Textile Mill.	511.56	79.09
Bombay Dyeing—Dye Works.	24.49	3.59



Name of Mills.	Rehabilitation		Requirements upto	
	1961		1961 to 1970	
	Rs.		Rs.	
	(in lakhs).		(in lakhs).	
3. Bradbury	...	177.43	58.83	
4. B. R. Cotton	...	195.00	28.00	
5. Calico Processors	...	42.18	15.24	
6. Century	...	509.19	55.82	
7. Colaba	...	155.78	67.00	
8. Coorla	...	88.35	38.28	
9. Crown	...	256.54	118.42	
10. Dawn	...	161.65	62.43	
11. Digvijay	...	161.71	81.66	
12. Edward	...	12.51	8.12	
13. Elphinstone	...	233.97	85.37	
14. Finlay	...	227.97	134.11	
15. Gold Mohur	...	177.64	79.06	
16. Hind	...	141.78	109.78	
17. Hindustan	...	210.15	100.11	
18. Indian Mfg.	...	208.93	94.14	
19. India United—No. 1	...	306.83	15.93	
Nos. 2 and 3	...	312.22	1.88	
No. 4	...	64.02	0.69	
No. 5	...	72.02	8.11	
Dye Works	...	99.94	7.85	
20. Jam Mfg. Co.	...	123.57	19.07	
21. Jubilee	...	117.81	13.86	
22. Kamala	...	152.85	38.59	
23. Khatau	...	333.42	61.38	
24. Kohinoor	...	371.12	114.42	
25. Modern—No. 1	...	85.78	8.05	
No. 2	...	157.95	24.04	
26. Moon	...	232.18	0.47	
27. Morarjee	...	440.31	194.59	
28. New City	...	134.64	6.07	
29. New Great	...	176.80	3.50	
30. New Kaiser	...	251.91	27.01	
31. Phoenix	...	288.86	33.11	
32. Podar	...	156.89	5.75	
33. Ruby	...	94.39	4.40	
34. Sassoon Spg. (New Union).	...	180.85	7.82	
35. Sassoon Mill	...	301.46	107.78	
36. Seksaria	...	242.22	18.98	
37. Simplex	...	106.52	22.92	
38. Shree Madhav	...	114.49	3.14	
39. Shree Madhusudan	...	277.90	47.06	
40. Shree Niwas	...	265.87	44.78	

Name of Mills.		Rehabilitation Requirements up to 1961	Requirements up to 1961 to 1970
		Rs. (in lakhs).	Rs. (in lakhs).
41. Shree Ram	...	243.70	50.79
42. Shree Sitaram	...	272.66	3.80
43. Standard (New China Mill).	China	248.61	102.09
44. (Standard Mill)	...	206.55	93.96
45. Swan	...	214.31	81.90
46. Svadeshi	...	391.41	104.97
47. Tata	...	394.12	69.69
48. Victoria	...	151.59	57.55
49. Western India	...	227.52	69.76
Total		12264.78	2884.14

(151.49 crores).

Notes :—

1. The requirements are in respect of machinery only.

2. The list does not include requirements of the following mills :—

- (1) Dhanraj Mills ... Their reply is incomplete.
- (2) New Pralhad Mills ... No reply to the Questionnaire received from them so far.
- (3) Prakash Cotton Mills ... They are not a party to the bonus agreement between the Association and the Sangh and their case against the Bombay Government's order making the agreement applicable to them is pending before the Supreme Court.
- (4) Raghuvanshi Mills ... They are not members of the Association.
- (5) Sayaji Mills No. 2 ... Do. do.

## EXHIBIT H.

BEFORE THE BOMBAY COTTON TEXTILE INDUSTRY  
(REHABILITATION) COMMISSION.

UNDER THE CHAIRMANSHIP OF MR. JUSTICE DESAI.

May it please the Hon'ble Commission,

The Association begs to send herewith replies to the Commission's questionnaire from member mills listed in the annexure. Replies of the remaining member mills will be sent in due course.

As already pointed out in the Association's Statement of General Claim submitted on 4th February 1957, the first essential in ascertaining the figure to be provided for rehabilitation is to make an estimate of the useful working life of the machinery. Although some machines can be made to last almost indefinitely by making repairs and improvisations from time to time, the real criterion for ascertaining the useful life of a machine is not its mechanical workability, but the economics of its cost of production.

In comparing production costs of an old machine and a new machine the following points have to be taken into account. The advantage with an old machine is its low incidence of depreciation, but it suffers from the disadvantages of low production, higher labour cost, inferior quality and a higher proportion of wastage. Furthermore, the bill for repairs and replacements also goes on mounting. So far as a new machine is concerned it suffers from higher capital cost and a high incidence of depreciation. But as against these disadvantages of a capital character, the new machine gives a higher rate of production, superior quality, less wastage, low labour cost and low expense by way of maintenance etc. These points cover comparison between an old machine and a new machine of the same type. If, however, the machine itself has undergone a complete change due to latest inventions, new methods of processing etc. another powerful element has to be added to the credit side of the new machine. It is possible to strike a balance between the advantages and disadvantages described above and to arrive at an estimate of the useful life of a machine after which its replacement by a new machine is more economical, provided of course, the necessary initial finance is available.

So far as the cotton mill industry is concerned we would like to quote from the Report of the British Cotton Textile Mission to the U. S. A. (popularly known as the Platt Mission) published in March/April 1944. It makes a reference to a Report on the British Cotton Industry by "Political and Economic Planning" made in 1930 and quotes the following passage therefrom :

"It is estimated that openers, cards and draw frames have an efficient working life of 30 years. It was concluded as a result of this survey that 21·8 per cent., 31·3 per cent. and 35·1 per cent.

respectively of these machines had outlived their efficient working life. About 93 per cent. of the combers had run for less than 20 years, while 40·3 per cent. of the flyer frames had run for more than 30 years. It was found that some mules which were installed 40 years ago were working satisfactorily, so that about 20 per cent. could definitely be regarded as inefficient, while as ring frames have a working life of 35 to 40 years, it will be seen that about 95 per cent. are reasonably efficient.

In the weaving section it will be observed that the greatest proportion both of looms and preparatory plant was installed between 1910 and 1920 and that approximately 42 per cent. of the looms were installed before 1900.

Obviously date of construction is by no means the only guide to efficiency and a great deal depends on how the plant has been treated and what repairs and modernisations have been carried out, but for want of other data it can be taken as giving a useful indication."

The British system of working is single shift and this was particularly so in 1930 when the P. E. P. Report was made. The P. E. P. Report, it will be observed, takes the efficient working life of Openers, Cards and Draw Frames as 30 years single shift working. In the 27 years that have elapsed since the making of the P. E. P. Report, ideas regarding the periodicity for replacement of old machines have undergone many changes and a period of 10 to 12 years is now regarded as the limit for the efficient working life of machines, particularly in view of the fact that improved and more efficient types of machines are continuously being developed and introduced.

Whatever doubts there were about the economic soundness of this principle of discarding machines at quick intervals, have been dispelled by the success of the Japanese Industry in the export markets. Apart from India, Great Britain and Japan are the foremost exporters of cotton textiles and their cost structure is comparable as both of them have to take their cotton from foreign sources. The Japanese cotton mill industry was almost entirely destroyed during the second World War. This, however, proved a blessing in disguise as it has been found that the Japanese mills re-equipped with new machines can produce better cloth and can sell it cheaper than other countries, in spite of the high capital cost of their new machinery and consequently higher incidence of depreciation charges. To illustrate this point, export figures of India, Japan and U. K. for the last 7 years are given below :—

(Figures in million yards.)

		1950.	1951.	1952.	1953.	1954.	1955.	1956.
India	...	1,109	776	598	656	863	747	744
U. K.	...	822	864	710	709	637	554	474
Japan	...	1,103	1,095	762	914	1,278	1,139	1,262

According to the Second Five Year Plan India must attain a target of 1,000 million yards for export and the need for export has assumed the greatest importance due to the desperate foreign currency situation of the country. Bombay City mills produce 50 per cent. of the entire Indian export, and if Bombay mills are to compete successfully with British and Japanese mills in foreign markets, it would be futile to produce inferior cloth at a high cost on old machines of antiquated designs. So far as the home market is concerned, production of better cloth at a lower price is essential to fulfil Government's and the Planning Commission's aim of raising the general standard of living. The mills of Bombay should therefore discard machines of spinning and weaving departments at intervals of 10 to 12 years and the rehabilitation needs should really be calculated on this basis. However, since the Commission has been asked to work on the lines of the Working Party's recommendations, we advised our members to take the working life of machines not on the scientific basis of comparative costs of production but on the basis adopted by the Working Party. According to the Working Party, machines installed upto 1925 should be regarded as having fallen due for replacement by 1961. Taking into account the fact that double shift working became general only after 1940, machines of 1925 would have worked 55 to 58 shift-years by the end of 1961. We, therefore, advised our members to take the working life of machines of spinning and weaving departments as 30 years double shift working (i.e., 60 shift-years). We would, however, like to emphasise once again, that both according to modern ideas and scientific costing it is not economical to let the old machines work for so long.

Bleaching, dyeing and finishing machinery, boilers, economisers, electric motors, transformers, humidifiers etc. and superspeed machines have a shorter life even by these standards and mills were advised to take the working life of such machines accordingly.

B. G. KAKATKAR,  
Deputy Secretary,

Bombay, 27th March 1957.

The Millowners' Association.

*Annexure to the Association's Submission dated 27th March 1957.*

1. The Bradbury Mills Ltd., Bombay.
2. The Hindoostan Spg. & Wvg. Mills Co. Ltd., Bombay.
3. The Western India Spg. & Mfg. Co. Ltd., Bombay.
4. The New Great Eastern Spg. & Wvg. Co. Ltd., Bombay.
5. The Dawn Mills Co. Ltd., Bombay.
6. The Coorla Spg. & Wvg. Co. Ltd., Bombay.
7. The Khatau Makanji Spg. & Wvg., Co. Ltd., Bombay.
8. The Swadeshi Mills Co. Ltd., Bombay.
9. The Shree Ram Mills Ltd., Bombay.
10. The New City of Bombay Mfg. Co. Ltd., Bombay.

11. The Jam Mfg. Co. Ltd., Bombay.
12. The Ruby Mills Ltd., Bombay.
13. Shree Sitaram Mills Ltd., Bombay.
14. The Bombay Dyeing & Mfg. Co. Ltd., (Spring Mill).
15. The Bombay Dyeing & Mfg. Co. Ltd., (Textile Mill).
16. The Bombay Dyeing & Mfg. Co. Ltd., (Dye Works).

### EXHIBIT I.

#### BEFORE THE BOMBAY COTTON TEXTILE INDUSTRY (REHABILITATION).

COMMISSION UNDER THE CHAIRMANSHIP OF MR. JUSTICE S. T. DESAI.

In the matter of the Constitution  
of India,

and

In the matter of the Bombay  
Industrial Relations Act, 1947,

and

In the matter of the Order of the  
Government Labour and Social  
Welfare Department, dated 3rd  
January 1957, regarding Bonus  
Agreement between the Mill-  
owners' Association, Bombay  
and the Rashtriya Mill Mazdoor  
Sangh, Bombay.

The Millowners' Association, Bombay ... Petitioners ;

and

The Rashtriya Mill Mazdoor Sangh ... Respondents.

To

THE HON'BLE MR. JUSTICE S. T. DESAI, Chairman and the  
Members of this Honourable Commission,

The Humble petition of the Petitioners abovenamed :—

Most respectfully sheweth,

The Petitioners are an Association of cotton textile mills in Bombay and are entitled to and represent the said mills under section 27 of the Bombay Industrial Relations Act. The Respondent

is the Representative Union of employees in the cotton textile industry in Bombay and is entitled to represent the employees in any matter of industrial dispute between the employees and the mills concerned, under the Bombay Industrial Relations Act. The Respondent has a large number of employees in the cotton textile industry as its members but nevertheless there are other employees in the industry who are not members of the respondent.

2. In respect of the years 1953 to 1957 there were industrial disputes between the Rashtriya Mill Mazdoor Sangh as representing the workers and the Millowners' Association regarding payment of bonus to the workers for the said years. An agreement was arrived at between the petitioners and the Respondents Union with reference to the said disputes regarding the way in which the bonus was payable to the workers by the mills and the method in which the same was to be calculated.

3. As regards the bonus for the years 1956 and 1957, Clause 5 of the said Agreement dated 1st March 1956 provided as follows :—

“5. That the claim of the employees for bonus for the years 1956 and 1957 would arise and be calculated in the same manner and subject to the same conditions as are specified in clauses 3 and 4 hereof in respect of the bonus for the years 1952 (where applicable), 1953, 1954 and 1955 save and except that—

(a) development rebate will be excluded entirely from all calculations for the said years 1956 and 1957 and therefore the said clauses 3 and 4 shall in respect of claims for bonus for years 1956 and 1957 be read and be construed as if there was no reference to development rebate therein.

(b) In adopting the bonus calculation formula of the Labour Appellate Tribunal the figures for rehabilitation for the years 1956 and 1957 will be subject to such adjustment as may be determined by a Commission to be appointed for the purpose. Provided that so far as the year 1956 is concerned, if the Commission's report is not available before 15th September 1957 which date may be extended to 15th November 1957 by mutual agreement, the bonus shall be calculated on the basis of the figures for rehabilitation as laid down in clause 3 hereof.

(c) The terms of reference to such Commission and its composition will be such as are agreed upon between the Millowners' Association, Bombay, and the Rashtriya Mill Mazdoor Sangh, Bombay. Failing agreement as regards the terms of reference and the composition of the Commission, an application may be made to the Government of Bombay to appoint a Commission and to refer the question regarding rehabilitation to it. In either case it is agreed that one of the terms of reference will be the increased cost of machinery and that the

Commission should consist of a sitting High Court Judge and one or two representatives of each of the Millowners' Association, Bombay, and the Rashtriya Mill Mazdoor Sangh, Bombay.

Save as aforesaid all the provisions of clauses 3 and 4 shall apply to the claims for bonus for the years 1956 and 1957 *mutatis mutandis*."

4. By a letter dated 10th October 1956 from the Under Secretary, Government of Bombay, Development Department, to the Secretary of the Petitioners' Association the Government informed the Petitioners' Association that the Respondents' Union had applied to Government for appointment of a Commission in terms of Clause 5 of the Agreement to assess the rehabilitation requirements of the mills for the years 1956 and 1957. By its said letter the Government further informed the Petitioners that Government had already agreed to spare the services of Shri Justice S. T. Desai for appointment of such a Commission and was considering the question of appointment of a commission as requested by the Respondents' Union and that a tentative draft of the terms of reference to the Commission as envisaged in sub-clause (c) of Clause 5 of the said Agreement between the parties had been drawn up. Along with the said letter the Petitioners received the said draft for its consideration and comments which the Government required to be furnished by 22nd October 1956. The Petitioners were further informed that a meeting had been fixed before the Honourable Minister for Labour on 26th October 1956 to consider the draft terms of reference of the Commission and comments received thereon in pursuance of the said letter and finalise the terms of reference in consultation with the parties concerned if possible. The Petitioners were accordingly requested to attend the said meeting and were also requested to nominate two persons to represent the Petitioners on the proposed Commission. A copy of the said letter along with the said draft terms of reference is hereto annexed Ex. "A" and marked "A".

5. A meeting was accordingly held between the parties before the Honourable Minister for Labour at which there were present the representatives both of the Association and the Sangh. At the meeting it was pointed out on behalf of the Petitioners that the reference to the Commission was on the question regarding the cost of rehabilitation only. This question had been discussed before the Industrial Court in certain proceedings and the Respondents had placed stress on the report of the Technical Sub-Committee of the Working Party for the Cotton Textile Industry constituted by the Government of India in 1950. The Petitioners had also in the said proceedings before the Industrial Courts referred to the said report. The Industrial Court had made an Order dated 22nd June 1954 whereby the Court appointed assessors to assist the Court in determining the cost of rehabilitation of machinery and buildings



in respect of the mills concerned in the references before the court and had stated in their Order dated 20th August 1954 as follows regarding the method of approach by the assessors :

"The assessors should in assessing the requirement of 'rehabilitation, replacement and modernisation of machinery' approach the question in the same manner as was done by the Technical Sub-Committee of the Working Party for the Cotton Textile Industry in its report on pp. 124 and 125."

6. The Petitioner informed the Honourable the Minister for Labour that if the respondents desired that the Commission should approach the question in the same manner as was done by the Technical Sub-Committee of the Working Party in its report, the petitioners had no objection.

7. The Government finally by its order dated 3rd January 1957 No. ARM. 1056-I appointed a Commission consisting of five members with the Hon'ble Shri S. T. Desai, Judge of the Bombay High Court as the Chairman. In clause 2 of the said order the terms of reference were set out which were the terms discussed jointly by the parties before the said Hon'ble Minister for Labour. A copy of the said order is hereto annexed and marked Ex. "B" Ex. B.

8. Clause 2 of the said Order which sets out the terms of reference was as follows :—

"2. The terms of reference are as follows :—

(1) The Commission shall inquire into the question of the cost of rehabilitation of the Cotton Textile Mills in Greater Bombay (except the Prakash Cotton Mills (Private Limited) to which the said award applies, or has been made applicable ;

(2) In examining the said question the Commission shall—

(a) approach the question of assessing the requirement of rehabilitation, replacement and modernisation of machinery for the mills individually as well as for the whole industry, in the same manner as was done by the Technical Sub-Committee of the Working Party for the Cotton Textile Industry in its Report dated 22nd April 1952 and published by the Government of India, Ministry of Commerce and Industry in April 1952 on pages 124-125 under the head "(g) Rehabilitation, Replacement and Renovation";

(b) take into consideration the increased cost of machinery, if any by taking the average prices of machinery ruling during the calendar years 1952 to 1956 (both inclusive);

(c) work out and include in its report its estimate of the cost of rehabilitation of machinery for fifteen years from the beginning of the bonus year 1956 and in the case of buildings for a period of the average estimated life thereof; and

(d) work out and include in its report the cost of requirement of rehabilitation of machinery on the basis of the rehabilitation requirement up to the end of the bonus year 1961."

9. By another notification dated the same day the Government directed that the provisions of the Commissions of Enquiry Act, 1952 shall apply to the Commission with the result that the said Commission was authorised to exercise judicial or quasi-judicial powers under the said Act. The Petitioners shall rely on and if necessary crave leave to refer to the said second notification when produced.

10. As aforesaid the Commission was appointed to inquire only into the question of the cost of rehabilitation of the cotton textile mills in Greater Bombay and it was by reason of the agreement of the Petitioners that it was by the said order (Ex. B hereto) provided that in examining the several questions the Commission shall *inter alia* approach the question of assessing the requirements of rehabilitation, replacement and modernisation for the mills individually as well as for the whole industry in the same manner as was done by the Technical Sub-Committee of the Working Party for the Cotton Textile Industry in its Report dated 22nd April 1952 published by the Government of India, Ministry of Commerce and Industry, in April 1952 on pages 124, 125 of the Report under head "G" which was "Rehabilitation, replacement and Ex. 'C' (Colly.) renovation". Hereto annexed and marked Ex. "C" (Collectively) is the extract from the said pages 124, 125 of the said Report of the Working Party for the Cotton Textile Industry, April 1952. Under the said head "G" namely, Rehabilitation, Replacement and Renovation, there are 16 items.

11. The Commission thereafter started functioning and held a series of meetings of the parties before it. It heard evidence, it issued questionnaires some of which have been answered and the others are being answered. While the Commission was thus functioning and carrying on its work according to the said terms of reference (Ex. B hereto) the petitioners were surprised to find that the Government issued another order bearing date 20th February 1957 purporting to amend the said terms of reference by deleting consideration by the Commission of items 10 to 16 under the said heading "G" Rehabilitation, Replacement and Renovation at pages 124, 125 of the said report of the Working Party for the Cotton Textile Industry thereby purporting to restrict the powers of the Commission by asking the Commission not to take into consideration the several factors mentioned in items 10 to 16 of the aforesaid report and by requiring the Commission to take into consideration only items 1 to 9 of the said part of the said report. Hereto annexed and marked "D" is copy of the said order of the Government of Bombay.

12. The petitioners are advised and respectfully submit that by the express terms of the Agreement between the parties as set out in clause 5 (c) it was provided that failing agreement as regards the terms of reference and the composition of the Commission an application will be made to the Government of Bombay to appoint a Commission and to refer the question regarding rehabilitation to it. The petitioners submit that the only power of the Government of Bombay under the said clause 5 (c) of the said Agreement is, in case of failure between the parties, to appoint a Commission to refer the question regarding rehabilitation to it. The petitioners are advised and respectfully submit that the Government of Bombay has no power to restrict in any way the powers and the approach of the Commission to determine the question regarding rehabilitation referred to it and that the Commission is entitled and bound to take into consideration every relevant factor which it thinks necessary should be taken into consideration and placed before it in order to determine the question regarding rehabilitation referred to it. The petitioners submit that the said purported amendment by the Government of Bombay of the terms of reference to the said Commission is invalid, illegal, ineffectual and inoperative and not binding on the petitioners. The petitioners further submit that apart from any legal considerations the said purported amendment is prejudicial to one of the parties to the agreement between the petitioners and the respondent Union, the same is contrary to the terms thereof and is unfair and unjust inasmuch as the object of and the result of the said purported amendment are to prejudice the petitioners hamper the work of the Commission and restrict the fair and proper examination by the Commission of the question of the cost of rehabilitation referred to it and which was the only question agreed to be referred to and actually referred to the Commission.

13. The petitioners further submit that the question of the cost of rehabilitation which is the only question under the agreement to be referred to and to be enquired into fully and fairly by the Commission cannot be so enquired into if the Commission is precluded by Government from taking into account and considering all relevant factors and are expressly directed to consider such factors only as obviously are helpful only to one side or the other. The petitioners submit that it is for the Commission when once appointed by Government to enquire fairly and properly and from all relevant points of view into the question of the cost of rehabilitation of the cotton textile mills in Greater Bombay as per the said agreement between the parties and that it is not open to either of the parties or to the Government to restrict the scope of such enquiry by the Commission.

14. The petitioners submit that it was provided under the agreement that if the parties could not come to an agreement regarding the terms of reference or the appointment of persons Government were to appoint a Commission on an application being made to

them and to refer the question regarding the cost of rehabilitation to such a Commission. The petitioners also submit that the Government having exercised and properly exercised that power once, and particularly after discussion with the parties, cannot subsequently amend the terms of reference so as to restrict the scope thereof and thus contravene in effect the agreement between the parties. The petitioners also submit that apart from legal considerations which render the purported amendment invalid and inoperative, it is morally indefensible that the case of either party to an agreement providing for an enquiry by an independent Commission on the question of the cost of rehabilitation of cotton textile mills in Greater Bombay should be prejudiced as is sought to be done by the said order of Government amending the original terms of reference. The petitioners submit that the said purported amendment by Government is not made bonafide but with a clear and obvious object of benefiting one side to the agreement, namely the Respondent Union viz. the Rashtriya Mill Mazdoor Sangh as is also evident from the reports of a speech made at Nagpur on or about the 8th day of March 1957 by the then Hon'ble Minister for Labour. A copy of the article in the newspaper ("Lokasatta") is hereto annexed and marked x. "E". "E". Similar reports were about the same time published in other newspapers. The petitioners will rely upon the said reports when produced.

15. The petitioners approached the Government of Bombay and saw the Honourable the Chief Minister and the then Honourable Minister for Labour Shri Din Dayal Gupta. The petitioners' Solicitor also saw the Secretary to the Government of Bombay, Labour Department, and the Remembrancer of Legal Affairs and protested against the said order. The Government promised to consider the matter. The petitioners were later informed finally on or about 27th May 1957 that the Government did not desire to alter or rescind their subsequent order.

16. The petitioners submit that the Government's action in issuing the second notification is not only illegal as stated above but it is also in excess of its powers. The Government in issuing the said impugned order dated 20th February 1957 purport to have acted under the Commissions of Enquiry Act, XXII of 1952, as read with the Bombay General Clauses Act. It has been held by the High Court of Bombay that a Commission should be appointed under the Commissions of Enquiry Act only in aid of legislation. The purported exercise of the power under the said Act is therefore illegal.

17. The petitioners submit that their rights and the rights of the member mills of the Association would be injured if this Honourable Commission accepts the said amending order as valid and operative and if the Commission takes cognisance of the same and acts upon it.

18. The petitioners accordingly submit that it is not only just and necessary but imperative that this Honourable Commission should fix an early date for hearing the matter and give directions in regard to the said second order or notification (Ex. D hereto) dated 20th February 1957. As aforesaid since the passing of the said order dated 20th February 1957 the petitioners requested the Government to rescind the said amending order and held various meetings with the Honourable Ministers and officers of the State of Bombay in the same connection. The petitioners say that by letter dated the 14th day of May 1957 it was communicated to the petitioners that the Government did not intend to rescind, withdraw or cancel the said amending order. Before that letter was received the Solicitor to the Petitioners had sent other papers required to the Legal Remembrancer. By a letter dated 27th May 1957 written by the Legal Remembrancer to the Solicitor for the Association the Legal Remembrancer stated that he had considered the further papers sent but that he could not advise any reconsideration of the matter.

"F" Hereto annexed and marked Ex. F (Collectively) are copies of the  
 ally.) said letters.

The petitioners therefore pray :—

That this Honourable Commission would be pleased to do justice to the petitioners by deciding and ruling and directing that in considering the question of the cost of rehabilitation of the Cotton Textile Mills in Greater Bombay under the circumstances aforesaid it will not consider itself precluded by its terms of reference as amended by the order (Ex. D) hereto dated 20th February 1957 from taking into account all relevant factors as may be placed before it including the factors set out in items 10 to 16 of the aforesaid report.

The Association craves leave to add to, amend or alter the statements made above if and when necessary.

B. G. KAKATKAR,

Ag. Secretary,  
 The Millowners' Association, Bombay.

Bombay, dated 2nd July 1957.

Petition drawn by

R. J. Kolah, Advocate (O.S.)

**IMMEDIATE****EXHIBIT "A"**

No. ARM 1056-G.

DEVELOPMENT DEPARTMENT.

Sachivalaya, Bombay No. 1,

Dated 10th October 1956.

From

THE UNDER SECRETARY TO THE GOVERNMENT OF BOMBAY,  
Development Department;

To

THE SECRETARY,  
The Millowners' Association, Bombay.

*Subject.*—Appointment of a commission for the assessment  
of rehabilitation requirements of the Bombay  
Textile Industry.

Sir,

I am directed to refer to the Award of the Industrial Court, Bombay, dated the 13th March 1956, in Submission (I.C.) No. 3 of 1956 in the matter of bonus for the years 1954, 1955, 1956 and 1957 to the employees of the Cotton Textile Mills in Bombay and to state that the Rashtriya Mill Mazdoor Sangh, Bombay, has applied to Government for appointment of a Commission in terms of clause 5 of the agreement contained in Annexure I, to the said Award to assess the rehabilitation requirements of the mills for the years 1956 and 1957. The Government has already agreed to spare the services of Shri Justice S. T. Desai for appointment as Chairman of such Commission and is now considering the question of appointing the Commission as requested by the Rashtriya Mill Mazdoor Sangh, Bombay. For this purpose, a tentative draft of the terms of reference to the Commission has been drawn up following the directions given by the Industrial Court in its Order dated the 20th August 1954 in References (I.C.) Nos. 24 and 25 of 1954. A copy of this draft is enclosed for your consideration and comments, which may kindly be furnished to this Department by the 22nd October 1956 at the latest. I am to add that a meeting has been fixed in the Chamber of the Minister for Labour on Friday, the 26th October 1956 at 3 P.M. to consider the draft terms of reference to the Commission and the comments received thereon in pursuance of this letter and to finalise them in consultation with the parties concerned if possible. I am, therefore, to request you kindly to send your representative to attend that meeting. I am to suggest

that the Millowners' Association may also nominate two persons, to represent them on the proposed Commission and convey their names through their representatives deputed to attend the said meeting.

Yours faithfully,

(Signed) B. B. BRAHMBHATT,

Under Secretary to the Government of Bombay,  
Development Department.

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*Draft of the terms of reference.*

(1) The Commission should determine the cost of rehabilitation (including replacement and modernisation) of machinery and buildings of each of the cotton textile mills to which the award of the Industrial Court in Submission (IC) No. 3 of 1956 applies, due regard being given to the increase in the cost of machinery needed for rehabilitation.

(2) In assessing the requirements of rehabilitation, while radical alterations which involve wholesale scrapping of old plant and machinery may not be permitted, the Commission should consider to what extent modernisation should be allowed in replacing such plant and machinery and make due allowance for it in its calculations. In this connection, the Commission should take into account the observations and suggestions made by the Technical Sub-Committee of the Working Party for the Cotton Textile Industry at pages 124-125 of the Report of the Working Party, April 1952.

(3) For the purpose of determining the prices of machinery, the Commission should take into consideration the average of the prices ruling during a period of 5 to 8 years from 1948 or from 1947 to 1956, as the Commission may think fit to do.

(4) In the case of machinery, the cost of rehabilitation should be assessed during a period of 15 years from 1st January 1953 and in the case of buildings, for a period equal to the average estimated life thereof; alternatively, the cost may be worked out on the basis of the rehabilitation requirements for the period up to the end of 1961 only.

(5) The Commission should consider whether break-down value of the old machinery which is to be replaced should be taken into account in determining the cost of rehabilitation.

## EXHIBIT "B".

## LABOUR AND SOCIAL WELFARE DEPARTMENT.

Old Secretariat Building, Bombay No. 1, 3rd January 1957.

**Order.**

No. ARM. 1056-I.—Whereas the Industrial Court, Bombay, has given an award (Part I) on the 13th March 1956 (hereinafter referred to as "the said award") in the matter of bonus for the years 1954, 1955, 1956 and 1957 to the employees of certain Cotton Textile Mills in Greater Bombay in terms of the agreement arrived at between the Millowners' Association, Bombay, on the one hand and the Rashtriya Mill Mazdoor Sangh, Bombay, on the other in Submission (IC) No. 3 of 1956 and appended as annexure I to the said award (hereinafter referred to as "the said agreement");

And whereas clause 5 of the said agreement (hereinafter referred to as "the said clause 5") provides that the claim of the said employees for bonus for the years 1956 and 1957 would arise and be calculated in the same manner and subject to the same conditions as are specified in clauses 3 and 4 of the said agreement in respect of the bonus for the years 1952 (where applicable), 1953, 1954 and 1955 save and except that development rebate will be excluded entirely from all calculations for the said years 1956 and 1957, and that in adopting the bonus calculation formula of the Labour Appellate Tribunal the figures for rehabilitation for the years 1956 and 1957 will be subject to such adjustment as may be determined by a Commission to be appointed for the purpose;

And whereas sub-clause (b) of the said clause 5 further provides that the terms of reference to such commission and its composition will be such as are agreed upon between the Millowners' Association, Bombay and the Rashtriya Mill Mazdoor Sangh, Bombay and failing such agreement, an application may be made to the Government of Bombay to appoint a Commission and to refer the question regarding rehabilitation to it;

And whereas no such agreement has been reached between the Rashtriya Mill Mazdoor Sangh, Bombay and the Millowners' Association, Bombay, and the said Sangh has made an application under sub-clause (c) of the said clause 5 to the Government of Bombay for the appointment of the Commission and for reference of the question regarding rehabilitation to it;

Now, therefore, in pursuance of the provisions of sub-clause (c) of the said clause 5, the Government of Bombay hereby appoints a Commission consisting of the following members to determine how the



figures for rehabilitation for the years 1956 and 1957 should be adjusted, namely :—

(1) Shri S. T. Desai, Judge, High Court, Bombay, who shall be the Chairman of the Commission.

(2) Shri Pratap Bhogilal, the Shree Ram Mills Ltd., Fergusson Road, Lower Parel, Bombay-13.

(3) Shri T. P. Barat, The Bombay Dyeing and Manufacturing Co. Ltd., Neville House, Graham Road, Ballard Estate, Fort, Bombay.

Representatives of the Mill-owners' Association, Bombay.

(4) Shri G. D. Ambekar, General Secretary, Rashtriya Mill Mazdoor Sangh, 25, Government Gate Road, Parel, Bombay 12.

Representatives of the Rashtriya Mill Mazdoor Sangh, Bombay.

(5) Shri A. S. Parasuram, G. 54, Ganesh Baug, Matunga, Bombay 19.

Shri K. R. Gadgil, Technical Inspector (Textiles), Bombay is appointed Secretary to the Commission.

## 2. The terms of reference are as follows :—

(1) The Commission shall inquire into the question of the cost of rehabilitation of the Cotton Textile Mills in Greater Bombay [except the Prakash Cotton Mills (Private) Limited] to which the said award applies, or has been made applicable ;

(2) In examining the said question the Commission shall —

(a) approach the question of assessing the requirement of rehabilitation, replacement and modernisation of machinery for the mills individually as well as for the whole industry, in the same manner as was done by the Technical Sub-Committee of the Working Party for the Cotton Textile Industry in its Report dated 22nd April 1952 and published by the Government of India, Ministry of Commerce and Industry in April 1952 on pages 124-125 under the head "(g) Rehabilitation, Replacement and Renovation" ;

(b) take into consideration the increased cost of machinery, if any by taking the average prices of machinery ruling during the calendar years 1952 to 1956 (both inclusive);

(c) work out and include in its report its estimate of the cost of rehabilitation of machinery for fifteen years from the beginning of the bonus year 1956 and in the case of buildings for a period of the average estimated life thereof; and

(d) work out and include in its report the cost of requirement of rehabilitation of machinery on the basis of the rehabilitation requirement up to the end of the bonus year 1961.

3. The Commission shall submit its report to the State Government within six months from the date of this order.

By order and in the name of the Governor of Bombay,

(Signed) B. B. BRAHMBHATT,  
Under Secretary to Government.

#### EXHIBIT. "C"

*(Extracts from pages 124 and 125 of the Report of the Working Party for the Cotton Textile Industry—April 1952) :*

#### (g) REHABILITATION, REPLACEMENT AND RENOVATION :

1. Machinery prior to 1910 is obsolete in design and completely worn out and should be replaced by modern equipments at the earliest.
2. Blow Room process should be made continuous by adding Blending Feeders, Hoppers, Condensers, Reserve Boxes and Automatic Distributors.
3. Cards and Combers of the years up to 1925 should be replaced as they could not be set close enough.
4. Size of the Can should be changed over to 12 inches for the card, the comber and the Draw Frames.
5. Slubbing Frames must be scrapped and the existing Intermediate Frames in good condition converted to Zone Drafting.
6. Ring Frames should be equipped with high drafting, tape drive and changed over to larger package.

7. Reeling machines should be changed over to power drive.
8. Ordinary Winding and Warping machines should be replaced by modern High-Speed machines.
9. Slashers should be equipped with Automatic Controls to regulate cooking, level, temperature, stretch and moisture content.
10. Warp Stop motion and Auto-pirn change device should be equipped on looms in sound mechanical conditions.
11. The cost of the above replacements and renovation for the mills which submitted returns in reply to the questionnaire issued by the Working Party is as under :

Centre.	Number of Mills which submitted returns.	Total Spindles in these mills.	Total looms in these mills.	Approximate amount of renovation and replacement cost for spg. & wvg. only.
				Rs.
Ahmedabad ... ..	38	10,67,000	23,200	7,00,00,000
Bombay ... ..	38	22,00,000	50,000	30,00,00,000
Delhi U. P. ... ..	10	4,76,000	9,500	4,80,00,000
Coimbatore ... ..	11	3,36,000	872	1,30,00,000
Madhya Bharat ... ..	8	2,17,000	5,600	2,00,00,000
Madhya Pradesh ... ..	6	2,56,000	5,300	4,60,00,000

12. If the above improvements are effected, it will be possible to improve the quality of yarn and cloth which should be the primary consideration.

13. The quality of cloth is not up to standard.

14. Productions in several mills are far below standards and with these changes would improve and increase appreciably. This rise in production is very conservatively estimated to amount to 5 per cent. over the existing total production.

15. If further increase in production is required it will be necessary to work extra hours, or shifts or expand existing plants.

16. The recommendations made in Ahmedabad report for (a) Planning and Lay Out ; (b) Lighting ; (c) Machine Specification ; (d) Alteration in existing machinery ; and (e) Principles of processing hold good in general for all the centres.

## EXHIBIT "D".

## LABOUR AND SOCIAL WELFARE DEPARTMENT.

Old Secretariat Building, Bombay, 20th February 1957.

## Order.

No. ARM. 1056-I.—The Government of Bombay is pleased to direct that the terms of reference of the Commission appointed under Government Order, Labour and Social Welfare Department No. ARM-1056-I, dated the 3rd January 1957, to inquire into the question of the figures for rehabilitation of certain cotton textile mills in Greater Bombay, should be amended as shown below, namely :—

In clause (a) of the term of reference No. (2) contained in paragraph 2 of the said Order, after the words and figures "on pages 124-125" the words and figures "in items Nos. 1 to 9" shall be inserted.

By order and in the name of the Governor of Bombay,

B. B. BRAHMBHATT,  
Under Secretary to Government.

## EXHIBIT "E".

"LOKSATTA", Bombay, 11th March 1957.

# गिरणी कामगारांना बोनस मिळण्याची तरतूद होणार मुंबईचे मजूरमंत्री गुप्ता यांची घोषणा

(आमच्या बातहाराकडून)

नागपूर, ता. १०.— गिरणी कामगारांना बोनस मिळण्याची तरतूद मुंबई सरकारकडून लौकरच केली जात असून त्यादृष्टीने गिरण्यांतील यंत्रांचे नवीनीकरण (रिहॅबिलिटेशन) करण्यासंबंधीच्या दशासूत्री नियमावलीतील कलम रद्द करण्याचे मुंबई सरकारने नुकतेच ठरविले आहे, असे उद्गार मजूरमंत्री श्री. दीनदयाळ गुप्ता यांनी परबां येथे पत्रकारांना दिलेल्या मुलाखतीच्या वेळी काढले.

राष्ट्रीय मिलमजूर संघातर्फे झालेल्या मजूरविषयक कार्याचा आढावा सादर करण्यासाठी संघाचे अध्यक्ष श्री. नरेन्द्र तिडके यांनी, येथील 'लेक व्ह्यू लॉजमध्ये' वृत्तपरिषद बोलावली होती आणि त्यानिमित्ताने, सांप्रत नागपूर गट नं. २ मधील काँग्रेसचे उमेदवार, मजूरमंत्री श्री. दीनदयाळ गुप्ता यांनाहि निमंत्रित करण्यांत आले होते. औपचारिकरीत्या झालेल्या चर्चेच्यावेळीं श्री. गुप्ता यांनी वरील प्रकारची महत्वाची व विदर्भातील गिरणी मजुरांना पोषक अशी घोषणा केली.

### चुकीचे कोष्टक

मजूरमंत्री श्री. गुप्ता यासंबंधीच्या स्पष्टीकरणात म्हणाले, "निवडणूकीच्या निमित्ताने मी प्रत्येक घरीं फिरत आहे. कित्येक ठिकाणीं मला गिरणी मजुरांच्या बोनससंबंधीची विचारणा करण्यांत येते. मजुरांना हवा तितका बोनस मिळत नाहीं हें खरें आहे. पूर्वीचे यासंबंधीचे जे कोष्टक तयार करण्यांत आले होते त्यामुळेच हें असें झाले व त्याला जबाबदार, ते कोष्टक तयार करणारे मजूरनेते आहेत. ह्याबाबत खूप चळवळ झाली आणि कोर्टापर्यंत प्रकरण गेलें. नवीनीकरणाची (रीहॅबिलिटेशन) निश्चित व्याख्या अद्याप उपलब्ध नाहीं. उडालेल्या घोटाळ्याचें तेंहि एक कारण आहे. त्यासाठीं एक कमिटी नियुक्त झाली. कमिटीच्या दशसूत्री नियमांचा मी मुंबईस गेल्यानंतर सर्वस्पर्शी पडताळा घेतला.

ही दशसूत्री मंजूर करणें म्हणजे मालकवर्गाच्या हातीं सर्व किल्ल्या देणें होय, असें माझे ठाम मत झालें. अर्थात्, मी त्यासंबंधीचा नियम रद्द करवून घेतला. मी नागपुरास येण्यापूर्वीच हा निर्णय घेतला. हा निर्णय घेतला नसता, तर नवीनीकरणाच्या नांवाखालीं कोणत्याहि भागाचें स्वयंचलित मागामध्ये रूपांतर करणें मालकवर्गाला शक्य झालें असतें. त्या गोष्टीला आतां आळा बसला आहे. हा नवा निर्णय विदर्भातील गिरण्यांनाहि लागू करण्याचा मानस आहे. मुंबईच्या गिरण्यांचें उत्पादन व फायदा विदर्भातील गिरण्यांपेक्षा अधिक आहे व त्यामानानें, ह्या नव्या निर्णयानुसार मुंबईच्या गिरणी मजुरांना अदमासें बुप्पट बोनस मिळू शकेल आणि विदर्भातील मजुरांना मिळत नसलेला बोनस मिळू लागेल."

ह्या घोषणेपूर्वीं राष्ट्रीय मिल मजूर संघाचे अध्यक्ष श्री. नरेन्द्र तिडके यांनीं मजुरांच्या कल्याणासाठीं झालेल्या कार्याची जंत्री सादर केली. ह्यांत मजूर प्रशिक्षण योजना, कॅनडातील आंतरराष्ट्रीय समाज कल्याण परिषदेत श्री. दीनदयाळ गुप्ता यांनीं बजावलेलीं कामगिरी, किमान वेतन कायद्याची अंमलबजावणी, फॅक्टरी अँक्टमधील सुधारणा, कामगार विमायोजना वगैरे गोष्टींचा प्रामुख्याने उल्लेख आहे.

### विणकरांसाठीं वसाहत

बीव्हर्स कॉलनीची विणकरांना दिलासा देणारी योजना, मुंबई सरकारने मंजूर केली आहे व ह्या योजनेच्या पहिल्या हप्त्यांत २५० घरे तयार होतील असें श्री. गुप्ता यांनी दुसऱ्या एका प्रश्नाच्या उत्तरांत सांगितलें. विणकरांच्या वस्त्राच्या प्रश्नानंतर विणकरांच्या वसाहतीचा प्रश्न सोडविण्यासाठीं, विणकरांच्या एका कुटुंबाला ३६०० रुपये देण्याची व्यवस्था करण्यांत आली आहे. या रकमेत १२०० रुपये अनुदान राहिल व २४०० रुपयांची २४ वर्षांत प्रतिवर्षी १०० रुपयेप्रमाणे फेड करावी लागेल, असें स्पष्टीकरण त्यांनी दिलें. अखिल भारतीय हातमाग बोर्डाची पुनर्घटना करण्यांत आली असून, विणकरांना स्वस्त भावानें सुत पुरविण्यासाठीं सरकारने एक 'स्पिनिंग मिल' स्थापन करण्याचेहि ठरविलें आहे, असेंहि ते म्हणाले.

## EXHIBIT "F".

No. ARM. 1056/78227-I,

LABOUR AND SOCIAL WELFARE DEPARTMENT.

Old Secretariat Building,

Bombay, 14th May 1957.

From

THE UNDER SECRETARY TO THE GOVERNMENT OF BOMBAY,  
Labour and Social Welfare Department.

To

THE SECRETARY,  
Millowners' Association, Bombay.*Subject.*—Appointment of a Commission for the assessment  
of Rehabilitation requirements of the Bombay  
Cotton Textile Industry.

Sir,

I am directed to refer to the discussion which a deputation of the Millowners' Association, Bombay, had with the Chief Minister on 30th March 1957, in regard to the amendment of the terms of reference to the Bombay Cotton Textile Industry (Rehabilitation) Inquiry Commission and to state that one of the points urged by the deputation was that the action taken by Government in subsequently modifying the terms of reference was not legal. It was then decided that the Secretary to the Government of Bombay, Labour and Social Welfare Department, should hear Shri Petigara on behalf of the Millowners' Association on this point and refer his contentions to the Legal Department for advice. Accordingly, the Secretary heard Shri Petigara and the points urged by him were referred to the Legal Department. The latter has now advised that the contention advanced on behalf of the Millowners' Association that the modification of the terms of reference alters the scheme of the Bonus Agreement is not correct and that under clause 5(c) of the Bonus Agreement, Government has not only the power to appoint the Commission and to make the reference but also the power to vary the terms of the reference if circumstances so demand.

Yours faithfully,

(Signed) B. B. BRAHMBHATT,

Under Secretary to the Government of Bombay,  
Labour and Social Welfare Department.

## GOVERNMENT OF BOMBAY.

EXHIBIT "F" contd.

D. O. No. 13266/A.

Legal Department,

Sachivalaya, Bombay, 27th May 1957.

Dear Shri Petigara,

Please refer to your letter of the 14th May 1957 regarding Bonus Agreement of the Millowners' Association. You had promised to send me any further material after the last discussion by Monday the 29th April. I waited till the 30th April and disposed of the matter. I have since glanced through the literature you have sent with your letter of the 14th May and find that it does not take the matter much further. I now return herewith the copies of the awards received with your letter as stated above.

Yours sincerely,

(Signed) N. K. DRAVID.

Shri N. K. Petigara,  
c/o Mulla & Mulla and Craigie Blunt & Caroe,  
Solicitors & Notaries Public, Bombay.

BEFORE THE BOMBAY COTTON TEXTILE INDUSTRY  
(REHABILITATION) COMMISSION.

UNDER THE CHAIRMANSHIP OF MR. JUSTICE S. T. DESAI.

In the matter of the Constitution of India  
and

In the matter of the Bombay Industrial  
Relations Act, 1947.

and

In the matter of the Order of Government,  
Labour and Social Welfare Department,  
dated 3rd January 1957 regarding Bonus  
Agreement between Millowners' Association,  
Bombay and the Rashtriya Mill  
Mazdoor Sangh, Bombay.

The Millowners' Association, Bombay .. Petitioners.

vs.

The Rashtriya Mill Mazdoor Sangh, Bombay ... Respondents.

PETITION

Dated the 2nd day of June 1957.

## EXHIBIT J.

BEFORE THE BOMBAY COTTON TEXTILE INDUSTRY  
(REHABILITATION) COMMISSION.

UNDER THE CHAIRMANSHIP OF MR. JUSTICE DESAI.

*A further Written Statement by the Rashtriya Mill Mazdoor Sangh,  
Bombay, hereinafter referred to as the Sangh.*

May it please the Honourable Commission :

1. Subsequent to our written statement, dated the 12th February 1957, the Millowners' Association, Bombay submitted a further statement on 27th March 1957. However, in that statement the Association only gave broad outlines of their case and of what they have instructed their member mills. Thereafter, various mills have sent a reply to the questionnaire issued by the Honourable Commissioner. Subsequently, the Millowners' Association, Bombay sent to the Honourable Commissioner with a copy to the Sangh, a Consolidated Statement of Figures of Rehabilitation without any further explanation. The Sangh, therefore, proposes to deal with the Association's statements dated 27th March 1957, leading to the Consolidated Statement, dated 30th October 1957.

2. The Sangh at this stage does not propose to go into the details of the calculation submitted by the various mills except criticising some of the methods of their calculations by the mills, under instructions from the Millowners' Association, Bombay as :—

(a) the full data is not yet available.

(b) the final prices of the machinery of the average of the years 1952-1956 are not yet available to the Sangh. Apart from this, the Sangh submits that once method and the type of machinery and the number of machines to be installed for the purpose are fixed and the prices for the purpose of calculation determined, it will be easy for the Commission to determine the cost of Rehabilitation of each individual mill as well as the Industry as a whole. The Sangh is always prepared to help the Commission in this task.

3. The Sangh does not agree with the Association's contention that the real criterion for ascertaining the useful life of machine is not its mechanical workability but the economics of its cost of production. Under the proper interpretation of the approach of the working party, only such machinery has to be replaced or renovated as has become obsolete to such an extent as to render working of such machines for normal production too costly, quality suffers heavily and subsequent processes are not very much adversely affected for



its normal quality and quantity. It is the considered opinion of the Sangh that the looms in the Textile Industry are properly maintained by regular replacement of parts and repairs, and once they are so repaired not only the efficiency, quality and quantity does not suffer but also the life is prolonged. The cost of such repairs always goes under the item of Expenditure before arriving at profits. Moreover, in the last ten years many mills have carried out programmes of overhauling and modernising their other machines, such as conversion of the spinning machinery to High draft, introduction of tape drive and rollers, which has also extended the useful life of the machine without much loss in efficiency, quality or quantity. This can be seen from the financial working of the mills who have still old machinery being renovated comparing the same with mills who have got most up-to-date modern machinery. Moreover, the Sangh submits that it is not at all new machinery that improves quality or improves the economic position of the mills. The Sangh further submits that for overhaul and renovation of the old machinery, sufficient indigenous spare parts are available and that they are comparatively much cheaper. As regards the suggestion that the cost of production of modern machinery is always low, is also not accepted by the Sangh. In many cases, the savings in labour cost by modern machinery is more than off-set not only by higher depreciation but also by higher maintenance, higher interest on the costly machine and also require higher intelligent handling of the machine, contended labour, more supervision, as well as frequent replacement of delicate and costly parts. In recent years some of the mills which have put in highly rationalized, modern and ultra-modern machines, have come to grief and some of them have either sold them and others are continuing working the same under duress. Some of the millowners who are known to produce quality goods, are still working with the ordinary normal machines.

4. The Sangh further submits that certain type of new modern machines are not suitable for the economic working under the present Indian working conditions and for the short-staple cotton which generally mills are using. These machines do not help at all to improve the quality, on the contrary the efficiency and quality have deteriorated considerably on some of these machines. New machineries of different type and different make not suitable under the present Indian conditions ultimately results in mal-adjustment of production and many a times different makes of machinery, though advantageous under certain circumstances prove to be disadvantageous as they are misfit in the whole structure. As some of the new machines give very high production, the number of such machines required is very small but at the same time the mills have to run a great risk of complete dislocation and stoppage of production in case these machines are stopped due to unavoidable circumstances.

5. The Sangh also does not admit that in the case of old machines the bill for repairs and replacements also goes on mounting. It depends upon the type of machine and maintenance. Modern machines are more complicated and cost very high. Therefore, they also suffer not only higher capital cost and higher rate of depreciation but also higher interest. Only in the first few years maintenance goes down in the case of modern machines. But this is the case with every machine. Only in the first few years the cost of maintenance becomes low in the case of modern machines, but this happens in the case of all new machines and this is no special feature of modern machines. In respect of the Association's contention that the latest inventions and new methods of processing add another powerful element to the credit side of the new machine, the Sangh submits that such new machines in many cases involve ultra-modernization or rationalization and are outside the scope of rehabilitation. The extra amount for such machines must come from other sources and not out of the requirements of Rehabilitation.

6. In respect of Rehabilitation of an old established Industry necessitating the high cost of modern machines, the Sangh denies that the responsibility of making available initial finance falls on the workers. However, in the case of this Industry, the Industry as a whole has been allowed more than the necessary finance not only in the initial stage but for the whole rehabilitation. The workers cannot be blamed nor the Industry can claim rightfully from the Society or anybody else if it has frittered away the huge profits it has made during the last 15 to 16 years.

7. With respect to the reference of the Platt Mission published in MARCH-APRIL 1944, the Sangh submits that it does not agree with the quotation given by the Association and submits that the observations by another U. K. Commission (Reymont Street) are more applicable to the questions of the Industry of this country.

8. The comparison of Japanese exports or British exports to Indian exports is irrelevant. No complete information about the condition of Japanese Industry is available. It is universally, however, recognised that Japanese Cotton Industry is a sweated Industry and that is how it works with very low labour cost. Our country is committed to social justice and therefore, the conditions of the Japanese Industry should not be compared. Even so, Japan to-day has only regained partly its pre-war market. The Sangh understands that the Japanese Industry also enjoys protection from the Government. If at all there can be any comparison, it can only be with the British Industry. It can be seen from comparison to the Indian Textile Industry that the British Industry has suffered more in export than the Indian Cotton Industry, while Japan has practically maintained the level of its export. Even India has maintained, more or less, during the last five or six years its level of export.

This, however, should not be interpreted that the export is the criteria for judging the position of the Industry. For the purpose of rehabilitation, export cannot be taken as a guide, because the Government gives extra facilities such as concession in excise duty, etc. to encourage export whenever it becomes necessary due to home market not being in a position to absorb all the production or whenever it becomes necessary to get extra foreign exchange. If the Industry is not in a position to take advantage of these facilities because of the simultaneous quality control to maintain India's reputation in the export market, the Industry is itself to blame and nobody else. The Sangh submits that the position of the Industry has to be judged with its financial position based on its home market. It may also be noted here that while for this purpose the Association wants Japanese Industry to be compared on the ground that Japan enjoyed the boon in disguise due to the war devastation getting the opportunity of re-equipping its Industry with new machines, the same Association is not prepared to take the price of the Japanese machinery, nor to use Japanese machinery even if it is better and cheaply available.

9. The Cotton Textile Industry is incapable of producing cheaper cloth and better cloth to fulfill the Government's and Planning Commission's aim of raising the general standard of living even if all assistance is given to the Industry and even though the whole Industry is allowed to be ultra-modernized and rationalized. The large majority of the rationalized mills in Bombay are working uneconomically. Some of the most modern mills are working with small profit than other ordinary mills.

10. The Millowners' interpretation of the terms of reference that the Commission should approach the question of Rehabilitation in the manner in which the Working Party has done as mentioned in paragraphs 1 to 9 on Pages 124-125 of the said report is not correct. If we analyze properly Items 1 to 9 which gives us the clue to the approach, one can come to the conclusion that only such machinery should be replaced which has been found on experience and on actual working as obsolete in design and completely worn-out or which cannot give production of normal quality and quantity. It has also suggested certain measures by way of renovating certain machines to make them better working and to make it more economical without much addition to the cost. In short, machines which can be still worked efficiently are allowed to stay and only such machines which cannot be worked efficiently are to be replaced. In respect of other machines, only renovation is recommended. Therefore, the comparison of the age group alone or deciding the working life of the machine on that basis alone will not give us the correct idea of the need of the Industry for its rehabilitation. Similarly, the Sangh does not accept the universal plan of taking the

working life of machines in Spinning & Weaving Department as 60 shift years, that is 30 years double shift working and much less in respect of other departments. Even a perusal of the Working Party's recommendations on Pages 124-125 will convince anybody that the machinery purchased after 1910 is good at least upto 1961, which means even on Millowners' own submission a life of about 72 years, though on a detailed consideration it will come to a minimum life of at least 80 years single shift working. The Sangh submits that the Association and the Mills have taken the working life of Bleaching, Dyeing & Finishing machinery, Boilers, economisers, electric motors, transformers, humidifiers, etc. too short and these machines are capable of giving useful service much beyond the life taken by the Mills.

11. Now coming to the broad features of the various calculations, the Sangh has to submit as follows :—

Special accessories such as Individual Drive is not covered by replacement or rehabilitation as they are not essential for economic working. In some cases Individual Drive on new machines may be alright, but it is unnecessary to put Individual Drive for old machines. Their maintenance becomes unnecessarily costly and require more spare parts for proper maintenance. With individual drive power factor improvement costs very high beyond a certain point which is generally about 0.90. Canteens and office building etc. also cannot be covered by the terms of rehabilitation. The mills which had no processing before 1947, cannot include the same in rehabilitation. So also ultra-modern methods of processing such as continuous bleaching process cannot be covered in rehabilitation. All additions to the old capacity of the processing as well as all additions in the Processing Department such as printing, mercerizing, sanforizing, cannot be included in rehabilitation. Mills in their calculation have added a proportionate replacement cost which is not understood. This seems to be a novel innovation to bring between 1961 and 1970 respectively what cannot be brought in within that period. It is a vicious circle and the amount not needed within the prescribed periods of 1961 and 1970 are also to be provided within that period. Even the working Party has not provided in that manner.

12. The mills have shown very high cost for installation of machines. If we take the overall installation cost, it comes to about 2 to 5 per cent. of the value of the new machinery to be installed and the mills have charged double that. Even including stores and wages, the installation cost of the most up-to-date machinery has not exceeded 8 per cent. in the City of Bombay. The Mills in calculating have not deducted the re-sale value of old machinery which comes to about not less than 10 per cent of the cost of new machinery replacing the old one upto Spinning Departments, and about 14 to

15 per cent. of all the machinery including Weaving looms. The mills have also taken higher price than what they themselves have submitted for the purpose of calculating the rehabilitation requirements. They have also not taken into consideration the discount on the price of machinery which the manufacturers give. They have not taken the price of the machinery which is suitable to them but the price of the costliest machinery they may or may not bring. The life of electric installation and workshop machinery and electrical machinery taken by them is also too short i.e. 20 and 25 years with three shifts and 2 shifts working respectively. Not only combers and cards, but looms and all other machinery of years after 1910 are also included in replacement. In some mills, machinery of 1928 also is included for replacement. In short, they want practically all machinery even up to and a little beyond 1925 to be scrapped before 1961. Some mills like Apollo Mills have taken the cost of Automatic Looms for replacements even though looms are of 1924 to 1928. Even though some mills have preferred to purchase some old machinery and renovated their machinery recently, they have still included all such machinery under replacements and rehabilitation and have claimed rehabilitation accordingly. By various methods mills have claimed rehabilitation and rehabilitated machinery. For an enquiry like this, it may be that we may not be in a position to go by individual mill's requirements, in detail, and may have to evolve some general formula covering sufficiently broad details. The Commission should evolve such a formula and not ignore the heavy repairs and maintenance and renovation effected in the Industry during the last ten years which has prolonged the useful and economical life of the machines.

13. In calculations, the mills have not given the correct ratio of the new machinery to be installed in place of old machinery. If we take into consideration the results of the installation of the new machinery and the replacement caused by the new machinery during the last five years, one can definitely say that the ratio as shown by the mill company is wrong. Generally the new machines are worked in multiple shifts with a view to get higher depreciation and maximum production out of the new machines. Hence the actual amount required for the rehabilitation of the old machinery as compared to the output will be much smaller than claimed by the Association. According to our estimate on the terms of reference and strictly following the Working Party's report, the requirement of the Industry as a whole will be round about Rs. 25 crores to rehabilitate itself completely by the end of 1971.

The above submissions can further be supported by the following considerations :—

(1) The actual requirement of the mill industry is reflected in the rate of replacement of old machinery during the last ten years. Similarly, whatever may be the necessity of rehabilitation, the

capacity of the manufacturers to supply machinery and of the Industry to absorb such machinery cannot be ignored. These factors will also have to be taken into consideration while assessing the requirements of rehabilitation of the Industry.

(2) The Association has taken for rehabilitation the costliest machinery. They have not taken the prices of the indigenous machinery. With the scarcity of the foreign exchange which the Government of India is facing, there is very little scope for the textile industry to get licences to import foreign machinery where indigenous machinery is available. The rate of production in indigenous machinery is also not very high. All these factors should be taken into consideration in chalking out the rehabilitation programme and requirements of the Industry for rehabilitation.

(3) The Association has not submitted any figures for buildings, except in their earlier statement where they want Mr. Punagar's estimates to be accepted with the increased multiplier of 3 instead of 2.25. We have already objected to this procedure as in earlier stage before the Industrial Court we had under the then existing conditions and circumstances suggested Mr. Punagar as the Sole Assessor for the purpose of assessment of rehabilitation of buildings. The Sangh is not now prepared to accept his recommendation under the changed circumstances and further submits that it should be gone into independently of Punagar's old report or what would have been his report as a Sole Assessor then. Moreover, it is our experience that the old buildings are very strong, compared to any modern buildings and would at least last for another fifty years. Only rehabilitation requirement of the buildings is the changes required to be effected in the present buildings or additions to be made to accommodate the new machinery which will be replacing the old machinery and the Sangh submits that such cost will be negligible.

The Sangh craves leave to add to, amend, or modify the above statements if and when necessary.

Dated this 29th day of November 1957.

V. R. HOSHING,  
Secretary,  
Rashtriya Mill Mazdoor Sangh,  
Bombay.

I, V. R. Hoshing, Secretary, Rashtriya Mill Mazdoor Sangh, do solemnly declare that what is stated above is true to the best of my knowledge, belief and information. This verification is signed in Bombay this 29th day of November, 1957.

V. R. HOSHING,  
Secretary,  
Rashtriya Mill Mazdoor Sangh,  
Bombay.

Bombay, dated this 29th day of November 1957.

## EXHIBIT "K".

BEFORE THE BOMBAY COTTON TEXTILE INDUSTRY  
(REHABILITATION) COMMISSION.

UNDER THE CHAIRMANSHIP OF MR. JUSTICE K. T. DESAI.

*Reply of the Millowners' Association, Bombay, to the written statements dated 12th February 1957 and 29th November 1957, submitted by the Rashtriya Mill Mazdoor Sangh, Bombay, .*

May it please the Honourable Commission :

This statement is submitted by the Association in reply to the written statements of the Rashtriya Mill Mazdoor Sangh of 12th February 1957 and 29th November 1957.

*Replies to the Sangh's preliminary written statement dated 12th February 1957 :*

*Paragraph 2 of the Sangh's statement.*—The previous history relating to this dispute as given in the Association's general statement of claim dated 4th February 1957 is entirely correct, and the Association strongly objects to the description by the Sangh of the resume given by the Association as "wrong, distorted and contrary to facts". The last five lines of the Sangh's paragraph No. 2 and the first six lines of paragraph No. 3, suggest that the facts stated by the Association are not to the Sangh's liking. But that is scarcely any justification for the Sangh to characterise them as "wrong, distorted and contrary to facts".

*Paragraph 3 of the Sangh's statement.*—The first six lines of this paragraph have been dealt with above. As regards the remaining portion, from the previous history of the case, it will be observed that the Association agitated for an upward revision of the figure of Rs. 72 crores when the 1950 bonus dispute was being considered and the Labour Appellate Tribunal decided that such consideration should not be hastily undertaken (please see paragraph 1 on page 3 of the Association's statement dated 4th February 1957). Having received this decision of the Court, the Association felt that it was its duty to abide by the finding of the Tribunal and thereafter, the Association did not raise the question of disturbing the figure of Rs. 72 crores in spite of a continuous rise in the prices of machinery. It is the Sangh which has been agitating about this figure of Rs. 72 crores before every forum, and it is strange that the Sangh should deny that Clauses 5(b) and 5(c) of the Bonus Agreement (about an inquiry into the rehabilitation requirements) have been inserted at the request of the Sangh.

**Paragraph 4 of the Sangh's statement.**—The argument advanced by the Association in the last paragraph on page 3 of its statement on the subject of adjustment in the figures of rehabilitation is self-explanatory. As regards the last portion of paragraph 4 of the Sangh's statement, where it says that only the cost of "rehabilitation" should be gone into and not the cost of "rehabilitation, replacement and modernisation", the Association would invite attention to paragraph 3 of the Bonus Agreement. Here, the prior charge has been clearly mentioned as "reserves for rehabilitation, replacement and modernisation of block". In paragraph 5(b) of the Bonus Agreement the word "rehabilitation" has been used as a short form for the words "rehabilitation, replacement and modernisation." Even Courts have used this short form, and a reference is invited to the Industrial Court's order dated 20th August 1954 which has been supplied by the Sangh itself as an enclosure to its statement.

Paragraph 2 of the order of the Industrial Court quotes the origin of the whole question, namely, the relevant extract from the Labour Appellate Tribunal's Full Bench decision. The words used there are "rehabilitation, replacement and modernisation". The Industrial Court then goes on to give its interpretation of these terms. But the opening words of the Industrial Court's order in question are : "By our order dated 22nd June 1954, we decided to appoint assessors to assist this Court in determining the cost of rehabilitation of machinery and buildings etc." This will show how the word "rehabilitation" has always been used as a short form for all the three words together.

**Paragraph 5 of the Sangh's statement.**—The Sangh says here that the Association's interpretation about replacement by 1961 of all machinery installed prior to 1925 is not correct. The Sangh, however, has given no reasons why the claim made in the Association's statement on page 3 should be rejected. In fact, in the latter half of paragraph 5, the Sangh itself agrees that most of the machinery of the age group from 1911 to 1925 would have been replaced before 1961 as it is not economical to work such machinery.

**Paragraphs 5 and 6 of the Sangh's statement.**—In the last seven lines of paragraph 5 and the first 12 lines of paragraph 6, the Sangh objects to any provision of funds for machinery which is due for replacement after 1961. It also says that on the machinery purchased during the period 1947 to 1961, depreciation will go on accruing. The Association's plea may be made clear by taking an example. Suppose a machine is purchased for one lakh of rupees in 1948 and its life is 30 years. In the period 1948 to 1961, the machine earns, say, Rs. 95,000 by way of depreciation. As the entire depreciation earned by the mill is, under the bonus formula, taken to form part of the mills' available funds for rehabilitation, this depreciation of Rs. 95,000 earned by the particular machine will also be included



in the available funds and will be utilised for rehabilitating other machinery. After 1961, the machine will earn in its remaining life a depreciation of only Rs. 5,000 and this is the only amount left for its own replacement in 1978. Evidently, this is not right and there are two courses open to remedy the situation. One course is to keep in a separate fund, the depreciation earned by such machines as will continue to work beyond 1961, so that the fund may be utilised for purposes of replacement of such machines. The other course is to calculate the rehabilitation requirement in the manner suggested by the Association, namely, to add to the rehabilitation requirements a proportionate replacement cost of such machines as will continue to work beyond 1961. The latter alternative is disadvantageous to the industry as will be clear from the example of the machine already given. Under the first alternative, the depreciation of Rs. 95,000 earned in the period 1948 to 1961, would have been separately funded, whereas under the second alternative only 13/30 of its replacement cost (to account for the 13 years life out of its 30 years life which would have been exhausted by 1961), would be added on to the rehabilitation requirement. 13/30 of one lakh of rupees is about Rs. 40,000 and this is what the industry has claimed instead of asking that the entire depreciation of Rs. 95,000 earned by this machine be set apart.

The Sangh also states in paragraph 6 that there is no essential difference in the approach of the Working Party and this Honourable Commission. The difference that exists has been explained in the Association's submission of 4th February 1957 on pp. 5 and 6. The Working Party was only concerned with finding out what machines should be replaced or renovated and by what period. They were not concerned with ascertaining how the amounts should be found from year to year. This Honourable Commission is required to consider this aspect also, as its work arises from the provisions of the Bonus Agreement. When the Sangh says in paragraph 6 that the approach suggested by the Association is a vicious circle and will never end, the Sangh is partly right inasmuch as depreciation and replacement of machines is a continuous process. When a machine is installed, depreciation has to be set apart every year during its working life. This amount is utilised for replacement of the machine by another machine, and no sooner the new machine starts working mills have again to set apart depreciation on that new machine.

*Paragraph 7 of the Sangh's statement.*—The development rebate was introduced for machines installed only after 31st March 1954, and in any case, in the bonus calculation, it was taken into account only for the years 1954 and 1955. As the rebate is altogether to be ignored for the years 1956 and 1957, the Association refrains from elaborating on the financial and economic conditions of the industries which led to the granting of the rebate by Government.

*Paragraph 8 of the Sangh's statement.*—The Sangh has not cared to advance any reason for asking the Commission to disallow certain conversions in respect of the post-1925 machinery. The Technical Sub Committee of the Working Party has specifically recommended these conversions in respect of all machinery regardless of its age. [Please see page 382, Section, III, paragraph (a)]. These conversions are essential and form part of the rehabilitation programme.

*Paragraph 9 of the Sangh's statement.*—The life span of machinery like boilers, economisers, transformers, electric motors, etc., as given in the Association's statement, is based on expert opinion and is not a mere conjecture.

*Paragraph 10 and 11 of the Sangh's statement.*—The Sangh admits that they had accepted Mr. Poonager as the sole assessor for the purpose of assessing the rehabilitation requirements of buildings, in connection with the enquiry by assessors which was later on stopped by the Industrial Court. The Sangh says that it is no longer bound to accept his report "as the circumstances have changed". The Association is not aware of any changes in circumstances which have the effect either of prolonging the life of buildings or reducing the cost of construction. There can, of course, be no question of appointing any experts as suggested in the last three lines of paragraph 11, as this Hon'able Commission is competent to go into all these questions and the appointment of assessors is neither visualised in the terms of reference, nor called for. That apart, appointment of any such experts at this stage will unnecessarily delay the proceedings.

*Paragraph 12 of the Sangh's statement.*—The Sangh says that the 1950 block of buildings, which amounted to Rs. 12 crores, included some new buildings put up during the war period upto 1950. While it may be true that a small proportion of the 1950 block of buildings consisted of war and post-war construction, a very large proportion consisted of buildings of pre-1900 period when the prices were ridiculously low. If, therefore, a weighted multiplier were to be used in proportion to the building costs of different periods, the multiplier would have been very much higher than 2.25. The Sangh further states that, when the Industrial Court applied the multiplier of 2.25, the present Factories Act was already in force and all the requirements of that Act had been taken into consideration. A reading of the relevant portion of the Industrial Court's award will make it clear that consideration was given only to the factor of price differential and the changes required by the Factories Act had not at all been taken into account. Furthermore, compliance with the provisions of the Factories Act has been made more strict in recent years, and whenever mills seek permission to instal new machinery, they are asked to leave more space round

the machines, which necessitates an increase in the requirement of building space. The last four lines of paragraph 12 are clearly misleading. The multiplier of 2.25 was applied to the whole block after computing the average life of the whole block which meant that buildings which still have a long life and buildings which have only a short life have all been lumped together to arrive at the average life period. If a separate multiplier were to be applied to different buildings, then in several cases, the multiplier would be very much larger than 2.25.

*Paragraph 13 of the Sangh's statement.*—The Sangh's claim that provisions for amenities, welfare activities and for fulfilling of the requirements of the Factories Act are in the nature of expansion is clearly untenable. When the Industry is to be rehabilitated and modernised, this has got to be done in compliance with the provisions of law and the expenditure to be incurred has got to form part of the rehabilitation programme. As entire amount of depreciation and reserves is being considered as available for rehabilitation, where else can the money come from for fulfilling the requirements of the Factories Act?

*Paragraph 14 of the Sangh's statement.*—It may be true to say that a large part of machinery and buildings of the post-war period will not fall due for replacement or rehabilitation by 1961, but the Association has only claimed a part of the depreciation earned till 1961 by such buildings and machinery as explained in reply to the Sangh's paragraph Nos. 5 and 6.

*Replies to the Sangh's statement dated 29th November 1957.*

*Paragraph 1 of the Sangh's statement.*—The Sangh states that the Association had submitted only a consolidated statement of figures of rehabilitation without any further explanation. The Association submits that all the explanations have already been given in its statements dated 4th February 1957, 7th February 1957, 15th March 1957, 27th March 1957, etc.

*Paragraph 2 of the Sangh's statement.*—The Sangh states in this paragraph that full data and final prices of machinery are not yet available. The Association begs to state that as much data as has been called for, and prices of machinery have both been supplied. The Sangh, however, has recently called for quotations from over thirty textile machinery manufacturers of Japan. The Japanese machinery manufacturers' representatives in India have already been addressed in this connection by the Association and some data received from them have also been supplied to the Commission. Any further data which may become available from these representatives would be submitted when received.

*Paragraph 3 of the Sangh's statement.*—The Sangh states that only such machinery should be replaced or renovated as has become obsolete to such an extent as to render the working of such machines too costly, quality suffers heavily and subsequent processes are not very much adversely affected. The Association respectfully submits that if the Sangh wants the mills to wait till they begin to suffer heavily, all one can say is that it is blissfully ignorant of the principles of scientific management. The same remark would apply to the further statement that certain changes effected in mill machinery have extended the useful life of the machine without much loss in efficiency, quality or quantity. When the need is for highest productivity consistent with high quality, it is absurd to talk of "much loss in efficiency." In the remaining portion of this paragraph, the Sangh purports to point out some disadvantages of modern machines. These have already been mentioned in paragraph 3 of the Association's statement dated 27th March 1957, where it has been pointed out that certain disadvantages have to be balanced against the advantages and a scientific assessment made of the time when replacement of an existing machine by a new machine is more economical. New machines of the modern type are to be introduced only when such an examination reveals that a proper time has come for the installation of new machines. If, as the Sangh claims, there are any stray instances of mills having to sell modern machines for their unsuitability they do not disprove the general principles of scientific management put forward by the Association.

*Paragraph 4 of the Sangh's statement.*—The vague statements made in this paragraph do not call for any answer. The Association finds it hard to believe that efficiency and quality have deteriorated considerably on account of the use of modern machines! In any case, the Association would like to be furnished with concrete instances.

*Paragraph 5 of the Sangh's statement.*—The principles of machinery replacement programme have already been set forth in paragraph 3 of the Association's statement of 27th March 1957 and all the points raised by the Sangh have already been answered there. The Association does not understand the use by the Sangh of the word "ultra-modernisation" in describing some unspecified machines. The fast developments that are taking place in all sciences make outmoded many developments which, in their own time, appeared modern, and the Association fails to understand how a line can be drawn between what is modern and what Sangh chooses to call ultra-modern. The Association also submits that there is no basis for the Sangh to claim that machines involving rationalisation are outside the scope of rehabilitation. Rehabilitation includes modernisation and all the amounts have to be included in rehabilitation requirements. They cannot be found from any other source as suggested by the Sangh.

*Paragraph 6 of the Sangh's statement.*—The statement made here is irrelevant to the present enquiry and does not call for a reply.

*Paragraph 7 of the Sangh's statement.*—Here the Sangh has not quoted the observations of Sir Raymond Streat's Commission, which are relied upon and hence no reply is possible.

*Paragraph 8 of the Sangh's statement.*—It is strange to read that a comparison of Japanese or British exports to Indian exports is irrelevant bearing in mind the fact that all the exporting countries have to compete with each other in the same markets. As we have to compete with Japan, the Japanese conditions have got to be taken into account. Japan has become the foremost exporter of the world in cotton textiles, in spite of the advantage of Indian mills of securing Indian cotton at comparatively lower prices. The wage levels in Japan are practically the same as in Bombay, but the workloads and productivity of the Japanese workers are substantially higher. It is only the advantage of cheap cotton which has enabled India to retain a foothold in the export markets. But this advantage has been almost completely nullified by the higher cost of production and inferior quality of Indian mills on account of the use of old machinery and old methods of labour deployment. The Sangh's plea to ignore the necessity of maintaining and expanding exports, stands self-refuted in the present economic conditions of India, when Government have repeatedly expressed their anxiety to maintain and even increase the exports in cotton textiles, so as to earn the very valuable foreign exchange needed to carry out the Second Five Year Plan and to keep the present level of production of the cotton mill industry unimpaired. There is no question of extra facilities like concession in excise duty being granted, as no excise duty is charged by any country on its exports.

If, on comparison of price and quality, Japanese machinery is superior, the prices of the same may certainly be taken into account. But when the Industry has to invest large amounts, it must take the best that is available and not the cheapest. In buying capital goods, one cannot only look to the price factor, regardless of other considerations.

*Paragraph 9 of the Sangh's statement.*—The Association strongly resents the Sangh's statement that the industry is and will remain incapable of producing cheaper and better cloth. India has been converted from a net importer of cloth to a leading exporter, in spite of severe handicaps. The Cotton Mill Industry is also the only industry which has fulfilled the Plan targets of production so far ahead of schedule.

*Paragraph 10 of the Sangh's statement.*—In this paragraph, the Sangh describes the interpretation of the terms of reference of the Commission as given by the Association on pages 4 to 6 of its statement dated 4th February 1957 as not correct. The Sangh has, however, nowhere explained how that interpretation is wrong. There is

also no basis in the Working Party's Report to support the Sangh's claim that the machinery purchased after 1910 is good at least upto 1961.

*Paragraph 11 of the Sangh's statement.*—The Sangh claims that individual drive is not covered in rehabilitation, nor is it essential for economic working. No expert technician will agree with this claim. In any case, modern machinery is supplied only with individual drive. Canteens and other welfare activities have got to be provided for under the Factories Legislation and the expenditure has got to be included in the rehabilitation fund. If mills did not have any processing machinery, the deficiency has got to be made up. In fact, it is as much in the interests of labour as of mills to see that more processing machinery is installed in order to ensure profitable and continued working of mills, as the consumer demand is now more and more for processed goods. In fact, it has been found in the course of the last year or two, that a large part of the present accumulation of cloth consists of unprocessed grey cloth as such cloth is not much in demand. There is nothing novel in including a proportionate replacement cost in the rehabilitation calculation. The necessity for making such a calculation arises as the entire depreciation fund of a mill along with its entire reserves are treated as being available for rehabilitation. This means that depreciation set aside in respect of such machines as do not become due to rehabilitation before 1961 or 1970, will be utilised for rehabilitating other machinery. When they become due for replacement say, in 1972 where is the money to come from, as all the depreciation earned by such machines till 1970 would have been utilised for the rehabilitation of some other machines? Such complicated calculations arise in a period of rising prices. In such a period, not only does a machine require its own depreciation, but it requires something over and above to provide for the difference between its original price and its replacement cost. Please also see the reply to paras 5 and 6 of the Sangh's statement of 12th February 1957, given earlier.

*Paragraph 12 of the Sangh's statement.*—As regards cost of installation, cost of stores and wages has got to be calculated and it is allowed even by the tax authorities as a capital cost, and never treated as working expenses. After including these items, the Sangh is accepting a figure of 8 per cent. as the cost of installation whereas the mills have taken 10 (and in rare cases, a slightly higher percentage), depending on their actual experience. As regards re-sale value, this need not be deducted from the rehabilitation calculation, but may be included in the available funds. Although the question of resale value is perhaps outside the scope of the Commission's Enquiry, it must be stated here that tax has to be paid on the excess

of the re-sale value over the written down value. After taking that into account, the scrap value of 5 per cent. so far allowed by the Industrial Court and the Labour Appellate Tribunal would itself appear rather too high. The various allegations about machinery prices are not replied here as they are vague and no specific cases are mentioned.

*Paragraph 13 of the Sangh's statement.*—The Association does not agree that when calculating the number of new machines required they should be expected to work more shifts per day than the old machines which are being replaced. The Association fails to understand how the Sangh has arrived at a figure of Rs. 25 crores as the total requirements. In any case, the Association would like to have more details of how the Sangh has arrived at this figure.

In Sub-paragraph (1) of paragraph 13, the Sangh claims that the rate of replacement during the last ten years is a criterion for assessing the actual requirement. The Association cannot understand the logic of this. In any case, the rate of replacement in the last ten years only shows what the mills could do and have done with the available finance. It does not show what should be done. The capacity of machinery manufacturers is being expanded rapidly and, in any case, the rate of machinery production cannot be considered as the limiting factor.

As regards sub-paragraph (2) of paragraph 13, the Association denies that only the costliest machinery has been taken into account in calculating the requirements.

As regards paragraph 13(3), this has already been dealt with before in reply to paragraphs 10 and 11 of the Sangh's statement of 12th February 1957.

The Association carves leave to add to, amend, or modify the above statement if and when necessary.

(Signed) B. G. KAKATKAR,  
Ag. Secretary,  
The Millowners Association, Bombay.

Bombay, dated 10th January 1958.

**VERY URGENT**

**EXHIBIT L.**

**No. BIR/68-1958,**

**OFFICE OF THE SECRETARY,  
BOMBAY COTTON TEXTILE INDUSTRY,  
(REHABILITATION) INQUIRY COMMISSION,**

**Mazfarabad Hall, Proctor Road,  
Grant Road, Bombay 7,**

**25th January 1958.**

**From**

**Shri K. R. GADGIL, L.T.M. (Hons.), Secretary, Bombay Cotton  
Textile Industry (Rehabilitation), Inquiry Commission,  
Bombay.**

**To**

**The MANAGER,**

**Dear Sir,**

Annexed below is a supplementary questionnaire which should please be replied in six copies. Please endorse a copy of your reply directly to the General Secretary, Rashtriya Mill Mazdoor Sangh, Government Gate Road, Parel, Bombay 12.

**Secretary,  
Bombay Cotton Textile Industry,  
(Rehabilitation) Inquiry Commission.**

**SUPPLEMENTARY QUESTIONNAIRE.**

**Question No. 1—Speed Frames—**

How many Speed Frames have been converted to High drafting and/or Zone drafting and in which years they were so converted? Please give the number of frames converted and the type of conversion mentioning the corresponding years in which they were so converted.

If possible, please state the amount spent in such conversion.

**Question No. 2—Ring Frames—**

(a) Since 1946, how many Ring Frames have been converted? Please indicate the number of Frames converted.

(i) to High drafting showing 4 Roller High drafting or Apron System separately.



(ii) How many Ring Frames have been converted from Band Drive to Tape Drive?

(b) Out of the Ring Frames installed after 1910, how many remain to be converted to High drafting?

(c) Out of the Ring Frames installed after 1910, how many still remain to be converted from Band Drive to Tape Drive?

(d) If possible, please also indicate the cost incurred on the above conversion mentioned in (2a).

**Question No. 3—Shift Years Worked—**

How many number of shift years each Department from Blow Room to Finishing (including power plants, mechanic shop etc.) has worked?

*Note.*—(1) Number of shift months divided by 12 will give shift years;

(2) Where in any particular department shifts are partially worked by working a particular section then separate shift years should be shown section wise indicating the number of machines in that section.

EXHIBIT M.

No. BIR/246.

OFFICE OF THE SECRETARY,  
BOMBAY COTTON TEXTILE INDUSTRY.  
(REHABILITATION) INQUIRY COMMISSION.

Bombay 7, Dated 29th December 1958.

To,

The MANAGER, All Member Mills and Sayaji Mills, No. 2.

Sir,

I am directed by the Bombay Cotton Textile Industry (Rehabilitation), Inquiry Commission to request you to let me know the average spinning count in your Mill, as on the last working day of calendar year 1956 early.

Yours faithfully,

(Signed) K. R. GADGIL,  
Secretary.

## EXHIBIT N.

BEFORE THE BOMBAY COTTON TEXTILE INDUSTRY (REHABILITATION)  
COMMISSION UNDER THE CHAIRMANSHIP OF MR. JUSTICE DESAI.

*Subject.*—Prices of Machinery and Buildings.

May it please the Honourable Commission :

As directed by the Commission at the preliminary hearing held on 28th January 1957, the Millowners' Association, Bombay, begs to submit herewith machinery quotations secured from machinery manufacturers and agents. The quotations cover a preponderating majority of the items of machinery used in cotton textile mills. It has, however, not been possible, in the short time at our disposal, to secure quotations for a small number of items, and these will be supplied as soon as they are secured. Here we would like to mention that a number of quotations have been given on ex-works unpacked, ex-works packed, F. O. B. or F. A. S. basis, as is the usual practice of the maker concerned. To each such quotation will have to be added appropriate percentages for one or more of the following charges, as applicable, to arrive at the installed cost of the equipment :

- (a) Packing.
- (b) Freight.
- (c) Insurance.
- (d) Customs duty.
- (e) Clearance Charges.
- (f) Sales tax.
- (g) Transport to mills.
- (h) Costs of erection.



We may be permitted to supply these particulars later.

As regards buildings, considering the fact that a majority of the buildings were erected in the period 1870 to 1900, the present day costs are many times the original costs. However, in order to facilitate work, the Association begs to suggest that rehabilitation costs of buildings may be taken on the lines adopted by the Bombay Industrial Court in their Bonus Award for the year 1950, where they state in paragraph 15 :

“As to the question how many times the original value of the buildings is to be taken to arrive at the full rehabilitation amount required, we are of opinion that in view of the fact that the circumstances that would exist during the next 27 years are of necessity less certain than those existing during the next 13 years, it would be appropriate to take the figure of 2.25 as the multiplier to be applied to the original value. Multiplying 12<sup>1</sup> crores by 2.25 we get 27 crores, which sum when divided by 27 yields one crore.”

There is, however, one further aspect in regard to buildings which, we submit, would have to be taken into consideration. In paragraph 16 on pages 124/125 of the Report of the Working Party for the Cotton Textile Industry, it has been stated that the recommendations made in Ahmedabad Report for planning and lay-out etc. hold good in general for all the centres. The requirements of a good layout have been given in the Ahmedabad section of the Working Party's Report on page 142. There are also certain requirements relating to buildings which are to be satisfied under the amended Factories Act and these have also been mentioned on page 143 of the Working Party's Report and we attach hereto copies of sections 3 and 4 on pages 142 and 143 of that Report. In order to attain the standard laid out in the enclosed, many structural alterations in the buildings would be necessary, and the amounts which mills will have to spend on renovating and re-modelling the buildings will be far in excess of those mentioned by the Industrial Court in its Award of 1950. We beg to suggest that the multiplier for buildings which has been taken by the Bombay Industrial Court at 2.25 on the basis of the rise in costs alone, should be revised to 3 to allow for the structural alterations. This would mean that the cost of rehabilitation of buildings would be Rs. 36 crores instead of Rs. 27 crores, as taken by the Industrial Court.

The Association craves leave to add to, amend or alter the statements made above, if and when necessary.

(Signed) B. G. KAKATKAR,  
for Secretary.

The Millowners' Association,  
Bombay, 7th February 1957.

BGK/N.  
Encls :

*Extracts from the "Report of The Working Party for The Cotton Textile Industry. (pp. 142—143).*

### 3. Requirements of a Good Layout.

1. Straight flow of material.
2. Alleys and gangways broad enough for safe movement of men and materials. These should not be too broad to increase unnecessarily operational distance for the workers.
3. The layout must enable the operative to attend to the maximum machine units with the minimum of movement.
4. The alleys and gangways should be straight, free from obstruction and even. They should not be crooked, zig zag or uneven.

5. The drives should be so arranged as to avoid danger zones in the alleys and passages. The Operatives and the ancillary labour should feel absolutely safe when performing their jobs and should not have a sense of danger, that the Overhead structure, belt or rope might hurt them any time and that they are moving or Operating in a hazardous area.
6. The lighting should be adequate and evenly distributed without spots and shadows.
7. The number of air-changes should be regulated in consonance with the number of Operatives, the power consumed, the percentage relative humidity and the atmospheric temperature to give comfortable working condition to the Operatives.
8. Relative humidity must be controlled at the Optimum for the material process and workers.
9. The floors and walls should be of material and colour that will make the environment pleasant. Bad floors and bad walls with process waste and fly hanging here and there give a tedious, boring factory atmosphere.
10. Windows should admit of sufficient natural light and the pillars should be very few.
11. Fresh cool drinking water should be available within a short distance.
12. Tea and snacks should be available at regular intervals.
13. Sanitary arrangements should not be very far.

#### 4. *Provision in the Factory Act for Passing Plans.*

The following provision is made in the Bombay Factory Rules, 1950.

*Approval of plans.*—(1) An application for obtaining previous permission for the site on which the factory is to be situated and for the construction or extension of a factory shall be made to the Chief Inspector of Factories.

Application for such permission shall be made in Form No. 1 which shall be accompanied by the following documents :—

- (a) A flow chart of the manufacturing process supplemented by a brief description of the process in its various stages ;
- (b) Plans in duplicate drawn to scale showing :
  - (i) the site of the factory and immediate surroundings including adjacent buildings and other structures, roads, drains, etc.

(ii) the plan, elevation and necessary crossing section of the various buildings, indicating all relevant details relating to natural lighting, ventilation and means of escape in case of fire. The plans shall also clearly indicate the position of the plant, and machinery, aisles and passage ways, and

(c) Such other particulars as the Chief Inspector may require.

(2) If the Chief Inspector is satisfied that the plans are in consonance with the requirements of the Act he shall, subject to such conditions as he may specify, approve them by signing and returning to the applicant one copy of each plan; or he may call for such other particulars as he may require to enable such approval to be given.

In passing the plans, the Factory Inspection Department carefully examines the plans for safety of the structure, adequate machine alleys and passages, efficient ventilation and lighting, provision for sanitary arrangements, provision for risks of fire and accident.

3. The provision has just come into operation. The Chief Inspector of Factories is given wide discretionary powers. He has to approve the plans if they "are in consonance with the requirements of the Act". The Act does not lay down the dimensions of machines, aisles and passage ways. The dimensions will be different for manual transport, semi-mechanical transport and mechanical transport. There is a reference to Ventilation, but the number of Air changes required for various sections is not defined anywhere in the Act. Of course the Government has to move slowly and steadily. It has to think of the old mills and the new mills. It has to consider the view point of the industrialist and the operative and then frame rules which will be in the interest of the industry and also sufficiently flexible as not to be a handicap or too loose or ineffective.

BEFORE THE BOMBAY COTTON TEXTILE INDUSTRY (REHABILITATION)  
COMMISSION UNDER THE CHAIRMANSHIP OF MR. JUSTICE DESAI.

*Subject.*—Prices of Machinery and Building.

May it please the Honourable Commission,

Further to the list of machinery quotations sent on 7th February 1957, the Millowners' Association, Bombay, begs to submit herewith a supplementary list of machinery quotations.

As already stated in our letter of 7th February 1957, where the quotations are on ex-works unpacked, F. O. B. or F. A. S. basis, it is necessary to add appropriate percentages for packing, freight insurance, customs duty, etc.

So far as the customs duty is concerned, it has to be paid at the following rates :—

Spinning Ring Frames, Spindles and Looms	...	10½ per cent.
All other machinery	...	10 per cent.

Freight and insurance charges vary from 7½ to 12 per cent. depending upon the bulk and the size of the packings and the value of its contents. Clearing charges and the transport to mills will cost about one per cent. If the goods are imported directly in the name of the mills, no sales tax would be payable, but otherwise, sales tax at the rate of 3 pies per rupee has to be paid. For goods purchased in India, sales tax at this rate would, however, become payable uniformly.

Every effort was made to secure quotations for the period 1952-56, and it will be observed that in a majority of cases quotations have been given for this period. In some cases, however, quotations were not available for all the years for various reasons. While supplying quotations to mills, we took the average of the available quotations, and where the quotations are F. O. B. or F. A. S., a uniform 20 per cent. was added to account for all the items mentioned above. In the case of Barber Colman Machines, the quotations are on the basis of ex-works unpacked. Packing charges, we understand, amount to 5 per cent. and the freight from the works to a U. S. port amounts to 1½ per cent., and we have, therefore, added 26½ per cent. in the case of Barber Colman machinery for arriving at the price of the machines delivered at the mills.

Here we would like to refer to the fact that the 1957 quotations are higher in almost all cases and the trend of prices is still upwards. It is these prices which mills will have to pay for rehabilitation. However, we requested our members to take the 1952-56 quotations, as the Commission is required to ascertain the cost of rehabilitation on the basis of the 1952-56 prices.

(Signed) N. S. V. AIYER,  
Secretary,  
The Millowners' Association, Bombay.

Bombay, 15th March 1957.

Encl :

# THE MILLOWNERS' ASSOCIATION, BOMBAY.

## Prices of Textile Machinery.

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## W. H. BRADY &amp; CO. LIMITED.

Brady House,  
12-14, Veer Nariman Rd.,  
Post Box No. 26,  
Bombay 1, 6th February 1957.

No. 1/L-2343/340/JJ : J.

The Millowners' Association, Bombay 1.

Dear Sirs,

Wm. Tathams Waste Processing Machinery.

We have for reference the recent conversation which Mr. Ashworth had with the undersigned in respect of price increase of our Principals' Machinery during the period 1952 to 1957, and are pleased to enclose herewith a List of the prices of the 3 machines, namely, the Thread Extractor, Roving Waste Opener and Willowing Machine.

We trust the information contained herein would be of use to you. Unfortunately, it is not possible to give a percentage increase on these machines as the figures stated in the List are taken from actual quotations.

Assuring you of our best attention at all times,

Yours faithfully,

For and on behalf of W. H. BRADY & Co. Ltd.,

(Signed) R. S. SMITH,  
Technical Adviser.

Encl.: List of Prices.

W. H. BRADY & CO. LIMITED.

Wm. Tathams Machinery Prices :  
1952-1957.

Year.	Thread Extractor.	Willowing Machine.	Roving Waste Opener.
	£	£	£
1952	725	1,094	637
1953	750	1,094	675
1954	775	1,120	695
1955	800	1,140	714
1956	925	1,237	797
1957	925	1,237	827

Packed and delivered F. O. B. London English Port.



## GREAVES COTTON &amp; Co. LTD.

1, Forbes Street, Bombay-1.

6th February 1957.

Mech. Eng. Department.

Ref. No. 6M/BS.

The SECRETARY,

The Millowners' Association, Bombay.

Dear Sir,

Re : Penman Lancashire Boiler.

With reference to our letter No. 6M/BS, dated 2nd February 1957, we understand from Mr. H. R. Batlivala that you require the price increase of the boiler during the years 1953, 1954 and 1955. Accordingly we furnish below the additional information required by you :—

Period.	Percentage of price increase.
April 1952 to March 1953 ...	18.3
April 1953 to March 1954 ...	3.3
April 1954 to March 1955 ...	...
April 1955 to March 1956 ...	8.4
April 1956 to December 1956 ...	...
Total Price increase between April 1952 to December 1956 ...	30%

We may mention further for your information that the price of the boiler given by us in our letter of the 2nd February 1957, viz. Rs. 46,500 was the one prevailing in May 1952 and the price increase in that year became effective on 1st June 1952.

We trust that we have furnished the information in accordance with your requirements and assure you of our best attention at all times.

Yours faithfully,

Greaves Cotton &amp; Co. Ltd.,

(Signed) .....

*Information received from Mr. Arvind Patel of Mafatlal Group.*

Re : Reeling Machine Prices from 1952/1957.

Hand operated Reeling with Cross Motion attachment 40 hanks  
7 Lea 3½ gauge :—

1952/53/54

... 325 plus 3 per cent. Packing  
and Forwarding.

1955.	... 352 plus 3 per cent. Packing and Forwarding.
1956/1957.	... 384 plus 3 per cent. Packing and Forwarding.

*Power Driven.*

1952/54.	.. 445 plus 3 per cent. Packing and Forwarding.
1955/56/57.	... 495 plus 3 per cent. Packing and Forwarding.

## INDIAN TEXTILE ENGINEERS PRIVATE LTD.

Bombay, 7th February 1957.

The MILLOWNERS' ASSOCIATION, Bombay 1.

Price for Conversion of Drawing Frames from 9" to 12" Cans.

Year	Price.
1952 to 1956.	... £. 21

For Indian Textile Engineers (Private) Ltd.,

(Signed) .....,  
Technical Sales Manager.

## INDIAN TEXTILE ENGINEERS (PRIVATE) LTD.

Bombay, 7th February 1957.

The MILLOWNERS' ASSOCIATION, Bombay 1.

Prices of Platt Bros' Dry Ring Doubling Frame with 300 spindles, 2-3/4" gauge, 7" lift 1-3/4" ring, as ruling from 1952 to 1957.

Year	Price.	Over 1952 per cent. increase or decrease.
1952	£. 1781	
1953	Same as in 1952.	
1954	£. 1658	... 7 per cent. decrease.
1955	Same as in 1954.	
1956	Same as in 1954.	
1957	£. 1812	... 1 1/4 per cent. increase.

For Indian Textile Engineers (Private) Ltd.,

(Signed) .....,  
Technical Sales Manager.

## ENGINEERING AND AGENCIES (PRIVATE) LTD.

Bombay, 9th February 1957.

The BOMBAY MILLOWNERS' ASSOCIATION, 10, Vir Nariman Road, Bombay 1.

Dear Sirs,

As desired by you, we are sending herewith specifications and prices of +GF+ Automatisation Equipment covering :

- (a) Complete + GF + Bobbin Changing Device.
- (b) + GF + Warp Stop Motion.

manufactured by our makers/suppliers Messrs. George Fischer Ltd., Schaffhausen (Switzerland).

The prices are shown in Swiss Francs (S. F. 90.25 equivalent to Rs. 100) for the corresponding years 1953 to 1956.

We hope this meets the purpose.

Yours faithfully,

For Engineering and Agencies (Private) Ltd,

(Signed) .....,  
Managing Director.

+GF+ Bobbin Changing Device, HR, complete with protector scissors, iron sley, shuttle checking device with releasing motion, picker retractor on changing side, temple cutter, mechanical sliding feeler, weft stop motion and weft hammer with stud, without greyhound-tail, ready for fitting, suitable for :

		1953.	1954.	1955.	1956.
32" reed space S. F.	...	1,200	1,200	1,420	1,420 each.
48" reed space S. F.	...	1,240	1,240	1,405	1,405 each.
63" reed space S. F.	...	1,280	1,280	1,510	1,510 each.
79" reed space S. F.	...	1,320	1,320	1,555	1,555 each.

+GF+ Warp Stop Motions, Model UZ, with serrated detecting bars, including one pair of special screws and nuts per bank, normal knock-off motion with device for locating the fallen dropper from the weaver's stand, without dropper wires.

		1953.	1954.	1955.	1956.
S. F.	...	141	155	155	155 each.

The above prices are for delivery F.O.B. European Port, including seaworthy packing.

ONE—AUTOMATIC PIRN WINDER "AUTOCOPSER ASE", with 12 winding heads, each winding head fully automatic and independent working unit, arranged for winding at different yarn speeds from 6,000 to 12,000 r.p.m., fitted with automatic stop motion, drive effected by means of a totally enclosed built-in motor, provided with Automatic Pirn Sorting Device and De-Dusting Arrangement with the a travelling blower.

Price—for delivery F.O.B. German Port, including sea-worthy packing ... DM. 23,925.

The prices are given in Deutsche Marks (Rs. 100 equivalent to DM. 87.).

JOHN T. HARDAKER (INDIA) PRIVATE LTD.

Ferguson Road, Lower Parel, Bombay 13.

Ref. MX.

11th February 1957.

The Deputy SECRETARY,  
The Millowners' Association, Bombay,

Dear Sir,

We acknowledge receipt of your letter dated 8th instant asking us to let you have our quotations year by year from 1950 up-to-date for Dobbies of 24-Shafts and Jacquards of 400 Needles for use in cotton mills and we have much pleasure in giving you the following information:—

400 Hook Double Lift Double Cylinder Jacquard Machine for power looms.

From 1950 to 1954 the ruling price of				
the above machines was				Each Rs. 1,310 0 0
1955	...	...	...	Each Rs. 1,450 0 0
1956	...	..	...	Each Rs. 1,675 0 0

The above prices were for free delivery in Bombay.

With regard to Dobbies, we would state that we have not been dealing in Dobbies and still do not deal in same. We would, however, refer you to Messrs. Mayashankar Thacker & Co., 65, Apollo Street, Fort, Bombay, who may be able to give you the required information.

Hoping the information given will be of use to you.

We are, Dear Sir,  
Yours faithfully,

For John T. Hardaker (India) Private Ltd.,

(Signed) .....  
General Manager.

## INDIAN TEXTILE ENGINEERS (PRIVATE) LTD.

Stadium House, Third Floor,  
81-83, Veer Nariman Road, Post  
Box No. 1589, Bombay 1.

No. SRS/DAP.

12th February 1957.

The SECRETARY,  
Millowners' Association, Bombay.

Dear Sir,

With reference to the request made over the phone, we send herewith the following :—

(1) Statement showing individual prices of the Blow Room Machines, as ruling from 1952 to 1957.

(2) Statement showing the prices of the Weft Ring, Spinning Frame of Messrs. Platt Bros' make, as ruling from 1952 to 1957.

(3) Statement showing the prices of the Weft Ring Spinning Frame of Messrs. National Machinery Mfrs.' make, as ruling from 1952 to 1957.

Yours faithfully,

For Indian Textile Engineers (Private) Ltd.,

(Signed) .....  
Technical Sales Manager.

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INDIAN TEXTILE ENGINEERS PRIVATE LTD.

THE MILLOWNERS' ASSOCIATION, BOMBAY.

11th February 1957.

*Prices of individual Blow Room Machines of Platt Bros' make detailed in statement dated 30th January 1957.*

Details of machinery.	F. A. S. Price.					
	1952			1953		
	£.	s.	d.	£.	s.	d.
1. Unit Of:—						
3 Blending Hopper Bale Openers 30" wide each with 8' creeper lattice, 1-18" dia. dustfan, electric control equipment, 1 high speed horizontal conveyor belt 21' long, 1—high speed inclined belt 4'-4" long.	2,635	8	9	2,580	5	6

Details of Machinery.	F. A. S. Price.					
	1952.			1953.		
	£	s.	d.	£	s.	d.
1 Single Crighton Opener Cylinder part with valves.	552	16	6	541	6	2
1 No. 1A type Hopper Feeder 39" wide with pneumatic condenser unit and fan.	916	0	4	896	16	8
1 Single Porcupine Opener 36" wide ..	526	8	10	515	8	4
1 Single Crighton Opener Cylinder part with valves.	552	16	6	541	6	2
1 Set of Gridded dust trunks .. ..	196	10	9	192	8	6
1 No. 1A type Hopper Feeder 39" wide with pneumatic condenser and fan.	916	0	4	896	16	8
1 Electric control with 1 Solenoid ..	46	15	11	45	16	3
1 Double Opener 36" wide with one 24" dia. cylinder and one 18" dia. 3-bladed beater.	1,434	5	4	1,404	4	7
1 Automatic 2-way Distributor including electric control with 1 Solenoid.	280	15	5	274	17	9
2 No. 2 type Hopper Feeders 39" wide each with pneumatic condenser and fan.	1,949	0	4	1,908	4	0
2 Single Beater Finisher Scutcher & Lap Machines 41" wide for 40" laps with single feed roller arrangement, vertical regulating-box.	2,496	7	6	2,444	2	4

For Indian Textile Engineers (Private) Ltd.

(Signed) .....

Technical Sales Manager.

INDIAN TEXTILE ENGINEERS PRIVATE LTD.

THE MILLOWNERS' ASSOCIATION, BOMBAY.

11th February 1957.

*Prices of individual Blow Room Machines of Platt Bros' make detailed in statement of 30th January 1957.*

Details of Machinery.	F. A. S. Price.											
	1954			1955			1956			1957		
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
1 Unit of:—												
3 Blending Hopper Bale Openers 30" wide each with 8 ft. Creeper Lattice.	2,322	19	5	2,226	0	0	2,226	0	0	2,348	8	0

## P. A. S. Price.

## Details of Machinery.

	1954	1955	1956	1957
	£. s. d.	£. s. d.	£. s. d.	£. s. d.
1 No. 5 Exhaust Fan.	114 10 9	119 0 0	119 0 0	130 1 0
1 High Speed Conveyor Belt 12" wide 24 ft. long with tin funnel.	400 7 0	224 16 3	222 10 0	235 6 6
1 Twin Opener with bye-pass.	997 4 2	1,003 8 6	1,003 8 6	1,060 7 6
1 Pneumatic Condenser Unit.	198 11 6	212 3 6	212 3 6	224 4 9
1 Hopper Feeder 41" wide.	915 6 6	998 0 6	1,009 15 6	1,065 15 0
1 Double Opener 41" wide with one 24" dia. Cylinder and one 18" dia. 3-Bladed beater.	1,428 16 0	1,409 1 6	1,412 12 0	1,490 2 6
1 New type Two-way Distributor including dry plate rectifier & transformer.	204 0 10	202 2 0	202 2 0	212 8 6
2 Pneumatic Condenser Units.	397 3 0	424 7 0	424 7 0	448 9 6
2 Hopper Feeders 41" wide with reserve delivery boxes.	1,924 13 0	2,037 5 0	2,060 11 0	2,372 10 0
2 Single Finisher Scutcher & Lap Machines 41" wide for 40" laps with 3-bladed beater.	3,214 16 0	3,370 8 0	3,326 12 0	3,497 10 6

For Indian Textile Engineers (Private) Ltd.

(Signed) .....  
Technical Sales Manager.

THE MILLOWNERS' ASSOCIATION, BOMBAY 1.

*Prices of Platt Bros' Ring Frames of the following Specification, as ruling from 1952 to 1957.*

Bombay, 11th February 1957.

M-1 Model Weft Ring Spinning Frames of 488 spindles, 2½" gauge 6" lift, 1½" ring, with Casablancas drafting system type A-500, Single Creel, "V" rope drive at Off-End.

Year.	Price f. a. s.	Per cent Increase or decrease over 1952.	Remarks.
1952	.. £. 2802	.. ....	
1953	.. £. 2532	.. 9½ per cent decrease over 1952.	
1954	.. Same as in 1953.		
1955	.. £. 2673	.. 4½ per cent decrease over 1952.	
1956	.. Same as in 1955	..	
1957	.. £. 2817	.. ½ per cent Increase over 1952.	

For Indian Textile Engineers (Private) Ltd.

(Signed) .....

Technical Sales Manager.

Bombay, 11th February 1957.

# THE MILLOWNERS' ASSOCIATION, BOMBAY 1.

*Prices of National Machinery Mfrs' Ring Frames of the following  
Specification, as ruling from 1952 to 1957.*

M-1 Model Weft Ring Spinning Frames of 488 spindles, 2¼" gauge 6"  
lift 1¼" ring, with Casablancas drafting system type A-500, Single  
Creel, "V" rope drive at Off-End.

Year.	Price f. o. r.	per cent increase or decrease Over 1952.	Remarks.
1952	.. Rs. 39,492	....	
1953	..		} No change in price.
1954	..		
1955	..		
1956	..		
1957	..		

For Indian Textile Engineers (Private) Ltd.

(Signed) .....

Technical Sales Manager.



## VOLTAS LIMITED, BOMBAY.

Text : 25351/Tx. 143-T/CPZ : PNK.

G. O. 5684.

Bombay, 23rd February 1957.

Messrs. THACKERSEY MOOLJEE & Co.,  
 Sir Vithaldas Chambers,  
 16, Apollo St., Fort, Bombay 1.

The SECRETARY,  
 Millowners' Association, 10, Vir Nariman Road, Bombay-1,

Dear Sirs,

Reference: Price of "Little Uster" Warp Tying Machine.

As desired by you, we give below the prices of our "Little Uster" Warp Tying Machine similar to the one supplied to your Hindoostan Spg. & Wvg. Mills Co., Ltd., Bombay (i.e. the machine with one Tying Apparatus and two Tying Frames suitable for a maximum warp width of 63") ruling for the last four years.

Price of one "Little Uster" Warp	1957.	1956.	1955.	1954.
Tying Machine with one Tying Sw. Frs.	Sw. Frs.	Sw. Frs.	Sw. Frs.	Sw. Frs.
Apparatus and two Tying Frames	21-310	21-310	21-310	21-310
of 63".	ex-works packed.			

You will see from the above that the price remains the same since the last four years. A copy of this letter is being posted to the Millowners' Association as required.

Yours faithfully,

सत्यमेव जयते

VOLTAS LIMITED.

By its Constituted Attorney.

(Signed) S. B. MEHTA.

VOLTAS LIMITED TEXTILE DEPARTMENT (Millstores).  
 BOMBAY 1.

19, Graham Road, Ballard Estate,  
 Bombay.

Our Ref. Tx., 21682/File 51/Misc.

26th February, 1957.

The SECRETARY,  
 Millowners' Association, Bombay 1.

Reference : Electric Warp, Stop, Motions, and Drop Wires.

Dear Sir,

On having been requested by Seth K. M. D. Thackersey to submit to you the price indication of the above equipment manufactured by

our principals, Messrs. Grob & Co. Ltd., Horgen, Switzerland, we have pleasure in giving you the same for a unit suitable for 50" reed-space looms :—

Suitable for plain cotton looms with *weft fork lever and push on starter*,

Complete Electric Warp Stop Motions, 'Open' view with Thread Breakage Indicator, Execution KFW 870, with 2 centre supports  
Useful length of the Stop Motion : 50"

Per Apparatus : 4 Contact Bars

1 Knock-off Device KFW 200,

6 Metres cable,

1 Transformer 200/250 V., 0.5 amps.

complete with :

4,000 Drop Wires of Best Hardened and Tempered Strip Steel,  
'Open' type 14G 4 — 140 × 11 × 0.2 mm, Cadmium Plated

Price per unit as above

Sw. Francs 264.45  
ex. works, unpacked  
= Rs. 294 approx.

2. Further, we wish to add here that our price structure for Electric Warp Stop Motion has been steady for the last three years, which is the time when these Warp Stop Motions were introduced in the Indian market. The prices for Warp Stop Motions and Drop Wires will vary according to the sizes as also according to the other requirements of the clients.

We hope that we have given you the necessary information.

Yours faithfully,

Voltas Limited,  
By its Constituted Attorney,

(Signed) T. V. RAMASWAMY.

BATLIBOI AND COMAPNY.

PROP : BHOGILAL LEHERCHAND PRIVATE LTD.

Forbes Street, Fort Bombay.

Our Ref. Tex : 9/57.

2nd March 1957.

The Millowners' Association, Bombay.

Dear Sirs,

Reference :—Barber-Colman Automatic Warp Tying and  
Warp Drawing-in machines.

As desired by you, we have pleasure in submitting certain information regarding the above.

(G.C.P.) L-A H 286—9

Sheet No. 1 shows the production and price of Portable Warp Tying machine.

Sheet No. 2 shows the production and price of Stationary Warp Tying machine.

Sheet No 3. shows the production and price of Drawing-in machine.

If any further information is required, please be assured that our services are at your disposal.

Thanking you, we remain,

Yours faithfully,

Batliboi and Company.

(Signed) .....  
Textile Division

*Sheet No. 1.*

BARBER-COLMAN PORTABLE WARP TYING MACHINE.

This machine is designed for tying the warp at the back of the loom.

It can also be used in a different room with the help of a tying frame.

The actual production in 8 hours is calculated at 40,000 ends though the tying speed of the machine is 300 ends per minute.

The type of healds does not make any difference in tying.

Price : 1950 to 1956 ..... \$ 9,600·00 Each  
Ex-factory, U. S. A.  
Plus 2½ per cent. Export packing.

*Sheet No. II.*

BARBER-COLMAN STATIONARY WARP TYING MACHINE.

This machine is designed for tying the warp in a separate room away the loom. When one warp is tied, the other is prepared and therefore, this machine can easily give a production of 65 to 70,000 ends per 8 hours (65,000 to 70,000 ends).

The type of healds does not make any difference in tying.

Price : 1950 to 1956 ..... \$ 9,600·00 Each  
Ex-factory, U. S. A.  
Plus 2½ per cent. Export packing.

Sheet No. III :

BARBER-COLMAN WARP DRAWING-IN MACHINE :

This machine is designed to handle a wide variety to work. It can draw warps from a flat sheet, split, sheet, double beam, a one-and-one lease. Correct selection is made accurately and automatically for each pick by a sequence of mechanical motions controlled by a pattern strip punched in accordance with the designer's draft.

The production will depend on the nature and type of work ; however, the average will work out to 3,000 to 3,500 ends per hour or 25,000 ends per shift of 8 hours.

PRICE : 1950 to 1956 ..... \$ 27,600.00 Each.  
Ex-factory, U. S. A.  
Plus 2½ per cent. Export packing.

VOLTAS LIMITED, BOMBAY.

Text. 25718/Tx. 166/PAK : GTI. Bombay, 4th March 1957.

The SECRETARY,  
The Millowners' Association,  
Bombay 1.

Dear Sir,

We acknowledge receipt of your letter dated 28th *ultimo* and as desired by you we are sending you enclosed price indications giving you the ruling prices of the following machines that we are representing together with the percentage increase in price in the various years as far as we could give. We hope this will suffice your needs.

You will appreciate that the price indications for the various machinery represent machines of standard specifications and variations in the specification may bring corresponding changes in the price. These prices may be taken as general indication only.

- (a) Rieter's complete spinning machinery.
- (b) Schweiter Super Automatic Pirn Winders.
- (c) Ruti Looms, Sizing Machines and Size Pressure Cookers.
- (d) Benninger complete range of finishing machinery.

Regarding the price of 'Little Uster' Warp Tying Machine, please note that the same has been furnished to Seth Krishnaraj Thakersey sometime back.

Yours faithfully,

VOLTAS LIMITED,  
By Its Constituted Attorney,  
(Signed) S. B. MEHTA.

\*Encl. : Price Indications.

*Machinery Manufactured by: M/s. Benninger Engineering Co. Ltd., Uzwil, Switzerland.*

- (1) Chainless Cloth Mercerising Machine type MG-III-1/2DB, Neutralising Machine type LG-III-1/2D, suitable for large width fabrics up to 78½" and 2 narrow width fabrics each up to 35", side by side, including DC co-ordinated multi-motor drive (Ward Leonard) and necessary spare parts ... Sw. Frs. 283,800.
- (2) Special Four Bowl Padding Machine FIBE, type CEA, suitable for fabrics up to 63" wide, including standard machine, plating device, cloth brake, double cone expanding device and normal set of spare parts ... Sw. Frs. 38,520.
- (3) Fully Automatic Tensionless Jigger, suitable for fabrics up to 63" wide, including standard machine, squeezing device, distance thermometer and set of normal spare parts ... Sw. Frs. 16,780.
- (4) Open Width Pressure Boiling Machine type LFNb, including spare parts, for 63" useful width ... Sw. Frs. 29,225.
- (5) Open Width Hydro Extractor type SPM, including standard machine, pole changing motor, cloth brake, plating device and normal set of spare parts. Machine suitable for fabrics up to 63" wide ... Sw. Frs. 22,950.

Above prices are for delivery ex-works in Switzerland including seaworthy packing

*Note.*—The prices of wet processing and finishing machinery went up by 5 per cent., during 1955. There was a further rise of 5 per cent. in 1956.

*Machinery manufactured by: M/s. Maag Bros. Machine Works Ltd., Kunsnacht, Switzerland.*

- Selvage Printing machine type SKD, 63" useful width, with pole changing motor, automatic alignment device, spare printing block, ink distribution rollers. Machine suitable for ink printing as well as gold and/or coloured foil printing. Price ex-works in Switzerland, packed ... Sw. Frs. 15,020.

*Machinery manufactured by Messrs. Pritz Buser Ltd.,  
Wiler, Switzerland.*

Fully Automatic Multi-Colour Screen Printing Machine, suitable for 8 colour printing, including drying unit, batching device, normal spare parts and complete screen making equipment. Max. printing width 54". Price ex-works packed. ... Sw. Frs. 278,375.

*Machinery manufactured by Messrs. Sam Vollenweider Ltd.,  
Horgen, Switzerland.*

Cropping & Shearing Machine SUPER DUPLIO, type PMA-VNR, for fabrics upto 63" wide, including Dust Exhaust plant, Cloth Condensar, spare shear cutter unit, Honing machine, Electric Grinding Apparatus and chain stitch sewing machine LITTLE WITCH. Price ex-works in Switzerland excluding packing. ... Sw. Frs. 58,570.

*Machinery manufactured by Messrs. Artos Maschinenbau  
Dr. Ing. Meier Windhorst, Hamburg, West Germany.*

- (1) ARTOS Universal Jet Stenter, pin-clip type, with 4 drying sections, with overfeeding unit, weft adjustment, synchronised pneumatic padder drive, and other automatic devices such as automatic cloth guiders, exhaust blower, selvage guiders, uncurlers, etc. ... DM 272,160.
- (2) ARTOS Tensionless Suspension Drier with 3 drying fields, cloth running in the machine absolutely tensionless without any contact on the rollers inside the machine; only jets of heating medium above and below the fabric ... DM 61,360.
- (3) ARTOS Duplex Drier, machine as above but for working 2 fabric layers, 3 drying fields ... DM 111,780.
- (4) ARTOS High Efficiency Hotflue Drier type HF 36/2 with stainless steel cloth guide rollers, individual co-ordinated drive and necessary switch plant ... DM 123,615.

(5) ARTOS Curing machine ... DM 59,650.

Above prices are for delivery F.O.B. German Port including seaworthy packing.

*Machinery manufactured by M/s. Benteler-Works AG.  
Bielefeld, W. Germany.*

- (1) Benteler Continuous Open Width desizing, boiling and bleaching range, for fabrics up to 47" wide, with patented twin batch box inclusive of impregnating unit and 3 washing compartments, DC Co-ordinated multimotor drive etc. ... DM. 327,800.
- (2) Benteler Continuous open width dyeing range, for fabrics up to 47" wide, suitable for the BASF padding and Boosting process, 2 pneumatic padders, Booster ager and washing unit, DC multimotor drive. DM. 475,050.
- (3) Benteler Continuous dyeing range as above, but suitable for the universal pad steam process and inclusive also necessary Hotflue ... DM. 560,020.
- (4) Benteler 2-bowl pneumatic padder, 14 tons pressure, 1 ebonited covered bowl and the other soft rubber covered, including normal indirectly heated stainless steel trough, entrance scaffolding, automatic guiders and air compressor ... DM. 36,168.
- (5) Benteler 3-bowl pneumatic padder, 14 tons pressure, double dip stainless steel trough, other extras as per 2 bowl padder ... DM. 49,322.
- (6) Benteler 4-bowl pneumatic padder, 6 tons pressure, (per nip), stainless steel 2 dip trough, extras as above. DM. 53,338.

Above prices are for delivery F.O.B. German Port including seaworthy packing.

*Price indication for Schweiter Automatic and Super Automatic  
Pirn Winders*

	1957 Sw. Frs.	1956 Sw. Frs.	1955 Sw. Frs.	1954 Sw. Frs.
<hr/>				
(I) <i>Schweiter Automatic Pirn Winder Type MS :</i>				
With individual Multicell Pirn Battery, with 48 spindles double sided 24 spindles on each side, standard execution with Travelling Fans and Movable Pirn Box.	41,950	41,950	About 3 per cent. less than 1956.	About 8 per cent. less than 1956.
(II) <i>Schweiter Super Automatic Pirn Winder, Type MSL (i.e. with a common Hopper Feeder at one end of the machine replacing the individual pirn batteries) with 72 spindles double sides, 36 spindles on each side, standard execution with Travelling Fan.</i>				
	72,350	72,350	About 3 per cent. less than 1956.	About 8 per cent. less than 1956.

The above prices stand for delivery ex-works packed in Switzerland.

*Machinery manufactured by : Messrs. Ruti Machinery Works Ltd.,  
Ruti, Switzerland.*

**RUTI SIZE PRESSURE COOKER, MODEL K.**

Mixing capacity of 100 gallons with stainless container, with agitator driven by directly coupled motor and reduction gear. The container is insulated with mineral wool. Size cooking with steam pressure up to 30 lbs./sq. in. Water Meter, Dial Thermometer and Pressure Gauge included.

Strictly net price ex-works unpacked. Sw. Fr. 15,575.

**RUTI HIGH PRODUCTION SIZING MACHINE, MODEL LSMV/2.**

Suitable for maximum 57" warp width at the back i.e. distance between the flanges of warper beam and maximum 71" warp width at the front i.e. distance



between the flanges of weavers beam consisting of: Adjustable creel with tension control for 12 beams having maximum 28 1/2" flange diameter, Size box with 2 pairs positively driven size/squeeze rollers, Squeezing rollers rubber covered with Pneumatic pressing device. Indirect heating of size circulation by a separate pump, Drying chamber with an evaporation capacity of 1,200 lbs. of water per hour, drying media being a moderate mixture of steam/air, which is circulated by 4 powerful fans each driven by a separate motor of 5.5 HP. Automatic tension control for the warp in wet stage independent from dry stage. Also separate automatic beaming tension control which can be pre-set in fine regulation according to requirements and kept constant from the start to finish of the weavers beam.

Eccentric guide roller for the up and down movement of warp in the zig-zag comb. Foolproof electric fractional marking motion with piece counter. Arrangement for border beams, Pneumatic weavers beam pressing device, Complete Compressor, Complete Multi-Motor Drive with commander switch board and A.C./D.C. Converter and D.C. motors driving individually the size rollers, drag roller, take up roller and wavers beam.

Total consumption approx. 24 HP.

Strictly net price ex-works unpacked. Sw. Fr. 1,62,600.

*Machinery Manufactured by: Messrs. Ruti Machinery Works Ltd.,  
Ruti, Switzerland.*

#### **RUTI SINGLE SHUTTLE AUTOMATIC LOOM, MODEL BALZ.**

Suitable for 120 cm. (approx. 47") width of warp in the reed with shedding motion for plain weave together with

- 1 Shuttle,
- 450 Bobbins,
- 2,500 Drop Wires,
- 1 Heald Frames,

2500 Healds,  
 1 Warp Beam,  
 1 Pick Counter,  
 1 set of Plates felks etc.  
 Complete with Motor and Starter.

Strictly net price ex. works unpacked. Sw. Frs. 7,955.

(To arrive at ex. works packed prices, the packing charges will be about 4 per cent.).

(a) The above are the to-day's ruling prices.

(b) The prices during the year 1956 were 5 per cent. lower than that of to-day's.

(c) The prices during the year 1955 were  $4\frac{1}{2}$  per cent. lower than 1956 prices.

(d) The prices during the year 1954 and previous to that were the same as 1955.

*Machinery manufactured by : M/s. J. J. Rieter & Co. Ltd.  
 Winterthur, Switzerland.*

#### BLOW ROOM.

ONE LINE of Rieter's Blow Room, consisting of :—

- 2—Horizontal Feed Lattices
- 1—Waste Lattice.
- 2—Hopper Bale Openers.
- 1—Automatic Mixing Machine.
- 2—Striker Cleaners.
- 2—Vertical Openers (Crighton).
- 1—Automatic Hopper Feeder Patt. B/3/1.
- 1—Cylinder Opener with 2 porcupine cylinders.
- 2—Automatic Hopper Feeders Patt. B/3/2.
- 2—Double Beater Scutchers with double cone regulation and automatic lap doffing apparatus.
- Electro-pneumatic Feed Control Equipment.
- Pneumatic Conveyance consisting of :—

4 bypass valves for 2 crightons,

1 breeches pipe, 1 bypassing arrangement for single porcupine opener,

2 exhaust fans, 1 two-way distributor,

10 diffusors.

Total Strictly Net Price ex. works in Switzerland packed.

Sw. Frs. 306,710

#### PREPARATORY.

- (a) 1—Revolving Flat Carding Engine, Pattern 33, each 1000 mm—39·3/8" working width, adjustable lap side-plates with reserve lap roller. Dish-feed plate with fluted feed roller, Drive to feed with safety clutch and hand wheel to feed reversing motion. Drive by V-belt from motor to fast pulley, without motor and V-belts, including card clothing, Revolving coiler for 3 cans of 12" dia., Device for increased sliver compression, etc.

Strictly net price ex. works in Switzerland packed.

Sw. Frs. 12,600.

- (b) 1—Sliver Lap Machine, Pattern 38a, for uniting 20-24 slivers, including central lubrication, measuring motion for working to predetermined sliver lengths with warning and stopping signal, covers for 2 lines of top rolls, needle bearings for 2 lines of top rolls, top and bottom clearer cloths, cast-iron weights, chromium-plated sliver guides.

Strictly Net Price ex. Works in Switzerland packed.

... Sw. Fr. 14,628.

- (c) 1—Drawing Frame, Pattern D2W, 433 mm—17·1/16", gauge, including lap feed with grooved wooden lap rollers, with 6 deliveries, 10" can, including push button control, central lubrication, 2-shift indicator for hanks, anti-friction bearing for 3 lines of top rollers, top roller covers of synthetics, DK1 drafting arrangement, without motor.

Strictly Net Price ex.-works in Switzerland packed.

Sw. Fr. 15,435.

- (d) 1—Drawing Frame, Pattern D3Z, with 6 deliveries, 12" can, including push button control, central lubrication, adjustable sliver guide rods, feed side for doubling 8 ends up, sliver crate, 2-Shift indicator for hanks anti-friction bearings for 3 lines of top rollers, top roller covers of synthetics in 3 lines, DK1 drafting arrangement, without motor.

Strictly Net Price ex.-works in Switzerland packed.

Sw. Fr. 16,045.

- (e) 1—Slubbing Intermediate Frame (Single Passage Speed Frame) Type GMN. with 138 spindles, 10" lift, including central lubrication, push button starting and stopping motion or friction plate clutch, separator plates, electric stop motion, chromium plated flyers, 2-shift hank indicator, 4-roller-two-zone Drafting Arrangement, loose boss top rollers with ball bearings in 4 lines, covers to clearers in all lines, measuring motion for predetermined roving lengths, without motor, with synthetic cots in 4 lines.

Strictly Net Price ex.-works in Switzerland packed.

Sw. Fr. 56,680.

- (f) 1—Ring Spinning Frame Patt. G4 for warp, with 440 spindles, 70 mm = 2 $\frac{3}{4}$ " gauge, 8" lift, 1 $\frac{7}{8}$ " ring dia., including Rieter's Double pron drafting arrangement, drive by V-belt, but without motor and V-belts, 2-shift hank indicator, tin roller brake, chromium plated creel rods, roller bearing spindles, adjustable anti-ballooning rings, Broken thread catcher rods to ring rails, top and bottom rollers adjustable in all lines, central lubrication, pneumafil equipment.

Strictly net price ex.-works in Switzerland packed.

Sw. Frs. 52,615.

## COMBING.

- (g) 1—Ribbon Lap Machine, including 2-shift indicator, chromium plating for front sliver tables and curved plates, central lubrication, etc., without motor.

Strictly Net price ex-works in Switzerland packed Sw. Frs. 18,435.

- (h) 1—Comber, Pattern 15, including 2-shift hank indicator, combing cylinder with flat needles, instead of round ones, Sliver tins with top portion equipped with grid bars and the bottom portion plain, coiler for 9" or 10" cans, without motor.

Strictly Net price ex-works in Switzerland packed Sw. Frs 21,845.

*Note.*—Please note that in the year 1955 the prices of all Rieter's Machinery had gone up by 6 per cent. Again in the year 1957 i.e., 1st January 1957 the prices of all machinery except Ring Frames and Cards have been increased by Messrs. Rieters by 10 per cent.

The prices indicated above are our current selling prices.

## MACHINERY MANUFACTURERS CORPORATION LIMITED

Gateway Building, Apollo Bunder Bombay.

Reference : TEX/PKT/MISC/1735.

March 9, 1957.

The MILLOWNERS' ASSOCIATION,  
10, Vir Nariman Road, Bombay.

Subject :—Whitin's Model "J" Combers and Even Draft  
Model "M" Drawing Frames.

Dear Sirs,

We understand from Mr. Fali Pestonji of Tata Industries that you require the prices of Whitin's Combers and "M" Drawing Frames prevailing from 1952 to 1957.

As sole distributors for Messrs. Whitin Machine Works, U. S. A. we enclose herewith\* \*(not enclosed) mimeographed sheets giving some of the salient features and Whitins combing Machinery and their Even

Draft Model "M" Drawing Frame and give below their prices ruling from 1952 to 1956 as per statement :—

*Prices of Whitin's Combing Machinery and "M" Drawing Frames with Motors and Motor Equipments.*

	1952	1953	1954	1955	1956
Sliver Lap Machine ..	3,937·90	4,126·46	4,142·57	4,095·96	4,129·37
Ribbon Lap Machine ..	5,674·14	5,807·77	5,932·00	5,928·81	5,952·28
Model "J" Combers ..	10,374·88	10,737·71	10,878·43	10,884·71	11,332·45
Model Even Draft Model "M" Drawing Frame. ....	....	....	....	....	12,852·00

We estimate one Sliver Lap Machine, one Ribbon Lap Machine and 3 Model "J" Combers to form one set and the production of this set is approximately equivalent to 8 Combers of other makes.

Whitins have introduced into the market their latest type of Even Draft Model "M" Drawing Frame only during the last year and hence we could not furnish the earlier prices of the machine.

You will see from the attached sheets that the production of Whitins Model "J" Combers as well as their "M" Drawing Frame is nearly 2½ to 3 times the production of the conventional type of Drawing Frames and other make of Combers. Besides, the higher production the quality of the Sliver produced is also much better and on account of less moving parts the maintenance cost is also much less.

Model "M" Drawing Frame is a revolutionary machinery inasmuch as cotton of 7/8" to 3" could be processed with little adjustment in settings and the front roller, diameter of which is of 2" as against the standard of 1½" or near about, revolves giving a delivery of as high as 300 ft. per minute as against the conventional delivery of 100 to 120 ft. per minute.

We trust we have given you the information required.

Assuring you always of our best services,

Yours faithfully,

for Machinery Manufacturers Corporation Ltd.

(Signed) B. M. BAVDEKAR.

Prices quoted are in U. S. dollars f. a. s. New York or Boston.

(G.C.P.) L-A H 286—11

## EXHIBIT "O".

11th February 1957.

My name is Shri N. H. Poonager. I am a Chartered Civil Engineer and a full member of the Institute of Engineers, and practise as a Consulting Civil Engineer and Assessment and Valuation expert for the last 39 years under the name and style of Messrs. Poonager, Bilimoria & Co., where I am the seniormost partner.

As assessment expert of the Bombay Millowners' Association and standing architect to several of the member mills, I am personally conversant with the general condition of most of the mill premises in Bombay.

With this personal knowledge and further data collected from textile journals etc., I make the following observations.

The mill industry in Bombay started as such in 1870 and by 1915 the major bulk of these mills were in existence. It is my estimate that 70 per cent. of these were established between 1870 to 1900, another 25 per cent. up to 1915 and the rest, i.e. 5 per cent. from 1915 to 1925. No new mills were established, as far as my knowledge goes, after 1925 and hence I group them in three, (1) from 1870 to 1900, (2) from 1901 to 1915, and (3) from 1916 to 1925.

I consider the total life of a structure in a mill premises, if soundly built, at a maximum of 90 years. Thus the future residual life of a structure, on an average, in the first group is 20 years, that in the second group 35 years and that of the third group 50 years.

It is my opinion and experience that, however much these structures are kept in constant repairs, a time will arrive when heavy structural repairs to them have to be carried out to put the same in tolerably sound condition for their normal use again for some further time. I further opine that these heavy structural repairs require a sum far in excess to what is being set apart as outgoings under the head "repairs". Thus, a separate and a much larger sum will have to be set apart to serve this purpose.

In addition to the above, due to the various acts and enactments passed by the various Governments and the consequent bye-laws formulated by the local authorities for the efficient working of heavy industries, the existing arrangements and methods or working conditions would be drastically changed, which, in my opinion, will require remodelling of various structures, even to the point of dismantling and constructing them anew, to suit the revised requirements of the various bodies.

This will also be the case when modernising schemes of the mill machineries are also taken up in hand. The present-day trend of such machineries are for larger and more heavy units, which could not be installed in the existing structures, which are designed to house smaller and lighter ones.

Besides, the construction details of the structures in various groups vary. Those in group (1) are all of teak constructions, with a pitched roof also of teak construction. In the second group, more recourse was had to iron and steel, but as cement was practically unknown then, recourse was had to lime, which, as is now proved, has a corroding effect over all kinds of iron and steel. Only the structures constructed in the third group compare favourably with the present trend, with this difference that bare steel stanchions, beams, and joists were used then in the construction thereof. This, as experience proved later on, do not withstand fire, and hence all bare iron-works are now required to be encased with R.C.C. Cement concrete.

The present day cost of constructing mill structures work out to Rs. 1-2-0 per C.ft. That upto the first world war was annas two per C.ft. In the prewar period, i.e. in 1939, the cost per C.ft. was about annas five per C.ft. Thus, present-day cost is at least 10 times more than that of the period before world war No. 1 and over three times that of pre-war period i.e. 1939.

In conclusion, I state that a great many of the structures in groups (1) and (2) will have to be either reconstructed or drastically remodelled to suit the installation of modern machineries and to comply with the regulations of the Factories Act and consequent bye-laws of local authorities.

N. H. POONAGER,  
B.E., M.I.E.,  
Architect, Engineer etc.

My name is A. N. Ghose. I am an L.T.M. (Hons.) of the Victoria Jubilee Technical Institute, Bombay. I have also received training in Germany.

Since 1933, I am serving the Industry in various capacities in the weaving. In the year 1949, I was appointed by the Government of India as a member of the Technical Sub-Committee of the Working Party for the Cotton Textile Industry. As a member of the Technical Sub-Committee, I had the opportunity of visiting several mills in Bombay and other centres.

From what I saw then, I can say that the conditions of machineries, lighting, humidification, ventilation, spacings, etc. were far below the present requirements and, in my opinion, need drastic up-grading :—

(1) For example, machineries which I found working in most of the mills were of very old types and in worn-out conditions, and as such productions from such machines were below normal average standard, with regard to both quality and quantity.



(2) As regards lighting, it was mostly incandescent type, giving very low foot-candles, which in my opinion was detrimental to the cause of both production and quality.

(3) With regard to humidification, many mills were found still working with the old drosifers, which could give certain percentage of humidity, although not up to the required percentage. In view of the better equipment being available now, it is necessary that the old types are replaced with new ones, such as Bahnson type or Carrier system, giving controlled humidity and ventilation as per the requirements of the departments, with automatic control arrangements.

(4) As regards spacing, in most of the mills, the working spaces were found very limited, that is to say, the lay-out seemed to be so cramped that workers were having very limited working space. With the replacement of these old machines with new ones, the defect will not be automatically removed. Structural alterations and additions will have to be made, so as to secure better spacing between machines.

I am working at present as a Weaving Superintendent of the Hindustan and Western India Mills, Bombay. In these two mills, we have carried out considerable rehabilitation programme, after having conducted a series of trials with different types of machines and lay-outs. For example, immediately after the war, we replaced the old vertical type winding and ordinary warping machines with non-automatic high-speed winding and warping machines. Not being satisfied with the results, we went on experimenting with different kinds of machines including automatic winding and high speed warping; and ultimately changed over completely to fully-automatic winding and warping machines, of the Barber-Colman type. Similarly, we replaced the old slasher sizing machines with modern high-speed hot-air machines with many control devices, for improvements in the quality of the sized yarn. Further, in order to bring improvements in the quality of size mixtures for dressing of the yarn, we replaced our old mixing plant with latest types of cooking vessels, homogenisers with temperature and time control. In order to save time and reduce the period of loom stoppages, we have introduced automatic warp-tying machines and automatic reaching-in machines. Similarly, having had the experience of a few hundred automatic looms installed in one of our mills prior to the second world war, we replaced the remaining ordinary looms by automatic ones, and today we are having 1,100 automatic looms in one of the mills.

As a result of these changes, we have derived the following benefits :—

(a) There has been a considerable improvement in the quality of cloth produced by us.

(b) There has been an increase in the production of cloth, because of the improvement in the preparatory processes.

(c) There has been a remarkable increase in the wages earned by the workers in the rehabilitated departments.

(d) Because of the improvement in quality and production, the demand in export markets for our cloth has gone up, and then too, there is a higher demand for cloth produced by the Hindustan Mills which has a fully-automatic loom shed. We are exporting our cloth to countries like U. K., Canada and Australia.

On the basis of the results that we have obtained in these two mills, I have no hesitation in saying that the cotton mill industry of Bombay will benefit immensely if it could replace all its existing winding, warping and sizing of old types by the latest machinery, namely, Barber—Colman type of winding and warping; and hot-air sizing (with automatic control and cooking units) machines. I would like to emphasise that the Barber—Colman type of winding and warping machines have rendered obsolete even the so-called high speed winding and warping machines installed by some mills just before and after the second world war, in view of the improvement in quality of cloth which results with the better preparation given by the Barber—Colman machines and hot-air sizing.

It is universally recognised that cloth produced on automatic looms is superior in quality to that produced on ordinary looms, and Government have also recognised this fact by allowing the installation of 14,000 automatic looms for purpose of export only, where quality counts.

Having worked on old types of machines as well as on the latest machines which have been installed in our two mills, I can confidently state that it would be in the interest of the industry, the labour and the technicians as well as the country, if the existing machines in mills were replaced by the Barber—Colman system of winding and warping, hot-air sizing with automatic controls, automatic warp-tieing and reaching-in machines, and automatic looms. All these equipments should be well laid out, and housed in properly humidified, ventilated and lighted departments.

(Signed) A. N. GHOSE.

*Mr. A. N. Gosh on s. a.*—I have prepared a statement of what I have to say on the question of rehabilitation of weaving plant in the cotton textile industry in Bombay.

Note: The statement of the witness will be treated as his evidence in chief.

*Cross examined by Shri Hoshing.*—What I mean by drastic upgrading in machinery is that drastic change in the science of preparatory, in weaving and weaving processes, including lighting and humidification. The industry was based on old British system till the beginning of the 2nd world war. Immediately after the 2nd world war, that is in the post war period, the whole theory of process changed, and that is what I meant by the words drastic upgrading.

I am aware of what is stated in the Report of the Textile Labour Enquiry Committee in 1939-40 about "space between machines and overcrowding of machinery" at page 318 of the Report. The period of the Committee was 1938-40.

As to lighting I say that what was suited to the industry before the last war is not suited now. Previously labour was satisfied and we managed with 3 to 4 foot candles. To-day the demand is for nothing below 10 foot candles.

I have been connected with the Mills in Bombay since 1940. I was an inspector in the war department. I have been working for the Hindustan Mills since 1955, and towards the end of 1956 I joined the Western India Spg. & Wvg. Mills.

On 20s counts on ordinary winding machine, the production of a winder will be approximately 100 pounds with the variation of 10 pounds plus or minus depending on the quality of yarn and doff weight. If it is 5" lift bobbins, the production may be 80 to 90 pounds depending on the allocation of spindles to a winder. On the same machine with 7" lift bobbins, I do not think it probable to produce 170 pounds to a winder based on normal spindle allocation. The usual allocation is 30 spindles to a winder in case of 20s counts, and it is not possible to produce 170 pounds on 30 spindles. The production of a winder on a rotoconer machine with an allocation of 10 to 12 spindles with 7" lift bobbins will produce ordinarily 120 pounds. The machine production will increase but the winding up production remains almost the same. I have made recommendations about not only winding machinery but all the preparatory machines upto sizing.

I was a member of the Technical Committee of the Working Party. We recommended in that report that ordinary winding and warping machine should be replaced by modern high speed machines. The highspeed machines costs Rs. 30,000. In the same report we have recommended for winding auto Conor or Barber Colman type machines. It is true that the reference to Auto Conor and Barber Colman type machines is a reference to modern trends in machine specifications (Page 154-155). The recommendation is actually made at page 382. At page 125 of that report, we have taken into account only 400 machines referred to at page 382. The amount of renovation and replacement costs mentioned at page 125

of the report takes into consideration only these 400 machines, each at Rs. 30,000. The same is the position in respect of warping machines in the report. I should like to add that this report was made in April 1952 when high speed winding machines were replacing the old ordinary type of winding machines. Fully automatic machines were just coming to India. Therefore we referred to Barber Colman machines in speaking of the trends in machine specifications. In Western India Mills automatic warp-tying machines were installed in 1955. I cannot speak of what difficulty we may have experienced by the mills before I joined it. But since I joined it we are working this automatic machines very successfully. In our mills we have 1 warp-tying machine. We have 12 pairs of drawers and reachers. We have no automatic reaching-in-machines. It is true that the automatic warp-tying machines can be worked economically and successfully only if the sorts are standardised by the manufacturers. This does not apply to automatic reaching-in-machines. These machines came to India after the last war, and after 1952. We could not therefore refer to them in the Working Party report. In 1949-50 was the period when these automatic machines had just started coming to India. The 1100 automatic looms referred to in my statement are in the Hindustan Mills. Of these 600 looms are new. It is true that they have been ordered out for different mills under the same management. We got these new looms in about 1949-50. After 1952 no automatic looms have been added in the Hindustan Mills. Some looms have been replaced.

In my statement, I have mentioned the benefits derived by the Hindustan Mills as a result of the installation of automatic warping and winding machines. When I took charge of Hindustan Mills, the efficiency of the weaving department was near about 72 to 75. Since replacement of the high speed and warping machines with Barber Colman and warping, ordinary slasher sizing machine with Auto Conor sizing machines, automatic pirne winding machines and automatic warp type machines, we have increased the efficiency to near about 90 per cent. to-day. Therefore, it is a cumulative effect of all changes taken together. In other respects, conditions have remained practically the same. It is true that rewound weft pirnes gives more length than direct wefts but on automatic looms, it is immaterial whether the quantity on the pirne is more or less because a weaver is not to change the shuttle. We did it to improve the quality. It is true that the work load in connection with the battery filling is reduced, and the weaver is able to attend to more warp breakes. It is true that results in warping and winding cannot improve till quality of yarn and smaller lift of bobbins are altered, Barber Colman winding machine is the machine to eliminate some of the defects pointed out in the Working Party report. In the Western India Mills we are still planning to increase the length of the yarn on the spinning bobbins and we are expecting 16 more

new ring frames of 8" lift to eliminate the length problem. When I compare the yarn produced on 7" lift converted ring frames with 8" lift new ring frames, I always complain against the yarn produced on 7" lift frames. The production has increased 6 to 8 times because we have taken over winding of grey warp from Auto Conors to Barber Colman. According to the award of wages Barber Colman winders are paid fixed wages and the wages of Barber Colman winders are 58-8-0 compared to Roto Conor winders where it is 35-2-0. It is true that majority of looms in Western India Mills are of years prior to 1900. They are in working condition. Life of an old loom can be 100 years. But it all depends on how we want to do our work. In Working Party report we recommended replacement of 32,000 looms in mills in Bombay. There will be more 'damages' to cloth where old looms are used. I am not acquainted with the figures of export licences in respect of cloth. The percentage of 'damaged cloth' in Western India Mills is below 5 per cent. There old looms are working. The 14,000 automatic looms referred to in my statement as allowed to be installed by the Government are for the whole of India. Government is also considering the installation of further 42,000 automatic looms in addition to the present total loomage in India.

With 20s count on Barber Colman winding machine we get an average of 3400 pounds in 8 hours work. This is the result of 4 winders to a machine. This refers to 264 spindles, and four winders. With 3 Roto Conor machines and 30 winders we may achieve the same production with 120 spindles for each machine. I doubt whether 2 Roto Conors can give the same production even if properly managed. Moreover Roto Conors cannot improve the quality to that extent as Barber Colman winding machine does. Therefore along with the production, we have to look also the quality. Life of the winding machine may be anything 20 to 30 years (single shift) but new machine which we purchased in 1944 we have replaced them with Barber Colman winding. Therefore so far as the preparatory machines are concerned, the question of life is not so very important in view of quick changes in the science. I cannot say that with overhauling the life of Auto Conor machine could have been doubled, but it would have been increased. The cost of renovation would be about 25 per cent. of the price of new machine. The same would be the ratio between the cost of renovation of a machine and the new machine. We have introduced the use of coloured yarn on Barber Colman warping machine by introducing Barber Colman cheese dyeing. Coloured yarn will never give the same production as grey yarn. This is one reason why separate allowance is given for coloured yarn workers.

*Questioned by Mr. Barat.*—Whenever we are making new lay out, we are sending plans for sanction to the Chief Inspector of Factories, as the Chief Inspector of Factories insists on certain minimum

working space to be left, the working space area is becoming almost double and necessitating us to expand either horizontally or vertically. If ordinary looms are replaced by automatic ones, the space area required would be practically double.

Lately I had been to the United Kingdom and on the continent. I did not see anywhere any ordinary looms. Every where they have automatic looms. I only speak of the Mills I visited.

*Questioned by Mr. Ambekar.*—When old machines were replaced by Barber Colman winding and warping machines the space required would be practically double.

I agree that in regard to the preparatory department less space would be required if automatic machines are installed from the point of view of production. But I would add that the new regulations require that more space should be left for workmen. I say that the same space will be required when automatic machines are installed in place of old machines. When I went abroad, I only visited mills where automatic looms had been installed. I had gone for further studies of working of automatic looms. In 1950 when we went round the country on behalf of the working party, we hardly saw six mills where automatic warp-tying and reaching machines had been installed. It is possible that in 1947 there were some such machines already installed. We went on a sample survey only. The quality of the yarn did not change simply because of the lift being changed from 5" to 7", but with the frames being converted, the quality did change, but not for better. The quality deteriorated because that was a make shift.

In my statement, I have only considered the Weaving Department.

*Questioned by Shri P. Bhogilal.*—I came in contact with Barber Colman winding machine in 1950-51. In 1950 as far as I know only the Shriram Mills had this machine in Bombay. In 1950-51 we did not go to the length of recommending Barber Colman machines because not many had been installed in India. At that time the other type of machine was encouraged. As a weaver I would recommend installation of Barber Colman winding machines as the only way unless some competitive manufacturers bring out other similar machines. I do not think that better quality of yarn is required for the working of this automatic machine. On the contrary Barber Colman equipment improves a low quality of yarn. Frequent replacements are necessary where old looms are in use.

*Questioned by Mr. Parshuram.*—I do not call Barber Colman machine as Ultra modern machine. I do say that they are based on scientific principles. In the winding department, labour reduction did start after the Barber Colman automatic machines were installed. I am

satisfied with the results brought about by the automatic machines. All these 1100 looms mentioned by me are of Japanese Manufacturers. In our mills we have also gone in for some looms manufactured on the continent where looms manufactured by Japanese Manufacturers would not do. Looms in Bombay are very old and in my opinion it would be futile to automatise them.

*N. H. Poonager on s.a.*—I have prepared a statement of what I have to say on the question of rehabilitation of buildings in cotton textile mills in Bombay.

*Note.*—The statement of the witness will be treated as his evidence in chief.

*Cross-examined by Mr. Hoshing.*—In 1951 I had prepared a report from the sample survey. This statement is based on my personal knowledge. In my statement, I have said that present day cost of constructing mill structures work out to Rs. 1-2-0 per Cft. That is the contract rate at which structures may be constructed by giving out the work to contractors.

*Questioned by Mr. Ambekar.*—The rate of Rs. 1-2-0 per Cft. mentioned by me applies to buildings where machinery is installed. Canteens and other structures would cost a little more about Rs. 1-3-0 to Rs. 1-4-0 per Cft. The cubic contents of such structures would be small due to lesser height, and also due to partitions etc. These latter structures do not have to be as strong as the structures where machinery is installed.

My name is James Clifford Morton and I am 51 years of age. My occupation is Managing Director of Indian Textile Engineers (Private) Ltd. and Technical Adviser to National Machinery Manufacturers Ltd. of Kalwe, Thana. Indian Textile Engineers (Private) Ltd. are the selling company for the largest British manufacturers of spinning machinery and also for National Machinery Manufacturers Ltd. at Thana, who are at present producing Ring Frames and will shortly be producing Carding Engines to the same patterns and designs of those of Messrs. Platt Bros. & Co. Ltd. of Oldham, England, and with their technical collaboration.

Before joining Indian Textile Engineers I was employed by Messrs. Platt Bros. & Co. Ltd., Oldham, firstly in their works on production of spinning machinery, and later in their technical research departments. Subsequently I was appointed technical engineer, and in this work I travelled to various parts of the world advising mills on production problems and types of machinery required to meet their conditions. In 1939 I joined the staff of I.T.E. then a wholly owned subsidiary of Messrs. Platt Bros. & Co. Ltd., as a technical representative, doing the same kind of work in India as I had done

prior to that in other parts of the world. In 1940 I was commissioned in the Indian Army and was subsequently appointed Chief Inspector of Cotton Textiles & Development Officer for the army in India. This post I held until the end of 1945 when I returned to civilian life.

During the time that I have been associated with I.T.E. it has been part of my duties to visit mills and advise the management on reorganization plans, production problems, etc. connected with their spinning plants. In this work I have visited and am acquainted with practically every cotton mill throughout India. From the outset I could not help but notice that the general standard of maintenance of machinery fell far below that I had been accustomed to seeing in other parts of the world, and also that in the main the bulk of machinery already installed was obsolete. Consequently both the volume of production and standard of quality suffered considerably in comparison with other countries. I also found the majority of mills reluctant to change from their policy of small packages with higher production per spindle, or in other words low investment cost with high recurring cost whereas the trend in other parts of the world was definitely in the opposite direction. I would, however, point out that in recent years there has been a marked change in favour both of short cut processes and large package spinning.

*Life of Machinery.*—The working life of spinning machinery can be prolonged almost indefinitely by replacement of wearing parts from time to time, but compared with modern machinery its working is uneconomical although in mechanically sound condition for example machinery now being installed by the industry in India is of an entirely different specification and embodies a different technique of processing compared with the machinery installed in the late 1930's. Although the latter may be in mechanically good condition it is, in actual fact obsolete when compared with latest developments both in machines and production technique, and in my view taking into consideration the vast amount of research and development work being carried out on spinning machinery and the ever accelerating rate of development of new methods, it would be folly to anticipate that any machine would in future have more than 20 years efficient working life.

*Prices of Machinery.*—I attach hereto statements showing the current nett selling prices for both imported and indigenously manufactured machines sold by Messrs. I.T.E. Ltd. A study of these statements will reveal that the price increases of individual machines are not in the same proportion; this is due to the change in design or other improvements effected on the individual machines to bring them into line with the newer techniques of processing. Furthermore, the numbers of machines of the various types included in



a complete spinning plant also vary from the practice prevalent in 1951, and to illustrate how these changes have affected the cost of a complete plant. I attach hereto the prices for a 25,000 spindle plant based on the prices prevailing in 1951 for the types of machinery being installed at that time as compared with a similar plant with large package spinning more in line with current developments. These plants have been based on average 24s counts, which I understand from the Textile Commissioner is now the average count for all India, and in this respect I would draw attention to the increased number of spindles required on the large package Ring Frame to produce an equivalent amount of yarn with the smaller package machines installed in 1951.

In addition to the above I also attach a list of machines required and their cost for a plant incorporating the latest type of high productive large package Ring frames now rapidly superseding the types being manufactured and installed in India at present. These illustrations will make it clear that the introduction of larger packages and short-cut processing has considerably increased the cost of a spinning plant as a whole due to the changes in designs and the differences in specifications as apart from the general world trend of increased prices due to higher labour costs and increased raw material costs. Increased package sizes at the various stages of process have also increased the amount of floor space required for efficient working, and I estimate that 30 per cent. more floor space is required for the large package spinning plant now being installed in India over and above what would have been required for a plant to produce the same quantity of yarn based on machinery installed prior to 1939.

सत्यमेव जयते

The introduction of short-cut processing has made a higher standard of process controls and maintenance necessary to maintain or improve the standard of yarn produced. This in turn has meant that mills have been called upon to install more modern methods of testing and laboratory equipment. In addition, other machines have been introduced to facilitate improved yarns, and at the same time create better atmospheric conditions. I refer to Parks-Cramer cleaning equipment and the Pneumafil system of broken end collectors. This equipment, although yet only in the introductory stages in India, is rapidly becoming the standard equipment for progressive mills all over the world, and it is inevitable—if India is to maintain progress, that these systems will have to be more widely introduced in the Indian industry. The approximate cost of this installation is Rs. 7-8-0 per spindle. In conclusion, I would like to emphasize that with the fierce competition for export markets every exporting country is devoting a great deal of time and energy towards improving the quality of cotton yarns and cloths, and to achieve this are demanding a higher standard of machinery and equipment. This means a much wider

use of electrical controls, rollers and needle type bearings, and finer precision limits of manufacture, consequently the textile machine of the future will be a far more expensive job than its predecessors.

(Signed) J. C. MORTON.

11th February, 1957.

*James Clifford Morton on s.a.*—I have prepared a statement of what I have to say on the question of rehabilitation of Spinning plants in the textile industry in Bombay.

*Note.*—The statement of the witness will be treated as his evidence in chief.

*Cross-examined by Mr. Hoshing.*—I have visited a number of textile mills after 1945. The advantage of bigger packages is that the efficiency is high. Through longer machine runs the quality produced is better. The breakages are less frequent in subsequent operations. A reduced number of operatives is required. It is not necessary that with these packages bent types of mixing of cotton would be required. Since 1945 there has been a marked change in favour both of short cut processes and large package spinning, as I have said in my statement. In referring to "life of machinery" in my statement, I have spoken of all types of machinery. When I speak of replacement of wearing parts in my statement. I refer to all bearings, knotch blocks, chains, flats, wire flexible bearing and lickering wire. I am speaking of carding engine. Of these items card wire is the most expensive.

This type of renovation would cost about 25 per cent of the price of new machinery.

The old technique was one which involved frequent doublings and processes, to achieve a reasonable degree of yarn regularity, the principle involved being to double and redouble irregular raw material and by these means achieve regularity in resultant yarn. The new processes are designed to achieve that regularity with considerable doublings and processes. I shall describe the shortcut process. In the blowing room cotton is handled only twice, once at the fig end and the other to remove the lap. In the Card room the carding process is virtually the same with the exception of large cans. The drawing process can be either of one, two or three passages. Two passages being widely adopted against three passages in India. In the old processes, three passages were used. The fly frame processes have been reduced to one in the short cut process as against three formerly. So far as the principle of the spinning is concerned, it is just the same excepting for the introduction of high draft and larger packages. It may be that in a particular instance a mill may have reverted from the two passage process to three

passages in drawing. The present spinning machinery can be converted into larger packages but that would be within strict limits. The 7" lift would be extreme limit in case of 5" lift but that would not be mechanically good.

I have visited the Western India Spg. & Wvg. Mills. There the Mills have introduced the 7" lift on the old machines. The package size is not determined only by the height but also by the diameter.

In case of larger packages with short cut processes the labour required will be less and the labour cost would also be less. The main object of a short cut process is however to reduce the cost per pound of yarn by increasing efficiency and reducing labour cost. It would not be correct to say that the new technique which I recommend is from the point of view of exporting drive only. I would have recommended the new technique even if yarn or cloth were not to be exported from India to foreign countries.

**Questioned by Mr. Barot.**—I was a chief Inspector of cotton textiles for several years and have experience of assessing qualities of cloth. As an expert I would say that it would not be profitable nor efficient to replace only the parts of old worn out machinery instead of replacing the entire machinery.

**Q:** Would you in the present context of prices give your expert opinion as to whether the replacement of old worn out spinning machinery by new machines is a vital necessity or an unnecessary luxury?

**A:** The balance sheets of mills which have installed machinery would be sufficient to prove that installation of new machinery even at present prices is paying.

**Q:** Have you seen various reports in the newspapers that Government are insisting on bettering the quality of cotton yarn and cloth?

**A:** Yes on many occasions.

**Q:** Do you consider spinning as the back bone of the production of good quality of cotton fabrics?

**A:** Yes both quality and quantity.

**Q:** Is it your opinion that replacement and or modernisation is necessary to attain this object?

**A:** Yes.

Mr. Parshuram does not desire to put any questions.

**Questioned by Mr. Ambekar.**—

**Q:** You were in England after the war. What did the British Industry do when they were faced acute economic competition to improve their efficiency?

A : So far as I am aware, those mills who were more successful in facing foreign competition were those who introduced the newer technique of spinning.

Q : Is it not a fact that large number of mills improved their quality and production by renovating their machinery and making certain changes in the existing plants ?

A : I do not personally know of such mills. Some mills might have done so.

I am at present mostly concerned with both in England and India. I agree that I am interested in selling new machinery and components.

Q : What would you say if I show you balance sheets of certain mills who have introduced most upto date machines and who are working on a rationalised basis showing more losses or less profits than the mills which are working in the old fashion with the old machines ?

A : I should be very surprised. I would not attribute the results to the new machinery but to other factors. I agree that certain steps can be taken in mills with existing machinery for improving the quantity and quality of their production.

Q : What you have to say about the last question of Mr. Barot that replacement and modernisation is necessary in the following case is it necessary to replace and modernise every part of the existing machinery to change it into a good economic unit ?

A : That would depend entirely on the unit concerned. I cannot give you a more specific answer unless you mention a specific instance. Partial replacement in existing machinery would certainly result in some improvement, but it cannot be the same as where totally new machinery is installed.

The general standard of maintenance which was low in India has now considerably improved.

Q : Supposing you install an ultra modern machinery of very high production costing very much, you visualise the possibility that what is gained in labour cost will be more than set off by the higher depreciation more interest that would have to be paid and higher maintenance and shorter life of the plant ?

A : That would depend on the actual split up of the costing and what percentage comprises labour costs. If the labour cost constitutes a high proportion of the total cost, then only the investment is worthwhile. At present the trend in India has been in the nature of a compromise when compared to the types of machinery installed in U.S.A.

Q : What would you say if you find that the proportion of labour cost to the total cost of production of yarn is practically the same in India today as it was in 1939 ? If this be the position, can be it said of the industry as a whole that the industry is badly of today so far as machinery is concerned. Would you say that there is greater need of rehabilitation at a higher speed than it was in 1939.

A : On the assumption you make, I would agree that the need today is the same as it was in 1939.

Q : In a number of processes under the new technique or production lesser number of machines are required for the same production ?

A : That is not so. Lesser number of processes are required under the new technique but not lesser number of machines. The number of drawing machine would be less in case of the new plant when two passages were worked instead of three passages. But it would not be so simple as that. In number of machines or number of deliveries required would be less but not in the same proportion. This would not necessarily apply to all modern techniques of machinery. It will not apply in cards, speed frames.

The prices mentioned by me in my annextures will differ in case of mills where the average count is not 24.

Q : Will you tell me what the difference in price will approximately be if say for instance a counts is 30 or 18 ?

A : The same preparatory machinery would be capable of feeding 30,000 spindles on average 30 counts.

Therefore the cost of the plant would be increased to the value of the additional ring frames required which would in turn bring down the cost of the spindle prorata. The same applies conversely to 18 counts, or other coarse counts.

I do not say that prices of machinery would not go down in future.

I do maintain that the working of the existing machinery from 5" lift to 7" as in the case of the Western India Spinning and Weaving Mills would not mechanically be a good idea. On the existing machinery, lift of only 1" increase would mechanically be good.

The prices that I have quoted in the annextures to my statement are of one manufacturer. There are others in the field who charge more and others who charge less. The same applies to the quotations furnished by me to the Mill Owners Association.

The prices quoted by me are not prices. We do not give any discount whatever.

*Questioned by Mr. P. Bhogilal.*—The maintenance which I have commented upon in case of mills in India was probably due to two factors, non-availability of experts and of requisite spare parts. A number of things were to be changed if new techniques have to be done.

Lifting will merely be a compromise towards introducing bigger packing. The average complete renovate inclusive of conversion to casablancas high drafting new rings, ring spindles, new pickers, jockey pulleys and conversion to tape drive, the current cost of such conversion would be approximately 50 per cent. of the value of the new ring frame in case of the increased 1" lift.

Q: Would you agree with me that even in such case the efficiency of the renovated machine would not be the same as that in case of new machine?

A: Yes.

Q: Mr. Ambekar has said about the losses of some mills that introduced new machinery. Supposing this question was put in connection with one mill and the management and the rest of the factors remained the same, what would you say about the efficiency and the profit making capacity of the same mill with old machinery and the same re-equipped with new machinery?

A: The potential capacity to make profit of the re-equipped mill would be greater.

Q: In other words if funds were available, you would rather put new machinery?

A: Definitely.

Q: Mr. Morton, I suppose you have visited many countries in the last few years. The greatest competition that we are facing today in the export market is from Japan, Hongkong and Pakistan which is recently coming in the export market. What reasons would you attribute to that. What reasons would you attribute to our lesser capacity to compete with these countries.

A: The countries you mention have one thing in common. They have almost all been re-equipped since 1947. In Japan in addition to re-equipment, what I saw in 1946 was a very high standard of maintenance with extremely efficient operatives maintain a higher work load per operative than is current in India. In Pakistan, I was intimately connected with the installation of

machinery and that is only been on short cut processes and larger package ring frames, with full advantage was taken in Pakistan to employ operatives more on the standard obtaining in the rest than has been the case in India. I have no personal experience with Hongkong where British have supplied large quantities of machinery, designs for large package spinning in short cut processes.

In case of combfiner count, the price per spindle would be considerably lower than that of a plant on average 24s due to the lesser amount of preparatory machinery required as cost of ring frames will represent 75 per cent. of the total cost. At the same time the increase cost of ring frames due to innovations and developments is in excess of that of the machines. The price of machinery would vary according to the specifications.

Q : So far as life of machinery is concerned, what would you say would be the normal life for efficient work in terms of shift years ?

A : It is very difficult to assess the life of any machine. It depends to a great extent on the standard of maintenance, number of shifts worked and the degree of obsolescence. I maintain my original assessment of 20 years life, independent of shifts. All textile machinery is now brought on precision limits. More accurate settings are required on carding and combing.

Q : Therefore the setting difficulties in card and comber become greater as the wearing takes place ?

A : That is correct.

Q : So far as the prices of different manufacturers are concerned, would that be due to different labour and material cost or differences in specifications ?

A : It is due to both. The difference being that the cheaper machinery is from Japan, whereas the dearer machinery is from Western countries, where the specifications differences are more marked.

Questioned by the Chairman :

Q : Would the prices charged by other western manufacturers also vary from your prices ?

A : Yes. due to specifications.

Q : Can you show me anything in the nature of Circulars or quotations or correspondence of other Western Manufacturers in support of your last answer ?