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Shifting Modalities of Wage Regulation
in the Ahmedabad Textile Industry, 1935-65

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Table of Contents

LIST OF TABLES, FIGURES AND IMAGES	- 9 -
LIST OF ABBREVIATIONS	- 12 -
INTRODUCTION	- 13 -
CHAPTER 1. WAGE REGULATION TO SECURE “SOCIAL PEACE”	- 30 -
1.1 SITUATING TRIPARTITE RELATIONS IN HISTORIES OF BUSINESS, LABOUR AND THE STATE	- 32 -
1.2 THE ORIGINS OF LOCAL COLLECTIVE BARGAINING IN AHMEDABAD	- 37 -
1.2.1 CONTEXTUALISING THE AHMEDABAD LABOUR REGIME IN TEXTILE PRODUCTION	- 37 -
1.2.2 INSTITUTIONALISING PEACEFUL LABOUR RELATIONS? THE DELHI AGREEMENT, 1935	- 44 -
1.3 BRINGING IN THE STATE? THE TLA IN THE CONGRESS GOVERNMENT OF THE BOMBAY PROVINCE	- 50 -
1.3.1 THE BOMBAY INDUSTRIAL DISPUTES ACT (BIDA), 1937 AND THE BOMBAY INDUSTRIAL RELATIONS ACT (BIRA 1947)	- 51 -
1.3.2 THE BOMBAY TEXTILE LABOUR ENQUIRY COMMITTEE	- 53 -
1.3.3 STANDARDISING WEAVERS’ WAGES IN AHMEDABAD	- 57 -
1.4 BIPARTISM VS. TRIPARTISM? CENTRAL-LEVEL LABOUR POLICIES RELATED TO INDUSTRIAL RELATIONS DURING THE 1940s	- 60 -
1.4.1 THE FOUNDATION OF THE INTUC	- 62 -
1.4.3 INDUSTRIAL TRUCE RESOLUTION, 1947	- 65 -
1.5 INTERNAL CONSOLIDATION OF THE TLA MODEL	- 70 -
1.5.1 THE FUNCTIONING OF THE “PEACEFUL” TLA MACHINERY: INTERMEDIARIES – PRATINIDHIS	- 72 -
1.5.2 COMPLAINTS MECHANISM	- 75 -
1.5.3 CHALLENGES TO THE TLA MODEL DURING THE 1950s: THE MAHA GUJARAT MOVEMENT	- 81 -
1.6 THE BEGINNING OF THE END OF AHMEDABAD AS A TEXTILE HUB	- 84 -
CONCLUSION	- 90 -
CHAPTER 2. FROM MINIMUM WAGES TO STANDARDISED WAGES TO BONUS PAYMENTS – THE WIDENING OF THE WAGE QUESTION	- 93 -
2.1 SITUATING WAGE REGULATION WITHIN THE LITERATURE ON THE INDIAN LABOUR MARKET	- 97 -
2.2 PAYMENT OF WAGES ACT, 1936	- 103 -
2.3 MINIMUM WAGES VS. FAIR WAGES	- 111 -
2.3.1 THE MINIMUM WAGES ACT, 1948	- 111 -
2.3.2 THE FAIR WAGES COMMITTEE, 1949	- 114 -
2.3.3 NEED-BASED MINIMUM WAGES	- 117 -
2.4 THE STANDARDISATION AGREEMENT IN AHMEDABAD, 1947	- 121 -
2.4.1 MINIMUM WAGES	- 123 -
2.4.2 (NON-)ABOLITION OF THE CONTRACT SYSTEM	- 126 -
2.4.3 STANDARDISATION OF WAGES AND PAYMENT PERIODS	- 128 -
2.4.4 THE TLA AND CENTRAL WAGE BOARDS	- 134 -
2.5 TENSIONS BETWEEN “VOLUNTARY” AGREEMENTS AND LEGISLATION: BONUS NEGOTIATIONS BETWEEN “EX-GRATIA” AND RIGHT	- 137 -
2.5.1 DEFINING BONUSES, 1920s-1930s	- 139 -

2.5.2 THE SECOND WORLD WAR AND COLLECTIVELY BARGAINED BONUS PAYMENTS, 1939-1945	- 140 -
2.5.3 THE FIVE-YEAR BONUS PACT 1953-1958	- 149 -
2.5.4 BONUS AND “SOCIAL JUSTICE” – THE BONUS COMMISSION AND THE BONUS ACT	- 155 -

CHAPTER 3. WAGE SETTLEMENTS TO INCREASE PRODUCTIVITY ON THE SHOP FLOOR - 168 -

3.1 RATIONALISATION IN AHMEDABAD	- 171 -
3.2 THE EMERGENCE OF WORKLOAD STUDIES IN THE AHMEDABAD TEXTILE INDUSTRY – ATIRA	- 175 -
3.3 A BASIS FOR “LABOUR-MANAGEMENT CO-OPERATION”? THE ILO PRODUCTIVITY MISSION AND TRAINING WITHIN INDUSTRY IN AHMEDABAD, 1952-58	- 187 -
3.4 THE “AHMEDABAD EXPERIMENT” AND “HUMAN RELATIONS” IN MANAGEMENT	- 205 -
3.4.1 LITERATURE REVIEW – SITUATING THE AHMEDABAD EXPERIMENT IN MANAGEMENT STUDIES	- 207 -
3.4.2 THE EXPERIMENTAL PHASE	- 209 -
3.4.3 CHANGES IN WORKING TIME REGIMES	- 212 -
3.4.4 CHANGES IN SUPERVISORY REGIMES	- 215 -
3.4.5 THE LIMITS OF THE EXPERIMENT AND THE FORMATION OF RESISTANCE	- 222 -
CONCLUSION	- 229 -

CHAPTER 4. WAGE SETTLEMENTS TO SECURE THE REPRODUCTION OF A NARROWLY CIRCUMSCRIBED SKILLED INDUSTRIAL LABOUR FORCE - 233 -

4.1 SITUATING THE EMERGENCE OF CLEARLY DEFINED WORKING-CLASS HOUSEHOLD BUDGET STUDIES WITHIN A LARGER BODY OF LITERATURE ON FOOD CONSUMPTION AND REPRODUCTION IN INDIA	- 234 -
4.2 A BRIEF OVERVIEW OF THE EMERGENCE OF BUDGETS IN AHMEDABAD FROM 1926 TO 1958-59	- 241 -
4.3 WHO IS THE “WORKING-CLASS HOUSEHOLD”?	- 249 -
4.3.1 INDUSTRIAL INCOMES	- 249 -
4.3.2 INCOMES, EXPENDITURE AND DEBT	- 252 -
4.3.3 THE ESTABLISHMENT OF THE MALE BREADWINNER MODEL?	- 255 -
4.3.4 CONSUMPTION BASKETS	- 259 -
4.4 CASH OR IN-KIND? - DEARNESS ALLOWANCE PAYMENTS, FROM A RELIEF MEASURE TO A PERMANENT FEATURE OF THE WAGE BILL	- 267 -
4.4.1 THE DEARNESS ALLOWANCE AGREEMENT, 1940	- 270 -
4.4. THE DEARNESS ALLOWANCE AGREEMENT, 1943	- 277 -
4.4.3 A PERPETUATED STATE OF CRISIS? DEARNESS ALLOWANCE PAYMENTS AFTER THE SECOND WORLD WAR	- 280 -
4.4.4 THE DEARNESS ALLOWANCE MOVEMENT AS A CHALLENGE FOR THE TLA	- 287 -
CONCLUSION	- 297 -

CONCLUSION - 299 -

APPENDIX - 308 -

APPENDIX 1: CPI 1926=100	- 308 -
APPENDIX 2: CHANGES IN NOMINAL WAGES, REAL WAGES AND DEARNESS ALLOWANCE	- 309 -
APPENDIX 3: ALL-INDIA CPI AND CPI IN AHMEDABAD	- 310 -
APPENDIX 4: AYKROYD’S “ADEQUATE DIET” AND THE DIET ESTABLISHED BY THE SECOND PAY COMMISSION	- 311 -

APPENDIX 5: COMMODITIES OF THE CPI 1926=100 - 312 -

BIBLIOGRAPHY **- 313 -**

ABSTRACT **- 338 -**

ZUSAMMENFASSUNG **- 344 -**

List of Tables, Figures and Images

Tables

Table 1: Average daily earnings in Bombay and Ahmedabad 1933-1937	CH1	41
Table 2: Workers' complaints and grievances handled by the TLA	CH1	77
Table 3: Rise in cost of production of Ahmedabad mills, 1960-65	CH1	85
Table 4: Average basic wages, dearness allowance and bonus of operatives per month, 1938-1953	CH2	95
Table 5: Periods of wage payments in Ahmedabad and average time between completion of working period and pay day, 1934	CH2	109
Table 6: Oilers' wages in selected Ahmedabad mills	CH2	133
Table 7: Bonus paid in Ahmedabad, 1941-1953	CH2	143
Table 8: The Labour Appellate Tribunal formula	CH2	146
Table 9: Bonus paid in day rates per number of mills	CH2	150
Table 10: Most common occupations of female workers in Ahmedabad Textile Mills, according to the General Wage Census, 1934	CH3	172
Table 11: Wages of winding and warping department in the standardisation agreement, 1947	CH3	181
Table 12: Wage payment before and after reorganisation of the automatic weaving shed	CH3	218
Table 13: Wage payment before and after reorganisation of the non-automatic weaving shed	CH3	220
Table 14: Surveys of Working-Class Households conducted, 1926-1958	CH4	243
Table 15: Weights of consumption basket sub-groups in the budget enquiries of 1926, 1933-35, 1944 and 1958-59	CH4	263
Table 16: Commodities under schedule A and B of the dearness allowance agreement, 1940	CH4	275
Appendix 1: CPI 1926=100		308
Appendix 2: Changes in Nominal Wages, Real Wages and Dearness Allowance		308
Appendix 4: Aykroyd's "adequate diet" and the diet established by the Second Pay Commission		309
Appendix 5: Commodities of the CPI 1926=100		311

Figures

Figure 1: Outcomes and procedures in wage bargaining	CH1	32
Figure 2: Average daily earnings in Bombay and Ahmedabad 1933-1937 in Rupees	CH1	41

Figure 3: Nominal wages 1926-1937 by occupation as stated by the Textile Enquiry Commission, from highest to lowest	CH1	55
Figure 4: TLA Members, 1939-1965	CH1	70
Figure 5: Complaints received by cause, 1951-1961	CH1	80
Figure 6: Basic wages, dearness allowance and bonus as percentage of the total wage bill, 1938-1952	CH2	95
Figure 7: Gross profit and bonus, 1941-1965	CH2	149
Figure 8: Figure: Net profit (after tax) in Ahmedabad textile mills in lakh rupees, 1953-1957	CH2	151
Figure 9: Cause of Industrial Disputes, 1951-1963	CH2	157
Figure 10: Most common occupations of female workers in Ahmedabad Textile Mills, according to the General Wage Census, 1934	CH3	172
Figure 11: Percentage of time and piece rates in selected occupational groups in the Ahmedabad textile industry, 1958-59	CH3	200
Figure 12: Changes in movement of weavers on four-side automatic weaving machine, before and after the reorganisaion process	CH3	210
Figure 13: Working days of regular and casual workers, 1958-59	CH4	251
Figure 14: Source of income of paid employment, 1958-59	CH4	251
Figure 15: Percentage contribution of self employment to households, men and women, 1958-59	CH4	258
Figure 16: Average share of commodities within the food budget in percent, 1958-59	CH4	264
Figure 17: Consumer Price Index in Ahmedabad (1926=100), 1936-1948	CH4	271
Figure 18: Average basic wages and dearness allowance, 1937-1953	CH4	271
Figure 19: Changes in real wages and dearness allowance, 1938-1949	CH4	283
Appendix 3: All-India CPI and CPI in Ahmedabad		310

Images

Photo 1: Structure of the Textile Labour Association	CH1	73
Photo 2: Complaints mechanism of the Textile Labour Association	CH1	76
Photo 3: „A Group of Muhammadan Weavers”	CH2	104
Photo 4: “Barber Colman winding units”	CH3	174
Photo 5: Standadised rates for spinners by number of spindles	CH3	180
Photo 6: Mr. and Mrs. Morse Director General of the ILO visited the offices of the TLA, 1949	CH3	187
Photo 7: Measuring efficiency during the Ahmedabad experiment	CH3	219

List of Abbreviations

ACC	Associated Cement
AIOIE	All-India Organisation of Industrial Employers
AITUC	All-India Trade Union Congress
AMA	Ahmedabad Millowners' Association
AMC	Ahmedabad Municipal Corporation
ATIRA	Ahmedabad Textile Industry Research Association
BIDA	Bombay Industrial Disputes Act
BIRA	Bombay Industrial Relations Act
BMA	Bombay Millowners' Association
CPI	Consumer Price Index
CSP	Congress Socialist Party
EFI	Employers' Federation of India
FICCI	Federation of Indian Chambers of Commerce and Industry
GDP	Gross National Product
HMS	Hindustan Mazdoor Sabha
HMSS	Hindustan Mazdoor Sevak Sangh
ICFTU	International Confederation of Free Trade Unions
ICLS	International Conference of Labour Statisticians
IDA	Industrial Disputes Act
IIM	Indian Institute of Management
ILC	Indian Labour Conference
ILO	International Labour Organisation
INC	Indian National Congress
INTUC	Indian National Trade Union Congress
MGJP	Maha Gujarat Janta Parishad
MWA	Minimum Wages Act
TLA	Textile Labour Association
UTUC	United Trade Union Congress

Introduction

During winter 1937-38, the director of the International Labour Organisation (ILO), Harold Butler, undertook a three-month visit to several Asian countries, including India, seeking to understand “the Labour Problem in the East”.¹ On the lookout for trade unions which could participate in collective bargaining to raise production and standards of living simultaneously, he expressed disappointment with “irresponsible agitator(s)”, culpable of luring the countries’ “uneducated population” into work stoppages and trouble.² There was only one hope – “I did find one city in India, one of the largest textile cities in the country, where they had had no strikes for fifteen years... that was Ahmedabad.”³ He was impressed by the comparatively high wages paid in the city.⁴ This was made possible by voluntary negotiation mechanisms established by “Mr. Gandhi and, as it is his home town, his influence is extremely powerful.” Even though Gandhi had become the workers’ representative, his interventions made business sense as well: “All the employers told me that they would not now go back on the system for anything. It had been worth any amount of money to them by maintaining industrial peace during all that time, when a great deal of trouble had been going on in other parts of India.”⁵

To address such emerging labour questions, this thesis analyses the development of wage regulation within a political field of forces between employers, workers and the state. I will argue that emerging institutions of negotiation and wage legislations led to a fragmentation of the labour market based on differences in remunerative patterns. The investigation follows political processes causing the emergence of such patterns and how they were articulated at the moment of production and the moment of reproduction. Within this framework, I define wage regulation as a field of forces in three different arenas of contestation – at the level of political debates, at the level of the shop floor, and through the reproduction of the working-class household. By examining wage regulations, I aim to show the complexities of employment relationships around wage work, related to different forms of wage forms, payment cycles and changes over time. Here, wages are not a one-dimensional line of conflict but rather mark various socio-economic aspects: its composition (basic wage, dearness allowance and bonus), its purposes (subsistence/minimum

¹ The following quotes are taken from Butler, H. (1939). The Labour Problem in the East. *International Affairs (Royal Institute of International Affairs)* 18 (4): 510-527.

² Ibid.: 520.

³ Ibid.: 520.

⁴ Butler, H. (1938). Problems of Industry in the East. With Special Reference to India, French India, Ceylon, Malaya and the Netherlands Indies. International Labour Office, Geneva.

⁵ Labour Problem in the East: 520.

wage, living wage and fair wage) and its implications for industrialisation and the nation-building project. Analysing the origins of legal mechanisms reveals various divisions of labour in terms of class, caste and gender.

The legislative endeavours of the Payment of Wages Act, 1936; the Minimum Wages Act, 1948 and the Bonus Act, 1965 mark the chronological frame of this thesis. The inquiry into the changing role of the state through its engagement with the wage question will be a common theme for this work. I follow recent critical scholarship by David Washbrook, Partha Chatterjee and others who have shown how the division into a historiographical framework of before and after 1947 no longer stands up to scrutiny.⁶ It is instead important to show the continuity in administrative and regulative frameworks from colonialism to post-colonialism.

At the same time, conflicts over wage regulation emerged at different points in time in different arenas of negotiation. For this thesis, it is particularly important to highlight the two different moments in time between the selling of labour power and its realisation in the labour process. In the words of Ben Fine, “irrespective of how this labour power is purchased (by salaries, piece rates, time rates) and when it is paid in practice, the exchange between capital and labour must precede production.”⁷ This makes labour power such a fundamentally different commodity, structuring the interaction between employers and employees in the labour market.⁸ I will divide these moments of wage payment, reproduction and exchange of labour analytically from each other to develop separate chronologies, although these moments are in practice of course intertwined.

⁶ See e.g. Chatterjee, P. (1993). *The Nation and Its Fragments. Colonial and Postcolonial Histories*. Princeton University Press. Chatterjee examines how colonial governance laid the groundwork for postcolonial state structures, particularly in how both colonial and postcolonial elites maintained similar administrative and coercive mechanisms. He argues that independence did not drastically alter the structures of power and control, which were largely preserved in postcolonial governance.

On shared histories of “modernity”, see Washbrook, D. (1988). *Progress and Problems. South Asian Economic and Social History, c. 1720–1860. Modern Asian Studies* 22(1): 74, 76.

Nehruvian Developmentalism as a Continuation of Colonial Economic Policies: In *India After Gandhi* (2007), Ramachandra Guha notes that many of the economic policies initiated under Prime Minister Jawaharlal Nehru – such as state-led development, centralised planning, and control over key industries – mirrored the state-controlled economic policies of the late colonial period. This continuity is often cited as evidence of an artificial divide, as the post-independence state adopted similar frameworks and approaches to the colonial regime.

On “science” and “development”, see: Prakash, G. (1999) *Another Reason: Science and the Imagination of Modern India*. Princeton University Press. Prakash discusses how postcolonial India continued many colonial projects, especially in terms of modernisation and scientific development. He argues that the postcolonial state continued to employ colonial ideas of progress and rationality, suggesting that independence was more of a symbolic shift than a radical restructuring of Indian society.

⁷ Fine, B. (2002). *Labour market theory: a constructive reassessment*. Routledge, London.

⁸ Prash, R. E. (2018). *How Is Labor Distinct from Broccoli? Some Unique Characteristics of Labor and Their Importance for Economic Analysis and Policy*. In: *The Institutionalist Tradition in Labor Economics*. Routledge, London, 146-158.

The study of wage relations is crucial in understanding broader processes of social, political and economic change. Due to their fundamental role in the organisation of work and reproduction in society, they have been central to seminal studies in economics and history.⁹ As historians Scholliers and Schwarz have asserted, “wage relations are at the core of big social transformations (commodification, urbanisation, industrialisation, migration, etc.)”.¹⁰ Indeed, several transformation processes were underway from the 1930s until the 1960s. Two world wars, the Depression and India’s turn to independence in 1947 led to the large-scale mobilisation of workers. Wage matters were at the core of the majority of strikes.¹¹ Within this field of contested rule, labour matters in general and wage regulation in particular marked a site of rivalry, while countries seeking to gain independence from colonial powers tried to apply legislation as a tool of emancipation, nation-building and development.¹² Nonetheless, a systematic approach to the role of wages in the making of the postcolonial Indian state has been conspicuously absent so far.

The analysis of wages can thus be embedded in a larger context of questions raised by Butler’s observations. What role did wages play in maintaining social peace between different groups within an emerging independent state?¹³ How did wages contribute to such processes of group formation? The state’s shift towards industrial policy at the turn of the 20th century was subsequently mediated by such (post-) colonial transformation processes.¹⁴ The Industrial Commission of 1916-17 marks a turning point in the state’s economic policy. Although the unorganised economy remained the largest contributor to the country’s GDP, the state penetrated deeper into people’s lives than ever before through greater control over production.¹⁵ The Commission envisaged a greater engagement and boost to the Indian economy through state interventions. With the establishment of fiscal support for industries, the government actively engaged in matters previously considered

⁹ See e.g. Marx, K., & Engels, F. (1972). *Lohnarbeit und Kapital*. Dietz Verlag, Bonn.

¹⁰ Scholliers, P. and Schwarz, L. (2003), eds. *Experiencing Wages. Social and Cultural Aspects of Wage Forms in Europe since 1500*. Berghahn, New York: 7.

¹¹ According to calculations of the Indian Labour Gazette, wages were the cause of more than 60% of all strikes during the 1940s. *Indian Labour Gazette*, 1951: 543.

¹² This is a field of literature which has expanded significantly since the 2019 centenary jubilee of the organisation. For a small selection, see e.g. Sinclair, G. F. (2018). A ‘Civilizing Task’: The International Labour Organization, Social Reform, and the Genealogy of Development. *Journal of the History of International Law / Revue d’histoire du droit international*, 20(2): 145-197. Maul, D. (2012). *Human Rights, Development and Decolonization: The International Labour Organization, 1940-70*. Palgrave, London.

¹³ The construction of such groups in this context was very much mediated by the politics of wages. For the idea of classes in the Indian context, I rely on the work of Harriss, J. (2006). Middle-class activism and the politics of the informal working class: A perspective on class relations and civil society in Indian cities. *Critical Asian Studies* 38(4): 445-465.

¹⁴ Goswami, M. (2004). *Producing India: From Colonial Economy to National Space*. Orient Blackswan.

¹⁵ Kamtekar, I. (2002). A Different War Dance: State and Class in India 1939-1945. *Past and Present* 176: 187-221.

out of its reach. Its engagement with economic policy extended during the interwar and Depression period.¹⁶ As a result, the role of statistical experts would become ever more important.¹⁷ Measurement and quantification would transform the language within which struggles for wages and welfare would play out.¹⁸ Such struggles, however, did not take place on a level playing field, rather they exposed unequal bargaining relationships between workers and employers in the emerging field of scientific management and welfarism. Both concepts of managerialism and welfarism together would become part of answers questions of how to govern labour and labour markets, but also how to actively steer production and organise workplaces accordingly.

While the emergence of legislation marks horizontal axes of a common historical framework, the dissertation is divided into four parts. The political sphere of wage regulation is split up into two parts. The first chapter relates to the process of forming political interests around wages, while the second chapter looks at the outcomes of such negotiations at the level of wage agreements and legislation. This analytical divide is necessary in order to understand, in the first chapter, the field of forces within which wages developed, and then identify the particular nature of the segmented labour market which emerged as a result of wage agreements. The second chapter serves as a bridge to further chapters, as it highlights the different problems that emerged through legislative and judicative attempts to streamline regulation. The third chapter looks at the “use” of labour power on the shop floor, and the fourth chapter at its relation to reproduction.¹⁹

Two trends shall be highlighted in particular. This period in India was part of a global turn towards scientific measurement.²⁰ During the latter half of the 19th century, poverty measurement had become a prominent feature of governance in various countries, especially Great Britain.²¹ Joanna

¹⁶ The Depression had different effects on the Indian economy. While some sectors benefited from the weakness of European and US enterprises, others – particularly the Bombay textile industry – suffered from a weakness in their sales markets. Markovits, C. (2002). *Indian Business and Nationalist Politics 1931-39: The Indigenous Capitalist Class and the Rise of the Congress Party*. Cambridge University Press.

¹⁷ Ghosh, J. P. Maiti, P., Rao, T. and Sinha, B. K. (2007). Evolution of Statistics in India. *International Statistics Review* 67(1): 13-34.

¹⁸ E.g. Asta, M. and Ramos Pinto, P., Eds. (2023). *The Value of Work since the 18th Century*. London, Bloomsbury. Custom, Conflict, Measurement and Theory. London, Bloomsbury.

¹⁹ This builds on models developed by Fairris, D. (1991). The Crisis in US Shopfloor Relations. *International Contributions to Labour Studies* 1(1): 133-156. For similar concepts, see Willis, P. (2013). *Shop Floor Culture, Masculinity and the Wage Form*; Centre for Contemporary Cultural Studies, Ed. (1979). *Working Class Culture: Studies in History and Theory* (1st ed.). Routledge, London (pp. 185-198).

²⁰ Stanziani, A. (2023). *Tensions of Social History*. London, Bloomsbury. Tooze, A. (2001). *Statistics and the German State, 1900-45. The Making of Modern Economic Knowledge*. Cambridge University Press. Ghosh, A. (2020). *Making it Count: Statistics and Statecraft in Early People's Republic of China*. Princeton University Press. Klein, J. D. and Morgan, M. S, (2001). *The Age of Economic Measurement*. Duke University Press, Durham.

²¹ Ritschel, D. (1997). *The Politics of Planning: The Debate on Economic Planning in Britain in the 1930s*. Oxford University Press.

Simonov has shown the transnational origins of how poverty measurement originated in famine relief in India in conjunction with contestations of colonialism.²² Similarly, the Depression of the 1930s had led to a turn towards state-led welfare programmes, most prominently under the New Deal, tying concepts of citizenship, welfare and work even closer together. In the context of the National Industrial Recovery Act, Franklin D. Roosevelt famously sought to tie these things together in the concept of a “living wage” above “bare subsistence levels”.²³ In this language of measurement lay not only possibility of ruling, but also ruling in a seemingly a-political, scientific language.²⁴ Alessandro Stanziani has shown how emerging statistics would become a “tool of negotiation between the ruler and the ruled”.²⁵

As a second trend, crises, but also the high amount of war profits and questions over its distribution led to a growing number of strikes. Particularly during the 1940s, these movements aggravated fluctuations in the labour force. As Ravi Ahuja has shown, these movements opened up various possibilities for labour to emerge as a political category within the formation of the independent state in-the-making.²⁶ The period from 1935 until 1965 significantly shaped the architecture of Indian labour legislation.²⁷ Policy-makers became increasingly interested in the wages question, from the Payment of Wages Act in 1936 to the Minimum Wages Act in 1948 and the Bonus Act in 1965. This interest marked an important shift from earlier legislative endeavours such as the Factories Act in 1881, which had explicitly kept wages out of regulative realms.²⁸ Due to multiple crises in the 1940s, the state took an active interest in labour matters.²⁹ To keep

²² Simonow, J. (2023). *Ending Famine in India. A Transnational History of Food Aid and Development, c. 1890-1950*. Brill, Amsterdam. See also Ahuja, R. (2002). State Formation and “Famine Policy” in Early Colonial South India. *The Indian Economic and Social History Review* 39(4): 351-380.

²³ Schivelbusch, W. (2006). *Three New Deals: Reflections on Roosevelt's America, Mussolini's Italy, and Hitler's Germany, 1933 – 1939*. Metropolitan Books, New York. On convergence: Stabile, D. (2016). *The Political Economy of a Living Wage—Progressives, the New Deal, and Social Justice*. Palgrave, London.

²⁴ Porter, T. M., (2020). *Trust in Numbers: The Pursuit of Objectivity in Science and Public Life*. Princeton University Press. For the Indian colonial context, see Prakash, G. (1999). *Another Reason: Science and the Imagination of Modern India*. Princeton University Press.

²⁵ Stanziani, A. (2022). *Tensions of Social History. Sources, Data, Actors and Models in Global Perspective*. Bloomsbury, London.

²⁶ Ahuja, R. (2019). A Beveridge Plan for India? Social Insurance and the Making of the “Formal Sector.” *International Review of Social History* 64(2): 207-248.

²⁷ For the importance of the 1940s in Indian labour regulation, see Ahuja, R. (2020). “Produce or Perish“. The Crisis of the Late 1940s and the Place of Labour in Post-Colonial India. *Modern Asian Studies* 54(4): 1041 – 1112.

²⁸ Sarkar, A. (2017). *Trouble at the Mill: Factory Law and the Emergence of Labour Question in Late Nineteenth-Century Bombay*. Oxford University Press.

²⁹ Ahuja, R. (2021). Minoritarian Labour Welfare in India: the Case of the Employees’ State Insurance Act of 1948. In: Leisering, L., Ed., *One Hundred Years of Social Protection: The Changing Social Question in Brazil, India, China, and South Africa*. Palgrave, London: 157-188.

production running during the Second World War, a particular kind of welfarism emerged, a similar kind to that in other countries in the same period.³⁰

The global attention Ahmedabad received from organisations like the ILO as the second-largest textile production centre in India was not coincidental. In an industry of tight global competition between centres of the “West”, such as Lancashire, and emerging textile production hubs in the “East”, including Japan and India,³¹ wage regulation had become a field of global contestations³² This thesis will explore why the wages negotiation in Ahmedabad led to higher levels of formal regulation than in other parts of the country. I will argue that it resulted from the particular nature of “cooperative” Gandhian trade unionism, which encouraged registered agreements in order to prevent strike activities. This type of trade unionism nurtured the leadership of Khandubhai Desai, Gulzarilal Nanda and others who rose from local cadres to nation-level politicians. These actors promoted the “Ahmedabad model” of wage regulation as a reference point for the architecture of India’s wage legislation. From the perspective of sources, this implies that the amount of material pertaining to court cases and voluntary agreements was much higher than in other centres. The need to spatially limit this study to Ahmedabad arises, in other words, from practical considerations as well as from the differences the model created between the Ahmedabad textile industry and all other economic activities within the country. The emergence of local agreements in Ahmedabad was therefore an outcome of the very segmentation process underway within Indian wage regulation. Conceptually, this means that the dissertation is mainly occupied with formalised factory labour, while simultaneously arguing that the carving out of this category as a separate entity and the creation of segmented labour markets were in themselves historical processes which need to be carefully analysed.

As such, the appearance of wage regulation marked a particular historical moment in the production of textiles in Ahmedabad. Regulative endeavours faded with the decline of mill

³⁰ Valdameri, E. (2023). Debates on Citizenship in Colonial South Asia and Global Political Thought (c.1880–1950). In: Fischer-Tiné, H. and Framke, M., Routledge Handbook of the History of Colonialism in South Asia. London, Routledge: 450-462.

³¹ On a comparison of labour recruitment between India and Japan, see e.g. Dixit, A. and van Nederveen, Meerkerk, E. (2022). Supply of Labour During Early Industrialisation: Agricultural Systems, Textile Factory Work and Gender in Japan and India, ca. 1880–1940. *The Indian Economic and Social History Review* 59(2): 223-255.

³² van der Linden, M. (2019). The International Labour Organization, 1919–2019: An Appraisal. *Labor* 16 (2): 11–41. Indeed, Butler was not the only foreign admirer of the wage negotiation proceedings in Ahmedabad. During 1924, trade union delegations from the UK and Germany had equally praised the work of Gandhi and the trade union that grew out of his interventions in 1920, the Textile Labour Association (TLA). See Ahuja, R. Asian Industrialism, Labour Movements and Cultural Nationalism: Interwar contexts of German trade-union writings on “Working India”. In: Ahuja, R.; van der Linden, M. and Sailer, A., Eds. (2020). “The Distress is Impossible to Convey”: British and German Trade-Union Reports on Labour in India (1926–1928), De Gruyter Oldenbourg, Berlin, Boston: 246-272.

production during the 1970s. The decline in textile production within the mills of Ahmedabad and the shift towards power loom production in Surat also meant a change in labour regimes.³³ The skilled workforce in Ahmedabad, living in the city under the promise of inter-generational continuity in terms of employment in the mills, was no longer required.³⁴ While the system of wage regulation and its differentiations survived, the labour market had entirely changed during the 1970s. This dissertation therefore analyses the textile industry at its height until its downturn.

In terms of the boundaries and limitations of this study, it is important to say that this is not a history of wages in the informal economy. While the dissertation explores how formal wage legislation was carved out, it focuses on the creation of divisions and highlights the implications for formal factory labour, but it does not go into the detail of informal wage regimes. I will draw on the rich work on markets in India by Gandhi et al. and Schwecke, who have established the concept of “differentially embedded markets”, which indicate segmented processes of market regulations, explicitly including and excluding certain market functions in terms of the reach of the state.³⁵ To bring both these organised interests and legislative outcomes together, Sarkar’s work on factory legislation during the late 19th century is very useful in the sense that it overcomes the boundaries of legal history and labour history in Indian historiography. Both domains have remained relatively separate in the Indian historiography, with scholars either being occupied with the evolution of strike movements and their success or failure, or with the emergence of institutionalised forms of conflict resolution. I will show how wage regulation has contributed to an emergence of labour law that singled out specific sectors and regions, instead of aiming at universal coverage.

Out of these negotiation procedures, a series of wage agreements emerged which effectively demarcated a plurality of labour markets. Regulations created a structure that did not aim for a universal application of rules and regulations, but rather singled out specific branches of industry, sectors and/or industrial centres of intervention.³⁶ This built on earlier divisions within the Factories Act, which only applied to a select number of enterprises, with a shifting threshold in

³³ Haynes, D. E. (2013). The Making of the Hyper-Industrial City in Western India: The Transformation of Artisanal Towns into Middle-Sized Urban Centres, 1930–1970. *South Asia: Journal of South Asian Studies* 36(3): 336-353.

³⁴ Breman, J. (2004). The making and unmaking of an industrial working class: sliding down the labour hierarchy in Ahmedabad, India. Amsterdam University Press.

³⁵ Gandhi, A., Harriss-White, B., Haynes, D. E. and Schwecke, S., Eds. (2020). Rethinking Markets in Modern India: Embedded Exchange and Contested Jurisdiction. Cambridge University Press. Schwecke, S. (2022). Debt, Trust and Reputation: Extra-legal Finance in Northern India. Cambridge University Press.

³⁶ On coverage gaps in the minimum wage law, see Satpathy, A., Estupiñan, X., & Malick, B. K. (2020). Strengthening Wage Policies to Protect Incomes of the Informal and Migrant Workers in India Amidst the COVID-19 Pandemic. *Labour and Development* 27(2): 1-29.

the number of workers and types of industries it applied to.³⁷ In other words, the standardisation of wages led to segmented outcomes, based on occupational categories and differentiations in wage components – most importantly, between time-rated and piece-rated wages. As requirements in recruitment and the functioning of the labour process varied for different occupations within the mills, so did the peculiar functions of its wage regulation. The focus of the analysis of wage agreements lay on the lines of demarcation between inclusions and exclusions from regulation. This does not mean that there was an absence of regulation for those wages which were not covered by either legislative or court measures. Several economic historians have pointed out the importance of customs and the moral economy in generating social forms of market regulation.³⁸ This thesis can only tangentially touch on such forms of regulation, and is, rather, interested in how boundaries between formally regulated regimes and excluded wage parts were drawn.

Furthermore, while this thesis connects to a larger body of literature on the history of scientific measurement in India, it only relates to such aspects as regards a) the emergence of workload studies in the context of wage negotiations, and b) the emergence of data on household consumption. Scholars of managerialism in Ahmedabad have underlined the importance of the city as a site of the growing professionalisation of management as a science and its importance for the developmental state. In this context, the contribution of Ahmedabad millowners to the foundation of the Indian Institute of Management in the city has recently attracted attention.³⁹ Without any doubt, these institutions built on earlier connections facilitated by research on workloads and wages in the Ahmedabad textile industry, turning it into a global hub for management research. This thesis seeks to contribute to this body of literature by looking at changes in managerial regimes at the shop floor.⁴⁰ Rather than tracing the studies' lineage in educational institutions and science, the thesis is interested in the implications for wage regimes and factory organisation.

³⁷ Kydd, J. C. (1920). *Factory Legislation in India*. University of Calcutta.

³⁸ Randall, A. J. and Charlesworth, A. (1999). *Moral Economy and Popular Protest. Crowds, Conflicts and Authority*. Palgrave, London: 17. On the importance of customary wages in the emergence of wage regimes under the industrial revolution in the UK, see Hobsbawm, E. J. (1972). *Custom, Wages, And Work-Load In Nineteenth-Century Industry*. In: Briggs, A., Saville, J., Eds. *Essays in Labour History*. Palgrave Macmillan, London.

³⁹ Van Haften, L. (2021). *Management Science and Nation Building: The Sociotechnical Imaginary Behind the Making of the Indian Institute of Management in Ahmedabad*. *The Indian Economic and Social History Review* 58(3): 333-359; Patel, D. P. (2024). *Making Swadeshi Managers: The Antecedents of Professional Management Education in India, 1860s–1950s*. *Enterprise and Society* 25(2): 454-485. Wani (2023), *Pedagogies of Development*. Wani, K. (2023). *Pedagogies of Development, Conceptions of Efficiency: Modern Managerialism in Industrial Ahmedabad, 1950s–1960s*. *Enterprise and Society* 25(3): 1-34.

⁴⁰ Connections between managerial science and practice in the context of the Indian textile industry have been rarely analysed. The notable exception being Sailer, A. (2022). *Workplace Relations in Colonial Bengal. The Jute Industry and Indian Labour 1870s-1930s*. Bloomsbury, London.

Similarly, the history of household reproduction and the construction of consumption budgets to measure such trends feeds off multiple historiographical trends. While I use working-class household studies produced by the government as the main body of sources for my investigation, I will limit myself to aspects directly related to wages – particularly the calculation of dearness allowance payments and the setting of “minimum” standards. Histories of consumption have been written elsewhere.⁴¹ There is a growing body of work on the history of nutrition and nation-building in India.⁴² As such, the generation of such data on the working-class household intersected with various state trajectories on reproductive measures. For the colonial state, the context of industrial labour markets had been crucial from the beginning with regard to its imagination of the reproduction of its population. This shows that food policies did not always directly relate to labour, but represented a much broader field which lies beyond the scope of this thesis.

The following sections outline several key concepts of the thesis, explaining through which sources I am seeking to address the question of wage regulation within the framework demarcated above. By connecting fields of labour history, business history, legal history and accounts of the Indian developmental state, I show how gaps emerged, as these disciplines have not always been considered together, leading to either an overemphasis of market forces or an overemphasis of the state.⁴³ The regulation of wages required the generation of new data. In the following parts of this introduction, I will provide an overview how court proceedings, scientific studies, and government reports are deployed in the thesis as sources to reconstruct the emergence of segmented labour markets.

Organised Interest Groups and Classes

The first chapter presents the emerging field of political forces which constituted wage agreements. How were these relations organised within the Textile Labour Association (TLA) as the Gandhian representative union,⁴⁴ and the Ahmedabad Millowners’ Association (AMA) as the business association of millowners – as classes-for-themselves and classes-in-themselves respectively?⁴⁵ This raises questions on the conceptualisation of the deeper underlying relation between capital,

⁴¹ On the use of technological products by households, see Arnold, D. E. (2012). Everyday Technology in South and Southeast Asia: An introduction. *Modern Asian Studies* 46(1): 1-17.

⁴² E.g. Berger, R. (2013). Between Digestion and Desire: Genealogies of Food in Nationalist North India. *Modern Asian Studies* 47(5): 1622-1643.

⁴³ On current trends in Indian business history, see Tumbe C. (2019). Recent Trends in the Business History of India. *Business History Review* 93(1): 153-159.

⁴⁴ Kannappan, S. (1962). The Gandhian Model of Unionism in a Developing Economy: The TLA in India. *ILR Review* 16(1): 86-110.

⁴⁵ Miliband, R. (1969): *The State in Capitalist Society*. Weidenfeld and Nicolson, London.

labour and the state in Ahmedabad. The framework of this chapter does not distinguish between trade union or business association politics as a separate field from government politics,⁴⁶ rather it argues that state decisions were the expression of solidified interest aggregation of these two groups. As a consequence, the examination of the emerging laws and judicial processes poses the question of power relations within the state. I look at court cases and how they were discussed internally by the TLA and AMA respectively within their own annual reports and correspondence documents. Furthermore, I will draw on government reports on the legislative changes enacted. One of the crucial aspects in analysing these sources was to look at the interaction between the emergence of *outcomes and procedures* in shaping wage outcomes. Tensions emerged between the competencies of the legislative and the judicative, given that both were able to take decisions on both wage outcomes and procedures. Such tensions reflected questions of to what extent the state should be engaged in wage matters and on which levels of scale. Such levels would not only be distinguished by the level of legislative engagement (municipal, provincial, national, international), but also by the judicial forum, such as “voluntary” conciliation between bipartite partners, arbitration, tribunals or adjudication through the courts, or norm-setting through the Supreme Court.

As a trade union committed to Gandhian “trusteeship” principles of conflict resolution through non-violent negotiations, the TLA sought to limit and eventually reject strikes as a method of working-class agitation. In this benevolent framework of production relations, wage increases – a demand which caused the majority of strikes during the interwar period – were only to be obtained through hard work, since “the rule should be ‘no labour, no meal’”.⁴⁷ In this consensus model, which emphasised the workers’ responsibility for their own wellbeing, we see how ideas of productivity, nutrition and a paternalist understanding of industrial relations were connected.

Segmented Labour Markets

What kind of wage configurations resulted from the formations of social relations outlined above, and how did they contribute to a segmented labour market? Basic wages in India continue to vary widely among regions, sections and occupations. It is believed that there are over 1,500 minimum wage rates in India.⁴⁸ The picture becomes even more complex when taking into account the

⁴⁶ This would follow the approach by Partha Chatterjee, who distinguishes between civil society and political society. Chatterjee, P. (2013). *Lineages of Political Society: Studies in Postcolonial Democracy*. Orient Blackswan, Hyderabad.

⁴⁷ Selected Works of Mahatma Gandhi Vol. 5. Trusteeship. Navajivan Press Ahmedabad: 128.

⁴⁸ Mansoor, K. and O'Neill, D. (2021). Minimum Wage Compliance and Household Welfare: An Analysis of Over 1500 Minimum Wages in India, *World Development* 147. It is, however, believed that the actual number is much higher. At present, if one looked at state government notifications, even the state of Telangana has over 1,700 rates.

varying levels of dearness allowance and bonus payments. Segmentation processes were never set in stone, but part of dynamic historical movements. These movements have been driven by changes in underlying economic conditions. The labour economist Ben Fine has argued that the interplay between these different capital accumulation strategies can be seen as the motor behind the constant reconfiguration of such segmented labour markets.⁴⁹

The Payment of Wages Act of 1936 was crucial in setting off this segmentation process, as it marked the division of the wage into different components: the basic wage, dearness allowance and bonus payments.⁵⁰ Under the Act, separate regulations of deductions would apply to each of these components, thereby streamlining the process of fining. While in the case of basic wages, fines would be related to the quality of output, in the case of bonuses and dearness allowances their amount would be contingent on workers' attendance rates. While basic wages remained relatively stable, dearness allowances and bonus payments gained in importance as proportions of the total wage bill (consisting of more than two-thirds of the total wage bill) from the beginning of the Second World War until the Bonus Pact in 1953.

The standardisation agreement, the minimum wage law and the bonus legislation created possibilities for the structuralisation of the labour market. Wage outcomes were differentiated between sectors, and within departments and occupations of the textile industry. Chapter 1 and 2 will also discuss how structuralisation interacted with economic changes during the same period. In other words, how did the textile industry become particularly predestined for regulation through its prominent role in the emerging economy of the developmental state? How did this inform the political interaction between unions, businesses and the state? This was not a one-dimensional process, but rather unleashed further conflicts. To further understand how these possibilities were realised, chapters 3 and 4 will look at the sphere of reproduction and production. While the structuralisation of the labour market created one framework of order and hierarchies between

⁴⁹ To avoid any reification of these boundaries, he invites us to analyse the mechanisms of regulation which led to the demarcation of such boundaries rather than look at separate segments of the labour market. As outlined above, I will, however, only look at the emergence of formal wage agreements. He warns us in this context that “structuring cannot be determined in advance, since it is contingent upon how the various causal factors interact with one another. Labour market segments have to be identified analytically in terms of an integral structure across these factors rather than directly in terms of empirical outcomes. For otherwise, as seen in the earlier account of the SLM literature, the account of labour market segmentation tends to become both descriptive and, where it is not, analytically and tautologously self-supporting as middle-range concepts directly mirror select descriptive material” Fine, B. (2002). *Labour Market Theory: a Constructive Reassessment*. London, Routledge: 176.

⁵⁰ On the provisions of the Payment of Wages Act, see Dayal, S. (1975). *Industrial Pay Structure in India: An Analysis*. *Indian Journal of Industrial Relations* 10(3): 305–324.

different departments and occupations of the mills, their actual application on the shop floor varied from site to site.

To understand these processes, it is important to analyse the interplay between different levels of regulation. Both the first and the second chapter will use a similar set of sources. The AMA and the TLA both published annual reports and pamphlets on wage-related matters. Very often, these publications were then used to circulate new legal provisions and court decisions on wages.⁵¹ I use these sources to explore the interplay between legislative and judicative processes, and to showcase the positions which formed around it. The standardisation agreement of 1947 is a crucial document in this regard, as it cuts through several topics of the thesis. It serves to highlight the power relations between workers, employers, the union and the business association. Moreover, the agreement is a marker of labour market segmentation, as it is the outcome of sector-based regional agreements, fixing wages (and different logics of paying these) for different occupational groups. The agreement also opened the door to a greater emphasis on determining workloads for the specified wages, and how they should relate to household reproduction.

Reimagining the Shop Floor

The standardisation agreement of 1947 had created new possibilities for the deployment of labour based on graduations of “skill”. I will argue that after the 1947 agreement, the demand for “skilled” labour diverged between different textile mills due to differences in the production strategies deployed. This led to a shift in how the shop floor became imagined through the emergence of “workload studies” in the context of wage regulation.

The relation between workloads and wages was discussed in the context of “rationalisation” as a ratio between humans and machines employed in a factory.⁵² Such discussions of rationalisation and the resulting lay-offs, however, were not a new phenomenon and indeed took place in several waves from the 1920s onwards, culminating in the Delhi agreement in 1935.⁵³ These debates

⁵¹ Since both organisations no longer hold the same position today as they did during the decades of 1935-65 due to the closure of textile mills, these documents are not held by any formal archive. They have been made accessible thanks to individuals in Ahmedabad at the Ahmedabad Textile Millowners’ Association building (ATMA building, specifically Abhinava Shukla) and the former TLA premises.

⁵² Myers, C. A. (1956). Labour Problems of Rationalisation: The Experience of India. *International Labour Review* 73: 431. Wolcott, S. (1994). The Perils of Lifetime Employment Systems: Productivity Advance in the Indian and Japanese Textile Industries, 1920-1938. *The Journal of Economic History* 54(2): 307–324.

⁵³ The historian Sen has analysed the severe implications for women: Sen, S. (2008). Gender and Class: Women in Indian industry, 1890–1990. *Modern Asian Studies* 42(1): 75-116. For the impact on technological change on regimes of supervision, see Chandavarkar, R. (2008). The Decline and Fall of the Jobber System in the Bombay Cotton Textile Industry, 1870–1955. *Modern Asian Studies* 42(1): 117-210.

developed along two trajectories – one at the level of debates within the institutions and party politics of the developmental state, and the other on the shop floor with regard to actual changes in machinery.⁵⁴ These two levels were of course intertwined. During the 1950s, as post-war production stagnated, large-scale lay-offs meant textile workers all over India were under threat of losing their jobs. But actual changes in technology were not even necessarily required for debates to take place around what “efficiency” meant, or was supposed to mean, in a developmental regime. As such, the production of workload studies emerged in a contested field of (re-)definitions of machine–human relations. Since such studies were predominantly produced in Ahmedabad, its textile industry became one of the rallying cries of communist unions against the threats posed by such “rationalisation” measures.⁵⁵

After the high profits made during the Second World War, machinery was extremely run down, leaving millowners faced with the decision of whether to invest in new, potentially labour-saving technologies or to continue working on old and potentially slower machines. Whereas a fraction of millowners led by the Calico enterprises invested in new machinery, a large majority of those firms organised under the roof of the AMA did not. This led to different approaches with regard to their respective labour policies. The investment in new technology required that adequate information be made available on the “efficient” use of such machinery, which led to the emergence of workload studies. Such studies were initially produced by the Ahmedabad Textile Industry Research Association (ATIRA), founded in 1947 to support the collection of data on wages and corresponding workloads as part of negotiations before labour courts. With diverging interests, the Calico mills signed a contract with the Tavistock Institute, London, to produce their own data on the reordering of occupational categories as part of the “Ahmedabad experiment”. As part of the experiment, Calico sought to introduce changes in working time and shift towards models of indirect supervision through incentive wages as a measure to intensify the deployment of “skilled workers”. At the same time, it envisaged a removal of those workers deemed “unskilled” from the mills. Since other mills did not change their machinery and labour recruitment practices in the same way, there was a divergence in the interests of millowners. These tendencies became particularly visible in negotiations around wages, which led to a further fragmentation of remunerative regimes.

⁵⁴ For an overview of rationalisation debates, see Joshi, C. (2003) *Lost Worlds. Indian Labour and Its Forgotten Histories*. Orient Blackswan, Hyderabad.

⁵⁵ AITUC (1956). *On Rationalisation*. AITUC Pamphlet.

This exploration mainly relies on three sets of workload studies. The first is the material produced by the ATIRA, the second is that produced by the ILO's "productivity mission", and the third consists of the "Ahmedabad experiment". These studies varied in scope and in terms of the questions they raised regarding the organisation of work on the shop floor. What they all have in common is that they were an expression of the need for greater data from some millowners. In turn, it indicated a difficulty of obtaining data from those mills which had chosen not to participate in the production of such data. Nonetheless, the stark difference in data available already hints at a distinction in production strategies between those enterprises which found it profitable to participate in such endeavours, and those who did not.

The scope of the studies, defined by the boundaries of the factory floors they investigated, should not be understood as limitation but rather as an expression of changing historical realities. This divergence already shows differences in the studies in terms of the problems they sought to address respectively. While the ATIRA studies were mainly conducted as evidence in processes of collective bargaining, the other two projects sought, rather, to address problems of individual mills. Comparing these sets of sources helps us understand the different emerging approaches to wages, workloads, working time and supervisory structures. The "Ahmedabad experiment", carried out by the Tavistock Institute, London, was a study commissioned by the millowners. Its aim was to solve the very specific problem of reordering production after the introduction of new machinery in the weaving shed. The "productivity mission", on the other hand, was executed with the help of the union and mainly preoccupied with questions of incentive wages in mills where machinery had not been replaced after the Second World War. As such, they produced very different results in terms of recommendations for the introduction of new modalities of wage payments.⁵⁶ The third chapter is concerned with the shifts in power within the AMA resulting from such different requirements in data and its consequences for the negotiation pattern between the AMA and the TLA.

The Reproduction of a Narrowly Circumscribed Skilled Industrial Labour Force

All these processes led to the stabilisation of a labour regime built on reproduction predominantly through factory work. The fourth chapter looks at how it became possible for this regime to emerge. How did wage regulation serve the purpose of steering the labour market in these directions? How did incomes interact with other forms of earnings or in-kind provisions? For

⁵⁶ All three sets of sources have barely been discussed in the existing literature. For the only exception, see Wani, K. (2023). Pedagogies of Development, Conceptions of Efficiency: Modern Managerialism in Industrial Ahmedabad, 1950s–1960s. *Enterprise and Society* 25(3): 1-34.

these questions to arise as policy problems of the working-class household, both the workplace and ideas of reproduction needed to be reconceptualised. The historian Sunil Amrith has shown that “The values of nutritional science reinforced the modernists’ conception of labor in India in terms of what Marx called ‘abstract labour’: the notion that “all labour is an expenditure of human labour-power, in the physiological sense,” a “productive expenditure of human brains, muscles, nerves. . . .”⁵⁷ In other words, through the emergence of a working class as a separate entity from other groups within the population, we can trace another shift in the state’s involvement in labour markets. As the state sought to get involved in the management of labour supply, it became necessary to know how people could be fed, clothed and housed in industrial centres. The emerging studies addressed such issues. The thesis will discuss the interplay between the construction of statistical categories and the changes in consumption patterns captured within these categories.

The fourth chapter looks at the devising of budget studies both as source material, and as a field of contestations over how reproduction should be measured. I will argue that employers wanted this process of stabilisation but required the intervention of the state. Due to several moments of crisis in reproduction, fuelled by two world wars, it had become necessary for employers to shift from a regime which mainly relied on bipartite (or “voluntary” commitments by millowners) to greater state intervention. The process of state intervention, however, did not go hand in hand with an extension or even a universalisation of access to reproduction, but with the establishment of particular rights for a small segment of the working population in India. I will analyse the construction of this working class both as an analytical and a political category through emerging data sets on household consumption.

Who would be included in such endeavours, and how were boundaries to be drawn between “working-class households” and other entities? I analyse how these categories were demarcated through the norms applied in measuring income and expenditure and selecting commodities for these budgets. From the devising of such budget studies, I will then turn to the application of studies within the context of the wage regimes resulting from it, most importantly in the form of dearness allowance payments emerging from the Second World War onwards.

The struggles around dearness allowance require a separate chronology, since the demands for dearness allowance developed their own trajectories. I will show how claims for dearness allowance

⁵⁷ Amrith, S. S. (2008) Food and Welfare in India, c. 1900–1950 – *Comparative Studies in Society and History* 50(4): 1010.

from the Second World War onwards built on data generated from the budget studies. The evolution of dearness allowance payments will then be compared with the Consumer Price Index that measured changes in prices since 1926. The numbers have been generated from monthly publications of the Bombay Labour Gazette from 1935-65. Due to rising prices and lowering real wages, demands for dearness allowances had become framed in ways which harboured the potential for larger social transformation processes. By connecting political movements with concerns over reproduction, the last part of the dissertation thus connects with the first part in terms of the interplay between social forces and wage matters as potential drivers of larger transformation processes.

In practice, these multiple dimensions of wage regulation may not always have been easy to disentangle. Each component of the wage contained diverse elements of conflict between workers and employers. As such, the chapters draw on separate chronologies, but several points of convergence should be highlighted. All elements shared a common point of reference to “peaceful” negotiation. The division between the forums and organisation of bargaining institutions in the first chapter may seem artificial, but it serves to clarify the modes of negotiation before analysing the results of these processes. The only exception will be the emergence of the Labour Appellate Tribunal (LAT) – a forum which arose out of the need to pacify bonus disputes and was significantly shaped by the field it sought to regulate. That is why the tribunal will predominantly be discussed in chapter 2.5 on the bonus. These disputes also referred to need-based evaluations of cost-of-living standards and the goal of reaching subsistence standards as a common reference point for all components. Yet, there were differences in the weighting of each element in the disputes around these issues. The basic wage – mostly visible in the discussion about the standardisation of wages – mainly related to the allocation of work on the shop floor and to what extent such tasks could be divided and differently remunerated based on conceptualisations of “skill”. Questions of the bonus were strongly focused on whether it was an “ex gratia” payment by the millowners or whether workers had a “right” to it in the form of “deferred wages”. With the regulation of the negotiation process, company balance sheets became an important data set that could be used by both sides in the labour courts. The question of the dearness allowance circled around how the social reproduction of the household was to be related to industrial wages earned. Here, streamlined negotiations tied dearness allowance payments to an automatic index.

Particularly in the cases of dearness allowance and bonus payments, it became clear that they both had enormous potential to shake up the existing social structure. This became evident in the large-

scale mobilisation they caused – both elements led to the largest strike movements during the 1940s. However, the chapters will show how this transformative potential was constantly contained through the measures introduced. The dearness allowance became a measure that stabilised real wages, but curtailed their growth. Similarly, bonuses indeed prevented profit sharing schemes rather than enabling them. As all these components cut through the logics of regulation identified in the dissertation, they will resurface at various points during the chapters. I will outline the process of separating components in chapter 1 with a focus on “social peace”, as well as in chapter 2, where I will discuss its ordering functions on an emerging segmented labour market. The basic wage will be part of a discussion on standardising wages in chapter 2, while its relation to “skill” in the production process will be addressed in chapter 3. Similarly, I will discuss bonus payments as an annual payment in chapter 2 and as incentive pay in chapter 3. Access to dearness allowance payments were a marker of division between different segments of the labour market. However, their distinct logic built on the emergence of working-class household budgets as a statistical endeavour by the state. It is therefore not possible to understand the mechanisms of the dearness allowance before examining the inherent logics of these budget studies, which is why I will discuss the dearness allowance in chapter 4.

Chapter 1. Wage Regulation to Secure “Social Peace”

In 1928, textile magnate Kasturbhai Lalbhai opened the first creche for children of those employed in his mills. On the occasion of its opening, Gandhi praised Lalbhai’s efforts as exemplary. In his speech, he encouraged other millowners to think of employer–employee relationships as families:

I want you to make your labourers co-partners of your wealth... The only sanction that I can think of in this connection is of mutual love and regard as between father and son, not of law. If you make it a rule to respect these mutual obligations of love, there would be an end to all labour disputes... You have given me credit for keeping the city of Ahmedabad free from a labour upheaval such as Bombay is at present passing through. Well, I cannot quite disclaim that credit.⁵⁸

From these statements, we can draw out several aspects of the labour regime Gandhi envisioned for Ahmedabad. How did wages fit into the definition of “co-partners” in the wealth of production? What were the mechanisms envisioned for negotiating on a peaceful basis? And what was the relationship between the law and such direct negotiations within the “family” of workers and employers? What did this mean in relation to the state, and what were the alternatives to state control? This chapter analyses the political field of forces departing from the ideal of trusteeship. I will argue that the “peaceful” labour regime resulted from the particular requirements of textile production in Ahmedabad from the 1920s onwards. By analysing the formation of the AMA and the TLA as classes for, and in, themselves,⁵⁹ I show how these two associations entered into an arena which shifted from “voluntary” to “tripartite” negotiations involving greater state action during the 1940s. This led to tensions not only between outcomes and procedures set out by the state and local agreements, but also between the two organisations themselves. Both constantly

⁵⁸ Collected Works of Mahatma Gandhi Vol 36: Speech at Opening of Creche, Ahmedabad 01.05.1928: 289.

⁵⁹ One could apply the approach (based on Przeworski, A. (1977)) of looking at political consciousness through the model of a class-in-itself vs. a class-for-itself to understand the distinction between its internal formation and political engagement on the one hand and its economic and systemic functions on the other. See: Proletariat into a Class: The Process of Class Formation from Karl Kautsky’s *The Class Struggle* to Recent Controversies. *Politics and Society*, 7(4), 343–401. (On the relevance in the context of engagement with labour law, see also Kautsky, K. (1892) *The Class Struggle* (Erfurt Programme) – Kautsky highlighted the relevance of engagement in the law-making process of workers). However, it is important to note the limits of Przeworski’s account of the state as an institution which can be democratically changed through the political engagement of workers’ associations. In this specific case, this is problematic for two reasons. First, as Miliband has shown, even though the state leaves room for workers’ engagement, it still remains inherently capitalist, as it subsumes every political process under its profit rationale. Miliband, R. (1969): *The State in Capitalist Society*. Therefore, certain policies are more beneficial to the capitalist state than others, such as the promotion of increasing production and the prevention of labour unrest. Second, the example of the TLA will show that the route taken by its executive committee was the very opposite of raising workers’ political consciousness: its aim was to prevent precisely this.

needed to (re-)establish their political positions within Ahmedabad. The failure of the TLA to do so during the 1960s significantly contributed to the decline in the momentum of the “peaceful” labour regime of the previous decades.

The chapter builds on Jan Breman’s work on the “making” and “unmaking” of the Ahmedabad working class related to the TLA model.⁶⁰ He has shown how the TLA model became a national reference point, but was also at the same time limited by historical contingencies at the local level. How did wage negotiation feature in these configurations of industrial relations? As one of the most contentious issues in labour relations, wage negotiations played a crucial role in shaping bargaining institutions as well as being re-shaped by them. One of the crucial aspects therefore is to look at the interaction between the emergence of *outcomes and procedures* in shaping wage agreements. Here, I follow the definitions of the legal scholar Mithi Mukherjee in her analysis of the historical crystallisation of legal entities in post-colonial India.⁶¹ By ‘outcomes’ I mean the actual amount of wages defined through agreements, while by ‘procedures’ I mean the modus of negotiations and which forums crystallised through both legal and judicial interventions (figure 1). Identifying the 1935 agreement as the point of entry for looking at institutionalised bargaining procedures requires taking a closer look at the underlying formation of two dominant organisations of representation on each side of the table. This necessitated a process of consolidation on both sides, i.e. the formation of the TLA and the AMA as bodies of interest representation (see graphic below).

⁶⁰ This of course refers to E. P. Thompson’s seminal work on the “making” of the English working class. By highlighting the “unmaking” of the working class in Ahmedabad, Breman highlights the peculiarity of the historical moment under which factory work emerged in Ahmedabad. Breman, J. (2004). *The Making and Unmaking of an Industrial Working Class. Sliding Down the Labour Hierarchy in Ahmedabad, India*. Amsterdam University Press.

⁶¹ Mukherjee, M. (2009). *India in the Shadows of Empire: a Legal and Political History (1774–1950)*. Oxford University Press.

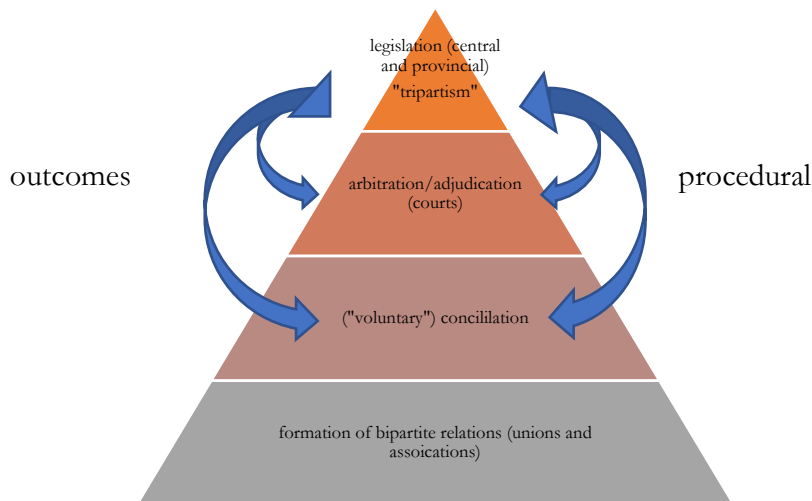


Figure 1: Outcomes and procedures in wage bargaining

1.1 Situating Tripartite Relations in Histories of Business, Labour and the State

The field of forces emerging between business and labour in the interaction of emerging bargaining institutions has thus far, on the whole, been treated separately by the existing historiography. In Indian business history, we re-encounter a historiography which is pre-occupied with dichotomous frameworks. On the one hand, firms have been frozen in time; conservative businesses pursuing risk-averse strategies in the context of traditional values, such as family, community, and firm reputation. R. K. Ray and other historians have referred to religious and social values as one of the main drivers in the formation of an independent class of Indian businessmen responding to the boundaries set by the colonial framework⁶² which brought them into Gandhi's proximity.⁶³ On the other hand, enterprises have been celebrated for their disruptive entrepreneurial endeavours and progressive labour regimes. In his analysis of the textile industry of India, Tirthankar Roy has argued that indigenous Indian businessmen had significantly contributed to the arrival of modern factories in the country.⁶⁴ Notable figures from Ahmedabad included the Sarabhai family, owners of the Calico Mills. These were not just the largest mills in the city during the 1950s but were also considered to offer one of the best workplace environments in the country. Although such accounts were published by contemporaries, they still resonate within the literature today.⁶⁵ Most

⁶² Ray, R. K. (1979). *Industrialization in India: Growth and Conflict in the Private Corporate Sector, 1914-47*. Oxford University Press. See also, for example, Kochanek, S. A. (1971). *The Federation of Indian Chambers of Commerce and Industry and Indian Politics*. *Asian Survey*, 11(9), 866-885.

⁶³ Ibid. See also Spodek, H. (2011). *Shock City of Twentieth Century India*. Orient Blackswan, Hyderabad.

⁶⁴ Roy, T. (1993). *Artisans and Industrialization. Indian Weaving in the Twentieth Century*, Oxford University Press, Delhi;

A business history of India: enterprise and the emergence of capitalism from 1700. Cambridge University Press.

⁶⁵ Such contemporary accounts can be found from the 1920s to the 1950s, for example: Furtwängler and Schrader to Subbiah Kannapan; for business historians see Tripathi *Dynamics of a Tradition*. The appraisal of the Indian business family is limited, to a certain extent, by the nature of the archives, which are predominantly private, with restricted

prominently, the division of millowners in Ahmedabad between an “old” guard and a “new” guard has been coined by Howard Spodek to underline the interplay of these two forces in the city’s development.

In this thesis, the strong interest of businessmen in wage matters will be analysed as a strategy of labour control. As one of the key figures in India’s fight for independence, Gandhi envisioned the labour movement in Ahmedabad mainly as a counter-proposal to communist and socialist trade unions. During a period of increasing strike activity in Bombay in 1928, followed by the Karachi Resolution by the INC in 1931 which threatened private property, Gandhi warned that “class war is foreign to the essential genius of India”, which he believed lay in its villages.⁶⁶ He sought to establish his own code of labour conduct “based on non-violence and on the harmonious cooperation of labour and capital”⁶⁷ – essentially arguing against forceful redistribution and dispossession by the state. Defining the common, harmonious goal of both parties as that of increasing national production, the idea was that this would eventually form an accumulated mass of wealth which would in the end belong to the “trustees”, i.e. businessmen administering it for the benefit of all society.⁶⁸ This had two dimensions – one at the collective level of businesses as organised interests, and one at the level of individuals. The latter feature in particular has recently (re-)gained prominence in business history.⁶⁹ Kena Wani has shown how the concept of trusteeship and philanthropy significantly shaped Ahmedabad city, particularly through contributions to the relief measures of the Tilak Swaraj Fund.⁷⁰ One of the earliest examples of a businessman living up to his trusteeship ideal was the textile magnate Kasturbhai Lalbhai from Ahmedabad. Addressing him and other businessmen of the city at the opening of a mill creche in 1928, Gandhi

access. Several families, including the Sarabhais, are commissioning their own histories (e.g. Shah, A. (2007). *Vikram Sarabhai – A life*. Viking, New Delhi.)

⁶⁶ Collected Works of Mahatma Gandhi Vol 58: Answers to Zamindars. 25.7.1934. Navajvan Press Ahmedabad: 240.

⁶⁷ *ibid.*

⁶⁸ *Harijan* 7.12.1935: 340.

⁶⁹ E.g. Piramal, G. (1999). *Business Legends*. Penguin Books India; Lala, R. M. (1994). *Beyond the Last Blue Mountain: A life of J. R. D. Tata (1904-1993)*. New Delhi, India; New York: Viking ; Penguin Books; Joshi, A. (1979). *Lala Shri Ram: A Study in Entrepreneurship and Industrial Management*. Sangam Books, Delhi. For the most recent and a more critical approach, see Raianu, M. (2021). *Tata: The Global Corporation that Built Indian Capitalism*. Harvard University Press. For Ahmedabad businessmen, their commitment to philanthropy has been particularly highlighted. E.g. Tripathi, D. (1981). *The Dynamics of a Tradition: Kasturbhai Lalbhai and his Entrepreneurship* (p. 76). New Delhi: Manohar. Shah, A. (2016). *Vikram Sarabhai: A Life*. Penguin UK.

⁷⁰ Wani, K. (2022). Trustees of the Nation? Business, Philanthropy and Changing Modes of Legitimacy in Colonial and Postcolonial Western India. *The Indian Economic and Social History Review* 59(1): 5-36. The trope of the trustee a role model for philanthropy has resurfaced in seminars of the Indian Institute of Management in Ahmedabad. For example, it hosted a conference on the theme of the “Symposium on Trusteeship and Future of Capitalism” on February 4, 2020. Filippo Orsella however warns us that philanthropic ideas of trusteeship should not be equated with present-day configurations of Corporate Social Responsibility. Orsella, F. (2018). Charity and Philanthropy in South Asia: An Introduction. *Modern Asian Studies* 52(1): 4-34.

had formulated one of his earliest definitions of trusteeship, which had also taken the form of ex-gratia payments (e.g. bonuses) up until the late 1920s.⁷¹

Consolidation did not only take place within the union and the business association, but within the state itself. Like the processes of internal and external formation we will look at regarding the TLA and the AMA, we should not understand the state as a monolithic entity. Indeed, between 1935 and 1965 drastic changes took place. The Government of India Act in 1935, the subsequent formation of a Congress-led government in 1937-39, independence in 1947 and the formation of a separate Gujarat state in 1960 brought about transformations in the political administration of labour matters. Stanziani warns us that the generation of government statistics on poverty and consumption has always been a dynamic process, pushing in various directions. His work encourages us to focus on individuals within institutions, rather than trying to find the inner logic of the state as a whole. In her work on the “myths” of the Indian developmental state under Nehru, Taylor Sherman has argued similarly, for the Indian case, that the hegemonic role of state “experts” needs to be complicated.⁷² Due to limited resources, the execution of development projects had been only possible in conjunction with other forces at play. In this sense, she argues that the outcomes of such policies were cutting through rigid, top-down dirigisme frames of stealth. Instead, they were mediated by experiments which remained on smaller scales, not necessarily always associated with centralisation or homogenisation.

This thesis connects to this strand of literature on the transformations of the state within these decades by analysing the role it played in labour matters. How can we understand the relation between business, labour and the state, and how did this shape wage negotiations? Vivek Chibber has argued that from the late 1940s onwards, the state suppressed the strike movement and thereby asserted dominance within the framework of tripartite relations. He conceptualises this constellation as state corporatism. Borrowing from historiographies of labour relations under fascism, corporatism has predominantly been applied in characterising authoritarian regimes in which organised interest groups are controlled by the state.⁷³ Ravi Ahuja, on the other hand, contends that the emergence of labour as a political category within the late 1940s should be

⁷¹ Sarkar, A., forthcoming.

⁷² Sherman, T. (2023). Nehru’s India. A History in Seven Myths. Princeton University Press. See also Sudipta Kavira’s critique of the passive revolution, Kaviraj, S. (1988). A Critique of the Passive Revolution. *Economic and Political Weekly* 23(45/47): 2429–2444.

⁷³ The framework of corporatism originated in analyses of labour relations in fascist Italy. See, e.g. James Q. Whitman (1991). Of Corporatism, Fascism, and the First New Deal, *The American Journal of Comparative Law* 39 (4): 747–778. For the relations between fascist Italy and the Indian independence movement, see Framke, M. (2013). Delhi – Rom – Berlin: Die indische Wahrnehmung von Faschismus und Nationalsozialismus 1922-1939. WBG, Stuttgart.

understood as a strength of the labour movement, and that the legislative endeavours taken by the state cannot be fully understood through the lens of control alone.⁷⁴

In his seminal work on corporatism, Philippe Schmitter defines the concept as a system whereby the interests of society are organised into specific, hierarchically ordered groups, each of which has a monopoly over representing its sector.⁷⁵ These groups work in close collaboration with the state to influence policy and regulation, often through formal negotiations and agreements.⁷⁶ The key features of corporatism would include monopoly representation, which grants specific organisations (e.g. unions, employer associations) an exclusive role in representing the interests of their group, often with state recognition or backing. Hierarchical structure is another feature, whereby these groups are organised in a top-down manner, with leadership at the top responsible for negotiations and enforcing policies or agreements. Finally, collaboration with the state is central to corporatism, as corporatist groups are integrated into state policy-making, playing formal roles in negotiating outcomes such as wages, working conditions, and industrial policies. However, even Schmitter himself warns us against using the term ‘corporatism’ too widely. If this framework were to be applied, it would be necessary to thoroughly analyse the nature of the AMA, the TLA and their interplay with state institutions in order to establish whether this concept is useful in understanding the context of wage relations in Ahmedabad.

The chapter is structured as follows: I will first outline the origins of local collective bargaining in Ahmedabad during the 1930s, highlighting how such “voluntary” agreements were rooted in a specific set of production relations. Since voluntarism was such an important pillar, the concept of collective bargaining between different groups had been very prominent ever since the TLA’s inception.⁷⁷ During the 1930s, such ideas became institutionalised and relevant as ideal models beyond their local application in Ahmedabad. At the same time, these institutionalisation processes led to the emergence of tensions between processes at the national level and on the shop floor. The fundamentals for this framework were set out by the so-called Delhi Agreement 1935. At the

⁷⁴ Ahuja, R. (2020). Produce or Perish?. The Crisis of the Late 1940s and the Place of Labour in Post-Colonial India. *Modern Asian Studies* 54(4): 1041.

⁷⁵ Schmitter P. C. (1974). Still the Century of Corporatism? *The Review of Politics* 36(1): 93.

⁷⁶ Schmitter distinguishes between two types of corporatism: state corporatism and societal corporatism. State corporatism occurs when the state creates or controls the interest groups and organises them into a formal structure that influences policy, often in an authoritarian or semi-authoritarian context, such as fascist Italy. Corporatism contrasts with pluralism, where multiple interest groups freely compete to influence policy without a hierarchical structure or formal integration into the state’s decision-making process. In pluralist systems, the state remains neutral, whereas in corporatist systems, it actively mediates and regulates interactions between organised groups. Ibid, p. 103.

⁷⁷ Patel, S. op. cit.

local level, it initiated the process of institutionalisation of wage politics.⁷⁸ To identify the 1935 agreement as the point of entry for looking at institutionalised bargaining procedures, we need to take a closer look at the underlying formation of two dominant organisations of representation on each side of the table (section 1.2).

Until the 1930s, the trusteeship model served to keep the state out of the process of wage negotiations.⁷⁹ This changed during the latter half of the decade. With great political changes enacted through the Government of India Act in 1935, the political arena shifted, strengthening the importance of the provincial level of policy-making. These provincial governments turned political programmes into policies, mediated by the ideological contests within the Indian National Congress. For instance, the Bombay Industrial Disputes Act (BIDA, 1938) and its successors would guarantee that only “representative” unions such as the TLA obtained a legal right to negotiate on behalf of the workers.⁸⁰ Section 1.3 will show how this created a new impetus to secure control locally and within the emerging spheres of state and central politics. During the Second World War, labour matters became increasingly important for the central government. Approaches to wage negotiation oscillated between bipartite and tripartite (or statutory) approaches, contingent on the exercise of state control over the process.⁸¹ Tensions between these two concepts and how this varied between the state and the national level will be discussed in section 1.4.

This formation necessitated a process of consolidation, crystallising in the acceptance of the TLA as the major representative of workers and the AMA as the organ of the unified voice of the millowners. The representation of interests at those labour courts required consolidating both employers’ and workers’ interests within these respective organisations. These institutions and the actors involved in it constituted each other. Paternalist ideologies of trusteeship sought to prevent unrest through a regulation of collective bargaining procedures between the TLA and the AMA,

⁷⁸ Patel, S. op. cit.

⁷⁹ For this argument, see also Sarkar, A. (2018). *Trouble at the Mill: Factory Law and the Emergence of Labour Question in late Nineteenth-Century Bombay*. OXFORD UNIVERSITY PRESS.

⁸⁰ On the Industrial Disputes Act (1938), see Punekar, S. D. (1952). *Industrial Peace in India: The Problem and its Solution*. Vora & Co, Bombay.

⁸¹ As part of the Critical Industrial Relations school, Dukes and Streek have highlighted the importance of the beginning of the twentieth century for the emergence of labour laws under the competing legal frameworks of general contract law (as a private contract between workers and employers), and the specific needs of workers as human beings – resulting in the emergence of institutions to create a structure for procedural, inclusive law-making (including legislation and labour courts). Dukes, R. and Streek, W. (2020). *From Industrial Citizenship to Private Ordering? Contract, Status and the Question of Consent*. *Max-Planck-Institut für Gesellschaftsforschung Discussion Paper 20/13*, 2020. In other words, questions arose as to whether the employer–employee relationship should maintain its individual character or whether (and if so) to what extent the state should intervene in it.

through forums of arbitration and conciliation, and, from the 1950s onwards, increasingly through labour courts. However, these consolidation processes were never really completed and had to be rebuilt through internal control of the group as well as towards the outside through agreements. The chapter will then trace how the TLA sought to continuously (re-)stabilise its hegemony over the labour movement in Ahmedabad, while its leadership obtained key positions within the national government (section 1.4). Based on Ritu Birla's findings that trusteeship concepts always depended on profit strategies,⁸² I will argue that simultaneous to central institutionalisation in the emerging regulations of wage negotiation, there was a breakdown in the trusteeship consensus in Ahmedabad during the 1950s due to diverging business strategies in the textile industry (section 1.6).

1.2 The Origins of Local Collective Bargaining in Ahmedabad

1.2.1 Contextualising the Ahmedabad Labour Regime in Textile Production

Before we turn to the emergence of concrete configurations of industrial relations, it is necessary to understand how historical moments shaped economic conditions within the Ahmedabad textile industry – and how in turn these economic conditions contributed to a specific outcome of wage negotiation. The plague of 1917/18 had been a crucial moment in the labour history of Ahmedabad.⁸³ It set off a number of decisive processes in the negotiation of wages. First, it had implications for the modalities of wage payments. Following the migration of workers from the city to the countryside due to the pandemic, the mode of payment of wages temporarily shifted to shorter intervals and higher rates of remuneration in several departments of the mills.⁸⁴ This had different outcomes for various sections of the mills. To keep workers in the mills, bonuses were predominantly paid in the spinning and winding departments, where migratory patterns of workers continued to be strong.⁸⁵ But the social composition varied significantly between occupations. As Muslim weavers were mainly non-migrant workers from the city itself, their wages were not rising in a similar way. Warpers also did not receive any bonus, as they were mainly based in the city and formed a relatively small minority of workers in the mills, with about five to seven warpers per

⁸² Birla, R. (2009). *Stages of Capital. Law, Culture, and Market Governance in Late Colonial India*. Duke University Press, Durham: 103.

⁸³ Spodek, H. (1965). The Manchesterisation of Ahmedabad. *Economic Weekly* 17(13): 483-90.

⁸⁴ Breman, J. op. cit: 41.

⁸⁵ M. V Kamath and V. B. Kehr (1993). *The Story of Militant but Non-Violent Trade Unionism: A Biographical and Historical Study*. Navajvan, Ahmedabad.

average-sized mill.⁸⁶ When the plague was over, almost no mill paid bonuses anymore, thereby causing a cut in 70-80% of workers' wage bills. But many commodities remained expensive, with prices for grain more than doubled. These de-facto wage cuts caused major labour unrest in Ahmedabad, leading to a general strike with 50,000 participating workers on February 22nd, 1918. Through Gandhi's intervention, both sides eventually agreed to an increase in basic wages by 35%, thereby effectively covering half of the cut in bonus.⁸⁷ Therefore, bonus payments were relegated into the background in discussions on wage forms, but they would eventually resurface during the interwar period.

Second, these modalities of bonus payments indicate Ahmedabad's particular approach to the question of labour relations. To keep workers at the mill, businesses were willing to pay a premium, up until the end of the crisis. Once the dispute was underway, millowners continued to be inclined to invest in "peaceful" labour relations, rather than let the conflict derail their businesses. According to Mahadev Haribhai Desai, who had participated in the movement as Gandhi's disciple and chronicler, Anasuya Sarabhai, too, had been crucial in the mediation of the conflict. She had not only conducted relief work in working-class neighbourhoods, but she was also the sister of the largest Ahmedabad millowner, Ambalal Sarabhai.⁸⁸ In 1920, she became the founder of the Textile Labour Association (TLA) as the major trade union in the city, and set up its first office in Shanti Sadan, one of the main family properties.

What made it so lucrative for millowners to invest in the foundation of a trade union? I argue that the production of textiles in Ahmedabad required a specific set of labour relations with a greater emphasis on maintaining a stable workforce. Several scholars of the history of Ahmedabad have noted the millowners' greater willingness to forge political alliances with workers' representatives due to a common economic interest in an independent Indian state. Indeed, the industrial centre has received much attention for its close proximity to the national movement. For example, as part of the TLA's activities, Anasuya Sarabhai was one of the greatest supporters of the boycott of British cloth led by Gandhi and the TLA during the 1920s.⁸⁹ As various business historians have shown, there was a fundamental difference between the textile production of Bombay (the largest centre for cotton mills in India) and Ahmedabad (the second largest): whereas Bombay competed

⁸⁶ Mehta, M. (2005): Gandhi and Ahmedabad 1915-1920. *Economic and Political Weekly* 40 (04): 291-299.

⁸⁷ The following accounts of the strike are based on Desai, M. H. (1951). *A Righteous Struggle*, Navajvan, Ahmedabad.

⁸⁸ Basu, A. (2020). Anasuya Sarabhai (1885—1970). In *So Many Words*: 49-64. Routledge, Delhi.

⁸⁹ Desai, M. H. (1951). *A Righteous Struggle*. Navajvan, Ahmedabad.

with coarse goods from Japan, Ahmedabad produced fine-spun goods similar to those made in Lancashire. Consequently, they were fighting for market shares with the British.⁹⁰

The historian Claude Markovits has described the relationship between the Colonial government and Bombay businessmen as “a certain degree of symbiosis and no direct clash”.⁹¹ During the Depression of the 1930s, however, this started to change. The first reason for this was fiscal policies. Although these concerned the Colonial government at the centre, they led to frustrations (and eventually donations to the Congress party) at the local level as well. Since the Indian rupee was linked to the British pound, there was a significant deflationary pressure on the Indian economy. Rather than delinking the two currencies, the Government of India sought to stabilise revenue through higher taxation in order to maintain fiscal stability.⁹² The second reason was the Ottawa Agreement of 1932, also known as the Imperial Economic Conference, which had significant implications for Indian businesses during the 1930s. The agreement was primarily aimed at promoting intra-empire trade within the British Commonwealth through a system of preferential tariffs, giving advantages to goods produced within the Empire over those from foreign countries. While Indian goods were technically part of this preferential system, British textile manufacturers were given a more favourable position.⁹³ Nonetheless, the effects of the agreement were mitigated for Bombay businessmen through the Lees-Mody Pact in 1933.⁹⁴ The pact reduced the tariffs on British textiles from 25% to 20%. Textile mill owners in Bombay were concerned that ongoing trade disputes could result in even higher tariffs or quotas being imposed on Indian goods in British markets. As products from Bombay were not directly competing with textile goods from Lancashire, Sir Homy Mody, representing the Tata group, was willing to agree to terms that were potentially harmful to other producers in the rest of the country. The pact, therefore, ensured that at least Bombay textile millowners retained access to these important markets while avoiding a

⁹⁰ E.g. Kudaisya, M. M., ed. (2011). *The Oxford India Anthology of Business History*. Oxford University Press. Markovits, C. (2002). *Indian business and nationalist politics 1931-39: The indigenous capitalist class and the rise of the Congress Party* (Vol. 33). Cambridge University Press.

⁹¹ Markovits, C. (2002). *Indian Business and Nationalist Politics, 1931-1939*. Cambridge University Press.

⁹² Chatterji, B. (1992). *Trade, Tariffs, and Empire: Lancashire and British Policy in India, 1919-1939*. Oxford University Press, Delhi: 240-244; 248.

⁹³ British goods, particularly textiles, continued to dominate key markets in India and other colonies, often enjoying tariff advantages that made it harder for Indian textiles to compete, both in India and abroad. Indian textile companies, particularly those in Bombay’s cotton industry, had long relied on export markets, including the British Empire, for sales. Under the Ottawa Agreement, Indian textiles faced higher tariffs and trade restrictions in the British market compared to British textiles entering India. This limited Indian textile exports to Britain and other imperial territories, while ensuring that British textile manufacturers retained preferential access to Indian markets. The British textile industry, which had been struggling during the Depression, was effectively protected at the expense of Indian competitors.

⁹⁴ On the Lees-Mody Pact, see Mukherjee, A. (2002) *Imperialism, Nationalism and the Making of the Indian Capitalist Class, 1920-1947*. Sage, London: 249.

damaging trade war that could have further restricted their export opportunities. For Ahmedabad millowners – under the leadership of Kasturbhai Lalbhai – the Lees-Mody Pact was one of the crucial reasons for becoming closely associated with the Indian National Congress.⁹⁵

The difference in production strategies thus had important political implications. It brought the Ahmedabad millowners into closer contact with the national movement, specifically in comparison with their Bombay counterparts.⁹⁶ This relation between the Congress and Ahmedabad businessmen was mediated by a particular approach to labour which differed from that of Bombay too. The particular regime of producing higher spun goods required skilled workers, especially in the spinning and weaving department, much earlier on. This had not necessarily been the case in Bombay. As a consequence, did the limitation of working hours from 60 to a maximum of 54 hours under the Factories Act 1934 affect the two industrial centres in different ways? With regard to earnings in 1935, the Wage Census of the Labour Office in Bombay showed that

the fall in the earnings of piece rated workers as the result of the introduction of the 54-hour week from the 01/01/1935 was made up in mills in Bombay partly by greater efficiency in production ...in Ahmedabad weaving efficiency was already very high when the reduced hours came into effect and the weavers and other piece rated workers were not able to make up more than a third of the time lost.⁹⁷

This indicates that the Ahmedabad mills had been concerned about efficiency gains earlier than had been the case, to the same extent, in Bombay. The comparatively higher wages in the first centre can be interpreted as an investment in such efficiency gains. Even though wages in Ahmedabad were on average 31% higher between 1933-1937 than in Bombay (table 1 and figure 2), this did not necessarily mean more take-home income, as indebtedness on average was about seven times higher.⁹⁸ According to Breman, debt played a significant part in keeping workers at the mill.⁹⁹

⁹⁵ Piramal, G. (2010). *Business Legends*. Penguin, London: 372-82.

⁹⁶ E.g. Leadbeater, S. R. B. (1993). *The Politics of Textiles: The Indian Cotton-Mill Industry and the Legacy of Swadeshi, 1900-1985*. Sage, Delhi. On the origins of the mill industry in Ahmedabad, see Mehta, M. (1982). *The Ahmedabad Cotton Textile Industry: Genesis and Growth*. Navajivan Publishing House, and Haynes, D. E. (2017). *Small Town Capitalism in Western India: Artisans, Merchants and the Making of the Informal Economy, 1870-1960*. Cambridge University Press.

⁹⁷ Labour Office, Government of Bombay (1934). *General Wage Census Part 1 – Perennial Factories*, third report. Report on Wages, Hours of Work and Conditions of Employment in the Textile Industries (Cotton, Silk, Wool and Hosiery) in the Bombay Presidency (excluding Sind), May 1934: 40.

⁹⁸ *Bombay Labour Gazette*, March 1937: 530.

⁹⁹ Breman, *Making and Unmaking*, op. cit.: 16.

Year	Bombay	Ahmedabad
1933	1-1-2	1-6-0
1934	0-15-9	1-5-11
1937	0-15-5	1-3-1

Table 1: Average Daily Earnings in Bombay and Ahmedabad 1933-1937

The figures are generally stated in Rupees, Annas and Pies with 1 Rupee = 16 Annas, and 1 Anna = 12 Pies (1 Rupee = 192 Pies).

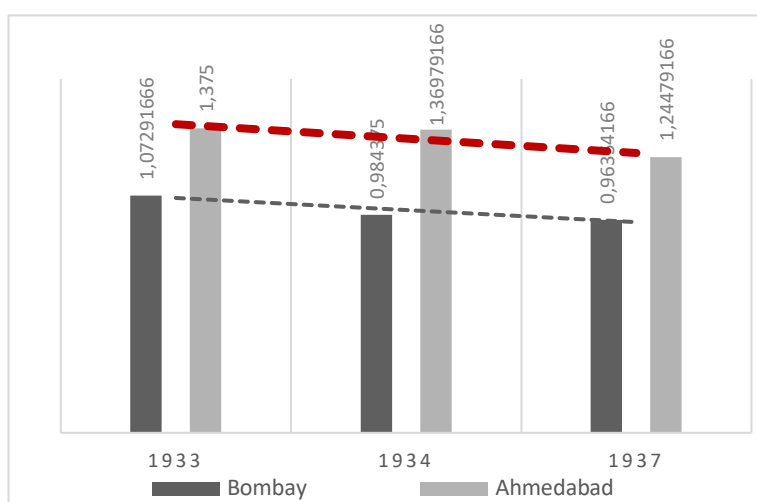


Figure 2: Average Daily Earnings in Bombay and Ahmedabad 1933-1937 in Rupees¹⁰⁰

During the 1930s, there was a crisis in the textile industry, with profit rates only recovering to the level of 1933 at the beginning of the Second World War.¹⁰¹ Due to these losses, five mills had to close down, and another seven mills changed ownership. However, looking at the number of spindles, looms and workers employed, no significant decrease can be observed. Spindles decreased slightly from 1,978,314 to 1,901,872 (3.36%) between 1933 and 1939, whereas the number of looms fell by 391 (0.08%). The number of workers even rose slightly from 77,743 to 77,859.¹⁰² This indicates that not all mills were equally affected by the crisis. Indeed, according to the Indian Textile Journal run by the Bombay-based Textile Engineering and Electrical Industries of India, the 1930s divided the Ahmedabad millowners into two groups – “those who but only feel the pinch of depression and those who are strangled by the same... the latter form the

¹⁰⁰ AMA Report 1939: 175.

¹⁰¹ Ibid.: 387.

¹⁰² Ibid.

majority”.¹⁰³ Falling profits resulted in a restructuring of the industry rather than a complete closure, as the trend suggests a re-use of machinery by other mills as well as a restructuring of departments. One example of this was the acquisition of the Aruna, Nutan and Ahmedabad New Cotton Mills by Kasturbhai Lalbhai between 1928-1930, who replaced the equipment of these factories since they were entirely run down by the production drive of the First World War.¹⁰⁴

This crisis marked a moment of different profit strategies emerging within Ahmedabad itself. Within the AMA, two groups can be broadly distinguished. The first group, led by Kasturbhai Lalbhai’s Arvind Mills and Ambalal Sarabhai’s Calico Mills, was hardly affected by the Depression and bought off idle stock in the city; it had undertaken large-scale investments in the diversification of its products in order to beat the crisis. Calico’s super-fine varieties had replaced Lancashire-produced extra fine-spun and coloured varieties to a large extent on the domestic market so that towards the second half of the 1930s, these products were “to be found in many an Indian home”.¹⁰⁵ Both the Calico Mills and several mills belonging to the Lalbhai family also introduced bleaching finishing processes and installed their own printing plants – a trend which was followed by many other mills, such as the Ambica Mills (owned by Harivallabhdas Kalidas), the Vikram Mills (Motilal Hirabhai), the New Textile Mills (Jivanlal Girdharlal) and the Rohit Mills (Rohit C. Mehta).¹⁰⁶ Machinery was imported from the UK and the US. These processes of finer spinning, bleaching and printing also required a diversified labour force, so, in order to attract workers for these operations, the Calico and Arvind mills paid the highest wages in the city.¹⁰⁷

The second group was led by the “die-hard orthodox” president of the Ahmedabad Millowners’ Association, Sakarlal Balabhai, owner of the Sarangpur Cotton Mills.¹⁰⁸ His business strategy was very different from those employed by the Lalbhais and Sarabhais, as he did not invest in further finishing processes. This was one way in which his approach to labour also formed a contrast with the “new guard’s”¹⁰⁹ ideas. This period marked a differentiation between the business strategies of Ahmedabad – those entrepreneurs who would invest in finer spun textiles and those who would

¹⁰³ *Indian Textile Journal*, July 1939: 420.

¹⁰⁴ Piramal Business Legends: 337. These mills had been owned by Sheth Mansukhbhai Bhagubhai and Sheth Jamnabhai Bhagubhai, who had both been AMA presidents between 1908 and 1914 (see AMA reports’ list of presidents).

¹⁰⁵ *Indian Textile Journal*, April 1938: 229.

¹⁰⁶ *Indian Textile Journal*, March 1938: 195, July 1938: 373 and September 1938: 454. For ownership, see See Desai, Navtarlal Nandlal Desai (1935). Directory of Ahmedabad Mill Industry, 1929-1933.

¹⁰⁷ Piramal, op. cit., 346.

¹⁰⁸ *Indian Textile Journal*, July 1938: 347.

¹⁰⁹ Spodek, Shock City, op. cit.: 38.

retain their already established niches in markets for goods with lesser counts.¹¹⁰ There was a fear that Ahmedabad businesses could compete for market shares among themselves to such an extent that it would hamper their overall growth. In 1937, the *Indian Textile Journal* warned of “unhealthy imitation and internal competition” which would create a “hindrance to the progress of the pioneer mills”.¹¹¹

It is worthwhile to engage with a portrait drawn of Balabhai by the *Indian Textile Journal* in 1938, because it reads so very differently from the trusteeship approach presented above. According to its account, he:

controls several mills but somehow has not much time for the social comforts of his labourers. He does not seem to believe in creches or housing schemes or chawls or hospitals. He is more of the old-school conservative who has the arrogance of the capitalist class. He is orthodox. Orthodoxy is almost a religion to him. He respects the very minutest details of his caste. His insistence on ritual is most rigid. He never begins his days work without making his oblations to the Vaishnav deity to which he bows. The change of modern conditions he refuses to acknowledge as a factor which will benefit mankind. ... He merely shrugs his shoulders when asked to express an opinion on leftist movements of the world.¹¹²

Different production strategies were connected with different perspectives on labour. This had implications for wage regimes within factories as well. Before the 1930s, there were widespread differences in wages not only between industrial centres, but also within enterprises. According to the findings of the Wage Enquiry of 1926, the “character of the production’ has a very vital bearing on questions connected with rates of wages” and that consequently, “those mills which weave finer cloths pay better wages in every centre than those mills which manufacture comparatively inferior sorts.”¹¹³ Sujata Patel has shown how these tensions between different millowners would eventually lead to a range of agreements during the 1930s to consolidate different interests on an

¹¹⁰ Sastry, S. R. (1947). *A Statistical Study of India's Industrial Development*, Bombay: 57.

¹¹¹ *Indian Textile Journal*, August 1937: 433.

¹¹² *Indian Textile Journal*, July 1938: 347.

¹¹³ Bombay Labour Office (1930). *Reports on an Enquiry into Wages and Hours of Labour in the Cotton Mill Industry*, 1926: 39.

all-industry level.¹¹⁴ However, as we will see throughout the thesis, those cracks would never fully disappear.

1.2.2 Institutionalising Peaceful Labour Relations? The Delhi Agreement, 1935

The agreement relating to wages in Ahmedabad between the AMA and the TLA in 1935 became known as the Delhi Agreement, since it was signed in the capital in the presence of Gandhi after more than two years of negotiations. It was born out of a moment of crisis in times when the Ahmedabad textile industry was suffering the effects of the fading of the swadeshi movement and an increase in Japanese imports due to a depreciated yen.¹¹⁵ Out of 82 mills in 1929, 14 either closed down their nightshift, went bankrupt or changed ownership by 1939, with net profits of the entire industry falling from 8,044,195 in 1933 to 4,302,214 in 1938.¹¹⁶

To overcome the growing tensions between varying wage regimes in the city, both the TLA and the AMA had asked Gandhi to work out an agreement between them in 1933. After two years of negotiation, the result was finally announced by the arbitrators Chamannlal Parekh and Manu Subedar, since Gandhi had to opt out due to other commitments. As such, the agreement proved that arbitration could also be implemented without the personal intervention of Gandhi himself. This marked a significant shift, as it opened up the possibility of a procedure for the “private” settlement of cases.¹¹⁷ The novelty further lay in the scale of the agreement – after the Gandhian settlement in 1918, it had not been possible to negotiate on an all-industry level. Thus, the agreement became the foundation moment for the formalisation of the arbitration machinery in Ahmedabad.

In the final agreement, the TLA accepted an overall wage cut of 6.25% for spinners, as opposed to the 25% initially demanded by the AMA. This amounted on average to one anna per hapta (wage period of 12 days), but it was also agreed that no wage should fall below Rs 19 in the weaving

¹¹⁴ Patel, S. (1987). *The Making of Industrial Relations: The Ahmedabad Textile Industry 1918-1939*. Oxford University Press, Delhi.

¹¹⁵ Bagchi, A. K. (1985). *Private Investment in India, 1900-1939*, Cambridge University Press: 226-227.

¹¹⁶ See Desai, N. N. D. (1935). *Directory of Ahmedabad Mill Industry, 1929-1933*: “Commercial News” for Ahmedabad for the period until 1933, and Parikh, M. (1988): *Labour-Capital Relations in Indian Textile Industry: Comparison of Ahmedabad and Coimbatore*, unpublished PhD thesis, for the period up to 1939.

This led to a reconfiguration of alliances on the global market, as now Ahmedabad millowners were willing to negotiate with Lancashire firms over the distribution of the Indian market. Even if the success of Kasturbhai Lalbhai in these negotiations was limited, it drew business closer to the colonial administration vis-à-vis the Indian National Congress, demanding again the instalment of tariffs for Japanese goods. However, this effect was rather temporary, with the Second World War creating new economic opportunities for Ahmedabad textile production. Patel, S. op. cit.: 150.

¹¹⁷ *History of Wage adjustments in the Ahmedabad Industry Vol. 3*, TLA Ahmedabad: 559.

department.¹¹⁸ However, this agreement left out piece-rated workers – the majority of weavers – as no standardised wage rate could be determined on their behalf. In the spirit of Shankerlal Banker’s intervention, both parties found a compromise in dismissing from employment only women whose husbands were still employed in the mills – this was considered a humane intervention.¹¹⁹

These results show the limitations of the agreement, foreshadowing the patterns and tensions of further wage negotiations in Ahmedabad. First, it indicated that some departments found better representation of their wage demands through the TLA than others. According to a Times of India article in 1937, 65% of the TLA’s members were part of the spinning department, while other departments only comprised 35% of its base.¹²⁰ This suggests that there was a significant over-representation of spinners in the trade union.¹²¹ Since mill departments were represented as separate unions under the umbrella of the TLA executive board, this had caste implications as well. According to the Government of Bombay, the spinning department was mostly dominated by Dheds and Vankars, farm weaving communities who had been moving to Ahmedabad in large numbers after the 1860s, but were forced to live “segregated from other communities, especially caste Hindus”.¹²² Sujata Patel has shown that these had been traditionally involved in handloom production, which had been wiped out by the Colonial market.¹²³ They made up for 11.75% of all workers.¹²⁴ There are accounts of strikes by other sections of the workforce when Dhed spinners entered the newly set up mills. However, according to the political scientist Lakha, they secured their employment within the mills through an alliance with Muslim jobbers originating in the Gujarat Ginning Mills and then spreading further into other factories in Ahmedabad.¹²⁵ Gandhi’s programme of social upliftment of so-called “Harijans” outside the caste system was particularly concerned with those workers in the spinning department. However, rather than abolishing caste hierarchies, the idea was to “reform” lower castes through educational programmes, such as abstinence from alcohol. In other words, the welfare programmes of the TLA were intrinsically linked to these ideas of improving workers’ conditions, predominantly through education rather than changing material realities. However, this very often consolidated caste boundaries rather

¹¹⁸ However, in other departments, wages were much lower, with grey folders being lowest paid at Rs 14.

¹¹⁹ TLA History of Wage Agreements (op. cit.): 580.

¹²⁰ *Times of India*, 18.11.1937.

¹²¹ Mahisi, E. (1976) Trade Union Leadership in Textile Industry of Ahmedabad. Doctoral Thesis, Gujarat University, : 141.

¹²² Government of Bombay. (1937). Report on an Enquiry into Working Class Family Budgets in Ahmedabad: 1.

¹²³ Patel, S. (1987). “Contract Labour in Ahmedabad Textile Industry” *Economic and Political Weekly* 21 (41): 1817.

¹²⁴ Government of Bombay. (1937). Report on an Enquiry into Working Class Family Budgets in Ahmedabad: 8.

¹²⁵ Lakha, S. (1985): Character of Wage Labour in Early Industrial Ahmedabad, *Journal of Contemporary Asia* 15 (4): 427.

than changed anything about their structure. In his unpublished PhD thesis, the sociologist Mahisi explained how this structure “encouraged caste associations with the expressed aim to reform the members of these castes. But it is conveniently forgotten that such limited reforms perpetuate the institutionalised inequalities and divisive tendencies among the industrial workers.”¹²⁶

Second, such “divisive tendencies” become even more visible when we look at the trade-off between the prevention of wage cuts and rationalisation measures. As a result of the agreement, the 1930s saw the highest drop in the number of female workers. A report by the Government of India in 1953 on the “Economic and Social Status of Women Workers” confirmed the trend of women’s retrenchment in the entire cotton textile industry with the number of women dropping from 19.4% of the total workforce in 1927 to only 13.8% in 1937. Paternalist visions of trade unions and the functioning of the industrial relations machinery were thus predominantly responsible for women leaving the textile mills.¹²⁷ Because it established a gendered principle by which only women were to be dismissed, it cut out these women from both paid employment and representation within the union. Instead, a separate women’s organisation was formed in 1934 by Mridula Sarabhai, daughter of Ambalal Sarabhai.¹²⁸ The main aim of the organisation, under the name Jyoti Sangh, was the training of women in household work and literacy, but also economic activities that could be undertaken from home – especially sewing.¹²⁹ It is not a coincidence that questions about the ideal household became merged in the Delhi agreement with questions of wages and earnings. In the court proceedings, TLA General Secretary Shankerlal Banker expressed his opinion that women working in factories was a sign of household poverty. In disbelief, he contended that their earnings would be so low that they would have been hardly “able to live on what is given to them but they are also obliged to add to their income by sending their women to employment?”¹³⁰ In other words, Banker believed that with higher levels of earnings, women’s work outside the private household would eventually disappear. As former TLA member and founder of the Self-Employed Women’s Association Ela Bhatt has put it, “in the process of modernising the textile mills, union and industry had both agreed that women were dispensable... the TLA’s attitude was that it was better for women to be homemakers and for men to earn the higher wages.”¹³¹

¹²⁶ Mahisi, E. (1976) Trade Union Leadership in Textile Industry of Ahmedabad. Op. cit.: 125.

¹²⁷ Further causes related to changes in technology and the reordering of shop-floor processes, see next chapter.

¹²⁸ Aparna Basu (1996). Mridula Sarabhai – Rebel with a Cause. OXFORD UNIVERSITY PRESS.

¹²⁹ Jyoti Sangh (2004). Looking Ahead. A Research Study on Women’s Needs Assessment. March 2004.

¹³⁰ Ibid. Statement by Shankerlal Banker.

¹³¹ Bhatt, E. (2006). We are Poor but so Many. The Story of Self-Employed Women in India. Oxford University Press, Delhi.

Third, for the millowners, while the agreement marked the beginning of standardising wages, it still maintained the possibility of paying different wage rates. By defining a floor wage, this eliminated some tension between those who were eager to cut wages even further and those who were eager to pay higher wages to attract skilled workers. However, the consensus around the agreement was short-lived. One of the oldest mill-owning families, the Mangaldas group, reduced wages in their six mills by firing everyone who did not accept these new terms through lock-outs in June 1936.¹³² In order to prevent the obligations under the Delhi agreement, the New Maneckchowk mill, owned by Hiralal Tricumlal and Chimanlal Shah, even left the AMA.¹³³ But even within the association, these millowners were very vocal during the following years, one of them being president Sakarlal Balabhai, who complained at the annual conference in 1936 about the “additional burden” of the agreement.¹³⁴ The group of millowners adhering to the principles of arbitration and negotiation was at risk of becoming even smaller. When the AMA and the TLA agreed to return to conciliation procedures in October 1936, the conciliator appointed by the AMA, Chamanlal Parekh, was soon forced to resign. As owner of the Rajnagar Mill No. 1, he had locked out workers in his own factory who had demanded that their cut wages should be restored. This made him untenable as an arbitrator.¹³⁵ Instead, he was replaced by Kasturbhai Lalbhai. For the TLA, Gandhi agreed to visit Ahmedabad, but as the conciliators could not come to an agreement, the matter was brought before Govindra Madgaonkar, ex-judge of the Bombay High Court on January 24th. The Labour Gazette reported the judge “was of the opinion that the Millowners’ Association was not entitled to ask for a reduction in wages as it had made no serious effort to implement the Delhi agreement”.¹³⁶

This confrontational approach by the millowners threatened to tear down the infrastructure of voluntary agreements in-the-making. Tensions over looming wage cuts were also dividing the labour movement. Because it had alienated large sections of the labour force, as outlined above, those sections now threatened to exit the TLA fold. Under the leadership of Dinkar Mehta, women from the spinning department organised a ten-day strike following the agreement. As a former teacher at the Gandhian Vidyapith school until 1933, Mehta had turned from one of Gandhi’s closest followers in Ahmedabad to one of the most prominent leaders of the opposition to the TLA in the mid-1930s. Even though the strike did not change the outcome of the Delhi

¹³² *The Bombay Chronicle*, 26-7-1936.

¹³³ They later re-joined. *Bombay Labour Gazette* February 1937: 411.

¹³⁴ AMA Report 1937: 4.

¹³⁵ *Bombay Labour Gazette*, November 1936: 185.

¹³⁶ *Bombay Labour Gazette*, January 1937: 345.

Agreement, Mehta eventually contributed to the formation of alternative unions, unbound by institutional compromise as envisioned by the TLA. Whereas he had previously acknowledged Gandhi's approach under which "masses could be mobilised, even the lowest, the most ignorant and the most unconcious of them",¹³⁷ he later lamented the "bourgeois interest" of the Gandhian movement and became actively involved in the Congress Socialist Party (CSP) as Joint General Secretary in 1935. The CSP, led by another former Gandhian, Jayaprakash Narayan, was founded in 1934 and consisted of leftists in the Indian National Congress (INC) who sought to operate from within the broader INC movement at both the central and provincial level.¹³⁸ In Bombay city, the CSP was represented by Asoka Mehta, who had moved there after his university graduation. His family had been very active in the Ahmedabad Municipal Corporation.¹³⁹ Thus, as a new party in the Bombay Province, according to Dinkar Mehta, the CSP set up a committee

to investigate the character of the Majdoor Mahajan or the TLA. There were two views in the CSP that we should form a class-based union and another was that we should not, because there was already that Majur Mahajan. The unanimous findings of our committee of three were that the Majur Mahajan was a sort of company union.¹⁴⁰

This accusation that the TLA was a "company union" founded by millowners themselves would eventually become a common accusation levelled against it by other Indian unions, especially communist organisations. To mobilise these anti-TLA sentiments, the CSP leadership decided to set up the Mill Kamdar Union (MKU) after the strike in 1935. Feeling threatened by the new union, General Secretary Gulzarilal Nanda was compelled to issue a statement warning workers against joining the "mischievous detractors" of the MKU who would only aim at "creating a split in the workers' ranks."¹⁴¹ However, due to harsh government repression and police raids confiscating "communistic literature"¹⁴² in the homes of MKU members, the new union's recruitment process progressed only slowly. Among the members of the CSP and communists of the formerly dissolved Mill Mazdoor Union, it recruited barely more than 300 workers during its

¹³⁷ Oral History Transcript Dinkar Mehta, Nehru Memorial Museum and Library: 9.

¹³⁸ However, the CSP lost relevance after the beginning of the 1940s and eventually dissolved in 1948, as it could not contain inner tensions between communist-leaning members, including Dinkar Mehta, and others who turned towards liberal positions, such as the founder of the business-friendly Swatantra Party in 1974, Minoo Masani. On the history of the CSP, see Chaudhuri, A. K., (1980). *Socialist Movement in India: The Congress Socialist Party, 1934-1947*. Calcutta: Progressive Publishers.

¹³⁹ Grover, V. (1994). Asoka Mehta. *Political Thinkers of Modern India Vol 21*. Deep and Deep Publications, Delhi: 1.

¹⁴⁰ Oral History Transcript Dinkar Mehta: 96.

¹⁴¹ *Indian Textile Journal*, November 1965: 66.

¹⁴² *Indian Textile Journal*, October 1965: 34.

initial years from 1935-1937.¹⁴³ During the same period, the TLA counted 23,219 and 23,935 members respectively – accounting for about half of the total workforce of Ahmedabad.¹⁴⁴ It was only in 1937 that membership slowly picked up. Although officially it counted only 905 members in August 1937,¹⁴⁵ it was very effective in mobilising weavers, and especially weaving jobbers, in powerful positions.¹⁴⁶ On November 7th in the New Commercial Mill, the Kamdar union initiated a strike which included 7,000 workers and another 20,000 who were forced to “remain idle” due to these actions, and it spread within the entire industry until November 10th, lasting until the 29th. They demanded that wages be restored to the level they had been at in 1930, going back to the level before the Delhi agreement.¹⁴⁷

To counter these pressures on the negotiation infrastructure by union organisation outside the TLA, Sardar Patel urged the AMA in an “in-camera meeting” in December to secure industrial peace by not pushing for further wage cuts.¹⁴⁸ Concerned about the maintenance of the arbitration machinery, Kasturbhai addressed both the TLA and the AMA in his speech at the annual millowners’ conference in April 1937, underlining that “In the interest of all concerned the machinery which makes for peace should be preserved at all cost. It is a credit to our members that they have made every endeavour to adhere to that machinery.”¹⁴⁹ For Kasturbhai, short-term savings in wage costs were not as relevant as the long-term gains from cooperation with the TLA and the unions’ rising political power in the Indian National Congress.

The Colonial administration urged the TLA and the AMA to work closer together in a similar way. The Governor of Bombay, Roger Lumley, saw the “danger of undesirables in labour movement” and the threat of losing the arbitration machinery in Ahmedabad as mainly brought about by the weakness and divided structure of the millowners. In December 1937, he urged them to show

¹⁴³ The Mill Mazdoor Union, a union drawing its membership of up to 9,000 mostly from the Muslim weavers of the city had been declared illegal by the government in 1934. BLG March 1939: 500. On the Mill Mazdoor Union, see Sen, A. K. (2000). Capital, Labour and the State: Eastern and Western India, 1918-1939. *Economic and Political Weekly*, 35(28/29): 2568.

¹⁴⁴ TLA Report 1935-1936.

¹⁴⁵ Whereas the TLA was rather keen on distinguishing itself from the global communist movement, the Kamdar Union did not have such fears of contact, on the contrary – while the TLA was celebrating Majdoor Din (4.12.) as the main labour holiday in Ahmedabad, the Kamdar union had organised a large parade on May 1st in 1939 to show its affiliation with communist ideas. *Bombay Labour Gazette*, September 1939: 49.

¹⁴⁶ *Bombay Labour Gazette*, August 1937, 929.

¹⁴⁷ *Bombay Labour Gazette*, December 1937: 93. It may therefore be argued that the Kamdar Union had been driving wages higher in Ahmedabad. From the Labour Gazettes it becomes clear that the Kamdar union was the first one to raise the issue of wage cuts, not only with regard to the standardisation of weavers’ wages in 1937, but also in 1939 in response to the demand for dearness allowance due to the wartime price rises.

¹⁴⁸ *Indian Textile Journal*, January 1938: 145.

¹⁴⁹ Speech held in April 1937, AMA Report 1936: 3.

unity among themselves as well as with more cooperative sections of labour: “Your recent troubles have shown that your organisation is not comprehensive nor completely effective. It seems to me essential that you should bring in all the employers and improve the discipline of your members, so that the reasoned agreements of the majority should not be upset by the refusal of a few to cooperate.”¹⁵⁰ Both Lumley’s and Patel’s interventions finally moved the AMA to reluctantly promise the beginning of negotiations on the standardisation of weavers’ wages in Ahmedabad at the end of 1937.¹⁵¹ The experiences of the strike and promises of a standardised agreement even drew Ambalal Sarabhai closer to the AMA again, which he had left in the 1920s. He re-joined the association in December 1937 together with a dozen other mills.¹⁵²

The danger of the Kamdar Union activities was eventually banished by the provincial elections in 1937. Both seats of the labour constituency went to the TLA – Gulzarilal Nanda and Khandubhai Desai.¹⁵³ These positions enabled the TLA to re-establish their dominance over the labour movement in Ahmedabad. Evoking Section 144 to repress any form of “disturbance of the public tranquillity” enabled police forces to suppress any strike movements.¹⁵⁴ This was only possible through greater proximity between the TLA and the emerging institutions of labour politics.

1.3 Bringing in the State? The TLA in the Congress Government of the Bombay Province

The Colonial government in the Bombay Province during the 1930s had not been unfavourable to Indian business. Markovits has shown how, in the tariff negotiations, the provincial government had in fact been favourable to businesses’ demands for protections for the Indian market. This had created a certain proximity between Bombay millowners and the Colonial government. However, this had not been the case for Ahmedabad millowners.¹⁵⁵ Due to their proximity to the national movement, the elections under the Government of India Act 1935 provided greater opportunities to become part of political institutions.

The Government of India Act, 1935 opened up a new level of negotiation of labour matters. Assuming office in July 1937, one of the first resolutions passed by the Congress government in Bombay concerned the “Welfare of the Industrial Worker”, with wages featuring prominently as

¹⁵⁰ Bombay Governor’s advice to Millowners, *Times of India* 11.12.1937.

¹⁵¹ *Indian Textile Journal*, December 1937: 110.

¹⁵² *Ibid.*

¹⁵³ Markovits, C. (1981). Indian Business and the Congress Provincial Governments 1937-39. *Modern Asian Studies* 15(3): 521.

¹⁵⁴ Oral History Transcript Dinkar Mehta: 134.

¹⁵⁵ Markovits (2002) op cit.: 48.

the key element of the programme. This policy outline was brought to life under the significant influence of the TLA. Whereas Nanda was appointed Parliamentary Secretary of Labour and Excise, Khandubhai Desai became crucially involved in the formation of the Textile Labour Enquiry Committee. The following section will look at the implications of the emerging legislation within the short-lived period of Congress governments until 1939. These measures included the Bombay Industrial Disputes Act (BIDA) and the Bombay Textile Labour Enquiry for “voluntary” agreements at the local level.

The following sections shall explore why the idea of the Ahmedabad labour model became attractive for such emerging legal frameworks and how such ideas changed in interaction with the formation of Congress rule in Bombay.

1.3.1 The Bombay Industrial Disputes Act (BIDA), 1937 and the Bombay Industrial Relations Act (BIRA 1947)

By taking up positions within the provincial government, the TLA extended its understanding of “peaceful” relations. Building on the Trade Unions Act of 1926, the Bombay Industrial Disputes Act (BIDA) sought to regulate union activities in the province, based on the premise that such legislation would serve to protect unions. But it served to cement a particular kind of trade union relations. The interest in preventing strike actions by rival trade unions merged with the institutional logics of the state to contain any form of unrest which could threaten its own foundations. After the Congress was voted into power in the Bombay Province, the party had no interest in unstable industrial relations. The BIDA of 1938 secured the local position of the TLA as the sole representative of workers by introducing a membership quota of at least 25% of all permanently employed workers of Ahmedabad mills for it to be legally recognised as a trade union.

The Bombay Industrial Relations Act (BIRA) of 1946 extended the patronising elements of “peaceful” industrial relations even further – underlined by the removal of the term “disputes” from the law. In view of the heightened strike activity, the BIRA introduced two crucial tools to enable the government to intervene in a conflict through judicial forums. Through labour courts, the government could intervene in disputes by direct intervention without affected parties (unions and employers) calling for an intervention. The Act also made it possible for any case which had reached the arbitration stage to be brought before a labour court.¹⁵⁶ To settle matters even before

¹⁵⁶ To serve as a judge of a labour court, the person needed to be a judge of a high court or district judge, or additional district judge. Pandey, V. N. (1980) Text Book of Labour and Industrial Laws. Eastern Book Company, Allahabad.

any strike action occurred, the BIRA set up the provision for tribunals. Such tribunals could be appointed to investigate matters of dismissal, strike illegality, wages, allowances, hours of work, bonus, classification by grade, and rationalisation.

During the 1940s, the labour courts would increasingly become a popular tool. As the Assistant Secretary of the AMA had reported to the Rege Committee,

On average, per month, the labour officers take up 140 individual complaints, the conciliators register about 70 disputes, the industrial court receives 10 applications and in the Labour Courts which have started functioning recently, 36 is the monthly average of the cases filed...Before the 1st April 1946 the Industrial Court consisted of a part-time president, usually a high court judge, and two part-time members. On 15th August 1946, Government appointed a full-time president for the industrial court and in place of the part-time members, a full time member was appointed on 8th April 1947 and another on 14th August 1947 *to cope up with the increase in the numbers of disputes referred to arbitration.*¹⁵⁷

Whereas the machinery of compulsory conflict resolution was extended, the number of conciliators remained stable at a time when disputes were continuously on the rise. The Bombay Industrial Disputes Act of 1938 appointed four Assistant Commissioners of Labour for the task (three in Bombay and one in Ahmedabad), and while the officers were renamed as Deputy Directors of Labour in 1948, their numbers remained the same.¹⁵⁸ The limited number of officers available raises the question of to what extent their role served to address the growing number of complaints, or whether they predominantly served the function of control and pacification.

In the Ahmedabad context, the introduction of the BIDA and BIRA subsequently shows an interesting tension between voluntary agreements and the government's engagement with the labour question. Scholars of the history of the Bombay Labour movement have highlighted, in particular, the control BIDA enabled over local trade unions.¹⁵⁹ In this scenario, it had a detrimental effect on dominant Communist unions in the city. Since the Gandhian TLA was the largest union in Ahmedabad, there was less dissonance between the provincial government's intervention and the TLA's own interest in suppressing rival unions. We shall turn to this aspect

¹⁵⁷ Emphasis added. 26.02.1948 Letter from the Assistant Secretary to the Government of Bombay, Labour department to: Provincial Labour Advisory Board (third meeting). Kasturbhai Lalbhai Files, KL: Ahmedabad Millowners' Association Cont. from K-12, File No. 6-8, R3314.

¹⁵⁸ Ibid.

¹⁵⁹ Robert Rahman, forthcoming.

after a discussion of another added layer of government intervention into voluntary agreements – the Textile Labour Enquiry Committee.

1.3.2 The Bombay Textile Labour Enquiry Committee

As a measure to pacify labour relations during the 1930s, the Bombay Textile Enquiry Commission brought wage matters to the attention of the provincial government. It built on the BIDA by inviting representatives of recognised trade unions and business associations as parties to present evidence to the committee. As such, it can be seen as one of the first crucial tripartite attempts to examine wages. The Committee's main goal was to "examine the wages paid to workers having regard to the hours, efficiency and conditions of work in the various centres of the textile industry in the Province".¹⁶⁰ In other words, the main aim of the enquiry was to standardise job roles and determine how these positions should be remunerated. The Committee followed the Royal Commission on Labour, which had observed that no such efforts had yet taken place and that such data was not available. But the different wage levels prevailing between Bombay and Ahmedabad meant that business associations from these respective centres had different perspectives on the Enquiry Committee. While the Bombay Millowners' Association condemned the committee for being "unwarranted and unjustified",¹⁶¹ the AMA did not dismiss the work of the Enquiry outright. As wages were higher in Ahmedabad than in Bombay, the BMA feared that a comparison and standardisation of wages would only lead to increases in their centre, while it was the opposite for the Ahmedabad mills.¹⁶² Nonetheless, the AMA welcomed the standardisation tendencies of the Committee, but was mostly interested in a "preliminary suggestion" that would later be defined locally in Ahmedabad.¹⁶³ Similarly, on December 22nd, "Mr Kasturbhai in brief narrated the proceedings before the Textile Labour Enquiry Committee and explained the position "in regard to our contention that the arbitration machinery should not be disturbed by the interim or other recommendations of the inquiry committee."¹⁶⁴ Two days later, in a letter in response to the questionnaire sent by the Commission, Kasturbhai became even more explicit in his warning that "any decision taken without reference to arbitration are not likely to be conducive to the general welfare of the industry as a whole including workers and mills."¹⁶⁵ This implied that the economic situation would be best assessed by the mills themselves and not the

¹⁶⁰ Textile Labour Enquiry Commission (1938): Interim Report: 2.

¹⁶¹ AMA Annual Report 1937: 6.

¹⁶² AMA Annual Report 1939: 165.

¹⁶³ AMA Annual Report 1937: 57.

¹⁶⁴ AMA Annual Report 1937: 66.

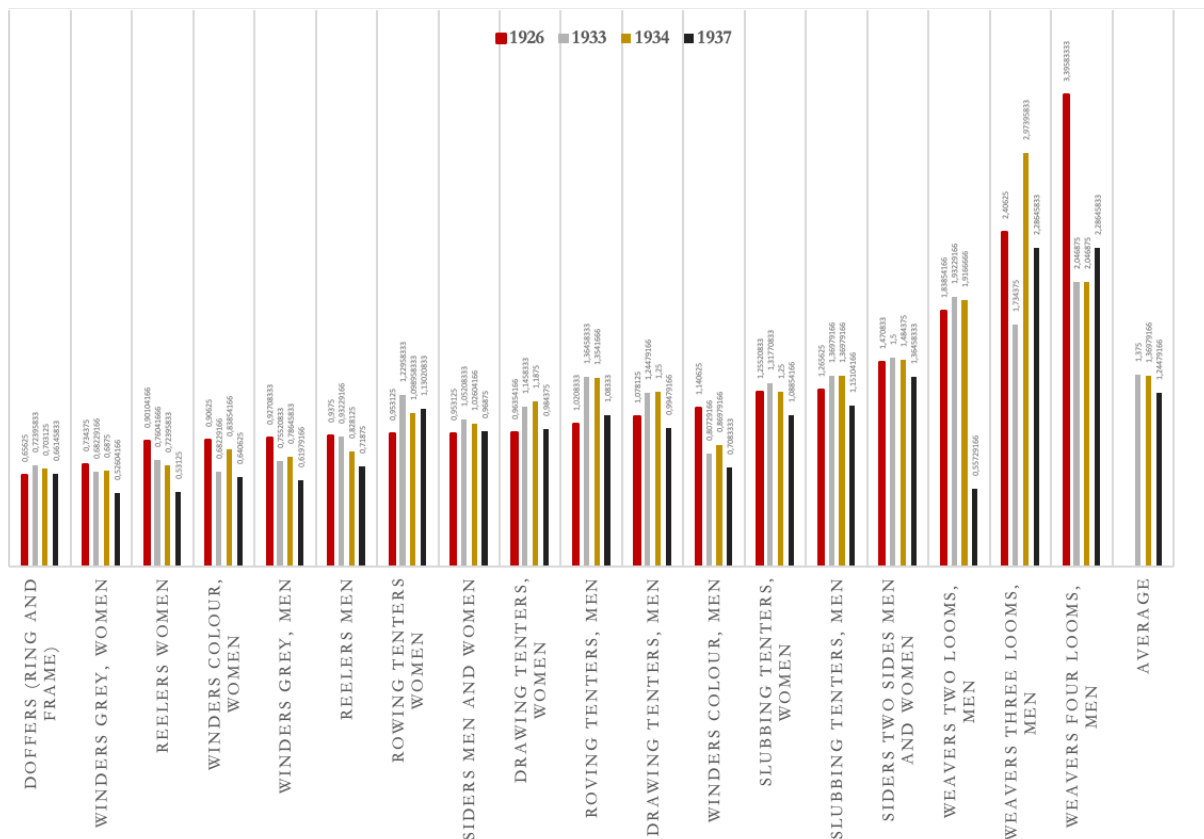
¹⁶⁵ AMA Annual Report 1937: 66.

government nor representatives of labour. It seemed that given the shrunken profit margins of the depression period, the millowners were especially anxious that any justification by the Committee for granting higher wages to workers could give rise to demands to increase weavers' wages in Ahmedabad.

While both millowners' associations had an interest in the standardisation of wages within and between their centres, there was not necessarily any clarity on the amount. From the perspective of the provincial government, the prevalent differences in wage rates meant that as a first step, the Enquiry needed to establish what such rates were before any action could be taken. The following paragraphs will briefly narrate these findings to establish the basis on which such discussions between businesses, unions and the government took place. In the interim report published in February 1938, the Committee found that the cuts in daily earnings had been 8.4% in the period between 1926-1937.¹⁶⁶ In 1926, the lowest paid occupation was the time rate settled for men and women doffers earning Rs. 0-10-6. With regard to piece rates, however, it became evident that women earned less than men and were not part of the workforce in the weaving department where the highest earnings occurred. These differences were as high as three annas per day, as in the case of winders. Furthermore, women's earnings saw higher cuts compared to those of men, with cuts of up to 41.04% in the case of reelers. With these drastic cuts in women's wages, the lowest paid occupation was no longer the time-rated doffer, but female grey winders earning Rs. 0-8-5. This corresponds with the overarching notion of women as a mere supplementary workforce for whom it was not necessary to strive for higher wages.

The wage figures (figure 3) of the report also revealed that despite the widespread strikes in the weaving department, there had been a significant drop in earnings between 1926 and 1937. Both in absolute and relative terms, the reduction in earnings had been the most striking in the weaving shed. Between 1926 and 1937, nominal wage earnings for two-loom weavers decreased by 69.7% and 32.7% for four-loom weavers, even though there seemed to be a slight upward trend for the latter, with daily wages rising from Rs. 2-0-3 in 1934 to Rs. 2-4-7 in 1937. With regard to three-loom weavers, wages actually rose between 1926 and 1934 from Rs. 2-6-6 to Rs. 2-15-7, only to

¹⁶⁶ A general note on wage figures and inflation during 1926-1939 in this section: prices remained relatively stable in this period. The Consumer Price Index for Ahmedabad, with 1926=100 as the base year, fluctuated between 71-79 from 1931-1939. After the beginning of the Second World War, prices rose exponentially, crossing the 100 mark in 1941, rising up to 202 points in 1944. The relative stability of prices until the war may be a reason why volatility of prices did not feature prominently in debates on wages in the Textile Enquiry Committee. The Committee only accounted for nominal, not for real wages. Real wage calculations are my own. Committee Report (1938): 28.



then fall by 29.6% to Rs. 2-1-6, below the rate of 1926. Even if one allows for a falling Consumer Price

Figure 3: Nominal wages 1926-1937 by occupation as stated by the Textile Enquiry Commission, from highest to lowest

Index (CPI), with 1926 as the base year, to 76 points in 1937, real wages would still have decreased during this period. Adding the index effect of 24% to the nominal wage figures from 1937, the negative effect on real wages still stood at 45.7% for two-loom weavers, minus 6.7% for four-loom weavers, with a relatively neutral effect for three-loom weavers. This decline in weavers' earnings seems to suggest this group of workers' relative loss of power over the production process. Whereas Haynes has shown that power-loom weaving capitalists (*karkhanas*) flourished in relative terms, the change in production from two looms to four looms per weaver seems to suggest a tighter subsumption of workers under the factory production process.¹⁶⁷

The Committee held that the average wage cut had been unreasonable given the “improvement of the industry in 1937”¹⁶⁸ and instead proposed an overall increase in wages of 9% for the centre of

¹⁶⁷ Haynes, D. E. (2001). Artisan cloth-producers and the emergence of powerloom manufacture in Western India 1920-1950. *Past and Present* (172): 170-198.

¹⁶⁸ Committee Report (1938): 28.

Ahmedabad. This increase was intended to benefit all workers within the factory premises, including *badli* workers and time-rated workers, even though the report admitted that “piece-workers usually do not, until the pay-day know with accuracy the total wages they may have earned in any pay period” and therefore it would also be difficult for them to calculate the amount of benefits proposed by the committee.¹⁶⁹ Whereas the amount of wages for time-rated workers was only dependent on the total amount of days worked during a given pay interval, piece-rated wages were not only dependent on the quantity produced, but also on the fines deducted by the jobbers for inadequate quality. In the case of piece-rated work, this remained an arbitrary tool in the hands of these intermediaries. They further admitted that there were certain occupational groups who would not receive any relief under the scheme as proposed, such as women sweepers and those working in other departments:

The low level of the earnings of reelers and winders is attributed by millowners to larger numbers of women having to be employed than are required. No slight differentiation in their favour (which after all is all we could have done) can give this class any relief.¹⁷⁰

In this statement, prevalent recruitment patterns, and how they corresponded to remuneration systems, become clear. As the General Wage Census in 1934 had shown, even though women and men did share certain occupations, the majority of occupations was dominated by one or the other group. The Bombay Textile Enquiry Committee postulated that in a majority of cases, the principle of equal pay for equal work would not be violated if women were paid less in positions which were predominantly held by them. This fundamentally shaped how the principle of equal remuneration became interpreted by the later Fair Wages Commission in independent India.¹⁷¹

Similarly, as part of the reduction in work time under the Factories Act, the wages of various occupations such as frame tenters had been lowered due to their remuneration rates being time-rate based.¹⁷² However, the Committee attempted to introduce a sliding scale of wage increases for five different earning categories based on the amount of earnings, rather than follow a scale of occupations. Ranging from Rs 13-8 to Rs 75, they suggested that those workers in the lowest category should get 3 annas more in the rupee, whereas the last category should only receive an increase of 1 anna per rupee as an immediate increase before the publication of the final report.¹⁷³

The aim here was to provide a convergence in wage rates, accounting for the wage losses which had affected lower-paid occupations in particular.

¹⁶⁹ Ibid.: 92.

¹⁷⁰ Ibid.: 90.

¹⁷¹ Government of India, Ministry of Labour (1949). Report of the Committee on Fair Wages: 3.

¹⁷² Ibid.: 89.

¹⁷³ Ibid.: 92.

With these findings, the commission exposed the fact that, over time, there had hardly been any rises in wages, and that real wages had actually decreased – particularly in the case of weavers. It also revealed a large differentiation of wages between departments in the mills. In other words, by aiming for a standardisation of weavers' wages in Ahmedabad, the parties concerned had focused on the highest paying occupation in the mill. For other departments – specifically those dominated by women – the Ahmedabad industrial regime had led to lower wages.

1.3.3 Standardising Weavers' Wages in Ahmedabad

When the interim report was published, it became the basis for the agreement between the AMA and the TLA with regard to the standardisation of weavers' wages in Ahmedabad. In other words, it provided the TLA with the political backing for a final agreement implemented in May 1938. A committee consisting of Shantilal Mangaldas, Surrottambhai Hutheesingh and Nanddas Haridas of the AMA and Khandubhai Desai and Nurmahomed Shaikh of the TLA agreed to a daily wage of Rs 1-6-0 per weaver for a hapta of 12 days.

However, this agreement on the standardisation of weavers' wages in the Ahmedabad mills pacified neither millowners or workers. Weavers from the Calico mills who had received the highest wages for their work in Ahmedabad before the standardisation agreement went on a one-day strike in protest over the fact the implementation would have led to a de-facto cut in their wages, as they had received higher rates before the Committee report. This contributed to frictions between the millowners. Ambalal Sarabhai, who had no interest in lowering the wages in his firm, quietly left the association at the end of 1938. The conflict was not resolved and was only stalled by the prospect of wartime profits.

Similarly, the standardisation of weavers' wages did not immediately secure the dominance of the TLA in all departments. Contract labour had remained excluded by the standardisation agreement, and even though its problems had been recognised by the Enquiry Committee, its situation had remained unchanged. The Gujarati Sarni Kamdar Union went on strike in September 1938 in order to demand the abolition of contract labour and an increase in wages in the drawing-in department. The action of drawing-in, predominantly carried out by Muslim workers, was a necessary prerequisite for all subsequent steps in production. Due to this crucial position within the production process (although no mill in Ahmedabad employed more than 50 people for these

activities), the Sarni Kamdar Union successfully brought almost the entire industry to a standstill for several days.¹⁷⁴

These infrequent occurrences of labour unrest outside the control of the TLA between the end of 1938 and the beginning of 1939 led to further ruptures in the AMA. Several members doubted whether the peaceful arbitration mechanism was the adequate response to such events. Furthermore, competition had increased between member mills during the Depression, which had led to large-scale overproduction and unsold piles of stock in the mills' storerooms.¹⁷⁵ Whereas Kasturbhai Lalbhai urged his fellow AMA members to maintain conciliation and arbitration procedures, Sakarlal Balabhai pledged in favour of "drastic measures" to curb strike actions.¹⁷⁶ Only Sardar Patel was able to convince the AMA in its entirety to initiate another round of negotiations with the TLA to discuss whether wages would have to be cut again. Nonetheless, the personal rift between Kasturbhai Lalbhai and the association had become so pronounced that he left the AMA shortly before the outbreak of the war in 1939. Deprived of the influence of both Sarabhai and Lalbhai, the AMA became mostly dominated by conservative influences such as Balabhai over the next few years.¹⁷⁷

Only the prospect of war profits finally ended the attempts to cut wages by those groups of millowners, thereby uniting the AMA, at least in the short-term. With textile prices rising by 15-20%, markets in September 1939 were "electrified into activity" in anticipation of wartime profits.¹⁷⁸ Textiles were crucial commodities in wartime supplies. However, not all mills in Ahmedabad had the capacity to cater to these demands in the same way. Even though none of the enterprises in the city experienced any losses during the war period, it became obvious from the beginning that some were able to achieve higher profits than others. Some who had indeed already "electrified" their mills before the war (such as Lalbhai, who had just introduced automatic drives in the spinning department of his Raipur mills in 1938), were now able to face the increased demand with new machinery, whereas others had to rely on machinery which had already been run down during the First World War.¹⁷⁹ Similarly, the majority of Ahmedabad mills faced a

¹⁷⁴ *Indian Textile Journal*, October 1938: 6.

¹⁷⁵ *Indian Textile Journal*, June 1938.

¹⁷⁶ *Indian Textile Journal*, October 1939: 431. Kasturbhai Lalbhai's financial position allowed him to buy the Astodia mills previously owned by Chimanlal Girdharlal during the same period. The fact that Lalbhai was buying unprofitable mills from members of the "old guard" might have added to the rift between him and other members of the AMA.

¹⁷⁷ By 'conservative' I mean here a more reserved stance towards investments. See the definition of the "old guard" millowners by Spodek, *Shock City*, op. cit.: 38.

¹⁷⁸ *Indian Textile Journal*, September 1939: 480.

¹⁷⁹ *Indian Textile Journal*, February 1938: 185.

shortage of bleaching products after German supplies ceased to reach India. Only the Arvind Mills and the Calico Mills were able to produce their own, thanks to the establishment of British electrolytic plants by Mather and Platt.¹⁸⁰ Those who realised the need to install new machinery when rumours of war began circulating, were already too late. Foreign equipment ordered by the Sarangpur Mills (owned by Sakarlal Balabhai), Vijaya Mills (Harivallabhdas Mulchand) and New Commercial Mills (Ratilal Nathalal) could not be delivered to Ahmedabad due to the turmoil of the war.

The fading fear of wage cuts must have also lifted a great burden off the workers of Ahmedabad. TLA reports document that the news led to celebrations within the city. On the occasion of *Majur Din* (December 4), held in commemoration of Gandhi's successful arbitration in 1918,

large crowds of labourers were seen going freely to the adjoining wet areas to drink to their hearts content. The much boasted schemes of milk-bars, recreation centres and other such amenities to divert the craving for drinks which were announced on the inauguration of prohibition have not materialised and so the labourer who loves a drink pays dearly for it on holidays, their numbers can be counted by the hundred.¹⁸¹

Thus, this section has shown that the Gandhian approach propagated by the TLA was not always accepted by the workers, who employed not only open strike action, as in the case of the Mill Kamdar Union and the Sarni Kamdar Union, but also resistance to paternalistic concepts of welfare such as prohibition.

The short episodes of TLA participation in the Congress Government in Bombay have shown how the emergence of an additional forum of negotiation created separations between “voluntary” agreements at the local level and growing “tripartite” legislation at the state level. It should be noted in this regard that “voluntarism” by no means related to an absence of clearly defined rules of the game – quite the contrary. The Delhi Agreement laid out the framework for such bipartite regulations to come. The framework of arbitration that was institutionalised through the BIDA did not necessarily contradict the procedures of the Delhi Agreement. BIDA was particularly beneficial to the TLA in curbing the activism of other unions. As long as government institutions were in the hands of the TLA itself and such forums could be mobilised to control rival unions,

¹⁸⁰ *Indian Textile Journal*, November 1939: 64.

¹⁸¹ *Indian Textile Journal*, December 1939: 95.

state intervention into conflict resolution through labour courts was not perceived as a hindrance. How this partially shifted through the emergence of national-level legislation and juridification shall be analysed in the following paragraphs.

The episode of Congress Governments strengthened the position of the TLA in Ahmedabad. In fear of communist interventions, millowners recognised that a control over the labour movement by the TLA was in their interest.¹⁸² Although the AMA represented different positions on labour regimes within its organisation, it was still able to consolidate such interests, at least until the end of the Second World War. Those who believed that maintaining peaceful relations made business sense retained the upper hand within the organisation. In the long term, Kasturbhai's resignation increased his power in the Association, even though he never became its president again. Particularly under the AMA presidency of his brother-in-law Purushottam Hutheesing in 1954-1955, as well as under the presidency of his nephew Arvind Narottam Lalbhai, the Association continued the "trusteeship" approach to industrial relations. As a result of these industrial relations, Ahmedabad remained relatively unaffected from strike movements during the late 1940s.

1.4 Bipartism vs. Tripartism? Central-Level Labour Policies Related to Industrial Relations during the 1940s

This section of the chapter looks at the formation of industrial relations at the national level, with a focus on the role played by the TLA. During the Second World War, the idea of labour within state policy was reimagined. In the course of the war effort, labour as a social category gained relevance. As Ravi Ahuja has shown, both the war and the following years were crucial in labour becoming a political category within the emerging postcolonial framework. There were economic reasons for this, as war production had further fuelled the growth and diversification of Indian industries. Coupled with the state's increased interest in actively steering the course of the economy through industrial policy interventions, the 1940s had yielded high profits for Indian businesses, including the Ahmedabad textile industry.¹⁸³ At the same time, a decline in real wages, caused by

¹⁸² TLA Report 1938: 1 and *Bombay Labour Gazette*, 1938.

¹⁸³ Ahuja, R. (2020). "Produce or Perish". *The crisis of the Late 1940s and the Place of Labour in Post-Colonial India. Modern Asian Studies* 54(4): 1043.

rising inflation, led to a growing divergence between the high profits taken in by employers and the living standards of workers.¹⁸⁴

As a result, after the Second World War, a “wave of industrial unrest” had been taking hold of the country, as labour minister Jagjivan Ram described it at the ILC in 1947.¹⁸⁵ Strikes were on the rise in all industrial centres in India, particularly Bombay. Conflicts arose over the distribution of wartime profits and the general course of the economy once the promise of independence was fulfilled. As the Defence of India Rule ended with the war, man-days lost in India increased from 3,958,685 in 1945 to 15,844,512 in 1947.¹⁸⁶ In 1949, the country still saw more industrial disputes (920) than in the years 1938 (399) and 1939 (406) combined.

Taylor Sherman has asserted that, in fact, strike movements were particularly strong after independence in 1947, as many of the promises labour had received during the war had not been fulfilled.¹⁸⁷ While the emergence of labour as a political category entailed great changes in the legal architecture of the Indian state, including social security and industrial relations, this section will only focus on the creation of institutions that shaped the wage bargaining relationship. I will argue that the “Ahmedabad model” of trade unionism became an important reference point in the architecture of post-war labour institutions designed for wage negotiations. To what extent did the idea of trusteeship become moulded into something else through interaction with the state? The TLA entered into the central realm most significantly through the foundation of the Indian National Trade Union Congress, in which it held crucial leadership positions. This section draws a chronology of emerging tripartite forums, from the Indian Labour Conferences during the early 1940s and onwards. It argues that with the Industrial Truce Resolution in 1947, the forum contributed to the consolidation of government control of industrial relations. In terms of procedures and securing “peaceful” relations, it did so in the form of the Industrial Disputes Act, 1947. The TLA played an important role in this process, as its leadership saw this as an opportunity to extend its power from the local level to the national level through the foundation of the Indian National Trade Union Congress as a counterpoint to the Communist-led All-India Trade Union

¹⁸⁴ About real wages and inflation caused by the Second World War, see Palekar, S. A. (1962): Problems of Wage Policy for Economic Development. With a special reference to India. Asia Publishing House, Bombay: 34.

¹⁸⁵ *Indian Labour Gazette*, June 1947; 607.

¹⁸⁶ *Indian Labour Gazette*, January 1956: 488.

¹⁸⁷ Sherman, T. C. (2018) “*A new Type of Revolution*”: *socialist thought in India, 1940s-1960s*. *Postcolonial Studies* 21 (4): 485. This is in contrast to Vivek Chibber’s argument that the institutionalisation of the independent state led to a demobilisation of labour. See Chibber, V. (2003). *Locked in Place*. State Building and Late Industrialisation in India. Princeton University Press.

Congress.¹⁸⁸ The next sections of the chapter focus on changes within the overall structure of industrial relations in India, which are crucial in understanding the fundamental principles on which wage negotiations between workers, businesses and the state were eventually built.

1.4.1 The Foundation of the INTUC

Labour disputes had driven a wedge between the interim national government under Jawaharlal Nehru and the Indian labour movement, which had become dominated by Communist leadership within the All-India Trade Union Congress (AITUC).¹⁸⁹ In order to regain control over the labour movement, several attempts were made to re-forge the link between the party politics of the Indian National Congress and trade unions within the country. The TLA played a crucial part in providing these new linkages in several ways.

It established its stronghold over the national trade union realm. As a counter-forum to the Communist influences on the labour movement, several unionists, including S. R. Vasavada from the TLA, had formed the Hindustan Mazdoor Sevak Sangh (HMSS) shortly before the war in 1938. Under the chairmanship of Sardar Patel, the HMSS conducted several trade union training seminars in order to form a cadre of leaders following “the principles of truth and non-violence taught by Mahatma Gandhi ... applied to the utmost extent in the activities of day-to-day work of organisation of labour and in the handling of trade disputes.”¹⁹⁰ Their activities were stalled until 1946, when the Indian National Congress endorsed the HMSS in its constructive programme. In this vision, the HMSS was a replica of the “Ahmedabad Labour Union”, which would have been “a model for all India to copy.”¹⁹¹ One major aspect of the national endorsement of the TLA was the voluntary arbitration model and the potential it offered in terms of setting up tripartite structures for the solution of industrial disputes and wage fixation. As the General Secretary of the HMSS, Gulzarilal Nanda, called for a conference of HMSS members in April 1947, necessitated by the need to counter the AITUC:

¹⁸⁸ Kannappan, S. (1962). The Gandhian Model of Unionism in a Developing Economy: The TLA in India. *ILR Review* 16(1): 86-110.

¹⁸⁹ While many trade union leaders of the nationalist movement had been arrested during the Second World War, communists had largely escaped British persecution, given that they had supported the war effort against fascist countries, particularly during the initial years until the Quit India Movement in 1942. On the peculiar history of the Communist Party in India during the Second World War, see Masani, M. (1954) Communist Party of India. A Short History. Macmillan, London.

¹⁹⁰ Constitution of the Hindustan Mazdoor Sevak Sangh. On the HMSS and its peculiar relationship with communist unions in Bombay, see Morris, D. M. (1955). Labor Discipline, Trade Unions and the State in India. *Journal of Political Economy* 63(4): 293–308.

¹⁹¹ Keskar, V. (1946). Congress Hand Book. All-India Congress Committee, Allahabad: 286-28

the policies pursued by the AITUC under the Communist leadership which functions in its name, stand in sharp and total conflict with our aims. Their ways threaten the security and the welfare of the community and are inimical to the best interests of the workers themselves.¹⁹²

There was not only a continuity of ideas, but also of personnel in the Indian National Trade Union Congress (INTUC), which was founded at the following meeting on May 3, 1947, by several trade unionists and politicians, including interim prime minister Nehru, labour minister Jagjivan Ram and Gulzarilal Nanda. Khandubhai Desai became its first secretary and later its president from 1949-1951.¹⁹³ As the economist Subbiah Kanappan has stated: “TLA's association with the new INTUC catapulted the former into national fame... The top INTUC leadership has been in the hands of TLA or Ahmedabad trained leaders, with certain notable exceptions.”¹⁹⁴ This was also reflected in the finances of the INTUC – in 1950, the TLA contributed nearly one-third of the INTUC's total budget, even though it was only one of 871 unions affiliated with it.¹⁹⁵

What were the implications of the close alignment between the INTUC, the party and the government for the nature of labour politics? As INTUC general secretary Abidali Jafferbhoy put it:

It is true that the ministers in the central and provincial governments and the founders of the INTUC belong to one and the same organisation – the Indian National Congress – the institution of the Indian masses. But it will be incorrect to say that we belong to the government. The fact is the government is ours and stands for the good of the masses.¹⁹⁶

It however remains doubtful whether the close embeddedness of the INTUC led to a greater representation of labour in government or whether it actually increased the latter's control over

¹⁹² Letter from Gulzarilal Nanda to HMSS Members, dated 18.4.1947, quoted in Ramanujam, G. (1986). *Indian Labour Movement*. Sterling Publishers, Delhi: 67.

¹⁹³ Founding members of the government: Nehru, Jagjivan Ram, B. G. Kher, O. P. Ramaswami Reddiar, Ravi Shankar Shukla, Harekrushna Mahatab, S. K. Patil, Kamaladevi Chattopadhyaya, Aruna Asafi Ali, Ram Manohar Lohia, Ashok Mehta, Dr Hardikar, R. R. Diwakar, Bhimsen Sachar

Trade Union Leaders: G. L. Nanda, Kandubhai Desai, Suresh Chandra Banerji, Abid Ali Jafferbhoy, Michael John, Deven Sen, Harihar Nath Shastri, S. R. Vasavada, V. V. D. David, S. P. Dave, RA Kedgikar, Shibnath Bannerji, G. L. Mapara, G. D. Ambekar and G. Ramanujam, Acharya Kripapani

¹⁹⁴ Kannapan, S. (1962). *op. cit.*

¹⁹⁵ INTUC Annual Report 1950: 155-56. See also TLA Annual Report 1949: 2.

¹⁹⁶ *Times of India*, May 17, 1948: 3.

labour politics. For the historian Aditya Mukherjee, it was rather an indicator that the INC served as a stronghold of business over labour within the party's fold.¹⁹⁷ The sociologist Vivek Chibber has argued that the foundation of the INTUC had been a conscious attempt to weaken the labour movement in order to facilitate a developmental state favourable to business.¹⁹⁸ While for the TLA itself, its participation in government activities was an expression of working class power, other trade unionists saw this close proximity as a dominance of the state and its control over labour movements. This particularly became clear in the attempt by both the government and the “peaceful” trade unions to suppress the strike activities of other unions. Apart from the AITUC, opposition to the INTUC framework also came from the Congress Socialists. Even though their party had been eventually dissolved after independence, they founded a new trade union, the Hind Mazdoor Sabha. One of the founding members was Asoka Mehta, who explained why it was necessary to form a new union outside the INTUC: “The basic error of the INTUC has been its inability, perhaps unwillingness to outgrow national loyalty. It has refused to function on the class level.”¹⁹⁹

The key difference between the INTUC and the AITUC was their standpoint on strikes and conflict resolution methods. In its constitution, the INTUC adopted the Gandhian principles of the TLA by promoting conciliation, arbitration and adjudication.²⁰⁰ The idea of the INTUC was therefore to form a national trade union which could facilitate non-strike conflict resolutions. The aim behind the strong involvement of key government personnel was to allow for close-knit control over any matters arising within movements and to streamline them into tripartite channels. One of the most important of such channels was the Indian Labour Conference (ILC), modelled on the functioning of the ILO. The ILC as a government-led and funded platform emerged from the Defence of India Rules 81-A, which determined compulsory conflict arbitration.²⁰¹ As such, the idea of “tripartism” and state-controlled negotiations between business and labour organisations emerged out of the tension between implementing greater measures of compulsion and facilitating participation for both workers and employers.²⁰²

¹⁹⁷ Mukherjee, A. (2002). *Imperialism, Nationalism and the Making of the Indian Capitalist Class, 1920-1947*. Sage, London: 35.

¹⁹⁸ Chibber, V. (2003). *Locked in Place. State Building and Late Industrialisation in India*. Princeton University Press: 120.

¹⁹⁹ Mehta, A. (1949), *We Accuse the I.N.T.U.C.* Bombay: Hind Mazdoor Sabha.

²⁰⁰ Desai, K. (1947). *Ahmedabad Textile Labour Association – An indigenous experiment in Trade Union Movement*, in: *Government of India, Labour Bureau (eds.). Problems of Indian Labour – A Symposium*.

²⁰¹ John, M. (2014). *Development of Indian Labour Law 1923 1948. Repercussions on the Trade Union Movement and Workers' Responses*. Unpublished PhD Thesis: 23. The ILO played an important role in the institutional outline of the ILCs as an international reference point. On the ILO in India, see chapter 3.

²⁰² *The Economic Weekly* (today the *Economic and Political Weekly*), one of India's leading economic journals, described the setting up of the tripartite Indian Labour Conference as “one of the blessings conferred by the Second

In other words, the ILC sought to establish participation while at the same time containing any elements which could threaten the existing framework of negotiations. As labour minister B. R. Ambedkar stated: “This is not a conference of philosophers... on Capitalism, Socialism or other ideologies”, he explained.²⁰³ Wages took on a crucial role in this regard, as discussions around whether (and in which form) the state should introduce minimum wage legislation emerged from the forum of the ILC.

1.4.3 Industrial Truce Resolution, 1947

The Industrial Truce Resolution resulted from the negotiations of the ILC as a forum to end and prevent further strikes.²⁰⁴ At its core, the Resolution demanded an end to all strike activities for three years and advocated conciliation and arbitration instead. As a compromise, it offered the possibility of establishing minimum wages and fair wages, based on the results of the nationwide Labour Investigation (Rege) Committee. In 1944, the Committee had been established to investigate the standard of living in various industrial centres of India.²⁰⁵ Identifying wages as the main conflict which had caused standstills in production during the decade,

the system of remuneration to capital as well as labour must be devised so that, while in the interests of the consumers and the primary producers excessive profits should be prevented by suitable measures of taxation and otherwise, both will share the product of their common effort after making provision for payment of fair wages to labour, a fair return on capital employed in the industry and reasonable reserves for the maintenance and expansion of the undertaking.²⁰⁶

World War”. *The Economic Weekly*, May 21, 1955: 611. Ravi Ahuja has emphasised the continuities between the Defence of India rules and the Industrial Disputes Act in his “Produce or Perish”.

²⁰³ Transformations towards greater participation by the workers themselves in the decision-making, or even the institutional outline, of the state (socialism, or even communism) – imaginaries which had been put forward by communist unions such as the Bombay Girni Kamdar in particular – were to be ruled out. Rather, it was a body without decision-making competency for tripartite parties to merely advise and participate in the agenda-setting of the government. *Indian Labour Gazette*, November 1944: 129. Even the nomination of candidates was partly determined by the government. Out of 11 delegates for employers and employees respectively, 3 were directly mandated by the government, the rest in consultation between the government and the major associations of business and labour. *Indian Labour Gazette*, November 1944: 131.

²⁰⁴ *Times of India*, 22 Apr 1948: 3. The Industrial Truce Resolution had led to a key moment of fissure between the AITUC and the INTUC, which only would become wider during the early 1950s. On the INTUC-AITUC split, see Crouch, H. (1966). AITUC and the Split in the Communist Party. *Economic and Political Weekly* 1 (5): 199–202.

²⁰⁵ On the Rege Committee, see chapter 4 .

²⁰⁶ Quoted in Government of India (1949). Fair Wages Committee: 1.

As Labour Minister Jagjivan Ram made clear, “a mere increase in wages unaccompanied by increased productivity will be worse than useless”.²⁰⁷ This subsumption of wage matters under production justified the hegemony of the government and businesses over labour matters.

Through these newly founded forums, the TLA emerged as one of the main forces of political representation. Its engagement with labour matters and trade union experience served as a vehicle for further extending the influence of TLA general secretaries. In the first state assembly elections since independence in 1950, the TLA’s General Secretary S. R. Vasavada, S. P. Dave and Keshavji Vaghela won the seats for the city’s labour constituency.²⁰⁸ Both Gulzarilal Nanda and Khandubhai Desai were part of the interim government at the national level, with Nanda serving as Deputy Chairman of the Planning Commission in 1950. After the General Lok Sabha Elections of 1951-1952, Nanda became the Minister for Planning. In 1966, he would briefly become Acting Prime Minister of India. Khandubhai Desai was a member of both the provincial and central assembly, including the constituent assembly and the Fair Wages committee in 1949, and held the Labour portfolio from 1954 until 1957.

From these positions within the central organs, the TLA launched a further attempt to integrate the conciliation and arbitration framework into national policies on industrial relations. This was put into action through the Industrial Disputes Act, 1947 (IDA), which followed the “Bombay Industrial Act model of labour legislation”.²⁰⁹ The Act determined tripartite relations as a prerequisite principle of representative unions. Any union to register needed to recognise the government’s primary position in labour matters.²¹⁰ The IDA introduced labour courts and tribunals everywhere in the country, but initially remained at the state level, which meant that the Bombay High Court would be responsible for dispute resolution in the Ahmedabad textile industry. Both forums were under the control of the government, and tribunals did not allow for appeals against the decisions taken by them. During the course of the following two years, this created the emergence of a multiplicity of judgements. In Bombay alone, the number of cases of compulsory arbitration before the labour court had increased from 114 in 1947 to 452 in 1948 and 926 in 1949.²¹¹ At the annual FICCI conference in 1948, employers expressed their fear that the

²⁰⁷ *Indian Labour Gazette*, June 1947: 607.

²⁰⁸ Vaghela as „Harijan“ representative of the TLA in, Shukla, M. T. (1977). *Six Decades of Textile Labour Association*, Ahmedabad (1917-1977). TLA Publication: 17.

²⁰⁹ *Times of India*, 17 May 1948: 3.

²¹⁰ Due to his substantial influence on the BIDA and subsequently the IDA, various scholars have labelled Gulzarilal Nanda the “chief architect” of Indian labour infrastructure. E.g. Narula, B. S. (1963). *The Abolition of the Labour Appellate Tribunal. Cases in Indian Administration*. Vol. 1. Indian Institute of Public Administration, Delhi.

²¹¹ Narula, B. S. (1963). *op. cit.*: 25.

heavy reliance on these state-level courts could lead to contradictory outcomes and demanded either a tightening of national legislation, or the introduction of nation-level tribunals.²¹² Businesses felt that a centralised machinery was required particularly because under existing infrastructure, it was not possible appeal to the court. The demand related, in particular, to the differences in outcomes of various bonus negotiations during the 1940s.²¹³ Interests between the business association converged with those of the INTUC and its general secretary Somnath P. Dave, who had repeatedly appeared in court as a lawyer for the TLA. In these capacities, he repeatedly demanded the introduction of a unified judicial infrastructure for the resolution of bonus matters.²¹⁴ Due to this shared interest between labour and business factions close to the Congress, the Industrial Disputes (Appellate Tribunal) Bill passed the Central Legislature on April 11, 1950 – under much protest from labour leaders affiliated to the AITUC.

To pacify the tensions between the AITUC and the INTUC, two labour Bills introduced in February 1950, proposed integrating the arbitration and prevention of strikes into law, in order to ensure “peaceful” labour relations.²¹⁵ The Industrial Relations Bill sought to enshrine compulsory arbitration forums while the Trade Union Relations Bill aimed to extend the regulations for the registration of unions. Within these discussions, the differences between the AITUC and labour leaders affiliated to the Congress and the INTUC became particularly pronounced.²¹⁶ But within the Congress, too, two different approaches emerged regarding the relationship between workers, employers and the state. While there was consensus on the introduction of the arbitration principle, the main distinction lay in the assigned role of the state. Should the government be able to select the judges for the arbitration board or should the respective parties choose for themselves?

At the local level, the TLA had negotiated an agreement with the AMA under the second model of “private arbitration”.²¹⁷ Both parties proudly stated that for two years, from 1952, they would settle “labour disputes without going to court, by mutual negotiations and in case no settlement (was arrived at), then by conciliation and arbitration.”²¹⁸ Each side had nominated four permanent conciliators and two representatives who would then jointly decide who to nominate as arbitrator

²¹² Federation of Indian Chambers of Commerce and Industry (FICCI). Annual Report 1948: 5.

²¹³ These cases will be discussed in the next chapter.

²¹⁴ Narula, B. S. (1963). *op. cit.*: 47.

²¹⁵ *The Statesman*, 14.2.1950.

²¹⁶ Further, the distinction between these two fronts became even more pronounced at the international stage with the INTUC joining the Western-dominated International Confederation of Free Trade Unions founded in 1949, while the AITUC remained with the World Federation of Trade Unions, now mostly in the hands of Soviet unions. See INTUC (1981). *From Mile Stone to Mile Stone: March of Indian Labour with INTUC*.

²¹⁷ AMA Annual Report, 1952: 1.

²¹⁸ *Ibid.*

(usually a high court judge). For the TLA, this agreement symbolised the “fulfillment of the dream of Gandhi when workers... come to be treated as co-partners in the industry”.²¹⁹ At the level of the INTUC, however, Khandubhai Desai expressed his “confident... trust” in the Labour Minister’s scheme for compulsory arbitration.²²⁰ This showed that while the TLA as a union in Ahmedabad had an interest in the non-interference of state institutions, as a national alliance of Congress-affiliated unions this was not necessarily the case. At the centre, the introduction of the Labour Relations Bill and the Trade Unions Bill was seen as a tool to curb Communist influence.

The AITUC, aware of these intentions, launched a massive attack on these “Black Bills”. In a pamphlet, it demanded a withdrawal of these “fascist measures” which extended the requirements to register a union and declared “irregular strikes” illegal. According to the AITUC it was:

obvious that only organisations of strike-breaking agents of the capitalists, of police spies, labelled as ‘trade unions’ of the type of the INTUC unions – will be registered under this bill. They alone will be registered under this bill. They alone will become the “representatives” of the workers. All their deals with their capitalist masters are to be stamped as “collective agreements” under the Labour Relations Bill. They are binding on all workers, breach of which is punishable with imprisonment. The bill further provides that strikes in defiance of the “collective agreements” are illegal.”²²¹

The most controversial parts of the Bills were not only the provisions which limited strike and union activities as such – such measures had already been part of the Industrial Relations Act, 1947 and the Trade Unions Act 1926. Rather, it was the sheer weight of punishments before a criminal court (not an industrial court) which caused outrage. Anyone who did not agree with a registered union’s decision would face imprisonment.²²² These harsh punishments for strikes were put in place, based on the arguments of the AITUC, in order to further cement relations between “India’s Big Business” and the “Congress bourgeois rulers” in which the former dominated over the latter.²²³ As such, they were connected to a larger reordering of the economic structure of society by “suppressing every trade union that organises and leads workers’ resistance to retrenchment and rationalisation.”²²⁴ The AITUC felt that through these Bills, the Congress Government was

²¹⁹ TLA Annual Report 1951-52: 11.

²²⁰ INTUC Annual Report 1950: 12.

²²¹ AITUC (1951). Withdraw the Black Labour Bills: 3.

²²² Section 112 and 115 of the Industrial Relations Bill.

²²³ AITUC (1952). Withdraw the Black Labour Bills: 5-6.

²²⁴ Ibid.: 7.

enabling firms to restructure while suppressing workers' voices, preventing them having any influence on these processes.²²⁵

Even within the government there were reservations against the strict measures of the two bills. Several ministries, including railways, defence, and postal and telegraph services, opposed them.²²⁶ As a consequence, labour minister Jagjivan Ram was forced to resign. Instead, V. V. Giri, as a representative of the "voluntary approach", became the new union labour minister in 1952.²²⁷ This approach was very closely aligned with ideas of voluntary tripartism as envisaged by the ILO.²²⁸ However, the TLA leadership was still against it. In its annual report of 1952-53, the organisation declared that such a scheme would be "desirable", but that the "majority of the trade unions in the country are too weak" and therefore would need the support of the state.²²⁹ This served as an explanation of why the TLA would counter its own practices in Ahmedabad at a policy level. The meaning of Gandhian principles was clearly not the same outside the spheres of the cities' mills. In both instances, for the TLA, the emphasis of such voluntary agreements was on the exclusionary right to negotiate for workers – whether through its centralised arm of the INTUC or through its localised structures. With the resistance from the TLA and the INTUC, Giri only lasted two years in office and was eventually replaced by Khandubhai Desai in 1954. According to the scholar Dayal, this marked a "turning point" in the Indian wage bargaining infrastructure, since with the end of Giri's term, the idea of voluntary conflict resolution was finally put aside.²³⁰

Circling back to the initial ideal of "trusteeship" presented at the local level, we can see how the concept changed when it was discussed at the level of the central state. When the Giri approach was rejected, the government chose a set of interventionist regulations over voluntary bargaining. Yet, this was done in the name of the "Ahmedabad model" of peaceful relations under the influence of its office bearers Desai and Nanda. It cemented court procedures as the main modus operandi of wage negotiations. The reference to negotiations between the TLA and the AMA as a bipartite framework had ironically become a blueprint for state-centric tripartism. At the same time, this resulted in contradictions for the TLA as an association operating both at the local

²²⁵ During discussions on the National Commission on Labour in 1967, however, the AITUC changed its perspective on arbitration and was in favour of compulsory schemes.

²²⁶ Hensman, R. (2011). *Workers, Unions and Global Capitalism. Lessons from India*. Tulika, Delhi: 98.

²²⁷ Almaz (1952). Labour Problems – the "Giri Approach". *The Economic Weekly*, 13 September 1952: 951.

²²⁸ In the preface to his book on "Labour Problems in Indian industry" he explicitly refers to the structural outline of the ILO as a reference model of the Indian Labour Conferences. V.V. Giri (1959). *Labour Problems in Indian Industry*. Asia Publishing House, Bombay.

²²⁹ TLA Annual Report 1952-53: 20.

²³⁰ Dayal, S. (1976). The Development of Modern Wage Concepts and Labour Legislation in India—An Analysis. *Indian Journal of Industrial Relations* 12(2): 147–175.

“voluntary” level and simultaneously at the central level, where it increasingly became part of the state itself. The failure of the Giri approach is in many ways an outcome of this tension.

1.5 Internal Consolidation of the TLA model

The moment the TLA gained influence at the national level, it faced several challenges in Ahmedabad itself. In 1950, *Janata*, the former newspaper of the Congress Socialist Party (CSP), published a discrediting article about the TLA.²³¹ According to the author, H. R. Gokhale, “none else has done more to strengthen the hands of the capitalists, both in their disruptive tactics and in their selfish designs, than the so-called Majur Mahajan itself”. Instead of advocating workers’ interests, the TLA would act on the mercy of the millowners as their “honoured guests”. This collaboration with the mills would require a hierarchical organisation to control its members through the *pratinidhi*, the elected intermediary, and “while the pratinidhis dare not criticise the leaders, the workers dare not criticise the pratinidhis”. Anyone who spoke up against the TLA’s regime would be “discharged on instructions from the Mahajan”. Similarly, the *pratinidhis*’ right to “collect the subscriptions at the point of pistol” entitled them to deduct membership fees directly from wages at the mill premises before any other moneylender could claim his dues.

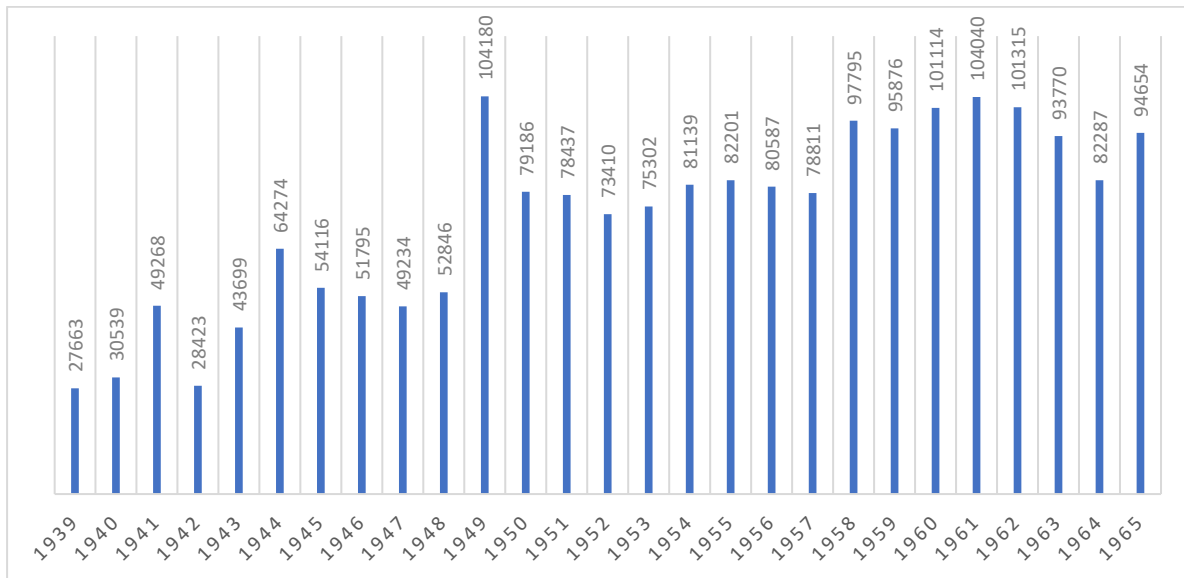


Figure 4: TLA Members, 1939-1965

²³¹ I owe the reference to this article to Rukmini Barua. H. R. Gokhale: Lid off INTUC Game in Gujerat. *Janata*, April 2, 1950. The CSP had already been a critic of the TLA during the strikes in 1935, when it had contended that the union was “not a democratic organisation and the workers have no voice or share in its administration.” *Indian Textile Journal*, November 1935: 66.

Such incidences showed that the hegemony over the labour movement by the TLA by no means remained unquestioned. The diagram above (figure 4) outlines the recorded number of members of the TLA from 1939-1965. Even though its numbers were continuously rising throughout the period, there were several phases of membership decline. For example, during the early 1950s, numbers declined from 104,180 workers to 78,437 workers in 1953.²³² This indicates that workers' allegiance to the TLA was not a given and had to be continuously secured. Political and economic changes threatened the former Gandhian apparatus within the mills, in court and in political organs. On the shop floor, rationalisation posed the challenge of retrenchment in large numbers, while the Maha Gujarat Movement threatened the TLA and the INC as representatives of the workers in the Ahmedabad Municipal Corporation (AMC), the Bombay State Legislative Assembly and the National Parliament.²³³ Given the central role of the Maha Gujarat Movement in the history of the present state of Gujarat in general and its inherent communal tensions in particular, the events of the movement have been discussed elsewhere.²³⁴

This section of the chapter investigates the mechanisms of internal consolidation of the TLA. While these mechanisms had been slowly evolving with the formation of the union through neighbourhood branches from the 1920s onwards, it was particularly during the 1950s that the TLA had to reassert itself by formalising existing structures and hierarchies within its organisation. Having made inroads not only into state but also national politics, the executive committee, including Anasyua Sarabhai, Khandubhai Desai and Gulzarilal Nanda, became more and more detached from everyday activities in Ahmedabad, structurally as well as geographically. Following the examples of Khandubhai Desai, Gulzarilal Nanda, many members of the decision-making body used their position and the TLA's nationwide reputation as a Gandhian union to take up other positions in the government. During his term as general secretary, Vasavada became not only president of the INTUC in 1953-58²³⁵ but was also appointed to the board of directors of the

²³² The high rise in membership in 1949 had been due to the affiliation of unions in the throstle and frame departments which had assembled under the umbrella of the TLA, but only formally joined in 1949. Shukla, M. T. (1977). *Six Decades of Textile Labour Association, Ahmedabad (1917-1977)*. TLA Publication: 37.

²³³ Previously run as the Ahmedabad Municipality, The Ahmedabad Municipal Corporation (AMC) was established after the Bombay Provincial Corporation Act (1949).

²³⁴ On Hindu-Nationalism in Gujarat, see, for example, Yagnik, A. and Sheth, S. (2005). *The Shaping of Modern Gujarat: Plurality, Hindutva and Beyond*, New Delhi: Penguin; Yagnik, A. and Sheth, S. (2011). *Ahmedabad, from Royal City to Megacity*, Penguin, Delhi. For the linkages between developmental discourses and "sub-national" ideologies, see, Bobbio, T. (2012). *Making Gujarat Vibrant: Hindutva, Development and the Rise of Subnationalism in India*. *Third World Quarterly*, 33(4): 657-672. Spodek, H. (1989). *From Gandhi to Violence: Ahmedabad's 1985 Riots in Historical Perspective*. *Modern Asian Studies* 23(4): 765-795. Isaka, R. (2021). *Language, Identity, and Power in Modern India: Gujarat, c. 1850-1960 (1st ed.)*. Routledge, London.

²³⁵ With an interruption between 1955-56, when his colleague from the Gandhian Rashtriya Mill Mazdoor Sangh (Bombay), G. D. Ambekar, took over.

state-owned Hindustan Steel Limited in 1954.²³⁶ This put the TLA leadership in a contradictory position of representing employers, employees, and state interests too.²³⁷ To maintain coherence within the union, it became more and more necessary during the 1950s to establish structures independent of these individuals. These structures rested significantly on the figures of the *pratinidhi* as intermediaries, but also involved the recording of complaints and the representation of members in labour disputes. However, as Barua has shown, these intermediaries should not be seen as independent decision-makers, but rather as middlemen in a top-down hierarchical structure.²³⁸ In the sections below I will underline how control was exerted over workers by preventing direct representation of wage matters, be it on the shop floor or in the court.

1.5.1 The Functioning of the “Peaceful” TLA Machinery: Intermediaries – Pratinidhis

As intermediaries, *pratinidhis* were central in the TLA’s departmental administration, with the complaints register as a crucial tool at hand to generate information on the workers’ everyday experience of the mill. In one of their balance sheets, the directors of the Advance Mills indeed credited the *pratinidhis* for their role in facilitating “cordial relations” and their “willing co-operation in order to maintain happy relations between the management and the workers.”²³⁹

²³⁶ Ramanujam, G. (1986). *Indian Labour Movement*, New Delhi: Sterling Publishers: 124.

²³⁷ For Vasavada, this contradiction was eliminated by the creation of public enterprises administered by government institutions: “if participation has to be introduced in a factory in this country, the concept of family must be introduced in the concern”. In other words, public enterprises would be the ultimate realisation of the trusteeship concept and would benefit workers, since “no father or mother ultimately does anything which would make their children unhappy.” Vasavada’s speech at the ATIRA Management Conference 1956. In *ATIRA (1957). Proceedings of the 2nd Management Conference January 20-22, 1956*: 27.

²³⁸ Barua, R. (2022). *In the Shadow of the Mill. Transformation of Workers’ Neighbourhoods in Ahmedabad, 1920s to 2000s*. Cambridge University Press: 71.

²³⁹ General Report of the Year 1959-60. Balance Sheet of the Advance Mills, 1959-60: 12.

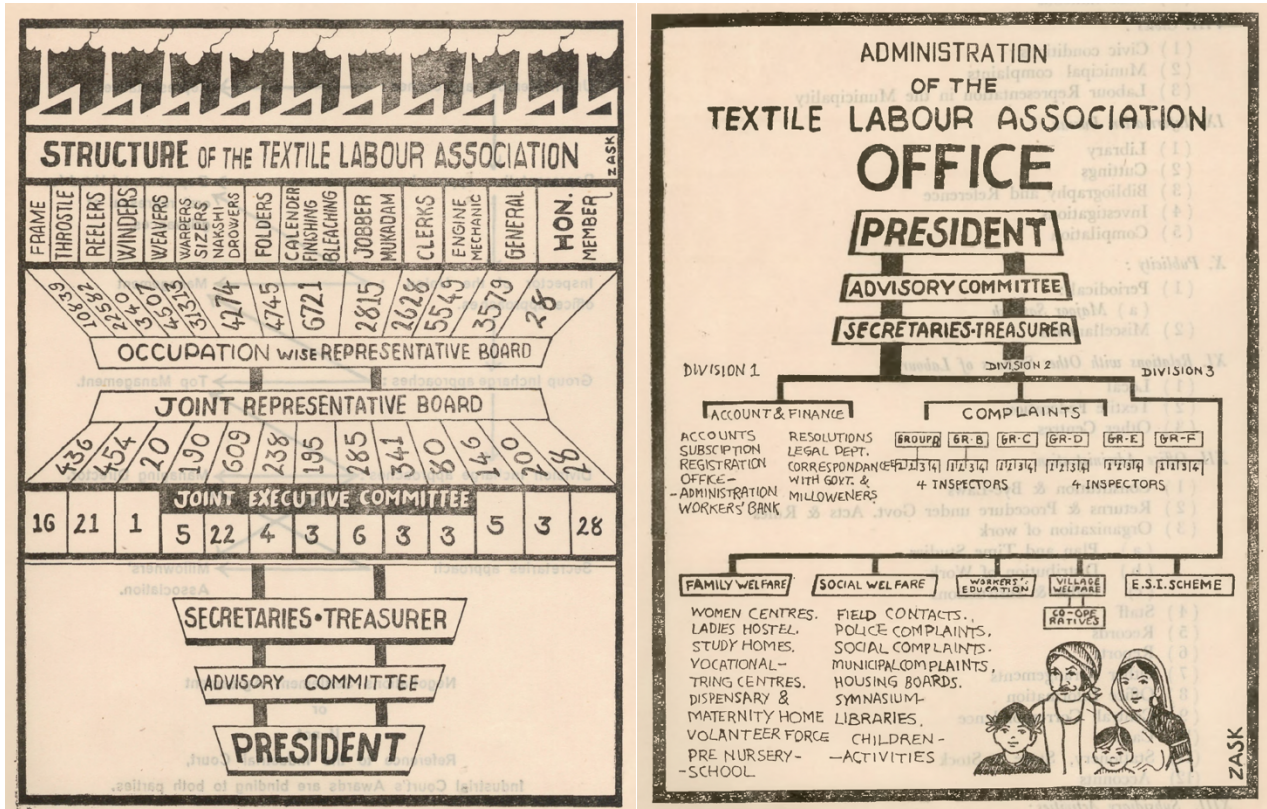


Photo 1: Structure of the Textile Labour Association.²⁴⁰

The graphic above (photo 1) shows the organisation of the internal TLA structure with the number of members in each department and the corresponding number of *pratinidhis* per department on the joint representative board for 1976. Even though the structure remained the same, the number of positions available varied depending on the size of the department – one representative per 50 workers for the first then a remaining number of positions for each 75 workers.²⁴¹ Together, the elected *pratinidhis* in turn chose the joint executive committee among themselves. However, the structure presented in the graphic did not necessarily correspond to the everyday functioning of the union. Rather, the possibilities for democratic participation remained limited. What this graphic does not show is the great barrier between the joint executive committee and the actual decision-making body of the union. Contrary to the *pratinidhis*, this body was not elected and instead consisted of “honorary members” nominated by the TLA president Ansuva Sarabhai and Shankerlal Banker. They formed the advisory committee which would eventually decide on the general secretary.²⁴²

²⁴⁰ Shukla, M. T. (1977). Six Decades of Textile Labour Association, Ahmedabad (1917-1977). TLA Publication: 60-61.

²⁴¹ TLA Annual Report, 1959-60: 3.

²⁴² According to Kansara, the executive committee of the TLA was closer aligned to the AMA in terms of identity, as they shared the same caste group of Nagar Brahmins. Kansara, B. P. (1975). Business, Labour and Opposition

These different layers of TLA administration enabled the union to exert control functions simultaneously at the legal-political level (through its leadership), on the shop floor (*pratinidhis*) and on the household (welfare officers). As the historian Barua has shown, the *pratinidhis* (shop stewards) did not only exert control over the labour process in the firm, but also collected membership fees and played a crucial role in mediating social relations within working-class neighbourhoods.²⁴³ Such positions were very popular and were often auctioned off, since the *pratinidhi* could take a cut of 5% of membership fees as his own commission.²⁴⁴ According to Barua, such a position had to be earned through intrinsically linked norms of masculinity and violence, which eventually created overlaying processes between the decline of the TLA regime in Ahmedabad and new configurations of neighbourhood power after the riots in 1969.²⁴⁵

The TLA monopoly over fee collection at mill premises secured under section 38 (2) of the Bombay Industrial Relations Act (BIRA) was upheld by the industrial court even when other unions emerged during the late 1950s. When a conflict broke out between the TLA and the Majdoor Mandal over the matter in 1956, the Commissioner of Labour interviewed members of both unions in order to consider applying for a change in the section 38 (2) BIRA. Against these deliberations, the TLA went to court, side by side with the AMA, who defended the TLA's position "apprehending that there may be a clash between the members of several unions if they were allowed to collect membership subscription in the mill premises."²⁴⁶ The Majdoor Mandal on the other hand argued that this would disregard the interests of workers who did not feel represented by the TLA. The judge, I. G. Thakore, did not accept the Majdoor Mandal's claim, arguing that it was "difficult for me to see what interest ... a union (the TLA) can have in the industry apart from

Movements in the Politics of Ahmedabad City, 1960-72. Unpublished PhD Thesis: 247. On the internal structure of the TLA, see William Albert Dawson (1971): *Trade Union Development in Western Indian Textiles*. Unpublished PhD Thesis, University of Wisconsin.

²⁴³ Barua, R. (2015). The Textile Labour Association and Dadagiri: Power and Politics in the Working-Class Neighborhoods of Ahmedabad. *International Labor and Working-Class History*, 87: 63-91.

²⁴⁴ Breman, J. (2004). Making and Unmaking, op. cit.: 122.

²⁴⁵ Barua, R. (2021). Feminine Domesticity and Emotions of Gender. *Work and Women in 20th and Early 21st Century India. L'Homme*, 32(2): 59-78.

²⁴⁶ Appeal (IC) No. 529 of 1956 *Mohmed Abdulla Sheikh v Ahmedabad Millowners' Association and Employees other than Appellant employed by member mills of Ahmedabad Millowners' Association*; Appeal (IC) No. 10 of 1957 *Textile Labour Association, Ahmedabad v Ahmedabad Millowners' Association*; Appeal No. 56 of 1957 *Rishikesh Mehta and thirty-two others v Ahmedabad Millowners' Association, Ahmedabad and employees other than appellants employed in member mills of Ahmedabad Millowners' Association*; Appeal No. 57 of 1957, *Ahmedabad Millowners' Association, Ahmedabad v Textile Labour Association, Ahmedabad*; Appeal (IC) No 59-60 of 1957 *CT Daru, General Secretary Ahmedabad Mill Majdoor Mandal, Ahmedabad and another v Millowners' Association, Ahmedabad and Employees employed in member mills of Ahmedabad Millowners' Association, Ahmedabad*, in *Industrial Court Reporter* October 1957: 1154.

the interest of its members in the industry”²⁴⁷ and therefore secured the TLA’s exclusive right under BIRA. This shows how the TLA’s engagement at the state level to design the infrastructure of conflict resolution remained one of the crucial forms of local control over labour within the Ahmedabad factories.

For the courts, the TLA was the natural defender of workers’ rights, even when there were instances where workers claimed to have been framed by the *pradinidhis* and had therefore lost their jobs. One such case occurred in 1955 when Kalidas Lallubhai, an oiler from the spinning department in the Ajit Mills claimed that “a false case has been made out against him by the Textile Labour Association representative (i.e. the *pratinidhi*) in the department and the management” due to Lallubhai joining another union.²⁴⁸ According to his statements, the representative had ensured his dismissal by blaming him for inserting two pulleys, as a result of which the affected machines had turned very hot and had produced damaged cloth. He denied all of these charges and argued that someone else must have done this behind his back. However, whereas the *pratinidhi* concerned had two witnesses to prove his claim, the oiler did not. As a result, both the District Court in Ahmedabad and the Industrial Court in Bombay agreed with the TLA and the AMA that the dismissal of Lallubhai was correct and he had no chance of reinstatement. While it is not possible to assess the claims of both sides with any certainty, these instances reveal frictions between the TLA’s representatives on the shop floor and those they were meant to represent. The association’s interests in securing its control over the labour movement converged more and more with those of the employers during the second half of the 1950s.

1.5.2 Complaints Mechanism

One of the TLA’s “democratic” features lauded by the ILO and foreign trade unions during the 1920s and 1930s was its complaints mechanism.²⁴⁹ It was open to both members and non-members to file complaints with the *pratinidhi* at the shop-floor level. Under the BIDA, the right to file complaints was reserved for the registered union, so the TLA had a monopoly on setting up a register for Ahmedabad textile mills. The following section will explore both the mechanism

²⁴⁷ Ibid.: 1155.

²⁴⁸ Thakore Appeal IC no 210 of 1955, Kalidas Lallubhai v Ajit Mills Ltd, in Industrial Court Reporter, March 1957: 311.

²⁴⁹ For a positive evaluation of foreign observers of the TLA see, for example, the observations on the complaints system of a delegation of German trade unionists who had visited in Ahmedabad in the early 1920s. Furtwängler, F. and Schrader, K. (1928). *Das werktätige Indien: Sein Werden und sein Kampf*. Verlagsgesellschaft des Allgemeinen Deutschen Gewerkschaftsbundes, Berlin: 287.

and the question of which aspects of the complaints were picked up by the *pratinidhis* and the TLA leadership – and which ones were not.

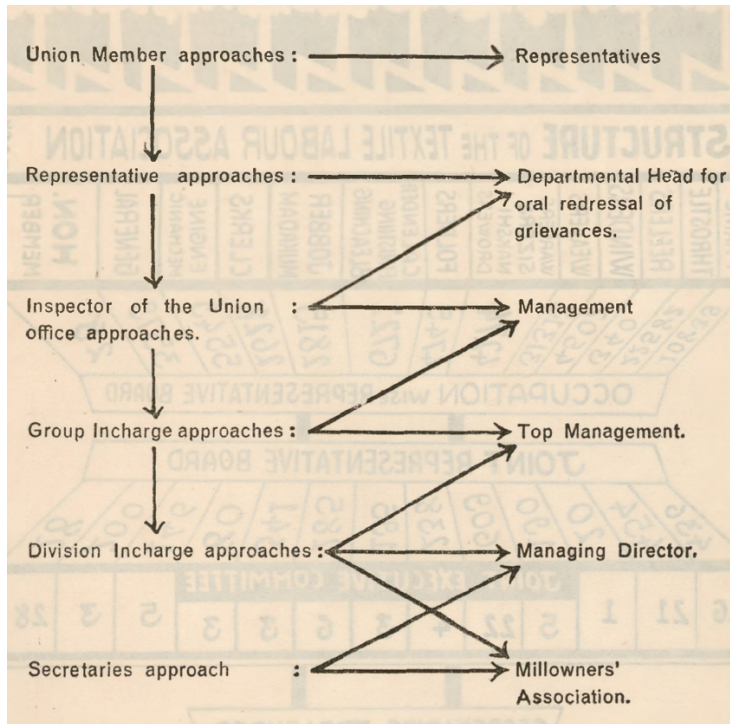


Photo 2: Complaints mechanism of the Textile Labour Association

The image (no. 2) portrays the complaints mechanism as outlined by the TLA officials. It underlines the importance attached to respecting the adequate line of command which would prevent any individual worker approaching the management directly.²⁵⁰ According to this model, any contact between workers and even departmental heads would have been mediated by the representative (*pratinidhi*). Thus it was necessary to have a good rapport with the *pratinidhi* to ensure a complaint would reach either higher levels inside the mills or within the TLA’s legal department. This means that the complaints mechanism was not detached from interpersonal relations between workers and the TLA personnel but very much embedded in it. What would happen if workers did not have a good rapport with their representative *pratinidhi* became clear in a court case involving weavers from the Sri Ambica mills in 1947.²⁵¹ One of the weavers of the automatic looms, Mahadev Nagji, had been dismissed for insubordination, leading to a one-day strike on September 9, 1947. To demand his reinstatement and compensation for the loss of his earnings, Nagji had approached the industrial court in Bombay. According to his statement, his dismissal

²⁵⁰ Retrieved from TLA (1977). *Six decades* op. cit.: 62.

²⁵¹ Industrial Court, Bombay 929, Submission no 12 of 1947, Arbitration Sri Ambica Mills vs TLA, in *Bombay Labour Gazette* 1949: 930.

had been illegal, since he had simply attempted to make the weaving shed supervisor aware of a bobbin shortage that was slowing down weaving process and causing earnings to decrease. The lawyer of the mill emphasised that Nagji had no right to confront the supervisor in such a manner, given that he was not the elected TLA representative of the weaving shed. The court agreed with the assessment of the mill that Nagji's confrontation had been an act of insubordination and that he had therefore been rightfully dismissed.²⁵² This shows how closely the political and economic functions of the *pratinidhis* – who not only served to prevent conflict within the union but were also crucial in the organisation of the labour process – were intertwined.²⁵³

Year	Total number	Successful	Com-promised	False, unreasonable, trivial	Other ¹	Pending
1925 . . .	1,002	616	36	58	78	214
1930 . . .	3,643	2,816	30	112	280	405
1941-42 . . .	8,133	4,902	754	90	2,062	325
1952-53 . . .	17,975	12,314	423	13	4,386	839
1953-54 . . .	16,521	10,782	560	25	3,962	1,192
1954-55 . . .	18,020	11,553	653	34	4,315	1,465
1955-56 . . .	18,868	10,557	1,038	515	3,920	2,838

¹ From the T.L.A. annual reports. Include only complaints and grievances recorded at the T.L.A. office, and exclude complaints and grievances settled in the mills at earlier stages of procedure. ² Unsuccessful, closed, repeated, rejected.

Table 2: Workers' Complaints and Grievances handled by the TLA

In addition to the personal power exercised by *pratinidhis*, the complaints mechanism was a very good measure to prevent conflicts whenever they threatened to become dangerous to the TLA. An investigation of the changed nature of complaints during the 1950s offers crucial insights into the prioritisation of industrial matters by workers (table 2).²⁵⁴ It shows which issues were considered important enough by the complaints department to be pursued before the court, and which were not. During the years after the standardisation agreement, most complaints (figure 5) were filed by workers who felt that their occupation had been negatively affected by it – either through increasing workloads (e.g. frame tenters) or due to wages fixed at a lower rate than before (e.g. folders).²⁵⁵ Piece rate workers felt that the ratio between their wages and the corresponding

²⁵² Decision of the Industrial Court, dated 20.04.1948, in *Bombay Labour Gazette*. 935.

²⁵³ This related to a different function of day-to-day control and supervision which shall be further discussed in detail in the third chapter.

²⁵⁴ Unfortunately, the actual complaint reports are not available in the archive. However, the annual TLA reports offer insights into the absolute numbers of complaints, as well as their distribution between departments and between different categories. Unfortunately, not all reports contain the same categories so that a comparison over a longer period is not possible quantitatively.

²⁵⁵ TLA Annual Report 1953-54: 15-16.

workloads was not even enough to obtain the minimum rate fixed at Rs. 28.²⁵⁶ Furthermore, workers whose wages were calculated on a piece-rated basis faced the problem that all their non-working days were deducted from their dearness allowance payments, including those for public holidays.²⁵⁷ As this matter was pending before the Labour Appellate Tribunal in 1953, the TLA urged its workers to be patient and not to file any more complaints.²⁵⁸

This shows a divergence in the matters which concerned workers and the attention the TLA was willing to give to these through representation in labour courts. Such shifts opened up cracks between the workforce and the union which would eventually become dangerous for the TLA during the second half of the decade. As a union with a predominant membership of permanent workers, it had little interest in representing the cases of workers who did not fall into this category. This especially concerned sections which were not part of the permanent workforce. The number of *badli* workers was growing due to the countless cases of rationalisation and retrenchment. As a measure to prevent a large-scale exodus from the mills, the TLA had agreed in various agreements with individual mills from the 1950s onwards to keep on formerly permanent workers in *badli* positions.²⁵⁹ Positions were mostly allocated based on seniority – whoever had worked in the mill for the shortest period risked losing their permanent position and either being retrenched or being given a *badli* pass. As *badli* workers, they would have been able to be considered for employment on a daily basis. The economist Dholakia has shown that these workers were highly underrepresented by the TLA.²⁶⁰ However, with the growing number of *badli* workers, the TLA was no longer able to ignore their claims for greater employment security without risking losing its grip on a large section of the workforce.

In 1954-55, for the first time since its existence, the union received more complaints about workers' status (permanent, temporary or *badli*) than about wages, particularly for the winding and reeling department.²⁶¹ Allegations rose that seniority was not the main consideration for either retaining or receiving permanent status, but that it was based on one's relation to supervisory staff. In one such case, a *badli* jobber named Chatur Chhagan from the Vivekanand mills had claimed that he had worked in the winding department for ten years. When the previous permanent jobber,

²⁵⁶ ATIRA (1958). Report of the 3rd Conference Management Conference, 4.-6.1.1957: 32.

²⁵⁷ AMA Annual Report 1956: 358.

²⁵⁸ TLA Annual Report 1951: 9.

²⁵⁹ See particularly Bombay Labour Gazette Volumes of the years 1950-51 for agreements between individual mills and the TLA. After the rationalisation agreement in 1954 and the loom purchase agreement in 1956, such decisions were generally regulated by these terms negotiated by the AMA and the TLA. See chapter 3.

²⁶⁰ Dholakia, J. L. (1970). Employment, Output, and Wages of the Substitute Labour. Asian Thought Centre.

²⁶¹ TLA Annual Report 1954-55: 10.

Hiraji Jagaji, passed away, Chhagan claimed that the position should have been allocated to him due to his seniority. Instead, another *badli* jobber (Amiruddin Usman) had received the promotion. According to the Industrial Court in Bombay, this was legitimate given that the management could hire and fire anyone it deemed suitable for the job.²⁶² In order to address this matter collectively in court, the TLA argued that anyone who had served for more than 240 days at a time in the same mill, could not be deemed *badli* or casual worker and had to be hired instead on a permanent pass. If there were not enough positions available in a department, they should be eligible for lay-off compensation. In an agreement before the industrial court on December 31, 1956, this became part of a binding mechanism for all millowners in Ahmedabad.²⁶³ However, this did not resolve the numerous problems faced by *badli* workers. Even the TLA itself admitted after the agreement that the mechanisms for granting leave were applied by the mills in such a way that working for 240 consecutive days was rendered impossible. Furthermore, if a worker had a long period of absence, he risked losing his right to apply for work on a daily basis as a *badli*. For example, mill management very often denied their employees leave from work for a longer period of absence:

Especially in marriage season and during months of summer, complaints are often received about leave not being granted. In quite a large number of cases, workers are given shorter leave than asked for and when it is sought to be extended the management refuses to grant the extension. In such cases the workers lose their permanency and have to begin once again as badlis.”²⁶⁴

These matters were not brought before the industrial court, even though this was a widespread problem for a large number of the workforce. Even though the TLA recognised such mechanisms of exclusion, the union was not willing to prevent them in exchange for a formal recognition of 240 working days as a status criterium. This partially lay in the nature of the work performed by *badlis*: they were not part of the permanent workforce, and therefore not formal members of the TLA. As such, the value attached to certain complaints was based on the political assessment of the TLA, rather than on the needs expressed by the workforce. These two would increasingly diverge during the 1950s.²⁶⁵

²⁶² Appeal IC no 316 of 1955, Chatur Chhagan v Vivekanand Mills, 16.10. 1956 in Industrial Court Reporter, March 1957: 307.

²⁶³ TLA v Maneklal Harilal Spg and Wvg. Co. Ltd. on different awards of Shri Nandan Haridas and Shri N.M. Barot, Industrial Court Bombay, Umpire Shri M.R. Meher, 31.12.1956, cited in TLA Annual Report 1956-57: 8.

²⁶⁴ TLA Annual Report 1955-56: 14. For an example case of a *badli* who unsuccessfully claimed that despite his leave being registered with the mill he had lost his permanent status at the Calico mill, see Bombay Labour Gazette, November 1956: 268.

²⁶⁵ Patel, S. (1987). “Contract Labour in Ahmedabad Textile Industry.” *Economic and Political Weekly* 21 (41): 1816.

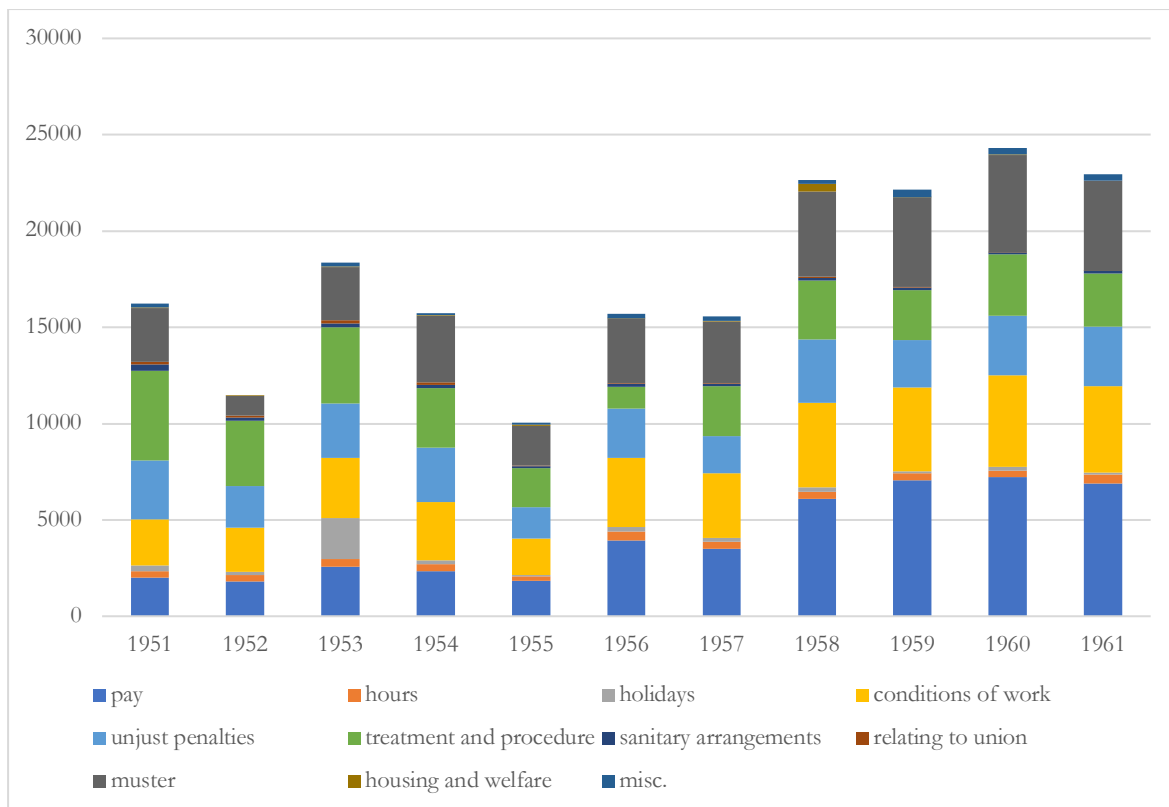


Figure 5: Complaints received by cause, 1951-1961

The question of how the TLA would represent workers of the textile mills became a matter of friction among its membership as well. Increasingly, the complaints mechanism was unable to contain such discontent. This even led one worker to go to court against the TLA in 1958 because he did not feel adequately represented by it. The appellant, Shantilal Shah, claimed that he had approached N. M. Barot of the TLA to represent him in a case for reinstatement at his previous place of employment, the Raipur Mills. In the meantime, however, the Calico Mills had offered him another position and he had a "divided mind whether to join the Calico Mills or to continue in the Raipur Mills being afraid to lose both in case the mills succeed in the end against him."²⁶⁶ Rather than providing advice or representation in court, Shah claimed that Barot had even contradicted him by siding with the mills, arguing that Shah had been rightfully dismissed from the Raipur Mills. This was even noted by the Labour Court in Ahmedabad, contending ironically in his judgement that he, Barot, had "lost the case for the complaint ... by his own arguments".²⁶⁷ Consequently, the court felt that "Sri Shah's case was neglected by Sri Barot due to his election tour and his going abroad. Sri Barot's attitude before the industrial court and at the time of

²⁶⁶ Miscellaneous Application IC no 44 of 1958, NM Barot v Shantilal Shah and Ahmedabad Mfg and Calico 29.9.1958, 29.9.1958, in *Industrial Court Reporter*, January 1959: 14.

²⁶⁷ *Ibid.*: 15.

negotiations is generally that of a man without conscience.”²⁶⁸ Such harsh critique of the Labour Court of the TLA quickly created a stir and the verdict was published in *Chetan*, the journal of the Communist Mill Kamdar Union. In an attempt to reinstate his reputation, N. M. Barot filed an appeal before the Industrial Court in Bombay, claiming he had been falsely “victimised” for his union activities beyond the borders of Ahmedabad. The Industrial Court agreed with Barot that the verdict of the Labour Court had not been as impartial as it should have been and that those respective paragraphs should be removed from its records.²⁶⁹ The TLA’s status as a representative union with Gandhian unions did not only imply that it legally had more rights than other unions; it also meant that it was regarded a much more “responsible” union by judicial institutions.

At the level of labour organisation, the TLA was again challenged by a large exodus of doffers in the ring spinning (mostly belonging to the “untouchable” Vaghri caste), who organised a large-scale unauthorised strike for three days 1959. The TLA’s membership dropped from 97,795 to 95,826 during the same year.²⁷⁰ The ATIRA award, fixed in 1952, had significantly increased the workload of doffers, and while the TLA had promised to represent doffers in court in negotiating higher wages, these efforts had been stalled during the Mahagujarat movement.²⁷¹ Their unrest was connected to changes in the spinning department and an increased workload, for which they demanded higher wages. For the doffers, this was not enough, and they went on strike. However, rather than declaring its solidarity with the workers on strike, the TLA condemned their activities and “utilised this opportunity for educating the textile workeres with regard to the technique employed by the communists and other hostile forces of creating misunderstanding.”²⁷² To facilitate this “education” and to regain control, the TLA spent a total of Rs. 50,000 for “propaganda” purposes during 1958-59. This was financed by a compulsory collection of one additional rupee from each member during the same period.²⁷³

1.5.3 Challenges to the TLA Model during the 1950s: The Maha Gujarat Movement

This section investigates how the mechanisms of conflict resolution developed by the TLA became unsustainable and could no longer be contained due to changes at the federal level. The Maha

²⁶⁸ Ibid.: 15.

²⁶⁹ Ibid.

²⁷⁰ The number of women in the TLA dropped from 5571 to 5271. This was the first year in which female membership of the TLA was seperately listed. TLA Annual Report 1958-59: 6.

²⁷¹ TLA Annual Report 1956-57: 7; ATIRA (1952). Work Load and Working Conditions of Ring Spinning Doffers.

²⁷² TLA Annual Report 1958-59: 1.

²⁷³ TLA Annual Report, 1958-59: 38.

Gujarat Movement unfolded after the setting up of the States Reorganisation Commission in 1952.²⁷⁴ First, I will highlight political changes, then I will go on to discuss how these underlying tensions led to changes in the industrial relations model and wage negotiations in Ahmedabad.

With regard to the former colonial Bombay Province, Prime Minister Nehru had instructed the committee to decide whether the new state should be divided among the lines of its two predominant linguistic groups – Gujarati speakers and Marathi speakers. The main controversy arose over the division of Bombay. Most of its inhabitants spoke Marathi, but Gujaratis had a large stake in business activities as well. When Nehru announced a division of the territory into three separate states with an independent Bombay in January 1956, riots broke out in the city and many Gujaratis fled. In response to the violence, the Central Government announced its reversal of this decision on August 7, 1956 under the States Reorganisation Bill. Violence then broke out in Ahmedabad: angry protesters felt betrayed by the Congress Party and held the organisation they felt was most closely connected with the Congress responsible – the TLA’s office bearers at its Lal Darwaja headquarters. Originating from Gujarat University, it had many followers among the middle classes, particularly those in government employment who hoped for better job opportunities after the foundation of an independent state.²⁷⁵

Under the guidance of Indulal Yagnik, the newly founded Maha Gujarat Janta Parishad (MGJP) soon became a mass movement, gaining the support within working-class neighbourhoods as well.²⁷⁶ In an attempt to distance himself from the INC, the General Secretary of the TLA urged the protesters not to confuse the union’s welfare activities with the party politics of the Congress.²⁷⁷ But this position could not be upheld for long. According to accounts by the TLA, this created frictions between its own cadre and “fascist elements” who “man-handled, assaulted and abused” the TLA workers.²⁷⁸ These descriptions by the TLA clearly reveal its alarm and fear of losing its grip on the workers of the city. Its membership numbers slightly decreased from 80,587 to

²⁷⁴ The description of events is based on Spodek’s account in *Shock City*, op. cit.

²⁷⁵ Kansara, B. P. (1975): *Business, Labour and Opposition Movements in the Politics of Ahmedabad City, 1960-72* Unpublished PhD Thesis: 53.

²⁷⁶ As a former student of Gandhi, Yagnik had been deeply disappointed with the Congress movement, which he felt was perpetuating already existing inequalities between different sections of Indian society. Yagnik, I. (2011). *The Autobiography of Indulal Yagnik*. Translated by Devavrat N. Pathak, Howard Spodek, and John R. Wood. New Delhi: Manohar.

²⁷⁷ However, as Barua has shown, the TLA was the welfare organisation which paved the way for interlinking “civil society” and “political society”. Barua, R. (2015). *The Textile Labour Association and Dadagiri: Power and Politics in the Working-Class Neighborhoods of Ahmedabad*. *International Labor and Working-Class History* 87: 63–91.

²⁷⁸ TLA annual report 1956-57: 4.

78,811.²⁷⁹ The organisation did everything it could to avoid strikes and the potential closure of mills caused by picketing, with large crowds preventing workers from entering mill premises.²⁸⁰ As a reaction to the protests, Home Minister Moraji Desai, announced a fast and a visit to Ahmedabad on August 19. Due the announcement by the MGJP to undergo a self-imposed “janta curfew”, he eventually had to cancel his visit. At the election for the parliament of the Bombay State during 1957, Indulal Yagnik defeated Khandubhai Desai in his constituency.²⁸¹ This shows that the movement was seriously threatening the TLA infrastructure.

Not even the AMA was on the TLA’s side in the matter of state reorganisation. It openly opposed the Congress’ decision due to its strong interconnections and the fear of losing access to Bombay markets and production sites, should it become part of a separate linguistic Marathi state. Critical voices included the mayor, Chinubhai Chimanlal, appointed with the support of Moraji Desai Minister for Commerce and Industry, and AMA president Jaykrishna Harivallabhdas, who was also nominated president of the All-India Organisation of Industrial Employers (AIOIE) during the same year. In the municipal election at the beginning of 1957, Chinubhai and others formed the Nagrik Paksh, an alliance of ex-Congress members who disagreed with the party over the matter of state reorganisation.²⁸²

The alliance between different factions of the Nagrik Paksh did not last long. The greatest controversy arose over the desired status of Bombay. Yagnik’s supporters, who were also connected to the labour movement in Bombay, were ready to let go of the city for a separate Gujarat state. Business groups, on the other hand, lobbied for a “three-unit formula” with shared control over Bombay, since many of the members of the AMC also owned factories there.²⁸³ When it became clear after the municipal elections in Bombay that a separate city was not realistic, the divisions became even more pronounced. When the MGJP was eventually dissolved after the announcement of a separate Gujarat state in 1959, most of the Nagrik Paksh members, including Chinubhai, re-joined the Congress. Their interests had now shifted from securing old investments

²⁷⁹ However, the TLA openly denied any loss in power and remarked that this drop had “no special significance”. TLA annual report 1956-57: 3. Similarly, they claimed that “the workers of the city remained loyal to the Congress throughout the period”, framing the protesters as outsiders. In other words - both sides the MGJP and the TLA – accused each other of not representing the local working class.

²⁸⁰ TLA annual report 1956-57: 4.

²⁸¹ Barua, R. (2015). The Textile Labour Association and Dadagiri: Power and Politics in the Working-Class Neighborhoods of Ahmedabad. *International Labor and Working-Class History* 87: 71.

²⁸² Barua, R. (2022). In the Shadow of the Mill: Transformation of Workers’ Neighbourhoods in Ahmedabad, 1920s to 2000s. Cambridge University Press. 54.

²⁸³ There were also many family ties between Ahmedabad and Bombay millowners. For example, Gautam Sarabhai was married to Kamaliniben of one of the largest mill-owning families in Ahmedabad, the Khatau Makhanji group. Kansara, B. P. (1975): 136.

in Bombay to new opportunities arising from the construction of Gandhinagar as the new capital.²⁸⁴ The Communist members of the movement, on the other hand, founded the Nutan Mahagujarat Janta Parishad in 1960, but in the elections the following year, the majority of workers returned to support the INC. 50 out of 70 municipal seats were won by Congress candidates; the rest were almost evenly distributed between the Praja Socialists and the Sangram Samiti.

1.6 The Beginning of the End of Ahmedabad as a Textile Hub

This section of the chapter discusses the limits to the Ahmedabad trade union model posed by the decline of the textile industry. The biggest threat was due to the transformation of Ahmedabad from a textile hub into a city in crisis. As firms were threatened, so were wage agreements between the two business associations – including the very foundation of the two associations themselves. I will first provide a brief overview of the nature of the crisis, and then turn to the different strategies deployed by businesses in response to the crisis. I will argue that a large amount of production shifted towards the power loom sector, with only the uppermost profitable mills continuing their production. Furthermore, I contend that the production in textiles could only be sustained through diversification and branching out into other sectors. However, the diversification of economic activities meant that interests could no longer be collectively organised within the AMA. As a result, the organisation lost its strength over the following decades.

During the 1960s, a number of mills were on the brink of closure, and then a huge round of mills shut down in 1967-68. In 1960, only one mill had been exempted from paying bonuses due to losses; in 1962, this number had climbed to 13; in 1963, 18 mills defaulted; and in 1965, 26 out of 66 mills could not show any profit.²⁸⁵ The total amount of profits fell from Rs. 9.51 crore to Rs. 3.54 in 1965.²⁸⁶ The millowners' association mainly blamed the increase in wage costs on the increase in dearness allowance payments. Indeed, their own calculations showed that wage costs increased by 48% between 1960 and 1965 (table 3), but as all other costs also significantly grew by an average of 51%, the relation between wage payments and other cost obligations of the mills was hardly affected. While wages made up 26.58% of all costs in 1960, they showed an increase of less than one percentage point in 1965. This shows that the economist Praful Anubhai's argument

²⁸⁴ Spodek, *Shock City*, op. cit.: 155.

²⁸⁵ AMA Annual Report 1968.

²⁸⁶ *Ibid.*

that the main reasons for the decline of the textile mill industry were labour costs and inefficient bargaining provisions needs to be further expounded.²⁸⁷

Total production costs in 1000 Rs.	1960	1964	1965	% rise 1960-1965
Raw materials	4,450	5,871	6,428	44
Stores	1,835	2,596	2,883	57
Wages	3,241	4,210	4,688	48
Fuel, Energy	623	1056	1,123	80
Interest Charges	191	407	545	185
Others	998	1,365	1,492	49
Total	11,338	15,515	17,159	51
Proportion of wage costs out of total costs	26.58%	27.14%	27.32%	

Table 3: Rise in cost of production of Ahmedabad mills, 1960-65

Indeed, one of the largest threats to the textile industry was cotton shortages. In 1962, cotton production had been the highest within India since independence. Nonetheless, there was such an acute crisis that the Indian Cotton Mills Federation (ICMF), as the central organisation of cotton textiles in the country under the presidency of Ahmedabad millowner Madanmohan Mangaldas, decided to buy a large quantity of bales to be distributed among its members as a regulatory measure to avoid greater price spikes.²⁸⁸ As the same problem arose again in 1964, the ICMF urged the government to import greater quantities of cotton, but without success. Therefore, the ICMF retained its regulatory position over the cotton mills, determining that no mill in Bombay and Ahmedabad should store more than two months' stock in their warehouses.²⁸⁹ However, due to these high numbers of unprofitable mills, the ICMF demanded a closure of all mills in India from December 19 onwards. They argued that some mills were not receiving enough raw material for

²⁸⁷ Anubhai, P. (1989). *Sickness in Ahmedabad Mills*. *Economic and Political Weekly* (24) 27: M147-M157.

²⁸⁸ The ICMF was also accusing the government that prices paid to Indian cotton growers were too high. However, the pricing policy of the government also attempted to ensure self-sufficiency in cotton and therefore deliberately aimed at paying higher prices to cotton cooperatives so that the country would eventually be able to avoid any cotton importing in the future. Prasad, B. (1968). *The Indian Cotton Mills Federation*. Gokhale Institute Monograph Series: 8. See Also ICMF Annual Report 1962: 1.

²⁸⁹ Prasad, B. (1968). *The Indian Cotton Mills Federation*. Gokhale Institute Monograph Series: 9.

production. The closure would have affected around 700,000 workers and a loss of wages amounting to Rs. 7 crores, but was prevented by the Central Government.²⁹⁰ Instead, the ICMF and the government agreed on the “lesser evil” of closing all textile mills in the country for one day a week, for which workers received retrenchment compensation instead of regular wages, thereby leading to an effective wage cut of Rs. 2 crores in total.²⁹¹ Given the dire conditions and the closure of a total of 8 mills in Ahmedabad in 1967 alone,²⁹² the state government initiated a Textile Reorganisation Committee on December 21. This committee mostly consisted of Ahmedabad millowners, including Gautam Sarabhai, Madanmohan Mangaldas, Jaikrishna Harivallabhdas and Balkrishna Harivallabhdas. The only trade union member was S. R. Vasavada.

In its report published in August 1968, it became clear that “reorganisation” mostly meant a concentration of ownership – a strategy that had already been used by Ahmedabad millowners to tackle crises in the 1930s. Concentration of ownership meant that the two factions of millowners diverged even further. The largest number of mills closed down, particularly those units which contained older machinery. Economic historian Tirthankar Roy has contended that only a handful of firms had invested in new machinery.²⁹³

The largest segments of the market share of these mills shifted to the power loom sector.²⁹⁴ From the late 1950s to the 1980s, power loom production in India grew considerably. The Second Five Year Plan released in 1956 encouraged the shift from factory loom to power loom production. As head of the Planning Commission, P. C. Mahalanobis hoped that this would increase employment.²⁹⁵ In Gujarat, Surat rose to become the most important textile production centre because it was able to recruit from a market of artisanal handloom production.²⁹⁶ Douglas Haynes has shown that power looms proliferated, as smaller units were quicker to adapt to regional production demands. Furthermore, the composite structure of mills had made it difficult to process and weave any yarn that had not been manufactured in the spinning sections of the same

²⁹⁰ *Times of India*, 1.12.1966: 1.

²⁹¹ *Times of India*, 4.12.1966: 1.

²⁹² Ananta Mills, Himabhai Mfg, Manekchowk and Ahmedabad Manufacturing, New Commercial Mills 1 and No. 2, Ahmedabad New Textile Mills, New Manekchowk.

²⁹³ Roy otherwise contends that the shift in textile production from large-scale to smaller-scale should be seen as a renewal rather than a crisis. Roy, T. (1996). Market Resurgence, Deregulation, and Industrial Response: Indian Cotton Textiles in 1990s. *Economic and Political Weekly* 31 (21): M31–41.

²⁹⁴ Goswami, O. (1990). Sickness and Growth of India's Textile Industry: Analysis and Policy Options. *Economic and Political Weekly* 25 (44): 2429–39.

²⁹⁵ Shah, G. (1994). Economy and Civic Authority in Surat. *Economic and Political Weekly* 29(41): 2671.

²⁹⁶ In 1997, there were more than 250,000 looms in Surat. Haynes, D. E. (2001). Artisan Cloth-Producers and the Emergence of Powerloom Manufacture in Western India 1920-1950. *Past and Present*: 172, 174.

compound. With the rise in demand for synthetic fabric, this proved to be a disadvantage for cotton producing mills in Ahmedabad.²⁹⁷

The upper section of millowners, on the other hand, did not experience any existential losses. Those millowners who had already largely diversified their production during the 1950s and 1960s were not as affected by the loss of their textile production sites. Very often, diversification was not only seen as a strategy to mediate the risk of fluctuating profits within one enterprise, but it also prevented innovation in unprofitable sections of the firm. The second largest mill-owning family magnate Kasturbhai Lalbhai had been one of the first to diversify his production. In 1939, he had already conceived the idea of setting up Anil Starch, which had eventually taken off in terms of production from 1941 onwards.²⁹⁸ Starch was a product that was mainly used for the finishing of textiles, strengthening the threads, particularly in denim products. The Arvind Mills are indeed one of four remaining “organised” textile mills in Ahmedabad – that is, a mill to which the Factories Act applies.²⁹⁹ Supriya Roy Chowdhuri has shown that their investment in denim production meant that those workers who were not part of the initial lay-offs were able to receive general provisions of pensions and retirement schemes.³⁰⁰ Therefore, the textile production of the Lalbhai family was maintained through vertical integration of businesses. Dwijendra Tripathi has argued, in his portrait of Kasturbhai Lalbhai in “Dynamics of a Tradition”, that the businessman had been relatively moderate in his attempts to move away from textiles, preferring to concentrate on improving the production line.³⁰¹

The diversification of the Sarabhai enterprises took a different turn. By 1957, they not only owned the Calico Mills, but also owned trading corporations such as Bakubhai Ambalal Private, a supplier of textile machinery with offices in London, New York and Kampala.³⁰² Vikram Sarabhai was

²⁹⁷ Haynes, D. E. (2001). Artisan Cloth-Producers and the Emergence of Powerloom Manufacture in Western India 1920-1950. *Past and Present*, 172, 197-8.

²⁹⁸ Due to the beginning of the Second World War, there had been delays in delivering machinery for the plant from Germany to Ahmedabad as the engineer who was supposed to assist in the setting up of the plant was captured by the British.

Although Anil Starch did not make any profits until the mid-1950s, it helped to diversify the Lalbhai’s family enterprise. In 1954, he produced 1000 tons per month, including food yeast and super phosphate fertiliser to contribute to the “grow more food” campaign of the government. Indian *The Indian Textile Journal*, Special Souvenir Number 1954: 149.

²⁹⁹ As of 2022, Arvind Mills employs more than 42,000 people in production, retail and product development including CSR projects. It is also a contractor of global brands such as Sephora or Tommy Hilfiger. <https://www.arvind.com/about-us>, last accessed October 10, 2022.

³⁰⁰ Chowdhury, S. R. (1996). Industrial Restructuring, Unions and the State: Textile Mill Workers in Ahmedabad. *Economic and Political Weekly* 31 (8). L13.

³⁰¹ Tripathi, D. (1981). *Dynamics of a Tradition: Kasturbhai Lalbhai and His Entrepreneurship*. Manohar, Delhi.

³⁰² Most of these trading companies had been set up by Ambalal Sarabhai.

responsible for Swastik Oil Mills (founded in 1930) and Sarabhai Chemicals in Baroda (founded in 1943),³⁰³ while his sister owned the advertising agency Shilpi Private in Bombay.³⁰⁴ Through the diversification of their business, textiles became less important in relative terms, and the Calico mills were eventually closed down in 1997.³⁰⁵ The Sarabhai family was able to benefit from the generous support of the Indian government, which facilitated their expansion and move away from textile production.³⁰⁶ Thus, the period of decline in the textile industry had also been a crucial time for Ahmedabad millowners to move into other sectors of the economy.³⁰⁷

These geographical and qualitative shifts in production regimes also meant that there was a discontinuity in workforce employed in factories and at power looms. As a result, for workers, these changes were far more consequential. During 1984, 50,000 workers in Ahmedabad lost their jobs as part of retrenchment processes.³⁰⁸ Out of 85 mills operating in the city, 12 were nationalised under the Gujarat State Textile Corporation, but were eventually liquidated and closed in 1994. There was a break in employment and recruitment patterns in Ahmedabad. As the economist B. B. Patel has shown, factory work remained unavailable not only to those who had become retrenched, but also to further generations of workers who shifted into various (and often

³⁰³ Swastik Oil mills produced vegetable oils in Wadala and set up one of the first plants in India, manufacturing detergents and cosmetics in Ambernath. By 1970, it had accumulated assets worth Rs. 1 crore. Commissioner Of Income-Tax vs Shahibaug Entrepreneurs Pvt, 8 March, 2001, Gujarat High Court, 2001 251 ITR 433 Guj.

³⁰⁴ Tavistock Consultant A.K. Rice had been assigned the task of reorganising the management of the family enterprise in order to avoid any conflict between Ambalal's children Vikram, Gira and Gautam after his demise. First Holding Board Meeting, March 22, 1957 in A.K. Rice's Calico Mill Papers. Calico Mills: Notes on future organisation of S. Concerns. SA/TIH/B/2/4/1/6. Tavistock Institute, Wellcome Collection.

Ambalal Sarabhai eventually passed away in 1967. Tirthankar Roy. (2018). *A Business History of India: Enterprise and the Emergence of Capitalism from 1700*. Cambridge University Press: 146.

See also A. K. Rice (1956). Factors Influencing Possible Future Organisational Structures for the Sarabhai Concerns. Confidential Report, 16. October 1956. Box No. 6. Tavistock Collection, Wellcome Trust Archive, London.

Sarabhai Chemicals entered into lucrative partnerships with the pharmaceutical concerns Geigy Private from Switzerland and the German Merck company in 1950, which made it the most profitable supplier of drugs during the 1960s. In 1984, the company had a turnover of more than Rs. 400 million, the highest of any Indian pharmaceutical enterprise. Its profit figures and balance sheets had been subject to a dispute between the Chemical Mazdoor Sabha and Sarabhai Chemicals in 1984, as the firm refused to pay the minimum wage of Rs. 34 determined by the Wage Board. *Sarabhai Chemicals Staff vs Sarabhai Chemicals*, 31 January, 1984, (1984) 1 GLR 566, Gujarat Government Gazette Part I-L: 4540 to 4575.

³⁰⁵ In 1998, the Calico Mills eventually closed. Breman, J. *The Making and Unmaking*: 145.

³⁰⁶ The business historian Rainau has shown for the case of the Tata family that the Indian developmental state was essential in guaranteeing protection from outside competitors and facilitating funds for their expansion. Raianu, M. (2021). *Tata: the global corporation that built Indian capitalism*. Harvard University Press. A similar case could be made for the Sarabhai family, who had benefited from the government's goal of self-reliance through supporting indigenous companies. The Pharmaceutical Inquiry Report Committee had recommended in 1954 that in order to facilitate drugs made in India, private enterprises should form joint ventures with foreign firms to acquire know-how, and that this would be the only opportunity for non-Indian businesses to enter the market. Bhata, S. L. (1954). Report of the Pharmaceutical Inquiry Report Committee: 220. See also Tumbé, C. (2022). *Globalization, Cities, and Firms in Twentieth-Century India*. *Business History Review* 96(2): 399-423.

³⁰⁷ Tripathi, D. (1981). *Dynamics of a Tradition: Kasturbhai Lalbhai and His Entrepreneurship*. New Delhi, Manohar Publications; and Shah, A. (2016). *Vikram Sarabhai: A Life*. Penguin, London.

³⁰⁸ Chowdhury, S. R. (1996). *Industrial Restructuring, Unions and the State: Textile Mill Workers in Ahmedabad*. *Economic and Political Weekly* 31(8): L7.

precarious forms) of “self-employment”.³⁰⁹ In comparison to the Ahmedabad factories, which had predominantly relied on workers from Ahmedabad, power loom businesses mainly recruited migrant labour,³¹⁰ first from Western India, and then from Odisha.³¹¹

The decentralised structure of power loom plants served to demobilise workers by preventing the large-scale organisation of workers. They hired workers per unit below the threshold set by the Factories Act, and thus were able to hire and fire according to production requirements. Such differences in recruitment patterns were also enabled by broken-down tasks which required less employment of skilled labour. Jan Breman has argued that this provided the answer to growing Communist mobilisation from the 1960s onwards, as it meant politically active workers could be laid off more quickly.³¹²

As a consequence, the peaceful model of conflict resolution became less important. Both the AMA and the TLA, as agents of organised representation, lost their influence over the following decades.³¹³ For the TLA, this meant it not only lost its membership base, but also its mandate of representation. Turning against the TLA, workers in Ahmedabad found that the union had become so deeply entrenched in the Gujarat state that it had become part of the problem, rather than being a mouthpiece for the workers.³¹⁴ With the emergence of predominant regimes of self-employment, the representational function of the TLA as a union focused on industrial factory labour ceased to exist.³¹⁵

³⁰⁹ Patel, B. B. (1988). *Workers of Closed Textile Mills*. New Delhi, Oxford University Press. Patterns and Problems of their absorption in a metropolitan labour market. See also Noronha, E. (1999). Duration of Unemployment and Re-employment: Part – II. *Management and Labour Studies*, 24(3): 150-161. The question of “self-employed” workers in Ahmedabad has been dealt with at length in other works. D'Monte, D. (2002). Ahmedabad's Alienated Textile Workers. *India International Centre Quarterly*, 29(2): 129-140. This has been predominantly discussed in the context of the Self-Employed Womens' Association (SEWA) as a new form of trade unionism in Ahmedabad. On SEWA, see e.g. founder Ela Bhatt's own account Bhatt, E. (2005). *We are Poor but yet so Many. The Story of Self-Employed Women in India*. OXFORD UNIVERSITY PRESS, Delhi.

³¹⁰ Haynes, D. (1999). Just like a Family? Recalling the Relations of Production in the Textile Industries of Surat and Bhivandi, 1940-60. *Contributions to Indian Sociology* 33 (1-2): 145.

³¹¹ Sahu, G. B., & Das, B. (2010). Urban Labour Markets and the Return to Migration: Destination Surat. *Review of Development and Change*, 15(2): 129.

³¹² Breman, J. (1996). *Footloose Labour. Working in India's Informal Economy*. Cambridge University Press: 246-8.

³¹³ Being part of the larger All-India Organisation of Industrial Employers (AIOIE), its relative importance decreased, with Surottam P. Huthesing being the last AIOIE president of AMA millowners in 1960-1961. <https://aioc.in/legacy-of-luminaries/>, last accessed 10/01/2023.

³¹⁴ Indeed, the TLA even left the INTUC in 1971, as it contended that the populist shift under Indira Gandhi had brought the INTUC too close to communism. Pravin J. Patel. “Trade Unions and Class Mobilisation of Workers: Towards a Theory of Social Polarisation and Mobilisation.” *Economic and Political Weekly* 32, no. 35 (1997): L25.

³¹⁵ The decline in the textile industry and the large-scale lay-offs have often been examined from the perspective of communal tensions in Ahmedabad. E.g. Spodek, H. (1989). From Gandhi to violence: Ahmedabad's 1985 riots in historical perspective. *Modern Asian Studies*, 23(4), 765-795. Barua, R. (2022). Negotiating Deindustrialization. *Feelings and Work in Modern History: Emotional Labour and Emotions about Labour*. 76.

Conclusion

The particular historical constellation of the decades between the 1930s and the 1960s allowed for the emergence of a peculiar regime of wage negotiations. This regime was characterised by a tension between “voluntary” and “tripartite” formats of negotiation. Both originated from the Gandhian concept of trusteeship. Who was to be the trustee – the government or employers directly – however, varied between the two approaches. The emerging relation between frameworks of negotiation at the local and central level can be partially understood through the framework of corporatism. I will briefly explain why this is the case.

This corporatism was rooted in a local development that had been taking place in the Ahmedabad textile industry since the Delhi Agreement, 1935. As the agreement established court arbitration as a major form of conflict resolution, it aimed to cement the TLA’s control over the local labour movement. In Ahmedabad, the TLA became the sole representative of workers during the late 1930s. This was formalised through legislative mechanisms such as the Bombay Industrial Disputes Act (BIDA) of 1938 and later the Industrial Disputes Act of 1947. These acts granted the TLA legal standing to negotiate on behalf of workers, limiting the ability of rival unions (like the Communist-backed unions) to gain influence. The TLA’s ability to represent workers through state-recognised processes such as arbitration and conciliation closely aligned with monopoly representation under corporatist frameworks.

By being closely engaged in the drafting and enforcing of labour legislation, the association’s leaders became integrated into provincial and national government structures. In Schmitter’s framework, hierarchical organisation is a defining feature of corporatism, with centralised leadership controlling negotiations and policy enforcement. The TLA exhibited this structure, as it consolidated its leadership of the local labour movement and controlled the labour arbitration process.

This top-down approach of complicit interaction between the TLA and the state became clear through the formation of the INTUC. By promoting the “Ahmedabad model”, the foundation of the INTUC did not aim to promote collective bargaining, but to weaken other unions. Due to the close proximity between the INTUC and the INC, the TLA acquired a double, sometimes contradictory role, becoming part of the government as well as representing labour in Ahmedabad and at the central level. These contradictions surfaced in 1954 when Labour Minister V. V. Giri

resigned over the failure of his “Giri approach” of voluntary conflict arbitration.³¹⁶ This marked an important juncture in Indian labour politics, since it spelled the end of the voluntary principle and the establishment of compulsory arbitration.

Moreover, key TLA leaders, such as Gulzarilal Nanda and Khandubhai Desai, held prominent positions within both the union and the national government from the late 1930s onwards. This created a top-down structure in which the TLA’s leadership made decisions on behalf of the workers, negotiating directly with employers and state officials. These hierarchical arrangements also had consequences for representation. Certain groups within the labour force, such as women and lower-caste workers (e.g. Harijan communities), were underrepresented or excluded from these formal processes. This exclusion reveals a limitation in the corporatist model implemented by the TLA, as it primarily represented the interests of certain segments of the labour force (e.g. male spinners) over others. The consolidation of workers’ interests under the umbrella of the TLA was an open-ended process, but limited by workforce fragmentation processes from the 1950s onwards. This chapter has shown how the structure of the TLA served as a body of top-down control of workers that ensured that wage conflicts could be contained and streamlined before they would turn into any movements dangerous to the textile production of the town.

Such frameworks of corporatist control did not remain unchallenged. As the TLA became increasingly entrenched in governmental structures, it was perceived as being more aligned with state and business interests than with labour. This eroded its credibility among workers who felt underrepresented by the union. This was particularly the case for workers from lower-caste and marginalised groups during the 1950s. Complaints were frequently dismissed or sidelined unless they aligned with the interests of the permanent, often higher-status workers. This divide within the labour force led to growing dissatisfaction and, in some cases, unauthorised strikes and protests. This culminated in larger protests during the Maha Gujarat Movement. As political unrest and demands for state reorganisation intensified, the TLA’s alignment with the government made it a target for both political and labour movements, leading to a decline in its influence within the workforce. The shift in textile production of the 1960s finally led to a breakdown of “peaceful” labour relations in Ahmedabad. As it diversified the interests of millowners, it undermined the importance of the AMA as a representational organ. At the same time, the function of the TLA was hollowed out by mass lay-offs and shifts to the power loom sector, deploying a labour regime

³¹⁶ “The resignation of V. V. Giri, Labor Minister, this week over the Government's modification of a wage award highlights the extensive discontent over the Indian Government's labor policy.” INDIA PAY DISPUTE HAS REPERCUSSION; Labor Minister's Resignation on Cut in Award Highlights Discontent on Nehru Policy. *New York Times*, Sept. 12, 1954.

which no longer relied on the aggregation of interests. It was no longer necessary to channelise workers' claims through an association, as recruitment patterns were much more flexible and unwanted claims to higher wages were more easily met with lay-offs.

These tendencies to counter corporatist control indicate that during these three decades there were two historical shifts running in opposite directions from one another. While at the local level there was a broad shift away from collective wage agreements by arbitration, the framework of arbitration became solidified and continued to be enshrined in legislation at the central level.³¹⁷ This added an element of complexity to the wage negotiations taking place at different levels. At the local level, the TLA model of workers' representation enabled wage demands to be processed as complaints internally, before they could turn into potential strikes. This served to keep wages low. How this led to different outcomes in national and local wage agreements shall be explored in the following chapter.

³¹⁷ Even the labour reforms undertaken in 2019 continue to rely on the underlying regulations of the Industrial Disputes Act, 1947. Shyam Sundar, V. K. R. (2023). *Critical Essays on Labour Codes, Labour Institutions and Labour Market Governance in the Post-Covid-19 Times in India*. Synergy Books, Delhi: 10.

Chapter 2. From Minimum Wages to Standardised Wages to Bonus Payments – The Widening of the Wage Question

This chapter is concerned with the segmentation of wages through court cases and legislative efforts in the period from the 1930s until the 1960s. It looks at the agreements as outcomes of the political processes outlined in chapter one. The main aim is to draw a chronology of regulatory efforts on the local and national level. How did ideas of “minimum”, “standard” and “bonus” rates crystallise as separate rates over time, and to what extent did these ideas differ at different levels?

In 1954, the economist D. R. Gadgil held a lecture in Patna about minimum wages, in which he drew upon his experiences as part of the Bombay Textile Enquiry Committee. Reflecting on the work conducted in the province, he wanted to showcase how investigators had been preoccupied with two different rates – “minimum” and “standard” wages. How were these two rates to be distinguished from each other?

The essential difference between minimum wages and standardised wages is that while under minimum wage regulation it is open to an employer to vary the wage in an upward direction, the standard wage rate cannot be varied in either direction. The advantages of standardisation are that it does away with even that measure of diversity which is permissible under minimum wage regulation, and by bringing about a measure of fixity and determinateness in all wage payments, reduces still further the possibility of minor wage disputes.³¹⁸

For Gadgil, minimum wages and standardised wages served two different functions. While minimum wages, as the domain of the government, were supposed to set a limit under which wages could not fall, the standardisation would mark both the upper and lower limit. As such, standardised wages marked the end point of collective bargaining. The relation between workers’ and employers’ associations was thus already built into such a rate and could not be varied by either party afterwards. This was in order to secure the stability of industrial relations, both between workers and employers as well as within these two groups internally.

³¹⁸ Gadgil, B. R. (1954). Regulation of Wages and other Problems of Industrial Labour in India. Banaili Readership Lectures, 1939-40, Patna University: 53.

The question of how such subsistence rates were to be guaranteed called the role of the state into question. To understand how the state served as an agency that actively segmented the labour market through fragmented regulative efforts, the chapter charts out a literature review of the Indian labour market with a specific reference to the discussion on the emergence of “wage work” on the subcontinent. Building on a framework of the legal history of contract law in India, it will show that legislative efforts distinguished between regions, sectors, and occupational groups implementing universal coverage. Hence, it is important to analyse the local context in the Ahmedabad textile industry. The fragmentation between central-level legislation and sectoral and/or regional agreements should therefore not only be seen as a matter of different scale in how the wage question was addressed, but as very much inbuilt as a line of division.

To analyse these processes of segmentation, these are several dynamics which need to be taken into account. The chronology drawn up by the chapter starts with the Payment of Wages Act 1936 as a moment in which different components of wages were divided from each other. As a result, discussions around basic wages, bonuses and dearness allowances would develop their own trajectory during the course of the following two decades. Table 4 below shows how the rates of these wage components changed from 1938 to 1953. It shows that from 1943 onwards, dearness allowances formed the largest proportion of 59.3 % of the total wage bill. They remained over half of the total wages paid throughout the entire period under consideration (figure 6). Similarly, bonus rates continuously grew in importance as a proportion of the total wage bill. As a consequence, the dissertation will look at each of the components and their developments separately. This chapter delves into how basic wages and bonuses were conceptualised, while the evolution of the dearness allowance will be explored in chapter 4.

Year	Average basic wage (monthly) of operatives	Dearness allowance (monthly)	Bonus (annual)	Total wage bill (monthly)
1938	35	0	0	35
1939	35	0	0	35
1941	35	5.98	52.5	93.48
1942	35	18.68	87.5	141.18
1943	35	61	81.55	177.55
1944	35	63	81.55	179.55
1945	35	50	81.55	166.55

1946	35	49	81.55	165.55
1947	35	56	81.55	172.55
1948	40	65	180	285
1949	47	67	94	208
1950	47	70	94	211
1951	48	72	144	264
1952	49	71	98	218
1953	50	77	bonus pact	

Table 4: Average basic wages, dearness allowance and bonus of operatives per month, 1938-1953.³¹⁹

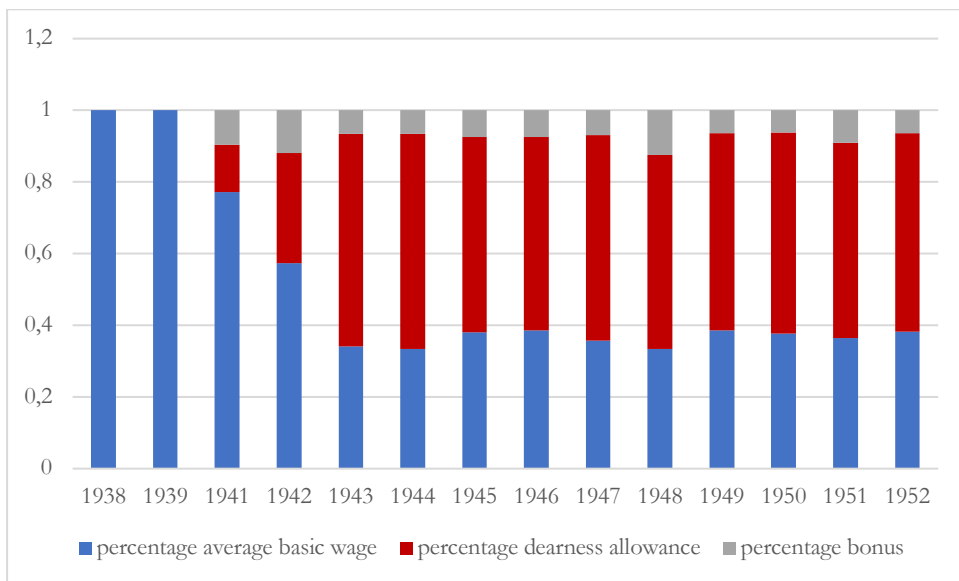


Figure 6: Basic wages, dearness allowance and bonus as percentage of the total wage bill, 1938-1952

The norms of the basic wage became cemented in the Minimum Wages Act and the Fair Wages Commission (both 1948). These measures resulted directly from the regulation of procedures, for the government proposed minimum wages as a compromise for the ending of strikes under the Industrial Truce Resolution, 1947. The Minimum Wages Act defined sectors for which the government was responsible and those where collective bargaining should prevail. Since the textile industry did not qualify as a “scheduled employment”³²⁰ for which the government was

³¹⁹ Based on my own calculations from court cases related to dearness allowance and bonus payments (see following chapters). The bonus payments are expressed here as a monthly fraction. In reality, however, bonuses were paid as an annual sum, depending on the days worked. The numbers here refer to the maximum bonus. From 1953 onwards, bonus payments varied between mills.

³²⁰ Scheduled employment related to the inclusion in the minimum wage framework. By dividing this into two schedules, A and B, the Act distinguished between agricultural and non-agricultural occupations.

responsible, it opened up the scope for regional agreements in the sector. In Ahmedabad, the Standardisation Agreement of 1947 crucially determined occupational categories and corresponding wages. Although the Standardisation Agreement preceded the passing of the Act in parliament in 1948, the chapter will first elaborate the framework set by the central government, and then zoom in on the situation and implications at the local level.

Even though the Minimum Wages Act had set qualitative norms for “minimum”, “fair” and “living” wage standards, the meaning of “minimum” was a very different one in the textile industry of Ahmedabad. The chapter will elaborate on how trajectories of “standardised” basic wages and minimum wages created tensions in Ahmedabad between central-level legislation (chapter 2.3) and the Standardisation Agreement in 1947. The arbitrator of the Ahmedabad agreement used the category of “minimum” rates for certain occupations in order to distinguish these from “standardised” rates – occupations that would pay above a certain minimum standard. This established boundaries between those occupations where so-called “need-based factors” would be applied in order to determine wages and occupations where logics of “skill” would be applied. This did not always correspond to the need-based categorisations laid out by the central government.

Most visibly, however, these tensions in the logics of the different components emerged in the question of the annual bonus (chapter 2.5). The chapter will thus discuss a separate chronology of the bonus from the moment it became a distinct component from the basic wage through the Payment of Wages Act. How did negotiations on annual bonus payments develop their own trajectory? As Sarkar has argued, the different and often contradictory meanings of the bonus concept can be traced back to the historical inseparability of different forms of remuneration. As these early bonus payments were usually issued at the time of religious holidays like Christmas, Diwali or Durga Puja, they raised the question of whether they were an ex-gratia payment by the employers or whether they were part of the regular wage package that workers were entitled to.³²¹ In Ahmedabad, bonuses were given out as early as the First World War and even played a fundamental role in the formation of the TLA after the strike in 1918, following the withdrawal of the plague bonus. After 1924, bonus payments were stalled by employers and only became a rallying cry for mass mobilisation during the Second World War.³²² The chapter looks at how the bonus was constituted and simultaneously contributed to the stabilisation of the system of industrial relations in Ahmedabad.

³²¹ Sarkar, A. Bonus, Forthcoming.

³²² Patel, S. (1987). *The Making of Industrial Relations: The Ahmedabad Textile Industry 1918-1939*. Oxford University Press, Delhi.

2.1 Situating Wage Regulation within the Literature on the Indian Labour Market

Jan Lucassen and Radhika Seshan's work on "Wage earners in India 1500-1900" has recently foregrounded wages in the economic history of Indian labour markets. They argue that income earned through wage work was far more important than previously assumed.³²³ By mapping the development of wages over a long period of time, the emphasis of Lucassen and Seshan's contribution, is mainly on continuity. However, the author's analysis remains within a quantitative framework which significantly underplays qualitative shifts.³²⁴ Looking at wages as outcomes of given labour markets, the question of the active regulation of such labour markets is relatively absent from the account of these contributions. Indeed, we can see that the availability of labour supply was not always a given and required active intervention. In these models and similar models, wages are often used as a marker of a certain outcome of segmentation, rather than looking at the processes by which wages are put into practice.³²⁵

Indeed, it can be seen that, in its conceptualisation, the field of development economics has been closely linked with questions of labour supply and mobilisation for the project of industrialisation. Arthur Lewis' work published in 1954 argued that due to the large supply of labour available in predominantly agricultural activities, a transition would take place in the form of labour migration towards industrial production lines.³²⁶ If such transition of the workforce remained absent, it would be possible to speak of a dual labour market.³²⁷ Clark Kerr – who is considered the first economist to conceptualise segmentations as a "Balkanisation of labour markets" – developed his theory during the same year as a model for understanding why such transition processes would not take

³²³ Lucassen, J., & Seshan, R., Eds. (2022). *Wage Earners in India 1500–1900: Regional Approaches in an International Context*. Sage, Delhi.

³²⁴ Reith makes the influence of the "historical school of German economics" and its studies on "Akkordarbeit" at the turn of the 20th century responsible for this trend. See the discussion of the work of Ludwig Bernhard, Otto v. Zwiedineck-Südenhorst and Eugen von Philippovich in Reith, R. (1999). *Lohn und Leistung. Lohnformen im Gewerbe 1450-1900*. Franz Steiner, Stuttgart.

³²⁵ Anant, T. C. A., Hasan, R., Mohapatra, P., Nagaraj, R., & Sasikumar, S. K. (2006). *Labor Markets in India: Issues and Perspectives*. In: Felipe, J. and Hasan, R., Eds. *Labor Markets in Asia: Issues and Perspectives*: 205–300. Palgrave Macmillan, London.

³²⁶ Lewis, A. (1954). *Economic Development with Unlimited Supplies of Labour*. *The Manchester School* 22 (2). May 1954: 139-191.

³²⁷ For a summary of the argument, see Massey, D. S., Arango, J., Hugo, G., Kouaouci, A., Pellegrino, A., and Taylor, J. E. (1993). *Theories of International Migration: A Review and Appraisal*. *Population and Development Review* 19 (3): 431-466. These neoclassical models were developed in the 1970s with notable contributions by Harris, J. R., and Michael P. Todaro (1970). *Migration, Unemployment, and Development: A Two-sector Analysis*. *American Economic Review* 60: 126-142 and Todaro, M. P. (1976). *Internal Migration in Developing Countries*. International Labor Office: Geneva. For a critique, see Piore, Michael J. (1979). *Birds of Passage: Migrant Labor in Industrial Societies*. Cambridge University Press. On structural inhibitors of international migration, see Sassen, S. (1988). *The Mobility of Labor and Capital: A Study in International Investment and Labor Flow*. Cambridge University Press.

place.³²⁸ While this model has seen various modifications since its conceptualisation, the basic underlying principle in neoclassical economics has remained the same. In the social sciences, there has been a recent tendency to foreground the socio-political processes influencing how divisions of work, wages and value are constituted and vary over time.³²⁹ Such studies underline the importance of caste and gender in the constitution of labour regimes.³³⁰ Dichotomisations continue to be popular tools in the study of labour markets in India, including geographical divisions,³³¹ those based on skill,³³² the “organised” and the “unorganised”³³³ with a measurement of degree of access to the state,³³⁴ as well as based on discrimination due to caste, gender and religion.³³⁵

All of these models build on the assumption of a readily available source of labour in the countryside which is only waiting to be “freed” and made available for a transition into industrial enterprises. This was not necessarily the case. In their meticulous work on the tea industry, various scholars have emphasised that recruitment for plantation labour had indeed been a violent process due to the shortage of workers available and willing to migrate to the estates.³³⁶ The example of

³²⁸ Kerr, C. (1992). *Labour Market and Wage Determination: Balkanization of Labour Markets and Other Essays*. University of California Press. See also Keith Hart for geographical divisions. Hart, K. (2000). Kinship, Contract, and Trust: The Economic Organization of Migrants in an African City Slum. *Trust: Making and Breaking Cooperative Relations* 21: 176-193.

³²⁹ Most notably, Asta, M. and Ramos Pinto, P. (Eds.) (2023). *The Value of Work since the 18th Century: Custom, Conflict, Measurement and Theory*. Bloomsbury: London. And: Scholliers, P. and Scharz, L. (2003). *Experiencing Wages. Social and Cultural Aspects of Wage Forms in Europe since 1500*. Berghahn, New York. These accounts build on groundbreaking work by Hobsbawm, who has underlined the importance of customary practices for the determination of wages. Hobsbawm, E. J. (1960). Custom, Wages, And Work-Load In Nineteenth-Century Industry. In: Briggs, A., Saville, J., Eds. (1960). *Essays in Labour History*. Palgrave Macmillan, London: 113. See also Thompson, E. P. (2017). Time, Work-Discipline, and Industrial Capitalism. In: Aronowitz, A and Michael J. Roberts (2017). *Class: The Anthology*. Wiley, Hoboken: 27.

³³⁰ Jaiswal, S. (2014). Caste and Labour in the Official Discourse of India, 1942–52. *Labour and Development* 21: 52-56. Pattenden, J. (2020). The politics of Classes of Labour: Fragmentation, Reproduction Zones and Collective Action in Karnataka, India. In: Levien, M., Watts, M. and Hairong, Y. (2020). *Agrarian Marxism*. Routledge, London. 187-207. On gender, see various works by Samit Sen, including Sen, S. (2008). Gender and Class: Women in Indian Industry, 1890–1990. *Modern Asian Studies* 42 (1): 75-116.

³³¹ Papola, T. S. (1972). Inter-Regional Variations in Manufacturing Wages in India: Industrial Structure and Region Effects. *Indian Journal of Industrial Relations* 7 (3): 355–376.

³³² Dayal, S. (1970). Wage Policy in India: A Critical Evaluation. *Indian Journal of Industrial Relations*, 6 (2): 149–170.

³³³ E.g. Rani, U., and Unni, J. (2004). Unorganised and Organised manufacturing in India: Potential for employment generating growth. *Economic and Political Weekly* 47 (4): 4568-4580.; Harriss-White, B., & Gooptu, N. (2001). Mapping India's World of Unorganized Labour. *Socialist Register* 37: 89-118.

³³⁴ Kumar, A., Hashmi, N. I. (2020). Labour Market Discrimination in India. *Indian Journal of Labour Economics* 63: 177–188.

³³⁵ Deshpande, A., Goel, D., & Khanna, S. (2018). Bad Karma or Discrimination? Male–Female Wage Gaps among Salaried Workers in India. *World Development* 102: 331-344; Deshpande, A. (2021). The Covid-19 Pandemic and Gendered Division of paid work, Domestic Chores and Leisure: Evidence from India's First Wave. *Economia Politica* 39: 1-26.

³³⁶ Stanziani, A. (2018). *Labor on the Fringes of Empire: Voice, Exit and the Law*. Palgrave Macmillan, London: 67-136; Sen, S. (2002). Questions of Consent: Women's Recruitment for Assam Tea Gardens, 1859–1900. *Studies in History* 18 (2): 231-260. Mohapatra, P. P. (1985). Coolies and Colliers: A Study of the Agrarian Context of Labour Migration from Chotanagpur, 1880-1920. *Studies in History* 1 (2): 247-303.

plantation labour historiographies shows that when studying the emergence of wage work in India, it is important not to fall into the common trap of juxtaposing “traditional” or informal working conditions and “modern” formal working conditions.³³⁷

However, the idea of a linear “transition” between these two moments needs to be complicated. The vast literature on Indian labour markets has shown that the emergence of wage labour in India was a complex historical process shaped by both colonial and pre-colonial contexts. Irfan Habib’s analysis highlights that under capitalism, wage labour became increasingly significant, but its rise was neither straightforward nor linear. In pre-capitalist India, wage labour existed alongside other forms of labour, such as peasant agriculture and artisanal production.³³⁸ These earlier forms did not vanish with the rise of capitalism but co-existed, often in complex relationships. This is reflected in the persistence of non-wage forms of labour, even as colonial capitalist structures began to reshape Indian labour systems. Jairus Banaji argues that capitalism has historically exhibited great diversity in its forms of labour organisation and exploitation.³³⁹ Capitalist relations, in his view, can involve a variety of labour regimes, including wage labour, debt peonage, slavery, and sharecropping, among others. This diversity means that capitalism’s development cannot be confined to a singular narrative of transformation from feudalism to industrial capitalism.

In his seminal work on working time and industrialisation in Great Britain, E. P. Thompson has shown us that “there has never been any single type of ‘the transition’” from “pre-”industrialist to industrialist modes of working time arrangements.³⁴⁰ Rather, the introduction of disciplinary measures of time keeping depended on firm size and other factors. While different regimes of

³³⁷ Mohapatra, P. (2005). Regulated Informality: Legal Constructions of Labour Relations in Colonial India. In Bhattacharya, S., Lucassen, J., Eds. (2006). *Workers of the Informal Economy: Studies in Labour History, 1800-2000*. Macmillan India, Delhi; Behal, R. P. & Mohapatra, P. P. (1992). Tea and Money versus Human Life: The Rise and Fall of the Indenture System in the Assam Tea Plantations 1840–1908, *The Journal of Peasant Studies*, 19 (3-4): 142-172; Stanziani, A. (2018). Labor on the Fringes of Empire: Voice, Exit and the Law. Palgrave Macmillan: London.

³³⁸ Habib, I. (1995). Processes of Accumulation in Pre-Colonial India. In: *Essays in Indian History. Towards a Marxist Perception*. Tulika, Delhi: 259.

³³⁹ Banaji, J. (2010). *Theory as History. Essays on Modes of Production and Exploitation*. Brill: Leiden and Boston: 330. Jairus Banaji’s *Theory as History: Essays on Modes of Production and Exploitation* offers a significant rethinking of Marxist historiography, specifically regarding the nature of capitalist development and the complexity of historical modes of production. The central argument of Banaji’s work challenges the rigid, stagist view of historical materialism that categorises history into clear phases of development (feudalism, capitalism, etc.). Instead, Banaji argues for a more fluid and complex understanding of historical transitions and modes of production, emphasising that different forms of exploitation and production can coexist in a single society. Banaji’s approach places a strong emphasis on understanding the historical specificity of social formations. He highlights how Marxist analysis must account for the multiplicity of labour processes and forms of exploitation within different geographical and temporal contexts. In this sense, Banaji’s work is a critique of the deterministic and formulaic readings of Marxism and an invitation to study history through a more nuanced, empirical, and theoretically flexible framework. His work thus bridges Marxist theory with historical reality, advocating for a dialectical understanding of how different modes of production and exploitation interrelate and evolve over time.

³⁴⁰ Thompson, E. P. (1967). Time, Work and Industrial Capitalism. *Past and Present* 38: 80.

working time co-existed in smaller workshops, the emergence of factories required more intensive measures for synchronising the working day. This has made it possible to think of parallel regimes of work organisation, segmented, yet very often building onto each other. In her work, Karuna Dietrich-Wielenga finds resonances in the relation between handloom weaving and industrialised production in South India where “informal” regimes of weaving were indeed co-dependent on the emergence of textile mills.³⁴¹ In this context, we can observe how different capital accumulation strategies led to variations in labour regimes which were sometimes in competition with, but very often fed into, one another.

These complexities reveal a transformation in labour relations driven not just by economic forces but also by legal and regulatory frameworks imposed during British colonial rule. The state played a crucial role in the emergence of wage work as a distinct category of contract law in colonial India, actively shaping labour markets through legal, regulatory, and institutional frameworks.³⁴² The state’s complicity is visible in several ways, from the direct creation of labour laws to the reinforcement of traditional social hierarchies that segmented the labour market and controlled labour mobility. The emergence of wage labour as a contractual category was neither automatic nor organic but was instead engineered through a combination of legal interventions and regulatory efforts that worked in tandem with colonial and capitalist interests.

The role of contract law in the creation of colonial labour markets is crucial in understanding this shift. As Nitin Sinha explores in his study of the “Master and Servant Law”,³⁴³ British colonial authorities sought to regulate labour through the creation of contractual relations, formalising wage labour in ways that were distinct from traditional practices.³⁴⁴ However, this regulation did not result in the automatic dissolution of older forms of labour, such as small-scale artisanal production

³⁴¹ Dietrich-Wielenga, K. (2020). *Weaving Histories. The Transformation of the Handloom Industry in South India, 1800–1960*. Oxford University Press: 115.

³⁴² Parthasarathi, Prasanna (2012). Indian Labour History. *International Labour and Working Class History* Anniversary Issue (Fall): 131.

³⁴³ Nitin Sinha (2022). Domestic Servants and Master–Servant Regulations in Colonial Calcutta, 1750s–1810s, *Past and Present* 255 (1): 145.

³⁴⁴ Nitin Sinha builds on the work of Hay and Craven in *Master and Servant* by extending their analysis of how legal frameworks were used to regulate labour relations across the British Empire, particularly focusing on the Indian context. Hay and Craven primarily explore how the *Master and Servant Acts* operated across various colonial and metropolitan settings to enforce employer control and discipline workers, often criminalising breaches of contract. They analyse the broader imperial application of these laws, showing how they were used as tools of social and economic control across different regions. Sinha takes this foundation and develops it further by focusing specifically on how these laws were applied in India, showing that the *Master and Servant Laws* were adapted to fit local conditions. He emphasises the combination of colonial contract law with pre-existing social hierarchies like caste, regional identities, and status-based labour relations. Hay, D. and Paul, C. (1993). Master and Servant in England and the Empire: A Comparative Study. *Labour / Le Travail*, 31: 175–84.

or peasant proprietorship. Instead, the creation of labour markets was tightly controlled by colonial regulatory efforts, which drew on both modern contract law and older forms of status-based labour relations, such as caste hierarchies and feudal obligations. This combination of contractual regulation and status-based labour control helped to shape India's labour markets in ways that were both "bounded" and "segmented" from each other.

When Nitin Sinha refers to "bounded" and "segmented" labour markets, he is emphasising how colonial labour markets in India were neither unified nor fluid. "Bounded" suggests that these markets were confined by legal, social, and geographical limits, with workers often restricted to certain sectors based on caste, region, or status. "Segmented" refers to the fact that labour markets were divided into distinct categories, such as industrial, domestic, and agricultural labour, each governed by specific regulations and social hierarchies, preventing the free movement or uniform treatment of labour across different sectors. Such segmentation reinforced social divisions and controlled labour mobility, ensuring that different labour markets remained separate and tailored to the needs of the colonial economy. This perspective broadens the historiography by underscoring that labour markets in colonial India did not emerge in isolation but were actively constructed and differentiated through legal and regulatory measures.

In other words, these labour markets did not emerge organically but were the result of concerted efforts to regulate labour through a combination of contract law and older ascriptive systems. As a result, India's labour markets developed with varied chronologies and characteristics, reflecting the specific social, legal and economic conditions in which they were formed. This led to a fragmented labour market landscape, with distinct labour forces such as plantation workers, domestic servants and industrial labourers, each shaped by different historical trajectories.

As Ranajit Dasgupta illustrates, jobbers (middlemen) who controlled labour recruitment often drew on caste, kinship and geographical ties, ensuring that different groups of workers were confined to specific industries or types of work.³⁴⁵ This segmentation was not merely a social practice but was institutionalised through state policies, which allowed jobbers to wield significant power over the labour force, thereby preventing the emergence of collective resistance and helping to maintain employer control. In this regard, the formation of separated labour forces was a product of both economic demand and legal frameworks that governed recruitment, wages and working conditions. The state's support for such systems of labour recruitment, alongside its

³⁴⁵ Das Gupta, R, (1981). Structure of the Labour Market in Colonial India. *Economic and Political Weekly* 16 (44/46): 1781.

regulatory frameworks, helped create fragmented labour markets where wage labour was clearly demarcated from other forms of work.

The emergence of the textile labour force in Bombay, for instance, also relied heavily on recruitment by jobbers – middlemen between rural areas and urban shop floors, according to Morris David Morris.³⁴⁶ Jobbers would have used their personal networks, often based on kinship and regional ties, to recruit labour, ensuring a continuous supply of workers to meet the growing demands of the textile industry. However, this system of recruitment, while effective in providing labour, also led to the segmentation of the workforce and the persistence of informal practices such as bribes paid to jobbers by jobseekers. Thus, according to Morris, the emergence of the labour force for the Bombay textile industry was shaped by a combination of industrial expansion, rural migration, and the jobber system. These factors contributed to the segmentation and hierarchical organisation of the labour force, ensuring that despite the surplus of labour, the market remained tightly controlled and regulated, primarily through informal networks and intermediaries rather than formal state mechanisms.

Regulations created a structure which did not aim for the universal application of rules and regulation, but rather singled out specific branches of industry, sectors and/or industrial centres of intervention.³⁴⁷ In other words, the standardisation of wages led to segmented outcomes based on occupational categories and differentiations in wage components – most importantly between time-rated and piece-rated wages. As requirements in recruitment and the functioning of the labour process varied for different occupations within the mills, so did the peculiar functions of its wage regulation.

The focus of the analysis of emerging wage agreements was on the lines of demarcation between inclusion and exclusion from regulation. This does not mean that there was an absence of regulation for those wages which were not covered by either legislative or court measures. Several economic historians have pointed out the importance of customs and the moral economy in generating social forms of market regulation.³⁴⁸ This thesis can only tangentially touch on such

³⁴⁶ Morris, D. M. (1965). *The Emergence of an Industrial Labor Force: A Study of the Bombay Cotton Mills, 1854–1947*. University of California Press: 55. See also Kooiman, D. (1977). Jobbers and the Emergence of Trade Unions in Bombay City. *International Review of Social History* 22 (3): 313-328.

³⁴⁷ On coverage gaps in the current minimum wage law under the Wage Code (2019), see Satpathy, A., Estupiñan, X., & Malick, B. K. (2020). Strengthening Wage Policies to Protect Incomes of the Informal and Migrant Workers in India Amidst the COVID-19 Pandemic. *Labour and Development* 27(2): 1-29.

³⁴⁸ Randall, A. J. and Charlesworth, A. (1999). *Moral Economy and Popular Protest. Crowds, Conflicts and Authority*. Palgrave, London: 17. On the importance of customary wages for the emergence of wage regimes under the industrial revolution in the UK, see Hobsbawm, E. J. (1972). Custom, Wages and Work-load in nineteenth century England. In

forms of regulations, and is interested, rather, in how boundaries between formally regulated regimes and excluded wage parts were drawn. The present analysis connects with existing strands in literature by outlining how state interventions in the form of legislation and court procedures led to further fragmentation of the labour market.

2.2 Payment of Wages Act, 1936

The first legislative measures were focused on determining who would be part of the category of industrial workers (and who would not). The first of such rules was the Workman's Compensation Act (1923), which defined individuals as "workmen" who would be compensated in the event of severe and deathly injuries.³⁴⁹ Before turning to the changes introduced by the Payment of Wages Act, this section briefly discusses the conceptualisation of occupational boundaries before the Act. The first chapter has already shown that the spinning department saw mostly workers from lower-caste Dhedh and Vankars. This was different in weaving. As the historian Makrand Mehta has elaborated, departments were indeed showing high rates of caste segregation. The first mill workers in Ahmedabad were recruited from the Kanbi and Muslim communities, which had been traditionally involved into weaving activities. Whereas Muslim presence in the weaving sector of Ahmedabad had been strong for centuries, the largest migratory movement of the predominantly agricultural Kanbis to the city occurred after the establishment of British rule in Ahmedabad in 1818.³⁵⁰ According to a survey of "Working Class Family Budgets in Ahmedabad" by the Government of Bombay, the number of Muslim workers in the Ahmedabad mills was about 18.4 % in 1935.³⁵¹

Such ideas of community-based divisions between occupations continued in the Royal Commission of Labour of 1929 (also called the Whitley Commission after its chairman). Caste and religion were identified as crucial factors in recruitment and migration patterns. In the Working Class Family Budget study conducted by the Bombay Government in 1928, these religion-based differences in occupation were described in the survey through an emphasis on family structure,

Hobswam, ed. (1972). *Labouring Men*. Studies in the History of Labour. Weidenfeld and Nicolson, London: 334-370.

³⁴⁹ John, M. (2014). *Development of Indian Labour Law 1923-1948*. Repercussions on the Trade Union Movement and Workers' Responses. Unpublished PhD thesis: 18-19.

³⁵⁰ Mehta, M. (1982). *The Ahmedabad Cotton Textile Industry. Growth and Genesis*. Navajivan, Ahmedabad.

³⁵¹ Government of Bombay. (1937). *Report on an Enquiry into Working Class Family Budgets in Ahmedabad*: 8.

migration and consumption patterns.³⁵² Photographs sought to highlight the visual differences between different groups of workers.³⁵³



A GROUP OF MUHAMMADAN WEAVERS

[Frontispiece

Photo 3: „A Group of Muhammadan Weavers”

Compared to other departments, weaving was considered to be the part of the production process that involved the most skills, as the cloth design is primarily decided by the plan the weaver chooses for pulling the various threads to the healds and reeds of the loom.³⁵⁴ The historian Douglas Haynes has shown that mills saw a great influx of artisan weavers during the First World War due to the crisis in the handloom sector caused by the growing market dominance of mill-produced cloth, the plague epidemic and rising food prices.³⁵⁵ As the first chapter has shown, these particular skill sets led to competition between millowners and required a standardisation in rates as a measure to regulate the local labour market.

³⁵² Both the Royal Commission and the Bombay Enquiry had been initiated by the colonial government due to crises emerging in the realm of labour politics. Losses in real earnings had threatened to bring production to a standstill, not only due to a rising number of disputes, but also due to reduced consumption. The Royal Commission at the central level and the Bombay level, specifically at the urban level, emerged as a response to major industrial actions, such as the strikes of 1928-29. These strikes, which included extensive protests by mill workers, were often driven by demands for better wages, working conditions, and resistance to wage cuts during periods of economic downturn. The Royal Commission's investigations were part of broader state efforts to manage such unrest.

³⁵³ Labour Office, Government of Bombay (1928). Report on an Enquiry into Working Class Family Budgets in Ahmedabad: 1.

³⁵⁴ Bombay Millowners' Association (1953). *Clothing India's Millions*. BMA, Bombay: 17.

³⁵⁵ Haynes, D. (2012). *Small Town Capitalism in Western India. Artisans, Merchants and the Making of the Informal Economy, 1870-1960*. Cambridge University Press.

The Royal Commission had sought to establish a uniform system of payment periods as part of the homogenisation of wages. While the Commission had recommended introducing weekly payments, this became the subject of a heated debate in the 1930s.³⁵⁶ The question of what the desired period of payment should be was not immediately clear. The Royal Commission had argued that shorter periods would have the desired outcome of “the Indian worker being illiterate and having a short view of life, his efficiency is likely to improve as pay day approaches, and a reduction in wage period therefore, should have a definite beneficial effect on efficiency”.³⁵⁷ The authors of the Commission expressed the view that a shorter wage period would reduce the delay in the payment of wages which in their assessment often made workers wait for over six months until their due compensation was paid. The Labour Commissioner of Bombay, on the other hand, contended that, instead, “family budget enquiries show that the expenditure on intoxicants is relatively much greater in Ahmedabad where payments are made fortnightly, than in Sholapur where payments are monthly.”³⁵⁸ Regular wages were usually paid in periods of *haptas* ranging from one week to 16 days depending on varying job roles. In shortening the *hapta*, it was hoped that regularity would increase the possibility for households to plan ahead. Therefore, rather than having a negative effect on factory production and household consumption, it would actually increase the purchase of goods not necessarily linked to survival. The Labour Commissioner further recommended that monthly payments could improve the prospect of adequately planning for regularly occurring bills, such as rent, and allow bulk purchases of groceries, thereby decreasing credit rates charged for purchases or loans. The Commissioner argued that fortnightly payments led to high fluctuations and arbitrarily chosen frequency in payments and therefore that monthly payments would have the positive effect of leading to a uniformity in the length of the payment cycle.

Those involved in these deliberations sought to regulate the length of the payment cycle at the central level through the Payment of Wages Act, 1936.³⁵⁹ Based on the findings of the Royal Commission on Labour, which held that irregular payments were one of the main sources of working-class households’ indebtedness, the Government of India had decided in 1933 to set up

³⁵⁶ Ibid.

³⁵⁷ Department of Industries and labour. File No. L 3009, Views of Local Governments on the recommendation of the Royal Commission on Labour regarding legislation to regulate periods of wage payment: 42.

³⁵⁸ Ibid.

³⁵⁹ The legal scholar Pandey has pointed out that the Indian Payment of Wages Act built on the British Truck Act of 1831, which aimed to regulate the payment of workers in kind.³⁵⁹ Through the Payment of Wages Act, the definition of “workers” became tied to the status of earnings.

a bill for “the punctual payment of wages and regulation by statute of practice very common in India of deductions from wages in respect of fines, disciplinary or otherwise.”³⁶⁰

In the parliamentary discussion on the Payment of Wages Bill, employers, mostly from Bengal had intervened, arguing that “the provision for the payment of wages within seven days is impracticable. Seven days... is demonstrably too short a time for the necessary calculations of piece-work and so forth to me made”.³⁶¹ Furthermore, the AMA contended that “the system of giving *keharchi* (ex-gratia holiday bonus) even before the wages fall due or on holidays is prevalent in the mills and it is likely that by the enforcement of legislation on the lines suggested in this section such concessions may suffer a setback.”³⁶² The AMA argued that they themselves would be better suited than the government to ensuring the adequate modes of payments. Interestingly, whereas the AMA was “opposed to any change in the present hapta system prevalent in that centre [i.e. Ahmedabad]”,³⁶³ the Bombay Chamber of Commerce was not entirely against it. According to a letter from the Political and Reforms Department, Bombay to the central Department of Industries and Labour in November 1933, the Bombay Chamber of Commerce did “not object to the proposed change, they consider it inadvisable to alter the present system.”³⁶⁴

This comparatively strong objection from Ahmedabad was rooted in the city’s wide differentials in payment periods, while almost all cotton mills in Bombay paid monthly wages.³⁶⁵ These variations did not only occur between different mills but even within individual departments.³⁶⁶ According to the General Wage Census, 1934, the most common unit for the payment of wages in Ahmedabad was a hapta of 16 days (39.6 %), followed by haptas of 14 days (28.9 %). It is further noteworthy that the Bombay Labour Office was unable to define the payment period of 4,989 workers who participated in the census (see also table 3). As the report elaborates,

there was no uniformity in any of the Ahmedabad mills with regard to the dates of the beginning and the ending of the haptas. These varied not only between mill and mill but

³⁶⁰ Parliamentary Notice Session 1932-33, 11.3.1933, File No. 1292/354 India Office Collection, British Library.

³⁶¹ Capital 23.1.1934 in File No. 1292/263 India Office Collection, British Library.

³⁶² Legislative Assembly Department Paper No. 4 Opinions from Bombay No. 18: 104, File No. 1292/274 India Office Collection, British Library.

³⁶³ Department of Industries and Labour. File No. L 3009, Views of Local Governments on the recommendation of the Royal Commission on Labour regarding legislation to regulate periods of wage payment: 41.

³⁶⁴ Ibid.

³⁶⁵ Labour Office, Government of Bombay (1934). General Wage Census Part 1 – Perennial Factories, third report. Report on Wages, Hours of Work and Conditions of Employment in the Textile Industries (Cotton, Silk, Wool and Hosiery) in the Bombay Presidency (excluding Sind), May 1934: 40.

³⁶⁶ Labour Office (1930). Reports on an Enquiry into Wages and Hours of Labour in the Cotton Mill Industry, 1926: 7.

also between department and department in individual mills and the coming saying *an Ahmedabad mill pays out wages to one group of workers or another every working day in the month* is more or less correct in respect of most of the bigger mills.³⁶⁷

In these discussions, it becomes clear that the regulation of wage payments did not only relate to the rhythm and regularity of payment, but also to the uniformity of such cycles. The report, however, did not provide answers to the causes of such wide-ranging differences in the lengths of payment periods. One reason may have been tensions between the effects of creating efficiency incentives by shortening haptas on the one hand and prolonging them in order to secure higher attendance of workers on the other.

For the employers, it was important to allow for these differences in payment periods in order to have a tool of flexible regulation at hand. For example, attendance requirements between different departments varied, and so did payment cycles as a result. This allows a glimpse into the organisation of the shop floor through the question of payment cycles. Considered the most highly specialised group of workers, it was specifically important to maintain the attendance of weavers. Consequently, their payment periods of one month were comparably long. For those groups of workers where it mattered less who was in attendance on any regular given day, payment periods could be shorter, since these individuals were easier to replace. The 1934 General Wage Census shows how these attendance figures varied. For example, while the attendance rate of weaving jobbers stood at 99.2 % in 1934, the average figure for coolies was 89.9 % and 89.3 % for grey winders.³⁶⁸ Another reason for the differentiation in payment periods may have been the practice of paying wages for Sundays with an attendance bonus. Even though the Factories Act 1934 forbade work on Sundays and work for longer than 10 consecutive days,

all mills in Ahmedabad and the majority of the mills in areas other than the cities of Bombay and Sholapur calculate the earnings of their monthly rated workers on the basis of all these days in the month including Sundays... a conversion of that part of a workers monthly rate which is represented as pay for Sunday into good attendance bonuses to be

³⁶⁷ General Wage Census (1934), op. cit.: 36.

³⁶⁸ On average, attendance rates were higher in Ahmedabad than in Bombay. In both centres, it is also notable that women workers' attendance was much higher than that of their male counterparts. For example, the attendance of grey winders in Ahmedabad differed between 89.3 % for men and 96.0 for women. In Bombay, the same occupation even showed a difference of 46.3 % (men) and 86.4 % (women)! This was the case despite higher daily wages for men (with wage differentials for grey winders of 1 anna and 10 paise in Ahmedabad, 7 annas in Bombay) General Wage Census 1934, op. cit.: 151.

paid according to whether the worker attends on a preceding Saturday or on a following Monday.³⁶⁹

As a consequence, Sundays were included in the calculation of working days even though it was not a day on which the mills were actually open for work. Depending on the department, there were several mechanisms of attendance bonus payments in order to prevent people from skipping more than one work day in a row. The General Wage Census found that 72 out of 87 mills in Ahmedabad paid such bonuses, whereas they were “dying out in mills in Bombay City”.³⁷⁰ For weavers, the attendance bonus would have generally been 4 annas per operated loom per week, whereas in winding, mule spinning and knitting the rate was Rs 1 per hapta of 16 days for siders and frame workers and 8 annas per hapta for doffers. Apart from attendance bonuses, weavers also received various forms of efficiency bonuses. However, in all departments the rule was that “if a worker misses even a day in either (of the hapta) periods he loses half his hapta bonus for that period.”³⁷¹

The section regarding payment periods was amended when the Bill was reintroduced in parliament in 1935. The final Act allowed the respective provincial governments to decide for themselves, so the hapta was scheduled at 16 days in the Bombay Province.³⁷² Nevertheless, haptas still continued to vary inside the province and even within factories. In Ahmedabad, haptas were still 14 days long for weavers, 16 days for spinners, weekly for coolies and bi-monthly on the 1st and 16th of each month for winders and reelers after the implementation of the Act in 1937 (table 5).³⁷³

³⁶⁹ General Wage Census (1934) op. cit.: 45.

³⁷⁰ General Wage Census (1934) op cit.: 23.

³⁷¹ On the bonus, see separate chapter. General Wage Census (1934) op. cit. 32.

³⁷² Parliamentary Notice Session 1932-33, 11.3.1933, File No. 1292/353 India Office Collection, British Library.

³⁷³ *Bombay Labour Gazette*, May 1937: 683.

Wage earning period	Total workers	Percentage of total workers	Average waiting time after each earning period has ended
Monthly	19542	23.3	15 days
16 days	33133	39.6	8 days
14 days	28902	28.9	6 days
Bi-monthly	1484	1.8	7 days
8 days	457	0.5	4 days
7 days	283	0.3	4 days
Irregular/no data	4989	5.6	-

Table 5: Periods of wage payments in Ahmedabad and average time between completion of working period and pay day, 1934.³⁷⁴

The Act had also opened up a debate about whether differentiations for fines should be made for different categories of workers. For example, under Rule 16 (1) deductions for women were to be less than those for men, which led the AMA to release a statement that their Executive “Committee fails to appreciate any reason why women should be excluded from their legal liabilities, as in practice there are several occasions when a woman is equally culpable.”³⁷⁵ Whereas the original Act of 1936 included only wage earners up to Rs. 100, this was further extended to all wage earners up to Rs. 200 and finally up to Rs. 400 in 1957 in order to unify the regulations for different wage earners.³⁷⁶

The most contentious point, however, was the Act’s ambiguity with regard to “deductions due to damages” and the question of whether weavers could be paid less if the quality of cloth did not meet the expectations of the millowners. Before the introduction of the Act, such deductions had amounted to 7 lakh in 1935 in the weaving department alone – 61.4 % of all deductions in the entire province.³⁷⁷ Such deductions were made by weaving jobbers, who maintained their system

³⁷⁴ General Wage Census (1934), op. cit.: 36.

³⁷⁵ AMA Report 1936: 180. This marked the beginning of a series of statements on gender equality by employers which have to be understood in the context of the fact that men’s earnings were mostly higher due to the idea of them being the principal breadwinner of the family. These tensions will be further elaborated in the following chapter.

³⁷⁶ Even though it was sought to include *badli* (temporary) workers, this remained difficult to execute, since the Act was only enforceable upon presentation of an employment contract, which most of these workers did not have.

³⁷⁷ The total estimate was 10 lakh rupees. *Bombay Labour Gazette*, May 1937: 683.

of recruitment and management of piece-rated weavers through these payments.³⁷⁸ This was a practice “widely prevalent in Ahmedabad” but mostly absent from other industrial centres. According to the General Wage Census:

Fining in the weaving department in the Ahmedabad mills used to be, in the case of most mills, in the hands of contractors who employed their own cut lookers to examine every yard of cloth produced. Payment to the contractors was on the basis of a percentage (varying from 6-12 annas) of the fines inflicted.³⁷⁹

While the Payment of Wages Act sought to limit punitive measures, at the same time it increased the potential for incentive systems to develop. Under the Payment of Wages Act, 1936 wages were defined as “all monies contracted to be paid to a person as a remuneration for work done in his employment”, only excluding payments of gratuity and provident fund contributions.³⁸⁰ This left the question of the bonus and dearness allowance unresolved. Due to this unclarity of definitions, the Arvind Mills (belonging to Kasturbhai Lalbhai) filed a test case in the court of the Ahmedabad city magistrate. In his judgement, the magistrate defined “bonus as part of wages and that the deductions were illegal.”³⁸¹ This decision would have been a great victory for workers, as bonuses – by their inclusion in basic wages – would have de-facto become a right under the Payment of Wages Act. This would not only have increased the wage bill of employers but would also have deprived them of an important tool of workplace control, as the high prevalence of efficiency bonuses and attendance bonuses has shown. Therefore, the AMA appealed to the Bombay High Court, which negated the magistrate’s decision by determining that “section 7 of that Act (Payment of Wages Act) which deals with payment could not possibly apply to wages which had not been earned...the employers were right in not paying any part of it at all.”³⁸² Through this ruling of the Bombay High Court, bonus payments thus became separated from basic wage rates. This set a precedent for court decisions on the exclusion of bonuses and allowances under the definition of “wages” in the Payment of Wages Act.

³⁷⁸ *Bombay Labour Gazette*, May 1937: 682. The millowners tried to incorporate this into formalised wage agreements until 1955, when the AMA sought to formalise this practice with a notice before the industrial court, but without success. AMA Report 1956, p. 25. For an elaboration on the jobber system in Bombay, see Chandravarkar R. (2008). *The Decline and Fall of the Jobber System in the Bombay Cotton Textile Industry, 1870–1955. Modern Asian Studies*, 42 (1): 117-210. On the role of the jobber in Ahmedabad, see Patel, S. (1987). *The Making of Industrial Relations: The Ahmedabad Textile Industry 1918-1939*. OXFORD UNIVERSITY PRESS, Delhi: 87.

³⁷⁹ General Wage Census (1934) op. cit.: 50.

³⁸⁰ Payment of Wages Act: 358.

³⁸¹ AMA Report 1938: 20.

³⁸² Circular of Employers Association of Northern India, Cawnpore 17.1.1940.

As bonuses were excluded from the basic wage categories through the interpretation of the law by the courts, these payments still allowed certain degrees of employment regulation. Particularly during the Second World War, the bonus question and the distribution of working-time became one of the most contentious questions (see chapter 2.5). However, during the immediate months following the Payment of Wages Act, it put the spotlight on negotiations on the standardisation of wages as one of the key tools of labour regulation in Ahmedabad. The common factor in the measures focused on strengthening bonus payments in place of the fining system was that they reflected a change in local wage negotiations after the introduction of the Payment of Wages Act. Such changes did not necessarily occur in line with the Act, but shifted the room for manoeuvre between workers and employers to other regulatory tools which were not yet under the normative control of the state. The Act thus became the initial point of entry of the state into wage matters in a field of tension between protection and patronisation of workers through differentiated wage regulations. Overall, the Act provided a self-contained system which allowed for the regulation of how wages should be paid and which fines would be applicable. But it did not regulate the amount of wages, which would become subject to legislation under the Minimum Wages Act.

2.3 Minimum Wages vs. Fair Wages

2.3.1 The Minimum Wages Act, 1948

Before the Royal Commission of Labour, demands for minimum wages had been consistently dismissed by the Indian Department of Industry and Labour on the grounds that “at the present we have not the material before us which would justify us in coming to a finding that the establishment of wages board in India at present is practicable and, if established, certain to be beneficial.”³⁸³ This only changed after the introduction of the Payment of Wages. The wage question was given further impetus by rising inflation during the Second World War. As we saw in the previous chapter, the legislation resulted from a compromise in order to keep industrial relations peaceful under the Industrial Truce Resolution in 1947. Khandubhai Desai joined the Fair Wages Commission and the deliberations for the MWA on behalf of the INTUC.³⁸⁴ Even though the regulation therefore followed a major trade union demand, the main focus lay on introducing minimum wages through the government as a regulating body only in those sectors

³⁸³ Letter from the Viceroy of the Department of Industries and Labour to the Secretary of State for India 25.05.1929. Economic and Overseas Department Collection: Labour Conventions: Minimum Wage Fixing Convention 1928. IOR:L/E/9/423, British Library.

³⁸⁴ Government of India, Ministry of Labour (1948). Report of the Committee on Fair Wages: 2.

where unions would be too weak or unable to obtain recognition for collective bargaining procedures under the Industrial Disputes Act.³⁸⁵ This accepted and deliberately promoted a division between so-called “scheduled employments” and other forms of employment, carving out a segment within which the government could regulate the former enterprises.³⁸⁶ The first draft of the Minimum Wages Bill, introduced to parliament in 1946, sought to define wage standards for those economic sectors “in which no arrangements exist for the effective regulation of wages by collective agreements or otherwise and wages are exceptionally low.” Since the Act aimed to fix minimum wages on an industry-cum-regional basis, it was covered by the concurrent list of the 7th schedule of the Government of India Act, 1935. Under the Act, the government drew up a list of scheduled industries for which it reserved the right to fix minimum wages. Schedule 1 included various small-scale industries, and schedule 2 included agricultural enterprises.³⁸⁷ It was not applicable to government servants themselves – their minimum wages had been fixed separately. These were regulated in the First Pay Commission during the same year at Rs. 30 basic wages and Rs. 25 dearness allowance per day.³⁸⁸

This Act indicated a growing dominance of the state over labour matters, particularly through minimum wages, and was connected with the global turn towards developmentalism, especially in the Commonwealth.³⁸⁹ Based on a reference within the Indian Minimum Wages Act to Article 224 of the ILO Minimum Wages Convention, 1928, legal scholars have generally interpreted this Act as an implementation of the international convention within the Indian context.³⁹⁰ At the level of the ILO, the question emerged of how wage policies could be designed within the framework of

³⁸⁵Fonseca, A. J. (1964). Wage Determination and Organised Labour in India. Unpublished PhD Thesis: 59.

³⁸⁶ Minimum Wages Act, Section 2 (i).

³⁸⁷ These industries in schedule 1 include: 1. Employment in any woollen carpet making or shawl weaving establishment. 2. Employment in any rice mill, flour mill or dal mill. 3. Employment in any tobacco (including bidi making) manufactory. 4. Employment in any plantation, that is to say, any estate which is maintained for the purpose of growing cinchona, rubber, tea or coffee. 5. Employment in any oil mill. 6. Employment under any local authority. 7. Employment on the construction or maintenance of roads or in building operations. 8. Employment in stone breaking or stone crushing. 9. Employment in any lac manufactory. 10. Employment in any mica works. 11. Employment in public motor transport. 12. Employment in tanneries and leather manufactory. See sections 2(g) and 27, part 11 of the Minimum Wages Act, 1948. Notable amendments to the schedule of the Gujarat State Government contain the inclusion of the Cotton Waste and Gining Industries in 1961.

³⁸⁸ The Pay Commission also accepted the principle of “living wages”. Government of India (1947). Report of the First Central Pay Commission: 12.

³⁸⁹ Indeed, the Asia-Pacific region has seen one of the earliest laws on minimum wages, with New Zealand being the first country in the world to introduce them in 1894, followed by the Victorian Factories and Shops Act, 1896 in Australia. Both countries initially followed an industry-based approach whereby tripartite wage boards set minimum wages for certain trades and occupations in the countries (Eyraud, F. and Saget, C. (2005). *The Fundamentals of Minimum Wage Setting*. ILO Report, Geneva.). These sectoral elements of minimum wage setting have left a mark on various systems within the region, particularly former British colonies.

³⁹⁰ For example, Chopra, D. S. and Apte, S. A. (1973). *The Minimum Wages Act, 1948. Provisions, state amendments, commentary and rules made by central and state governments*. Eastern Law House, Calcutta. D. S. Chopra had been one of the authors of the Payment of Wages Act, 1936.

developmentalism. Countries like India felt that the application of standards should follow a different path to that of the rest of the world, which is why it had scheduled an Asiatic Conference in New Delhi in 1947, where wages were on the main agenda.³⁹¹ The main debate here revolved around how wages could function as a tool for stimulating economic growth and eradicating poverty, as well as securing industrial peace.³⁹² Minimum wages played a crucial role in this regard, as they merged matters of poverty and consumption with industrial productivity.

The Act assigned the “appropriate government” to fix

3. 2)a) a minimum rate of wages for time work (‘minimum time rate’)
3. 2)b) a minimum rate of wages for piece work (‘minimum piece rate’)
3. 2)c) a minimum rate of remuneration to apply in the case of employees employed on piecework for the purpose of securing such employees a minimum rate of wages on a time work basis (‘guaranteed time rate’)³⁹³

These differentiations between piece rates and time rates hint at a very interesting relation between the government in setting the wages and the question of who would be responsible for defining corresponding workloads. Although the MWA sought to protect workers from below-subsistence wages by defining minimum standards which no employer must undercut, it partly failed to do so, since basic principles of the employer–employee relationship remained untouched. The question of the workload corresponding to the wage rate fixed was deliberately placed at the discretion of employers. As the Act was concerned with remuneration for a given amount of work, it only guaranteed minimum subsistence. The legal scholars Chopra and Apte have described in their analysis, such differences in earnings arising due to piece-rated payment systems were rendered “purely personal” in the Minimum Wages Act.³⁹⁴ Consequently, this Act forfeited the right to approach a court on such individual differences in piece rate earnings, even if subsistence standards were not met.

The Act determined that state and central governments should form advisory committees in order to arrive at appropriate minimum wage rates, leaving time from the passing of the MWA in 1948

³⁹¹ *Indian Labour Journal*, December 1946: 250.

³⁹² Reply by the Government of India. In: Equal Remuneration for Men and Women Workers for Work of Equal Value 1950, ILO Files, IOR: MSS Eur F341/78, British Library.

³⁹³ Minimum Wages Act, 1948.

³⁹⁴ For example, Chopra, D. S. and Apte, S. A. (1973). *The Minimum Wages Act, 1948. Provisions, State Amendments, Commentary and Rules made by Central and State Governments*. Eastern Law House, Calcutta: 86.

until 1950, when the deadline was further extended until 1952.³⁹⁵ Whereas work time limits were determined as not to exceed 9 hours for adults and 4.5 hours for children in 1948, such standards were not defined for the amount of work to be carried out during such given time periods. In other words, the determination of workloads was not included in the terms of reference of these committees. Thus, this was completely left to the discretion of employers.³⁹⁶

Another contentious issue that the Act sought to address was the modality of wage payments with regard to in-kind payments and cash allowances. The question was whether to include allowances such as rent allowance and dearness allowance in the cash calculation for increases in the cost of living. In the definition of minimum wages, the Act made a distinction between basic allowance and dearness allowance, with the basic wage as the part that guaranteed subsistence standards and additional dearness allowance as a protection against inflation in Section 4 of the Act. In Section 11, however, in-kind grants by employers were recognised as a contribution, but since minimum wages would have to be paid in cash, there was a need to convert them into a monetary expression.

All these provisions led the economist Shreekant A. Palekar in 1962 to argue that the Act had merely established a “paper minimum”.³⁹⁷ Section 22b of the Act regulated the penalties in cases of non-compliance. Ironically, it determined a fine structure for enterprises which would pay below minimum wage rates, but cases of delays or non-payment of wages were not punished under the Act.

2.3.2 The Fair Wages Committee, 1949

The Fair Wages Committee adopted crucial parts of the ILO Minimum Wages Convention, including the tripartite framework of wage boards to fix wages in joint consultation with trade unions, employers and government representatives. Nonetheless, it took a considerable amount of time from the passing of the ILO Convention in 1928 to the setting up of the Fair Wages Committee in 1947. The second crucial aspect taken up from the ILO Convention was the distinction of wages under three different criteria. The ILO’s Minimum Wage Fixing Machinery

³⁹⁵ Bose, S. N. (1957) Indian Labour Law. Eastern Law House, Calcutta.

³⁹⁶ This could be listed as one of the main reasons why the Minimum Wages Act is still criticised today for its relatively low levels of implementation. See, for example, ILO (2021). Global Wage Report, 2020-21. Wages and Minimum Wages in the time of COVID-19, ILO, Geneva.

³⁹⁷ Palekar, S. A. (1962). Problems of Wage Policy in Economic Development. With Special Reference to India. Asia Publishing House, Bombay: 52.

distinguished between “(1) the amount necessary for mere subsistence, (2) the amount necessary for health and decency and (3) the amount necessary to provide a standard of comfort.”

This framework introduced a grading scale of various definitions of needs for, and entitlements to, compensation as part of wages. The Fair Wage Committee determined that “minimum wages” should be able to fulfil all three criteria. Minimum wages were to be fixed for sweated industries by the state at the lower end. It determined that minimum wages should be solely based on need-based criteria which were to be established. Deliberations on the capacity to pay should not be taken into consideration, since “an industry which cannot pay a minimum wage to its workers has no right to exist”.³⁹⁸

Living wages stood at the upper end, characterised by the Commission in the following way: “The ‘living wage’ represents a standard of living which provides not merely for a bare physical subsistence but for the maintenance of health and decency, a measure of frugal comfort and some insurance against the most important misfortunes (e.g. old age).”³⁹⁹ However, as the Planning Commission reiterated in 1951, this was only an ideal standard, and it could not be obtained immediately:

“a further advance to living wage can be achieved only through a fall in prices, an increase in the productivity of labour or an improvement in the capacity of industries to pay, brought about through various measures of rationalization of industry, as well as the renewal or modernisation of the plant.”⁴⁰⁰

Therefore, the concept of living wages became a standard that could have only been reached through increased production, for this would shift the labour market equilibrium from a low-technology/low-wage level to a high-technology/high-wage level. Whether that was connected to retrenchment and layoffs was left open. Thus, it also provided a justification for workers to be let go, and for the employers to argue that higher wages could only be paid in exchange for retrenchment. It was also a principle which only became imaginable in the context of development where the overall level of gross domestic product would rise.⁴⁰¹

³⁹⁸ Fair Wages Committee (1949) op. cit.: 11.

³⁹⁹ Fair Wages Committee (1949) op. cit.: 32.

⁴⁰⁰ Planning Commission, Government of India (1951). First Five-Year Plan: 186.

⁴⁰¹ Fair Wages Committee (1949) op. cit.: 3.

With regard to the principle of equal remuneration for equal work for men and women, the Fair Wages Committee decided not to follow the ILO's lead. Even though this principle became part of the Indian constitution in Article 39 (b) and was accepted by the First Pay Commission for the standardisation of government employee salaries, the meaning differed from the international standard. In Geneva, the governing body had put the draft resolution on Equal Remuneration for Men and Women Workers for Equal Value on the agenda of its 107th session in December 1948. At the same time, the Fair Wages Committee also deliberated on the drafting of principles regarding gender and work. However, in their report, the Committee decided to follow the template laid out by the Bombay Textile Enquiry Committee rather than the standards of the ILO.⁴⁰² The Bombay Textile Enquiry Committee had postulated that in a majority of cases, women and men would not share the same occupational roles and therefore the principle of equal pay for equal work would not be violated if women were paid less in positions which were predominantly held by them. The Fair Wages Committee extended its idea of the male breadwinner by stating that:

there is every justification for rating the standard family at a lower number of consumption units in the case of a woman worker than in the case of a man, for she will not be expected to support at any rate her husband even though she may have other dependants and incumbrances.⁴⁰³

As a result, the Fair Wages Committee determined that women should be paid the same in occupational roles performed by both men and women, but that equal remuneration should not necessarily be a principle across job units:

where employment is on piece rates or where the work done by men and women is demonstrably identical, no differentiation should be made... where however, women are employed on work exclusively done by them or where they are admittedly less efficient than men, there is every justification for calculating minimum and fair wages on the basis of the smaller standard family in the case of a woman than in the case of a man.... *We are of the opinion that the adoption of a different method of calculation in the case of women workers engaged on work done exclusively by them does not infringe the principle of equal pay for equal work.*⁴⁰⁴

⁴⁰² On the Bombay Textile Enquiry Committee, see previous section.

⁴⁰³ Fair Wages Committee (1949) op. cit.: 3.

⁴⁰⁴ Fair Wages Committee (1949) op. cit.: 22-23. Italics added.

Citing these conclusions of the Fair Wages Committee, the Indian government notified the ILO that it would not ratify the ILO resolution on equal remuneration which was eventually passed in 1950. However, this was again denied, as “fairness” was interpreted as a distinction between “developed” and “underdeveloped” countries.⁴⁰⁵ Instead, committees should decide for each occupation individually which minimum wages would be adequate, regardless of who the workers would be. Based on these norms, several industrial court cases took differences between female-dominated and male-dominated occupations into account. For example, in the case of female workers at the Bangalore Mysore Paper Mills, the wage tribunal decided in 1953 that “as a woman worker... is not bound to maintain any such family (of three consumption units), there must necessarily be a difference in the minimum wage of an adult male unskilled worker and that of an adult woman worker”.⁴⁰⁶ This shows that concepts of “minimum” and “fair” wages were by no means absolute but mediated by occupational status and gender.

This by no means put a halt to the tendency of hiring fewer and fewer women in textile mills. Although this reduced the cost of female workers, it would not stop the trend of women leaving factories. From 1949 to 1950, the total number of women employed in cotton mills decreased from 59,531 (9.1 %) to 52,628 (8.5 %). In Ahmedabad, the number of women employed in the mills was, at 5.9 %, even less than in Bombay, which had a share of 11.7 % female workers.⁴⁰⁷ The Central Labour Bureau contended in 1953 that “as a result of standardisation of wages etc., a number of miscellaneous departments, e.g. cotton waste, bobbin picking, were also closed affecting a number of women workers.”⁴⁰⁸ As a consequence, trends towards standardising and defining minimum wages rather cemented boundaries between female- and male-dominated occupations within the mills. As a result, winding (54 % women in 1950) and reeling (77 % women in 1950) remained the departments with the most female employees.⁴⁰⁹

2.3.3 Need-Based Minimum Wages

Once the ideas of minimum and standardised wages had become two separate entities, the question arose as to what such an absolute minimum should entail and to what extent it should be separated

⁴⁰⁵ Reply by the Government of India. In: Equal Remuneration for Men and Women Workers for Work of Equal Value 1950, ILO Files, IOR: MSS Eur F341/78, British Library.

⁴⁰⁶ *Mysore Government Gazette*, December 24, 1953.

⁴⁰⁷ Labour Bureau, Ministry of Labour (1953). *Economic and Social Status of Women Workers in India*: 14.

⁴⁰⁸ *Ibid.*: 16.

⁴⁰⁹ *Ibid.*

from any other considerations of the firms' operations. This relation between wages and subsistence, however, became a political discussion at the central level. Within two decades, the concept became so established that in 1961, the Supreme Court declared in the case of the Standard Vacuum Oil Company that:

the principle of supply and demand has lost its validity and that it is the duty of the society and the welfare state to assure to every workman engaged in industrial operations the payment of what in the context of the time appears to be the basic minimum wage.⁴¹⁰

How can we explain this shift towards an absolute minimum wage irrespective of the industrial capacity to pay? Did policies indeed shift towards a wage policy which focused solely on workers' consumption rather than the factors involved in labour costs? After the passing of the Minimum Wages Act, 1948, the 15th Indian Labour Conference (ILC) in 1958 marked a significant turning point in its attempt to set out a formula for the quantification of so-called need-based minimum wages.⁴¹¹ For the first time since independence, the ILC was not only seeking to stabilise the pre-war wage level of 1939, but to go beyond the qualitative recommendations of the Minimum Wages Act 1948 and to establish need-based standards based on budget studies for quantifying the minimum wage.

When the 15th ILC was established in 1957, the aim was to develop a nation-wide minimum wage standard.⁴¹² As an advisory body, the ILC not only had the power to recommend policies to the government without any enforcement mechanisms at hand. Given its tripartite structure, it sought to combine two functions of the minimum wage; first, securing standards for minimal existence, and second, supporting tripartism by establishing procedures involving both unions and employers' associations.

⁴¹⁰ The Standard Vacuum Oil Company was a US-Indian joint venture in Bombay which in 1954 marked the "largest single foreign investment in India since the country became independent in 1947". *New York Times*, November 20, 1954, Section BUSINESS FINANCIAL: 21. Workers had demanded bonus payments based on the claim that they were eligible for it under the living wage principle. *1961 All-India Record (hereafter AIR) 895, 1961 Supreme Court Ruling (hereafter SCR) (3) 536, p. 6.* The court had based its ideas on the influential publication by the sociologist Barbara Wootton, which sought to strengthen a demand-driven idea of wages in order to strengthen workers' position in society. Wootton, B. (1955). *The Social Foundations of Wage Policy*. Allen and Unwin, London: 200.

⁴¹¹ As such, it is still the reference point for the Minimum Wages Committees set up by the Central Governments and State Governments to calculate the money rate of minimum wages. The last committee was set up in 2021. See Another Minimum Wage Committee (2021). *Editorial, Economic and Political Weekly* 56 (25), Online edition <https://www.epw.in/journal/2021/25/editorials/another-committee-minimum-wages.html>, last accessed 19.10.2024.

⁴¹² The Indian Labour Conference was set up in structure as a "miniature model of the International Labour Conference". See *Economic Weekly*, 21.05.1955.

Further qualification of the Minimum Wages Act through guidelines had become necessary, as industrial tribunals had come to partially different conclusions in different parts of India as to how the idea of the “working class household” as envisioned in the budgets should be interpreted in relation to minimum wages. This put the question of women’s wages back in the forefront. If minimum wages were supposed to feed three consumption units (a male worker, his wife and two children,) then the question was how that would apply to women’s wages. The West Bengal Cotton Tribunal had argued that “in the case of women workers, the basis of three units does not apply, and there is, therefore, justification for fixing lower wages for women workers.”⁴¹³ Consequently, it had fixed the rates of women workers at 75 % of the male rate, as the tribunal felt that women were only supplementary earners and did not have to feed a family. In other parts of India, this line of reasoning was not necessarily applied, but for the creation of an All-India reference point, such differences needed to be addressed.

In their final report, the main proposals included the quantification of the minimum wage for a family consisting of one (male) breadwinner, a wife and two children consuming a) 2,700 calories of food per day as a worker, plus a total of two additional consumption units for the wife and two children according to Akroyd’s calculations, b) 72 yards (65.8 metres) of cloth per year, and c) housing at the cost of social housing provided by the government, plus d) an additional 20 % of income for fuel, lighting and other miscellaneous items of expenditure.⁴¹⁴ The main controversy arose over the conference resolution regarding food and the calorific formula developed. This attempt to translate calorific values into monetary equivalents was indeed unique to the Indian developmental state, particularly as it became the basis for the calculation of poverty rates as well.⁴¹⁵

Based on Akroyd’s work for the Bombay Textile Enquiry in 1935, the Conference sought to establish the idea of the male breadwinner based on a “scientific” nutritional standard. By signing the ILO Convention No. 100 on Equal Remuneration (passed in 1951) in September 1958, the

⁴¹³ Order no 686/LAB, dated 16.10.1947 (published in Calcutta Gazette, dated 6.11.1947: 287).

⁴¹⁴ Government of India (1958). Summary of Proceedings of the 15th Indian Labour Conference, 1957.

⁴¹⁵ These close connections between the visions of “poverty measurement” and to what extent they were built on the imaginary of an emerging working class requires further research. The argument that poverty indexes were derived in the 1970s from calorific standards developed in the 1950s is made by Sen, P. (2005), Of Calories and Things: Reflections on Nutritional Norms, Poverty Lines and Consumption Behaviour in India. *Economic and Political Weekly* 11 (43): 4611-4618. He even argues that the global 1 USD poverty rate had been inspired by the Indian example. See also Minhas, B. S. (1991). On Estimating the Inadequacy of Energy Intakes: Revealed Food Consumption Behaviour versus Nutritional Norms. *Journal of Development Studies* 28 (1); For a defence of the concept in times of competing poverty measurements, see Patnaik, U. (2004). Alternative Ways of Estimating Poverty and Implications for Policy: A Critical Appraisal of the Indian Experience. networkideas.org

ILC accepted that women and men should not receive different minimum wage rates. Nonetheless, differences continued to remain in place due to differently allocated consumption rates. These calculations were based on extensive studies on the quantity of food necessary for work tasks, with the idea that household work would require comparatively less nutrition. Akroyd did not conduct studies on the strain of household work, but simply deducted calories from women's and children's energy needs in relation to the main breadwinner's wage. According to the Conference, this formula was to be translated into wages according to the All-India Consumer Price Index.

Even though the 15th ILC provided a reference for the calculation of minimum wages – especially in the context of defining need-based standards – its practical implementation remained limited.⁴¹⁶ The need-based minimum wage at the centre was never quantified, but only defined through qualitative standards. It was left to tripartite wage boards of respective industries and sectors to determine a monetary minimum wage figure. In this process of conversion into monetary rates, it was again subsumed under considerations related to business. The Second Pay Commission in 1959 did not follow its recommendations and set the minimum wage at Rs. 80, arguing that in practice, the calorific values determined by the 15th ILC would be too high.

By way of justification, the government cited its own budget constraints. This shows that in practice, minimum standards were never absolute or independent from deliberations on productive capacities. Not only in the public sector, but also in the private sector these ideas continued to influence minimum wage concepts, although the law had determined that the concept of minimum was to be solely need-based. The Textile Wage Board in 1958 even remarked that “it has become evident that the introduction of such need-based wage would be a leap forward of a character that the industry would not be able to support.”⁴¹⁷ In other words, the capacity of the industry to pay effectively became the determining factor of discussion on sector-wise minimum wages.

⁴¹⁶ These standards have still not yet been fully realised in minimum wage calculations by the central government. In the context of the introduction of the Wage Code, 2020, unions have calculated in 2019 that wages would need to be at least Rs. 18,000 per month (Rs. 600 per day) to fulfil the need-based requirements. However, the Minimum Wages Commission during the same year recommended Rs. 375 per day and the central government fixed Rs. 178 per day in 2019. Subramaniam, N. (2019). What is a decent minimum wage in India. <https://scroll.in/article/934142/in-charts-what-is-a-decent-minimum-wage-in-india-and-how-a-new-law-could-change-it>, last accessed 29.1.2023. Even the Rs. 178 are only a recommendation and are not enforceable by law.

⁴¹⁷ Labour Bureau, Government of India. (1960). Report of the Central Wage Board for the Cotton Textile Industry. para. 72.

Furthermore, due to the division into different zones and sectors, the idea of a universal minimum for the entire country was rejected on the grounds that it was unrealistic for employers to pay higher wages in lower-wage regions or enterprises. Employers argued that even if such a law existed, it would not be followed. Through these processes, the minimum wage became a fragmented context that would be interpreted differently in different industries and regions within India, rather than being a universal baseline. Through these processes, the very idea that minimum wages would strengthen collective bargaining by providing a floor wage based on subsistence standards was undermined. As the discussion on the Standardisation Agreement has shown, it was rather that collective bargaining processes were increasingly being used to define minimum wages based on “scientific” studies with workload as a decisive factor in determining such minimum levels.

2.4 The Standardisation Agreement in Ahmedabad, 1947

How did these deliberations affect local agreements and how were they mediated by collective bargaining? To understand how the idea of the minimum wage varied at local level, this section will look at the Standardisation Agreement of 1947, which marked the height of the model of voluntary agreements in Ahmedabad. The Standardisation Agreement can be traced back to three points of origins. First, the discussions on minimum wages took place at the central and provincial level at the same time, that is, in tandem, and partially overlapping. In the context of these discussions, TLA Secretary Somnath Dave declared that this was an opportune moment for negotiations given that "the concept of what should actually constitute a minimum wage was still a flexible one."⁴¹⁸ At the same time, Ahmedabad followed a scheme which had been proposed in Bombay to standardise an occupation-based framework of wages. On June 2, 1947, the Bombay industrial Court had released an order “for framing a scheme for standardisation of wages, inclusive of increase in basic wages, if any, for the employees of the cotton textile mills in Bombay”.⁴¹⁹ To arrive at this order, the court had appointed Khandubhai Desai as assessor because he had “considerable experience of the technical working of the textile industry in Ahmedabad during the last 25 years as an official of the TLA and he was also a joint author of the joint scheme of standardisation of the wages in the weaving section of that city [in 1938].”⁴²⁰ Although the order met with opposition from both unions and business associations in Bombay, the minimum wage

⁴¹⁸ *Times of India*, 09.10.1947: 4.

⁴¹⁹ Industrial Court Reference No. 1-5 of 1946, *Bombay Labour Gazette*, June 1947: 781.

⁴²⁰ *Ibid.*

was eventually fixed at Rs. 30 for Bombay workers. The court ordered that the capacity of the industry had increased significantly in order to justify a basic minimum wage for a male breadwinner and three dependents. Only the question of dearness allowance payments was left out.⁴²¹

Second, the need for an agreement on standardisation followed demands made by the TLA. Declaring that the TLA was “glad that Bombay wages have been increased with a view to bring them nearer the living wage standard”,⁴²² its demands were generally based on the same structure of the Bombay agreement, only calling for wages on average between 5-20 % higher. This continued a process of standardisation which had been initiated in the weaving department. But even within the weaving department, this process had by no means been terminated during the 1930s.

Third, the late 1940s saw great momentum behind a faction of mill owners, led by the Sarabhais and Lalbhais, who attempted to streamline job roles and pay schedules. In the context of technological change, these mill owners sought to create a level playing field between those mills that were investing in new machinery and those that were not. This was particularly the case in the weaving department, where early standardisation had already occurred during the 1930s. As the AMA report of the agreement contended, “several issues such as standard of wages, relating to length of the loom, Turkish towels looms, still remained undecided because of the highly technical considerations involved.”⁴²³ Technical change thus required a constant re-evaluation of wages even after initial agreements had been reached. Discussions had been stalled during the Second World War, but picked up again in the course of heightened labour disputes afterwards. Based on the Ahmedabad arbitration model of collective bargaining, the matter entered conciliation procedures in January 1947 and the board presented its report in May 1947. After no agreement was reached, the government referred the case to arbitration by the industrial court on June 3rd 1947 under Section 74/46 of the Bombay Industrial Disputes Act, 1938.⁴²⁴ The court case with regard to the standardisation of wages in the Ahmedabad textile industry, which followed in September–October 1947, reflected the need for new wage categories of “minimum” rates as well as “fair” standardised rates.

⁴²¹ *Indian Labour Gazette*, June 1947: 585.

⁴²² AMA Annual Report 1947: 24.

⁴²³ AMA Report 1939: 19.

⁴²⁴ Award of the Industrial Court No. 18 of 1947, cited in AMA Annual Report 1947: 105-150.

This part of the chapter is particularly concerned with how these two categories of minimum and standard wages were separated from each other. It will show that economic concerns were much stronger at the local level than at the central level, where absolute standards were more important. The need to streamline wages had raised the question of which role prevailing wage rates should play, but also how in-kind allowances should enter into collective agreements and to what extent they could be converted into monetary payments. In Ahmedabad, finding a common wage rate applicable for a respective occupation within the entire industry did not necessarily mean an increase in wages, but led to tensions particularly in those enterprises which had paid higher wages before. This will be explored by, first, outlining the scheme of minimum wages, second, identifying which exclusions occurred, and third, describing how standards were increasingly defined by workloads.

2.4.1 Minimum Wages

Based on the Bombay occupational categories, the industrial court brought in Nandulal Mehta as the assessor after the first round of hearings. As one of the co-founders of the Indian Textile Association – an organisation of textile technicians and administrators – the court entrusted him with drawing up a scheme for the standardisation of wages. Following the structure of the Bombay agreement, the scheme was divided into three schedules: Schedule 1 for time rates, Schedule 2 for piece rates and Schedule 3 for contract labour. These three schedules would follow different logics in terms of how wages were to be fixed. After his visit to Ahmedabad for four days from January 6-10, 1948, his report was presented to the court in March, and after a second round of statements from AMA and TLA, the industrial court approved Mehta's report in its final order on April 24, 1948.

The TLA's understanding of "minimum" wage related to a minimum amount under which no wages could fall and argued for a need-based standard. Based on the findings of the Bombay Textile Enquiry Committee, the TLA demanded the full implementation of the report by paying Rs. 30 for a period of 26 working days irrespective of time-rated or piece-rated occupations. Since the recommendation of increasing monthly wages by Rs. 8 had been only given as an "extra", it had not been included in the dearness allowance calculations.⁴²⁵

⁴²⁵ Statement of the TLA before the Industrial Court, Bombay on October 9, 1947. In: AMA Annual Report 1947: 22-29. This, they argued, was a demand "so moderate and reasonable that we do not consider it necessary to enter into any detailed justification for it." Ibid: 23.

The AMA, on the other hand, was interested in a formulation of minimum wages, but from the perspective of homogenising wages between the industrial centres. As the discussion within the Bombay Textile Enquiry has shown, the AMA had hoped that this would lead to provincial minimum wages which would effectively lower wages in Ahmedabad. Consequently, the AMA argued that the TLA's reference to the Bombay scheme was unwarranted, since the conditions of both industries were very different, particularly with regard to lower cost of living in Ahmedabad. The fact that wages were on average higher in Ahmedabad than in Bombay was dismissed as a backward, non-scientific "tradition and custom" and thereby "entirely unfair and unwarranted".⁴²⁶

To overcome these "traditional" differences, the AMA envisioned minimum wages in relation to productive capacities. In their written statement before the court, the AMA declared that "there appears to be some confusion in the mind of the petitioners", as the Association would be "not opposed to the question of a minimum wage but submit that it has to be examined and shuffled not in an isolated manner as the TLA desire but it has to be dealt with in the context of other correlated factors."⁴²⁷ According to this argument, it was not possible to view the question of minimum standards as disconnected from production, since otherwise such a wage "removes all incentives for efficiency and work."⁴²⁸ Need-based standards as elaborated by the ILO would not apply to the Indian context. Contending that in other countries much lower numbers of workers were employed per machine, the AMA asserted that the local "industry employs more men than would be warranted under a scientific organisation."⁴²⁹ Therefore, minimum wage standards could not be introduced without rationalisation measures. The introduction of a "scientific organisation" would imply that the industry would be incapable of employing the existing number of workers if subsistence wages were to be paid. At the annual conference in 1948, Rathilal Nathal summed this up, explaining that "the choice lay with the labour to prefer to have either low wages for a greater number of people or a high standard of living for a comparatively smaller number."⁴³⁰ The majority of the AMA preferred the former over the latter and did not support higher rates.

In his report, the assessor defined a minimum wage rate of Rs. 28-0-6 for 88 occupations out of 219 singled out by his standardisation scheme. He postulated that "occupations, not included in the scheme should be treated as having been deliberately left out of consideration and the wages

⁴²⁶ Written statement of the AMA, 15.09.1947, in AMA Annual Report 1947: 46.

⁴²⁷ Written statement of the AMA, 15.09.1947, in AMA Annual Report 1947: 41.

⁴²⁸ Written statement of the AMA, 15.09.1947, in AMA Annual Report 1947: 43.

⁴²⁹ Written statement of the AMA, 15.09.1947, in AMA Annual Report 1947: 42.

⁴³⁰ AMA Annual Conference 1947: 7.

should continue unaffected by the award except as regards the minimum wage of rs 28.”⁴³¹ How was this figure arrived at? When the court accepted the report, it followed both an approach of assessing existing rates as well as examining existing need-based standards. By asking both parties what the absolute lowest wages would be in Ahmedabad, the AMA answered that sweepers were paid as little as Rs. 15-16, doffer boys Rs 18 and Rs. 17 for watchmen. While acknowledging that these were usually taken up by workers who were not the main breadwinners of the family, the court held that “this is too low for an average family of three consumption units to maintain itself on the level of bare necessities.”⁴³² In order to determine an adequate minimum wage figure, the court based its estimate on two calculations. First, drawing on the findings of the Ahmedabad Family Budget Report, published in 1935 for the year 1933, the court held that the figure of average monthly expenditure would be at Rs. 40-11-10. However, since the budget study would include several items beyond subsistence, such as “bedding and household necessities”,⁴³³ the court again requested that both parties estimate a minimum wage below the figure of the budget study. The second calculation of the court was an estimate of the increase in labour cost if the TLA’s demand for Rs. 30 were to be fulfilled. As this would have meant a total increase in the wage bill by 40 %, this figure was rejected. Thus, the court relied on the figure offered by the assessor, since “the parties could not give us any agreed figure and the figures supplied by them were based on estimates. After careful consideration of all factors we have come to the conclusion that Rs 28-0-6 would be adequate as the minimum wage.”⁴³⁴

This figure became an absolute minimum, with certain exceptions. All rates, including time rates, were not to be conceived as daily wages, but paid for eight hours work. In other words, anyone who was not working eight hours, would receive wage deductions.⁴³⁵ These deliberations with regard to working time were accepted by the industrial court. In addition, the court declared that wage rates had been fixed in such a way that they would be easily divisible by haptas of six or 12 working days, as well as for an average of 25-27 monthly working days. Furthermore, these rates did not apply to all occupations in the textile mills but excluded workers employed in the canteen, mill-based grain shops and “such others not directly connected with the manufacturing process”.⁴³⁶ These exclusions raised several questions about the structure of the agreement, whereby minimum wages were not to be applied universally but followed an occupation-based logic. Under this

⁴³¹ Assessor Nandulal Mehta Report, cited in AMA Annual Report 1947: 119.

⁴³² Award of the Industrial Court, April 24, 1948, cited in AMA Annual Report: 108.

⁴³³ Ibid.

⁴³⁴ Ibid.

⁴³⁵ AMA on the Assessor’s report, in AMA Report 1947: 81.

⁴³⁶ TLA’s statement on the Assessor’s Report, cited in AMA Annual Report: 62.

principle, groups of workers were not actively excluded from minimum wages; instead, they needed to be specifically included to become part of the scheme. As a result, inclusions did not follow automatically.

2.4.2 (Non-)Abolition of the Contract System

The greatest exclusion from minimum wages occurred through the non-abolition of the contract labour system. Access to minimum rates was thus not only mediated by tasks within the production process but also by employment relationships and depended on whether someone was directly employed by the mills or through middlemen. The Labour Investigation (Rege) Committee, which had come out of the tripartite ILC forum, had asserted that contract labour should be reduced in Indian mills. The Committee had argued that any mill using electricity should terminate contract labour. Based on these findings, the TLA demanded an end to this form of employment in Ahmedabad:

It is common knowledge that certain workers employed through contractors are paid only a nominal wage and they are expected to implement it by tips from the mills and weavers, as a matter of custom and usage pay a tip ranging from Rs. 0-8-0 to Rs. 1-0-0 on every pay day. It is also known to this Hon'ble court how large sections of employees in Ahmedabad could not be covered under the Award of the court regarding dearness allowance and bonus merely on the ground that millowners did not pay contract labour directly. This system born out of the greed of the employers has brought in its wake corruption, inefficiency and exploitation of a needy section of the society at the hands of superfluous middlemen trafficking in *wage slavery*. ... the contract system should be abolished and the mills should be directed to employ the existing workers as direct employees.⁴³⁷

Due to the continuation of the middleman as a central figure in the employer–employee relationship, the TLA talked about contract work as a form of “wage slavery”, legitimised through the Standardisation Agreement. Wage slavery, in this context, also became tied to the notion of wages falling below subsistence levels. As Patel has shown, this related mainly to work contracted out for bobbin cleaning, or to “faltu” labour, i.e. any tasks assigned ad-hoc by jobbers. It was predominantly women who were employed in these positions, working on average 10-11 hours

⁴³⁷ Emphasis added. Statement of the TLA, in AMA Annual Report 1947: 24.

per day. As such, contract labour effectively meant that a reduced hourly rate was paid to those workers affected.⁴³⁸

For the TLA, this term did not only relate to the economic conditions of contract workers, but also to their political possibilities. Their status did not allow them to be represented by the TLA. On the one hand, this enabled a greater push towards integration into the union through the Standardisation Agreement. On the other hand, however, it also meant that the TLA did not think it necessary to invest too much into the cause of contract workers. This might explain why, in the end, their status remained unchanged after the agreement.

The AMA countered that they were not bound by the terms of contractual work, since these conditions would have to be directly negotiated with contractors themselves. The need for contract work would arise “by way of a natural process on account of a number of factors, particularly the nature of work to be performed”, which would have nothing to do with the “greed of the employers, but some work necessarily has got to be done on the contract system.”⁴³⁹ Therefore, the AMA argued that there was something customary, inherent in the “natural” production process with regard to labour input, which could not be incorporated into any direct system. This process seemed to be related to supervisory organisation rather than to the division of tasks within the mill. According to the AMA, it was independent of the organisation of mill departments, since no entire department was run on a contractual basis. Indeed, the Calico Mills and Jubilee Mills even outsourced their bobbin cleaning processes, arguing that the work technically did not even take place on their premises. Therefore, “the instance cited by the TLA of the weavers giving tips to the jobbers is irrelevant because the weaving department is run on a departmental basis and not on a contract system.”⁴⁴⁰ This maintained workplace hierarchies based on a fine system which was no longer permissible under the Payment of Wages Act, but continued nonetheless through contractual arrangements.

The assessor’s report did not abolish contract labour and decided to fix average wages for employment through contractors instead, but only for a worker who “works for the full period of the shift in only one mill and is generally attached to that mill from day to day.”⁴⁴¹ However, this was not the reality of contract work, as the Rege Committee had shown. Many of those listed by

⁴³⁸ Patel, S. (1987). Contract Labour in Ahmedabad Textile Industry. *Economic and Political Weekly* 21 (41): 1818.

⁴³⁹ Written statement of the AMA, 15.09.1947, in AMA Annual Report 1947: 47.

⁴⁴⁰ Ibid.

⁴⁴¹ Assessor’s report, cited in AMA Annual Report 1947: 23.

the assessor did work different shifts in varying mills. Nonetheless, the industrial court, in its award, determined that even though an abolition of the contract system would be desirable, it felt that “as long as the cotton textile industry in Ahmedabad is dependent on coal power and not on electricity we should not recommend its total abolition.”⁴⁴² This was based on the assumption that contract labour was mostly connected with the necessity of loading and breaking coal in the department of power plant operatives. However, contract labour was also prevalent in other departments which were not dependent on the mode of energy provided to keep machines running – in the spinning department they were employed as yarn packers and bundlers, in the weaving department as loom cleaners and in the mixing room as bale breakers.⁴⁴³ For these departments, the assessor fixed an average, leaving it to the individual mills to work out their own precise schemes, thereby placing dearness allowances and bonus payments at their discretion as well. Furthermore, by adopting the assessor’s report, the court also agreed to leave it up to the AMA to “have the option of making such reduction in the number of workers under the system of contract labour employed by its member mills as it may consider necessary.”⁴⁴⁴ Effectively, therefore, the amount of contract labour employed only reduced through rationalisation measures, but not through the integration of contractual labour into the same agreements as regular permanent members.⁴⁴⁵

2.4.3 Standardisation of Wages and Payment Periods

Any change in the operational structure of the mill necessitated a new definition of a minimum or standardised wage. How to demarcate minimum and standard rates emerged as a further issue in the discussion of the agreement. The proposed scheme of standardised wage rates by the TLA distinguished between departmental and occupation-based categories, using the list of occupations provided by the Bombay agreement supplemented by the AMA with information on local job differentials.⁴⁴⁶ By demanding a general 20 % rise in wages, the TLA aimed to increase, in particular, “the piece rate to be settled about to be such as it would guarantee to these workers something above the minimum wage.”⁴⁴⁷ In this conceptualisation, the standardised rate shared a relation to the minimum rate, without clearly specifying why a standardised rate should be higher. This was the case for piece-rated wages as well. Here, the TLA sought to use the Standardisation Agreement

⁴⁴² Award of the Industrial Court, cited in AMA Annual Report: 107.

⁴⁴³ Assessor’s Report. In: Kasturbhai Lalbhai papers KL: Ahmedabad Millowners’ Association Cont. from K-12, File No. 6-8 R3314.

⁴⁴⁴ Ibid.

⁴⁴⁵ Patel, S. Contract Labour, op. cit, p. 1819.

⁴⁴⁶ Assessor Nandulal Mehta’s Report 1948. In: Kasturbhai Lalbhai papers KL: Ahmedabad Millowners’ Association Cont. from K-12, File No. 6-8 R3314.

⁴⁴⁷ Statement of the TLA, in AMA Annual Report 1947: 24.

as a measure to curb the vagaries of fluctuating payment periods. For both time-rated and piece-rated occupations, the TLA demanded that wages should be paid after a standardised period (hapta) of 12 days. These occupations would face one of the lowest payments, since “the piece rate is inadequate and the employment is not always full time”,⁴⁴⁸ indicating that given prescribed output rates under the piece-rated system it was impossible to work as long as time-rated workers. This would be the case especially for the reeling and winding groups employed in the spinning department. Similarly, the issue of clerks’ and mechanics’ wages was part of the discussion of “standardised” and not “minimum” wage rates, yet it revolved around need-based assessments. The TLA demanded these occupations be included in the payment of dearness allowance, as those workers would earn Rs. 75 on average and therefore would not be eligible for the compensation, whereas the Pay Commission had defined the limit of the basic wage for dearness allowance payments as Rs. 1000.⁴⁴⁹

In other piece-rated occupations, standardisation meant something different for the TLA and was not necessarily related to a minimum floor of earnings. Such standards demanded by the TLA sought to define standard earning based on spindles worked (spinning department), picks and length, as well as thickness of material (weaving department) and materials (bleaching department).⁴⁵⁰

For the AMA, on the other hand, the difference between “minimum” and “standard” was clear insofar as the importance of “skills” was higher for the definition of standardised rates. They contended that the existing list of occupational categories was insufficient and instead needed to be placed on a “scientific” footing:

it (the TLA scheme) does not take proper cognisance of the various elements such as workload, skill, efficiency etc in determining the differentials to be paid over the minimum basic wage...it should be evolved after a thorough, detailed and exhaustive study and scientific classification of various jobs, analysis of various factors such as skill, effort, intelligence, experience, strength, endurance, ingenuity, working conditions, equipment, hazards etc. which constitute the work put in in connection with such jobs, the evaluation

⁴⁴⁸ Ibid.

⁴⁴⁹ Statement of the TLA, in AMA Annual Report 1947: 24.

⁴⁵⁰ The TLA also sought to prevent further layoffs by demanding that no new machines with more than 440 spindles should be installed. With this measure, the TLA hoped to protect warp and weft tenters, who were still not as badly hit as the ring spinning department, but were confronted with layoffs on the one hand and rising numbers of spindles and increased workloads on the other.

of the difference of work required and put in by different categories of occupations and their conversion into money equivalent.⁴⁵¹

For example, the AMA found that in the case of speed frame tenters and winders, wages were

fixed on an ad-hoc basis while the same should have been fixed on factors, such as number of spindles per frame, hank slubbing etc. spun and efficiency (i.e. spindle speed and twist). The same unscientific method is also adopted in the case of winders as the wage rates for this group also should have been fixed on workload basis.⁴⁵²

Moreover, they claimed this should have been taken further into consideration in the case of warpers, drawers-in and weavers, the latter receiving “arbitrary” allowances for jacquard and dropbox looms. In other words, whereas the TLA was willing to accept wages fixed per machine handled, the AMA was eager go even further by standardising wages on machines put in motion, based on the speed and process by which these machines were used. These two factors were also to be included in the definition of what would become “skilled” work in wage agreements.

In dividing the standardisation scheme into time-rated and piece-rated occupations, the assessor put the spotlight on efficiency and productivity within the piece rate system. This shows that Gadgil’s analysis of the Bombay Enquiry Committee had a particular influence on the course of the debate on wage fixation at both national and local level. In the Bombay High Court Order No. 18 of 1947 on the standardisation of wages, the judge referred to Gadgil’s concept of “individual efficiency” as one of the reasons to leave distinctions (and tensions) between piece rates and time rates intact.⁴⁵³ Whereas time rates were mostly based on wage levels determined by “existing differentials to which the workers were accustomed”,⁴⁵⁴ in the case of piece workers, “the difference payable should be calculated by the mills”.⁴⁵⁵ The report simply provided average suggestions, but did not fix wages for piece work. However, it provided guidelines for differences in wages based on the nature of tasks. For example, in order not to disturb the “weaving standard”

⁴⁵¹ Written statement of the AMA, 15.09.1947. In: AMA Annual Report 1947: 47-48.

⁴⁵² Written statement of the AMA, 15.09.1947. In: AMA Annual Report 1947: 56.

⁴⁵³ Cited in AMA Annual Report 1947: 79.

⁴⁵⁴ Award of the Industrial Court. In: AMA Annual Report 1947: 111.

⁴⁵⁵ Assessor Nandulal Mehta’s Report 1948. In: Kasturbhai Lalbhai papers KL: Ahmedabad Millowners’ Association Cont. from K-12, File No. 6-8 R3314.

established in 1938, weavers' allowances were increased by 12.5 % without any alteration to the differentials negotiated before the war.⁴⁵⁶

Most controversies arose over wage fixation in the spinning department. The assessor defined the rates paid according to speed and turns per inch in the case of frame tenters in the spinning department. Yet, as the TLA pointed out in response to the report, such efficiency rates defined as average standards were “rarely found” beyond a level of 30-40 %.⁴⁵⁷ Similarly, the TLA raised the objection that if wages were to be paid on workloads, then there would be no reason to pay doffers less than frame tenters, since they were doing the same job but were only paid the minimum rate. Doffers would:

assist the tenters and occasionally work on the machines and are sometimes employed even to fill vacancies. There may not be a very large difference between a doffer and a tenter since a doffer is eventually promoted to the tenter's post, and has to remain as a doffer so long as there is no vacancy. In old times, doffers were recruited mainly from half-timers and adolescents and the initially low wage for the doffer is due to this origin.⁴⁵⁸

Thus, the only reason for higher pay grades would be seniority and hierarchies – hierarchies which became further cemented by this agreement, since the fluid boundaries as laid out by the TLA between doffers and tenters were becoming more rigid.

In the winding section, the assessor claimed that even though he had attempted to fix rates based on speed and counts, this had proved impossible in the “absence of data”.⁴⁵⁹ According to his report, this had been the main reason for relying on the Bombay scheme – that the amount of workload prevalent in the Ahmedabad mills was simply not measured in relation to wages.⁴⁶⁰ Therefore, rather than closing down the discussion on standardised wage rates, the report opened up a new set of debates on data collection and workload measurement following from this case.

⁴⁵⁶ Ibid.

⁴⁵⁷ TLA on the Assessor's Report. In: AMA Annual Report 1947: 61.

⁴⁵⁸ TLA's statement on the Assessor's report. In: AMA Report 1947: 62.

⁴⁵⁹ Assessor Nandulal Mehta's Report 1948. In: Kasturbhai Lalbhai papers KL: Ahmedabad Millowners' Association Cont. from K-12, File No. 6-8 R3314: 5.

⁴⁶⁰ As Ashok Garde, former researcher of ATIRA has explained, shop floor-level supervisors were well aware of certain workload norms. However, in his personal account of the ATIRA History, Ashok Garde (2021). Warp and Woof of Institution Building – the ATIRA Story. Unpublished manuscript. He explains that such information was hardly openly available or shared: it would have been kept in “small black covered notebooks in the shirt pocket (that) had all these secrets”.

With regard to warpers' wages, both the TLA and the AMA expressed their discontent with the the assessor's fixation of rates. Whereas the TLA lamented that no differentiation had been made between different materials (e.g. grey, colour winding), the AMA was unhappy with the differentiation in wages based on machine speed. They felt that all "extra work... (was) borne by the machine itself and the operative does no more work than what he has to do on a slow speed machine."⁴⁶¹

Notions of "scientific" agreements were thus very much contentious and pulled in various directions, with both associations using different definitions of workloads. Very often, they were of a contradictory nature. For example, based on the idea that heavier workloads should be rewarded with higher wages, the TLA criticised the assessor's report for providing only minimum wages for activities such as beam carrying, baling and yarn bundling, since workers would have to do heavy and strenuous lifting.⁴⁶² Consequently, even though the TLA and AMA both disagreed on the amount of wages to be paid, in the process of the Standardisation Agreement, they both turned to similar methodologies for their arguments. To some extent, the AMA even felt itself closer to the TLA than to the assessor. In their critique of his report, they stated that "the TLA themselves on certain points pleaded for higher emoluments on the ground of skill, efficiency, hazard etc. There is therefore no reason whatever why it should not be possible to evolve a scientific standard."⁴⁶³

One of the major points of contention, both between the TLA and the AMA and within the AMA itself, was the question of existing higher wages that were above the standardised rates introduced. Regarding the amount of wages to be paid, the court contended that such rates should not be reduced by the agreement.⁴⁶⁴ However, according to the TLA, the agreement had done great "injustice to a large number of workers", since they claimed that many wages had actually been decreasing due to the standardisation among the mills themselves. For example, the minimum wage of oilers had been fixed at the minimum wage rate of Rs. 28-0-6 even though many mills had already been paying higher – including Calico having paid on average Rs. 37-6-6 (see table 6). The average wage for all occupations stood at Rs. 35 after the agreement.

⁴⁶¹ AMA on the Assessor's report. In: AMA Report 1947: 86.

⁴⁶² Bombay Labour Office (1930). Reports on an Enquiry into Wages and Hours of Labour in the Cotton Mill Industry, 1926: 36.

⁴⁶³ AMA on the Assessor's report. In: AMA Report 1947: 79.

⁴⁶⁴ A full reproduction of the agreement can be found in Appendix No. 1. Award of the Industrial Court. In: AMA Annual Report 1947: 120.

Name of Mill	Owned by	Average monthly wage for oilers in Rs./As./p.
Calico Mills	Sarabhai family	37-6-6
Arvind Mills	Lalbhai family	37-2-0
Jehangir Mills	Mangaldas family	35-7-5
Aruna	Lalbhai family	35-7-0
New Sarangpur	Balabhai family	35-7-0

Table 6: Oilers' wages in selected Ahmedabad mills.⁴⁶⁵

These differences would become a problem, as it remained unclear whether they in fact contradicted the idea of standardised wage rates. The AMA feared that Calico would pay higher wages in order to woo skilled workers, so they went before the Bombay Industrial Court in 1950 to sue Calico for paying wages above the level of the Standardisation Agreement of 1947.⁴⁶⁶ The Bombay Industrial Court judge, K. C. Sen, ruled in favour of the Association, arguing that under the Bombay Industrial Relations Act, 1947, no mill was allowed to negotiate wage levels for new job roles by themselves.⁴⁶⁷ Similar challenges to the Calico Mills arose over the question of “voluntary welfare activities” provided by millowners in the form of in-kind benefits.⁴⁶⁸ As these varied between different enterprises, the industrial court had to determine whether they too should be regulated in a uniform manner. In the final agreement, the court ruled that they were to be either converted into money equivalents or discontinued. The assessor thereby sought to draw up clear distinctions between minimum standards and ex-gratia payments.

There were thus two principles on which the standardisation of occupational rates was based. One was the equalisation of rates between industrial centres and between individual mills in order to

⁴⁶⁵ TLA statement on assessor's report, quoted in Ahmedabad Millowners' Association (1948). Annual Report 1948: 70. On the ownership of mills in Ahmedabad, see Mehta, M. (1982). *The Ahmedabad Cotton Textile Industry. Growth and Genesis*. Navajivan: Ahmedabad. Apart from the Sarabhai family, Kasturbhai Lalbhai's firm was also considered one of the most “progressive” enterprises in Ahmedabad. The Mangaldas and the Balabhai family, both very active in the Ahmedabad Millowners' Association belonged to the “conservative” group of millowners. See, for example, Piramal, G. (1998). *Business Legends*. Penguin, Delhi: 346.

⁴⁶⁶ Calico had agreed on wages for a four-side ring frame tenter at Rs. 34-15-0 for the first 200 spindles, and for all additional spindles a rate of 1-10-0 per every slab of 20 spindles, subsequently filing an application before the industrial court to register these rates. The basic wage was 4 rupees higher than the one agreed to under the Standardisation Agreement, 1947.

⁴⁶⁷ Industrial Court (IC) Revision Application No. 7 of 1950.

⁴⁶⁸ AMA Annual Report 1947: 86.

regulate competition for “skilled” workers among millowners. It also formed the cornerstone of “peaceful” collective bargaining in Ahmedabad. The other principle of making these rates “scientific” did not always align well with this first principle. On the one hand, it emphasised the need to define “skilled” work through workload studies. Once a minimum remuneration was defined, there remained the question of how and who should be responsible for defining corresponding minimum workloads. This opened up further possibilities for distinguishing wage rates based on skills, while at the same time paying higher rates to workers to bind them to a particular mill, such as in the case of the Calico enterprises. These tensions shall be analysed in the third chapter.

By emphasising the importance of conducting workload studies even for minimum waged occupations, there was a tendency to subsume need-based considerations into production standards through workload studies. The minimum wage level had been defined as the lowest level of wages to be paid, without indicating to what extent such a wage rate would be sufficient to cover living expenses. In the context of collective bargaining, minimum wages took on a very different meaning than in the determination of scheduled minimum wages at the centre. At the same time, those bargained wages were not enforceable by law, unlike the minimum wages set by the state. The Minimum Wages Act specified that fines should be no more than Rs. 500 in cases where employers were found guilty of not paying adequate rates. Standardised rates could only be enforced by appeals to the court by the representative union, i.e. the TLA. In fact, it was the very court system and the power relations within that system which determined the outcome of such negotiations. The following section of the chapter turns its focus towards this interplay between legal structures and the outcomes of wage negotiations by looking at the different forms bonus payments took over the period under investigation.

2.4.4 The TLA and Central Wage Boards

The Textile Wage Board of 1958 was established with the purpose of reconciling two distinct approaches to wage determination: need-based minimum wages and production-based wages. This board emerged during a period of heightened labour disputes and industrial expansion, where it became necessary to find a balance between ensuring fair compensation for workers and maintaining the economic viability of textile mills.

During this period when the TLA was being challenged in its local position, it was able to extend its sphere of influence over the creation of a new institution for wage bargaining in the textile

sector. As part of the planning policies, the creation of sector-specific wage boards had been envisioned as a structure that would facilitate tripartite negotiations. By mandate of the Fair Wage Commission, the wage boards were supposed to deal with the fixation of fair wages for occupational grades above the minimum standard.⁴⁶⁹ By following the division of the Minimum Wages Act in scheduled occupations (where minimum wages were to be paid), the wage boards followed the Act's sectoral approach. In other words, rather than deliberating on universal wage standards for all sectors in all regions, the boards were to be set up based on industrial activity. As a consequence, the work of the 22 boards set up was contingent on the organisation of interests (both unions and employers) within these sectors. While the Cement Wage Board achieved this quickly (in 1.5 years), the tea sector's wage board took the longest amount of time (5.5 years) to arrive at a conclusive report.⁴⁷⁰ In 1956, the setting up of the Textile Wage Board as the first of all sectors was finally realised following an INTUC resolution, nominating S. R. Vasavada and G. Ramanujam as workers' representatives of the board.⁴⁷¹ Even though representative unions affiliated to the AITUC were allowed to answer the questionnaire provided by the board, they were not granted decision-making capacity within the wage board. The chairman of the committee was F. Jeejeebhoy, a judge from the Bombay Industrial Court who had participated in numerous arbitration cases relating to wages in Ahmedabad, including the Standardisation Agreement in 1947 and subsequent fixations of workloads in the 1950s.⁴⁷² The government was not party to the board – much to the discontent of the millowners, who felt that this meant that rather than being part of the bargaining process, the government now had a role superior to both labour and employer representatives.⁴⁷³

According to the employers' claims, rather than increasing wages, the government should have taken a more active role in keeping wages stable through the wage boards in order to prevent inflationary tendencies. During the 1960s, soaring prices had indeed led to a large number of disputes throughout India. The government was therefore not only under pressure from employers' associations, but also from the rest of the population due to the elections in 1960. Acknowledging these hardships, Labour Minister Gulzarilal Nanda expressed his hope that wage boards would provide relief to workers. In this, he sided with the workers and not with the employers, who had demanded that wages hikes should be temporarily stalled. The "cry for wage

⁴⁶⁹ Fair Wages Committee (1949), op. cit.: 26.

⁴⁷⁰ Loomba, S. (1973). Wages – Rights and TU Unity. AITUC Pamphlet: 2.

⁴⁷¹ INTUC Annual Report 1956: 38 and Labour Bureau (1960): Report of the Central Wage Board for the Cotton Textile Industry: 1.

⁴⁷² Labour Bureau (1960): Report of the Central Wage Board for the Cotton Textile Industry: 1.

⁴⁷³ AMA Annual Report 1959: 45.

freeze” by employers, he argued, would have been unfounded, given that wages “were not responsible in any measure for the rise in prices”.⁴⁷⁴

Not only had the government set out the terms of reference as part of the planning policies; it had also determined the procedures of the board, according to which any strike during its negotiations was declared illegal.⁴⁷⁵ Any party who did not follow the resolutions of the board faced either a fine of up to Rs. 500, imprisonment, or both, without the possibility of appeal to a higher court – not even the Supreme Court.⁴⁷⁶ All of this was part of a broader strategy of avoiding industrial conflict, whereby “we look at the mills and their workmen as inter-dependent factors in the production of cloth, the one cannot be happy if the other is sad and nor can the workman be happy if the mills cease to flourish”.

For the government, the aim of the wage boards was to bring together need-based minimum wage approaches from the 15th Indian Labour Conference and production-based approaches such as the extension of “payments by results” as per the boards’ terms of reference. Thus, the Textile Wage Board sought to bring two different wage functions together under its administration – need-based calculations and considerations based on “efficient” criteria. In its final report published in 1958, the board recommended a division of India into different zones, A and B, based on economic activity. For those centres where wages were already high (e.g. Kanpur, Bombay and Ahmedabad), the board recommended an overall wage increase of Rs. 8; where wages were comparatively lower, it recommended an increase of only Rs. 3. The idea of a universal minimum for the entire country was rejected on the grounds that it was unrealistic of employers to pay higher wages in these lower-wage regions. They argued that even if such a law existed, it would not be followed. Any demands for higher wages were declared illegal for two years until 1960. New wage levels were to be negotiated by a subsequent central wage board.⁴⁷⁷ Thus, rather than encouraging local bargaining, the wage board attempted to decide wage matters at the national level, thereby favouring the INTUC – a union close to the Congress party – over the AITUC.⁴⁷⁸ For the TLA

⁴⁷⁴ Times of India April 12, 1960. The polemics about a “wage freeze” would also appear later on in 1973 when the AITUC accused the government of causing a “wage freeze”, i.e. attempting to curb inflation by containing wage increases. These conflicts thus relate to questions of who would be responsible and should take on the burden of economic volatility and crises.

⁴⁷⁵ AMA Annual Report 1959: 48.

⁴⁷⁶ Letter of the AIOIE to its members, dated September 15, 1959, in AMA Annual Report 1959: 40; AMA Statement before the Wage Board, Annual Report 1959: 47.

⁴⁷⁷ Government of India, Labour Bureau. (1960). Report of the Textile Wage Board: 22.

⁴⁷⁸ INTUC Annual Report 1958: 19. This point has also been supported by K. C. Alexander, who has argued that wage boards have contributed to the centralisation of bargaining processes, thereby strengthening the power of umbrella associations, including the AIOIE and the EFI. Alexander, K. C. (1972). Employers’ Organisations in India. *Economic and Political Weekly* 7 (9), M37–M41.

representatives in Ahmedabad, this meant that they could claim credit for raising the general wage level in the city. These increases were registered for each occupation separately before the High Court.⁴⁷⁹

All of this was part of a broader strategy of avoiding industrial conflict, whereby “we look at the mills and their workmen as inter-dependent factors in the production of cloth, the one cannot be happy if the other is sad and nor can the workman be happy if the mills cease to flourish”. These continuations of Gandhian ideas of trusteeship, however, appear increasingly paternalistic in the context where such wage boards were used to prevent strikes and labour action. In fact, any party who joined the discussions of the central wage boards agreed to resolve conflicts by negotiation, arbitration and conciliation rather than military action. This took away from the unions involved one of the largest bargaining tools they had.⁴⁸⁰ In the end, however, the wages boards finally ceased to exist due to the long time it took them to take decisions and determine wages.⁴⁸¹ By the time the report was published, increases in inflation had already made it necessary to adjust these lower minimum boundaries again.⁴⁸²

2.5 Tensions between “Voluntary” Agreements and Legislation: Bonus Negotiations between “ex-gratia” and Right

This part of the chapter deals with the emergence of bonus payments as a separate chronology following its division from basic wages through the Payment of Wages Act, 1936. When the ILO consulted the Indian government in 1959 on “Labour-Management Relations and Some Aspects of Wage Policy”, they found that bonuses were one of the most contentious issues between businesses and workers:

A system of paying annual bonus related to profits is widely applied in Indian private industry: The workers have become accustomed to this system and they appreciate it as a means of providing them once a year with a substantial extra amount of money which they can use either for the purchase of expensive items of clothing and household equipment,

⁴⁷⁹ AMA Annual Report 1960: 43.

⁴⁸⁰ AITUC (1980). *The International Working-Class Movement (Problems of History and Theory, Vol. I)*: 3.

⁴⁸¹ Ramanujam, G. (1980). *Indian Labour Movement*. Sterling Publication: New Delhi: 140.

⁴⁸² Seal, K. C. (1965). A critical review of research and literature on wages in India. New Delhi, Sri Ram Centre for Industrial Relations: 54.

for entertainment and amusements beyond their ordinary means, or to pay off debts. A large number of industrial disputes arise over annual bonus, this being partly because basic wages are generally relatively stable whereas bonus is flexible, and partly because of doubts and uncertainties about the calculation of the amount of bonus.⁴⁸³

The observation by the ILO hints at the special feature of bonuses within the architecture of Indian industrial relations as a “flexible”, separate component, distinct from negotiations over basic wages. How were bonus payments differentiated from basic wage payments in their frequency, calculation, and function? Bonuses would usually be paid before the holiday (Diwali) season on an annual basis or were only granted on special occasions. This allowed for a different consumption pattern, and indeed raised questions of what households would spend it on. With shifting notions of the bonus being granted either as an ex-gratia payment by millowners or as a privilege earned by workers due to their contribution to the firm’s profits, this was subject to change. Crucially, it also determined whether a bonus could be calculated, and if so, whether profits should be the basis of it, and who was eligible to access profit data within the balance sheets of the companies.

This part of the chapter aims to disentangle the various trajectories of bonus payments by highlighting their importance at different moments in time. Tracing their origin back to the employers’ need to secure workers’ attendance during moments of crisis at the turn of the century,⁴⁸⁴ it argues that their most important function remained the flexible regulation of wages as a distinct component. It was precisely this division between basic wages and bonuses which allowed parallel negotiations to unfold. Four aspects shall be highlighted in particular: first, the tension between bonus payments as an “ex-gratia” payment granted by benevolent individual millowners, and as an enforceable “right”. Bonus payments as a right became more and more established throughout the 1930s. Second, the highly profitable period of the Second World War acted as a catalyst for discussions around bonuses and created a brief moment of convergence between the AMA and the TLA, who both saw it as a tool they could use to secure their hegemony as representatives of millowners and labour in Ahmedabad respectively. To avoid labour disputes like those in other centres in India, the post-war period saw the emergence of institutions for regular bonus adjustments. While for the AMA the emphasis lay on tying bonuses to attendance through clearly defined rules, the TLA welcomed these agreements, as they required a

⁴⁸³ LO (1959). Labour-Management Relations and Some Aspects of Wage Policy. Confidential Report to the Government of India, ILO/TAP/India/R.10: 34-35.

⁴⁸⁴ Sarkar A. (2014). The Tie that Snapped: Bubonic Plague and Mill Labour in Bombay, 1896-1898. *International Review of Social History* 59 (2): 181–214.

representative union to bargain at the industry level on workers' behalf. Framing the bonus as a right reflected tensions around responsibilities and hierarchies between institutional levels of negotiation. These included negotiations between unions and business associations, but also in their relationship with the state, particularly with regard to legislative and judicial processes.⁴⁸⁵ The collective bargaining level will be analysed in the third section of this chapter, which focuses on the Five-Year Bonus Pact 1953-1958; this built on the Labour Appellate Formula developed in Bombay and sought to establish a principle of profit distribution between capital and labour. The fourth section looks at the state's role in legally defining the principle of the bonus as part of the Bonus Commission from 1961-65. From a developmentalist state's perspective, it re-opened discussions on "social justice" and "living wages" – concepts which had already been important ideas within the labour movement during the 1940s. As the state looked at bonus matters through a distributive lens, it raised the question of whether the bonus was merely a deferred wage, no different in its function from regular wages in their tendency to both secure a certain consumption level among working-class households (and express the marginal product of labour power), or at least show a certain degree of connection between the individual input and the aggregate profit.⁴⁸⁶ In addition, this section will demonstrate how the state sought to add individual productivity as a feature of bonus payments and why it eventually failed to do so.

2.5.1 Defining Bonuses, 1920s-1930s

Bonuses already existed in Ahmedabad during the First World War and even played a fundamental role in the formation of the TLA, since the union was founded on Gandhi's arbitration in 1918 following the withdrawal of the plague bonus. However, this was mostly an ex-gratia payment, usually paid at the time of religious holidays like Christmas, Diwali or Durga Puja. According to the AMA's statement before the Bonus Commission in 1962, "there was no fixed amount of such bonuses and the payment varied from year to year...at the discretion of the employer."⁴⁸⁷ Millowners contended that the nature of the bonus changed the moment it became subject to industrial disputes interacting with labour law and the courts:

⁴⁸⁵ It was especially important for companies to understand such interpretations so that they could fight cases. Research institutions such as the Sri-Ram Centre for Industrial Relations therefore dealt with numerous legal aspects of wages and bonuses. See for example Mathur, K. (1966). Bonus Legislation in India. *Indian Journal of Industrial Relations* 1 (4): 457-475. On the political ramifications of the bonus at the central level, see Van den Bogaert, M. J. (1968). The Bonus Question in India: From "Ex Gratia" Payment to Industrial Claim. *Economic Development and Cultural Change* 17 (1): 50-64.

⁴⁸⁶ Dholakia, J. R. (1964). Bonus and its utilisation by the textile workers of Ahmedabad. Asia Thought Centre. On the different functions of wages, see Introduction.

⁴⁸⁷ Letter of the AMA to the Bonus Commission, 20.9.1962 in AMA Annual Report 1962: 12.

Bonus, when it first became the subject of an industrial dispute in the cotton textile mill industry was interpreted as a gratuitous payment, claim for which was not enforceable at law. Gradually, with increase in adjudication on the subject, the connotation of the term bonus changed and from something payable as a reward and only in case of extra-large profits it has completely metamorphosed into workers' right.⁴⁸⁸

In 1921, Justice Malaviya of the Bombay High Court was the first to set out the qualitative principle of a 'right' to an annual bonus payment conditional upon profits.⁴⁸⁹ However, as the Bonus Commission in 1924 later confirmed, such a right was not an "enforceable claim", thereby leaving it to the employers to announce that the profits had been substantial enough for bonus claims. Nonetheless, this "bonus right" under the judgement neither elaborated on its quantitative relation to profits, nor on its relation to basic wages.

The distinction between basic wage payments and bonuses through the Payment of Wages Act 1936 as outlined above, triggered a particular set of industrial disputes. Moreover, this separation kept bonus payments out of the regulation of other wage components. This did not mean that there was an absence of bonus regulation. During the 1940s and 1950s, norms gradually emerged from the judicial procedures of industrial courts and tribunals (Labour Appellate Tribunal 1949) in the 1940s and Supreme Court rulings in the 1950s (Muir Mills Case 1954, Associated Cement Case, 1959). However, the absence of laws made the process of bonus negotiation within the judicative sphere much more contested, since it took place on two levels – it concerned both the amount of bonus and the norms by which it should be set, as well as the procedures and the adequate forums of negotiation to be established.

2.5.2 The Second World War and Collectively Bargained Bonus Payments, 1939-1945

When war profits skyrocketed in 1941, the TLA demanded an annual bonus of 25 % of the total amount of basic wages paid during the year. These demands, however, were not based on claiming a share of these profits, but framed in the language of need-based requirements, which emerged in parallel to discussions around the dearness allowance. In other words, the idea of the bonus revolved around the idea of ensuring subsistence during a period of hardship, rather than long-term wage increases. It was clear that only a temporary, exceptional payment could have been

⁴⁸⁸ Ibid.

⁴⁸⁹ AMA answer to Textile Wage Board, 1959.

included in the demands up for negotiation with the millowners, given that any long-term basic wages increase was off the table. The millowners argued that “an increase in wages could never be claimed with any justification merely on the assumption of an improvement in the industry for a short period”,⁴⁹⁰ i.e. the war period would be exceptional in comparison to other times. As the AMA president Chamanlal Girdhardas Parekh contended, it would have been in fact necessary to save adequately in order “to plan for a post war depression”.⁴⁹¹

Both parties eventually arrived at a compromise on December 2, 1941, which involved paying two months’ wages to workers of all AMA member mills. However, even after this agreement, the millowners tried to convert at least part of the total bonus sum of Rs. 22 lakhs into a fixed welfare fund administered by the association. This would have left at least a certain degree of control over the funds in the hands of the millowners. In their opinion, there was a chance that workers would simply waste the money once it was issued to them: “Some of the workers might be prudent but the same cannot be said for the whole class and I fear that much of the amount received by them as bonus must have been spent away on avoidable items of expenditure.”⁴⁹² According to the millowners, they were much more qualified to provide for the welfare of their subordinates, even saving the workers from themselves, and this would have enabled the AMA “to give relief to our workers from the excessive burden of excessive interest which they are obliged to pay to moneylenders, particularly the pathans.”⁴⁹³

Why was the TLA not in favour of a welfare fund, even though the principle of trusteeship had been generally agreed on in the past? As the previous sections have shown, the interaction with other labour leaders at the central level (particularly those belonging to the Congress Socialist Party and the Communists) had put pressure on the TLA from the left. This alienated the millowners, who had not experienced any major confrontation with the TLA since the beginning of the war. The AMA president expressed his sentiments at the annual conference:

I appreciate the advantages of a strong labour union but at the same time I very much regret to find that a trade union like the one we have here, should oppose beneficial schemes like a labour exchange, a welfare fund, cooperative societies etc. The only inevitable conclusion to my mind is that the TLA does not propose to cooperate in any

⁴⁹⁰ AMA report 1941: 16.

⁴⁹¹ Ibid.

⁴⁹² AMA report 1941: 6.

⁴⁹³ Ibid.

scheme by which the employers might even indirectly get the goodwill of the workers. Candidly speaking, this was brought home, particularly when unnecessary objections were raised by the TLA against the creation of a welfare fund out of the amount of bonus which was being granted by the industry to our workers.⁴⁹⁴

The AMA was clearly aware of the political strength which trade unions had acquired all over the country. However, they failed to counter it with their own version of workers' welfare, which threatened the "cooperative" approach in Ahmedabad.

This changed during the Quit India movement in 1942. As elaborated before, Ahmedabad millowners were much more in favour of the independence movement than their Bombay counterparts, and this had led to the participation of millowners in the strike during August of the same year. The bonus agreement for 1942 had, in particular, left out the strike period in the calculation of bonuses. Some of the mills had remained shut almost three months during these agitations.

In the 1942 agreement, attendance emerged as the most crucial factor in bonus payments. A minimum attendance of 22 days working days per month were necessary to obtain the full amount. Similarly, for the first time, the agreement recognised the need to exclude maternity leave in the calculation of minimum attendance for bonus payments. This agreement was negotiated without involving the labour courts as a measure of voluntary collective bargaining between the TLA and the AMA under the leadership of Sakarlal Balabhai, Nanddas Haridas and Kasturbhai Lalbhai. To demonstrate their good will, the millowners granted a bonus of two and a half months. The 1942 agreement provided the basis for several rounds of negotiations until 1952. In 1943, the relation between attendance and bonus was established, and payments issued based on the amount of days worked: "employees who have worked for less than 75 working days and more than 32 working days shall be granted a bonus 50% and employees who have worked for less than 33 working days shall not be paid any bonus."⁴⁹⁵ Table 7 shows the amount of bonus paid in Ahmedabad in relation to basic wages. This shows that the rate remained uniform between 1943 and 1947. In 1947, millowners also granted an *azadi* bonus equal to one month's basic wage. Through these mechanisms, the bonus was eventually decoupled from notions of "ex-gratia" payments during the Second World War, institutionalising a regular "annual tamasha of bonus" negotiations.⁴⁹⁶

⁴⁹⁴ AMA Report 1941: 6.

⁴⁹⁵ Bombay Labour Gazette, March 1944: 443.

⁴⁹⁶ Menon, C. D. (1977). The Concept of Bonus. IIMA Working Paper No. 174, September 1977.

However, given that the bonus had to be renegotiated every year, it meant that even with the courts allowing for a qualitative “right” to it, these amounts were never guaranteed as part of the basic wages.

Year	Bonus paid in Ahmedabad
1941	1.5 months
1942	2.5 months
1943	2 m 12 d
1944	2 m 12 d
1945	2 m 12 d
1946	2 m 12 d
1947	2 m 12 d
1948	4.5 months
1949	2 m
1950	2 m
1951	3 m
1952	2 m
1953	Five-Year Bonus Pact

*Table 7: Bonus Paid in Ahmedabad, 1941-1953.*⁴⁹⁷

While the war lasted, nearly all textile mills in the Bombay Province were able to generate profits. As long as this was the case, discussion around the bonus predominantly focused on its relation to payments of basic wages. When profits started to dwindle after the war, it opened up questions as to what extent bonuses should relate to profits – should they take into account profits generated at the all-industry level or profits generated by individual mills? Or should there be any possibility of accounting for the contribution to profits by individual workers within the firm? As such, bonus payments became an acceptable provision for both trade unions and business associations to address in matters of distribution for a given year, while keeping the overall, long-term wage structure intact.

How this distribution should look like was fiercely debated. With the end of the war, there was a divergence between employers and workers’ associations in terms of what bonus payments should

⁴⁹⁷ AMA Report to Cotton Textile Wages Board (1959): 6.

look like and what their function was. For the TLA, the matter of bonuses was closely tied to the conceptualisation of wages under the Minimum Wages Act, 1948. As such, it would have been part of the spirit of the Industrial Truce Resolution, promising wage concessions in exchange for containing strike activities. Since the Fair Wages Commission had distinguished between norms of minimum wages, fair wages and living wages, bonuses according to the TLA related to the notion of the latter. The previous sections have shown that whereas minimum wages according to the Commission were (at least conceptually) to be paid irrespective of the profits generated by a certain enterprise, fair wages needed to take into account the industry's capacity to pay. A living wage standard was defined as an ideal which would not necessarily ever be obtained, but was to be aspired to with continuous economic development. In this framework, bonus payments could merely just approximate such living wage standards. Whether this needed to take into account the amounts of profits was left open. Nonetheless, this new line of argumentation by the TLA marked a shift in the demand for bonuses from the beginning of the war. Had such demands mainly been framed in terms of basic needs which needed to be guaranteed, now ideas turned towards standards above the minimum. The AMA, on the other hand, argued that due to the regulations of the Minimum Wages Act, the payment of the bonus bore no relation to living standards, as these were to be secured by minimum wages.⁴⁹⁸ They reiterated that after the Standardisation Agreement of 1948, the argument that living wage standards were lacking could not be used in the context of bonuses, especially given that Ahmedabad would also pay the highest rate of wages and dearness allowance.

As the relation of living wages to profit remained undefined, it exposed a tension in the concept of bonus pay. In this matter, the TLA remained more conservative than other unions, since they demanded smaller increases. When a "Profit Sharing Committee" was appointed at the central level, its General Secretary Vasavada argued against the concept. He argued before the industrial court in April 1949 that, "profit sharing may follow only after a stage is reached when the worker in the industry has earned a living wage".⁴⁹⁹ In other words, rather than contributing to living wages, profit sharing was to be postponed to even later stages of development.

With the emphasis on the discussion of bonuses based on profit assessments, there was a conceptual shift in the agreement from 1948 to the introduction of a formula-based system in 1949. In 1948, the court based its decision on a needs-based assessment rather than on the

⁴⁹⁸ Written statement dated 15.1.1949 filed by the TLA in industrial court in the matter of bonus, Submission No. 5 of 1948, in AMA Report 1955: 79.

⁴⁹⁹ Award of the industrial court, Submission No 5 of 1948, 29.6.1949, in AMA Report 1955: 90.

distribution of profit and ordered the payment of 4.5 months' wages as a bonus.⁵⁰⁰ This changed in the process of bonus negotiations for the bonus paid for 1949, placing matters of profit distribution at the centre of the discussions. For the first time, company balance sheets were used for the exact calculation of the bonus to be paid. However, to what extent they were able to reflect the company's actual profits was debated fiercely from the beginning. While the matter went before the industrial court in Ahmedabad in 1950, a similar dispute took place in Bombay which had a great influence on the calculation of the bonus at the provincial and national level. To come to a decision in a conflict regarding bonus between the Bombay Millowners' Association (BMA) and the Rashtriya Mill Mazdoor Sangh, the court had formed a Labour Appellate Tribunal (LAT), consisting of the full bench of the industrial court (the results have therefore also been referred to as the Full Bench Formula).⁵⁰¹ Addressing the question of bonus payment by loss-making mills, the case debated whether agreements on bonus matters between a trade union and a business association should be applied for the entire industry in a given centre, or whether they should be negotiated individually for each enterprise. The LAT resolved these dilemmas by maintaining both approaches. It drew up a formula for the calculation of bonus payments for individual mills based on their balance sheets, to be applied in all member mills of the BMA. While it allowed for differentiations between mills based on the amount of profit they had made, it still set industry-wide standards for this process.

According to this formula (table 8), workers of a given mill would only have the right to demand a bonus and initiate a bargaining process after certain deductions from the overall company's profit. There was thus a certain hierarchy between the management's and the workers' contribution to profit. These prior charges included adequate funds for statutory depreciation, development rebate and taxes, as well as reserves for the rehabilitation, replacement and modernisation of block (machinery) as calculated by the industrial court for the basic year 1947. Furthermore, a "fair return" was to be provided of 6 % on paid-up capital in cash or otherwise including bonus shares and 2 % on reserves employed as working capital. Those profits "unrelated to the efforts of the workers" were also deducted as extraneous income from the amount available for bonus negotiations.⁵⁰²

⁵⁰⁰ Savings certificates were favoured due to both the government's and the millowners' fear that the sudden issue of large sums of money to workers would increase price volatility and possibly fuel inflation. However, the idea may have been dropped given that savings certificates were much less popular with workers than direct cash payments. Agreement dated 23.7.1949, in AMA Report 1955: 93.

⁵⁰¹ 1950-2 Lab LJ 1247, Mill Owners Association, Bombay v. Rashtriya Mill Mazdoor Sangh, Bombay.

⁵⁰² Cited in Annex of the industrial court (IC) No 236 to 251 and 253 to 302 of 1959 in the matter of bonus for the year 1958.

1. Profit as per profit and loss after donation
Add: depreciation
Add: provision for taxation
Add: provision for bonus
2. Gross profit
Less: extraneous profit
Less: notional normal depreciation
Less: tax at 51.5%
Less: wealth tax
Less: dividend tax
Less: return on paid-up capital 6%
Less: return on reserve employed as working capital 2%
Less: excess of annual share of rehabilitation
3. Surplus or deficit? – bonus

Table 8: LAT formula

The TLA saw this application of a formula that had been decided in a different industrial centre, as a violation of the established principle of arbitration. The association wanted to elaborate a different formula for the Ahmedabad context, since it felt that “these norms have not been settled properly and result in the end to strengthen the capitalistic structure while the working classes are not paid even a living wage.”⁵⁰³ In other words, in the determination of a formula, the TLA felt that there was no scope left for collective bargaining. Condemning the judicial activism by the Full Bench of the Bombay Labour Court, the TLA distinguished between labour courts and regular courts:

The courts of arbitration have to play a role much different from and more superior to ordinary courts of law which administer, interpret and apply only the coded laws. The courts of arbitration can, however, take into consideration modern trends of social thought and be in the vanguard of legislation. Really speaking, it is for them to give effect to

⁵⁰³ This again indicates the TLA’s surprisingly leftward shift during this period. TLA notice 24.3.1951 in the matter IC No 241 of 1951, in AMA Annual Report 1957: 35-36.

legitimate aspirations of toiling masses and not be bowed down by mere case law and conventions.⁵⁰⁴

The TLA therefore hoped that it could shape the bonus formula through negotiations at the Ahmedabad level of arbitration, but eventually the court applied the same bonus formula to the industrial centre for the year 1949 as it did in Bombay. The AMA, on the other hand, welcomed the LAT formula due to the possibilities for profit-based distinctions it provided and rejected the principal role of labour courts as set out by the TLA:

The TLA is not right in stating that industrial tribunals should be in the vanguard of legislation. On the other hand the industrial courts in making their decisions, should only consider facts as they exist and give decisions suited to the present conditions and must be in the rear and not in vanguard of legislation.⁵⁰⁵

This shows the centrality of bonus negotiation in the formation of judicial institutions, which both shaped and were themselves shaped by the negotiation around wage components. The industrial court eventually accepted the AMA's notion of the LAT's supremacy in its award of bonuses for the year 1950, published on April 30, 1952. Rather than developing a formula for the calculation of bonus payments in Ahmedabad, the court followed the LAT formula developed in Bombay, exempting three loss-making mills from the obligation to pay a bonus of two months' basic wages.⁵⁰⁶ It abstained from adding any new regulatory framework to the discussion on bonuses themselves. Nonetheless, unprofitable Ahmedabad mills paid one month's bonus. This set an important precedent, as varying levels of bonus were determined for different mills.

At the same time, the formula – once established – led to a revival in dispute settlements out of court. While the late 1940s and early 1950s had seen the involvement of courts in the standardisation of wages in 1947 and in the settlement of the LAT formula of bonus payments in 1950, this newly determined framework, or these rules for procedure, now allowed in 1952 “for the settlement of (all) labour disputes out of court by arbitration and conciliation”.⁵⁰⁷ In this model,

⁵⁰⁴ TLA notice 24.3.1951 in the matter IC No 241 of 1951, in AMA Annual Report 1957: 36.

⁵⁰⁵ AMA statement 28.2.1952 in the matter IC No 241 of 1951, in AMA Annual Report 1957: 57.

⁵⁰⁶ In addition, the agreement did not apply to seven mills which were not a member of the AMA: Calico and Jubilee, Ahmedabad Shri Ramakrishna, Vivekanand, New Maneckchowk, Bharat Suryodaya, Sri Snand, Srinagar Mills. The last two had just left the AMA during the same year. Award of the Industrial Court dated 30.4.1952. In: AMA Annual Report 1957: 87.

⁵⁰⁷ AMA Annual Report 1954: 8.

conciliation was the process of handing in notices of change which would then be negotiated through the administrative channels (i.e. the secretaries) of their respective associations. If no agreement was reached, each party would appoint an arbitrator who would then jointly issue a statement on the case. These arbitrators were usually people who enjoyed the trust of both associations, like Kasturbhai Lalbhai and Khandubhai Desai, who were appointed arbitrators in the matter of bonus payments for the years 1952 and 1953.⁵⁰⁸

Figure 7 shows the gross annual profit between the years 1949 and 1955, indicating that the industry had reached a point of crisis in 1952 and 1953. Even though the LAT formula excluded loss-making mills, both associations failed to agree on the bonus payment obligation of these enterprises. Whereas arbitration procedures succeeded for the year 1952, they came to a standstill in 1953, as no compromise could be arrived at with regard to 22 mills which had failed to generate profit during the year. This eventually led to the breakdown of the voluntary, out-of-court settlement procedure which had characterised Ahmedabad's "cordial relations" between business and trade unions for two years.⁵⁰⁹ According to the AMA, it was the TLA's fault because

No efforts were spared from our side for renewal of the agreements, but the negotiations broke down due to differences of opinion on the question of bonus for the year 1953, to arbitration on basis of the formula and principles adopted and followed by the industrial court, the Labour Appellate Tribunal ... was not acceptable to the union and consequently the various disputes will now have to be decided by the courts.⁵¹⁰

When the matter was discussed in the industrial court in the following year, Justice Divatia contended that,

Ever since the former practice of taking all the textile mills in one centre as one unit for the purpose of determining the bonus was given up, there has been dissatisfaction on both sides on the bonus question every year, and in my view, this change as well as the formula set up by the labour appellate tribunal have made the bonus issue a very complicated one resulting in bitterness on both sides instead of promoting peace and harmony between the employers and

⁵⁰⁸ AMA Annual Report 1953: 4.

⁵⁰⁹ AMA Annual Report 1954: 8.

⁵¹⁰ Ibid.

workers. I hope the whole matter is reconsidered at the highest level. If bonus is to be given, it must be awarded in such a way that it does not defeat its purpose.⁵¹¹

Therefore, according to the judge, one function of the bonus was also to ensure industrial “harmony”. As the previous section showed, bonus payments, more than any other component of the wage, and however small a fraction they might have been, were able to facilitate industrial peace, as they gave a sense of profit distribution which otherwise would not have been the case. This peace was now endangered by the LAT formula. At the same time, even though disputes increased, the diagram below shows that in comparison to fluctuations in gross profit, bonus payments remained fairly stable. We can see that the highest payment was made in 1947 due to the azadi bonus. The LAT formula brought the bonus down to 117 lakh Rupees as the total bonus paid within the industry, and stabilised it during the 1950s between 120 and 170 lakh Rupees. This stabilisation was also made possible through the bonus pacts which shall be analysed below.

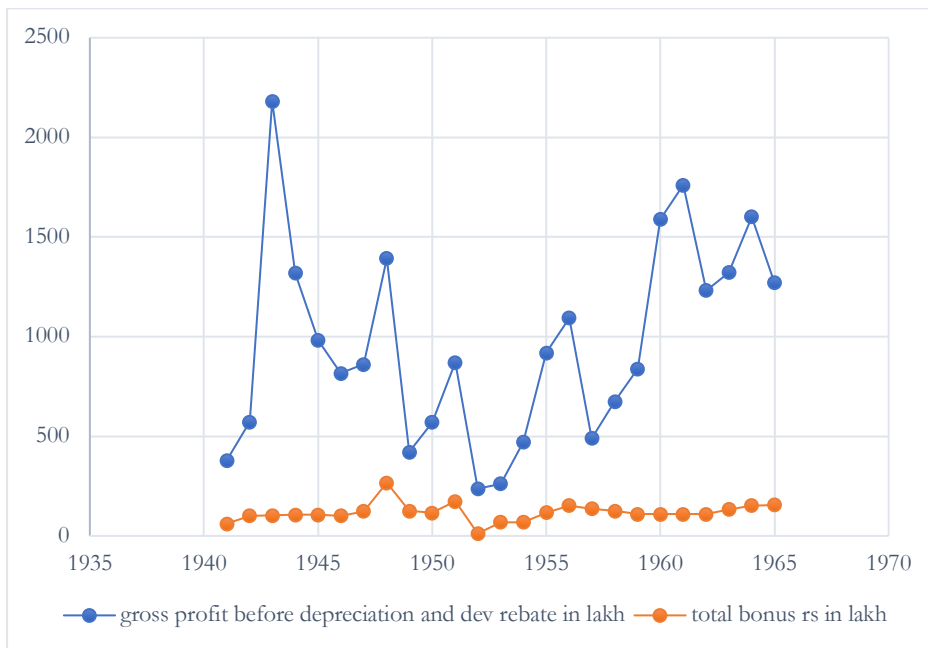


Figure 7: Gross profit and bonus, 1941-1965

2.5.3 The Five-Year Bonus Pact 1953-1958

The agreement between the TLA and the AMA to settle disputes by conciliation between themselves were challenged by bonus-related court cases at the central level. The case related to

⁵¹¹ Award of the Industrial Court, 16.05.1954. In: AMA Annual Report 1957: 5.

the question of whether loss making mills were required to pay bonuses or not. In 1954, the Supreme Court decided in the matter of the bonus for loss-making mills in the Muir Mills Case. Since the Supreme Court asserted that there was absolutely no liability for mills which did not see any profits after the deductions made under the LAT formula, this caused “dissatisfaction among workers employed in Ahmedabad textile mills who were used to get bonus even from loss-making mills”.⁵¹² This Supreme Court ruling was generally interpreted as a potential threat to the custom of annual bonus payments in Ahmedabad.

In an attempt to restore the previous rounds of out-of-court negotiations, the TLA and AMA agreed in 1955 to a voluntary Five-Year Pact for the payment of bonus during the years 1953-1958. According to the Supreme Court’s observations on this pact in 1960, it had been particularly in the interest of the TLA to participate in such an agreement due to its provision of the guarantee of a minimum bonus of at least one month’s basic wage per year even if mills had made losses. However, the TLA also “had to pay a price, viz. to agree to a maximum of 3 months basic wages as bonus.”⁵¹³ As a consequence, the calculation of the bonus payment by the individual enterprise was framed around these two points of reference – one minimum bonus of one year and a maximum bonus of three months. The agreement had so-called ‘set on’ and ‘set-off functions’: mills which had to provide minimum bonus payments to their workers in years without profits could deduct such payments in years in which their balance sheets showed a surplus.

No. of days’ bonus paid	No. of mills during year				
	1953	1954	1955	1956	1957
78 (max)	6	5	7	21	10
65-78	-	-	2	1	9
52-64	-	1	4	3	-
39-51	1	1	8	3	1
26-38	3	2	3	4	2
15-25	-	-	3	-	2
15 (min)	49	51	33	28	36
total	59	60	60	60	60

Table 9: Bonus paid in day rates per number of mills

⁵¹² AMA Report 1959: 69.

⁵¹³ AMA Report 1959, correspondence: 68.

Table 9 shows the aggregate bonus granted by mills based on the rate of basic wages per working day. This shows that the majority of mills paid the minimum amount of bonus permissible under the agreement during the period of the pact. During this time, as figure 8 shows, the profit-generating capacity of individual mills varied significantly, causing tensions not only between mills and their individual workers around the payment of bonuses, but also between millowners themselves. Calico earned three times more profits during 1953-1957 than other enterprises on average. Indeed, the Five-Year Bonus Pact was not only important for the TLA as a guarantor of industrial peace, but for the AMA as well. Diverging profit trajectories had made it difficult to come to an agreement on bonus matters among themselves. Such an agreement was important, since it provided the AMA with an opportunity to keep its association relevant at industry-level bonus negotiations, thereby preventing an individualisation of court cases at the level of single enterprises.

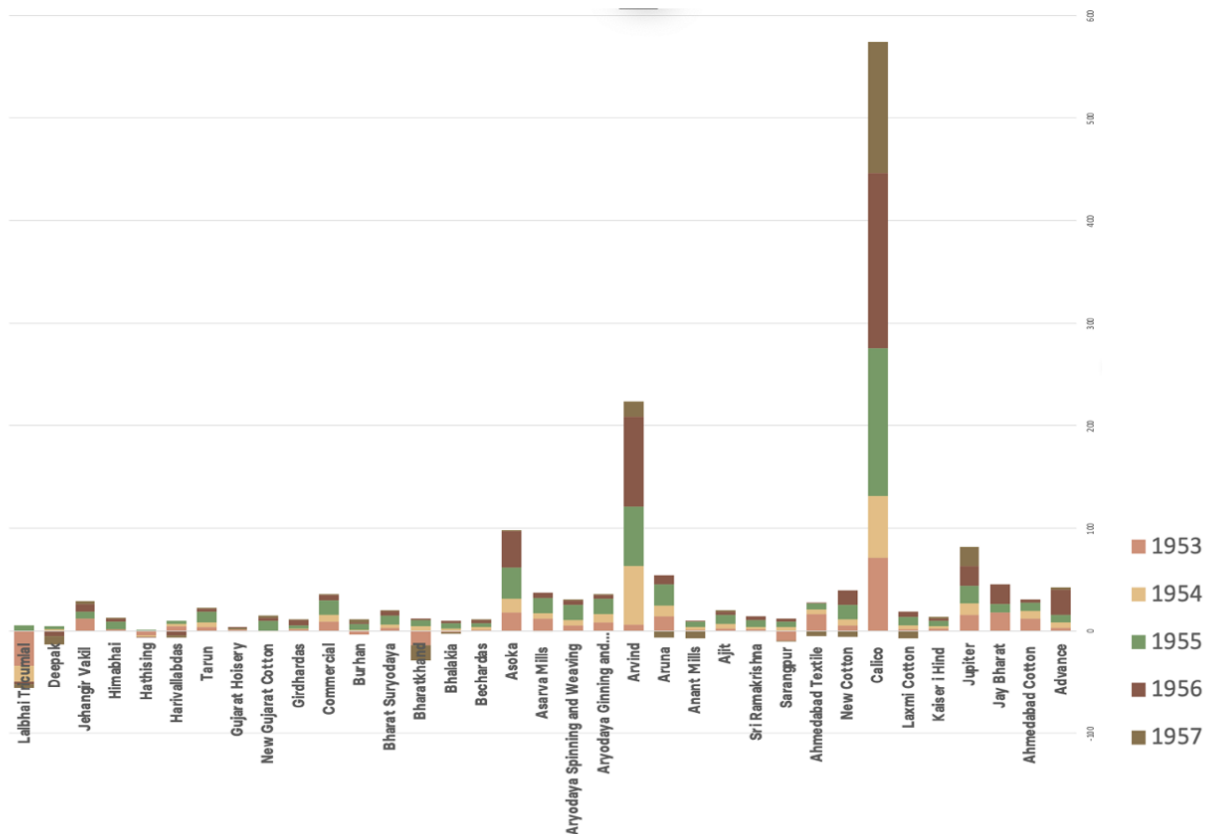


Figure 8: Net profit (after tax) in Ahmedabad textile mills in lakh rupees, 1953-1957⁵¹⁴

⁵¹⁴ Calculations are based on the balance sheets of the mentioned mills for the years 1953-1957. These are the profits that the mills themselves declared.

With this framework, the Five-Year Bonus Pact became a reference model for other industrial towns, particularly in Bombay. The industrial court in Ahmedabad found in 1959 that “70% of the textile industry in India came under the purview of such long-term pacts.”⁵¹⁵ In Bombay, this pact was partly enacted by government force in all those enterprises without an identifiable representative union (according to the Bombay Industrial Relations Act, 1947). It also drew the attention of the ILO, which endorsed the pact as a point of reference for industrial peace in India. While it was scaled up, however, it was no longer possible to maintain it in Ahmedabad. Why was this the case?

After the Five-Year Bonus Pact expired, pressures to terminate all-industry-level agreements could not be contained any longer. Even though negotiations for the extension of the pact for another five years had been initiated by the AMA and the TLA in 1958, they soon broke down. This was further fuelled by the ruling of the Supreme Court in the case of the Associated Cement Companies (ACC) in 1959, which again confirmed that loss-making units were not to be held accountable for bonus payments. It also lowered the bonus sum to be distributed by increasing the possible deductions for the stock of machinery in a factory.⁵¹⁶ According to the millowners, due to this decision of the Supreme Court in the ACC case, the extension of the local pact with the TLA was “not maintainable”. Given the structure of bonus negotiations as set out in the ACC case, a majority of companies felt that they did not want to be represented by the AMA in the dispute unfolding in the industrial court, nor did they recognise the jurisdiction of the court on the matter.⁵¹⁷ 48 mills were recognised as individual parties to the case, claiming that the bonus pact had been an exception and as such could not be prolonged. Returning to the question of which role the courts could play in setting out outcomes and procedures for bonus payments, the AMA argued that it lacked the jurisdiction to create new rules:

The five-year pact was an experimental one not intended to govern bonus disputes for future years... at the time of the pact there was no authoritative pronouncement by the supreme court about the bonus formula... a tentative agreement was reached for five-years on an erroneous construction of the said formula.⁵¹⁸

⁵¹⁵ AMA Report 1959: 68.

⁵¹⁶ *Labour Law Journal* 1959, Vol I: 644.

⁵¹⁷ IC No 23 6 to 251 and 253 to 302 of 1959 in the matter of bonus for the year 1958.

⁵¹⁸ Statement Ashoka mills, cited in SC Civil Appellate Jurisdiction. Petition for Special Leave to Appeal No. 83 of 1960 in the matter of IC No. 259/59 the Ahmedabad Calico (Jubilee Mills) vs TLA.

To terminate the Five-Year Pact, the AMA argued before the High Court that the calculation of set-on and set-off bonuses had been “erroneous” and that the court had no jurisdiction to impose such conditions on the employers.⁵¹⁹ According to the mills, this was due to the nature of bonus payments being significantly different from wages and thus from collective agreements:

while wages are paid as remuneration for turning out certain amount of work under similar circumstances in all the units in a centre and as such they may be on the same level in all the units, bonus is altogether a different proposition, it being not remuneration paid on basis of a worker’s output but is in the nature of a reward or sharing in the prosperity of the unit in a particular year to which prosperity he had contributed.⁵²⁰

Interestingly, this argument implicitly agreed that there was indeed a relation between profit and bonuses. This relation allowed workers to claim a share in profits, even though it was to be different from profit sharing. Such a difference lay in the nature of profits in this model becoming the prerequisite for bonus payments in the first place, whereas profit sharing would have allowed for joint decision-making about the distribution of such profits once they were made. Under all circumstances, millowners sought to keep such power over decisions on how profits should be used rather than give them up to the courts. In this sense, bonuses remained in the sphere of trusteeship even when the “ex-gratia” element of such payments had faded into the background. This meant that while several monetary concessions of bonus payments were granted, control over business decisions still had to remain in the hands of mill-owning families.

The court agreed with the AMA insofar as it declared the Five-Year Pact an exception at a point where it had obtained the status of a norm to be followed in other textile centres in India. At the same time, the court did not follow the AMA’s assessment that it was not a proper part of the wage. The bonus, according to the courts, was rooted in principles and customs which could not so easily be taken away from workers. In their judgement, the judges Meher and Thakore argued that there needed to be some consistency in the payment flow that workers could expect. Therefore, they renewed the agreement for another year, but contended that this would not form a “precedent for future bonus settlements.”⁵²¹ The court based the extension of the payment of the average sum of bonus paid during the period of the Five-Year Bonus Pact.

⁵¹⁹ J. B. Mehta represented 27 mills, I. M. Nanavati 30 mills, G. P. Vyas and M. A. Jagani 6 mills, and J. G. Rebello 2 mills. AMA Annual Report 1959, p. 64.

⁵²⁰ Statement of the AMA before the Bonus Commission, AMA Annual Report 1962: 18.

⁵²¹ AMA report 1959, p. 70. 5.11.1959.

When 18 mills, including the Arvind Mills under Kasturbhai Lalbhai, did not recognise the ruling of the industrial court, the matter of bonus payments for 1958 went before the Supreme Court in 1961.⁵²² The case had made it necessary for a higher instance to decide on institutional responsibilities and whether courts were able to make rules similar to those of legislative principles. The Supreme Court affirmed the responsibility of the industrial court on the matter, including its capacity to “create new obligations or modify contracts in the interests of industrial peace”.⁵²³ In its final judgement, it confirmed the verdict of the industrial courts that all firms would pay a bonus based on an average of the sum paid during the five years of the bonus pact in 1961. Therefore, although the Labour Appellate Tribunal was eventually abolished in 1956, its formula remained intact due to its application to bonus cases by industrial courts as well as the Supreme Court.

This reflected the mills’ own disunity over the matter of bonuses matter. This threatened the AMA’s leading role in the negotiation and representation of shared interests among businessmen. After the end of the Five-Year Bonus Pact, there was a clear break in the format of bonus negotiations. While negotiations during the pact had been taken place through the representative organisations of the TLA and the AMA, the AMA ceased to be a party to the negotiation of its successive agreement. Businesses were no longer represented collectively. Individual mills felt that the association was a “neither necessary nor proper party” to the court, so they filed 66 single cases against the TLA.⁵²⁴

Bonus negotiations caused disunity not only among millowners but among workers too. The data of the 1958-59 budget also allows us to see how the distinction between casual workers and permanent workers affected bonus payments. Although these workers were technically eligible to bonus payments, as various bonus agreements have shown, they did not receive such payments when they failed to work the required minimum days. In other words, those who did not earn a minimum wage did not have the chance to earn a bonus either. This is clearly confirmed by the budget survey, which states that “families in the income classes below Rs. 90 did not receive income from... bonus”.⁵²⁵ This turned the bonus into a mechanism for distinguishing between the

⁵²² 1961 AIR 867, 1961 SCR (3) 1. Appeals by special leave from the Award Part 1 of the Industrial Court, Bombay, in References IC Nos. 261, 297, 238, 241, 248, 263, 266, 271, 301, 302, 257, 237 296: 299, 300, 283 and 284 of 1959. These mills included New Maneckchowk Mills, Ananta Mills, Sarangpur Cotton Mills No. 1 and 2, New Cotton Mills, Nutan Mills, Ahmedabad Cotton Mills No. 1 and 2, Silver Cotton Mills, Hathisingh Cotton Mills, Raipur Mills, Aruna Mills, Saraspur Mills, Laxmi Cotton Mills Vijaya Cotton Mills and Arvind Mills.

⁵²³ Ibid.

⁵²⁴ IC Awards No. 237-303 of 1959, cited in AMA Annual Report 1959: 63-64.

⁵²⁵ Labour Bureau, Government of India (1960). Occupational Wage Survey, 1958-59: 30.

groups who received it and the groups who did not.⁵²⁶ This is another indication that bonus payments were a structuring tool of the labour market, contingent on production strategies which increasingly diverged during the late 1950s. When central legislation attempted to streamline such tendencies, this led to local tensions, as the following section will show.

2.5.4 Bonus and “Social Justice” – The Bonus Commission and the Bonus Act

The court cases before the Supreme Court marked a turning point in the bonus negotiations in Ahmedabad and its role as a seemingly peaceful model for the rest of the country, because it opened the door for the legislature to enter. At the centre of such cases stood the ACC cement case which had shaken up the Five-Year Bonus Pact. Based on the premise that workers had the right to claim a bonus under the living wage principle it contended that “If the legislature feels that the claim for social and economic justice made by labour should be redefined on a clearer basis it can step in and legislate on that behalf.”⁵²⁷ This became the legitimisation for the intervention and shifted the arena from labour courts to the legislative realm. The Supreme Court encouraged a centralisation of the bonus question by bringing about guidelines for the courts to assess such disputes. This raised questions regarding not only the scale of bonus negotiations (and the significance of local agreements, such as the Five-Year Bonus Pact as a precedent), but also the hierarchies between different formats, be it negotiations at the industry level between two representative parties of workers and employers, or arbitration before court or within the legislative framework of the government. With such guidelines announced to be in-the-making, bonus negotiations at the local level in Ahmedabad stalled. While the TLA argued that the precedent set by the Five-Year Pact could not simply be disregarded, the AMA used the announcements at the central level to delay negotiations on the bonus following the pact.

The government justified settling the matter of bonus through legislation by claiming its aim was to establish a general principle of “social and economic justice” which would require centralised control. Recognising the historical evolution of bonus agreements in India, the terms of reference of the Commission set out at the ILC suggested that there was already a consensus on bonus

⁵²⁶ Up until a monthly budget of Rs. 150, the proportion of the bonus contributed less than one % to the total household income. Only for budgets in the categories between Rs. 210-300 it contributed an extra 6 % per month and in the case of more than Rs 300 it added up 14 % of extra income. Of course, these two uppermost income categories consisted only of a minority of workers in Ahmedabad. As the income distribution below shows, only 15.34 % of all households earned more than Rs. 210. Only 4.4 % earned more than Rs. 300. Ibid.

⁵²⁷ AIR 1959 SC 967.

payments as an integral part of the payment structure in India.⁵²⁸ However, what exactly “social and economic justice” meant was up for debate. Under the framework of development, the government sought to increase productivity by shifting the bonus system towards greater incentive measures. This would have required a change in the prevailing structure of the annual bonus, which was predominantly paid to secure attendance. For the AITUC-affiliated unions, on the other hand, this was closely linked to the idea of “living wage” standards, which would justify the payment of a minimum bonus in years with no profits.⁵²⁹ As a regular component of the wage bill, the AITUC saw this as a payment that workers had a right to receive on a regular, annual basis. These sums would enable workers to obtain “articles of additional and diversified consumptions... which cannot be conveniently met from the monthly wage packet.”⁵³⁰ While the TLA agreed on the concept of “living wages”, it contended that such payments were contingent on the outcomes of rationalisation measures and could provide a compromise to layoffs as well as provide a basis for sharing the gains of technological advancements between workers and employers.⁵³¹ Employers, on the other hand, accepted the general principle of bonus payments, but warned that minimum bonuses could lead to “the possible emergence of a privileged class”, while at the same time taking away potentially productive capital for investments.⁵³² Such fears were expressed by the AMA despite its minimum bonus payments under its local agreements with the TLA. All these statements show the varying expectations voiced within the Bonus Commission.

Due to the controversial nature of these payments, the discussions around bonus legislation reopened fundamental questions of the purpose of bonus payments, and their relation to earnings and profit. Questions of bonuses had not only caused industrial unrest in Ahmedabad, but all over India, as figure 9 shows. Particularly in the sugar industry, demands for bonus payments had become an issue of heated debate. AITUC-affiliated unions demanded that the government should follow up on the suggestion by the Supreme Court in the ACC case to pass a law on bonuses.⁵³³ Even though those demands had already reached parliament in 1960, it took a year for Labour Minister Gulzarilal Nanda to set up a tripartite Bonus Commission in December 1961.⁵³⁴

⁵²⁸ Government of India, Ministry of Labour and Employment (1964). Report of the Bonus Commission: 2.

⁵²⁹ Loomba, S. (1970). Wages, Rights, and TU Unity, p. 8. For the AITUC, this had been a reason to argue that the minimum bonus had to be increased in order to receive appropriate payments.

⁵³⁰ Bonus Commission, op. cit.: 107.

⁵³¹ AMA Annual Report 1959: 65.

⁵³² AMA, letter to the Bonus Commission, 30/06/1962: 35.

⁵³³ Loomba, S. (1965). Bonus Bill – An Analysis. AITUC Publication: 2.

⁵³⁴ Alexander, K. C. (1972). Employers’ Organisations in India. *Economic and Political Weekly* 7 (9): M37–M41.

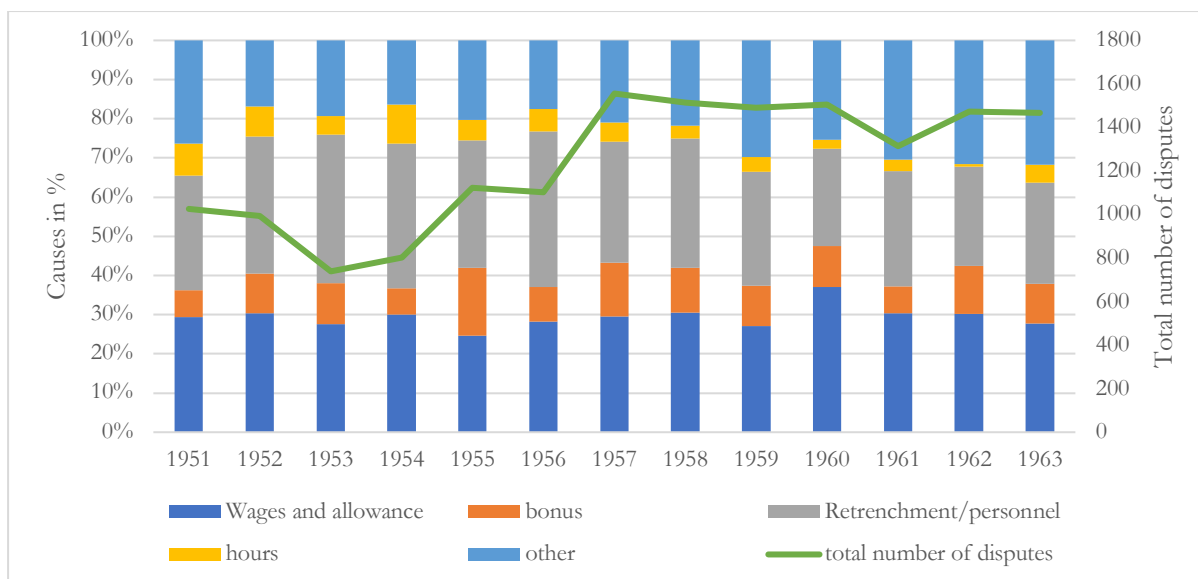


Figure 9: Cause of Industrial Disputes, 1951-1963

Employers had delayed the setting up of the Commission, as the nomination of Justice M. R. Meher as chairman would have “evoked violent protest from all employers organisations”, above all from Naval Tata as president of the EFI.⁵³⁵ The Federation felt that the chairman should be someone who had not issued a judgement on bonus issues before.⁵³⁶ This shows a continuity in the disputes over what the role of judicial forums should be in relation to the legislative. Justice M. R. Meher, who had been chosen, had been a previous judge at the Bombay High Court and as such indeed been responsible for various rulings on bonuses in Bombay and Ahmedabad, as well as the Standardisation Agreement, 1947. In a meeting with representatives of the EFI and AIOIE on February 9, 1961, both Labour Minister Nanda and the Prime Minister assured the employers that the Bonus Commission would not function like a tribunal and therefore the role of the chairman was only to mediate but not to decide.⁵³⁷ Furthermore, to curb potential rivalries between both the largest employers’ associations and the largest unions respectively, the government allocated two seats to each side. For the employers, these seats were taken up by N. Dandekar and D. Sadilya, who retired due to ill health and was replaced by K. B. Mathur, chairman of Heavy Electricals, in 1963. In comparison to the AMA, these represented conservative factions of Indian

⁵³⁵ Employers’ Federation of India (1961). Annual Report: 47. Ironically, Naval Tata had been one of the first employer advocates of profit sharing in his own concerns in Jamshedpur. This was an interesting U-turn, which may indicate that bonuses were more of interest to employers as voluntary schemes.

⁵³⁶ First day of the fifteenth session of the second Lok Sabha, Vol. LIX No. 1., 20. November 1961: 2. Another reason for the delay had been discussions by the Indian Labour Conference on whether or not to include public sector workers in its deliberations.

⁵³⁷ Letter from the Labour Ministry to the Secretariat of the EFI, in EFI Annual Report 1961: 48.

employers, as Dandekar would eventually join the Swatantra Party.⁵³⁸ For the workers, S. A. Dange represented the AITUC and S. R. Vasavada from Ahmedabad joined the Commission on behalf of the INTUC. For the government, Govinda Reddy (former member of the Praja Socialist Party) joined, and B. N. Ganguly from the Delhi School of Economics entered as an independent expert.⁵³⁹

The delays with the Bonus Commission caused further strikes and agitations, as its first report in 1962 could not be passed and was withheld. When the board passed its second report in 1964, it took the government six months, until the beginning of 1965, to finally endorse it.⁵⁴⁰ Due to the frictions the bonus legislation created between the government, trade unions and business associations, the Labour Ministry decided to pass an Ordinance in May 1965 instead of introducing a Bonus Bill to the parliament right away. The Bill was finally passed as the Bonus Act on September 7, 1965.⁵⁴¹

Although the government eventually intervened through legislation in the matter of the bonus, it did not succeed in achieving its main aim of linking the bonus with productivity. As the terms of reference had set this as one of the primary objectives of the Bonus Commission, a major conflict arose over the question of to what extent wages should be linked to individual productivity. For trade unions, the calculation of individual bonuses bore the danger of heightened control over workers by millowners. Furthermore, they contended that productivity was not only contingent on workers, but also depended on the machinery deployed. Explaining this argument in 1973, the economist Ganguly claimed that, empirically, productivity “in many cases does not depend so much on hard work as on the quality and the age of equipment, the decision on which does not depend on workers”.⁵⁴²

This was part of a larger controversy over the meaning of productivity and how it should be measured. It is interesting to note that it was the state, in particular, which was pushing for

⁵³⁸ Dandekar had also been one of the Managing Agents of the Associated Cement Companies in 1954-61 and founder of the Bombay Management Association in 1954. <https://bma-india.com/about-bma/presidents-of-bma/>, last accessed January 5, 2023. See also, Dandekar, N. and Sawhney, L. (1957). Cement Industry in India. Forum of Free Enterprise Pamphlet.

⁵³⁹ Government of India. Ministry of Labour and Employment (1964). Report of the Bonus Commission, p. 1.

⁵⁴⁰ Statutory Resolution Re: Payment of Bonus Ordinance and Payment of Bonus Bill. Lok Sabha Debates. Third Series Vol. XLV No. 15 September 6, 1965: 4010.

⁵⁴¹ Lok Sabha Debates, Third Series Vol. XLV No. 16, September 7, 1965, Twelfth Session: 4367.

⁵⁴² Ganguly, B. N. (1973). Some Aspects of the Theory of Incomes Policy. *Indian Journal of Industrial Relations* 9 (1): 16.

productivity bonuses, whereas a large majority of businesses was not in favour of these.⁵⁴³ The AMA had been one of the main voices of criticism. In their statement before the Commission, they contended that the calculation of the workers' individual contributions to profit was "herculean" and therefore undesirable.⁵⁴⁴ These differences in approaches mainly became visible in opposing views on balance sheets. For the AMA, it was essential to avoid "the temptation of dissecting the balance sheets too minutely" as a form of "harrassment" by both the unions and labour courts.⁵⁴⁵ These instances showed that for both sides, claiming positions based on the generation of certain data sets had become a very tedious and not often comfortable process. Similar views were also expressed by the Bombay Millowners' Association and the federations of other industries, particularly in highly capital-intensive trades, such as oil and aluminium.⁵⁴⁶ While the Tata Engineering and Locomotives Company did not dismissed productivity bonuses outright, it contended that this would lead to the problem of bonuses having to be paid even in loss-making years.⁵⁴⁷ The calculation of individual bonuses was therefore not in the interest of the majority of millowners. As both workers and business representatives resisted incentive bonuses, the Commission eventually abandoned the idea.

For millowners, the main function of bonus agreements lay instead in their potential as a guarantor of industrial peace and regular attendance.⁵⁴⁸ The AMA endorsed attendance as one of the conditions attached to it to "encourage the employee to maintain continuity of work without going on a spree."⁵⁴⁹ Citing Henry Richardson as a scholar of industrial relations, having worked both at the ILO and together with ATIRA, the Bonus Commission contended that "the main value of profit sharing and co-partnership is indirect, by promoting better industrial relations, and there is some evidence that firms with schemes have less labour trouble."⁵⁵⁰ Thus, bonuses were not envisioned as a short-term compensation for direct performance of work, but as a long-term investment in "intangible benefits such as better co-operation" and to ensure "less resistance to change" when it came to rationalisation measures.⁵⁵¹

⁵⁴³ The faction in favour of productivity bonuses was represented by Lok Sabha Member N. Dandekar from Gujarat. In the parliamentary debate on the Bonus Bill, N. Dandekar argued that the deletion of matters of productivity from the terms of reference of the Commission had been a "grave error", as keeping these would have solved two problems (i.e. bonuses and more production) at the same time. Lok Sabha Debates, Third Series Vol. XLV No 15 September 6, 1965: 4024.

⁵⁴⁴ Bonus Commission, op. cit.: 24.

⁵⁴⁵ Written statement of the AMA before the Bonus Commission, AMA Annual Report, 1962: 34.

⁵⁴⁶ Bonus Commission, op. cit.: 23.

⁵⁴⁷ Bonus Commission, op. cit.: 25-26.

⁵⁴⁸ Like in Ahmedabad, anyone who had worked fewer than 75 days, but more than 32 days was entitled to a 50 % bonus. Ibid.

⁵⁴⁹ Written statement of the AMA before the Bonus Commission, AMA Annual Report, 1962: 49.

⁵⁵⁰ Richardson, H. (1954). *An Introduction to the Study of Industrial Relations*, p. 118, cited in Bonus Commission: 22.

⁵⁵¹ Ibid.

Following this approach, the Commission kept the relation between the profits of individual mills and bonuses by deciding against bonus agreements for the entire industry and instead expanding the LAT formula for a set-on/set-off mechanism of bonus calculation. For establishments under the Factory Act, this formula was based on the Five-Year Bonus Pact for Ahmedabad.⁵⁵² Like the agreement in Ahmedabad, the Commission included the provision of “minimum” and “maximum” bonus payments – the minimum amounting to four % of the annual wage or Rs 40 (whichever higher) and the maximum being 20 % of the annual basic wage. In the context of the Bonus Commission, these basic wages also included the dearness allowance, which consequently meant an increase in the bonus as compared to previous calculations in Ahmedabad.⁵⁵³

The greatest controversy arose over the formula applied to calculate the amount of profit for distribution as bonuses. The formula had shifted the negotiation to the availability and the mode of calculating profits, thereby focusing conflicts over bonuses on the production of company balance sheets. The AITUC felt that employers “could and did manipulate balance sheets in a way which either left no surplus, or such a meagre amount that it, in fact, amounted to denial of bonus.”⁵⁵⁴ For the employers, the main contention arose over the issue of taxes – to what extent they should be deductible from the overall sum of profits available, as well as to what extent bonuses should be deductible from taxes for businesses. As the Committee did not agree on these matters, N. Dandekar raised a Note of Dissent, which was published in the appendices of the Bonus Commission. When the Ordinance and, later on, the Bill was discussed in parliament, however, this led to a huge outcry, since the Labour Ministry had integrated Dandekar’s note into its proposals almost word for word. Additionally, the amount of return on capital for depreciation had been increased from 6.5 % to 8.5 % and the development rebate for the purchase of new machinery from 4 to 6 % from the initial proposal (thereby increasing the leverage of businesses to reduce their profits available to distribute as bonus).⁵⁵⁵ All major unions, including the INTUC, AITUC, UTUC and the HMS, objected that the recommendations of the Commission had been significantly altered, as “a veto power was given to one member – representing the private sector capital and the government obligingly incorporated.”⁵⁵⁶ Rather, the unions insinuated that the

⁵⁵² The Commission referred to agreements by tea estates in Madras, Mysore and Kerala in 1961, and to dockworkers’ agreements in Bombay from 1959-1965. After a long discussion at the Indian Labour Conference, the Commission explicitly also included public sector workers. Bonus Commission, op. cit.: ii.

⁵⁵³ Bonus Commission, op. cit.: 22.

⁵⁵⁴ Loomba, S. (1965) Bonus Bill – An Analysis. AITUC Publication: 1.

⁵⁵⁵ AMA Annual Report 1965: 72.

⁵⁵⁶ Lok Sabha Debates, September 7, 1965: 4042

government may have been prone to corruption in their design of the bonus structure. In his speech, Indrajit Gupta of the Communist Party (CPI) sarcastically commented on the added definition Dandekar had brought to the bonus as a “symbol” of big business in India:

Mr Kirloskar (FICCI president 1965-66) perhaps who from outside, is offering a new kind of bonus to individual Congressmen as the Chairman of the Federation of Indian Chambers of Commerce and Industry and saying that if you champion the cause of FICCI, he will give you the bonus.⁵⁵⁷

The dissent from the CPI and the AITUC had been too strong to be included in the main report. Instead, the union published it as its own pamphlet.⁵⁵⁸ However, the government attempted to appease workers’ representatives by promising that the change in the formula would not affect those agreements where higher bonuses were already being paid. Instead, the Labour Minister argued that the concessions to the employers should be viewed as a compromise in exchange for the introduction of minimum bonuses for 4.5 million workers who had not received any bonus payments before.⁵⁵⁹ While for unions affiliated to the INTUC, including the TLA, such assurances were enough to accept the provisions of the Bonus Bill, this was not the case for the ATIUC, UTUC and the HMS.

In its protests against the Bill, the Sangram Samiti under the leadership of Indulal Yagnik in Ahmedabad warned that while its provisions indeed had the potential to benefit a number of workers, they had no direct enforcement mechanism. The Bill did not provide any rights which would directly guarantee any bonus payments – instead, it required agreements before an industrial court to register bonus claims. This would have required not only the existence of an active labour union to file a bonus claim within the respective enterprise; it would have required a union with the necessary accountants to approach the courts.⁵⁶⁰ Therefore, the Sangram Samiti demanded the enforcement of the Bonus Act under the Payment of Wages Act – however, without success.⁵⁶¹

⁵⁵⁷ Statement of Indrajit Gupta. Lok Sabha Debates, September 7, 1965: 4042.

⁵⁵⁸ Loomba, S. (1965) Bonus Bill – An Analysis. AITUC Publication: 20.

⁵⁵⁹ Lok Sabha Debates, September 7, 1965: 9333

⁵⁶⁰ This problem had already been recognised in the Lok Sabha by Sadhan Gupta of the Communist Party in 1961. Lok Sabha Debates, 7.9.1961: 7928.

⁵⁶¹ However, the AITUC remarked later that even the definition of “workman” under the Payment of Wages Act was narrower than the coverage of workers under the Bonus Act, as it excluded everyone earning above Rs. 400 per month. Loomba, op. cit.: 10.

Employers' representatives agreed that the Bonus Act – which eventually passed in September 1965 – added more legal confusion than it solved.⁵⁶² According to Dandekar's statement in parliament, the central problem lay in the relation of the new Act to already existing agreements by courts. In an attempt to create legislation in a matter that had otherwise been addressed by the judiciary, it had caused

the total destruction of the whole legal framework in which the bill is otherwise conceived... It resurrects all the old laws at one stroke, not uniformly, but in some cases any pre-existing tribunal awards, in other cases any pre-existing arbitration awards, in yet other cases any pre-existing agreements and in yet other cases any pre-existing settlements or terms of contracts of service.⁵⁶³

Another provision of the Act referred to the exclusion of “new” companies no more than six years old. As it was unclear at what point they were obliged to initiate bonus payments, the AITUC remarked that its member unions had recorded cases where enterprises had dismissed all their workers only to restart their operations after a short period of closure as “new” businesses.⁵⁶⁴ Indeed, such instances highlighted the (intentional and unintentional) layers of exclusion of the Bonus Act. Not only was it impossible to claim bonuses without the required trade union support, there were also certain groups of workers the Act did not include in its provisions. Such workers were those employed in enterprises smaller than 20 people, those dismissed during the year, and temporary and contract workers.

The Act became valid retrospectively from 1962 onwards. However, what was to happen in the case of agreements still being negotiated was not laid out. Similarly, it did not define the relation between profit-based annual bonus payments as considered by the Act and other forms of existing bonus payments, such as Puja Bonuses or any productivity-related incentive payments.⁵⁶⁵ As the hierarchy between the law and the regulations set out by the tribunals, industrial courts and the Supreme Court were not effectively decided by the Act, both employers associations and unions affiliated to the AITUC feared that the new legislation would inherently lead to greater conflicts.

⁵⁶² In parliament, the main criticism from business-friendly members of the Congress represented by Minoos Masani focused on the fact that the passing of the Bonus Ordinance in April 1964 had been unconstitutional and as such showed a disregard for both previous bonus agreements and democratic processes.

⁵⁶³ Lok Sabha Debates, September 7, 1965: 4027.

⁵⁶⁴ Loomba, S. (1965). Bonus Bill – An Analysis. AITUC Publication: 7.

⁵⁶⁵ Letter of the AMA to the Bonus Commission, 20.9.1962: In: AMA Annual Report 1962: 12.

For the government and the INTUC, on the other hand, this was a clear sign that “some people” were “not interested in solving certain problems.” As such, A. P. Sharma contended, conflict over the bonus was necessary for the AITUC “because they know if the problems are solved through peaceful or constructive methods, their utility will cease to exist.”⁵⁶⁶ However, it also showed that the government and the INTUC were relatively alone in their position of endorsing the Bonus Act. This was partly because the bonus formula as envisioned by the Act reinforced the TLA mode of tripartism and arbitration through a representative union.

To recapitulate, by establishing large-scale agitation around the bonus, the 1940s marked an initial shift from “ex-gratia” payments to a “right” claimed by workers, based on attendance days, as a criteria for calculation. It also extended the concept from the textile industry to other sectors, and geographically from British provinces to the Princely states. As a remnant of the idea of bonuses granted by employers’ out of good will, the idea of a bonus trust fund entered the discussions in Ahmedabad. The AMA proposed that as a trustee, it would administer the sum of bonuses and hand it out according to its own assessments. However, this did not prove to be feasible in the labour climate of the 1940s, marked by labour militancy in other centres of India. At the same time, it also foreclosed the possibility of bonuses as part of “profit sharing”. A committee set up for this purpose at the central level in 1948 only remained in place for a short time.

When demands for bonuses were made again during the Second World War, they were formulated as claims for a share of war profits. As such, the bonus was interpreted variously, ranging from ideas of “profit sharing” to its relation to an ideal “living wage”. As a conception of earned wages, it was linked to consumption patterns and credit, since its annual payment allowed working-class households to buy different goods and/or repay loans, and was therefore closely embedded in local credit relationships.⁵⁶⁷ All of these dimensions would feature in bonus negotiations throughout the period, with different aspects becoming more important at different moments in time.

What therefore remained from this moment in time was an “annual tamasha of the bonus” – whereby the bonus became a regular demand in labour disputes. How these disputes would be settled, however, remained in the sphere of negotiations between AMA and TLA. This changed

⁵⁶⁶ Statement of A. P. Sharma (INTUC president and governor). Lok Sabha Debates, Third Series Vol. XLV No. 15 September 6, 1965: 4054. In turn, of course, this exposed the INTUC’s eagerness to introduce bonus legislation in order to weaken the AITUC’s appeal to workers.

⁵⁶⁷ Sarkar, A., forthcoming.

with the introduction of the so-called Full Bench Formula of the Bombay Labour Appellate Tribunal in 1949. Initially passed as a settlement of bonus disputes in the Bombay textile industry, this formula would become the reference point for disputes all over India, including in Ahmedabad. Although the LAT remained a short-lived forum, it would determine rules for the negotiation of bonuses by setting out a clear relation to profit which would eventually be included in legislative measures. This established a supremacy of the courts over bipartite “voluntary” agreements between organisations such as the TLA and the AMA and was challenged by the TLA on these grounds.

To address these tensions between “voluntary” agreements and court orders, both parties established the Five-Year Bonus Pact in Ahmedabad from 1951-1956. While the pact recognised the rules outlined by the LAT, it sought to leave the decisions on bonuses in the hands of the local parties. This marked a quantification of the bonus based on each mill’s individual profits, thereby standardising its payments but at the same time also foreshadowing conflicts which occurred after the termination of the pact in 1956. Such profit evaluations were based on company balance sheets, leading to constant discussions about the accuracy of such data provided by employers. Furthermore, these discussions also led to diverging interests among millowners with regard to bonuses, as it divided firms into those which had to pay high bonuses due to high profits and those which paid smaller sums, as they had earned only small profits or none at all.

Conclusion

The segmentation of the labour market in India, as demonstrated through the wage regulation processes from the 1930s to the 1960s, illustrates a complex interaction between state intervention, local labour agreements, and industrial relations. The introduction of minimum and standard wages, driven by political and economic pressures, was aimed at resolving labour disputes and standardising wage structures. However, these efforts were fragmented, leading to distinct regional and sectoral disparities. By dividing occupations under the Minimum Wages Act into separate schedules, it determined that for certain scheduled industries, the government (at central and state-level) would be responsible for determining absolute minimum standards. For industries such as the textile industry with collective bargaining frameworks put in place, it was left to the respective industries to determine such standards. This happened during the late 1940s through local agreements and during the 1950s at the central level through the Textile Wage Board. In Ahmedabad, the 1947 Standardisation Agreement was heavily influenced by local power dynamics and the push for technological advancement by some sections of millowners. This resulted in

varied wage outcomes and further entrenched divisions between different categories of workers, both in terms of skill and gender. This was caused by the division of the wage into different components, but was also due to the different dynamics developing under each wage function.

The discussions around “minimum” and “standardised” wages pulled in very different directions. I will first look at how the question of standardisation complicated the relation between workload and compensation on the shop floor. This provides a bridge to a deeper analysis of how this resulted in shop floor reorganisation measures, outlined in chapter 3. I will then turn to the implications of need-based minimum wages for the relation between income and working-class household expenditure, setting out the premises under which I will analyse the need-based consumption standards of working-class households in the final chapter: chapter 4.

Standardised Wages?

The process of defining minimum and standardised wages during the late 1940s gave rise to the question of how tasks for any given role should be aligned accordingly. The Payment of Wages Act, 1936 opened up a discussion of the organisation of working time. The Act sought to create a standardised system of wage payments to reduce irregularities in how workers were compensated. However, payment cycles were not uniformly applied across different categories of workers. For instance, weavers had different payment periods to spinners, and this discrepancy reflected the differences in how labour was organised within the textile mills’ various departments. Attendance became a critical factor in determining wages, with attendance bonuses being introduced as an incentive for regularity. The problem with this approach was that it led to unequal wage structures across departments, complicating efforts to create a uniform wage system and making it harder for workers in certain roles to secure consistent income.

Similarly, the Bonus Payments Agreement of 1942 further entrenched the importance of attendance in wage calculations by making it a key criterion for earning bonuses. Under this agreement, workers were required to be present for a minimum of 22 working days per month to qualify for the full bonus. This shift placed a strong emphasis on regular attendance, incentivising workers to avoid absenteeism in order to maximise their wages. Such a strong focus on attendance had been particularly important during the Second World War when high levels of production were required.

This ceased to be the case in the post-war period. As we have seen, there was a divergence in production strategies and interests among members of the AMA from the late 1940s onwards.

This had an impact on the standardisation of job roles as well. With new machinery introduced in some mills, the agreements had to hold together occupational categories that varied between different mills. This shifted the arena of negotiation from arbitration courts to the shop floor. Posing the question of the relation between “standard” job roles, workloads and pay, the agreement put the spotlight on the (re-) organisation of production on the shop floor. As it sought to minimise tensions by determining unified job descriptions and wage structures, the agreement froze certain existing structures while leaving out new occupations or changes in the labour process due to the introduction of new machinery. As several mills transitioned towards greater automation during the 1950s, new job roles emerged which required standardised wage rates after the agreement was reached in 1947. These processes raised fundamental questions about the relation between machinery and labour, creating a need for data generation and triggering a politically contentious process of data production, from company balance sheets to the process of production and how the shop floor was organised. This put the spotlight on working time, the organisation of shifts, the role of skills, and how all of these would translate into concepts of productivity.

Minimum Wages?

The need for greater access to data was indeed a common factor between “standardised” rates relating to the workload on the shop floor and the calculation of “minimum” requirements of consumption at home. Initially, the Minimum Wages Act of 1948 laid the groundwork for calculating wages based on workers’ needs rather than on the capacity of the industry to pay. The intention was to ensure that the lowest wages paid would be sufficient to cover essential living costs independent of deliberations on an enterprise’s capacity to pay. As such, they came much closer to ideas of poverty relief. However, the real challenge lay in how “needs” would be defined. The 15th Indian Labour Conference (1958) proposed a comprehensive formula, using calorific intake, clothing, and housing costs to calculate a minimum wage. This was a pioneering attempt to quantify living needs based on scientific studies, and to anchor wage discussions in measurable human necessities rather than economic factors alone.

How such dynamics unfolded within the household was particularly difficult to measure in terms of gendered outcomes. As part of the minimum wage discussions, it was recognised that women’s wages were often lower than men’s, based on the assumption that women were not the primary earners in households. This issue complicated the principle of equal pay for equal work and further divided the labour market around gender, with women’s wages often calculated as supplementary

rather than based on the full needs of a worker supporting a family. This introduced another layer of inequality into the implementation of need-based wage standards.

In the case of “minimum” standards, such studies needed to be conducted beyond the shop floor, which meant the state needed to play a stronger role in determining such minimum standards. However, the state’s dominance in determining need-based standards weakened collective bargaining. This was not only the case for scheduled employment under the Minimum Wages Act, but also was also seen in attempts to shift wage negotiations from local unions and employers to central government-controlled wage boards. The aim here was to reduce the ability of local workers’ unions to negotiate higher wages or industry-specific adjustments. For example, the Textile Wage Board’s 1958 recommendations emphasised state control over wage rates, thereby sidelining the role of unions in wage negotiations. Under these premises, it developed the same corporatist tendencies as outlined in the first chapter. However, the moment of 1958 also highlighted the limitations of such a state-centric approach in need-based wage assessment. As the 15th Indian Labour Conference has shown, its need-based formula remained merely a recommendation and was not translated into actual minimum wage values. The 15th ILC shaped the discussion for need-based minimum wages in India for the years to come, but the resistance by industry meant that it was never fully realised. Instead of achieving a uniform wage floor based on subsistence needs, the minimum wage became fragmented, regionally variable, and dependent on economic factors beyond workers’ basic needs.

Chapter 3. Wage Settlements to Increase Productivity on the Shop Floor

This chapter focuses on the regulation of wages at shop-floor level through changes in the labour process. As previous chapters have demonstrated, the need to resolve wage matters “peacefully” through courts necessitated the production of data and reports on actual wage levels and on the relationship between occupational classification, skill hierarchies, and workload. This chapter highlights the growing complexity of emerging studies on wages and workloads in the Ahmedabad textile industry. To understand these changes, the chapter shifts its focus from political institutions to individual factory shop floors. This shift aligns with the evolution of data production, which increasingly moved from analysing the entire textile industry to addressing individualized issues within specific factories. These shop floors were examined through scientific studies conducted by both local and international scholars.

The chapter draws on studies conducted by the Ahmedabad Textile Industry Research Association (ATIRA), the “Ahmedabad experiment” carried out by the Tavistock Institute in London, and the International Labour Organization’s (ILO) “Productivity Mission”. These studies transitioned from addressing the negotiation of an adequate wage for a given workload to establishing a fixed wage with a negotiable workload. Increases in efficiency required new models of supervision, developed through joint cooperation with international scholars, positioning Ahmedabad as a significant site for emerging management scholarship in both India and abroad.

These changes in the relationship between work and wages, cemented by wage agreements, were connected to discussions on workload and rationalisation. Rationalisation was not a new phenomenon, having occurred in several waves since the 1920s. Due to these rationalisation processes, the colonial state had been engaged in knowledge production on workloads as well.⁵⁶⁸ Shahana Bhattacharya has shown how caste remained an important mediating factor in the making of technical knowledge and in the training programmes of “skilled” occupations within leather production.⁵⁶⁹

⁵⁶⁸ E.g. Kumar, A. (2018). Skilling and Its Histories: Labour Market, Technical Knowledge and the Making of Skilled Workers in Colonial India (1880–1910). *Journal of South Asian Development* 13(3): 249.

⁵⁶⁹ Bhattacharya, S. (2018). Transforming Skin, Changing Caste: Technical Education in Leather Production in India, 1900–1950. *The Indian Economic and Social History Review* 55(3): 307-343.

Furthermore, gender evolved as a crucial marker in distinguishing between high- and low-paid occupations.⁵⁷⁰ The first chapter highlighted the union's motives for shifting the burden of rationalisation from men's to women's shoulders. During the 1930s, rationalisation mainly referred to measures to shift the man-machine ratio through layoffs, increasing the number of machines operated per worker. These trends culminated in the Delhi Agreement, 1935. After the high profits of the Second World War, machinery was very worn down, leaving millowners faced with the decision of whether to invest in new, potentially labour-saving technologies or continue working with old and potentially slower machines. This chapter underscores the intertwined nature of these economic processes and the divisions between workers resulting from changes in the labour process, and explores how these changes evolved through workload studies.

All the studies examined in this chapter took place during the 1950s in close succession. The ATIRA material was primarily produced after the standardisation agreement of 1947. Since the main aim of this chapter lies in contextualising these studies, it is predominantly occupied with developments in the 1950s. The increasing number of these studies emerging during this period was a marker of a shift in how labour processes were envisioned and carried out. I argue that their growing complexity was rooted both in changes in the global outlook of developmental agencies, and in increasing differentiation in local production regimes. The scholars involved in Ahmedabad came from diverse backgrounds, and as such, the chapter presents three different actors: a local organisation (ATIRA), an international organisation (ILO), and a bilateral consultancy operation (Tavistock). Due to the significant differences between these actors, they are presented separately within their respective contexts.

As wages were defined by this agreement (as analysed in the second chapter), the question arose of how wages could still be modified through changes in workloads and the intensification of work processes.⁵⁷¹ Such workloads were discussed in the context of skills and how these would relate to wages earned. Through these processes, wage regimes became a crucial mechanism for regulating production, particularly in discussions around rationalisation as a means to intensify the labour process through increased control.

⁵⁷⁰ The historian Sen has analysed the severe implications for women: Sen, S. (2008). Gender and Class: Women in Indian Industry, 1890–1990. *Modern Asian Studies* 42(1), 75-116. For the impact on technological change on regimes of supervision, see Chandavarkar, R. (2008). The decline and fall of the jobber system in the Bombay cotton textile industry, 1870–1955. *Modern Asian Studies* 42(1): 117-210.

⁵⁷¹ On conceptualisations of intensification processes, see Braverman, H. (1975). *Labour and Monopoly Capital: The Degradation of Work in the 20th Century*. NYU Press, New York.

Matters of control and supervision were increasingly analysed as issues of “labour commitment” in order to understand how managerial practices could contribute to the Indian workforce’s adaptation to industrialisation during the developmentalism of the 1950s.⁵⁷² These changes implied shifts towards indirect control through wage incentives, which became most pronounced in the “Ahmedabad Experiment” conducted in the Calico Mills by the Tavistock Institute.

It is noteworthy that not all factories commissioned workload studies; most material was produced for the Sarabhai-owned Calico Mills, while other mills either commissioned confidential studies through the ATIRA or none at all. The analysis of available sources on workload studies and measured changes in the workplace reveals differences in business strategy requirements. The chapter examines the extent to which the uneven availability of sources reflects a divergence in strategies regarding the deployment of labour. I explore how these shifts toward implementing workload studies were underpinned by changing lines of conflict in the regulation of wage agreements: a) between the group of millowners within the AMA, b) among millowners as a whole, bound by agreements between the AMA and the TLA, and c) between shop-floor management and emerging management scholarship. As not all millowners had the financial and political capital to invest in new machinery and licenses, there was growing disparity in production strategies. Simultaneously, even mills employing new conventional machinery would employ both highly skilled and unskilled workers under one roof, leading to complementary approaches to management practices within the same firms.

The chapter is structured as follows: to transition from industrial relations to shop-floor dynamics, the first section examines how the concept of rationalisation evolved towards labour control. The second section, tracing the origins of the ATIRA, explores the concept of “scientific wages” that emerged from the standardisation agreement of 1947. It highlights how mills diverged in terms of their need, and requests, for workload studies, driven by differences in production strategies. The subsequent sections reflect this divergence, as neither the ILO’s productivity mission (section 3) nor the Tavistock’s “Ahmedabad experiment” covered the entire industry but were, rather, client-based. The assessment of the ILO mission evaluates the limits of wage incentive systems in emphasising indirect shop-floor supervision, while the fourth section discusses the extent to which shop-floor organisation led to the intensification of work processes through changes in working time and control regimes, and whether these changes were measurable in wage payments.

⁵⁷² See e.g. Kerr, C., Dunlop, J. T. Harbison, F. and Myers, C. (1960). *Industrialism and Industrial Man: The Problems of Labor and Management in Economic Growth*. Harvard University Press, Cambridge.

3.1 Rationalisation in Ahmedabad

As the first chapter has shown, rationalisation intensified as a problem in Ahmedabad mills during the 1930s. Due to the depression period, numerous mills retrenched a number of workers in the wake of the Delhi Agreement 1935. This was a gendered process by which the social structure of the workforce was significantly altered. To understand this process, it is necessary to understand how rationalisation was embedded in shifting notions of “skills” and workloads.

Rationalisation had different effects on men and women in the workforce, since they had already joined the mills on different terms due to power imbalances within the household. As the feminist sociologist Cockburn has shown, technological change has often deepened already existing gendered inequalities at work.⁵⁷³ Similar observations can be made for the mills in Ahmedabad. During the 1930s, most of the women worked in the spinning department, dominating in the occupations of reelers (with a total number of 6,314 women employed in Ahmedabad mills as opposed to 2 men) and winders (12,200 women as opposed to 1,565 men). According to the 1934 Wage Census, women were “also employed to a limited extent in the frame department, in the ring spinning department, as waste pickers and as coolies and sweepers, but with the exception of seven women in one mill in Dharwar,⁵⁷⁴ no women are employed as weavers.”⁵⁷⁵ Thus, while the spinning frame machines were predominantly operated by men, women were part of intermediary processes between spinning and weaving operations, since both reeling and winding prepare the yarn by transferring it from a smaller bobbin onto larger packages (e.g. spools or cones).⁵⁷⁶

⁵⁷³ In a study of compositors in 19th-century Britain, she shows how “skilled” work has been produced by both controlling the access to technology and excluding women from such professions. Cockburn, C. (1983) *Brothers: Male Dominance and Technological Change*. London, England: Pluto Press Limited, 1983. *Science, Technology, and Human Values*, 10(4): 84-84.

⁵⁷⁴ District in former Bombay Presidency, today’s Karnataka.

⁵⁷⁵ Labour Office, Government of Bombay (1934). *General Wage Census Part 2*: 10.

⁵⁷⁶ *General Wage Census op. cit.*: 3.

Occupation	Number of workers		Percentage of total workforce	
	M	W	M	W
frame tenters	4977	1	3.87	0.001
siders	11535	859	8.98	0.67
Tarawallas or followers	2941	528	2.29	0.41
doffers	7939	1617	6.18	1.26
reelers	2	6314	0,001	4.91
winders	1565	12200	1.22	9.5
coolies	5455	1137	4.25	0.89
sweepers	682	1320	0.53	1.03
all other occupations	69003	343	53.73	0.27

Table 10: Most common occupations of female workers in Ahmedabad Textile Mills, according to the General Wage Census, 1934

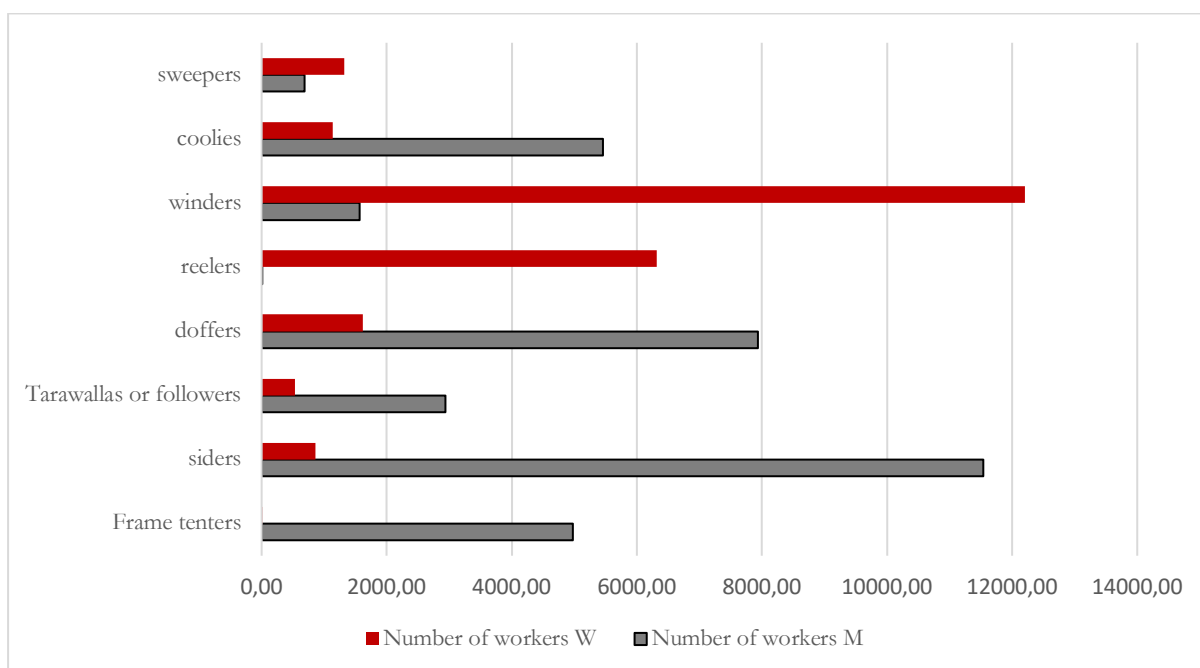


Figure 10: Most common occupations of female workers in Ahmedabad Textile Mills, according to the General Wage Census, 1934 (w= women, m= men)

Table 10 and Figure 10 show the distribution of men and women in different mill departments. The absence of women from spinners' and weavers' positions can be read along the lines of Cockburn's argument of a segmented workforce by gender based on control and access to

technology, with the weakest section being those who had least control over machinery. That the TLA – as a predominantly male union, as outlined in chapter 1 – had contributed to removing women from the spinning department as part of the Delhi Agreement 1935 should be understood against this backdrop. As a consequence, the agreement contributed to changing factory norms of what was considered “women’s” and what was considered “men’s” work within the factory, as well as ideal notions of the working-class household. As far as the former was concerned, the scholar and activist Jhabvala quotes an interview with a male spinner for her analysis of the decline of female workers in the Ahmedabad mills from 1920 until the 1980s:

The bobbins are too heavy for them (women) and the work is too strenuous... The work you can do, all depends on your body built and your mental strength. For example, we harijans can do spinning, but weaving is only done by Patels and Muslims. They have a different body build, they are much stronger you see. We are thin and weak. It is the same with women, they cannot do complicated or heavy work.⁵⁷⁷

Such divisions became articulated through the notions of “strength” and “skill”, while in fact they expressed the continuity and deepening of power imbalances during moments of technological change. Female-dominated occupations were particularly affected by rationalisation processes. The Barber Colman automatic winding machine was introduced in Ahmedabad mills in the second half of the 1930s.⁵⁷⁸ As B. G. Kulkarni from the Textile Association, a unit of textile technicians, observed: “The development of the Barber-Colman automatic system has practically eliminated the human element in spooling. The operator of the spooler is required only to place supply bobbins in position to be handled by the automatic mechanisms and to doff (unload) full packages.” This automatising of winding initiated a process whereby the weight of packages increased continually, rising up to 1.25kg, which allowed both the AMA and the TLA to argue that the dismissal of women would also be justified given the heavy work of constant lifting.⁵⁷⁹

This was further aggravated in a second wave of rationalisation during the 1950s. An AITUC report “On Rationalisation”, published in 1954, referred to the “disastrous effect” of Barber Colman winding and warping machines and the gendered outcome of these processes, since “in

⁵⁷⁷ Jhabvala, R. (1985). *Closing Doors*. SETU (Centre for Social Knowledge and Action) Publications, Ahmedabad: 54.

⁵⁷⁸ G. B. Kulkarni (1954). *Yarn Preparation and Weaving*. In: *The Textile Association (India) Bombay. Technical Developments in Textile Industry*: 30-57.

⁵⁷⁹ The winding process is an intermediary step between spinning and weaving. Before the yarn from the spinning department can be used for weaving, the thread is doubled so that its resistance and durability increases.

most of these departments women are employed and they will be displaced.”⁵⁸⁰ Therefore, the Barber Colman (photo 4) machine had become a symbol of the impact of rationalisation measures: the threat to workers’ jobs.

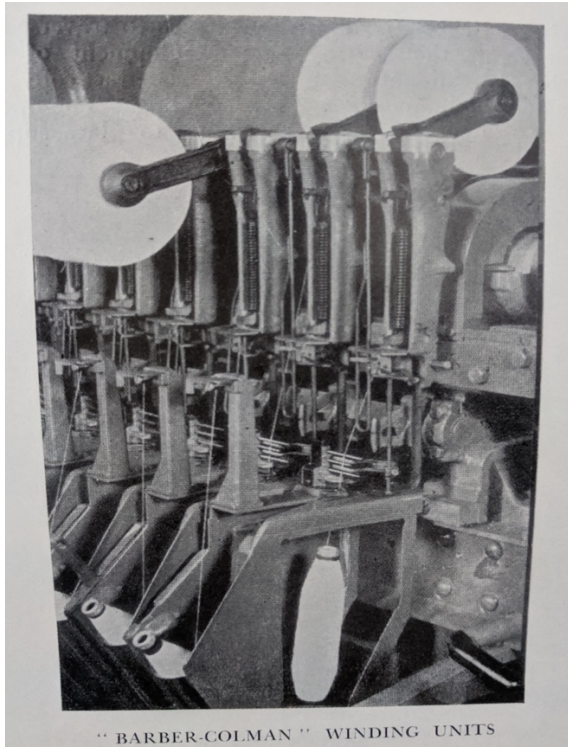


Photo 4: “Barber Colman winding units”

Rationalisation also resulted in changes in the Payment of Wages Act in 1944. Acknowledging that “the definition of ‘wages’ in the existing Act has given rise to much difficulty in interpretation”, the Labour Department of the government sought to change this by adding further qualifications to the definition of “wages” under clause 2 of the Act.⁵⁸¹ They contended that the previous definition had “led to the impression that an employed person is entitled to full wages irrespective of the stipulated outturn” and therefore added a clause to stress the contractual obligations of workers to earn their wages.⁵⁸² Therefore, the government sought to strengthen the relation between wages and production. A further addition to the wage definition related to wage adjustments in cases where workers changed jobs, legally securing the right of employers to reduce wages in such situations. According to the new sub-clause, “a diminution of wages by reason of requirement to perform work involving a standard or skill or responsibility lower than that in the

⁵⁸⁰ Panikkar, K. B. (1954). On Rationalisation. Report submitted to the General Council of the All-India Trade Union Congress. November 14-18, 1954.

⁵⁸¹ Indian Labour Gazette Vol. 2 No. 6 December 1944: 194.

⁵⁸² Ibid.: 196.

previous work is not a deduction” and therefore would not be an illegal change.⁵⁸³ This clarification had become necessary in the context of re-organising production in the face of growing mechanisation in certain departments, particularly winding and warping.

However, it is important to note that the fear of the Barber Colman machine and other rationalisation measures only fully unfolded during the early 1950s, even though it had already been introduced in the 1930s. As the Labour Bureau had shown in 1953, the overall number of workers in the textile industry had risen during the war from 474,134 in 1937 to 657,882 in 1945 (38.37%). Even the number of female workers temporarily climbed from 65,417 in 1937 to 72,282 in 1943 (10.49%).⁵⁸⁴ The profitable war period had thus briefly stalled the general trend of rationalisation.

The following sections of the chapter will look at how rationalisation came back during the 1950s, arguing that this was indeed a very uneven and fragmented process rather than a unilinear development towards greater mechanisation and automatisisation of the textile mills. After the high profits made during the Second World War, machinery was highly run down, leaving millowners faced with the decision of whether to invest in potentially labour-saving technologies or to continue working with old and slower machines.⁵⁸⁵ Due to the emergence of these two diverging sets of strategies, rationalisation can be understood as a fragmented and uneven process. What were the business strategies pursued by Ahmedabad textile enterprises, and how did these manifest in the emergence of workload studies? These fragmentations had implications for the problems of rationalisation outlined here – most importantly for the segmentation of the workforce along the lines of “skill” and occupational categories with regard to supervisory regimes and working time.

3.2 The Emergence of Workload Studies in the Ahmedabad Textile Industry – ATIRA

This section looks at the emergence of the Ahmedabad Textile Industry Research Association as an anchor point for workload studies within the Indian textile industry after independence. I will first look at the context of the industrial relations and resulting wage agreements which necessitated such studies, and then turn to look at how these studies became ever more complex in interaction

⁵⁸³ Ibid.: 197.

⁵⁸⁴ Government of India, Labour Bureau (1953). *Economic and Social Status of Women Workers in India*.

⁵⁸⁵ Desai, A. V. (1983). Technology and Market Structure under Government Regulation: A Case Study of Indian Textile Industry. *Economic and Political Weekly* 18(5): 150–160.

with international researchers. As such, these studies became an expression of changing regimes of rationalisation.

The idea of setting up a textile research institution was first discussed in the context of the Indian planning debates during the interwar period. Within the national movement, business visions of economic planning became most pronounced in the “Bombay Plan”. As increasing production through active state engagement in economic activity became a shared goal of private enterprises and Congress politicians alike, Kasturbhai Lalbhai and Sarabhai Lalbhai (both signatories of the Bombay Plan) envisioned textile research and planning as one of the foundations of such regulatory measures. The government and the AMA under the chairmanship of Kasturbhai Lalbhai held the first meeting with the Council of Scientific Research on March 24, 1944. At the annual conference in 1945, AMA president Sakarlal Balabhai had stressed the need to increase cloth production for the domestic market for economic independence by setting up a research institute for textile technology in Ahmedabad, since “none is more fitting nor more profitable than scientific research.”⁵⁸⁶ A cadre of suitable personnel to solve problems in the industry would be necessary because “we cannot depend on the few persons trained abroad.”⁵⁸⁷ Textile research was thus central in gaining economic and scientific independence.

Furthermore, there were taxation reasons why the war period worked as an incubator for the ATIRA. In order to obtain a share of high wartime profits, the Government of India had imposed an Excess Profit Tax on companies.⁵⁸⁸ To reduce these taxes, it was lucrative to found a research institution, as this was tax deductible.⁵⁸⁹ The Industrial Research Planning Committee in 1944, under the Chairmanship of Sir RK Shanmugham Chettiar, guaranteed that such tax benefits for research activities would also be available after the end of the war. Therefore, there was a continuity between colonial and independent projects aimed at research and development. Consequently, there were two influences which contributed to the setting up of the ATIRA in Ahmedabad: the government’s recognition of the need of textile research in industrial planning and the eagerness of Ahmedabad businessmen to set up the first of such institutes in their city. As a consequence of this strong determination to bring textile researchers to Ahmedabad, the institute was mainly

⁵⁸⁶ AMA Annual Report 1944: 8.

⁵⁸⁷ Ibid.

⁵⁸⁸ For further reference, see Kamtekar, I. (2002). A Different War Dance: State and Class in India 1939-1945. *Past and Present*, 176: 187–221.

⁵⁸⁹ AMA Annual Report 1948: 36.

funded by the industrialists themselves: out of an initial budget of Rs. 20.033, only Rs 3323 were provided by government loans.⁵⁹⁰

The initial governing council of the ATIRA consisted of Kasturbhai Lalbhai (Chairman, Arvind Group), Sakarlal Balabhai (Sarangpur Mill), Ratilal Nathalal (New Commercial Mills), Amritlal Hargovinddas (Bagicha Mills), Shantilal Mangaldas (Jhangir Group), Vadilal Lallubhai (Rohit Mills and later Sayaji Mills) and Vikram A. Sarabhai (Calico Mills,) with the latter working as the first honorary director.⁵⁹¹ These millowners were interested in generating research to integrate workload studies into their organisational strategies.⁵⁹²

The developmental agenda of the institute exposed several tensions with regard to continuities and change in the exchange with scholarship from abroad. Due to the lack of training institutes, the majority of technicians in Indian textile mills held degrees from foreign universities, primarily from the UK. The UK-based Shirley Institute in Manchester was chosen as a reference model for the structure of the ATIRA, as it primarily invested in advances on textile materials.⁵⁹³ One of the hopes connected with the foundation of the institute was that the setting up of such an institute would eventually contribute to the improvement of textile products. In the initial years, the ATIRA struggled to find personnel.⁵⁹⁴

After further unsuccessful approaches to candidates from the UK and the US for the post of the director, W. P. Hohenstein, a professor at the Brooklyn Polytechnic Institute of New York, agreed to take up the post for the first six months. The ATIRA finally started working in January 1949 from premises belonging to Kasturbhai Lalbhai. Vallabhbhai Patel, Home Minister, laid the foundation stone of the building in November 1950.⁵⁹⁵ With Hohenstein, the ATIRA hoped “to take its proper place among the other textile research institutions of the world”⁵⁹⁶ and to actively participate in contemporary debates on technology and industrial relations globally. As a result, the first branch of the ATIRA was its “Psychology Department”, which started operating in October 1949. At that time, ideas on workplace psychology were very prominent in various US

⁵⁹⁰ ATIRA Report 1948: 4.

⁵⁹¹ ATIRA membership became organised on a company basis, not on individual capacities.

⁵⁹² E-mail exchange with Vijay Padaki, 03.09.2021.

⁵⁹³ In 1920, the Shirley Institute had been set up as the British Cotton Industry Research Association. Its archival records are held by the Science Museum Archive, box no. YA1989.730.

⁵⁹⁴ ATIRA Annual Report 1948: 1.

⁵⁹⁵ The building was inaugurated after its completion by Prime Minister Jawaharlal Nehru in April 1954. ATIRA Annual Report 1950, p. 1 and ATIRA Annual Report 1954: 1.

⁵⁹⁶ ATIRA Report 1950: 7.

and UK institutions, particularly the Tavistock Institute. Such ideas aimed to increase productivity by reducing fatigue and absenteeism among workers and degradation of machinery through the reorganisation of production processes and break times. In Ahmedabad, these ideas were applied to the local context by Kamala Chowdhry, holder of a PhD in psychology from the University of Michigan and a close confidant of Vikram Sarabhai. In 1950, D. L. Amin and V. R. Trivedi joined, both with degrees from Indian universities. The first studies of the department accordingly focused on fatigue, and improving light and ventilation conditions for workers in order to enhance their productivity (measured as output per hour). Chowdhry described the first experiment she conducted in the following way:

The first project I undertook, was measuring output in 15-minute intervals in the winding department to see production curve (and fatigue) over the shift. I persuaded the Managing Agent to supply a free cup of tea to a 'control' group of winders to study the effect of rest-pauses and tea on productivity. ...The experiment was undertaken by everyone with good humour. The winders would share their cup of tea with their neighbour (in a saucer) and the experiment did not 'prove' anything. But in the process, the workers became friendly.⁵⁹⁷

Not only workers, but their supervisors too, were apprehensive about sharing their insights. This indicates contrasting interests in the ATIRA's research of company boards and shop-floor supervisors. The supervisors' reluctance to share their insights was part of a deeper suspicion towards the changes in managerial culture, which were only just starting to penetrate, from the higher levels, deeper into everyday operations on the shop floor. As former ATIRA researcher Garde describes it, these supervisors were the key to successful research, as they had collected all the relevant data in "small black covered notebooks in the shirt pocket (that) had all these secrets".⁵⁹⁸ These studies required, for the first time, that such knowledge be shared with upper levels of management. In this set up, it was no longer the shop-floor supervisor but the researcher who determined how "productivity" was to be defined and measured.

This bundling of knowledge had two main aims. In the initial years, the ATIRA's predominant function lay in the provision of evidence for conflict arbitration. Defining the scope of work and wages was particularly important in occupations which had been left out by the standardisation agreement of 1947. This concerned four departments: the weaving department, the ring spinning

⁵⁹⁷ Ibid.

⁵⁹⁸ Garde (2021), A. Warp and Woof of Institution Building. The ATIRA Story. Unpublished Manuscript: 12.

department, the frame department, and the winding department.⁵⁹⁹ In the weaving department, the agreement had neglected to define the wages and workloads of those working on four-sided (instead of two-sided) and automated looms, which had been slowly introduced since the late 1930s onwards in about two-thirds of all mills of Ahmedabad.⁶⁰⁰

This had important implications for the conceptualisation and further homogenisation of employment statuses. In the ring spinning and frame departments, increases in workloads resulted in working four sides instead of two. In those mills where such rationalization measures were introduced, they put many workers' jobs at risk, especially doffers. Regarded as a less skilled occupation than weavers, they were rarely absorbed by other departments and mostly became part of the *badli* pool of labour of the mills, if they retained any kind of work at all. Unlike the permanent workforce, *badli* workers were regarded as substitute daily labourers. After the 1947 agreement, being employed as a *badli* worker did not mean a discrimination in wages – both *badli* workers and permanent workers would receive the same wages for the same work carried out. However, as *badli* workers had to apply for work on a daily basis, they were unlikely to complete and receive wages and dearness allowance for a full month of 26 days, making it difficult to meet household requirements. Similar divergences based on skill levels appeared in the winding department due to the introduction of the Barber Colman machine, which would eventually become a symbol for rationalisation measures all over the country.

A look at the standardisation agreement shows that the operation of machinery with higher counts was largely associated with higher wage payments. As the table below shows, the speed of machinery had become one of the criteria for higher wages, as had the material handled (grey or colour), leading to differentials of Rs. 5 respectively. However, these processes of differentiation were by no means concluded with the standardisation agreement but, rather, opened up in the course of the 1950s. One such conflict arose over the payment of piece-rated slubbing tenters in the frame department. Their wages in the standardisation agreement had been fixed according to rates prevalent in the Bombay industry at the minimum rate of Rs. 28. However, the frames used in Ahmedabad had a higher number of spindles for slubbing tenters to attend to.⁶⁰¹ Only in 1956 was this matter finally resolved (see photo 5 and table 11) by staggered wages based on the number of spindles, and by the type of material worked on. This was one of the many amendments of the standardisation agreement in the spinning, winding, frame and weaving department passed by the

⁵⁹⁹ Ahmedabad Textile Industry Research Association (1950), Annual Report.

⁶⁰⁰ Textile Mill Journal (1954), Special Souvenir.

⁶⁰¹ Ibid.: 67.

arbitrator M. R. Meher. Whereas the standardisation agreement had been binding for all mills of the AMA, these amendments were based on the arbitration parties – in this case the Calico Mills, the Jubilee Mills, Bharat Suryodaya, Ramakrishna, Vivekanand, New Manekchowk, Deepak Textiles, New Textile Mills, Rohit Mills and Asarwa No. 1 and 2.⁶⁰²

10. ... wages in the following occupations should be revised as under :

(A) For two and four side working by a center—

For first 200 spindles	...Rs. 34-15-0	(single sider's wages as per standardisation Award).
For 201 to 400 spindles at Rs. 1-11-0 per slab of 20 spindles	...Rs. 16-14-0	
	...Rs. 51-13-0	
For four sides upto 800 spindles :		
For first 200 spindles	...Rs. 34-15-4	
For 201 to 800 spindles at Rs. 1-10-0 per additional slab of 20 spindles (30 x Rs. 1-10-0)	...Rs. 48-12-0	
	83-11-0	
For 801 to 900 spindles :		
For first 200 spindles	...Rs. 34-15-0	
For each additional slab of 20 spindles at Rs. 1-10-6 (35 x Rs. 1-10-6)	...Rs. 57-15-6	
	...Rs. 92-14-6	
For 901 to 1000 spindles :		
For first 200 spindles	...Rs. 34-15-0	
For each additional slab of 20 spindles at Rs. 1-11-0 (40 x Rs. 1-11-0)	...Rs. 67-8-0	
	...Rs. 102-7-0	
For 1001 to 1200 spindles :		
For first 200 spindles :	...Rs. 34-15-0	
For each slab of 20 spindles at Rs. 1-12-0 (50 x Rs. 1-12-0)	...Rs. 87-8-0	
	...Rs. 122-7-0	

(B) Four loom weavers—

87½ per cent. addition to wages of two loom workers on piece-rate standard.

Photo 5: Standardised rates for spinners by number of spindles

This reflected a differential of “skill” in occupations based on machine speed and count, since finer fabric required exactly calibrated treatment of the fabric. The ability to operate machines at higher

⁶⁰² Bombay Industrial Court (IC) NO. 14 of 1955 in the matter of the modification of award with reference No. 18 of 1947. Cited in AMA Annual Report 1957: 195.

speed was considered more complex, due to an increased number of different tasks within a given time. Simultaneously, higher speeds meant that machines would require greater maintenance. However, rationalisation gave rise to trends with very different effects on notions of “skilled” labour: as the business historian Scranton has shown, in Philadelphia’s textile industry, the introduction of machinery for fine-spun goods led to processes of down-skilling due to the continuous routinisation and operationalisation of tasks.⁶⁰³

Winding department Group d	Grey winders 14-4-0	Colour winders 16-8-0	Pirn winders 18-0-0	Cheese 17-4-0	
Warping department Group e (26 working days)	Grey warpers 60-0-0	Colour warpers 65-0-0	High-speed grey warpers 70-0-0	High-speed colour warpers 75-0-0	Creelers 30-0-0
Sizing department	Front sizers time: 55-0-0	Back sizers time: 40-0-0	Sizing mixers time: 40-0-0		

Table 11: Wages of winding and warping department in the standardisation agreement, 1947⁶⁰⁴

Such observations run counter to Braverman’s thesis: he argued that technological change would inevitably lead to deskilling and workers losing control over the time they spent at work.⁶⁰⁵ In his critique, Burawoy showed that this did not necessarily have to be non-linear, given that managerial strategies would oscillate between the need for both supervision of working time and consent and collaboration, so full control over the labour process could never be obtained.⁶⁰⁶ This would relate to the control over the time spent at work and how to intensify the hours of skilled workers available. Such considerations became important for the Calico and the Lalbhai mills, who were competing for resources in the form of skilled labourers. Changes in labour law aggravated this

⁶⁰³ These observations would be more in tune with Braverman’s notion of the reduction of skills in capitalism over time. Scranton, P. (2003). *Proprietary capitalism: The textile manufacture at Philadelphia, 1800-1885*. Cambridge University Press.

⁶⁰⁴ As reproduced in AMA Annual Report 1948: 29.

⁶⁰⁵ Braverman, H. (1974). *Labour and Monopoly Capital: The Degradation of Work in the Twentieth Century*. NYU Press, New York.

⁶⁰⁶ Burawoy, M. (1982) *Manufacturing Consent. Changes in the Labour Process Under Monopoly Capitalism*. Chicago University Press.

situation further. Fuelled by strike action during the Second World War,⁶⁰⁷ the Factories Act, 1948 had limited the number of permissible working hours per day to 9 hours, including half an hour of break time, and a total number of working hours of 48 per week.⁶⁰⁸

It is indeed these contrasting effects which not only led to a tension across different labour regimes, specifically between a) higher skilled and potentially better paid occupations – especially in weaving b) de-skilled, routinised, and intensified work at the intermediate level, particularly processes of intensification for those in between, for example winding and warping and c) the reduction in roles no longer required due to mill closures and rationalisation within remaining factories.⁶⁰⁹ This led to a polarisation of the mills, with recruitment strategies predominantly relying on “unskilled”, easily replaceable *badli* workers producing coarser counts and those, led by the Calico Mills, producing finer counts, which required longer-term recruitment of specialised workers.

Divergences in the business interests of millowners impacted the scholarship that was produced at the level of the ATIRA. After its inception, the organisation increasingly operated as an individual service provider. Studies were conducted on a consultancy basis for Ahmedabad mills – if the client agreed, reports were made public, with the name of the mill anonymised. This meant that while all mills could benefit from understanding common challenges to rationalisation, there would be general protection of operational knowledge from public access.

What caused these divergences in millowners’ approaches to wages and workload? In the winding department, the main analysis considered the effects of the Barber Colman machine. As outlined in the first section of the chapter, the question of whether to invest in this machine was a “difficult choice”, according to the Indian Textile Association which acted as a coordinating organ in Bombay in order to facilitate its introduction.⁶¹⁰ This choice would not only affect the winding department alone, but also the ring spinning and frame department, which were directly connected to it. In these departments, the ATIRA studied the “correlation between the total number of breaks

⁶⁰⁷ Ahuja, R. (2020). ‘Produce or Perish’. The crisis of the late 1940s and the place of labour in post-colonial India. *Modern Asian Studies* 2020;54(4): 1041-1112.

⁶⁰⁸ Factories Act 1948, Section 51 and 54.

⁶⁰⁹ There were a few mill-level cases filed for retrenchment compensation, but they did not become available on an all-industry basis until 1953. G. B. Kulkarni (1954). Yarn Preparation and Weaving. In: The Textile Association (India) Bombay: Technical Developments in Textile Industry: 30-57.

⁶¹⁰ Ibid.: 30-57. The question of whether there would be a trade-off between machinery and labour inputs resurfaced at different moments in time. The ATIRA conducted similar studies in 1975 in order to investigate under which premises investments into automated looms would be fruitful, cautioning against high-cost intensive production which would only pay off for the finest, coloured materials. Kimothi, P. D. and A. R. Garde, “Modernisation in Weaving”, in ATIRA (1977). Modernisation and Renovation in Textile Industry.

per hour and the workload ... for coarse counts, fine counts and doffing operations.”⁶¹¹ This underlines the fact that the type of machinery available was effectively deciding the type of product market the respective mill would enter. In other words, the change in machinery in one department required an overhaul of the labour process in all adjacent departments. This would therefore result in distinct labour strategies between such mills.

This opened up several conflicts. Since workloads were investigated and called into question as demanded by the standardisation agreement, new contestations about the relation between wages and workload emerged. These tensions led to differences in approaches to matters of retrenchment compensation. Whereas the ATIRA had been attempting to find a common standard for the determination of payments for laid-off workers, it was only the amendment of the central-level Industrial Disputes Act of 1953, by the addition of section 25 (f), which established that retrenched workers should receive an average pay of 15 days for each completed year of service.⁶¹² When the Act came into force, A. K. Rice, a researcher from the Tavistock Institute, London who was visiting Ahmedabad, claimed that Calico was the only mill which had arrived at an agreement with the TLA for the implementation of this clause.⁶¹³ Consequently, not all mills approached the ATIRA in the same ways. As Ashok Garde contends, resentment towards the activities of the ATIRA was stronger in mills of the “old guard”, whereas there was mostly no need to convince the “youngsters” of the AMA.⁶¹⁴

Such gaps widened during the early 1950s when the textile industry of Ahmedabad went through a period of crisis. Out of a total of 84 mills, seven mills closed during 1949 due to unsold stocks of cloth. In 1950, two additional mills left the AMA, as they were unable to meet their obligations. Within the same years, the gross profit of the Calico Mills rose from 91.6 lakh rupees in 1951 to 99.8 lakh rupees in 1955, a total of about 8.9%, while the total wage bill increased slightly less, by 5.1%, from 128.8 lakh rupees to 135.4 lakh rupees.⁶¹⁵ Confronted with run-down equipment after the war boom, millowners had the choice of either investing in an overhaul of their production sheds – under the premise of obtaining political capital for licences – or continuing to work with available stock.

⁶¹¹ ATIRA Annual Report 1950: 4.

⁶¹² Opinion of Mr Palkiwala regarding Industrial Disputes (Amendment) Act 1953. AMA files Vol. 3 No. 82.

⁶¹³ Rice, A. K. (1958). Productivity and Social Organization. The Ahmedabad experiment: technical innovation, work organization and management: 150.

⁶¹⁴ Garde (2021), A. Warp and Woof of Institution Building. The ATIRA Story. Unpublished Manuscript: 34-35.

⁶¹⁵ Calico balance sheets 1951-1955; see also Rice (1958). Productivity and Social Organisation. op. cit.: 24.

The Calico Mills were increasingly ostracised from the association. Tensions between the Calico mill and the Ahmedabad Millowners' Association – which Calico had left in the 1920s even though its chairmen Ambalal Sarabhai and Gautam Sarabhai had taken up roles as key arbitrators in wage negotiations – became apparent before the Industrial Court. Other mills feared that Calico would not adhere to the standardisation agreement by negotiating wages directly with the TLA for new emerging job roles due to “rationalisation”. For example, in March 1950 agreed Calico to pay wages for a four-side ring frame tenter of Rs 34-15-0 for the first 200 spindles, and for all additional spindles above 200 a rate of 1-10-0 per every slab of 20 spindles. It then filed an application before the Industrial Court to register these rates. The AMA sued Calico for an illegal change of the standardisation agreement and the judge of the Bombay Industrial Court, K. C. Sen, ruled in favour of the association, arguing that under the Bombay Industrial Relations Act, 1947, no mill was allowed to negotiate wage levels for new job roles with a representative trade union like the TLA on their own.⁶¹⁶ Other mills in Ahmedabad under the umbrella of the AMA were worried about the high wages paid by Calico for two reasons: first, they were afraid of losing skilled workers in particular to the Calico Mills (which, however, was unlikely, given that there was a much larger number of workers seeking employment than positions available). Second, mills feared that wages at Calico were creating a precedent for workers to ask for higher wages in their concern as well.

Such court cases indicated that Calico had significantly increased their emphasis on recruiting skilled labour, while the majority of mills continued with forms of recruitment that the labour economist Morris D. Morris described in 1965 as a reliance on “jobbers” and “substitutes”.⁶¹⁷ In other words, Morris argued that textile millowners relied on middlemen (jobbers) for the hiring of workers and, as a result, were not required to pay attention to which individuals were on the shop floor on any given day, as long as numbers were enough to keep production running.

Under the conditions for recruitment of skilled labour, matters of “commitment” to the workplace gained in importance. A research project initiated by the North American labour economists Clark Kerr, John Dunlop, Charles Myers and Frederick Harbison in conjunction with the ATIRA argued in the 1950s that, based on a conception of “traditional” vs. “modern shop floors”, Indian workers would not have felt any attachment to the factories due to seasonal migration and consequently demonstrated a general resistance towards technological advancements.⁶¹⁸ Scholars, particularly

⁶¹⁶ Working four sides in the ring frame department. Industrial court revision application No. 7 of 1950.

⁶¹⁷ Morris, D. M. (1965). *The Emergence of an Industrial Labour Force in India. A study of the Bombay Cotton Mills, 1854-1947.* University of California Press, Berkeley and Los Angeles: 46.

⁶¹⁸ Kerr, C., Dunlop, J. T. Harbison, F. and Myers, C. (1960). *Industrialism and Industrial Man: The Problems of Labor and Management in Economic Growth.* Harvard University Press, Cambridge.

from abroad, turned the ATIRA into a vehicle for analysing how “lack of commitment” could be improved through changes in managerial practices. The aim of such studies lay in exploring how violent and coercive management practices could be replaced by less intimidating practices.⁶¹⁹

The initial request for this project had come from Prof. Charles Myers, director of the Industrial Relations Section at MIT. Providing \$5000 for research projects at the ATIRA along with funding for his own project, Myers initiated a project on “Communication in Organisation”, with a particular focus on the communication of decision-making processes around rationalisation. In his view, lack of commitment had traditionally led to “backward” coercive management techniques to keep workers engaged.⁶²⁰ At the same time, he contended that India was not ready to grant the same autonomy as in the US, or apply similar managerial regimes.⁶²¹ To facilitate a transition, certain degrees of persuasion would be necessary in India: “‘Paternalism’ and ‘welfare activities’ which characterize a managerial philosophy increasingly rejected in the United States, are required of the Indian employer who expects to keep unauthorized absenteeism fairly low, turnover at a minimum, and employee morale satisfactory.”⁶²² Within this framework, it was the manager who played the crucial role in turning subordinates into responsible members of society, while at the same time keeping in mind the goal of development. Therefore, “human resource development prepares people for adult participation in political processes, particularly as citizens in a democracy”.⁶²³ This would also include – according to Myers – the necessity to induce a sense of commitment to industrial labour and its rules and rhythms.⁶²⁴

Morris, D. M. (1965). The Emergence of an Industrial Labour Force in India. Op. cit.: 95. Indeed, Morris had become one of the first Fulbright fellows arriving in India during the 1950s to study industrial relations. Roy, T. (2011). Morris David Morris (1921-2011). *Economic and Political Weekly*, 46(13), 27–30.

⁶¹⁹ During a research fellowship at the University of Michigan 1953-54, Kamla Chowdhry had received several collaboration requests. ATIRA Annual Report 1954: 27.

⁶²⁰ Myers, C. A. (1958). *Industrial Relations in India*. Asia Publishing House, London: 94.

⁶²¹ ATIRA Annual Report 1954: 28.

⁶²² Myers, C. A. (1958). *Industrial Relations in India*. op. cit.: 51.

⁶²³ Harbison, F., and Myers, C. A. (1964). *Education, Manpower, and Economic Growth: Strategies of Human Resource Development*. New York, McGraw Hill: 2.

⁶²⁴ Whereas he stated in earlier works that the Indian workforce was not ready for full industrialisation yet, he later indicated a change of mind. In “Wages in India” of 1958 the idea of non-commitment is still very present. Also see Dunlop’s remark about commitment in India: “the transformation from earlier modes of living, places and patterns of work, standards of discipline and loyalties involves widespread dislocations. This process, at least at the work place, is immediately under the direction of private or public managers, and their attitudes and policies are shown to affect the resulting relations between managers and workers at the plant level and in the community. For a period, the emerging industrial work force may only be partially committed to industrial society” This would be a crucial momentum for possible political unrest that ought to be prevented.

That views on Indian commitment may have changed over time is stated in Srivastava, A. K. (1977). *Indian Blue-Collar Workers – Their Commitment*. *Indian Journal of Industrial Relations* 13(2): 225–234.

The research project on the “Industrial Man” (op. cit.) for which Myers conducted this research influenced the work of S. A. Palekar who is one of the few authors who collected wage data for the decades following Indian independence. Palekar’s research was financed through the same Harvard grant provided by Myers, Dunlop, Harbison and Kerr. See

The second collaboration project with the Harvard Business School envisioned building up a managerial class as leaders of a democratic India. This project was particularly influential in terms of the institutional visions it generated. Furthermore, it was a crucial precursor for the extension of scale which managerial experiments undertook in Ahmedabad during the 1950s. Rolf Lynton of the Harvard School of Business joined the ATIRA in 1955 for a three-month course on management development. This project was the beginning a long-lasting partnership between Harvard and Ahmedabad research institutions. When the IIM-Ahmedabad was founded in 1960, these early collaborations were crucial in shaping the framework of research conducted there.⁶²⁵ As the historian van Haften has shown, the idea of institutions of teaching democratic values for development and nation building had also been at the core of the foundation of the IIM-Ahmedabad in 1960.⁶²⁶ In other words, through the expansion of their activities, the ATIRA elevated the question of managerialism from shop-floor matters to questions of societal organisation. As such, it brought them in contact with other organisations committed to developmentalism.

By 1955, as matters of technological change began to feature in debates on development all over the world, the ATIRA had become the anchor point for international researchers focused on managerialism. Hosting annual management conferences, the institute had attracted several scholars from around the world, including ILO expert Clifford Fee.⁶²⁷ During the years of the conference, several other developmental agencies and specialists joined the programme, including Rolf Lynton (Professor of the Harvard Business School and Director of ALOKA Colombo), VM Bhatt of the Economic Commission for Asia and the Far East (both in 1956)⁶²⁸ and the Consort of the Queen, Prince Philip, Duke of Edinburgh as keynote speaker in 1957.⁶²⁹ There were two particular projects which had increased the interest in the ATIRA's activities – the “Ahmedabad experiment” by the British consultant A. K. Rice (1953-54) and the ILO Productivity Mission (1952-56). With the introduction of these two studies, the phase of ATIRA's function as a provider of collective agreement was slowly phased out, and most millowners changed to individual

acknowledgements in Palekar, S. A. (1960). Problems of Wage Policy for Economic Development. With Special Reference to India. Asia Publishing House, London.

⁶²⁵ The case-study model became the core approach in management science, with the first batch of teaching faculty arriving to a large extent from Harvard, including Prof. Warren Haynes, John J. Reynolds, and Martin V. Marshall.

⁶²⁶ Van Haften, L. (2021). Management science and nation building: The sociotechnical imaginary behind the making of the Indian Institute of Management in Ahmedabad. *The Indian Economic and Social History Review* 58(3): 333-359.

⁶²⁷ ATIRA, Proceedings of the 1st Management Conference, February 5-7, 1955: 1.

⁶²⁸ ATIRA, Proceedings of the 2nd Management Conference January 20-22 1956: 1.

⁶²⁹ ATIRA, Proceedings of the 3rd Conference January 4.-6, 1957: 1.

production of material. Both projects had discussed the matter of shop-floor reorganisation due to rationalisation measures and corresponding changes in the wage structure.

3.3 A Basis for “Labour-Management Co-operation”?⁶³⁰ The ILO Productivity Mission and Training within Industry in Ahmedabad, 1952-58



Photo 6: Mr. and Mrs. Morse Director General of the ILO visited the offices of the TLA, 1949⁶³¹

When the director of the ILO, Harold Butler (photo 6), visited India in January 1938, he praised Ahmedabad for being a city of outstanding industrial relations.⁶³² This visit marked the beginning of a long-standing relationship between the TLA and the ILO. Given that the ILO identified industrial relations as most stable in Ahmedabad, it made the city an ideal place for trials of the ILO’s developmental interventions. A few decades later, in 1952, this would provide the background for the first large-scale “productivity mission” of the international organisation. Situated in the context of technological change, it raised questions around how ideas of productive enterprises and workers were shaped by local shifts in industrial relations. As part of the organisation’s “productivity missions”, the aim was to benefit its tripartite constituents by marrying goals of increasing industrial output with strengthening peaceful labour unions.⁶³³

This sub-chapter situates the productivity mission within a larger literature on the role of international actors in India’s developmental policies against the backdrop of the Cold War at the

⁶³⁰ ILO (1959). Expanded Programme of Technical Assistance. Report to the Government of India on Labour-Management Relations and Some Aspects of Wages Policy. Geneva: 48.

⁶³¹ TLA Annual Report 1950.

⁶³² *Indian Textile Journal*, January 1938: 145.

⁶³³ ILO (1962). Labour conditions in the cotton textile industry in India. *International Labour Review* 86(5): 467-487.

beginning of the 1950s. Chronologically, it departs from the previous section's focus on how scholarship under the ATIRA grew more complex, and shows how this contributed to ideas of (and, at the same time, established limitations for) incentive wage systems.

The historian Maul has shown that the 1950s were crucial for the ILO in establishing itself as a central actor within debates around modernisation and development, both as a forum of interaction as well as through active policy interventions.⁶³⁴ According to these accounts, ILO director Morse's programmes understood industrialism as an answer to Communist planning by the Soviet Union.⁶³⁵ As such, the organisation heavily relied on institutions such as the "peaceful" TLA. These principles ensured a framework which explicitly positioned the TLA as an alternative to Communist union organisation.⁶³⁶ Therefore, the intervention did not take place in Ahmedabad accidentally, but rather as the outcome of a global quest for "peaceful" unionism and alignments between local politicians and personnel of the international organisation at the state level.

To establish the importance of wage policies for the ILO and which ideas emerged at the international level, the first section follows the evolution of the Asiatic Conferences and how these helped to shape the project outline of the Productivity Mission. As the ILO embarked on its developmentalist project, a tension emerged between its institutional emphasis on collective bargaining for standardised wages and individual wage incentives, and it was unable to resolve this. Particularly in the context of rationalisation and technological transformation, this led to tensions between all tripartite parties which will be analysed in the second section of this chapter. While the TLA as a union expressed its disapproval of the mission which eventually led to its end, the employers did not show great interest in the project either. Nonetheless, the ILO played a part in the overall shift towards "scientific" wage regimes, effectively weakening the bargaining power of the union. For the state, on the other hand, the turn towards productivity remained an important reference point in the justification of its developmental aim,⁶³⁷ cemented in the emergence of National Productivity Councils as training institutes for unions and managers in 1958.

⁶³⁴ Maul, D. (2009). "Help Them Move the ILO Way": The International Labour Organization and the Modernization Discourse in the Era of Decolonization and the Cold War. *Diplomatic History* 33(3): 387–404.

⁶³⁵ *Ibid.*: 393.

⁶³⁶ Sherman, T. C. (2016). A Gandhian answer to the threat of communism? Sarvodaya and postcolonial nationalism in India. *The Indian Economic and Social History Review* 53(2): 249–270.

⁶³⁷ On state rule and development, see e.g. Patnaik, P. (1998): Some Indian Debates on Planning. In: Byres, T. J., ed. (1998): *The Indian Economy. Major Debates Since Independence*. New Delhi: Oxford University Press: 159-192 and Zachariah, Benjamin (2005): *Developing India. An Intellectual and Social History, 1930-1950*. New Delhi: Oxford University Press.

1. Preparing the ILO's Mission: the Asiatic Regional Conferences

There is a growing interest, most notably in the realm of the ILO's *Century History Project*, in the role of the institution in shaping the post-colonial world order.⁶³⁸ These studies are based on the historical account of the ILO by Alcock, who argued that the organisation was a crucial organ in the decolonisation movement and the struggle for human rights, as international law had become a reference frame for internal disputes.⁶³⁹ Areas of investigation of this project are the diffusion of ideas related to labour standards, such as working time etc. (van Daele 2013) and, more broadly, how concepts of development and progress in the form of industrial production relations impacted newly emerging states (Maul 2009). In the Indian context, the debate has so far mostly been framed as one of “common challenges” and the ILO as a crucial forum in the context of nation building, given that the country had been one of the founding members of the international organisation.⁶⁴⁰ Scholars such as Sankaran and van Daele have outlined the importance of international labour regulations for the Indian legal framework.⁶⁴¹

The emerging focus on industrial relations and management in development was deeply embedded in the “the heyday of the economic Cold War”, as the period of the 1950s and 60s has been labelled by the historian David Engerman.⁶⁴² The aid relationship between the US and India changed during

⁶³⁸ The declared aim of the *Century History Project* is to move beyond the state-centred, top-down approach of understanding the relationship between the ILO and its members by highlighting the role of the ILO as an “umbrella for the ‘epistemic communities’” (Kott and Droux 2013: 4) and therefore understand the ILO as a nodal point for writing a globally connected history. Kott, S. and Droux, J. Eds. (2013). *Globalising Social Rights. The International Labour Organization and Beyond*. Palgrave, London.

See the Century Project website for affiliated publications: <https://www.ilo.org/century/publishing/lang-en/index.htm>, last accessed 27.10.2024.

⁶³⁹ Alcock refers to the Universal Declaration of Human Rights of 1948. Alcock, A. (1971). *The ILO and Human Rights*. In: *History of the International Labour Organisation*. Palgrave Macmillan, London.

⁶⁴⁰ Rodgers, G. (2011). India, the ILO and the Quest for Social Justice since 1919, in *Economic and Political Weekly*, March 5: 45-52, <http://re.indiaenvironmentportal.org.in/files/social%20justice.pdf>, last accessed 27.10.2024.

⁶⁴¹ See, for example, Rodgers, G., Lee, E. Swepston and van Daele, J. (2009). *The International Labour Organization and the quest for social justice, 1919–2009*. International Labour Office, Geneva.

Singh, A. and Singh, A. K. (2014). Impact of ILO on Indian Labour Laws. *International Journal of Research in Management & Business Studies*, 1 (1/2): 124-126.

On the relationship between the Indian government and businesses within the ILO, see Herren, M. (2013): *Global Corporatism after the First World War - The Indian Case*, in: Kott, S. and Droux, J. eds. (2013). *Globalising Social Rights. The International Labour Organization and Beyond*. London, Palgrave: 137-152.

Sankaran (2011) has looked into the institutional commonalities between the Indian constitution and the Universal Declaration of Human Rights of the ILO in 1948. She claims that the Indian delegation was lobbying for a constitutional divide between political rights on the one hand and economic, social and, cultural rights on the other, similar to the division of the Indian constitution (1950) into fundamental (i.e. enforceable) rights and directive (recommending) principles. According to this account, the setting up of institutions in the post-war period has to be understood as an entangled process and as a general trend taking place on several scales. Sankaran, K. (2011). *Fundamental Principles and Rights at Work: India and the ILO*, *Economic and Political Weekly*: 68-74, <http://www.environmentportal.in/files/rights%20at%20work.pdf>.

⁶⁴² Engerman, D. C. (2018). *The Price of Aid: The Economic Cold War in India*. Harvard University Press, Cambridge: 2.

the mid-fifties from initial food aid (1951) towards greater involvement in technical assistance and academic exchanges.⁶⁴³ Embodied in the US Technical Cooperation Mission – later a branch of USAID – it started staff exchange programmes for Indian and US researchers from the 1950s onwards. As Engerman has shown, the Indian government had effectively sought to play actors from both sides of the Iron Curtain off against each other so as to extract better aid conditions.⁶⁴⁴ Thus, both domestic institutions and international organisations constituted and shaped each other's outlook and interpretations of “development”.⁶⁴⁵ According to his analysis, while Soviet actors were particularly successful in accessing the Planning Commission, those within the US fold had strong connections with the Finance Ministry – often with contradictory policy outcomes.⁶⁴⁶

In the competition with other agencies, this meant for the ILO that it had to accommodate tensions between the organisation's aims to enhance global access to social security and the Indian developmental scenario. These discrepancies between the ILO's aim for universalisation and the Indian attempt to negotiate its own terms have yet to be fully explored. India's stress on being a country yet-to-be developed led to demands for lower social security standards to be applied.

To address these differences, India joined a network of Asiatic Regional Conferences, including Thailand, Burma, Indo-China, Indonesia, Ceylon, and Malaya.⁶⁴⁷ These conferences were a separate forum of countries who felt that “the I.L.O. has developed into an organization concerned mainly with the problems of European and American workers and that urgent problems facing the millions of wage-earners employed in Asia seem to have received scanty attention”.⁶⁴⁸ At his inaugural speech of the first Asiatic Conference in 1947, Jawaharlal Nehru contended that “India and most countries in Asia are still, and are likely to continue to be, predominantly

⁶⁴³ The food intervention was received rather critically by the Indian public, including Prime Minister Jawaharlal Nehru. See Roy, A. (1966). *Economics and Politics of U. S. Foreign Aid*. National Publishing House, Calcutta.

⁶⁴⁴ Engerman, David C. (2018): *The Price of Aid. The Economic Cold war in India*. Harvard University Press: 11-13.

⁶⁴⁵ Hilger, A., Unger, C. R., and Engerman, D. (2012). *The Political Power of Economic Ideas?: Foreign Economic Advisors and Indian Planning in the 1950s and 1960s*. In A. Hilger, Ed. (2012). *India in the World since 1947: National and transnational perspectives*. Peter Lang, Frankfurt.

⁶⁴⁶ Engerman cites here particularly incidents, such as the Indian attempt to free its oil sector from US firms with the help of the Soviets, without success.

⁶⁴⁷ Indo-China refers to the union of the former French colonies Cambodia, Laos and Vietnam between 1947 and 1954. See, for example, Brunero, D., & Farrell, B. P., Eds. (2018). *Empire in Asia: A New Global History: The Long Nineteenth Century (Empire in Asia)*. Bloomsbury, London. China was also part of the early conference in 1947, but this changed with the victory of the Communists over mainland China, turning the country into a non-active member from 1949 onwards.

⁶⁴⁸ Indian Council of World Affairs (1947). *Asia and the ILO*. Indian Council of World Affairs Paper No. 8, New Delhi: 2.

agricultural countries”.⁶⁴⁹ Thus, “only a very small proportion of the total working population is employed in such (i.e. large-scale industrial) undertakings”.⁶⁵⁰

Two contradictory tendencies flowed from this observation. On the one hand, both the Indian state and the ILO as an institution assumed that with a weak industrial labour force, trade unionism would be a weak phenomenon too. The second chapter showed how the Minimum Wages Act and the ILO’s support for it left a large number of workers outside the coverage of minimum wages. On the other hand, countries like India felt that rigid labour regulations through ILO conventions could potentially harm national industrial development.⁶⁵¹ Ironically, arguments that the labour movement was weak and in need of protection coincided with a phase of growing Communist labour activities during the second half of the 1940s.⁶⁵² The contours of the international organisation shifted at the same time as the political landscape of Indian labour was undergoing significant change. Had the AITUC had been active in the International Labour Conferences since its inauguration, the right to represent Indian labour at the ILO fell to the INTUC after its inception in 1947. This partly had to do with the split in the Indian trade union movement, which had rendered the AITUC a predominantly Communist association, while the INTUC remained firmly under the influence of the governing Congress party. All Indian representatives within the organisation were sent by the INTUC from 1948 onwards, including Gulzarilal Nanda as Government representative in 1947 and 1959, INTUC President Khandubhai Desai as representative of the Indian Workers’ Delegation in 1950, and Gopala Ramanujam in 1958.⁶⁵³ Additionally, with growing Communist influence over the region after the civil war in China in 1949, fears grew that more countries would follow suit.⁶⁵⁴

⁶⁴⁹ ILO (1947). First Sitting, Record of Proceedings, Preparatory Asian Regional Conference of the International Labour Organisation. New Delhi October-November 1947: 4.

⁶⁵⁰ Preparatory Asiatic Regional Conference of the International Labour Organisation. New Delhi, 1947, Labour Policy in General Including the Enforcement of Labour Measures. Report No. 2: 203.

⁶⁵¹ Although this was a common argument made by government and business representatives from various member states, the general directorate accepted the difference between “developed” and “developing” countries in terms of their commitment to ILO conventions. Lengwiler, M. (2013). The ILO and Other International Actors in 20th-century Accident Insurance in Switzerland and Germany. In: Kott and Droux (2013). op. cit.: 32-45.

⁶⁵² Ahuja, R. (2019). Beveridge Plan for India? Social Insurance and the Making of the “Formal Sector.” *International Review of Social History* 64(2): 207-248.

⁶⁵³ Government of India, Ministry of Labour and Employment. Indian Delegates and Advisors to the International Labour Conference 1919-2016. https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&cad=rja&uact=8&ved=2ahUKewjMzOTSz_j6AhWgX_EDHae_AYsQFnoECBoQAQ&url=https%3A%2F%2Flabour.gov.in%2Fsites%2Fdefault%2Ffiles%2FIndian%2520Delegates%2520and%2520Advisors%2520in%2520International%2520Labour%2520Conferences%2520of%2520ILO%2520Geneva.pdf&usq=AOvVaw3iKaRLqscr7lkDfP7ZzA6, last accessed 27.10.2024. S. P. Dave and A. N. Buch served as advisors to the labour delegation in 1949 and 1953 respectively.

⁶⁵⁴ ILO (1947). Ninth Sitting, Record of Proceedings, Preparatory Asian Regional Conference of the International Labour Organisation. New Delhi, October-November 1947: 88.

The problem therefore did not lie in the absence of unionism as such, but in a particular kind of bargaining pressure outside the realm of the state. In this vein, Nehru expressed his anxiety that “labour trouble” such as strikes and lockouts could prevent countries like India from expanding their productive capacities, thereby forfeiting the chance to “catch up” with other countries, as employer representative Sri Ram had put it.⁶⁵⁵

Both the INTUC and the ILO thus shared a common aversion to Communist labour politics. This explains the continued interest of directors from Harold Butler to David Morse in the INTUC’s flagship union, the TLA. When David Morse visited the TLA in December 1949, he emphasised the convergence of “the teachings of Mahatma Gandhi and the ideals and objectives of the ILO”. Equating the Indian labour movement with the TLA, he expressed his aim that “India and the ILO working together in this selfsame spirit, can be the force for human justice and peace.”⁶⁵⁶ To strengthen US-aligned trade union activism as a counter balance, the International Confederation of Free Trade Unions (ICFTU) received an additional number of seats at regional ILO conferences. Following its inception in 1949, it was able to double its representation in these forums, as it had the opportunity to participate through member states such as India and the INTUC as an aligned union, but also through its own designated delegates.

The alignment of ILO policies with debates on industrialisation and modernisation can thus also be interpreted as a response to attempts by countries such as India who were demanding special treatment vis-à-vis Western nations. One of the main aims of the regional conference in 1950 was to provide technical assistance to Asian countries.⁶⁵⁷ This included setting up a separate Asian Technical Manpower Conference in Bangalore in 1952 and planning to “organise as many training centres as possible” based on similar programmes already taking place in Latin America.⁶⁵⁸ These measures contributed to an expansion of field offices and personnel, such as the setting up of a manpower training institute in Sri Lanka and in Pakistan.⁶⁵⁹ As a tripartite organisation, the ILO entered into the field of assistance for development, using its contacts with businesses, workers

⁶⁵⁵ ILO (1947). First Sitting, Record of Proceedings, Preparatory Asian Regional Conference of the International Labour Organisation. New Delhi, October-November 1947: 5, 7.

⁶⁵⁶ Morse speech on All-India Radio 19.12.1949 in Delhi, in: *Bombay Labour Gazette*, January 1950: 483. In 1950, apart from Morse the delegation included Alfred Roberts and Paul Finet as members of the governing body of the ILO as well as Herbert Bullock of the British Trade Union Congress. TLA Annual Report 1949-50: 9.

⁶⁵⁷ ILO (1949). Report of the Director General to the Asian Regional Conference in Nuwara Eliya (Ceylon), January 1950: 145.

⁶⁵⁸ *Indian Labour Gazette*, January 1953: 573-5.

⁶⁵⁹ For example, through the UNESCO Fundamental Education Centre in 1951 and the Vocational Centre in Karachi constructed in 1952. Hatch, D. S. (1952). Fundamental Education Project at Minneriya. *Community Development Bulletin* 4(1): 3-6.

and governments, which, it argued, would give it a particular advantage over other organisations within the UN body.⁶⁶⁰ These measures provided the framework for the Indian government's cooperation with the ILO on the productivity missions, as experts were ultimately sent out to India to set up a contract for technical cooperation.⁶⁶¹

At the regional conferences, Asian countries discussed what exactly region-specific ILO interventions of technical assistance should look like. As the preparatory meeting in 1947 had decided, the main purpose of the conference was to collect adequate data on regional labour matters.⁶⁶² Whereas the first Asian conference had centred on matters of social security, the focus then clearly shifted away from labour protection to how to increase capacities of national production. The report of the Director General in 1950 clearly stated that it was “only as productivity expands that the promotion of social justice can be pursued”,⁶⁶³ and thus any intervention in favour of labour was contingent upon economic growth.

This was also articulated in the 1956 ILO publication titled “Problems of Wage Policy in Asian Countries”, summarising the findings of the conference. In this period, minimum wage policies had become the “most popular objective of Asian countries”.⁶⁶⁴ As one of the key regulatory tools of emerging developmental states, wage matters were set as the main discussion point at the 1953 conference in Tokyo. In the conference resolution, wages and production problems became very tightly interwoven. Due to scarce resources, the Indian government urged that sections of the industrial workforce should not become better off than their agricultural counterparts at the latter's expense. As “wages should be related to development”,⁶⁶⁵ this meant that they were framed not only as a matter of distribution between different sections of society, but also as dependent on growth in productive capacities. This shifted the attention from labour rights and standards to the amount and type of resources the ILO could offer India in its developmental effort.

⁶⁶⁰ ILO (1957). Productivity Missions to Underdeveloped Countries: Part 3. *International Labour Review* 76(1): 126.

⁶⁶¹ ILO (1957) Expanded Programme of Technical Assistance. Report to the Government of the Republic of India on Training within Industry for Supervisors. ILO/TAP/India/R.5, p. 5.

⁶⁶² Resolution concerning statistics, submitted by the Committee on Programme of Action No 23. Record of Proceedings, Preparatory Asian Regional Conference of the International Labour Organisation. New Delhi October-November 1947: 297.

⁶⁶³ ILO (1949). Report of the Director General to the Asian Regional Conference in Nuwara Eliya (Ceylon), January 1950: 146.

⁶⁶⁴ ILO 1956. Problems of Wage Policy in Asian Countries, ILO, Geneva: 75.

⁶⁶⁵ Speech by Khandubhai Desai, Indian Workers' Delegate, Tenth Sitting. Record of Proceedings, Third Asian Regional Conference in Tokyo, September 1953, p. 120. While accepting the premise that productivity should be increased first, and wages as a secondary measure, Desai emphasised that the latter step of raising wages should not be forgotten in the process.

We can therefore see that wage policies at the ILO level oscillated between tripartism and the need for greater institutional control and bipartite collective bargaining. This led to certain tensions within wage regimes which were not always resolvable. In India during the 1940s, the emphasis lay on standardising wages through tripartite forums as a measure to strengthen labour control. The limits of these policies became visible during the 1950s when tripartism in state policy evolved in a particular way so as to keep specific aspects of wage policy in the hands of the employers. The following section explores how this was promoted through the ILO productivity missions.

2. The Productivity Mission

The Productivity Mission to India in 1952 was the second endeavour of its kind, following the first mission to Israel.⁶⁶⁶ By 1953, the ILO had allocated a sum of 1.6 million USD to its technical assistance activities – half of its total 2.8 million USD budget. Thus, technical assistance and the training of trainers were prioritised. The ILO’s annual programme of 1953 called for “as many training centres as possible in underdeveloped countries.”⁶⁶⁷ What had started as manpower field offices in Asia and Latin America for vocational training, was now expanded towards the Middle East.⁶⁶⁸ At the same time, the focus of the international organisation had shifted towards greater emphasis on labour productivity, including the amplification of systems of wage differentials based on payments by results.

Five experts of the ILO Productivity Mission from the UK arrived in Delhi in December 1952. The mission was headed by J. B. Shearer, professor of industrial relations at the university of Leeds, who would eventually become one of the ILO’s productivity experts at its headquarters in Geneva.⁶⁶⁹ At the beginning of the same year, the ILO had signed a contract with the Indian government to provide advice on “how the productivity and the earnings of the workers in Indian industries can be raised by the application of modern techniques of work study and plant organisation, and in addition, where appropriate, by the introduction of suitable systems of

⁶⁶⁶ Further missions followed during the course of the 1950s to Egypt, Pakistan, Yugoslavia, Brazil, Bolivia, Greece, Hong Kong, Ceylon. ILO (1957). *Productivity Missions to Underdeveloped Countries: Part 1*. International labour review. Volume 76, number 1 (July 1957) Geneva : International Labour Office.

⁶⁶⁷ *Indian Labour Gazette*, 10 (7), January 1953: 573.

⁶⁶⁸ *Indian Labour Gazette*, 10 (5), November 1952: 574.

⁶⁶⁹ Kanawati, G. (1992). *Introduction to Work Study*. Fourth Revised Edition. International Labour Organisation, Geneva.

payment by results.”⁶⁷⁰ Thus, the government sought international support to achieve the planning targets it had developed in the First Five Year Plan of the National Planning Commission, launched in 1951 under the chairmanship of Gulzarilal Nanda. Productivity enhancements envisioned by the mission related first and foremost to a six-month investigation into wage systems and to what extent they could be moved towards bonus and piece rate systems, but also included studies on improved utilisation of raw materials.⁶⁷¹ The first phase therefore focused mainly on studying existing patterns and policy recommendations rather than actively changing existing patterns.

In pilot experiments in the state of Bombay, these aspects were first identified and then realised by recruiting and training local trainers. The mission chose six textile mills in Bombay and Ahmedabad for their studies, along with several enterprises in the engineering industry of Calcutta. In the end, Ahmedabad became the pilot location due to its reputation as a centre of peaceful industrial relations based on Gandhian trade unionism, and which, according to the assistant director of the ILO, Raghunath Rao, presented an example “of real value to other parts of the country”.⁶⁷² Given that the ILO programme required that “human relations should be at least relatively good”, Ahmedabad was one of the few centres according to the organisation that promised an uninterrupted operation.⁶⁷³

To explore sites of intervention, the ILO reached out to the All-India Organisation of Industrial Employers (AIOIE) – of which the AMA was also a member. As the most profitable and largest enterprise, the AIOIE recommended conducting the study at the Calico Mills.⁶⁷⁴ However, the ILO selected two medium-size mills. Both the New Commercial Mills, owned by the Lalbhai family, and the Bhalakia Mills (named after its owner Jethalal Bhalakia) employed about 1,400-1,500 people.⁶⁷⁵ Whereas previous studies related to productivity and supervision like the “Ahmedabad experiment” conducted by AK Rice in the Calico Mills shortly afterwards focused on reorganising the weaving department, the ILO study focused mostly on spinning, winding and

⁶⁷⁰ Terms of Reference between the ILO and the Ministry for Labour and Employment, cited in *Indian Labour Gazette*, Vol. 10 (6), December 1952: 491.

⁶⁷¹ *Ibid.*

⁶⁷² Speech by Raghunath Rao on “Industrial Relations”, in: ATIRA: Proceedings of the First Management Conference, February 5-7, 1955: 20.

⁶⁷³ ILO (1955). Report to the Government of India on a Productivity Mission (December 1952 - May 1954). Expanded Programme of Technical Assistance. ILO/TAP/India/R.2, p. 8.

⁶⁷⁴ The AIOIE was the oldest nationwide alliance of business associations affiliated to the FICCI which was closer to the Birla families while its rival association, the Employers’ Federation of India, was closer to the Tata group. On the relation between business groups and politics, see Kochanek, Stanley A. (1974): *Business and Politics in India*. University of California Press, Berkeley. AMA Annual Report 1952: 25.

⁶⁷⁵ Financial Accounts of Ahmedabad Mills, 1951-1971, TLA Archive. Rutnagur, R. S, ed. (1954). *The Indian Textile Journal*. Special Souvenir Number to mark the centenary of the cotton textile industry of India: 134. The New Commercial Mills were owned by Chimanlal Lalbhai, father of Ahmedabad mayor Chinubhai Chimanlal (1950-1956).

warping.⁶⁷⁶ In the carding and drawing department of these mills, the ILO mission undertook studies on machine maintenance, and in the respective winding departments, duties were re-allocated between different occupational groups.⁶⁷⁷

This comparison with A. K. Rice's studies is significant, because it not only underlines the differences in departments, but also differences in machine capacity. While Calico Mills had obtained licences to import automatic looms and build an entire new weaving shed, there were hardly any changes in machinery in the Bhalakia Mills and the New Commercial Mills following the Second World War. Even though other mills owned by Kasturbhai Lalbhai, particularly the Arvind Mills, included automatic looms in their production, this was not the case in the New Commercial Mills, which continued with its capacity of 46,160 spindles and 867 looms throughout the 1950s.⁶⁷⁸ The Bhalakia mills had an equally strong spinning section given that it was only in 1941 that it had become a composite mill. The only change had been the introduction of Obermaier cheeses, which meant an increase in the amount of yarn they could carry and consequently an additional weight to be carried by the workers.⁶⁷⁹ In other words, while the Ahmedabad experiment aimed to change both variables, i.e. technology and the labour strategies employed, the ILO mission sought an increase in productivity solely through modifications in the latter area.

The Productivity Mission in a terrain of a changing field of forces of trade union activities

The ILO had chosen the spinning department, where the TLA was traditionally strong and able to prevent strikes. By choosing the framework of the mission as a tool to enhance productivity, the ILO contributed to such debates, arguing that both workers and employers could gain from greater profits, as these would lead to higher wages. The idea behind integrating union leaders, was to increase the level of workers' cooperation.

The ILO's studies took place from May 1953 onwards, training a total of 12 people, including six nominees from management, four from the TLA, one Junior Labour Inspector and D. L. Amin

⁶⁷⁶ILO (1955). Report to the Government of India on a Productivity Mission (December 1952 - May 1954). Expanded Programme of Technical Assistance. ILO/TAP/India/R.2: 8.

⁶⁷⁷ ILO Expanded Programme of Technical Assistance. (1959). Report to the Government of India on Labour-Management Relations and Some Aspects of Wages Policy. ILO/TAP/India/R.10.

⁶⁷⁸ The number of spindles and looms are taken from Indian Textile Journal Souvenir, 1955.

⁶⁷⁹ Ibid.

as representative of ATIRA's psychology unit.⁶⁸⁰ Within the study period of six weeks, the executing officer Mathew found that the main factor inhibiting efficiency was the "highly unsatisfactory" condition of machinery due to a lack of adequate maintenance, oiling and cleaning.⁶⁸¹ To address these issues, the ILO experts demonstrated suitable methods for educating workers in a "practical manner".⁶⁸² The TLA even assigned personnel, M. Ladola, to "correctly enlighten the workers".⁶⁸³ This was not only a measure to assist the ILO's programme, but also indicates the TLA's aim to maintain control over the activities of the international organisation through participation. As the association remarked in its annual report on several scientific studies ongoing in Ahmedabad during 1953, these could at best "merely form a basis of discussion which may lead to a collective agreement... much care has to be taken in utilising the services of experts for industrial purpose."⁶⁸⁴ The TLA's cautious scepticism was part of a larger discussion in India on technology and change in India during the 1950s. The mission's leader, Shearer, acknowledged that the "question of productivity in India is an extremely controversial one. The controversy revolves around the word rationalisation which is used interchangeably with mechanisation. This immediately raises the spectre of unemployment in people's minds."⁶⁸⁵ Fearing that the ILO mission might contribute to rationalisation and job losses, the TLA sought a "guarantee from management that there will be no retrenchment of workers from the selected mill" during the ILO mission in the terms of reference. Nonetheless, the agreement between the trade union, management and the Indian government allowed the mission to identify workers who might be moved from one department to another, but that such "surplus workers... shall suffer no reduction in wages as a result of the move".⁶⁸⁶ The ILO staff, in turn, felt that these restrictions imposed by the TLA "severely limited" the "success of the proposed pilot project" and warned that these approaches might not be fruitful for a country's developmental programme.⁶⁸⁷

As a consequence of these limitations, the mission mainly focused its research on machine stoppages and how they could be prevented through improved maintenance. According to their

⁶⁸⁰ ILO (1955). Report to the Government of India on a Productivity Mission (December 1952 - May 1954). Expanded Programme of Technical Assistance. ILO/TAP/India/R.2: 85.

⁶⁸¹ TLA Annual Report 1952-53: 19.

⁶⁸² Ibid; Apart from M. K. Ladola, the TLA also nominated N. M. Barot, who had represented the union in various labour court cases and who became the Gujarat Labour Minister in 1977. Shukla, M. T. (1977). Six Decades of Textile Labour Association, Ahmedabad (1917-1977): 28.

⁶⁸³ Ibid.: 20.

⁶⁸⁴ This not only concerned the ILO's investigations, but also A. K. Rice's experiment, which was "watched with interest". TLA Annual Report 1952-53: 20.

⁶⁸⁵ Cited in Productivity Missions to Underdeveloped Countries: Part 1. *International Labour Review* 76(1): 25.

⁶⁸⁶ ILO (1955). Report to the Government of India on a Productivity Mission (December 1952 - May 1954). Expanded Programme of Technical Assistance. ILO/TAP/India/R.2: 80.

⁶⁸⁷ ILO (1955). Report to the Government of India on a Productivity Mission (December 1952 - May 1954). Expanded Programme of Technical Assistance. ILO/TAP/India/R.2: 85.

findings, this would have increased productivity by 5 to 250% in the mills concerned. The thinking was that where mills succeeded in creating a better incentive structure for workers to keep machines clean and regularly service the looms, any breakages would be prevented before they even occurred. Thus, adequate handling of already existing machinery would allow firms to improve productivity “without capital investment”⁶⁸⁸ in new technologies. Furthermore, improved working conditions (for example, through adequate lighting and ventilation) would be an investment, “reducing physical effort and leading to increased output and higher wages”.⁶⁸⁹

This would have to go hand in hand with changes in the wage structure:

since about 40 per cent of the total payroll in ... Indian plants have been established by awards of industrial courts without the aid of work measurement or job evaluations, the resultant anomalies blurring the relationship between earning and work performed have an adverse effect on incentives.⁶⁹⁰

Seeing the court agreements as a distortion of wage regulation through the production process, the ILO mission advocated a greater emphasis on “payment by results”. This included recommendations to change payment periods from monthly to weekly, as this closer temporal proximity would enhance accountability. Furthermore, they argued that time rates should be replaced by piece rates wherever possible. The experts reserved their sharpest criticism for those components of the wage bill that were linked to the achievements of labour courts: dearness allowance and bonus payments. Ironically, the mission therefore did not recognise how such components had emerged from processes of collective bargaining (especially the demand of workers for compensation during war-time inflation). As such, they remarked that “annual bonus is an ineffective means of incentivising productivity and produces controversy every year” for which it should be replaced with weekly bonuses.⁶⁹¹ Similarly, they felt that it was unsatisfactory that dearness allowance payments “greatly exceed(ed) the level of basic earnings”⁶⁹² and therefore “blurred the effectiveness of systems of payment by results”,⁶⁹³ preventing an adequate representation of the relation between production and remuneration.

⁶⁸⁸ BLG November 1955: 299.

⁶⁸⁹ Ibid.

⁶⁹⁰ BLG November 1955: 297-8.

⁶⁹¹ ILO (1955). Report to the Government of India on a Productivity Mission (December 1952 - May 1954). Expanded Programme of Technical Assistance. ILO/TAP/India/R.2: 299.

⁶⁹² Ibid.

⁶⁹³ ILO (1955). Report to the Government of India on a Productivity Mission (December 1952 - May 1954). Expanded Programme of Technical Assistance. ILO/TAP/India/R.2: 46

Limited attempts to increase productivity through incentive wage systems

The payment of piece rates as such was not something new in the Ahmedabad textile industry, even though it was now to be placed on a “scientific” footing. As early as 1926, both in the Bombay and Ahmedabad textile industry, the share of piece-rated workers had been about 45%.⁶⁹⁴ However, what was new was that through these “scientific” standards, a new structure emerged which combined both time rates and incentives based on piece rates. These incentives were mostly based on the length and quality of cloth, whereas “older” forms of piece rates had taken into account the weight of the material. With the stronger focus on fine-spun goods, weight became less of an important criteria. In 1958-59, at least 63% of all employees received composite wages of at least one piece-rated element.⁶⁹⁵

As various mills, including the Rohit mills, and others participating in the productivity scheme gradually shifted from two sides to four sides in ring spinning, the TLA observed that the number of employees in the department had halved, while wages for the remaining workers hardly had risen.⁶⁹⁶ They identified the same kind of intensification process as they had seen in the weaving department, where production shifted from two-loom to four-loom weaving. As the diagram no. 11 below shows, it was particularly low-paid workers who were already engaged in piece-rated occupations.

⁶⁹⁴ Bombay Labour Office (1930). “Reports on an Enquiry into Wages and Hours of Labour in the Cotton Mill Industry, 1926”: 33.

⁶⁹⁵ Department of Labour, Government of India (1960). Occupational Wage Survey, 1958-59: 52.

⁶⁹⁶ TLA Statement in AMA Annual Report: 165.

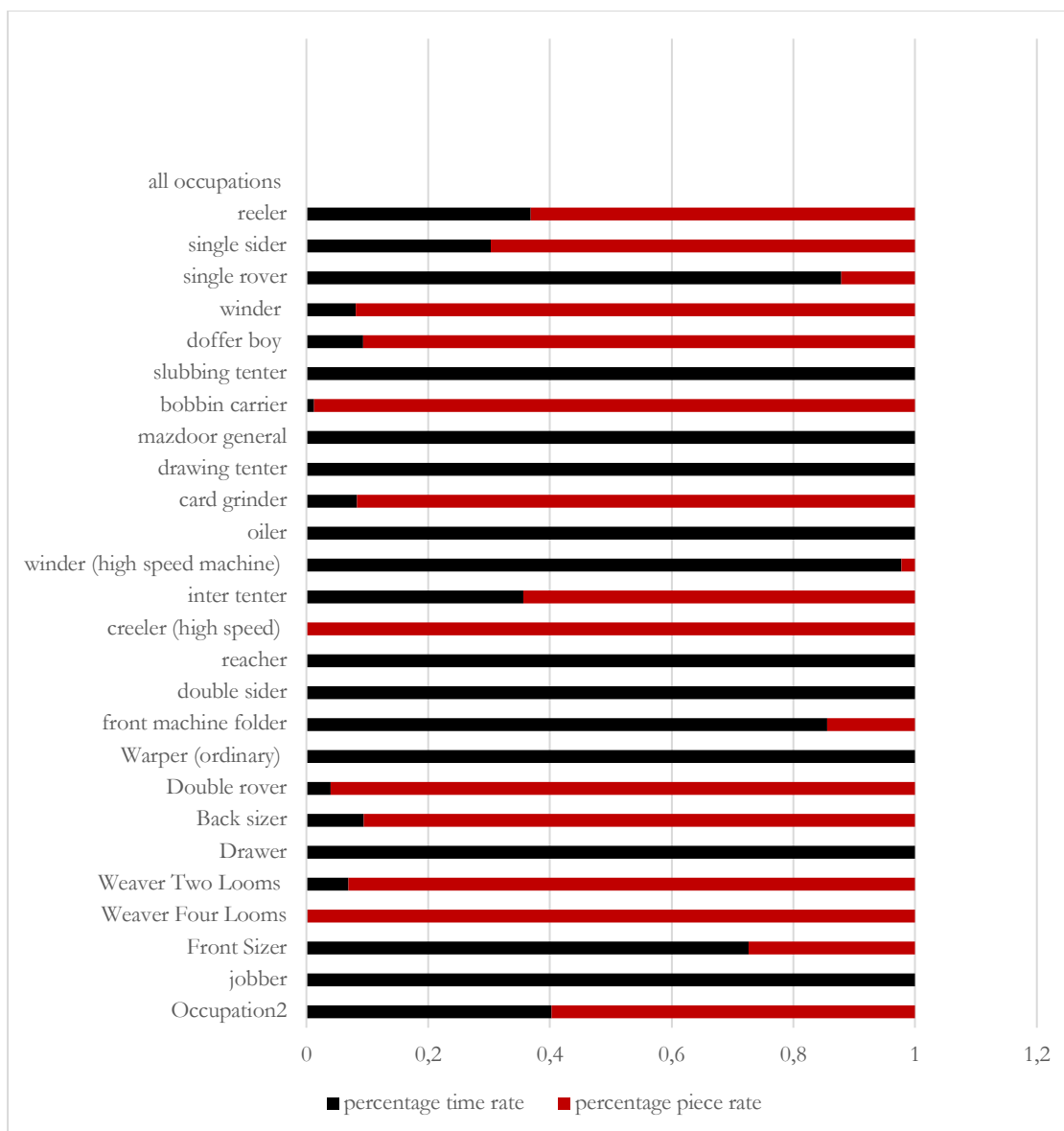


Figure 11: Percentage of time and piece rates in selected occupational groups in the Ahmedabad textile industry, 1958-59

The focus of the ILO on incentive wages as an attempt to increase productivity therefore would have contributed to an imbalance between time and piece-rated wages which had already been established before. As the largest attempt to standardise wages among workers of the Ahmedabad textile industry, an agreement in 1947 had determined that piece rates rise by at least 52.5% to be on a par with time-rated wages.⁶⁹⁷ But given that the dearness allowance was calculated per working day attended and not by basic piece rates, the TLA argued that overall earnings had not doubled even though the number of workers had been cut in half.⁶⁹⁸ This meant that millowners effectively saved on wage costs through rationalisation, even with the compromise of an increased piece rate

⁶⁹⁷ AMA Annual Report 1956: 185.

⁶⁹⁸ Ibid.

for four looms of an additional 87.5%.⁶⁹⁹ The promise of “incentives for sharing the gains of rationalisation through higher wages”, as envisaged by the Planning Commission under Gulzarilal Nanda in 1951 remained only a distant promise.

However, as part of the contract with the TLA, the ILO experts were not allowed to suggest any changes to the payment structures beyond the existing piece rate structure. That the mission was thus deprived of its major aim of investigation caused a “deep sense of disappointment and frustration” among its staff members.⁷⁰⁰ They feared that “without some form of financial incentive, there is no encouragement for time rated workers to give their best and... no means of ensuring that they will automatically share in the benefits of increased productivity through higher earnings”. In this concept, piece rates ensured the possibility of individual increased wages above the fixed time-rated wages determined by agreements at the industrial level. However, this did not correspond to the notions of “fair” wages as envisioned by the TLA whose emphasis lay on the equality of rates for all workers in Ahmedabad. These notions were legally confirmed by the Bombay High Court. They contended in 1954 in *C. T. Daru v Manager, Ahmedabad Spinning and Manufacturing Co Ltd Ahmedabad* that mills were not allowed to pay higher wages than those settled by the standardisation agreement between the TLA and the AMA in 1947.⁷⁰¹

The blockade of the productivity mission through the trade unions became especially clear after the three months intervention period, when its formal mandate phased out. After the short-lived initial study period, the mission was extended as hoped. To a certain extent, the strategy to enter departments where the TLA, as the dominant union of the city, was very strong, had not been successful. Rather than facilitating easier communication between the international organisation and local workers, it had complicated matters even further. From the perspective of the international organisation, it was desirable to look at productivity changes not only at the level of separate departments, but at the mill-level. The aim of the extension proposal sent to all parties was to investigate the integrated “beneficial effect on the quality of cloth and on the work-load of the weavers”.⁷⁰² To counter the union’s fears that the mission would determine workloads, which

⁶⁹⁹ Award of the Umpire Sri M. R. Meher, cited in AMA Annual Report: 195.

⁷⁰⁰ ILO (1955). Report to the Government of India on a Productivity Mission (December 1952 - May 1954). Expanded Programme of Technical Assistance. ILO/TAP/India/R.2: 87.

⁷⁰¹ High Court, Bombay MC Chagla Chief Justice Special Civil Application no 2684 of 1954. *C. T. Daru v Manager, Ahmedabad Spinning and Manufacturing Co Ltd Ahmedabad*. In this case, C. T. Daru, a labour lawyer and General Secretary of the Mill Mazdoor Mandal had protested against a lowering of wages following the standardisation agreement. The court had justified this based on the principle of “same wage.. same work” (p. 1483).

⁷⁰² ILO (1955). Report to the Government of India on a Productivity Mission (December 1952 - May 1954). Expanded Programme of Technical Assistance. ILO/TAP/India/R.2: 83.

would then increase the pressure to intensify work everywhere in Ahmedabad, the experts added the provision that “each mill would require individual treatment” and that results were not transferable.⁷⁰³ However, even though the ILO also added that “no changes would be implemented without prior consultation and agreement with both parties”, the TLA eventually denied the extension of the mandate.⁷⁰⁴ As a consequence, the mission observed in its report that “many of the gains in productivity temporarily achieved... had to be relinquished following the return of the original method”.⁷⁰⁵ In other words, the training of workers related to improvement in maintenance did not last long.

The reason for the harsh rejection by the TLA lay partially in the outline of the mission, but was mainly caused by shifts in the overall political landscape in Ahmedabad itself. As the sections above have shown, one of the main aims of the productivity mission was to individualise the calculation of payment by creating incentives to produce more. The TLA, on the other hand, drew its strength from industry-wide agreements and its close “cooperative” relation to the millowners.⁷⁰⁶ This implied a patronising hierarchy between the workers and the millowners, but it also secured the TLA an unquestioned position as a member of the internal family. According to General Secretary Vasavada, the ILO’s individualist approach would be too “disconnected”, or in other words, threatened to distort these relations, as they opened up the possibility for wage bargaining without the intermediation of the TLA.⁷⁰⁷

Apart from this scepticism about the missions’ outline, the TLA could no longer support it due to growing Communist influence in Ahmedabad, which threatened its hegemony over the cities’ labour movement. Ironically, it was the spinning department which saw great upheavals, counter to the intuition and hopes of the ILO that spinners would be more “cooperative” than weavers. According to the Times of India, “resistance” to rationalisation by workers in the spinning department in Ahmedabad was particularly high. While “the working of doubles in ring frames and the working of four looms” was “permitted in Bombay”, it was “resisted in Ahmedabad.”⁷⁰⁸ As the ILO project ended immediately after the months of protests, the TLA supported the

⁷⁰³ ILO (1955). Report to the Government of India on a Productivity Mission (December 1952 - May 1954). Expanded Programme of Technical Assistance. ILO/TAP/India/R.2: 84.

⁷⁰⁴ Ibid.

⁷⁰⁵ ILO (1955). Report to the Government of India on a Productivity Mission (December 1952 - May 1954). Expanded Programme of Technical Assistance. ILO/TAP/India/R.2: 24.

⁷⁰⁶ ATIRA (1955). Proceedings of the First Management Conference, February 5-7, 1955, Speech by Vasavada, TLA General Secretary on “Joint Consultation”: 39.

⁷⁰⁷ Ibid.

⁷⁰⁸ *Times of India*, 15.06.1953.

workers' claims in order to prevent further changes in workplace organisation and to retain control.⁷⁰⁹ The union warned that workers should be “vigilant and watchful” not only with respect to rationalisation measures, but also to other workers who might join militant unions.⁷¹⁰

Aftermath

Following the mission's extension to Bombay and Calcutta, its team was able to secure a contract with the Indian government to set up a National Productivity Centre (NPC) in Bombay in August 1954.⁷¹¹ The NPC aimed to facilitate further research and conduct public “promotional activities in favour of productivity improvement”.⁷¹² However, it is interesting to note that none of the new projects the centre undertook were focused on the textile industry. As the rate of trade union organisation was particularly high in this sector,⁷¹³ this may be an indicator that, based on the experience with the TLA, the ILO was seeking to move into sectors where it would not need to bargain so much with other unions. Through the NCP, the ILO was no longer dependent on its regional trade union contacts and was able to directly negotiate with the government itself. Its cordial relations with the Labour Ministry eventually allowed the organisation to resume its work in Ahmedabad as part of the Training Within Industry (TWI) scheme, which aimed to change management hierarchies within companies. The idea of enhancing production through “payment by results” schemes was not only enshrined in the Second Five Year Plan in 1956, but also became the reference for all sectoral wage boards initiated in the late 1950s, including the textile wage board.⁷¹⁴ In other words, while the mission might have not succeeded on the shop floor in Ahmedabad, it prevailed at the national policy level. This shift in levels enabled a continuation of the idea of productivity as a promotion of incentive wages through the central government even when it had lost its relevance in the bipartite ecosystem of Ahmedabad.

During the process of the productivity mission, the ILO's approach of promoting individual responsibility developed a contradictory tendency: on the one hand emphasising the need for

⁷⁰⁹ AMA Annual Report 1953: 8.

⁷¹⁰ TLA Annual Report, 1953-54: 17.

⁷¹¹ ILO (1953). Technical Assistance by the I.L.O. to India in the Field of Systems of Payment by Results and Productivity (Project No. 77): Tentative Proposals for Extension, Including the Establishment of a National Productivity Centre, ILO, Geneva.

⁷¹² The NCP in India was based on the same model as in the other countries where such missions had been conducted. National Productivity Council, Government of India (1959). “Productivity” Vol. 1, New Delhi.

⁷¹³ According to Industrial Relations Scholar Ornati, the textile sector and its numerous unions functioned as the “pattern-setter of industrial relations in India” during the 1950s. Ornati, O. (1954). Indian Trade Unions Since Independence. *Far Eastern Survey* 23(8): 113–122.

⁷¹⁴ Government of India (1958). Report of the Wage Board of the Textile Industry: 1.

individual participation, and on the other opposing the collective agreements which had resulted from workers' involvement. For debates on rationalisation, this meant that the blame for job and income losses was placed on the individual. Thus, the productivity missions marked a significant shift in the ILO's understanding of labour politics. In interaction with developmental debates emphasising the need to produce more, the emphasis of the international organisation's work shifted from securing workers' rights to a focus on workers' obligations.

The shift towards technical assistance in the development of the ILO meant that interventions would not only take the shop floor into consideration but also move beyond. According to Shearer's assessment, keeping people employed who were not contributing adequately to production would be detrimental for consumers, who had to face higher prices as a consequence of inflated labour costs.⁷¹⁵ Wages, in this framework, were not only a matter of labour policies, but pricing policies as well. This did not take into account that those who produced cloth in Ahmedabad textile mills would also be most likely to wear them. Looking at the consumption basket of the Ahmedabad Consumer Price Index, all products referred to in the section on clothing were produced in the city itself.⁷¹⁶ The conflict of interest between these two groups was probably not as stark as the distinction drawn by the ILO report. Nonetheless, this narrative contributed to a further cementation of divisions between different social groups within the developmental state. As part of the judicative branch, former justice of the Industrial Court and author of the Ahmedabad standardisation agreement of 1947, M. R. Meher, admitted in 1969 that "the interests of the consumer and the economy have been overlooked by the tribunals".⁷¹⁷ By downplaying the consumption of working-class households and tying workers' earnings mainly to productivity, this contributed to the neglect of need-based calculations.

⁷¹⁵ Regarding food production: This links to other areas of US aid involvement at that time. A heavy emphasis on agricultural production became coupled with food aid. In other words, in the name of workers' welfare and nutritional concerns, the aim was to reduce industrial workers' cost of living and integrate them into the production process more efficiently. By lowering the costs for workers to obtain food, it was hoped that the total costs of the factor labour in production would reduce. In this context, it is also interesting to note that US-American aid in the late 1960s began to focus on population control. One could therefore argue that in the dominant visions of development during this period, nutrition and population management were intrinsically linked with demographic programmes that built on considerations of agricultural resource management and distribution.

⁷¹⁶ The consumption basket of the CPI with the base year 1926 was valid until 1960, when it was changed because the Labour Bureau found that consumption levels had been estimated too low.

⁷¹⁷ Speech by M. R. Meher at a seminar held by the Centre of Advanced Study in Economics, University of Bombay during March 19-21, 1969. In: Sandesara, J. C. and L. K. Deshpande (1970): Wage Policy and Wage Determination in India. Papers and Proceedings of the Seminar held by the Centre of Advanced Study in Economics, University of Bombay during March 19-21, 1969. University of Bombay Publications Economic Series No. 20: xii.

3.4 The “Ahmedabad Experiment” and “Human Relations” in Management

Gautam Sarabhai, chairman of Calico, the largest textile mills in Ahmedabad, visited the Tavistock Institute in London in 1952 to describe “the immediate problem facing his company as one in which the introduction of modern machinery and modern working methods was creating social and psychological problems for management and workers, both in their relations with each other and with the trade unions”.⁷¹⁸ Following this visit, the “Ahmedabad experiment”, a project by the scholar A. K. Rice from the Tavistock Institute, aimed to (re)-structure Calico’s automatic loom shed as a workplace. This experiment did not only significantly (re)-shape textile mill production in Ahmedabad – its active intervention in the workplace was also an important contribution to Tavistock’s *Industrial Action Research* approach of applied scholarship.⁷¹⁹ Such reordering of production took place in a shifting terrain of political and legal frameworks, particularly with regard to economic policies of developmental protectionism, as well as labour policies and the overall shaping of “workers” as a social category for lawmakers in an independent state-in-the-making. Large-scale strike movements throughout the 1940s had been fuelled, in particular, by demands for higher wages.⁷²⁰

This section of the chapter looks at the further divergence in millowners’ strategies towards labour and remuneration during the 1950s through the lens of the “Ahmedabad experiment” conducted by the Tavistock Institute. At the time of the study, however, there were already significant differences in approach to labour between Calico and the other mills. They were not just the largest mills of the city but were also considered to offer one of the best workplace environments in the country. According to the psychologist Gardener Murphy, who conducted a study for UNESCO, “one is fortunate indeed if he gets to work in the Calico Mills whose working conditions are good”.⁷²¹ Under the framework of this general study, Murphy was mainly preoccupied with the social implications of technological change, given that these mills also saw the greatest level of investment in automatic weaving machines. He argued that only millowners who had a “modern viewpoint toward labour” (like the Sarabhais, owners of the Calico Mills) would be able to prosper in the long term by providing opportunities for social change through technological innovation.

⁷¹⁸ Rice (1955): 5.

⁷¹⁹ On Industrial Action Research, see Trist, E., Murray, H., & Trist, B., Eds. (1990). *The Social Engagement of Social Science*, Vol. 1: A Tavistock Anthology: The Socio-Psychological Perspective. University of Pennsylvania Press. Online available as <http://moderntimesworkplace.com/archives/archives.html>, last accessed 27.10.2024.

⁷²⁰ Ahuja, R. (2020). ‘Produce or Perish’. *The Crisis of the Late 1940s and the Place of Labour in Post-Colonial India*. *Modern Asian Studies* 54(4): 1047.

⁷²¹ Murphy, G. (1953). *In the Minds of Men. The Study of Human Behaviour and Social Tensions in India*. Basic Books Publishers, New York: 208.

However, he found that within Ahmedabad “there are huge individual differences among the millowners in their readiness to modernise, rationalise, reduce noise, dirt, poor illumination and confusion, the magnitude of their earnings for the sake of the workers’ welfare”.⁷²²

This quest for developmentalism brought the Sarabhais into close contact with a growing body of development “experts”, particularly from the United States and the United Kingdom.⁷²³ In this context, the Tavistock Papers held by the Wellcome Collection in London provide a different perspective on the changes in Indian family businesses with regard to management practices and wage regimes.⁷²⁴ They allow an exploration of inter- and intra-firm tensions, and conflict over workplace organisation between business owners as a whole on the one side and workers on the other. The Tavistock Institute saw itself as an important actor in expanding Taylorist ideas about “humanising” the workplace.

The Tavistock Institute was established in 1947 with a grant from the Rockefeller foundation as a centre of research of scholars who had been working together at the Tavistock Clinic, a psychotherapeutic institution for soldiers during the Second World War. During the same year, the institute commenced the publication of the *Human Relations* journal for management studies with a particular focus on small group studies existing until date. In one of their first and most prominent studies, founder Eric Trist and Ken Bamforth examined the workplace organisation of British coal mines, which was published in 1951.⁷²⁵ Their studies developed a theory of Socio-Technical Systems (STS) aimed at better co-action between machines and humans in production, based on an interdisciplinary framework of psychology, engineering science and sociology. According to their approach, productivity could be enhanced by diminishing monotonous, broken-down tasks and instead create small groups of workers performing a wider range of tasks. From these findings, they developed four general principles: (1) “whole tasks” for each group to cover the entire production cycle, in order to create (2) “meaningful tasks” for each individual, based on (3) “adaptability” – the best possible use of technology. Each group was to enjoy (4) “responsible autonomy” to self-manage and reduce direct supervisory intervention.

⁷²² Ibid.: 214.

⁷²³ Wani, K. (2020). *Remaking Capital: Business, Technology and Development Ambitions in Twentieth-Century Western India*. Unpublished PhD Dissertation, Duke University.

⁷²⁴ These archives have hardly been studied, with the exception of Wani K. (2023). Pedagogies of Development, Conceptions of Efficiency: Modern Managerialism in Industrial Ahmedabad, 1950s–1960s. *Enterprise and Society* 25(3): 1-34.

⁷²⁵ Trist, E. L., & Bamforth, K. W. (1951). Some Social and Psychological Consequences of the Longwall Method of Coal-Getting: An Examination of the Psychological Situation and Defences of a Work Group in Relation to the Social Structure and Technological Content of the Work System. *Human Relations* 4(1): 3–38.

Due to the relative novelty of the discussion of the Tavistock material, this sub-chapter contextualises the archive within the broader field of management studies in order to analyse, in turn, what we can derive from it with regard to the specific model of shop-floor organisation in Ahmedabad. After a chronological overview of the different phases of the experiment, it analyses its implications for workplace relations (supervisory hierarchies) and working time. Finally, it highlights the limitations of the study through the workers' resistance to it.

3.4.1 Literature Review – Situating the Ahmedabad Experiment in Management Studies

Revisiting the work of A. K. Rice and his contributions to the field of organisational change, the scholars Sama and Neumann have recently labelled him a “forgotten giant”,⁷²⁶ with significant influence on the Tavistock Institute and beyond. When the findings of the “Ahmedabad experiment” were first published in 1958, they received considerable attention, particularly from fellow management scholars of emerging institutes within the Global South. In 1969, S. K Roy from the Sri Ram Centre for Industrial Relations levelled the criticism that due to the research design, the study had over-emphasised early short-term efficiency gains while neglecting long-term sluggish growth in productivity after the reorganisation of the automatic loom shed. Furthermore, he highlighted the omission of trade union responses to the study, indicating that voices of resistance had been excluded because the TLA had not been mentioned.⁷²⁷ Similarly, a follow-up study by Rice's former assistant, E. J. Miller, in 1970 found that the groups system had not been fully implemented, and that it had lacked financial incentives and improvements in the payment structure, as well as adequate training of workers involved.⁷²⁸ Applying a postcolonial perspective of textual analysis, Banerjee and Bloomfield characterise the dynamics between Rice and his study participants within his research report as a Western “imposition of its (i.e. the West's) systems of knowledge about order/organisation onto the other, the ‘non-West’”.⁷²⁹ In their opinion, Rice did not take into account local factors of production organisation or workplace relations. It is

⁷²⁶ Sama, A. and Neumann, J. E. (2021). Rice, Albert Kenneth: Forgotten Giant, Shaper of a Field. In: Szabla D. B., Eds. (2021). *The Palgrave Handbook of Organizational Change Thinkers*. Palgrave Macmillan, Cham.

⁷²⁷ Roy, S. (1969). A Re-Examination of the Methodology of A. K. Rice's Indian Textile Mill Work Reorganisation. *Indian Journal of Industrial Relations* 5(2): 170-191.

⁷²⁸ Miller, E. J. (1975). Socio-Technical Systems in Weaving, 1953-1970: A Follow-up Study. *Human Relations*. 28(4):349-386. See also Miller, E. J. (1983). The Ahmedabad Experiment Revisited. *Work Organization in an Indian Weaving Shed, 1953-1970*. In Crouch, C. and Heller, F. (eds.). *Organizational Democracy and Political Processes*. Wiley, Hoboken.

⁷²⁹ Banerjee, A. and Bloomfield, B. (2019). Disorganising through Texts. The case of A. K. Rice's sociotechnical systems analysis. In: Vásquez, C., & Kuhn, T., Eds. (2019). *Dis/organization as Communication: Exploring the Disorder, Disruptive and Chaotic Properties of Communication*. Routledge, London: 174.

important to note, however, that whereas scholars engaged widely with the published study by A. K. Rice, the unpublished field notes have not yet been analysed.

The critiques of Rice's study can broadly be divided into two juxtaposed perspectives: those arguing that Rice had not succeeded in exerting enough control over the entire weaving process (Roy, Miller), and those who argued that he had in fact tightened it too much (Banerjee and Bloomfield). The first set of voices were mainly those concerned with economic results in terms of efficiency and productivity gains, remaining inside the measurement systems and standards set by the Tavistock Institute and Rice himself. This internal critique fails to take into account the coercive practices inherent in these experiments beyond the exertion of direct managerial orders. As Rice himself stated, these group work studies were conducted in order to divert supervisory control from high-level managers to the workers themselves by organising the labour process in such a way that "those engaged... can control their own activities".⁷³⁰

Second, those who critique the lack of contextual analysis on Rice's part with regard to local conditions, are unsuccessful in understanding the "Ahmedabad experiment" beyond the generalising concepts of "the West' vs. 'the Other'" or the "trade union movement". As regards the former, it needs to be stated that while there was definitely a contemporary fascination for Western "experts" in the developmentalism period of the 1950s, this cannot be simply characterised as one-dimensional imposition. The Sarabhai family was too deeply engaged in the emerging postcolonial Indian state, and even intimately linked to the labour movement in the city of Ahmedabad, to be labelled "comprador elites".⁷³¹ Their own agency in shaping these institutions has been overlooked. Consequently, the idea of the "trade union movement" also needs to be complicated in the Ahmedabad context. By conflating the TLA with "Communist activities" taking place during 1953-54, these critiques fail to account for the very local rivalries and power structures they had ventured to analyse in the first place. As elaborated above, the TLA was explicitly anti-communist. Ideas of control have to be refined further before they can be put into motion and used for a critique of Rice's study. A notable exception of these binary understandings is Wani's account of the "Ahmedabad experiment" within the continuum of the emergence of a managerial elite in India, not only in the field of industrial relations, but also in penetrating the contexts of

⁷³⁰ Rice, A. K. (1953). Productivity and social organization in an Indian weaving shed: An examination of some aspects of the socio-technical system of an experimental automatic loom shed. *Human Relations* 6(4): 297.

⁷³¹ On the use of the term "comprador elites" in the Indian context, see Dey, D. (2018). Global Capital, Comprador Business Class and Urban-Rural Divide in India. Available at SSRN: <https://ssrn.com/abstract=3095423> or <http://dx.doi.org/10.2139/ssrn.3095423>.

rural development programmes in the 1970s.⁷³² How might it be possible to read the Tavistock Papers “along the grain” and, at the same time, critically assess the contradictions arising from Rice’s own observations?⁷³³

3.4.2 The Experimental Phase

Three broad interventions took place in the Calico Mills between 1953 and 1955, starting with the establishment of an experimental weaving shed of automatic looms running from March until November 1953, followed by a reorganisation of non-automatic weaving processes from January until November 1954. During this period, Rice was present in Ahmedabad for one month in March 1953 and from October 1953 – June 1954. The weaving department was the only department directly taken into consideration by his published work, even though his field note reports to his colleagues at the Tavistock Institute in London indicate that he had initially intended to introduce group systems in the other departments as well. A third intervention to restructure top-level management hierarchies running from 1953 until 1955 affected other departments on supervisory levels, but not departmental work processes. In connection with indirect management strategies to reduce direct control and extend monetary incentives, the first two interventions will be examined in detail in the first part of this section.

3.4.2.1 Reorganisation of the Automatic Loom Shed

The experiment was carried out on 48 Northorp automatic looms which had been purchased by the Calico Mills specifically for this experiment. Introducing automatic machinery had eliminated several tasks of the weaving process, while other tasks had become simplified. Rice described how the machines were put in motion in such a way that

Job-breakdown and consequent job specialization had reduced the quality and range of skills in the automatic as compared with other loom sheds weavers, unlike those on non-automatic looms, no longer had to service their looms, refill shuttles, or stop the looms to prevent damage. The automatic loom itself had become the weaver.⁷³⁴

This would have indicated a slow process of de-skilling, and Rice’s interest was indeed driven by attempts to prevent this process. Apart from the weaver, there were eleven other occupations to be found in the department: smash-hands, who were considered weavers-in training, jobbers and

⁷³² Kena Wani, forthcoming.

⁷³³ Stoler, A. L. (2008) *Along the Archival Grain: Epistemic Anxieties and Colonial Common Sense*. Princeton University Press.

⁷³⁴ Rice (1958): 62.

assistant jobbers (overseeing and maintenance), gaters (adjusting healds and beams), battery fillers (transporting weft from store to loom), feelers (detecting defective bobbins) and in the less skilled category bobbin carriers (from loom to spinning department), sweepers, cloth carriers (bringing woven cloth to inspection) and oilers (maintenance).⁷³⁵ Before the experiment, jobbers and weavers were paid on a piece rate basis, whereas all others received monthly time-rated wages. In the process of changing technology, Rice changed the pattern of loom usage from one person being responsible for the front and back end of two looms, to dividing the front-end and back-end tasks in such a way that one individual worker could attend to 10 looms as indicated below:

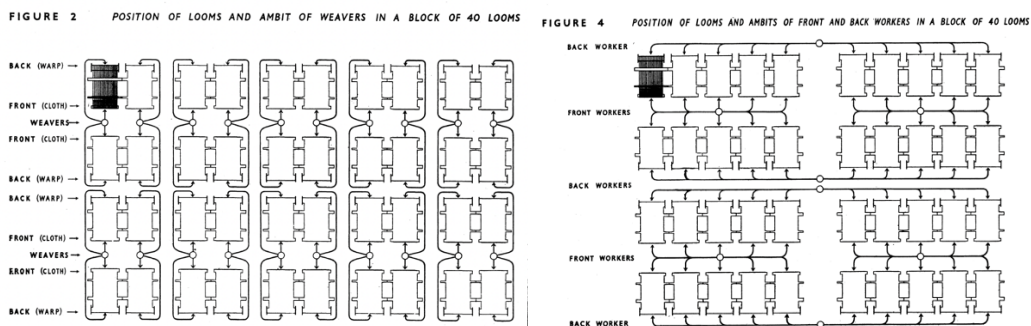


Figure 12: Changes in movement of weavers on four-side automatic weaving machine, before and after the reorganisation process⁷³⁶

With these changes in the processes of machine operations, the tasks of each occupation were changed accordingly. The idea was to reduce the amount of time spent on individual tasks per worker, thereby intensifying the input of labour power required, and to achieve efficiency rates of 80%.⁷³⁷ This affected the length of the working day and the skills required for each occupation. Reorganisation took place in the following way: Rice broadly designed three activities which were required in each small working group in order to function: weaving, gating/maintenance and ancillary services. These activities now included several occupations, now categorised by skill level, ranging from overall group leader (level A) to fully skilled member (level B for weaving and gating, an intermediary C level, level D for auxiliary services) and to “unskilled entrant, not yet accepted as group member” (level E). These extensions of responsibilities for each individual worker within the group were designed to create a sensation of completeness of tasks, and an incentive structure for more productive work. By introducing successive steps of work and getting rid of the pre-

⁷³⁵ E. J Miller notes and papers, including job descriptions (Jubilee Mill), SA/TIH/B/2/4/2/5, TIHR, WC.

⁷³⁶ Rice, A. (1955). The Experimental Reorganization of Non-Automatic Weaving in an Indian Mill: A Further Study of Productivity and Social Organization. *Human Relations* 8(3): 199–249; 205, 223.

⁷³⁷ Efficiency is defined by Rice (1958) as “number of picks (weft threads) inserted in any shift, expressed as a percentage of the number of picks that would have been inserted had the loom run continuously for the whole shift.”, see p. 56, 86.

existing parallel structure, the experiment foreclosed the possibility of the previous autonomous regulation of breaks by workers themselves. As each worker in the group was necessary to the entire process, no one could leave midway without potentially causing great disruption.

3.4.2.2 Reorganisation of the Non-Automatic Loom Shed

The experiment raised two questions – whether the introduction of new technology could lead to a better use of time and capital resources available, and which conditions would facilitate this. Beyond that, Rice’s experiment aimed to understand to what extent these changes could be implemented through the reorganisation of the workplace without the introduction of new machines. While Calico invested in 960 automatic looms, it also made 127 non-automatic looms from its already existing 2,400 available for the second phase of the experiment. However, when the second phase in the non-automatic loom shed began in October 1953, several problems occurred. The main difference between automatic and non-automatic machinery was the absence of automatic bobbin replacement and the warp stop motion. The manual exchange of bobbins significantly reduced the number of machines which could be attended to one individual worker, as the time frame for replacement was only 20 seconds long. The warp stop motion was introduced despite resistance and in the absence of a necessary formal agreement with the TLA. For the looms Rice intended to operate, he needed permission both to deploy the looms in the new shed, and to dismiss 33 workers in the process of reorganisation (since they were not required for the formation of working groups).⁷³⁸

The introduction of the warp stop motion “had always been resisted by the workers on the grounds that it made their work much harder and reduced ... opportunities for earning the piece-work bonus ... paid on quantity.”⁷³⁹ The stop motion increased the amount of time required to produce a certain length of cloth, leading to an aversion to weaving complex cloth variants such as coloured or striped patterns. Not considered as lucrative, these tasks were delegated to the youngest and inexperienced workers rather than being taken up by experienced members. As in the automatic shed, before the experiment only the weavers had been paid on a piece rate, which according to Rice had the effect of allowing “a degree of ‘self-government’ in that they were paid on piece-rates and could make their own informal arrangements for absence.”⁷⁴⁰

⁷³⁸ FN No. 1, 21.11.1953, THIR, WC.

⁷³⁹ Rice (1958): 114.

⁷⁴⁰ Ibid.: 123.

The conflict over technology therefore inevitably turned into friction over the organisation of working time and remuneration. Whereas the experiment promised that the introduction of new machinery would lead to greater autonomy in terms of organising the work of individual work groups, processes of intensifying control crept in. These contradictory tendencies shall be closer explored in the following sections.

3.4.3 Changes in Working Time Regimes

Historians have established a clear link between Taylorist reforms and decreasing hours of work. Cross has suggested that this would have provided a greater amount of leisure.⁷⁴¹ However, most analyses of working hours are concerned with the boundaries between the time spent working and not working.⁷⁴² What happened *during* working hours as the working day shortened? While the Ahmedabad experiment did not provide evidence about the time spent *after* work, it clearly indicates that the time spent *at* work affected leisure time due to an intensification of work.

Rice described his own task in reordering working time in the following way:

One of the overriding problems here is of organising *time, not work* at present. By tradition and custom and arising from the very cheap labour position of former days, being away from work is being a right which is zealously guarded by the workers and trade unions. Various estimates based upon inadequate studies show that the actual amount of work done is as low as 30% ...In other words, in most other departments *out of an 8 hour shift, roughly four hours are spent on not working*. The not-working period is completely unorganised and one of the first steps that must be taken is at least to organise it.⁷⁴³

To understand these “unorganised” configurations of how work was conducted within a prescribed number of hours before the reordering process, we can draw on Anna Sailer’s work on the “multiple shift system” in the jute industry of Bengal.⁷⁴⁴ In her work, she has shown how the shifts, breaks and attendance were regulated through shared work modalities and excess

⁷⁴² Cross, G. (1989). *A Quest for Time. The Reduction of Work in Britain and France, 1840–1940*. University of California Press, Berkeley. Following Cross’ research, a large part of literature focuses on the reduction of working time and the emergence of the consumer economy, particularly in the United States. See, for example, Hörning, K. H., Gerhard, A., & Michailow, M. (2018). *Time Pioneers: Flexible Working Time and New Lifestyles*. Wiley, Hoboken.

⁷⁴³ Emphasis added. FN No. 8, 15.12.1953, THIR, WC.

⁷⁴⁴ Sailer, A. (2022). *Workplace Relations in Colonial Bengal. The Jute Industry and Indian Labour 1870s-1930s*, London, Bloomsbury, see particularly chapter 2.

employment, which spared the upper mill management the administrative task of having to hold detailed statistics on their workforce. Similar to the textile industry in Ahmedabad, the employment of a large pool of substitute workers prevailed until the 1920s. Due to the physically demanding work, informal work sharing between workers had been very common. Indeed, these managerial strategies of “excess employment”⁷⁴⁵ allowed flexibility and adjustment to fluctuations within production. As part of this self-regulation, upper management did not need to know which people were working at any given moment in time, as long as the work was completed.

Several unexplored hints by Rice himself indicate that this may have also been the case in Ahmedabad. For example, when he visited the Calico compound for the first time on March 9th, 1953 he observed the prevalence of “the custom of wives and children bringing food to workers in the mill so that at all the times there are numbers of people cluttering up the roadways who are not under the control of the mill.”⁷⁴⁶ This suggests that these periods of ‘idleness’ were used for essential breaks such as lunch or dinner. A second observation about the length of the working shift makes this more explicit:

Before the war it was customary to work 9 hour shifts plus 1h recess. At the end of the war this was changed to 8h shift with half hour break. ...food is eaten during the working hours. Any worker may leave his machine at any time and take food. Management can do nothing about it since it is established practice. after one day my own impression... is that 8 hours is a very long time to spend in one shift.⁷⁴⁷

Later, in his findings, Rice acknowledged that this was an indication of informally regulated break times: “formally the weaver was an independent isolate, working on his own... informally, he made mutually helpful relationships with his neighbors who would take over his loom in his absence expecting him to do the same for them.”⁷⁴⁸ Although he recognised that the existing working shifts were too long to operate at full capacity under extreme conditions of heat and humidity in the weaving shed, Rice intended to address these limitations through the formalisation of breaks and shortening of shifts – by dismissing existing forms of self-regulation. Accordingly, in his experimental sheds, he shortened the shifts to seven hours with three breaks after one hour and

⁷⁴⁵ Sailer, op. cit.: 61.

⁷⁴⁶ FN, 9.3.1953, THIR, WC.

⁷⁴⁷ Ibid.

⁷⁴⁸ Rice (1958): 121.

45 minutes, allowing for four stoppages per loom per hour with a small group of eight people working on 12 looms.⁷⁴⁹

The introduction of smaller work groups also meant that a smaller number of workers was required to do the tasks. With the working groups formed outlined above, which consisted of people with complementary skill sets, it was now important to ensure stable attendance among those assigned to each working group. Rotations of *badli* workers no longer served the working time regime put in place. Rice's plan envisioned moving towards a reduction in daily wage workers, and therefore towards a more stabilised workforce. At the same time, no managers were actually aware of the total amount of *badli* passes issued and how many workers would be affected. This again underlines the fact that such information had not even been necessary for the organisation of working shifts before the arrival of the experiment. When Rice "asked for the figures of the number ... turned away daily, ... nobody knew them."⁷⁵⁰ His own investigations over a year of observation estimated the average rate of absenteeism at 12.5% per day, which corresponded to a surplus of *badli* workers of about 13%, leading Rice to argue that a higher number of permanent passes should be possible.⁷⁵¹ According to his own assessment – without accounting for the potential reserve it provided – he calculated that this meant about 150 *badli* positions could have been transformed into permanent positions.

This further aggravated the tense situation of those who had been relegated to the status of *badli* workers during earlier retrenchment measures – now they faced losing the right to apply for daily wage work too. As this was considered a matter of retrenchment, such measures could not have been introduced without the TLA's consent. When Rice expressed these ideas, they led to "cries of horror"⁷⁵² from the personnel manager, the works manager and the weaving master of the mill, who feared repercussions from both the union and the workers.

The management agreed to Rice's proposed change from a work regime based on high turnover rates and workforce towards a system where fewer people were involved. Nonetheless, these permanent passes were only issued for the experimental shed and only for the duration of the

⁷⁴⁹ FN No. 4, 2.12.1953, THIR, WC.

⁷⁵⁰ Ibid.

⁷⁵¹ 05.02.1954. The Occupational Wage Survey estimated the number of *badli* workers to be lower. It stated that the Ahmedabad textile mills employed 86.5% permanent workers, 7.7% temporary workers and 5.8% temporary workers. Rice might have not distinguished between a temporary worker and a *badli*. The survey used the category of temporary workers in order to highlight that such work was generally conducted within a "limited period", while *badlis* would be part of a regular pool available for daily work. Occupational Wage Survey: 18.

⁷⁵² FN, 13.04.1953: 32, THIR, WC.

study. They were marked “R” (Rice pass) to indicate that should they wish to return to their old position, they would also lose their permanent status.⁷⁵³ As one of the solutions to mitigate the effects of the layoffs, some of the dismissed *badlis* were offered to opportunity to switch to the night shift. Indeed, this secured a permanent running of machinery at a moment where the time of the other two shifts had been shortened. The introduction of the night shift had always been desired by the Calico Mills, but had hardly succeeded, since the TLA had secured the privilege for permanent workers to remain employed on day shifts.⁷⁵⁴ By creating a distinct boundary between permanent workers and *badli* workers, the mill was now able to benefit from a fragmented labour market in which *badli* workers were much more precarious vis-à-vis permanent workers and had fewer options to reject employment on night shifts.

3.4.4 Changes in Supervisory Regimes

The intensification of working time required a change in supervisory structures. As already alluded to above, previous working time regimes had been associated with upper managements’ “ignorance of what is going on under their own noses”.⁷⁵⁵ Similar to Anna Sailer’s observation of the jute industry in Bengal, Rice contended that his clients had no information on the attendance of individual workers on any given work day or any given hour, let alone figures on individual efficiency. This was, in part, due to a climate of fear around supervision and work, in which intermediaries and workers felt that they would be sacked if they reported adversarial conditions of work and material.⁷⁵⁶

Paradoxically, he also argued that “many supervisors are still using patterns of behaviour which are appropriate to an authoritarian culture”.⁷⁵⁷ He associated these authoritarian practices with coercive measures, including the use of direct violence and the withholding of wages. To untangle his contradictory ideas of management’s lack of control on the one hand and its tight, authoritarian approach on the other, it is necessary to look closer at various levels of hierarchies that existed before, but also emerged during, the project.

At the level of the upper mill management, there may have been unawareness of the attendance and actions of an individual worker. In 1926, the Provincial Government’s inquiry into wages in

⁷⁵³ 30.4.1954.

⁷⁵⁴ FN, 13.04.1953: 34, TIHR, WC.

⁷⁵⁵ FN, 13.04.1953: 29, TIHR, WC.

⁷⁵⁶ FN No. 2, 25.11.1953, TIHR, WC.

⁷⁵⁷ A. K. Rice Papers, Calico Mills data, graphs and figures, SA/TIH/B/2/4/1/5, TIHR, WC.

the textile industry revealed that attendance figures in Ahmedabad were difficult to measure given that payment periods varied so widely. Consequently, they had found it almost impossible to estimate actual wages paid.⁷⁵⁸ But this did not indicate an absence of regulation on the shop floor itself. Rice destabilised sensitive balance of (in-)formal regulations of the workplace. His accounts reflect these regulations but do not necessarily engage with them. Nonetheless, they offer a crucial account of the (dis-)connections between workers, intermediaries, and upper management. In particular, this concerns the status of workers and their attendance rate, working time regulations around shifts, breaks, machine utilisation, and related questions of skills and efficiency.

How was supervision realised if it did not directly involve upper management? The beginning of the 1950s was a crucial moment of change due to the “decline of the jobber system”.⁷⁵⁹ As Chandravarkar has elaborated, the power of the intermediary jobber as a recruiter and facilitator of work gangs had been very much based on fining systems. It was common practice to pay Rs. 5 to the jobber for the job placement after taking up a new occupation, plus an additional Rs. 50 to be payable throughout the first five to six years, either in cash or in alcohol.⁷⁶⁰ Following the Payment of Wages Act, 1935 the jobber system had been continuously weakened in Ahmedabad. After the regulations of the Act, fines were no longer to be decided by the jobbers but became limited to clearly defined instances of misconduct. Furthermore, the Act prohibited the practice, common in the weaving department in Ahmedabad, by which piece-rated weavers received advance payments by the jobbers per yard produced, and were forced to sell damaged cloth themselves on the market in order to repay the advance. The AMA’s attempts to formalise these practices through court agreements that reduced weavers’ wages by 5% for each 5% of damaged cloth produced, failed in 1955.⁷⁶¹ This severely limited the possibility of fining workers for faulty cloth, thereby providing greater stability in workers’ incomes. With these crucial functions of the jobber no longer viable, and as similarly observed by Chandravarkar in Bombay, there was a crisis in the system of supervision. However, many jobbers were later elected as *pratinidhis*,⁷⁶² which meant the jobber in Ahmedabad retained a crucial position in mediating social and political relationships, even if his supervisory functions within the production process had changed. As

⁷⁵⁸ Bombay Labour Office (1930). Reports on an Enquiry into Wages and Hours of Labour in the Cotton Mill Industry, 1926: 12.

⁷⁵⁹ Chandravarkar, R. (2002). *The Origins of Industrial Capitalism in India: Business Strategies and the Working Classes in Bombay, 1900-1940*. Cambridge University Press.

⁷⁶⁰ Salim Lakha (1985): Character of Wage Labour in Early Industrial Ahmedabad, *Journal of Contemporary Asia* 15 (4): 428.

⁷⁶¹ Arbitration Award, dated 27.6.1955, cited in AMA Report 1956: 25.

⁷⁶² Barua, R. (2022). *In the Shadow of the Mill: Workers’ Neighbourhoods in Ahmedabad, 1920s to 2000s*, Cambridge University Press: 78-82.

Barua has shown, these union officials therefore took over the function of lower management, which thus led to a formalisation of previously informal structures of supervision. The rigid control of the TLA in Ahmedabad through the *pratinidhis* beyond the premises of the mills within working class neighbourhoods further cemented existing social inequalities.⁷⁶³

Rather than taking these existing structures into account, Rice envisaged helping “the supervisors to develop more collaborative relationships with their subordinates, so that maintenance of discipline becomes less dependent on formal authority sanctioned from above and is derived rather from the exercise of internal controls within the working groups.”⁷⁶⁴ In other words, any structures associated with previous (direct) supervisory models, including the *jobber/pratinidhi* figure were to be removed and replaced by (indirect) incentive systems. These reordering processes aimed to stabilise the internal control within working groups and to intensify an individual’s output during working hours.

All these processes significantly altered the payment structure. In order to create greater incentives for upward mobility, the gap between the highest paying occupation and the lowest paying occupation was widened (whereas the lowest wage remained stable at Rs. 28, the highest paid wage was set to Rs. 170 for group leaders, as opposed to Rs. 130 before). This wage structure is outlined in table 12.⁷⁶⁵

⁷⁶³ Ibid.

For the earlier years, see also Bobbio, T. (2015). Migrants, Slums and the Construction of Citizenship in Gandhi’s Ahmedabad (1915-1930). *Journal of the Royal Asiatic Society* 25(1): 99-115.

⁷⁶⁴ A. K. Rice Papers, Calico Mills data, graphs and figures, SA/TIH/B/2/4/1/5, TIHR, WC.

⁷⁶⁵ All wages excluding dearness allowance of a flat rate of Rs. 62 per month. Own calculations from Rice p. 64 and p. 68. Additional job roles (battery filler, gater, jobber, assistant jobber, feeler, and fitter) compiled from the 1947 agreement, op. cit.

<i>Activity</i>	<i>Tasks</i>	<i>Occupational Roles</i>	<i>Monthly average wage existing grades in Rs.</i>	<i>Skill grades</i>	<i>Monthly average wage experimental group in Rs.</i>
WEAVING	Warp mending	Weaver	128	Any task, either B: fully skilled member	132
	Battery filling	Battery filler	28		
	Smash-tenting	Smash-hand	88	C: not yet fully skilled, but enough skill to help with main sub-group tasks D: full member, low skilled	90 45
GATING AND MAINTENANCE	Gating	Gater/beam carrier	30	Any task, either A: Overall group leader B, C, D, E	170 132 90 45 28
	Maintaining	Jobber	153		
		Assistant jobber	n.a.		
		Feeler	68		
		Fitter	28		
Oiling	Oiler	28			
ANCILLIARY SERVICES	Sweeping	Sweeper	28	Any task, only one level: E: new unskilled entrant, not yet accepted as group member	28
	Bobbin Carrying	Bobbin carrier	28		
	Cloth carrying	Cloth carrier	28		

Table 12: Wage payment before and after reorganisation of the automatic weaving shed

Note that not all skill grades and payment incentives were available to each type of activity. A group leader could only be someone involved in gating and maintenance activity. On the other hand, those employed in ancillary services were only recognised in Rice's scheme as "new unskilled entrant, not yet accepted as group member". In effect, this created an impermeable boundary between those inside and outside the group and made it almost impossible to climb up the ladder to become recognised as "fully skilled". Furthermore, all these monthly figures were based on an average of 80% efficiency levels, whereas even Rice had observed that the mean average of

efficiency level had significantly dropped below the envisaged 80% towards the end of the experiment (see photo 7).⁷⁶⁶

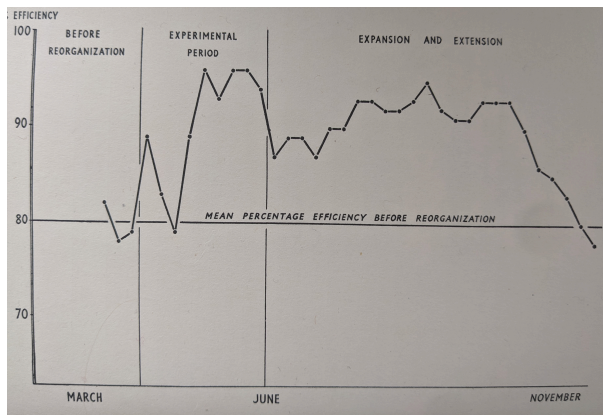


Photo 7: Measuring efficiency during the Ahmedabad experiment

In his follow-up study conducted in 1970,⁷⁶⁷ Miller criticised Rice's research design of 1953 and found that, over the years, the intermediate grade had not created any possibilities for upward mobility: rather, it had cemented a very unequal wage system between B and C workers. Most complaints received about the group system were "in particular about the 'exploitation' of C workers, some of whom did the same work as Bs for less money."⁷⁶⁸ According to his findings, the transition from C to B grades almost never occurred.⁷⁶⁹

Bonus payments were diversified in order to create better incentive structures: in addition to the existing quantity bonus, a quality bonus for efficiency was introduced. Rice felt that it would be unfair to only incentivise certain tasks within the work process and that instead, the whole range of necessary steps should be rewarded together. But this led to a conflict between grade B+ and grade B workers. Both roles were distinguished from each other by their positioning in the shed on either long-stop (B) or short-stop looms (B+). Workers on machines with longer stops lost a higher amount of their potential bonus payments. As a consequence, the B workers had become "disaffected and have regressed to an older pattern of work complaining in the process of unfairness of sharing the bonus that they earn with other people."⁷⁷⁰ Equally, the B+ workers were

⁷⁶⁶ Rice (1958): 56, 86.

⁷⁶⁷ In applied economics, control studies are repetitions of similar experiments by keeping all variables constant except for the one under revision.

⁷⁶⁸ Miller (1983): 15.

⁷⁶⁹ Ibid.: 16-17.

⁷⁷⁰ FN No. 8, 15.12.1953, THIR, WC.

complaining that “why should one man share his bonus with the other, when the other is not getting as high efficiency from his (machine)”.⁷⁷¹

This resulted in an average bonus figure of 28% throughout the experimental period, consisting on average of 18% for the qualitative and 10% for the quantitative bonus each, additional to the basic wage. Therefore, even if a system of minimum wages was maintained, the bonus system created a fluid structure between time rates and piece rates, as almost one-third of the wage bills were dependent on the quality and quantity of cloth produced (table 13).

The outcome of the wage structure is given below:

<i>Regular shed</i>		<i>Experimental shed</i>		
Occupational role	Average earnings in Rs.	Grade	Basic Wage in Rs.	Average bonus in Rs.
Line jobber	139	A (group leader)	145	41
Weaver	66	B+	125	35
		B	115	32
		C	90	25
Oiler	28	D	55	15

*Table 13: Wage payment before and after reorganisation of the non-automatic weaving shed.*⁷⁷²

However, this grading system left out a high proportion of the workers in the experimental shed. When Rice elaborated the composition of a working group of 7 people responsible for 24 looms each, he brought up the necessity of one “helper” per group, but he did not include this person into his scheme.⁷⁷³ This person was therefore not eligible for bonus payments.

Nevertheless, Rice argued that the experiment was met with “spontaneous acceptance” from the workers much to the “shock” of the works manager in charge.⁷⁷⁴ He reasoned that the experiment “would provide them (workers) with the security and protection of small group membership which they had lost by leaving their villages and their families to enter industry.”⁷⁷⁵ In so doing, he sought to emphasise his intention to increase individual psychological benefit over the firm’s imperative to produce more efficiently. As far as these figures were concerned, in the first eleven days, efficiency levels rose to almost 100% (also because workers from other, non-experimental sheds

⁷⁷¹ Meeting with Caprihan (weaving master) at Jubilee, 10.12.1953, THIR, WC.

⁷⁷² Rice (1958): 283.

⁷⁷³ Ibid.: 128.

⁷⁷⁴ Friday late afternoon 27.03.1953: 27.

⁷⁷⁵ Rice (1958): 111.

had joined the experiment).⁷⁷⁶ The latter, according to Rice, even “asked for permission to reorganise themselves in the same way as the experimental groups”.⁷⁷⁷ Even during lunch breaks, his report goes on, guards had to be posted in front of the shed to ensure that workers did not continue working.

However, this was a short-lived achievement of the experiment, apparent in the rise in machine-damage from an average level of about 31% before March 1953 to 40% by June 1953.⁷⁷⁸ The second round of the experiment in 1954 received much less support from workers employed in the Calico Mills. This was because the greater frequency of stoppages caused damage to the machines that usually ran on high speed. In other words, the process of intensification had reached its limits.

What had caused the failure in Rice’s calculations? According to his own notes, we can observe how workers had indeed initiated processes of self-regulation, but not in the ways he intended. During the initial weeks of the experiment, workers had expressed continuous demands for monetary compensation for the loss of earnings due to the high machine speed which had effectively decreased their pay, since now more work was required in less time.⁷⁷⁹ In the feedback rounds, workers asserted that the intensification of work had not corresponded to adequate wage increases. On the contrary, they argued that there was a trade-off between greater freedoms of control over their work and their earnings. They seemed to prefer higher earnings over group work, with one worker remarking that he would be “all for brotherhood, but not if I can get 2 pies more in a different group”.⁷⁸⁰ Changes in the bonus structure had increased the problem rather than provided any improvements, and this was reflected in the workers’ “view that the standards for the quality bonus were too tight” and that it was nearly impossible to obtain quality bonuses.⁷⁸¹ Basic wage rates had been transformed into minimum wages, thereby fixing the lower level of wages (at the figures indicated in table 13) even if efficiency fell below 80%.⁷⁸² This provided a certain floor wage under which they could not fall, but effectively prevented increases and made it less attractive for anyone to work more.⁷⁸³ The drop in efficiency numbers can therefore be

⁷⁷⁶ Ibid.: 86.

⁷⁷⁷ Ibid.: 74.

⁷⁷⁸ Ibid., p. 153. Even these figures may be exaggerated, as Rice warned that “comparative test inspections were so subject to the prejudices of the inspectors that limited reliance only could be placed on them.”: 144.

⁷⁷⁹ Field notes No 1, 21.11.1953, THIR, WC.

⁷⁸⁰ 21.1.1954.

⁷⁸¹ Ibid.

⁷⁸² Ibid.

⁷⁸³ FN No 1. 21.11.1953, THIR, WC.

interpreted as resistance to the intensification of workers' time. Most likely, the experiment was perceived as an *exceptional* phase of working by those involved, being aware that a continuous performance under such organisational conditions would be unsustainable without higher wages.

3.4.5 The Limits of the Experiment and the Formation of Resistance

When Rice returned to London during the summer, he found himself confronted with an attempt by the TLA to “stop the experiment on the ground that it constitutes an unauthorised change in practice. The union gave notice to the Industrial Court on their intention of taking a case against the Calico Mills for violation of accepted practice.”⁷⁸⁴ However, this attempt failed, as none of the workers agreed to testify against them in court. This may have indicated a failed attempt by the TLA to gain control of the weavers involved, who were not part of the union. Overall, the changes in production this experiment was to potentially bring about were not only viewed with scepticism by the TLA but also by the millowners' association. In a letter formally asking for the Calico Mills to rejoin the AMA in March 1953, Ambalal Sarabhai saw an attempt to increase institutional control. He believed the AMA would “want us inside because they think we'd be less dangerous but have to humiliate us to try to teach us to conform”.⁷⁸⁵ Therefore, the Sarabhais decided to consider membership only after the experiment was concluded.⁷⁸⁶

Resistance, however, found its expression within the Calico Mills themselves. One of the crucial issues this reorganisation was unable to address was “that watertight technological and cultural units (carding is done by one ethnic group, combing by another, draw frames by another and so on)”⁷⁸⁷ would lead to caste and religious divisions between workers employed in different departments, since only the weaving department was part of the experiment. Weaving was generally carried out by lower-caste Muslims, whereas lower-caste Hindus were predominantly present in the spinning department.⁷⁸⁸ This may have been one of the reasons why the reorganisation process reached a point of stagnation when it failed to integrate the winding and warping departments into the weaving sheds – departments which Rice characterised as “an in-between section neither spinning nor weaving really pays very much attention to it or to the workers there”.⁷⁸⁹ This task mainly served the purpose of removing slubs from the yarn arriving

⁷⁸⁴ Field Notes No. 4, 8.12.1953, THIR, WC.

⁷⁸⁵ Field Notes, 31.03.1953: 28, THIR, WC.

⁷⁸⁶ However, this never occurred. The Calico Mills never rejoined the AMA.

⁷⁸⁷ Proposals to change this had indeed been introduced by the mill manager and shown to Rice, but they did not become integrated into the scheme. Field Notes, 14.3.1953, THIR, WC.

⁷⁸⁸ These Muslims also identified as Pasmanda.

⁷⁸⁹ Field Note No. 11, 20.12.1953.

from the spinning department, and testing the yarn's resistance so that it would not break in the weaving shed.

Winding was one of the last occupations in which women were still present in the mills. Their number had fallen from 19.4% of total workers to merely 8.5% in 1950.⁷⁹⁰ According to the 1953 Government survey on the "Economic and Social Status of Women Workers in India", this mainly had to do with the compartmentalised segmentation between female workers and others, which meant women were particularly affected by the automatising of production, similar to the observation on departmental decline by Kulkarni:

Women were retrenched because workloads amongst male workers were not so low as in the case of winders and reelers who were women. As a result of standardisation of wages etc. a number of miscellaneous departments, e.g. cotton waste, bobbin picking etc. were also closed affecting a number of women workers.⁷⁹¹

Due to strict notions of social control and due to the regulations under the Factories Act 1948, women were not allowed to work night shifts. These roles were instead filled by "either Harijans or members of two other low status caste groups".⁷⁹² According to Rice, these social divisions between the winding department and the warping department led to frictions and seriously affected production:

The Warpings who work in the same room and who draw their yarn from the Winders are all of higher caste groups and have... respect neither for the Winders nor for their nominal supervisors the Oilers. Since they work so closely together, it appears unlikely that some of the factors related to low quality are not directly related to this attitude of the warpings and the consequent antagonism of the winders.⁷⁹³

Within the warping department, there was a further rivalry between the shifts due to the arrangement of bonus incentives. Such payments were calculated based on the length of yarn produced per shift. However, the intensive creeling process required to produce an adequate amount of length was not factored into the bonus amount. Consequently, whichever shift took up

⁷⁹⁰ Government of India, Labour Bureau (1953). Economic and Social Status of Women Workers in India: 14.

⁷⁹¹ Ibid.

⁷⁹² Field Notes No. 11, 20.12.1953, THIR, WC.

⁷⁹³ Ibid.

the process of creeling significantly lost out on bonus payments, as they were then obtained by the next shift.⁷⁹⁴

This overall neglect of the winding and warping departments was also reflected in their “very lowly pay”,⁷⁹⁵ with winders only receiving piece rates averaging Rs. 29 per month. One mechanism for controlling output was to mark workers absent and make them forfeit their entire daily earnings if they did not produce enough, which the workers described as “reign of terror”.⁷⁹⁶ Interestingly, the role of the intermediary supervisor, the oiler, had drastically changed with the appearance of new machines:

The oiler whose job really is what his title suggests to oil the machines – a comparatively unskilled occupation – has become the supervisor of the winders because in the old days before there was a minimum rate of pay, he used to be paid more than the winders and since oiling took comparatively little of his time, he was given supervision to fill in the rest. It is admitted that today he has really no executive responsibility for either quantity or quality of production.⁷⁹⁷

There were predominantly three reasons why the integration of the winding and warping section into the experiment failed. First, the question of whether the workers employed in the department should receive permanent passes or should retain their status as temporary pass holders. As Rice contended, the regulation of winding and warping through temporary passes was crucial in facilitating “a kind of universal compressible and extendable coupling” between the departments of spinning and weaving (which were considered more important), thereby absorbing potential supply and demand shocks within these departments.⁷⁹⁸ The majority of workers were holders of temporary passes for an average of 5-6 years. Similar to the deliberations in other departments, Rice suggested that a stronger focus on reliable working groups would benefit from workers becoming permanent. However, the different shifts in the winding and warping departments did not agree on whether they would prefer permanent status or not. Whereas the second shift, consisting of men, did not hesitate to welcome permanent passes, female winders were divided in their assessment of this step. In the focus group discussions conducted by Rice, some of them lamented that a permanent pass would make it more difficult for them to take up other work if

⁷⁹⁴ Field Notes, 13.04.1953: 33, THIR, WC.

⁷⁹⁵ Field Notes 11, 20.12.1953, THIR, WC.

⁷⁹⁶ Field Notes, 21.1.1954 and 25.1.1954, THIR, WC.

⁷⁹⁷ Ibid.

⁷⁹⁸ 24.2.1954.

one day there was not enough for everyone to do. Female workers, according to Rice, were much more ready to take up any task in the mill to secure a certain income, while male workers felt that roles such as sweeping or cleaning were beyond their dignity.⁷⁹⁹ The third shift within winding and warping, the “underpaid, underprivileged [sic]” and “most depressed group in the whole mill” was even more explicit that “so long as they were getting employment they would do anything and under any kind of conditions. They all know about the new machine, Barber Colman, which is coming and they all fear its arrival.”⁸⁰⁰

Similarly, there was no unanimity among the workers with regard to the modalities of payment. In order to introduce mechanisms to incentivise quality rather than quantity, Rice postulated that a system of flat rates would be more useful. When this was discussed among different shifts in the warping and winding departments, it was particularly the female workers who said that a flat rate payment “frightens them because they would lose any control they have over their rate of working and they fear that supervisors would put intolerable pressure on them”.⁸⁰¹ This is an indication that the implications of different payment systems were giving rise to varying notions of (self-)control among the workers. Although payments per piece (in this case, per bobbin) ran the risk of not being paid at all if the output was too low, they also offered relative independence from other workers. Winders were “responsible for fetching their own yarn” and “for distributing their finished products”, thereby completing the whole task individually.⁸⁰² According to Rice, this was a problem, since it meant that winders were away from their machines much longer than necessary. Flat rates would no longer require the delivery of the finished goods and therefore this process “could be performed by a coolie” rather than the winders themselves.⁸⁰³ Rice interpreted this as “distrust” of both the management and co-workers. Whether this was actually the case or whether the existing piece rate system allowed for a certain autonomy over how working time was spent, remained open. However, the fact that workers could not agree upon their preferred method put any change on hold.

⁷⁹⁹ Indeed, a huge fight broke out during a discussion meeting between a female leader and the men’s shift: “She poured great scorn on him but he was joined by three other men who separated themselves physically from the rest of the meeting by walking over and standing behind me. A fierce argument broke out between the woman shop-steward and the four men.” Field notes, 10.3.1954.

⁸⁰⁰ The third shift was mostly composed of workers who spoke neither Gujarati nor Hindi, which indicates that their social safety net was relatively weak in Ahmedabad. Unfortunately, Rice only indicates that they were speaking “four or five languages”, without naming them. 30.04.1954.

⁸⁰¹ 21.01.1954.

⁸⁰² 28.1.1954.

⁸⁰³ Ibid.

In the warping section, the workers felt that “it really did not matter whether they were paid flat rates or piece work as the amount of work done was the same and all seem to be agreed that those at present paid on flat rates worked as hard as those on piece rates.”⁸⁰⁴

Rice’s failure to integrate these departments into the experimental weaving shed reflect the emergence of heterogeneous and compartmentalised labour management systems within individual factories. This further aggravated the social divide which technological innovation created between those departments who benefited from it and those who did not. The push for reorganisation was also associated with the arrival of Barber Colman machines in Calico, which threatened to virtually eliminate all human warping.⁸⁰⁵ Therefore, Rice’s conversations with workers on changing winding and warping were one of the key causes of the protests against rationalisation.

The second experiment therefore received much less support from workers employed not only in winding and warping, but also in the weaving department of the mills. Signs of dissatisfaction emerged in one of the first group discussions conducted in the non-automatic shed in March 1954. During these conversations, workers admitted to Gautam Sarabhai that they were “working much harder than in the ordinary loom shed ... but now that they have been working in this way for two months they preferred it and did not want to go back”.⁸⁰⁶ What followed was a discussion on whether workers would have the right to return to their old sheds, with management explaining that permanent pass holders could return any time and temporary pass holders were eligible to return contingent upon availability of positions. At the end of the month, there were tensions when the workers from the regular shed advised the participants in the experiment “for their own good to get back into the ordinary loom shed”.⁸⁰⁷

Even though the TLA attempted to take responsibility for these grievances and address these matters through arbitration and conciliation, they failed again in mobilising the weavers. Instead, Communist unions declared a strike during May 1954 and massive protests against the experiment started up outside the experimental shed. On May 5, “the mill gates were picketed by 40 or 50

⁸⁰⁴ 05.02.1954.

⁸⁰⁵ “(Gautam) became very worried also that the introduction of barber Colman would be seen by the workers as following from my work in winding and warping and that I might easily be made the scapegoat for such an introduction. That I said did not worry me very much and that I would have to deal with any such implications in any case just as I had to deal with the problems inherent in a reduction of the number of workers by any reorganisation after studies of the socio-technical system.” 05.02.1954.

⁸⁰⁶ 10.3.1954

⁸⁰⁷ 02.04.1954.

workers from other mills, who tried to prevent them getting in. They were subsequently joined by a few workers from the second shift of the Calico Mills when they finished work.”⁸⁰⁸ In order to prevent workers being barred from entering their workspaces, the management decided to set up dormitories so that workers would not have to commute. However, this did not stop the protesters threatening their families with violence, for example: “unless they stop their husbands, brothers and sons from working the new scheme, it will be a maimed or dead relative who will come back one day.”⁸⁰⁹ Luckily, apart from one worker being fatally injured when attacked with stones outside the mill, no further escalation took place. However, this showed the dynamics the group experiment had unleashed, and the resistance it had triggered within the ranks of Calico workers.

Just when Rice was about to leave Ahmedabad, the agitation spread beyond the borders of the city. Protests against rationalisation formed around the country, as Union Finance Minister C. D. Deshmukh announced the centre’s plans to extend automatic machinery within the textile industry.⁸¹⁰ On the occasion of Muharam, a Muslim holiday, there were very often tensions between Muslim workers who were largely organised under the Red Flag Union, and Hindu workers who were leading the TLA, with the former group attempting to stop the latter from working on that day. When four of their main leaders were dismissed by the Calico management for their actions on June 13, “leaders of the Communist party from all over India had assembled in Ahmedabad and had taken charge of the agitation against rationalisation.”⁸¹¹ While more than 8,000 people gathered in front of the mills, the dismissed workers declared a hunger strike. Since by June 26 the situation still had not calmed down and the TLA was unable to get a grip on the

⁸⁰⁸ Interestingly, while Rice emphasises the role of Communist “outsiders” in his published work, his field notes show very clearly that he was aware that especially at the beginning, the protest was started by workers from the Calico Mills itself. In his book, he emphasises that the protests “were not supported by the Textile Labour Association, were sometimes attended by a few hundred, sometimes by many thousands, and were frequently held outside the mill gates. Processions of workers carrying banners and shouting slogans were a daily occurrence. Although the experimental shed was non-automatic, the workers in it were identified as supporters of ‘rationalisation’ and therefore of automatics. They were subject to threats, whistles, catcalls and boos wherever they walked through the mill and the gates were picketed by workers from other mills in an attempt to stop them from entering.” (Rice 1958): 150. Later, the experiment became an example for Communists all over India for the dangers of rationalisation in 1954. Field Notes, 05.05.1954.

⁸⁰⁹ 10.05.1954.

⁸¹⁰ Former TLA General Secretary and INTUC President Khandubhai Desai had been nominated as Labour Minister during the same year, following the failure of his predecessor V. V. Giri to promote policies of voluntary arbitration. As Labour Minister, Desai harshly criticised the Deshmukh speech, expressing his fear of “large-scale retrenchment... increased workload” without the guarantee of a “living wage”. TLA Annual Report 1954-55: 1-2. However, Desai eventually signed the “rationalisation agreement” between the INTUC and the Central Government, which became a template for retrenchment measures across the country. Ornati, O. A. (1957). Problems of Indian Trade Unionism. *The ANNALS of the American Academy of Political and Social Science* 310(1): 151-161.

⁸¹¹ Rice (1958): 152.

striking workers, Chief Minister Moraji Desai visited Ahmedabad, which is eventually what calmed the situation down.⁸¹²

According to Rice, these outside agitations increased the “group solidarity” between those involved in the experiment. He contended that none of the Muslim workers in the experimental shed would have been involved in the picketing on the occasion of Muharram, remarking: “That they should come to work at all on a religious holiday was unusual, that they should come on a day on which their co-religionists were seeking to prevent Hindus from working was quite exceptional.”⁸¹³ This assessment may be doubtful and may have only been the case for a certain section of the workforce given that a large number of *badli* workers who participated in the experiment and who had joined in the third shift were also organised under the “Red Flag” union in Ahmedabad. Although Rice claimed that the protests ebbed away after the rationalisation agreement in June 1954, even he had to acknowledge that it was almost impossible, from these months onwards, to find new recruits willing to work in the experimental shed. Failing to create incentives for the third shift, the shift was eventually closed down.⁸¹⁴ Based on the historian Spodek’s account of the political landscape of the 1950s in Ahmedabad, there was another reason why the protests came to such an abrupt end. He contends that while the Communist Kamdar Union under the leadership of Dinkar Mehta was trying to gain ground at the Calico Mills, it was Indulal Yagnik, later leader of the Maha Gujarat movement, who went on to negotiate a compromise with Ambalal Sarabhai. Yagnik feared communal riots as a consequence of these agitations and the armed soldiers posted around the areas, so he agreed to call off the strike, leaving Dinkar Mehta with the feeling that “Indulal ... had betrayed them”.⁸¹⁵

From the Tavistock Institute’s point of view, the experiment was still crucial in its overall work, so it pressed A. K. Rice to publish his findings as soon as possible. The initial plan had been to schedule Rice’s “withdrawal from India” in May 1954. However, the institute’s financial situation worsened significantly at the beginning of the year, which is why Rice came under increased pressure to, first, demonstrate positive developments of the projects, and second, prolong the consultant-client relationship with Calico as long as possible. In his letter, Tavistock Chairman Tommy Wilson urged Rice that:

⁸¹² Interestingly, it was particularly Muslims within the Congress who supported the strikers. This is argued by Kansara, B. P. (1975): *Business, Labour and Opposition Movements in the Politics of Ahmedabad City, 1960-72*. Unpublished PhD Thesis: 369.

⁸¹³ Rice (1958): 152.

⁸¹⁴ *Ibid.*

⁸¹⁵ Spodek, H. (2011). *Shock City of Twentieth Century India*. Orient Blackswan, Hyderabad: 157.

The institute's position, both immediately for survival and in the longer term for status purposes, is deeply and directly involved, and indirectly our growing relations with production-engineering would be very adversely affected should the project fail to maintain itself and attain reasonable objectives. To be more specific... *there is no alternative other than that you should remain in India* for such time as it is necessary to undo the damage where possible and certainly to test out the new phase 2 plan *whatever it is*.⁸¹⁶

Therefore, for the institute, the particular terms of reference for a project extension were of secondary importance as long as it provided greater financial stability. It was driven by a hope expressed by Tavistock co-founder Eric Trist that the project could attract the attention of the Ford Foundation in the US, which would have “taken a major interest in the development of community projects”.⁸¹⁷ However, these hopes for attracting a broader pool of funding opportunities by inserting Tavistock's work into a greater discourse on the role of management in development did not succeed. When Rice's work was finally published in 1958, it stood out as the institute's only ever project in the Global South during the Cold War.

Conclusion

This chapter has shown that the process of rationalisation during the 1950s had uneven and fragmented consequences within the Ahmedabad textile industry. The production of studies on the labour process suggested a process of intensification of workload. In the case of the ATIRA and the ILO, such intensifications were intended to be executed in joint collaboration with the TLA in departments where the union was strong; in the case of the Tavistock experiment, the aim had been to facilitate such changes in the weaving department where the TLA was weak. To a limited extent, such intensification processes took place in tandem with the emergence of workload studies. Where mills shifted from two sides to four sides in ring spinning, the TLA observed that the number of employees in the department had halved, while wages for the remaining workers had barely risen.⁸¹⁸ This was also the case for shifts from two- to four-loom weaving on Northrop machines at Calico. While Calico doubled the overall piece-rated earnings of affected workers, not all mills who introduced four-loom weaving followed suit. As the largest attempt to standardise wages among workers of the Ahmedabad textile industry, an agreement in 1947 had determined

⁸¹⁶ Emphasis added. Letter from Tommy Wilson to A. K. Rice, 3.2.1954, SA/TIH/B/2/4/1/3, THIR, WC.

⁸¹⁷ Letter from Eric Trist to A. K. Rice, 23.2.1954, SA/TIH/B/2/4/1/3, THIR, WC.

⁸¹⁸ TLA Statement in AMA Annual Report: 165.

that piece rates had to rise by at least 52.5% to be on a par with time-rated wages.⁸¹⁹ But given that the dearness allowance was calculated per working day attended and not by basic piece rates, the TLA argued that overall earnings had not doubled even though the number of workers had been cut in half.⁸²⁰ This meant that millowners effectively saved on wage costs through rationalisation, even with the compromise of an increased piece rate to 87.5% for four looms.⁸²¹ The promise of “incentives for sharing the gains of rationalisation through higher wages”, as determined by the Planning Commission under Gulzarilal Nanda in 1951, was therefore not entirely realised.⁸²²

As a consequence, these new regimes led to divisions between production regimes, not only between mills but within different departments. Layoffs mainly affected winding and ring spinning, while weavers – identified as highly skilled – were able to benefit to some extent from stabilised payments in mills like the Calico enterprises. These processes were also visible in the composition of the workforce in terms of age. The Occupational Wage Survey 1958-59 found that 64% of all workers were employed in the textile industry for ten years or more. This not only suggests an ageing workforce, but also a division between workers protected by layoff agreements negotiated by the TLA and potential new entries into the labour market. This underlines the fact that young workers in particular were affected by rationalisation measures, as most of the remaining positions were occupied by senior workers.⁸²³

This was embedded in a larger tendency to de-politicise wage matters through their subsumption into ‘rational’ machine requirements. The Standardisation Agreement in the Ahmedabad textile industry of 1947 had also introduced “scientific wages” as a category of wage bargaining and opened the door to a political shift away from need-based wage calculations towards greater emphasis on the labour process. With the lowest paid occupations functioning outside the logics of the proposed incentive system, and with permanent intermediaries doing same tasks for lower wages, many boundaries were drawn between workers of different categories. This was particularly exemplified in the boundaries between the weaving department, which received higher wages due to increases in efficiency facilitated by faster machines, and the winding department (dominated by women), which was much more affected by both job and wage cuts. Reordering processes therefore cemented social inequalities in the name of “development”.

⁸¹⁹ AMA Annual Report 1956: 185.

⁸²⁰ Ibid.

⁸²¹ Award of the Umpire Sri M. R. Meher, cited in AMA Annual Report: 195.

⁸²² The millowners argued that this would be realised through an agreement over annual bonus payments instead of through the so-called “Five Year Bonus Pact” 1952-1957.

⁸²³ Labour Bureau, Government of India. (1960). Occupational Wage Survey, 1958-59: 78.

In terms of study design, there was thus a great overlap between the activities of the ATIRA, the ILO and the Tavistock Institute, which all catered to global discussions on management in the field of development, particularly regarding the creation of “swadeshi” managers, a title coined by the historian Patel.⁸²⁴ Interests converged around issues of wages, control and organising work processes in ways to increase production. However, as management scholarship developed a life of its own, it neglected tensions that were emerging on the shop floor.

Therefore, what has been termed “pedagogies of development” by Kena Wani must instead be understood as a fragmented process whereby the actors involved were indeed following different approaches to managerialism.⁸²⁵ Although all three projects asked similar questions, the trajectories of each varied significantly. There was a difference in meaning attached to what “modern” practices of management would entail. For representatives of the ATIRA, it was rather the restoration and preservation of the already existing structure that was central to its work. In a 1958 presentation at a conference organised by the ILO in Geneva, Kamla Chowdhry underlined how the family firm was indeed the most suitable structure for organising enterprises. While the patriarch would be on top of the company, his sons (no mentioning of daughters) would naturally provide a board of councillors who could provide feedback and advice. This would eventually trickle down into benevolent family structures on the shop floor as well. By paying higher wages to skilled workers, such “trusteeship” norms were maintained and combined with concepts of “human relations” management by the Tavistock Institute.

The ILO, on the other hand, understood “modern” management practices as an extension of impersonal incentive systems or payments by results, with greater extension of individual responsibilities in comparison to Taylorist work gangs. Ideas of “cooperation” in production for development varied in terms of how these relations were envisioned. While for the TLA the term “cooperation” related to its interactions with the AMA in court, for the ILO, and similarly for A. K. Rice, such “cooperation” was to be a mutual effort towards greater production on the shop floor between workers and their immediate supervisors. Ironically, as a consequence, the ILO’s measures aimed to reduce the extent of collective bargaining within the city, thereby potentially undermining industry-level agreements.

⁸²⁴ Patel, D. P. (2024). Making Swadeshi Managers: The Antecedents of Professional Management Education in India, 1860s–1950s. *Enterprise and Society* 25(2): 1-32.

⁸²⁵ Wani, K. (2023). Pedagogies of Development, Conceptions of Efficiency: Modern Managerialism in Industrial Ahmedabad, 1950s–1960s. *Enterprise and Society* 25(3): 1-34.

Such agreements as a mode of operation were also eroded by shifts within the AMA itself. The exploration of the study undertaken by Rice has further shown that the idea of a linear trajectory of “managerialism” does not hold up, due to its underlying assumption of “capital” as a unified group of millowners with a common interest in modern management scholarship and education. While the Calico Mills continued to follow the “trusteeship” approach to labour relations, other mills did not do so, which led to their isolation within the community of millowners.

Chapter 4. Wage Settlements to Secure the Reproduction of a Narrowly Circumscribed Skilled Industrial Labour Force

The Royal Commission of Labour (1929-1931) conducted the first inquiry which pressed the need to gather data on industrial wages and actual earnings of those employed in factories. Admitting that little was known about these numbers, they stressed “the importance of taking steps to remedy the present deficiency” and to collect data, particularly on wages, as one of the primary means to understand the living conditions of those employed in factories.⁸²⁶ The Commission conceded that obtaining data on wages was difficult mostly due to “wide variations in... methods of calculation and payment” not just on an all-India level or between different economic sectors, but also between “establishment to establishment in the same centre, so that representative samples are difficult to secure”.⁸²⁷ Differences would occur within the factory and between occupations and individual workers, partly due to the nature of work (time rated or piece rated), partly due to the comparability of working time (and absenteeism rates) and partly due to workers’ status in the industrial enterprise (permanent or *badli*).

These gaps can be explained by earlier regulatory regimes, which did not require the precise measurement of wages and incomes. This changed during the 1920s. With these assessments at the core of its analysis, the Royal Commission marked a shift from previous enquiries into factory matters. As Sarkar has shown, earlier forms of factory legislation had left out wage regulation in particular, leaving this to the discretion of businesses themselves. The 1931 Commission then provided an extensive report on the data unavailable to the government and individual employers. This chapter explores why the need to obtain wage data became a regulatory issue for the state after the Royal Commission. I will argue that the need to be concerned with the earnings, income and consumption patterns of those employed in the textile industry arose after the plague of 1918. The aftermath of the plague saw a majority of workers settling in Ahmedabad permanently, as Jan Breman has established. This led to the emergence of the “working class household” as a statistical category. This unit was then narrowed by the specific group it sought to analyse (i.e. the non-migrating workforce, particularly in the textile industry of Ahmedabad), yet framed in a universal language, as if applying to the entire jurisdiction of the (colonial and later post-colonial) government.

⁸²⁶ Whitley, J. H. (1931). Report of the Royal Commission on Labour in India: 445.

⁸²⁷ Ibid.

This chapter aims to explore this moment of transition towards calculating working class household budgets in the Ahmedabad textile industry. It analyses the circumstances under which data collection became important and how these shaped the process of data collection and selection. The first part of the chapter will embed these questions in the larger body of literature on Indian social and labour history.⁸²⁸ Gaps in labour statistics may have been caused by the fragmented nature of data available, with its huge geographic and periodic inconsistencies. The different budget studies conducted did not use the same categories or definitions, nor the same basket of goods to investigate price differences, which makes it almost impossible to compare these different data sets. It is precisely these inconsistencies I will analyse in this chapter. I argue that these differences indicate distinct historical moments, marked by several ruptures. The four studies (1926, 1933-35, 1944 and 1958-59) under review shall be introduced in their historical contexts in section 4.2.

These statistical categories were fluid and required continuous renegotiation. This chapter examines the various circumstances under which these budget studies were conducted and what kind of data these moments facilitated. The third section explores who was included in these endeavours, which commodities were listed, and the boundaries that were set in order to exclude everything else. This also relates to the normative rationales behind creating the container (categories to be used) and the contained (actual data produced by the studies). Who was to become the working-class household and which commodities was it supposed to consume in order to maintain its productivity? The fourth section of the chapter looks at the political deployment of these data sets as evidence in discussions around wages, especially dearness allowance payments. It will show how this data gave workers the opportunity to demand higher wages, but also to what extent limitations were already inbuilt in the nature of the studies themselves.

4.1 Situating the Emergence of Clearly Defined Working-Class Household Budget Studies within a Larger Body of Literature on Food Consumption and Reproduction in India

Consumption budgets and their relation to wages in the Ahmedabad textile industry have to be understood as part of a broader history of creating consumption policies for industrial labour –

⁸²⁸ Since the historiographical analysis of such budget studies is relatively new, I shall dedicate a section of this chapter to situate the current analysis within the existing literature, while also reiterating that this is not a dissertation related to food or consumption studies. Similarly, we do not have a proper understanding of the emergence of the Consumer Price Index in India. This would lie beyond the scope of the present dissertation.

the recruitment of soldiers and tea plantation workers, as well as the goal of eliminating poverty and famine. The chapter therefore briefly introduces, then builds on, these historiographies. However, industrial labour in general and textile labour in Ahmedabad in particular followed its own trajectory from the 1920s onwards. This thesis aims to assess these specific circumstances in order to understand why and how budgets became an important tool in wage negotiations.

Discussions around the normative values of food can already be found in the early colonial recruitment of soldiers. Particularly after the insurrection of 1858, the army administration created racialised profiles of the Indian population, based on their dietary patterns.⁸²⁹ As part of such profiles, “martial races” of meat- and wheat-eating Punjabi soldiers were considered stronger than rice-eating Bengalis. These ideas were the beginning of a long history of identifying some commodities as nourishing and inducing productive strength, while dismissing others as harmful or luxurious (such as certain types of fresh fruits and vegetables).⁸³⁰ Such ideas fed into the making of scientific measurement of nutrition. As Radhika Singha has argued, the First World War gave strong impetus to the shift in the nutritional sciences from quantitative food commodities to calorific values and nutrition.⁸³¹

It should come as no surprise that the first National Institute of Nutrition was set up in Coonor, a predominantly tea-growing region, in 1925.⁸³² The historiography of Indian labour has shown that the colonial state was directly engaged in the supervision of labour regimes at tea plantation due to its crucial position within the imperial economy.⁸³³ The process of recruitment has been associated with coercive practices, actively supported by state legislation. Whenever the costs of recruiting new labour became too high, the reproduction of the indentured tea labour force needed to happen within the premises of the plantations themselves. Hence, employers and the state had to ensure the bare survival of those subjugated to these “unfree” labour regimes.⁸³⁴ For the

⁸²⁹ See e.g. Roy, K. (2002). Feeding the Leviathan. Supplying the British-Indian Army, 1859-1913. *Journal of the Society for Army Historical Research* 80(322): 144–161.

⁸³⁰ E.g. vegetarianism as practice of social upliftment. E.g. Jonathan Parry, ‘Death and Digestion: The Symbolism of Food and Eating in North Indian Mortuary Rites’, in *Man*, 20 (4): 612 – 30; Arjun Appadurai, ‘Gastro-Politics in Hindu South Asia’, in *American Ethnologist* 8 (3): 494 – 511.

⁸³¹ As such, knowledge production around food and consumption can be very much regarded as the emergence of an imperial science, which only became possible in exchange with the colonies. On the argument of colonial knowledge production and interaction with the Indian context, see Sengupta, I. and Ali, D., Eds. (2011). *Knowledge Production, Pedagogy, and Institutions in Colonial India*. Palgrave Macmillan, New York.

⁸³² Malhotra, A. (2021). Cutting Edge Research in the Contact Zone? The Establishment of the Nutritional Research Laboratories in Coonor (1925–27). *South Asia: Journal of South Asian Studies* 44(1): 117–134.

⁸³³ Liu, A. B. (2020). *Tea War. A History of Capitalism in China and India*. Yale University Press, New Haven.

⁸³⁴ Stanziani, A. (2018). *Labor on the Fringes of Empire: Voice, Exit and the Law*. Palgrave Macmillan, London. Behal, R. P., & Mohapatra, P. P. (1992). ‘Tea and money versus human life’: The rise and fall of the indenture system in the

recruitment of labour in the tea sector, the provision of in-kind commodities had been essential, as subsistence levels were so low that they had to be maintained carefully in order to secure outputs.⁸³⁵ Within this closed system of workers staying at the plantations themselves, where there was no possibility of relying on other means of income or subsistence (e.g. workers relying on their own agricultural produce), employers and the state required data on dietary needs much earlier on so that they could maintain productivity levels.⁸³⁶ Indeed, the foundation of the Nutrition Institute can be seen within a lineage of such studies emerging from this context, which very soon ventured into areas of industrial labour too. The most notable figure in this context was Wallace Aykroyd, who, as a senior researcher at the institute, would later become the main author of the need-based minimum wage formula as part of the 15th Indian Labour Conference in 1958. The evolution of need-based wage calculations is therefore very much linked with the history of labour recruitment by the colonial state.

Further important influences in the colonial state's engagement with food matters were famine relief and poverty eradication. The historiography on Indian colonialism has shown the centrality of "relief" in the justification of its rule. The turn of the 20th century marked a global moment in the growing link between the state's legitimacy and the ability to provide food for its population.⁸³⁷ Indeed, the Indian nationalist critique formulated by Naoroji and his colleagues very much insisted that the colonial government had not been able to provide for Indians and therefore had been "un-British" in its rule. Any claim to power therefore had to justify itself through these new lenses.⁸³⁸

Several imaginaries of relief shared a common reference to self-discipline as a prerequisite for overcoming poverty. Within the context of Indian reform movements, these ideas of uplift through changes in consumption would become merged with imaginaries of communities and,

Assam tea plantations 1840–1908. *The Journal of Peasant Studies* 19(3-4), 142-172. Sen, S. (2004). "Without his consent?": Marriage and women's migration in colonial India. *International Labor and Working-Class History* 65: 77-104.

⁸³⁵ Behal, R. and Mohapatra, P. (1993). 'Tea and Money versus Human Life': The Rise and Fall of the Indenture System in the Assam Tea Plantations 1840-1908. In: Berstein, H., Brass, T., and Daniel, E. V., Eds. (1993). *Plantations, Proletarians and Peasants in Colonial Asia* (1st ed.). Routledge. The colonial state enforced its regime through penal contract.

⁸³⁶ Indeed, even one of the early forms of minimum wages was introduced in plantations. Siddhart Sridhar forthcoming (presentation at the Wages Workshop in Göttingen, 15.09.2023).

⁸³⁷ One might wonder whether it would be appropriate to use the word "citizen" here. It can be argued that after independence, this term would be appropriate in understanding the links between food and nation. De, R. (2014) 'Commodities must be controlled': economic crimes and market discipline in India (1939–1955). *International Journal of Law in Context* 10(3): 277–294. His conceptions of market discipline are built on Agamben, G. (2004) *The State of Exception*. Chicago: University of Chicago Press.

⁸³⁸ Buat, C. (2022). *Matters of Settlement. Migrant Hindustani Labour and the Making of Citizenship in Eastern India*. Unpublished PhD Thesis.

later, of the nation.⁸³⁹ Gandhi's writings show that he saw poverty less as an absence of resources than their incorrect use. Therefore, his ideas of trusteeship were not only linked to the administration of wealth on behalf of the poor but also to educating them in the correct consumption of food.⁸⁴⁰ As an example of these ideas, the chapter will show how milk bars – still very present on the streets of Ahmedabad today – were promoted as an alternative to alcohol consumption.⁸⁴¹ Similarly, the historiography on famine relief programmes during colonial times shows us how either food commodities or wages were provided to those who were willing to work in return. Thus, as these relief programmes became important sites of recruitment for the state (e.g. for road construction or other public infrastructure), such programmes drew boundaries between those who were eligible to receive relief and those who were not.⁸⁴²

These two trends in the state becoming actively involved in the reproduction of its population became merged in the transition from the colonialism of the 1930s to the developmentalist postcolonialism of the 1950s. The food question gives us insight into how different segments of the population became singled out as essential in these ruptures and continuities of transition. The politics of access to food was invariably a question of distributing resources, and data was produced to contribute to its allocation. Indivar Kamtekar has established that the Second World War was a significant turning point in moulding the relation between the state and its subjects, manifesting in the uneven effects of food rationing within Indian society.⁸⁴³ Those from the lower caste who had been soldiers in the army found they were relatively better fed in wartime, so they began pushing for better nutrition in the workplace,⁸⁴⁴ whereas Bengal's rural population, in particular, was still suffering the effects of the 1943 famine.⁸⁴⁵ As a measure to counter price volatilities, Bombay and Ahmedabad were the first centres to introduce dearness allowance payments – several other centres such as Calcutta provided in-kind food compensations in order to prevent workers from leaving the cities. Literature on the transition from colonial to post-colonial developmentalism in

⁸³⁹ Harald Fischer-Tiné, Julia Hauser & Ashok Malhotra (2021) Introduction: Feeding Bodies, Nurturing Identities: The Politics of Diet in Late Colonial and Early Post-Colonial India. *Journal of South Asian Studies* 44(1): 107-116.

⁸⁴⁰ Gandhi, M. (1949). Diet and Diet reform. Navajivan, Ahmedabad.

⁸⁴¹ However, the shift towards the criminalisation of alcohol took place only towards the beginning of the 20th century. Nitin Varma has shown that the consumption of alcohol had indeed been an incentive for work on Assam Tea plantations, and this was only curbed by the colonial state during the 1880s. Varma, N. (2009). For the Drink of the Nation: Drink, Labour and Plantation Capitalism in the Colonial Tea Plantations of Assam. In: van der Linden, M. and Prabhu Mohapatra, Eds. (2009). Labour Matters : Towards Global Histories. Tulika, Delhi.

⁸⁴² Ahuja, R. (2019). A Beveridge Plan for India? Social Insurance and the Making of the "Formal Sector". *International Review of Social History* 64(2): 207-248.

⁸⁴³ Kamtekar, I. (2002). A Different War Dance: State and Class in India 1939-1945. *Past and Present* 176: 187–221.

⁸⁴⁴ According to Kamtekar, this had been caused by the pressures of the war to extend the army beyond the traditionally higher-caste "martial races" previously hired by the British.

⁸⁴⁵ On the Bengal famine, see e.g. Mukherjee, J. (2016). Hungry Bengal: War, famine and the end of empire. Oxford University Press.

India has pointed out how food policy thus determined a prioritisation of certain groups, especially in times of crisis.⁸⁴⁶ The Famine Commission of 1943 cited the phenomenon of cheap grain provided to working class households to argue that the industrial labour force had been relatively well-off during the war and the famine.⁸⁴⁷ Thus, the “working class” emerged as a “privileged” group because it had caught attention as an essential pillar of the war effort. At the same time, the Commission also tightened moral control over such groups.⁸⁴⁸ Joanna Simonow has underlined the continuous importance of “reform” in the provision of famine relief from the colonial period to the developmentalist state, thereby increasing the control over food consumption of those eligible to receive aid.⁸⁴⁹

Such discussions around the definition of essential groups continued in the emerging Indian developmental state during the 1950s, dividing different sections into various groups that needed to be “managed”.⁸⁵⁰ Tracing the origins of India’s planned economy, Nikhil Menon shows the uneasy relation between continuing colonial patterns of knowledge generation and the quest for democratic independence. Continuities in the functions of the state were caused by the inherent logics of institutions themselves.⁸⁵¹ In Rohit De’s article on price control, the author builds on Agamben’s theory of a perpetuated “state of exception” to show that the state had to invoke a sense of “permanent emergency” and crisis to justify its interventions.⁸⁵²

These exceptionalities, regulated by the experts of the developmental state, meant that the tension between industrial and agricultural priorities within the state would never fully disappear. As Frankel has shown, planning authorities experienced a “contradiction” between “rapid industrialization and gradual agrarian reform”, articulated in a strong focus on industrialisation during the first planning period.⁸⁵³ Her work refers to the trade off between prioritising the industrial sector by ensuring cheap commodity prices for workers (thereby keeping labour costs

⁸⁴⁶ See, for example, Siegel, B. R. (2018). *Hungry Nation: Food, Famine, and the Making of Modern India*. Cambridge University Press. Simonow, J. (2021). The Rise and Demise of Multi-Purpose Food in India: Food Technology, Population Control and Nutritional Development in the Post-War Era, c. 1944–66, *South Asia: Journal of South Asian Studies* 44(1): 167–184.

⁸⁴⁷ Government of India, Famine Inquiry Commission (1945). *Report on Bengal*. Delhi, Government of India Press.

⁸⁴⁸ Mukherjee, J. (2016). *Hungry Bengal: War, Famine and the End of Empire*. Oxford University Press.

⁸⁴⁹ Simonow, J. (2023). *Ending Famine in India. A Transnational History of Food Aid and Development, ca. 1890-1950*. Leiden University Press.

⁸⁵⁰ Menon, N. (2022). *Planning Democracy: Modern India’s Quest for Development*. Cambridge University Press, New York.

⁸⁵¹ Chatterjee, P. (1993). *The Nation and Its Fragments: Colonial and Postcolonial Histories*. Princeton University Press.

⁸⁵² De, R. (2014). ‘Commodities must be Controlled’: Economic Crimes and Market Discipline in India (1939–1955). *International Journal of Law in Context* 10(3): 277.

⁸⁵³ Frankel, F. (2004). *India’s Political Economy. The Gradual Revolution 1947-2004*. OUP, Delhi: 113.

low) versus strengthening the agricultural sector through higher food prices (thereby facilitating higher investments of farmers into higher yielding crops or better technology).⁸⁵⁴ The Community Development Programme sought to address both problems by encouraging an extension of agricultural production, but with limited results.⁸⁵⁵ All these factors would become weighted into nutritional data and the measurement of price developments for food consumption.

It can be inferred from the literature review above that scholars had linked the problem of reproduction closely with matters of labour supply. This would be continued for industrial factory regimes of the 1950s. In asking under which circumstances Indian workers would have become “committed” to factory labour, the work of scholars has built on the work of Morris D. Morris. Chapter three has already shown that for Morris, “commitment” relied on conditions both inside the workplace (and supervisory structures to keep workers engaged) and outside of it with regard to reproduction.⁸⁵⁶ For Morris and subsequent scholars, this had important spatial implications; they raised the question of whether workers’ lives were centred around industrial cities or whether they relied on village links for their survival. As a result, the Ahmedabad case was dismissed by Morris himself, as it did not properly fit into the model of industrial labour that he drew up for Bombay. How, then, can we conceptualise recruitment patterns in Ahmedabad to help us understand why it became increasingly important to produce studies about their reproductive patterns?

In an expanding textile industry such as Ahmedabad, recruitment not only related to the quantity of workers available, but also to the availability of a “skilled” workforce.⁸⁵⁷ Makrant Mehta has meticulously analysed the role of caste organisation in mobilising handicraft manufacturers and integrating them into the mills. He indicated that to overcome these bottlenecks, the mill departments’ initial recruitment patterns were based on community belonging, which for example led to a predominance of Muslims weavers as they were considered most skilled.⁸⁵⁸ Due to the

⁸⁵⁴ See also Nayyar, D. (1978). Industrial Development in India: some reflections on growth and stagnation. *Economic and Political Weekly* 13 (31): 1265-1278.

However, the supply of commodities in terms of quantities is not discussed in this thesis.

⁸⁵⁵ See, for example, Sinha, S. (2008). Lineages of the Developmentalist State: Transnationality and Village India, 1900–1965. *Comparative Studies in Society and History* 50(1): 57–90.

⁸⁵⁶ See e.g. Morris, D. M. (1955). *The Emergence of an Industrial Labour Force in India. A Study of the Bombay Cotton Mills, 1854-1947*. University of California Press, Berkeley and Los Angeles.

⁸⁵⁷ On the role of artisans in emerging factory regimes, see Roy, T. (2007). Out of Tradition: Master Artisans and Economic Change in Colonial India. *The Journal of Asian Studies* 66(4): 963-991. On the division between formal and informal enterprises in skilled artisans’ professions, see Haynes, D. E. (2012). *Small Town Capitalism in Western India: Artisans, Merchants, and the Making of the Informal Economy, 1870-1960* (No. 20). Cambridge University Press.

⁸⁵⁸ Mehta, M. (1982). *The Ahmedabad Cotton Textile Industry: Genesis and Growth*. New Order Book, Michigan. Mehta, M. (2005): Gandhi and Ahmedabad 1915-1920. *Economic and Political Weekly* 40 (04): 291-299.

Kamtekar, I. (2002). A Different War Dance: State and Class in India 1939-1945. *Past and Present* 176: 187-221.

First World War and the Great Depression, problems of recruitment and labour shortages emerged as workers left industrial centres, which had made it necessary to regulate labour supply and demand, and to adjust to fluctuating production cycles.⁸⁵⁹ It was during such moments of crisis and labour shortages that employers would develop an interest in keeping workers at their workplaces. Sarkar has shown how this was done by employers making bonuses available during the bubonic plague in Bombay.⁸⁶⁰ Indeed, such matters mainly remained in the hands of Bombay's individual employers, but in Ahmedabad, bonus payments became an industry-wide phenomenon. Jan Breman has argued that this was the main reason for a stabilisation of working-class neighbourhoods in Ahmedabad.⁸⁶¹ Various studies have shown that as a result, workers stayed in the city permanently and cut their ties to villages.⁸⁶² The Census remarked in 1951 that "the urban population of Gujarat was more heavily non-agricultural than that of any other natural division in Bombay state",⁸⁶³ as most people had permanently settled in Ahmedabad. This set the city apart from other emerging centres, such as Bombay or Calcutta. These trends are also reflected in Census data. The number of people employed in Ahmedabad mills more than doubled from 30,013 in 1910 to 73,887 people in 1940. During the same period, the number of inhabitants grew from 370,967 to 842,841.⁸⁶⁴ Of these, 56,000 were employed in the mills in 1926 and 128,000 in 1944.⁸⁶⁵

Another reason for the importance of understanding reproduction patterns lay in the political implications of its permanence. In conjunction with the millowners, the TLA had built schools for working class children. Several oral histories confirm that working class education until the 1960s in Ahmedabad served as a vehicle for inter-generational continuity in mill employment, or even modest upward mobility.⁸⁶⁶ To become a permanent millworker, it was common practice to start

⁸⁵⁹ Dietmar Rothermund (1992). *India in the Great Depression 1929-39*. Delhi, Manohar.

⁸⁶⁰ Sarkar A. (2014). The Tie that Snapped: Bubonic Plague and Mill Labour in Bombay, 1896-1898. *International Review of Social History* 59(2): 181–214.

⁸⁶¹ E.g. Breman, J. (1996). *Footloose Labour: Working in India's Informal Economy*. Cambridge University Press. Buat, C. (2020). Segmented Possibilities: Migrant life Histories of Hindustani Workers in Post Colonial India. *International Labor and Working-Class History* 97: 158.

⁸⁶² The first account of Ahmedabad as a subject of urban historiographical study has been Gillion, K. L. (1968). *Ahmedabad: A Study in Indian Urban History*, University of California Press, Berkeley and Los Angeles; and Breman, J. (2004). *The Making and Unmaking of an Industrial Working Class. Sliding Down the Labour Hierarchy in Ahmedabad, India*. Amsterdam University Press. 14. Barua, R. (2022). *In the Shadow of the Mill: Transformation of Workers' Neighbourhoods in Ahmedabad, 1920s to 2000s*. Cambridge University Press.

⁸⁶³ Census of India, 1951. Vol. IV: Bombay, Saurashtra and Kutch. Part I: Report and subsidiary tables: 40.

⁸⁶⁴ Census of India, 1951. Vol. IV: Bombay, Saurashtra and Kutch. Part I: Report and subsidiary tables: 220.

⁸⁶⁵ Unfortunately, these data sets do not provide any indication of the gender or age composition of the workforce. Numbers based on the respective surveys, collected from Labour Bureau, Government of India (1960). Report on Family Living Survey among Industrial Workers in Ahmedabad.

⁸⁶⁶ Group interview with former mill-workers in Ahmedabad 20/09/2021. This particular statement was supported by Mohammed Shaikh, a worker whose family had migrated to Ahmedabad from Hyderabad during the 1940s. Other

as a substitute (badli) worker as daily workers until a permanent position would become available.⁸⁶⁷

4.2 A Brief Overview of the Emergence of Budgets in Ahmedabad from 1926 to 1958-59

Drafting consumption budgets was crucial in stabilising the Ahmedabad labour model, particularly in its industrial relations, from the very beginning. In the context of the 1918 strike, Shankerlal Banker (who would become General Secretary of the TLA at its foundation in 1920) conducted an extensive budget survey of goods consumed by those affected by wage cuts after the plague. These efforts marked the first attempt to understand working-class reproduction, considering both what workers were actually able to afford and what they ideally should have been able to afford. In his account, Banker calculated that workers would have needed a wage increase of 40% to cover all necessary expenses. Gandhi eventually compromised on 35% wage increases. While this marked the beginning of such evidence being used to negotiate between employers and workers, it remained very much contained within the realm of “voluntary” agreements.

The precarious nature of workers’ living standards continued to remain an important driver of industrial disputes during the period under investigation. As a result, the provincial government conducted its own budget study in 1926. This first study on prices in Ahmedabad by the Bombay Government was driven by the need to understand the consumption patterns of a population which had stabilised in certain neighbourhoods in Ahmedabad. This would become the basis for an Ahmedabad-based Consumer Price Index (CPI). The index was published in the Bombay Labour Gazette from 1928 onwards. It would become the baseline of the CPI for Ahmedabad until 1958-59.

In the budget of 1926, two lines of conflict become visible. The CPI for the base year 1926 would serve the crucial function of enabling the measurability of price changes in working-class neighbourhoods. The study conducted for the base year would determine the basket of goods,

members of the group included Ahmed Sharif, Abdul Rahman, Abdul Patel, Abdul Hamid Ansari and Rahimbhai Shaikh. The interviews were conducted jointly with Ajaz Shaikh in Gomtipur, Ahmedabad.

⁸⁶⁷ As the first chapter has shown, the TLA served as a vehicle to raise political claims, even if within a limited realm (and one that was highly controlled by its leadership). These neighbourhoods would emerge as crucial political centres of mobilisation for party politics and other forms of civic engagement. Barua, R. (2015). The Textile Labour Association and Dadagiri: Power and Politics in the Working-Class Neighborhoods of Ahmedabad. *International Labor and Working-Class History* 87: 63–91.

Scholars of the tensions between Hindus and Muslims in Ahmedabad have traced the origins of such violence to targeted recruitment within such neighbourhoods by Hindu right-wing groups.

while the monthly adjustment would take place based on the changes in prices observed in selected shops. While the measurement of prices predominantly served as a basis for making claims for wage adjustments, the baseline adjustment raised more fundamental questions about the consumption patterns of working-class households and which goods should be selected for a statistical basket – or in other words, the goods that a household ought to consume. As such patterns changed over time, this raised the question of how often such baskets should be adjusted accordingly. These two types of potential adjustments to the CPI gave rise to contentious political discussions.⁸⁶⁸

To contain the potential of such budget studies to raise claims for higher wages, data on wage earnings and accounts on household income and expenditure were eventually divided from each other. The table below shows the evolution of household budgets from 1926 until 1958, distinguishing between enquiries into wages and those which looked at household income more generally and related it to spending patterns. It becomes clear that in the design of these studies from 1926 onwards, occupation-based wages and working-class income remained separate data sets, and correspondingly different categories throughout the period.⁸⁶⁹ This makes it harder to assess the relation between the wages of different hierarchical levels within the factory, and spending patterns by such job categories. Since this chapter is more interested in the question of expenditure and consumption as factors in the construction of the “working class” as an entity of analysis in India’s political economy, it will predominantly refer to the latter data sets (marked in bold in table 14).

⁸⁶⁸ Chandavarkar, R. (1999). Questions of Class: The General Strikes in Bombay, 1928-29. *Contributions to Indian sociology* 33(1-2): 205-237.

⁸⁶⁹ The Wage Census is the only exception to this. It mapped out spending patterns within particular occupations.

Year	Author	Name of Survey	No. of budgets	Inhabitants	Employed in mills
1926	Provincial Government of Bombay	“Enquiry into Wages and Hours of Labour in the Cotton Mill Industry”	872 of 985 ⁸⁷⁰	300,000	56,000
		“Report on an Enquiry into Working Class Family Budgets in Ahmedabad”			
1933-1935 1938	Labour Bureau, Bombay	“General Wage Census of the Cotton Mill Industry”	1,293 of 1,300 ⁸⁷¹	400,000	97,000
		Bombay Textile Labour Enquiry Committee			
1944	Department of Labour, Government of India	“Labour Investigation Committee”	1868	786,000	128,000 (of 142 employed in industry)
1958-1959	Department of Labour, Government of India	“Occupational Wage Survey”	722	1,200,000	150,000
		“Report on Family Living Survey among Industrial Workers in Ahmedabad”			

Table 14: Surveys of Working-Class Households conducted, 1926-1958⁸⁷²

⁸⁷⁰ The remaining 113 budgets had been cancelled out in 57 cases, given that they were exceeding Rs. 90 per month and were thus not categorised as “working class”. Another 27 were rejected due to incomplete information, 14 because the “head of the family was a casual worker or an apprentice or was unemployed”, 10 since they “supplemented their incomes by begging” and in 4 cases the budgets were not considered because the head of the family was considered self-employed as a cook or a teacher. Labour Office, Government of Bombay (1928). Report on an Enquiry into Working Class Family Budgets in Ahmedabad: 2.

⁸⁷¹ The remaining budgets were rejected due to incomplete information.

⁸⁷² Titles in bold indicate investigations into income and consumption, while wage censuses were only concerned with earnings. The setting up of the Consumer Price Index (CPI) in Ahmedabad was based on a Budget Survey Conducted by the Provincial Government of Bombay in 1926. It remained the base year for the index until it was linked to the All-India CPI in 1963. The following list contains further surveys on working-class household expenditure conducted in Ahmedabad from 1926-1963.

The creation of a separate working-class index for Ahmedabad following the 1926 budget highlights the question of scale for measurement and adjustment. To assess changes in the prices of identified goods, the authors of such studies had to decide which shops should be included in the data collection process. In terms of locality, the surveys gradually expanded their radius of investigation with the growth of the city.⁸⁷³ While surveys until 1944 included all neighbourhoods in close proximity to the mills, the 1958-59 survey also sent its investigators into nine adjoining villages towards the South, where workers employed in mills within the area of Kankaria lived.⁸⁷⁴ These villages were mainly populated by non-Gujarati workers who had moved to Ahmedabad after the textile boom during the Second World War, including lower-caste workers from Uttar Pradesh, Sindh and Punjab.⁸⁷⁵ However, the markets where prices were collected for the budget studies remained the same (Kalapur, Asarwa, Jamalpur, Mahemdabad, Gomtipur and Saraspur).⁸⁷⁶ These provided spatial boundaries with regard to the price developments the studies were able to capture. During the Depression and the Second World War when the volatility of prices was much higher, such limitations became a problem, as several zones remained outside of the survey's capture. In general, the high prevalence of black-market transactions made it difficult to assess price developments as captured by regular shops that were part of the network in the survey.⁸⁷⁷

Another motivation for conducting these budgets was to increase the comparability of living standards between different industrial centres by measuring similar indicators in each centre. Studies on wages, income and expenditure gradually expanded their spatial focus with regard to

⁸⁷³ In 1937, these budgets were collected in the following neighbourhoods which were in close proximity to the mills:
Zone 1: Jamalpura, Shahpur, Daripapur, Gheekanta, Kalapur
Zone 2: Baherampura, Kankaria, Khokhara Mahemdabad, Rajpur-Hirpur, Gomtipur
Zone 3: Outside Rakhial Gate, Saraspur, Rakhial Road, Rakhial village, Chawls outside Saraspur
Zone 4: Asarwa, Chamanpur, Jahangirpuri, Madhavpura, Dudheshver, Naroda Road. SR Deshpande (1946-49): Reports on Enquiries into Family Budgets of Industrial Workers, Labour Bureau, Government of India, p. 1-2.

However, the budget does not indicate any differences between the neighbourhoods. According to Kansara, these neighbourhoods varied significantly in their caste composition. Jamalpur in Zone 1 was particularly dominated by Muslims with a lower status. Gomtipur in Zone 2 was a neighbourhood of various intermediate and low castes. Zone 3 was relatively mixed, with many non-Gujaratis settling there, including Punjabis, Sindhis, and workers from UP. Muslim weavers, Patels and other intermediate-caste Hindus lived in Asarva in Zone 4, even though Zone 4 also had pockets of low-caste Kanbis and Vagris. Kansara, B. P. (1975): *Business, Labour and Opposition Movements in the Politics of Ahmedabad City, 1960-72*. Unpublished Phd Thesis: 103-105. This indicates that there might have been a difference in consumption between neighbourhoods and communities.

⁸⁷⁴ Those villages were Naroda, Rakhial, Bapunagar, Sahijpur, Boga, Wadaj, Dani Limbda, Hansol, Qdhari and Kochral. Government of India, Labour Bureau (1960). Report on Family Living Survey among Industrial Workers in Ahmedabad, 1958-59: 4 (hereafter Family Living Survey, 1958-59).

⁸⁷⁵ According to the survey, the number of non-Gujaratis rose from 15% in 1918 to 43.57%. Given that the survey distinguished between "Hindi" and "Urdu" speakers, it is likely that the figure of 1.2% Urdu speakers suggests Muslim migration.

⁸⁷⁶ Family Living Survey, 1958-59: 6.

⁸⁷⁷ The ILO's International Conference of Labour Statisticians (ICLS) recommended in 1946 that black-market prices should not be included in the index calculation, since the quantity traded and the actual paid prices could not be adequately collected.

the area they covered within the Bombay Province. As the first chapter has shown, the Textile Labour Enquiry during the 1930s was mainly concerned with standardising wages and assessing consumption levels in the Bombay Province. It also for the first time introduced need-based wage criteria estimated by an investigation into consumption levels. As such, it remained the only budget survey throughout this period in Ahmedabad that considered both occupational wages and household income together.

The Bombay Enquiry Committee became the basis for a wide range of other local-level wage investigations, such as in the United Provinces and Madras.⁸⁷⁸ This raised demands from both employers and employees to define an all-India wage standard. The Indian Labour Conference (ILC), as the laboratory of post-war labour politics, became the main forum for such discussions. One of the decisions of the ILC determined that new cost of living budgets were necessary in order to meet growing demands for dearness allowance payments. As Labour Minister of the Executive Council, B. R. Ambedkar initiated a “Labour Investigation Committee”, since it was felt that before any minimum wage policy could be passed, it was necessary to establish minimum consumption levels in India.⁸⁷⁹ Under the chairmanship of D. V. Rege, a civil servant, and S. R. Deshpande, who would later become a professor at the University of Bombay, a total of 27,000 budgets were collected in 28 industrial centres.⁸⁸⁰ This was the first attempt at a wide-scale comparison of living standards throughout India and would become the basis for the foundation of the Indian Labour Bureau in Shimla in 1946.⁸⁸¹

Particularly for smaller industrial centres, such as Ajmer or Berhampur which did not have any CPI before, this meant that workers could now demand dearness allowance payments based on those need-based standards as measured by the Rege Committee. As the Committee established common criteria for its budget inquiries in a number of centres, it ensured the comparability of

⁸⁷⁸ Government of Madras (1938). Report on an Enquiry into the Family Budgets of Industrial Workers in Madras City.

⁸⁷⁹ Moon, V., Ed. (1991). Dr. Babasaheb Ambedkar. Writings and Speeches, Vol. 10. Ambedkar Foundation: 135.

⁸⁸⁰ Indian Labour Gazette, Vol. 1 No. 9, March 1944: 218; Indian Labour Gazette, May 1947: 178.

⁸⁸¹ Given that the data collection was carried out during the war period 1943-45, the ILC found it difficult to recruit an adequate number of investigators. Many recruits were hired directly from their university campuses and often provided with less than one month of training. Many investigators were also part-time employees of State Governments, which means that their time for budget data collections remained extremely limited. This led to a high rate of turnover in the budget collection personnel, which posed challenges to the consistency within the data collected. This has to be kept in mind when analysing the data presented below. Furthermore, according to the Bureau, “experience” showed that “for this type of work, women investigators are far more suitable than men investigators”, but that they had been able to recruit women only in Bombay, Sholapur, Jalgaon, Ludhiana and Karachi. This observation was based on ideas that women would know best what consumption goods were bought by the household and in which quantities. On the history of the Labour Bureau and the collection of price data, see also Ministry of Labour and Employment, Annual Report 2015-16: 161.

these new indexes. Due to this process of streamlined consumption data collection, the central government introduced an All-India CPI with 1944 as its base year. However, there remained the problem of the relationship between the 1944 budget and those indexes that already existed in centres such as Ahmedabad, Bombay and Madras. The Central Labour Bureau proposed that the CPI with 1926 as its base year should have been updated to take into account shifts in relative consumption units. But adjustment to the 1944 inquiry would have required linking two indexes with two different base years with significant political implications for how different consumption groups should have been weighted. In order to avoid these consequences, the Rege Committee only introduced these indexes in centres where there had not been any before, and did not change the CPI structure in those cities which already had one, including Ahmedabad.

There were pressures to unify the structure of the index, particularly through interaction with international agencies. The ILO provided support and consultancy through its New Delhi Office to the Government Labour Bureau on drafting consumption budgets. This cooperation did not always follow the same objectives. As the previous chapter has shown, the transition towards independence also marked an increase in the interaction with the ILO, specifically with regard to wage politics. The experiences with the budget studies in 1943-45 were a crucial basis for crafting a report on the drafting of cost-of-living index statistics for the ILO's International Conference of Labour Statisticians (ICLS) in Montreal, August 1946. In an attempt to analyse the effects of the war on prices and subsequent interventions of price control and other measures in several countries, the ILO had requested its member states to report the most pressing problems identified in the process of data collection. This report underlined commonalities between general problems of drafting indices worldwide, but also issues peculiar to India. In order to compare differences in various industrial centres, the ICLS endorsed creating a single index for the entire country. However, the Government of India decided to have 16 different indices and defended this position at the Conference of Commonwealth Statisticians in Australia in November 1951, which an anonymous commentator in the *Indian Labour Gazette* found "more bewildering than helpful".⁸⁸² For the Labour Ministry, however, this differentiation was important in terms of keeping in mind the wide variations in price levels at the local level. Effectively, this also meant that the coverage of indices remained limited to those centres where assessments had taken place, making it more difficult for workers in other cities to demand dearness allowance payments. This would particularly be the case for municipal workers, who started campaigns to demand dearness allowance in cities where such data was not available.

⁸⁸² *Indian Labour Gazette*, December 1952: 449.

With the establishment of the five-year plans during the 1950s, the industrial sector became an even greater priority for policymakers, particularly during the second phase, beginning in 1956. Under this premise, the industrial worker gained further momentum as an important pillar in the success of developmental endeavours. The second plan also envisaged a new and extensive budget study of industrial workers in India. Furthermore, due to the Indo-Chinese war in 1962, prices had been rising all over India, but with Gujarat being a net food importing state, the effect was particularly strong.⁸⁸³ This was the economic context in which the Family Budget Survey took place in Gujarat. The “Occupational Wage Survey”, conducted between 1958-59 investigated earnings for different occupations in 44 sectors (37 in manufacturing, 4 mining sectors and 3 plantation industries). The consumption patterns of the same surveyed households were listed in the Family Budget Survey. While the 1926 and 1933 studies had been taking into account social markers of belonging to different communities (they included data on “depressed classes”),⁸⁸⁴ the 1958-59 survey broke away explicitly from social markers and based its findings on categories of occupations within different industrial branches.⁸⁸⁵ This was something new, as it established a relation between the workers’ status within a factory (occupation) and their respective patterns of reproduction. This emphasis on the relation between these occupational categories rather than social status, as the Labour Investigation Committee of 1944 had done, is telling, as it meant the identification markers of groups of workers had now shifted. That consumption statistics were now also based on the worker’s position at the shop floor rather than their social standing suggests the idea of the developmental state that these non-industrial markers of identity would eventually fade and make way for a “scientific” assessment based on belonging to the industrialising project. According to the study, the occupational category would “include numerically smaller but distinct groups of workers concerned specifically with well-defined jobs or types of operational skill involved in the making of a product.” These groups would not only be defined by their common identity as wage earners, but would provide identification through skills, the employment of technology and the resulting socio-economic status as a “definite group ideology and a code of occupational ethics”.⁸⁸⁶ In turn, this would not only serve as a classification of workers but also inform employers of their “labour costs” as the “primary factor affecting the demand of industry for labour”.⁸⁸⁷

⁸⁸³ *Gujarat State Socioeconomic Review*, 1965-66.

⁸⁸⁴ The study did not specify how such categories were defined.

⁸⁸⁵ Nonetheless, all data distinguished between Hindu and Muslim households.

⁸⁸⁶ Government of India, Department of Labour (1946). *Labour Investigation Committee*, 1944: 5.

⁸⁸⁷ *Ibid.*

A second reason for the timing of the survey had been growing demands from the labour movement, including from centres like Ahmedabad, to initiate new budgets to account for changes in living costs and consumption patterns since 1926.⁸⁸⁸ Pressures from the ILO to conduct such budget studies every ten years further added to the need to conduct further surveys.⁸⁸⁹ The Family Budget Survey thus sought to unify and overhaul India's CPI. Rather than having different base years (e.g. 1926 in the case of Ahmedabad and 1944 in other centres), the 1958-59 survey aimed for the same time frame:

The existing wage structure in the country comprises, in the main, a basic wage and a dearness allowance. The latter component in a majority of cases has a relation to cost of living indices at different industrial centres. These indices have not been built up on a uniform basis; some of them are worked out on primary data collected about 20 to 25 years ago and are, therefore, not a true reflection of the present spending habits of workers. Since one of the questions which the Wage Commission (i.e. the commission administering the budgets) will have to take into account is the demand made by the workers' organisations for merging a part of dearness allowance with the basic wage, evolving recommendations for such a merger will not be sufficiently scientific if cost of living indices at different centres do not have a uniform basis. Steps will therefore have to be taken simultaneously with the undertaking of a wage census, to institute enquiries for the revision of the present series of cost-of-living indices at different centres.⁸⁹⁰

In these objectives of the 1958-59 survey, the executing Wages Commission recognised the existence of a group within the population which relied mainly on industrial wages and as such was distinct in its consumption patterns. The category of the "working-class household" was only fully established through the 1958-59 study because it relied on wages earned through factory work as the only source of income available. The budget showed the increasing predominance of wages as a source of income for 93% of all households in Ahmedabad. Through the emphasis on wages as a source of income, the studies also put the spotlight on employers to ensure that wage payments would provide adequate levels of reproduction. Such levels needed to ensure that reproduction would take place within the boundaries of the factory town, without any spatial connection to the countryside.

⁸⁸⁸ These political processes will be analysed in the second half of the chapter.

⁸⁸⁹ ICLS (1935). *First Book of Labour Statistics*, Geneva, ILO.

⁸⁹⁰ Government of India (1956). *Second Five Year Plan*, Chapter 27 : 580.

The 1958-59 study established the idea of industrial wages as the main source of income, and this would become the foundation for a uniform understanding of what “working-class” consumption would look like – in the type of goods consumed but also in terms of the industrial income available. Under these premises, the 1958-59 budget fed into the assessment of need-based minimum wage standards at the Indian Labour Conferences (ILC), and of dearness allowance payments. Such need-based standards as normative guidelines were set up at the 15th ILC in 1958 to serve a family of one male earner, his wife and two children. These implications shall be critically analysed at two levels in the following paragraphs.

4.3 Who is the “Working-Class Household”?

What defined these neighbourhoods and the families surveyed as “working class”? This sub-chapter explores four key categories from the surveys and how they contributed to the notion of “working-class households”. The constitution of such households will be analysed through the material itself. First, we will look at how wages became the sole source of income taken into account by these sources as a prerequisite to the construction of a distinct “working-class household” as a statistical category. Second, we will look at how the measurement of expenditure contributed to the same process. Building on these patterns, the third section elaborates to what extent income and expenditure contributed to a “male breadwinner” model. The fourth section zooms further in on expenditure by analysing the emergence of consumption baskets. The selection of such goods to be included in the survey reflected normative decisions on what “working-class households” were supposed to consume. Although these processes were of course intertwined, I want to distinguish them here analytically, since all these trends were at the core of establishing “need-based” wage standards.

4.3.1 Industrial Incomes

In all studies, the number of workers employed in the textile industry amounted to more than 90% of all households. The literature on the emergence of the working-class household consumption budget shows that whereas in countries such as the US or the UK there had generally been the problem of over-estimating wage income,⁸⁹¹ India had the opposite problem. If the predominance of wages as the main source of income was indeed the crucial marker in the

⁸⁹¹ E.g. May, M, (2008). The “Good Managers”. Married Working Class Women and Family Budget Studies, 1895-1915. *Labor History* 25(3): 351-372.

construction of an industrialised working class, then these budget studies confirmed that most people employed in the Ahmedabad mills were becoming not only spatially disconnected from the countryside, but also financially.⁸⁹² The 1926 “Reports on an Enquiry into Wages and Hours of Labour in the Cotton Mill Industry” confirmed that there was hardly any seasonal migration in Ahmedabad.⁸⁹³ In the 1926 budget, sources from the countryside only contributed to about 3% of the total household income.⁸⁹⁴ The 1933-35 study had shown that agricultural income had merely contributed additional funds of 0.85% of all households,⁸⁹⁵ and the negligibility of such sources of income was further confirmed by the 1958-59 survey. According to this data, agriculture contributed on average an extra Rs. 0.06 to the average budget of Rs. 152.10.⁸⁹⁶

Selecting income sources for measurement in budget studies clearly influenced who was considered “working class.” Through the emphasis on different sources of income, we can distinguish another pattern in how working-class households were defined and who was included in this class. The 1933 and 1944 budgets explicitly excluded households of unemployed or “casual” workers, and in the latter study, the Labour Bureau explained that it felt these were not representative of the consumption patterns of “industrial workers”.⁸⁹⁷ The 1958-59 survey included *badli* workers and compared their earnings with those holding permanent positions. As the analysis below shows, those who held a *badli* position within the mill found it harder to obtain the same levels of income as workers with a permanent status (figure 13). While the majority of permanent workers (72.9%) did indeed work the 24 to 27 days necessary to obtain minimum wages, those with a temporary status reached these levels in only 29.44% of all cases. For 4.65% of all temporary workers, the mills offered fewer than 15 days of work per month.⁸⁹⁸ This highlights the fact that the consumption levels defined by these studies were often out of reach for many *badli* and temporary households.

⁸⁹² Breman, J. op. cit.

⁸⁹³ Labour Office, Government of Bombay (1928). Report on an Enquiry into Working Class Family Budgets in Ahmedabad: 4. See also first chapter.

⁸⁹⁴ Whether there were in turn remittances to the countryside cannot be assessed from the budgets. P. 28. Apart from agriculture, unfortunately, it is not possible to compare these sources of income in their contribution to the total household budget over time.

⁸⁹⁵ Labour Department, Government of Bombay (1938). General Wage Census of the Cotton Mill Industry, 1933-35: 24.

⁸⁹⁶ Unfortunately, the study did not provide any information on remittances.

⁸⁹⁷ However, “casual labourer” was not defined by the Labour Bureau, which means that it is unclear whether it included *badli* workers in factories. Labour Bureau (1954). Cost of Living Index Numbers in India. A Monograph: 21.

⁸⁹⁸ As mentioned in the previous chapter, the total workforce consisted of about 84.08% permanent and 15.92% temporary or casual workers. Labour Bureau, Government of India (1954). Cost of Living Index Numbers in India. A Monograph: 9.

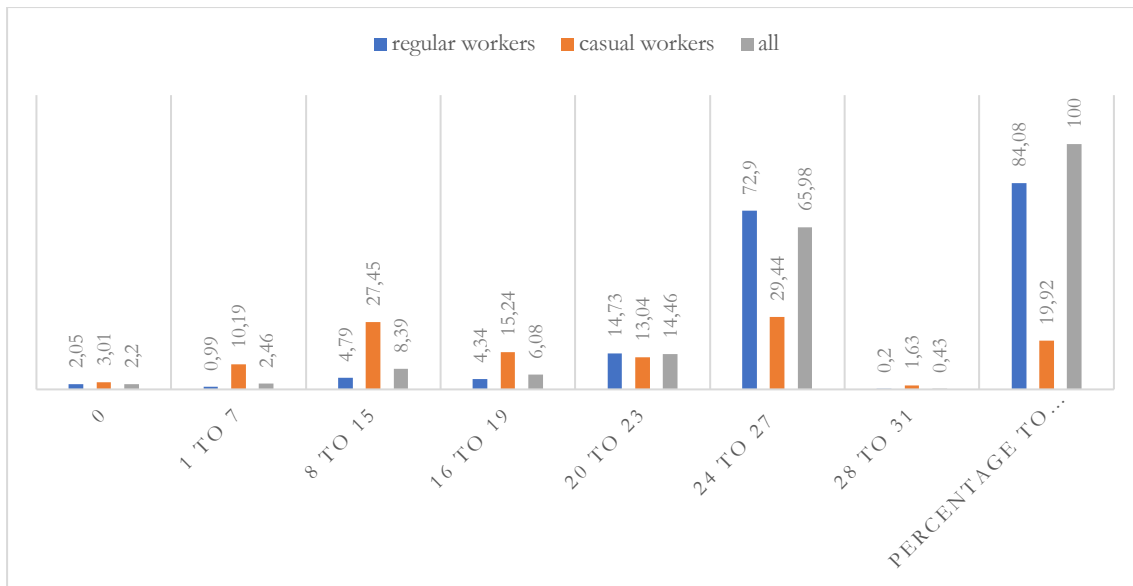


Figure 13: Working days of regular and casual workers, 1958-59

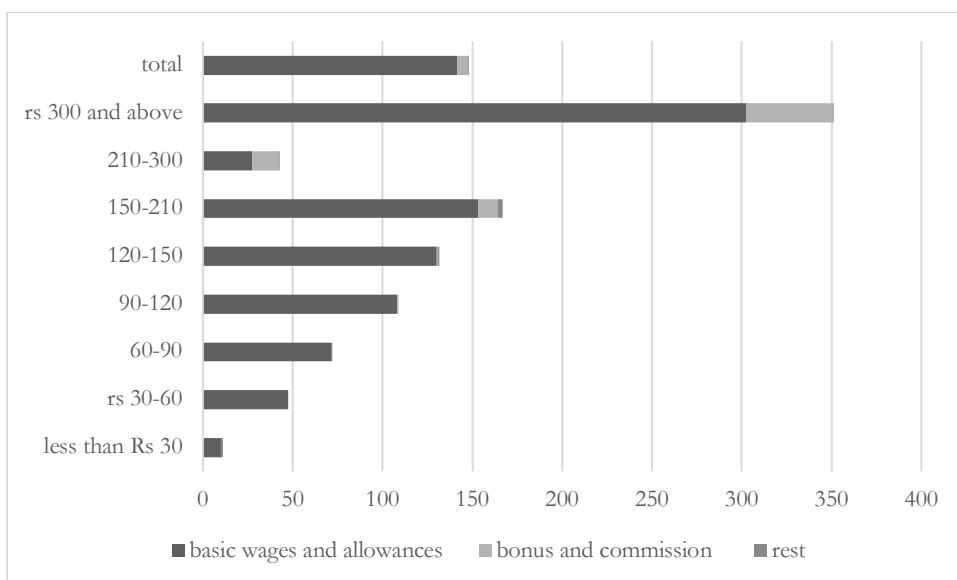


Figure 14: Source of income of paid employment, 1958-59

Similarly, the data from the 1958-59 budget also allows us to see how the distinction between casual workers and permanent workers not only affected minimum wages, but also bonus payments. Although these workers were technically eligible for bonus payments, as various bonus agreements have shown, they did not receive such payments when they failed to work the required minimum days (figure 14). In other words, those who did not earn minimum wages also had no chance of earning a bonus. This is confirmed by the budget survey, which states that “families in

the income classes below Rs. 90 did not receive income from... bonus".⁸⁹⁹ This made the bonus a distinguishing feature between workers who received it and those who did not. Up to a monthly budget of Rs. 150, the proportion of the bonus contributed less than 1% to the total household income. This is very significant, because it concerned 70.57% of all households that earned less than Rs. 150 a month.⁹⁰⁰ Only for budgets in the categories between Rs. 150-300 did it contribute an extra 6% per month, and in the case of more than Rs. 300, it amounted to 14% of extra income. Of course, these two uppermost income categories consisted only of a minority of workers in Ahmedabad. As the income distribution below shows, only 15.34% of all households earned more than Rs. 210.⁹⁰¹ Whether a household was receiving a bonus or not therefore had crucial implications for the income category under which it would fall.

4.3.2 Incomes, Expenditure and Debt

If we compare the data on household incomes with expenditures, a glaring gap becomes apparent. In 1926, average expenditure was Rs. 39-5-8.⁹⁰² The prices of selected items were collected subsequently for each month, taking the period between August 1926 to July 1927 as the base year.⁹⁰³ Considering the average income from factory wages, a majority of 83.3% did not match the expenditure figure.⁹⁰⁴ This had particularly gendered implications. None of the 21% female workers earned more than Rs. 33.⁹⁰⁵ The rest of these expenditures were met by debt. Only 6.31% of all working-class households reported that they had no debts or debts lower than one month's income.⁹⁰⁶ The Labour Bureau admitted in the same study that even though it was aware of the high levels of debt, it was unable to determine the exact level of debt prevalent in Ahmedabad. This shows that the notion of the household as an entity still able to reproduce through rural ties at moments when such ties were already broken had problematic consequences. It relegated the responsibility to ensure subsistence standards from employers to households themselves.

⁸⁹⁹ Government of India, Labour Department (1960). Report on Family Living Survey among Industrial Workers in Ahmedabad, 1958-59: 30.

⁹⁰⁰ Family Living Survey, 1958-59: 26. With households earning less than Rs. 60 being 1.78%, households earning Rs. 60 - Rs. 90 being 5%, households earning Rs. 90 - Rs. 120 being 25.53%, and households earning Rs. 120 - Rs. 150 being 38.26%.

⁹⁰¹ Only 4.4% earned more than Rs. 300.

⁹⁰² This notation is taken directly from the budgets. They indicate a figure of Rupees - Annas - Pies, with 12 pies = 1 anna and 16 annas = 1 Rupee. Government of Bombay (1928). Report on an Enquiry into Working Class Family Budgets in Ahmedabad, 1926: 37.

⁹⁰³ A detailed list of the items included is provided in Appendix 5.

⁹⁰⁴ Government of Bombay (1928). Report on an Enquiry into Working Class Family Budgets in Ahmedabad, 1926: 13. This is my own calculations based on the frequency distribution of wages earned by men and women in the Ahmedabad cotton industry, excluding children.

⁹⁰⁵ The majority of women earned up to Rs 27, only half a percentage point earned up to Rs. 33. Ibid.: 11.

⁹⁰⁶ Ibid.: 47.

The first thorough investigation into debt took place as part of the “Report on an Enquiry into Working Class Family Budgets in Ahmedabad” by the Bombay Government in 1933-35. Due to continuing strike waves in the interwar period, the Labour Bureau saw itself compelled to initiate further investigations not only into wages and working-class costs of living, but also into debt.⁹⁰⁷ The main emphasis of the study revolved around the question of how debt levels changed with income levels and whether higher wages would lead to less debt. Even though the survey found that households earned on average 12% more than they spent, it showed that a majority of 68.75% of all households were indebted. Although the risk of debt was higher for lower-income groups below Rs 40 who did not earn as much as they spent, higher-income groups around Rs. 90 wages were nonetheless completely debt-free. As the survey put it, “the extent of indebtedness is not very much affected by the increase or decrease in the regular income of the industrial classes.”⁹⁰⁸ The mechanisms of debt payments which kept even earners of higher wages in cycles of constantly having to repay their dues were not investigated by the study.

In the debate how these budgets could become the basis of CPIs, the 1944 survey posed the question of to what extent debt should feature in such indexes. The Labour Bureau argued that the development of interest rates, i.e. the “price” of money, followed a different logic to the price of consumption goods.⁹⁰⁹ Therefore, those budgets mapped earning and spending patterns based on expenditure patterns as if no capital expenditure existed. However, between the studies of the 1930s and the studies in the 1940s, debt had not diminished, confirming again that debt had little correlation with income levels. The 1944 study itself provided information on debt for various income categories, even though it did not feature in the index calculation. In the categories of earners below Rs. 90, more than 40% of households exceeded their monthly income – in the case of those living on Rs. 40-50 per month, it was actually 87.5% of households. Only those households from the Rs. 100-150 income group onwards spent on average significantly less than they earned. This did not mean that those households did not take up loans at all – in fact, the average percentage of expenditure on loans and interests was the highest, at 7.44%, in the category of earners above Rs. 300.⁹¹⁰

⁹⁰⁷ Chandravarkar, R. (1981). Workers’ Politics and the Mill Districts in Bombay between the Wars. *Modern Asian Studies* 15(3): 603.

⁹⁰⁸ Government of Bombay (1938). Report on an Enquiry into Working Class Family Budgets in Ahmedabad: 49.

⁹⁰⁹ Labour Bureau (1954) Cost of Living Index Numbers in India. A Monograph: 22.

⁹¹⁰ Family Living Survey 1958-59: 86. To what extent loans were used for different purposes by different income groups is difficult to determine. The statistics for the “Distribution of families, loans and amount of loans by purpose” do not distinguish between income groups.

The 1958-59 study marked another shift towards a more detailed approach to the question of debt, taking into account both the relationship between debtor and creditor, as well as the causes of debt. It revealed that more than half (53.16%) of all loans were given out by “friends and relatives”. Sebastian Schwecke has shown that the occurrence of “friends and relatives” as sources of loans did not necessarily imply friendly relations between debtor and lender, but was merely an indicator that the transaction would take place outside the formal credit market.⁹¹¹ As the budgets themselves remain silent on the qualitative relationships between debtor and creditor, we can only speculate from other sources how and why debt remained prevalent. Investigation into the activities of the *pratinidhis* has shown that the lending of money was a very vital function in establishing power over workers for TLA middlemen. The TLA thus might have had an interest in the perpetuation of worker’s indebtedness.⁹¹² This would explain why debt figures did not decrease over time even when the TLA’s cooperative credit society started operating in 1926.⁹¹³ These perpetuated debt relationships were most likely established as a further mechanism to keep workers attached to the mills. This may also explain why both payment periods and debt repayment schedules were much shorter than in Bombay – while in Bombay wages were paid on a monthly basis, the majority of wages and debt repayments in Ahmedabad were completed on a fortnightly basis.⁹¹⁴ Such shorter periods may have also served to ensure that workers would remain present around the mills for such transactions. Moreover, what was particularly concerning was the significant rise in the share of “outstanding or inherited debt”, from 2.23%, observed from 1933, to 20.18%, in 1958-59. This suggests that debt was “sticky”;⁹¹⁵ it limited future budgetary choices and thereby contributed to and cemented income inequalities. Thus, by not taking interest rates into account for the calculation of CPIs, the budget surveys did not factor in one of the major causes which kept lower income groups locked in position.

To meet consumption standards even without the necessary income, debt remained an important factor. Over the period of investigation, the amount of indebtedness of households was three

⁹¹¹ Schwecke, S. (2022). *Debt, Trust and Reputation. Extra-Legal Finance in Northern India*. Cambridge University Press. Schwecke elaborates, based on the ideas of Keith Hart, that such relations are too complex to categorise as a binary of formal/informal networks. Hart, K. (1988). *Kinship, Contract, and Trust: The Economic Organization of Migrants in an African City Slum*. In Gambetta, D., Ed. (1988). *Trust. Making and Breaking Cooperative Relations* (p. 176–93). Blackwell, Oxford. See also Robb, P. 2013. *Mr Upjohn’s Debts: Money and Friendship in Early Colonial Calcutta*. *Modern Asian Studies* 47 (4): 1185–2017.

⁹¹² Breman, J. (2004). *The Making and Unmaking of an Industrial Working Class. Sliding Down the Labour Hierarchy in Ahmedabad, India*. Amsterdam University Press.

⁹¹³ Family Living Survey 1958-59: 53.

⁹¹⁴ The 1958-59 survey showed that 54.85% of all instalments were paid on a fortnightly basis, See Family Living Survey: 80.

⁹¹⁵ Gomes, J., Jermann, U. and Schmid, L. (2016). “Sticky Leverage.” *American Economic Review* 106 (12): 3800-3828.

times higher in Ahmedabad than in Bombay. Debt has generally been understood by labour historians as a disciplinary force that bind workers to the workplace when contracts for wage work would not suffice to keep them at work.⁹¹⁶ Utsa Patnaik has shown how such regimes of slavery have continued through debt bondage even under capitalist production, particularly in the agrarian sector.⁹¹⁷ For the industrial sector, such regimes have often been an important factor in recruitment.⁹¹⁸ The emergence of measurement of debt by budget studies can thus be seen as a tool of labour regulation. It explains a different labour regime compared to Bombay, which was aimed at stabilising a workforce within the city so that it did not have to rely as much on circular migration and high turnover rates.

4.3.3 The Establishment of the Male Breadwinner Model?

The question of incomes further raised the question of who would be considered a contributor to the household's overall earnings. The TLA in particular was keen on propagating the idea of a household with a male breadwinner as an ideal model for working-class reproduction.⁹¹⁹ The Gandhian organisation Jyoti Sangh reacted to the rationalisation drives of the Delhi Agreement through its foundation in 1935 by providing training in sewing and other work that could be performed from home. While such activities were paused during the Second World War, it was the turn of the TLA during the mid 1950s to initiate a "Women's Section" in response to the loss of mill opportunities. The main goal of these activities was to teach women how to be the ideal homemaker:

Women alone can make homes sweet. The bread winner sweats for the whole day with the hope of a warm welcome at home on his return. This makes him forget the fatigue and worries of life. His labour of love for his family is amply rewarded if he has a pleasant and cheerful home.⁹²⁰

⁹¹⁶ E.g. De Vito, C. G., & Fagbore, A. S. (2023). Introduction: Punitive Perspectives on Labour Management. *International Review of Social History* 68 (S31): 2.

⁹¹⁷ Sarkar, T. (1985). *Chains of Servitude: Bondage and Slavery in India*. Sangam Books, Delhi.

⁹¹⁸ Behal, R. P., & Mohapatra, P. P. (1992). 'Tea and money versus human life': The rise and fall of the indenture system in the Assam tea plantations 1840–1908. *The Journal of Peasant Studies* 19 (3-4): 142-172.

⁹¹⁹ Jan de Vries has argued in his work on the "Industrious Revolution" that this model would have provided households with higher levels of education and healthcare. See especially chapter 5: The Breadwinner- Homemaker Household.

⁹²⁰ TLA Annual Report 1955-56: 34.

Such ideal qualities of learning how to spend time at home effectively had to be learnt and were not automatically a given. Thus, it was the role of the TLA to “awaken women folk of the working classes” through their programmes.⁹²¹ This reflects not only the fact that the TLA saw working women as a sign of backwardness, but also that these ideas had reappeared at a historical conjuncture when women could no longer find work in the mills. Such classes mainly focused on three issues – the improvement of nutrition, health and children’s education. Distinguishing between “harmful habits” and those with “beneficial effects”, the TLA warned that “drinking, smoking, taking unhealthy drinks, and eatables sold by hawkers and excessive cinema-going”⁹²² were potentially causing “continued ill-health”, including “the health of the coming generation”.⁹²³ A female ayurvedic doctor was employed to ensure that such advice was followed up on to ensure the reproduction of healthy workers for the coming generations.⁹²⁴

We can derive several conclusions from these measures, which centred on the family as the unit of analysis in understanding workers. First, this shift was mainly targeted at increasing the wellbeing of the male earner and supporting his productivity at work by women making their homes “sweet”. Second, improving levels of health and educational standards presented another avenue for ensuring a constant, inter-generational labour supply. This indicates a shift towards models of reproduction which would facilitate the availability of a working class not only for the present generation, but for generations to come. In this scenario, women were responsible for facilitating such models of reproduction by working within the boundaries of their homes. Jan de Vries has argued that higher health and sanitation levels had indeed been possible due to the homemaker-breadwinner model.⁹²⁵ De Vries’ model has been criticised for his oversimplification of gender roles and for underplaying women’s paid work.⁹²⁶ The Ahmedabad case indicates that such ideas had been propagated in a top-down approach, which makes it difficult to assess to what extent such shifts corresponded to actual workers’ demands. Evaluating such choices would lie beyond the scope of this thesis. But there are a few hints within the studies themselves which show that such ideals did not necessarily correspond with the findings of the surveys themselves.

⁹²¹ TLA Annual Report 1953: 6.

⁹²² TLA Annual Report 1955-56: 33.

⁹²³ TLA Annual Report 1953: 46.

⁹²⁴ Ibid.

⁹²⁵ De Vries, J. (2008). *The Industrious Revolution*. Cambridge University Press.

⁹²⁶ See, e.g. Tilly, L. A., & Scott, J. W. (1987). *Women, Work and Family*. Routledge, London: 12; Berg, M. (1994). *The Age of Manufactures, 1700-1820 Industry, Innovation and Work in Britain*. Routledge, London. See particularly Chapter 5: 171-173.

The budgets clearly reflect the effect of “rationalisation” drives which crowded women out of mill employment. Between 1926 until 1958-59, not only the share of women in the workforce, but also of women earners as contributors to the household budget declined from 20.7% in 1926 to 5% in 1958-59. The budgets underline the brief pause in women’s retrenchment during the Second World War, as their share had temporarily increased to 21.7% of all workers in 1944. The 1944 survey categorised women only as “helpmates” of their husbands, even though they contributed to the earnings of 21.7% of all households.⁹²⁷ The number of women earners further decreased in 1958-59 so that 77% of all industrial workers’ households only had one male earner.⁹²⁸

Although women were slowly barred from mill employment, this did not mean that they did not contribute to household incomes at all. The 1944 study showed that the number of female members contributing to household incomes was higher in households with lower incomes.⁹²⁹ The 1958-59 study provides the most detailed insights into which sources of earnings, other than mill employment, households tapped into.⁹³⁰ The “Family Living Survey” listed various other potential funds, including self-employment, income from rentals, trade, services and cash assistance provided by the Government. Out of the average of Rs. 4.09 earned through activities outside factory employment, Rs 1.02 was earned through trade and Rs 0.99 per month in rent payments., Women were much more present in these activities than in mill occupations, where they only comprised 5% of the workforce. As the diagram below shows, in the income groups of Rs. 60-90 and Rs. 90-120, women earned 80% and 49% of the total income from self-employment respectively.⁹³¹ These families made up about one-third of all working-class households. Women’s earnings through self-employment remained an important factor, particularly in lower income categories.

⁹²⁷ Households were by default only “headed” by women if no adult male member was found; i.e. predominantly in the case of deceased husbands.

⁹²⁸ Family Living Survey 1958-59: 20.

⁹²⁹ Labour Investigation Committee 1944: 27.

⁹³⁰ This is ironic given that this was the study which established industrial wages as the main source of income and therefore the categorisation of households as “working class”.

⁹³¹ Family Living Survey 1958-59: 27.

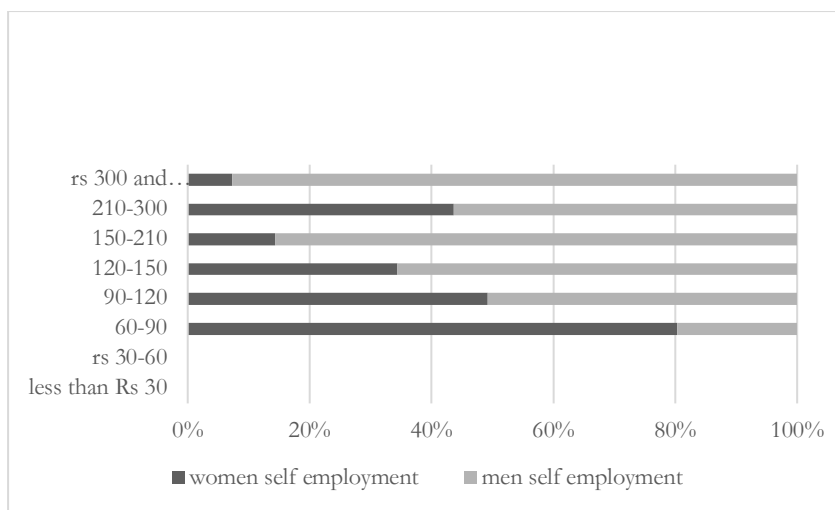


Figure 15: Percentage contribution of self employment to households, men and women, 1958-59

Thus, while the industrial working class was becoming predominantly male over the years, this was not the case to the same extent in self-employment (figure 15). This raises the question of whether women opted out of industrial employment by choice or by force. According to the authors of the survey, the “participation of women in labour force was negligible as they were mostly engaged in housekeeping”.⁹³² However, the data on self-employment clearly shows that this idea has to be complicated much more – especially as it is widely known that self-employed women would become the backbone of the Ahmedabad working class after its mills closed.⁹³³ However, one should take into account that “self-employment” often included dependent forms of wage employment. In his work on the precariat, Guy Standing warns us that in the labour market of Ahmedabad, “Many in the precariat are officially ‘self-employed’, but this is a misnomer... They lack control over their working conditions, are frequently dependent on a single employer, and do not receive the entitlements and protections of formal employment.”⁹³⁴

Disregarding women’s wages as a factor in industrial earnings had practical implications for the allocation of tasks between factory work and tasks of household reproduction, as visible in the rationalisation agreement of 1935. With regard to factory work, it allowed for lower pay for women. In 1951, the Calcutta High Court determined that women would require only half the rate

⁹³² Family Living Survey 1958-59: 16.

⁹³³ If women’s contributions to household earnings were much larger than male earnings after the decline of the Ahmedabad textile industry, then further analysis is needed on whether such opportunities for earning had already opened up for women before this. The foundation of the Self-Employed Women’s Association (SEWA) is an indicator of these developments. SEWA has not only provided research on working women in Ahmedabad, but has also become a reference model for the organisation of unions for “self-employed” workers without clear employer-employee relationships. On the formation of SEWA, see Bhatt, E. R. (2006). *We are Poor but so Many: The Story of Self-Employed Women in India*. Oxford University Press.

⁹³⁴ Standing, G. (2011). *The Precariat. The New Dangerous Class*. London, Bloomsbury: 10.

of men's dearness allowance payments because they were not considered principal earners for the entire family.⁹³⁵ At the household level, it raised the expectation that certain provisions of education and healthcare were the responsibility of women and that such commitments were predominantly to be fulfilled unpaid. The following sections will further elaborate which specific type of normative consumption was associated with such ideal gendered models of household reproduction.

4.3.4 Consumption Baskets

During the 1930s, both the national movement and the colonial government were involved in defining nutritional standards for industrial workers.⁹³⁶ For the specific context of the Bombay Province, moral notions of what *ought to be consumed* and the measurement of *what was consumed* built on two approaches:

First, the “practical” diet, developed by D. D. Kanga of the Gujarat College (Ahmedabad) and second, the “balanced” diet by the Government of Bombay Labour Bureau. The “practical” diet included both vegetarian as well as non-vegetarian items. On the other hand, the “balanced diet at minimum cost” did not include meat, arguing that it was not necessary and that animal protein could easily be obtained solely through milk.⁹³⁷ Consumption units further varied according to age and gender, with adult women consuming 80% of the 2,400 calories required by their male counterparts, and smaller portions ascribed to girls, too.⁹³⁸ These values were recognised by the Bombay Textile Enquiry Committee: in collaboration with nutrition expert Wallace Aykroyd from the Nutrition Research Institute in Conoor, the committee determined minimum wage standards “on the vegetarian diet only”, since there would be a “comparatively small consumption of meat amongst textile workers in the province.”⁹³⁹ Other products, too, were deemed too costly for workers’ consumption. Adding variety in the form of pulses and grain such as *bajri*, *jowari* and wheat would not significantly increase food expenditure, while animal products, particularly meat,

⁹³⁵ Government of India, Labour Bureau (1951) Industrial Awards in India: 28.

⁹³⁶ E.g. Hauser, J. (2021). Internationalism and Nationalism: Indian Protagonists and Their Political Agendas at the 15th World Vegetarian Congress in India (1957). *South Asia: Journal of South Asian Studies* 44 (1): 152–166.

⁹³⁷ Kanga, D. D. (1934). Practical Dietetics. How to know a faulty diet and how to rectify it? *Gujarat College Magazine*, October 1934.

Government of Bombay, Labour Bureau (1935). “Balanced Diets” Prepared and Issued by the Bombay Presidency Baby and Health Week Association: 23.

⁹³⁸ “Balanced Diets”: 22.

⁹³⁹ Government of Bombay (1940). Report of the Bombay Textile Enquiry Committee, Vol. 2: 71. This later became the basis for calculating need-based minimum wages at the 15th Indian Labour Conference.

would be “more expensive”.⁹⁴⁰ As the balanced diet would become the basis of need-based minimum wage standards from the INC’s Bombay Textile Labour Enquiry onwards, it left the consumption habits of a number of households out of consideration. This was particularly the case for Muslim workers, who, according to the budgets, made up around one-fifth to a quarter of the entire surveyed population during the respective data collection periods.

We can observe how these norms around the quantity and quality of nutritional standards in the emphasis of these budgets on certain “good” and “bad” commodities. For example, while tobacco and alcohol were associated with unproductive expenditure—and could even could negatively impact the household’s capacity to generate income at all⁹⁴¹—products such as milk came to be seen as an investment into intangible goods, such as maternal health. As the medical historian Rachel Berger has shown, milk had been one of the central commodities promoted by the national movement to nurture a “strong, vibrant and superior Hindu nation.”⁹⁴² She argues that the notion of independence had become so closely linked with food intake that the role of reproducing a free country meant that women in particular were held responsible for growing healthy children (sons) by ensuring adequate milk intakes.⁹⁴³ Such ideas were also perpetuated through the TLA’s activities in Ahmedabad.

In fact, the Bombay Government even sought to address concerns over reducing alcohol consumption and, at the same time, increasing milk intake during the 1930s. The economist V. K. R. V. Rao brought it to the attention of the Bombay Textile Labour Enquiry that milk products had been “conspicuous by its almost complete absence in the budgets of the lower income groups”.⁹⁴⁴ This led the government to announce a “much boosted scheme of milk-bars... to divert the craving for drinks” with the introduction of prohibition in 1938, which only materialised slowly in its initial year.⁹⁴⁵ However, the rise in consumption by 1944 suggests that the scheme had

⁹⁴⁰ Ibid.

⁹⁴¹ On the negative impacts of tobacco on poverty reduction in India in the contemporary context, see for example, John, R. M. (2007). Crowding out Effect of Tobacco Expenditure and its Implications on Household Resource Allocation in India. *Social Science and Medicine* 66 (2008): 1356-1367.

⁹⁴² See also, for example, Julia Hauser op. cit. and Gundimeda, S. and V. S. Ashwin (2018). Cow Protection in India: From Secularising to Legitimizing Debates. *South Asia Research* 38 (2) (2018): 158–64.

⁹⁴³ Berger, R. (2013). Between Digestion and Desire: Genealogies of Food in Nationalist North India. *Modern Asian Studies* 47(5): 1633. On the role of women as wives in the national movement, see also Sarkar, T. (2001). *Hindu Wife, Hindu Nation: Community, Religion and Cultural Nationalism*, Permanent Black, Delhi.

⁹⁴⁴ *Indian Textile Journal*, November 1937: 48-49.

⁹⁴⁵ *Indian Textile Journal*, December 1939: 95.

indeed picked up considerably during the war years. The 1944 report noted that milk consumption was among the highest among the working class in Ahmedabad.⁹⁴⁶

During the war period, it became clear that the responsibility for obtaining enough quantities of food and other goods to survive and work could no longer be put on workers themselves alone.⁹⁴⁷ Beyond the provincial governments, the central level needed to actively intervene and consider how to ensure that production would be kept running during periods of food shortages.⁹⁴⁸ How such subsistence standards could be followed was part of the investigations of the Rege Commission report and the 1944 budget:

The Indian industrial worker has often been condemned as lazy and inefficient, but... it is axiomatic that in all pursuits a high standard of efficiency can be expected only from persons who are physically fit and free from mental worries, that is only from persons who are properly trained, properly housed, properly fed and properly clothed.⁹⁴⁹

In the budget surveys, the state's aim to achieve higher efficiency through paternalist decisions how workers should change their consumption habits can be observed. What was "proper" for workers was not to be left to their own discretion. While Ahmedabad workers had been exposed to such imaginaries both by the TLA and the provincial government, the Rege Commission applied similar ideas to working class contexts to other centres.

Through various refinements, the 1958-59 budget reflected even greater efforts by policymakers to generate evidence and data on nutritional patterns – both qualitatively and quantitatively. In the section on food baskets, the "intake of green and leafy vegetables" became another one of these nutritional criteria. This led to a diversification of the items listed under the foods group, with three times as many vegetables listed as options than in 1944. To measure the impact of "bad" consumption items such as tobacco, paan and alcohol, these items became a separate category, distinct from other "miscellaneous" products under which they had been grouped before. Indeed, the survey found that "most of the families surveyed were addicted to tobacco and tobacco

⁹⁴⁶ S. R. Deshpande (1946-49): Reports on Enquiries into Family Budgets of Industrial Workers, Labour Bureau, Government of India, p. 32.

⁹⁴⁷ Kamtekar, I. (2002). A Different War Dance: State and Class in India 1939-1945. *Past and Present*, 176: 187–221.

⁹⁴⁸ Mukherjee, J. (2016). *Hungry Bengal: War, Famine and the End of Empire*. Oxford University Press.

⁹⁴⁹ Labour Investigation Committee Report 1944: 264.

products and pan supari”.⁹⁵⁰ Although consumption would have been slightly higher in single male households, there was not much gender differentiation in consumption, with smoking women being a relatively common feature throughout the budget surveys. How much was spent on alcohol, on the other hand, was more difficult to estimate. The data collection for these surveys was based on the “inventory method” – by asking households what they had generally bought in either the week or the month before the interview. In order to assess which particular brands had been chosen, the investigators relied on a vaguely specified pool of “local knowledge of consumption habits”. Information on “consumption of liquor and other intoxicants was furnished by the workers with great reluctance”.⁹⁵¹ This reflects the limitations of the surveys with regard to the collection of data, especially on items where workers were aware of the moral judgement they would receive for reporting consumption.

The authors of the survey did not only consider the overall household level of certain goods obtained, but also per capita consumption to determine whether the right quantity of food was absorbed. To determine average consumption patterns, the survey followed the standards of the Nutrition Research Laboratory of the Indian Council of Medical Research, based on the principles developed by Aykroyd. These “consumption coefficients” were used to calculate the average household expenditure on food per person. Women were factored in as 80%, and children as 60% of a man’s consumption rate.⁹⁵² This formula was supposed to compare household income and expenditure to measure whether wages would be enough to facilitate such adequate consumption standards.

These budgets therefore provide insight into the changing commodities singled out for consumption. Within the boundaries of these normative perceptions, it is possible to approximate actual consumption levels. How did the budgets relate to the distribution of the consumption basket with increasing income? According to Engel’s law of economics, the proportion of income spent on food and basic necessities would reduce with increases in earnings.⁹⁵³ However, the budget data in Ahmedabad does not necessarily support this. In the 1933-35 and the 1944 survey,

⁹⁵⁰ Labour Bureau, Government of India (1960). Report on Family Living Survey among Industrial Workers in Ahmedabad: 47.

⁹⁵¹ Ibid.: 5.

⁹⁵² These coefficients were taken as a given, so we do not know whether this reflected actual consumption patterns within households, as the quantity of goods consumed was reported on a household level. In other words, the per capita consumption should be understood a calculated estimate.

⁹⁵³ The economists Kumar et al. have even argued that any measurement of poverty lines in India has been inadequate, as they all remained below the threshold of the Engel’s curve where people would have sufficient income to spend it on non-food commodities. Kumar, T. K., Holla, J., and Guha, P. (2008). Engel Curve Method for Measuring Poverty. *Economic and Political Weekly*, 43(30): 115–123.

fuel and rent lost their relative importance within the expenditure budget. This trend was confirmed for fuel, but not for rent in the 1958-59 budget. While there was a downward trend for tobacco and paan products, the 1958-59 survey found that more money was spent on recreation and amusement, as well as footwear.⁹⁵⁴ There was no clear trend for furniture and household appliances, while transport, personal care and communication budgets remained stable.⁹⁵⁵ That food remained a stable expenditure with rising household incomes throughout all survey periods can also be seen below (table 15) in the shifting proportions of consumption sub-groups.

	1926	1933-35	1944	1958-59
food	57.9	49.31	52.74	57.52
fuel and lighting	7.04	6.65	8.99	5.99
clothing	9.45	9.12	12.51	12.11
household necessities	1.16	0.37	2.11	n.a.
house rent	11.74	10.97	5.4	5.69
miscellaneous	12.71	23.58	18.25	18.69
total	100	100	100	100

Table 15: Weights of consumption basket sub-groups in the budget enquiries of 1926, 1933-35, 1944 and 1958-59⁹⁵⁶

As the average proportions of sub-groups in the budgets show, food requirements and basic necessities remained by far the largest expenditure share of working-class households. Very strikingly, the relative importance of food had not declined since 1926 and indeed had risen from 49.31% in 1933-35 to 57.52% in 1958-59. This was partly due to the inclusion of more food items in the budget, but also due to high food prices, which had continued to rise throughout the period under investigation. In other words, the absolute expenditure on food was more or less the same for lower and higher income groups. This meant that in relative terms, lower income households found it much harder to buy the necessary quantity of food. In 1944, households with an income up to Rs. 60 per month spent more than 88% on bare necessities, leaving only meagre room for

⁹⁵⁴ Those families who could afford it would ensure that not only had slippers, but also Bata footwear available. AMA Annual Report: 60.

⁹⁵⁵ Interestingly, the total cost of medical care also reduced with increasing income from Rs. 7.94 in the lowest budget category to Rs. 5.04 in the highest category: 41.

⁹⁵⁶ S. R. Deshpande (1946-49): Reports on Enquiries into Family Budgets of Industrial Workers, Labour Bureau, Government of India: 3.

spending money on household requisites and miscellaneous goods.⁹⁵⁷ In 1958-59, this percentage in the same Rs. 60 income group had only decreased to 60%.⁹⁵⁸ This indicates that most of the items consumed were not optional but indeed necessary for the household to buy, no matter how low its income.

The diagram below (figure 16) shows the distribution of the most common food items consumed. This demonstrates that almost half of the total food budget (43%) consisted of rice, wheat and atta (out of which wheat had become the most consumed staple), reconfirming that the main chunk of resources was spent on basic necessities.

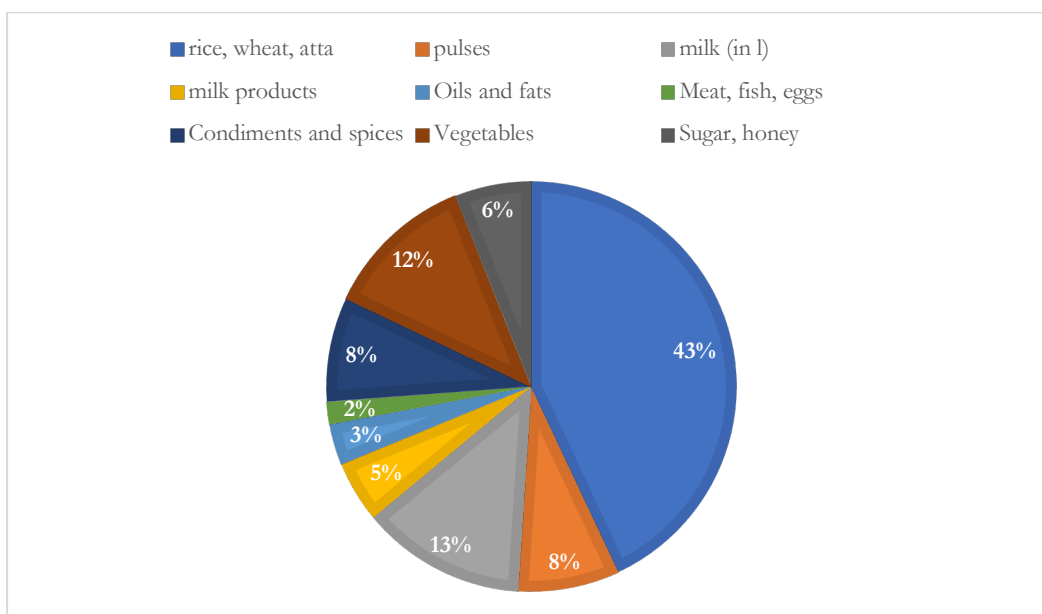


Figure 16: Average share of commodities within the food budget in percent, 1958-59

The findings of the budget do not necessarily confirm whether the breadwinner-caregiver model actually led to the desired outcomes of better education. The 1944 budget did observe an increase in the average literacy rate (measured as attendance at primary school) from 40.68% in the inquiry of 1933-35 to 51.22%, for which the Labour Bureau credited the welfare work of the TLA. But this only considered the education levels of household heads, so it excluded women's and children's education. This was followed by an investigation into the spending patterns of households based on income and literacy levels in 1958-59. The survey did not distinguish between

⁹⁵⁷ In the 1944 budget, the share of food did not decline with rising income. With the exception of the lowest income group – those earning less than Rs. 40 per month – the percentage of income spent on food varied only between 51.33% (in the budget group Rs. 90-100) and 54.3% (in the budget groups between Rs. 50-70).

⁹⁵⁸ Family Living Survey, 1958-59: 43.

female and male literacy, but it shows that on average 45% of all children received an education. The authors found that there was no clear relationship between the income level, spending on education and literacy levels. Even though there was a slight trend of higher levels of literacy in families with more income (with variations of about 13 percentage points), spending levels remained relatively stable at Rs. 0.83 per month.⁹⁵⁹ But the 1958-59 budget strikingly showed that instead of literacy rates rising, they had actually dropped from 51.22% to 42.77% in 1944 – which meant that they had effectively reached the same level as during the 1930s. The survey listed “financial difficulties” and “lack of interest” as the main reasons why families did not send their children to school. This shows that endeavours to promote education among working-class households by discouraging women from participating in the paid workforce had not progressed in the way the TLA and the state had hoped. While it is difficult to assess the causes of these failures, it can be taken as another indication that the homemaker model did not have the desired effects.

The reason why the share of house rent took a different trajectory with increasing incomes in 1958-59 was its highly contentious calculation. As the table above shows, the most significant shift in the amount of budget calculated for house rent reduced in relative terms from 11.74% in 1926 to 5.4% in 1944. This was based on the assumption that housing was provided at the subsidised rate of Rs. 3-6 as in 1930 after the only revision of the 1926 figure in the index.⁹⁶⁰ However, this had not even been the case in 1926 itself, when about 16% of workers lived in accommodation provided at reduced rates by their employers.⁹⁶¹ Thus, neither the index of house rent in the Ahmedabad CPI with the base year 1926, nor the budget study in 1944 adequately reflected the actual expenditure on rent.⁹⁶²

The 1958-59 survey aimed to rectify this, as it was seen as the most important issue in calculating a new accurate CPI. Its findings showed that indeed only 5.83% of all workers had access to subsidised housing through their employers. A majority of 77.92% lived in private housing, spending about Rs. 8.52 per month on housing instead of Rs. 3-6 as in the 1926 CPI, which had

⁹⁵⁹ Given that expenditure on education had not been measured by the 1944 survey, it is difficult to compare the figures with the ones from the 1958-59 “Family Living Survey”.

⁹⁶⁰ Government of Gujarat, Education and Labour Department (1964) Report of the Expert Committee on Readjustment in Existing Series of Consumer Price Index Number for Working Class for Ahmedabad and Linking it with the New Series. (Hereafter “Desai Committee”): 13.

⁹⁶¹ Labour Office, Government of Bombay (1928). Report on an Enquiry into Working Class Family Budgets in Ahmedabad: 17.

⁹⁶² This had been one of the major criticisms made by the Desai Committee reviewing the CPI in 1963. Government of Gujarat, Education and Labour Department (1964) Report of the Expert Committee on Readjustment in Existing Series of Consumer Price Index Number for Working Class for Ahmedabad and Linking it with the New Series: 3.

also been used as a base figure in the 1944 survey. In 1958-59, about 90% of workers lived in a one-room so-called “chawl or bustee” without kitchen or bathroom. Lighting was provided by kerosene lamps, as almost none of the inhabited rooms had an electricity supply.⁹⁶³

This confirms that despite the TLA’s efforts to extend these schemes through its Housing Society, they only progressed slowly, so only a small portion of workers had access to them. As Barua has shown in her study on workers’ neighbourhoods, “rental rights emerged as a major point of conflict” in those spaces.⁹⁶⁴ Mediated through jobbers, landlords, *pratinidhis* and hotelkeepers who did not only provided social access to housing but also to informal credit, spending power and social hierarchies were intertwined and led to a fragmentation of the housing market.

Looking back at these different trends in income and expenditure, this sub-chapter has traced back a process of inclusions and exclusions of different components from such surveys. In this selection process, the question of whether households would earn enough for their daily needs was turned around and increasingly became a matter of normative spending patterns. In other words, such studies implied that if households consumed the right goods and substituted their reproduction with unpaid care work provided by women, then incomes would suffice for survival. The responsibility, then, no longer lay with the employer (in terms of paying higher wages), but with the individual household as a unit (in terms of spending in the ways intended by the authors of such studies).

What were the implications of these normative changes for the construction of a consumer price index (CPI)? As such indexes were built on the surveys outlined above, the observations of such budgets were set in motion by political discussions around how prices should be measured once such consumption baskets were normatively decided. The subsequent section on dearness allowance will show that the predominant number of industrial disputes revolved around questions of a) how to measure prices and b) how such price changes should relate to wages. This was also due to the fact that once a consumption basket had been fixed, it became difficult to adjust it, since it required new surveys each time such a step was taken. Such observations help us understand the different frequencies with which such matters arose within the chronology of wage disputes. The following section underlines this by drawing up a chronology of how the relation between prices

⁹⁶³ Family Living Survey, 1958-59: 69.

⁹⁶⁴ Maintaining access to housing became increasingly difficult with the closure of the mills and the transformation of property into lucrative investments for real estate development. Barua, M. (2022). *In the Shadow of the Mill*. Cambridge University Press: 186.

and dearness allowance became a regular matter of negotiation between the TLA and the AMA ever since the matter gained in importance within the context of war supply allocation during the Second World War. The question of how baskets were defined, on the other hand, only re-appeared within the context of larger political shifts during the late 1950s.

4.4 Cash or in-Kind? - Dearness Allowance Payments, from a Relief Measure to a Permanent Feature of the Wage Bill

When prices rose in the course of the First World War, the colonial government was left with two possibilities for countering the crisis – either to regulate commodity prices or to directly regulate the flow of supplies. The economic adviser to the government, Theodore Gregory, had already contemplated during the 1920s that it would be “possible to operate on the price level” but the Indian context would not be suited for such a measure. As expert in monetary policy,⁹⁶⁵ he was part of a group of several LSE economists, including Hayek, who had – based on the experience of the First World War and the Depression – argued that governments should intervene as little as possible in the price mechanisms of the market.⁹⁶⁶ In a country like India, he felt that state capacity was too weak to enforce any such policy. Furthermore, fixed prices would lower the incentives for companies to generate an increase in production, thereby counteracting the topmost priority of wartime economic strategy.⁹⁶⁷ Therefore, he proposed that demand should be regulated through “propaganda, rationing of the urban population generally” and “bulk supplies to certain classes of population”. As a result, industrial centres such as Ahmedabad and Calcutta introduced in-kind dearness allowance contributions to workers, mostly in the form of direct food commodities to ensure continuous production.

This raised the question of who such “certain classes of population” were and how much they should receive. The budgets helped in this regard by contributing to a correlation of commodity prices in relation to wages. So far, we have seen how budgets became a way of assessing workers’ needs. This section of the chapter is concerned with how these budgets were put into action. It

⁹⁶⁵ See, for example, his most seminal work on prices: Gregory, T. E. G. (1928). *An introduction to Tooke and Newmarch’s A history of prices and of the state of the circulation from 1792 to 1856*. London: PS King, Reprinted London School of Economics and Political Science, 1962.

⁹⁶⁶ The distinction between supply-side oriented economics at LSE and demand-side focused policies proposed by Keynes in Cambridge in the 1920s explicitly excludes William Beveridge as director of the LSE in 1919 and later author of the Beveridge Report for greater state-led welfare programmes. Howson, S. (2009). Keynes and the LSE Economists. *Journal of the History of Economic Thought* 31(3): 257-280.

⁹⁶⁷ India and the Economic Order, p. 3. In: Sir Theodore Gregory: papers as Economic Adviser to the Government of India, Papers relating to inflation and food policy; also miscellaneous papers including letter from Lord Keynes. MSS Eur.D1163/6, British Library.

argues that they gained importance in a political climate of crisis and were part of a marked shift from in-kind provisions of relief to cash-based forms of remedy. Most prominently, this took the form of dearness allowance payments. How were these budgets deployed to make claims (for all parties involved) in negotiations on dearness allowance?

The Second World War led to even greater problems of the distribution of commodities, given that large quantities of supplies were needed for the troops – particularly food and cloth. This resulted in soaring prices for these commodities, leading the Labour Department to observe in January 1943 that “the inflationist hounds are in full cry”, which was a challenge to the colonial government, as these fears were being “exploited by the Congress”.⁹⁶⁸ Shipping lower quantities of supplies out of India was not an option for the government, who prioritised its war effort on the Middle Eastern front over potentially disastrous consequences in India. As a primary response, India implemented various price controls during the Second World War for distributing commodities towards the war effort. Over the course of the war, such controls were gradually extended from medical supplies, food, salt, cooking oil and cotton cloth towards almost all consumption goods, administered by the Department of Civil Supplies founded in 1943.⁹⁶⁹ When the Second World War broke out and led to a massive famine in Bengal and other parts of India in 1943, the Colonial Government was still undecided which form of additional relief (if any at all) should be chosen to tackle the crisis.⁹⁷⁰

Having been identified as essential in the war effort, industrial workers were to receive higher rations for “heavy manual work” than other groups of the population (e.g. agricultural workers).⁹⁷¹ These bulk supplies served the purpose of securing production – directly, by ensuring that workers would not leave factories essential for the war, and indirectly by preventing wage increases. Given that the extension of wage payments (i.e. the growth of a working class dependent on wage payments) would increase the monetary stock and therefore increase inflationary tendencies, these would have a “demoralising influence” and would “disturb the margins of profit, and therefore, tend to force replacement costs above selling prices”.⁹⁷² Furthermore, the government feared that

⁹⁶⁸ Sir Theodore Gregory: papers as Economic Adviser to the Government of India, Papers relating to inflation and food policy; also miscellaneous papers including letter from Lord Keynes. MSS Eur.D1163/6, British Library.

⁹⁶⁹ De, R. (2014). ‘Commodities must be controlled’: economic crimes and market discipline in India (1939–1955). *International Journal of Law in Context* 10(3): 279.

⁹⁷⁰ Mukerjee, M. (2010). *Churchill’s Secret War: The British Empire and the Ravaging of India During World War II*. Basic Books, New York.

⁹⁷¹ Janam Mukherjee op.cit.; Buat, C. Unpublished PhD thesis op. cit.

⁹⁷² The General Position, In: Sir Theodore Gregory: papers as Economic Adviser to the Government of India, Papers relating to inflation and food policy; also miscellaneous papers including letter from Lord Keynes. MSS Eur.D1163/6, British Library: 7.

a rise in the purchasing power of one group would take it away from others, and it would lose control over its own monopoly on distributing commodities.⁹⁷³ In other words, mechanisms of distributing in-kind relief measures were essential to the colonial government in terms of administering the 1943 crisis. The allocation of food towards industrial populations was not just a relief measure for these workers, but can also be understood as a measure of indirect support in the war effort, as it ensured that production would be kept running.

These trends fit into a broader global shift towards greater state involvement in improving workers' incomes and consumption levels.⁹⁷⁴ Several studies of the Second World War have also shown that labour shortages during this period led to higher wages and a greater levelling of women's and men's wages.⁹⁷⁵ The dearness allowance payments and their logic were "somewhat peculiar to India".⁹⁷⁶ There were several functions that dearness allowances sought to fulfil. They had similar effects to that of rationing, as they distributed resources to industrial workers to keep production going. At the same time, they were also a significant mechanism in collective bargaining procedures to increase money wages. By looking at why dearness allowance payments re-emerged as a feature of wages during the Second World War, this section explores how these measures allowed workers, for the first time, to use need-based standards to support claims for higher wages. Simultaneously, these transformative opportunities became foreclosed the moment dearness allowance payments became tied to the CPI. As the so-called linking factor between the CPI and its translation into monetary terms in relation to wages (i.e. dearness allowance) was decided, it would become a process of automatic (i.e. without any negotiation required) monthly adjustment.

At the same time, the resulting framework of dearness allowance negotiations complicated the idea of a paternalistic relationship between the state, as the provider of food, and its citizens. The state was involved in the drafting of budget studies which became the basis for dearness allowance demands, but not in the actual negotiation process between the union and the employer.⁹⁷⁷ The negotiation process created a double responsibility between the two parties involved within the

⁹⁷³ Ibid.

⁹⁷⁴ As Kamtekar has shown, the effects of rationing in the UK and in India varied significantly, as richer sections of the population in India found it easier to avoid these restrictions, while their UK counterparts were less able to do so.

⁹⁷⁵ Gazeley, I. (2008). Women's Pay in British Industry during the Second World War." *The Economic History Review* 61 (3): 651–71. On India, Sen, S. (1999). Beyond the 'Working Class'; Women's Role in Indian Industrialisation. *South Asia: Journal of South Asian Studies* 22(2): 117. Anderson, K. (1981). Wartime Women: Sex Roles, Family Relations, and the Status of Women During World War II. Greenwood Press, Westport. Wandersee, W. D. (1981). Women's Work and Family Values, 1920–1940. Harvard University Press, Cambridge.

⁹⁷⁶ Government of India, Labour Bureau (1951) Industrial Awards in India: 28.

⁹⁷⁷ Several scholars have further pointed out the paternalist nature of food aid vs. cash benefits. For an analysis in the context of food relief in development aid, see Standing, G. (2021). Basic Income Pilots: Uses, Limitations and Design Principles. *Basic Income Studies* 16(1): 75-99.

trusteeship framework. For the workers, it created the obligation to deliver assigned workloads. The employers, in return, agreed to provide adequate nutrition for the workers under their supervision.⁹⁷⁸ Furthermore, this double responsibility exposed a major tension between the objectives of production and the securing of subsistence standards. How did these tensions become embedded in discussions around the formalisation of dearness allowance payments during the Second World War? What role did the TLA as a Gandhian trade union play in shaping claims for dearness allowance?

4.4.1 The Dearness Allowance Agreement, 1940

Wages lost their purchasing power significantly during the first years of the war. Since the Depression during the 1930s had already been a period of stagnation, this hit many workers hard. The Bombay Textile Enquiry Commission, recognising the effects of the Depression lowering wages during the 1930s, had recommended a wage increase of Rs. 6 in the spinning as well as the winding and warping departments.⁹⁷⁹ This measure was not implemented everywhere in the Bombay Province. Even in Ahmedabad where it was applied, it merely led to a stabilisation of wages but not to any increases. Figure No. 17 maps out the Consumer Price Index, which built on the 1926 budget. During the Second World War, prices nearly doubled from 114 in 1942 to 206 in 1943 and then stabilised around the 200 mark. This spike was mainly caused by a hike in fuel (tripling between 1941 and 1943), and by a doubling in both cloth prices and food prices.⁹⁸⁰ As figure 18 shows, while the average nominal wage remained stable during the war, it lost significant value due to the rises in the CPI. This meant that the pre-war average basic wages paid in 1938 had lost 25% of their value in 1942 and fell even more drastically in 1943 when the purchasing power of the basic wage was only 34%.⁹⁸¹

⁹⁷⁸ Selected Works of Mahatma Gandhi Vol. 5. Trusteeship. Navjivan Press, Ahmedabad: 128.

⁹⁷⁹ On the Textile Enquiry Commission, see chapter 1.

⁹⁸⁰ Even though the miscellaneous section containing *bidies* (cigarettes) and soap saw great price increases too, it may have been neglected due to its relatively small weighting in the total consumption basket of the CPI. As outlined above, the inelasticity of the house rent index was caused by the fact that it was not adjusted until 1958.

⁹⁸¹ The graphs also indicate that prices did not simply decrease with the end of the war. Food and fuel costs, especially, continued to rise even in 1947 and 1948. CPI numbers are tabulated from the monthly publications of the *Bombay Labour Gazette* during 1936-1948.

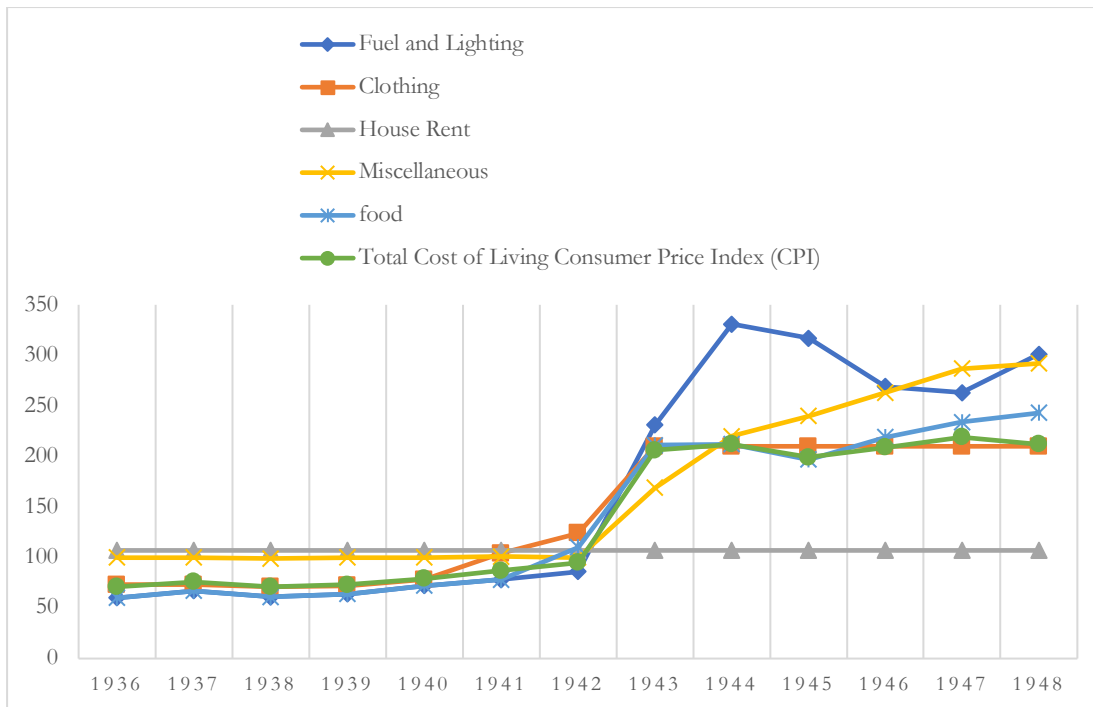


Figure 17: Consumer Price Index in Ahmedabad (1926=100), 1936-1948

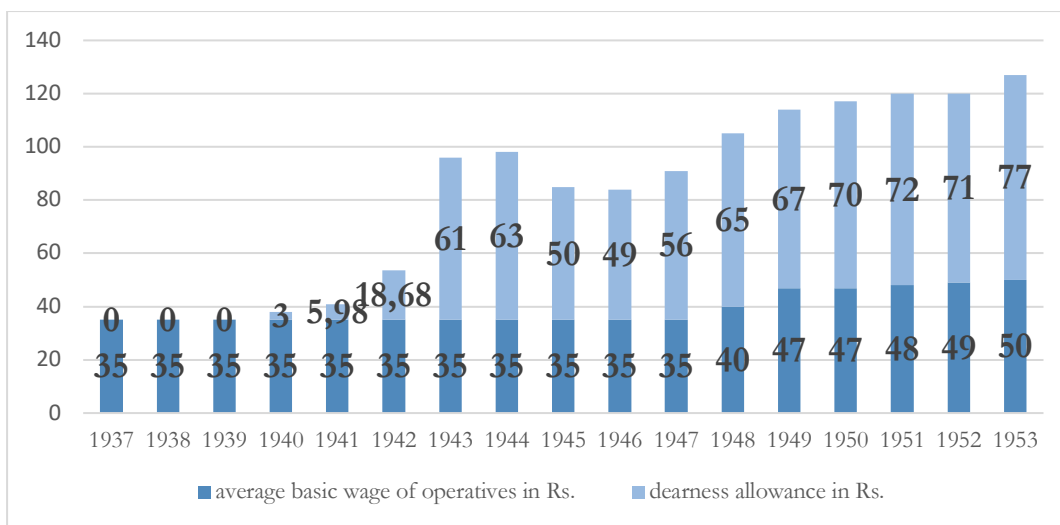


Figure 18: Average Basic Wages and Dearness Allowance, 1937-1953

When the consequences of rising prices first became apparent in December 1939, the TLA approached the AMA with a notice of change stating that workers would experience “severe hardship” and therefore demanded safeguards for “maintaining their pre-war standards of living”.⁹⁸² This was the first such notice since the enactment of the Bombay Industrial Disputes

⁹⁸² Notice of Change of the TLA, dated 15.12.1939, AMA Correspondence, Annual Report 1939: 1.

Act (BIDA) in 1938.⁹⁸³ Even though they were quick to agree that mills should set up shops for their workers to obtain essential commodities below market prices, conciliation procedures eventually failed due to disagreements on cash allowances. After the TLA called a general strike on 26 February 1940, the AMA finally agreed to proceed with arbitration in fear of further standstills.

The process of arbitration before the industrial court in Bombay raised the question of whether industrial workers would need support with their living costs and if so, what form this should take. The TLA General Secretary Gulzarilal Nanda appealed to “enlightened or benevolent employers” to provide relief to their workers.⁹⁸⁴ He handed over two lists (below) of essential commodities to the arbitration board: one list of all the commodities to be provided directly by the mills in fair price shops, and another list as a basis for calculating a demand for extra cash allowance. This was an attempt to respond to the war crisis in as targeted a way as possible. The following sections provide a closer look at the political decisions that determined which commodities were to be included in allowance calculations.

The TLA strongly advocated including the entire family, based on the 1938 survey of a male breadwinner supporting three dependents. This was countered by the AMA. In its assessment of Nanda’s proposal, the association contended that “in an average family of 4.08 persons there were 1.58 wage earners”.⁹⁸⁵ It argued that the additional incomes of wives and children should not be neglected, calculating that the real family incomes were indeed much higher than those estimated by the TLA. The millowners’ stronger emphasis on recognising women’s earnings in the determination of a household’s available spending capacity was of course not in order to question the male breadwinner model. Millowners hoped that by showcasing higher family earnings, their own contributions could remain lower.

In its final judgement for Ahmedabad in April 1940, the industrial court based its calculations on the necessities for an individual worker. Not all individuals, however, were considered to the same extent. Contract and *badli* labourers were excluded from the agreement. Similarly, higher income groups including clerks, peons and supervisory staff were considered relatively better off and

⁹⁸³ BIDA was passed in order to establish a peaceful process of negotiations on labour matters, particularly by excluding smaller unions and by criminalising strike action (see chapter 1).

⁹⁸⁴ AMA Annual Report 1939: 39.

⁹⁸⁵ AMA Annual Report 1939: 10.

therefore not in need of dearness allowance payments.⁹⁸⁶ The calculation of dearness allowance was based on a full working month of 26 days, so anyone who worked less than that would not receive it. This agreement was only binding for the member mills of the AMA. Nonetheless, it set a precedent that would be followed by non-member mills too.⁹⁸⁷

As not all sections of the workforce were entitled to dearness allowance, it increased wage inequalities between those who received such payments and those who did not. With the dearness allowance component rising in relation to the total wage bill, this effect was aggravated even further. Figure 2 shows the relation between average basic wages and dearness allowance after the agreement in 1940. Basic wages remained stable from 1937 until the standardisation agreement of 1947, which aimed to create a common basic wage level standard for each mill occupation within the city. Even after that, it barely increased. While during 1941 and 1942 the payments of dearness allowance made up about half of the total monthly wage bill, the disproportionality between basic wages and dearness allowances rose after the dearness allowance changed from a flat rate to a proportion of the wage tied to rises in percentage points of the CPI. In 1943 and 1944, the basic wage comprised only about a third of the total wages.⁹⁸⁸ Nonetheless, a potential merging of the dearness allowance and basic wages was not discussed under the standardisation agreement of 1947.⁹⁸⁹ However, the payment of dearness allowance was eventually extended to contract workers receiving two-thirds of the regular rate.⁹⁹⁰ The problem of *badli* workers remained even after the agreement, given that their ratings were calculated on a daily basis and dearness allowances were based on monthly earnings and CPI changes.⁹⁹¹

⁹⁸⁶ It was promised, however, that employers would determine a lump sum payment to *badli* workers and contract workers. Neither group was eligible to buy on credit in the fair price shops. Goel, S. K. (2002) *Gandhian Perspective on Labour, 1918-1948*, p. 207.

⁹⁸⁷ Except for the Ambica Mills owned by Jaykrishna Harivallabhdas. His group of mills only joined a year later in 1941. Jaykrishna Harivallabhdas would later become the mayor of the Ahmedabad Municipality in 1962-64. *Times of India*,

http://timesofindia.indiatimes.com/articleshow/30450243.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

⁹⁸⁸ These calculations include the averages of productivity bonuses and piece-rated wages but exclude payments of annual bonuses, given that they were generally not available to the household until the end of the fiscal year of the mill. Bonuses were generally paid in total for an entire year, while dearness allowance payments were handed out on pay day (generally bi-monthly).

⁹⁸⁹ The Textile Central Wage Board was the first body to seriously attempt to merge basic wages and dearness allowance. The Board observed that in the Bombay Textile Industry, the dearness allowance had climbed up to Rs. 51.58 in 1957, thereby comprising 73.11% of the total wage bill.

⁹⁹⁰ Arbitration in the Industrial Court Reference No. 18 of 1947, *Standardisation of Wages*: 4.

⁹⁹¹ Conciliator's Report, dated 29.05.1947, quoted in the Award by the Industrial Court 24.4.1948, in *AMA Annual Report 1948*: 108.

Second, the assessors had to decide whether cash or food commodities should be provided and if so, which ones. In their report, the assessors distinguished between those goods that were to be provided directly through mill shops (A) and those for which a cash allowance should be provided (B) (table 16). As becomes apparent from the list reproduced below, the commodities the TLA regarded as absolutely essential in its demands for a dearness allowance were grain, rice, and several types of pulses (under Schedule A). This was a very much reduced list in comparison with that in the 1935 survey, which had included vegetables and fruits as essential items too. The AMA did not contest this, and both parties quickly agreed on the provision of the goods under Schedule A through so-called “fair price shops” or “cheap grain shops”.⁹⁹² This selection indicates that between September and December 1939, prices rose particularly for those commodities which were either directly required for the war effort (wheat, textiles, etc.) or indirectly affected by supply chain diversions (spices). It is interesting to note that while grains and pulses were listed under A to be provided by mill shops, meat and fish products were included under B.⁹⁹³ This may hint at the secondary importance of non-vegetarian dietary items, which were only considered for a flat rate of cash compensation rather than for direct supply with ensured availability.⁹⁹⁴ Furthermore, the items which saw the highest price rise (fuel and textiles) were to be taken care of by workers themselves, thereby putting the burden of price volatility directly on their shoulders.

The AMA did not reject these lists outright, but felt, however, that they included certain “items of luxury”,⁹⁹⁵ such as *bidies* and tea. In addition, they contended that most working-class families would obtain certain commodities like *ghee* through their village networks and therefore would not need any monetary compensation for that.⁹⁹⁶ Through these court procedures, the question of the village link returned in conversations about the dearness allowance. However, it should be noted that millowners had brought it up at a moment when the responsibility for providing relief was contested between employers and the government. The millowners did not question the principle of relief, nor the need to retain a stable workforce (that was indeed the very principle of dearness allowance payments from an employer’s perspective in the first place), rather they aimed to use these arguments as a measure to lower their own costs.

⁹⁹² AMA Annual Report 1939: 10.

⁹⁹³ This might have been due to caste bias in the TLA. Weavers, who were predominantly Muslim, did not belong to the TLA but instead to other trade unions such as the Girmi Kamdar Union. On the relation between the Girmi Kamdar Union and the TLA, see previous chapter.

⁹⁹⁴ It is also interesting to look at those commodities that were not excluded but still mentioned in discussions. The TLA felt that prices had not risen for goods such as bangles, postage, travel, paan, fruit, and barber costs, and therefore contended that these did not have to be included in the compensation scheme. AMA Annual Report 1939: 62.

⁹⁹⁵ AMA Annual Report 1939: 56.

⁹⁹⁶ AMA Annual Report 1939: 70.

List A: Commodities supplied via mill shops		List B: Commodities for which cash allowance is demanded	
Commodities	Price rise in% ⁹⁹⁷	Commodities	Price rise in%
Rice	33	Tea	16
Wheat	42	Sweetmeats	37
Khichdi (rice and moong dal)	25	Fish	17
Jowar (sorghum, used for jowar roti etc.)	38	Mutton	17
Bajiri (pearl millet)	15.5	Other meat	17
Gramdal	29	Milk	20
Mungdal	30	Curds and buttermilk	21
Wheat-Flour	27	Ghee	40
Turdal	19.5	Chillies	21
Raw sugar (gur)	36	Condiments and spices	66
Sugar	41	Turmeric	15
Cooking Oil	43.5	Vegetables	40
		Ready-made tea	50
		Refreshment	40
		Fuel and lighting	20
		Clothing, footwear	40
		Bedding and household necessities	40
		Marriages, funerals, etc.	17
		Dhobi	50
		Hair oil	21
		Bidies	32

Table 16: Commodities under schedule A and B of the dearness allowance agreement, 1940

Third, the question of which prices should be used as a basis for calculating additional budget requirements. Whereas the AMA wanted to sell its goods in fair price shops at wholesale prices,

⁹⁹⁷ Based on the index of the Wholesale Index between September and December 1939.

the TLA insisted on capping prices at pre-war level. Furthermore, all of the TLA's demands were based on calculations of expenditure rather than income. In the final order, the court determined that goods should be sold at wholesale prices. Regarding the calculation of income and expenditure, the court rejected the TLA's plea, contending that it would be better to stabilise the real income rather than ensure the availability of consumption goods, given that workers needed their wages to pay "a) debt charges, b) occasional social expenditure and c) savings".⁹⁹⁸ The court recognised the TLA's and AMA's intentions to divide the relief effort into two components: setting up fair price shops selling goods at wholesale prices, and introducing an additional cash component.⁹⁹⁹ However, the cash component was not based on a calculation of a rise in the price of a given consumption basket but was instead determined as a flat rate of Rs. 3, amounting to about 10% of the average basic wage.¹⁰⁰⁰ In 1941, this was changed again, and the dearness allowance payment transformed from a flat rate into a sum tied to the Consumer Price Index at a compensation rate of 96% of prices at pre-war level (i.e. average 1938-39 prices).¹⁰⁰¹ This meant that the budget calculated in 1926 was not compensated for in its entirety, rather only for the 73 percentage points at which the CPI stood at in 1938-39.¹⁰⁰² In other words, a devaluation of wages by nearly a third became inbuilt in the dearness allowance mechanism sanctioned by the industrial court. Interestingly, the dearness allowance was never tied to the basic wage, but always remained based on indexes derived from consumption surveys throughout the period of investigation. This meant that conflict over the dearness allowance continued to be separated from that over increases in basic wages.

These differentiations further related to the question of how the dearness allowance would be calculated – whether a flat compensation rate should be paid or whether it should be linked to a price index (and if so, which one). In the Bombay Province, several court cases had determined during the Second World War that dearness allowances should be paid based on the local CPI for Bombay City, Ahmedabad and Sholapur respectively. Given the differentiations in price developments between these cities and the variations in the linking factor, millowners would constantly refer to the centre with the lower linking factor to make a case for decreasing dearness allowance payments in their own location. After the successful implementation of the Bombay

⁹⁹⁸ AMA Annual Report 1946: 144.

⁹⁹⁹ As the AMA feared that workers would buy goods in the fair price shops and re-sell them on the black market, the association urged the arbitration board to cap workers' total purchases at Rs. 14, but this was not included in the final agreement.

¹⁰⁰⁰ Goel, S. K. (2002) Gandhian Perspective on Labour, 1918-1948: 207.

¹⁰⁰¹ This meant that, based on the increases of one index point, the dearness allowance would rise by 0.96. The verdict in 1941 also applied retrospectively for 1940.

¹⁰⁰² 1966 *All-India Record (hereafter AIR)* 497, 1966 *Supreme Court Rule (hereafter SCR)* (1) 382: 9.

linking factor of 76% in Ahmedabad in 1946, this would serve as an example for the AMA to argue, in subsequent court cases, that wages in their city were indeed too high and needed to be lower to be competitive. This raised the question of to what extent these regional differentiations should feature in dearness allowance calculations. According to the Occupational Wage Survey of 1958-59, out of all the employees who had received dearness allowance payments, 28% had received a flat rate for all occupations of the same enterprise, for 31% the dearness allowance had been fixed according to the proportion of their income, and the dearness allowance of the remaining 41% had been linked to the CPI. There was therefore a tension between regional and national indices. Additionally, even in the case where dearness allowance became linked to the same index, the linking factor between such payments and changes of percentage points in the index were not uniformly determined. As a consequence, in search of an automatic wage adjustment process in the form of price indices, etc., some of the wage elements that were open to bargaining disappeared.

4.4. The Dearness Allowance Agreement, 1943

By 1942, prices had risen so drastically that in various industrial centres, the dearness allowance was extended to municipal workers (Bengal Bombay, Punjab, Madras).¹⁰⁰³ Several fair price shops were opened to ensure that industrial workers could maintain their levels of productivity during the war effort. This not only called local governments to action, but also spurred the central government to circulate a letter recommending the introduction of dearness allowance to the All-India Organisation of Industrial Employers (AIOIE, of which the AMA was a member). In this letter, the government urged employers to set up fair price shops to “serve the immediate requirements of the workers” as well as to “inspire confidence” in the overall distribution of commodities to avoid panic and hoarding.¹⁰⁰⁴ Furthermore, in order to prevent workers from leaving the mills and fleeing to the countryside, the government hoped that the establishment of canteens would have a “great moral effect”, keeping them committed to continuing their work.¹⁰⁰⁵ However, the letter also recognised that with fewer food supplies available, workers’ fatigue would inevitably increase and therefore recommended “short breaks during the work ... to sustain production at a higher level”.¹⁰⁰⁶ In their response, the AMA contended that while they had been one of the first employers in the country to provide their workers with grain and other

¹⁰⁰³ The Statesman, 7-3-1942 in Monthly ILO Reports, March 1942: 8.

¹⁰⁰⁴ AMA Annual Report 1942: 32.

¹⁰⁰⁵ Ibid.

¹⁰⁰⁶ Ibid.

commodities through their own shops, this system would be gravely endangered due to the decreasing availability of grain supplies. Unless larger quantities were available, they saw themselves unable to maintain the shops any longer, let alone open mill canteens.¹⁰⁰⁷

There was another reason why the AMA had become more sceptical of the fair price shops by 1942. The provision of essential commodities below retail market rates as well as the increase in dearness allowance payments by 45% in 1941 was based on the association's assumption that these would be deductible from the Excess Profit Tax (EPT).¹⁰⁰⁸ However, when it became clear that indeed none of these provisions would be accounted for under the EPT, the AMA filed a petition in the industrial court in July 1943 to review the dearness allowance agreement. This marked a turning point in the discussion on compensation measures in Ahmedabad. Arguing that the association had voluntarily paid dearness allowance and was under "no legal obligation" to do so, it now wanted to withdraw both the fair price shops as well as the cash payments.

This was based on two claims which connected the business interests of Ahmedabad millowners with greater macroeconomic developments. The first related to the question of whether profits should be taken into account when the dearness allowance was calculated. In this regard, the AMA referred to the government's cloth control scheme and the effects this had had on millowners' profits. As a measure to prevent further rises in government expenditure on cloth,¹⁰⁰⁹ this scheme required millowners to cap the price of cloth. Claiming that its member mills had supplied finished goods worth Rs. 60 lakhs to the public at half the market rate since the beginning of the war, the AMA argued that this had led to reductions in millowners' profits, which they sought to be compensated for. Since these cloth prices were fixed on an all-India level, they would have significantly reduced their profit margin, as "the Ahmedabad industry is penalised appreciably in as much as the differential wage costs taken into computation".¹⁰¹⁰ Given that other textile production centres would pay lower wages, the dearness allowance would have added an extra burden which the economic condition of the mills would not be able to support.

¹⁰⁰⁷ The AMA did not comment on the recommendation of more breaks. AMA Annual Report 1942: 33.

¹⁰⁰⁸ Statement of M. C. Setalvad, Advocate General, before the industrial court, 16/09/1943, in AMA Annual Report 1943: 109. The EPT was introduced in 1940 to finance the war, given that profits were significantly rising during the same period. See Mukherjee, A. (2002). *Imperialism, Nationalism and the Making of the Indian Capitalist Class, 1920-1947*. Sage, Delhi.

¹⁰⁰⁹ Roy, K. (2016). *Military Industrialization in India: 1939-45. India and World War II: War, Armed Forces, and Society, 1939-45*, Oxford University Press: 65.

¹⁰¹⁰ AMA Annual Report 1943: 84.

Second, the AMA warned that higher remuneration for workers would set off a wage-price spiral, thereby leading to inflation and causing inequalities between different sections of the population:

Considerable surplus money remains with the worker which they use indiscriminately and on account of this phenomenon the entire economic structure of the city and indirectly other places has been disturbed and dislocated causing enormous hardship to the public in general.¹⁰¹¹

In fact, even the Government of Bombay was concerned about the inflationary tendencies the dearness allowance agreements could set off, rather than providing a remedy against price rises. The Advocate General of Bombay, M. C. Setalvad warned of a “vicious cycle” should dearness allowance payments continue in the form that both parties had agreed to in 1941. Building on the work of the economist B. R. Gadgil (founder of the Gokhale Institute in Pune), Setalvad urged the initiation of a wage stop to prevent inflation.¹⁰¹² In his assessment, such a “wage stop, which might appear to be apparently opposed to the interest of labour, should actually be welcomed by them (the workers)”.¹⁰¹³ Preventing higher wage costs for businesses would ensure that consumer prices would not rise any further. Therefore, he proposed reducing the linking factor of 96% of compensation rate per rise in the CPI to 76%, not just in the interest of workers but the entire economy. These concerns about inflation were embedded in larger deliberations on distribution. As the government had to distribute commodities during the war effort, Gadgil argued that by raising wages, workers would gain an unfair advantage over farmers in terms of purchasing power. This would form a crucial basis for discussions around inflation after the war and the role dearness allowance payments would play in either providing relief or fuelling such tendencies.

The court, in deciding over the matter of dearness allowance, did not agree with the assessment of the AMA and Setalvad. In its final decision on 16 September 1943, it held that it would be “invidious to make such an attempt at correcting the inflationary process by affecting the workers in one industry only and that too only at one centre in the whole of India.”¹⁰¹⁴ In other words, the textile industry of Ahmedabad was too small to alone set off large-scale macroeconomic effects

¹⁰¹¹ Petition of the AMA against the TLA in the Industrial Court, 27.07.1943 in AMA Annual Report 1943: 70.

¹⁰¹² The economist D. R. Gadgil is mostly known for his *Gadgil formula*, which he developed as vice chairman of the Planning Commission to allocate funds during the fourth and fifth planning period. For his observations and wages and inflation during war time, see Gadgil, D. R. and N. V. Sonavi (1944). *War and Indian Economic Policy*. Gokhale Institute of Politics and Economics, Pune.

¹⁰¹³ Statement, Annual Report of the AMA: 107.

¹⁰¹⁴ Annual Report of the AMA: 108.

across the entire country. Furthermore, based on the balance sheets of 39 Ahmedabad mills which the court had requested, the judge H. V. Divatia showed that even after the introduction of the cloth scheme by the government, profit margins during the war years were considerable. According to these calculations, they rose from 16% in 1940 to 21% in 1943.¹⁰¹⁵ Therefore, the application of the AMA to change the dearness allowance agreement was rejected and the compensation rate was maintained at 96% instead of 76%. Nonetheless, the fair price shops were slowly phased out during the second half of 1943, and eventually all of them closed down by December 1943 due to the unavailability of grain.¹⁰¹⁶ Labour Minister of the Bombay Province Gulzarliial Nanda declared in the Times of India on August 20, 1947 that “labour wanted not higher wages but cheaper commodities”.¹⁰¹⁷ From the workers’ perspective, this created the paradoxical situation that while cash compensation was available, there was very often nothing left to buy.

4.4.3 A Perpetuated State of Crisis? Dearness Allowance Payments after the Second World War

After the decision of the Bombay industrial court in 1943, the agreement was automatically renewed annually until 1945. However, dearness allowance payments did not end after the war – in fact, they were only embedded as a regular feature of wages due to legislative processes in the second half of the 1940s. As the new state in-the-making needed to determine how to pay its employees, the First Pay Commission conducted during 1946 included earnings of more than 400 witnesses and 300 written replies from all over India.¹⁰¹⁸ It established the principle of dearness allowance for government railway employees, postal staff and other government positions, fixing it at Rs. 30.¹⁰¹⁹ This created a momentum which in turn affected negotiations on dearness allowance in Ahmedabad. In its Notice of Change before the industrial court, TLA General Secretary Somnath P. Dave argued that this should be taken into “consideration” by the adjudicator of the case.¹⁰²⁰ The TLA feared that even if the dearness allowance would be there to stay after the war, it would be significantly reduced despite prices not having decreased. When the agreement had been renewed again in 1945 for the subsequent year, the court had contended that a full price compensation was not necessary anymore and consequently reduced the rate of 96% to 76%. According to the TLA, this had “no other justification except to establish a parity” between

¹⁰¹⁵ Ibid.: 113.

¹⁰¹⁶ AMA Annual Report 1943: 8.

¹⁰¹⁷ Written statement of the AMA, 15.09.1947, in AMA Annual Report 1947: 50.

¹⁰¹⁸ *Indian Labour Gazette*, June 1947 Vol. 15 (12): 570.

¹⁰¹⁹ Report of the First Pay Commission, 1947. Railway workers had already received the dearness allowance after the Rau Enquiry in 1929 and thus the sector was one of the very first ones to establish the practice.

¹⁰²⁰ Statement before the Industrial Court (Bombay) by Dave, S. P. 29/07/1946, in: AMA Annual Report 1946: 141.

Ahmedabad and Bombay, which had already established a dearness allowance agreement since 1941 based on a 76% compensation rate.¹⁰²¹

This opened up another debate on the relation between productivity, profits and the necessity of compensation for price increases. The TLA argued that the “reduction has adversely affected the worker’s ability to maintain the pre-war standard and therefore the workers have begun to leave the industry, and it is known that mills had to close machines due to this reason.”¹⁰²² The AMA, on the other hand, argued that a shortage of workers was not a problem, but instead it was necessary to ensure that mills had enough reserves to invest in new machinery due to the “heavy strain” that wartime production had caused.¹⁰²³ Until then, the “dearness allowance should be linked up with efficiency” to ensure that those payments would be tied to the use of machinery.¹⁰²⁴ The court, by arguing that there would be “no materials” to support the claims of the TLA, reiterated its decision to keep the lower linking factor between dearness allowance and CPI.¹⁰²⁵ However, in his statement on 15 October 1946, Justice Divatia did not engage with ideas of efficiency and machine use and their relation to wages. These were left out of the discussions before the industrial court and remained at the discretion of both the AMA and the TLA, which eventually included questions of dearness allowance in their bipartite negotiations on the standardisation agreement in 1947.

The director of the food department, Kirby, suggested a compromise by setting up factory canteens. He sought support of both the Employers’ Federation of India (EFI) and the AIOIE to “bring the industrialists into line with the rest of their colleagues throughout the world who have realised that their finest asset is the health and efficiency of the worker”, he was met with little support from either association.¹⁰²⁶ In the vision of the British administrators, the canteen would have had the potential to contribute to enhanced productivity by creating a hygienic place “where you and I can enjoy a meal”.¹⁰²⁷ In other words, such a set up would have effectively given the mill direct control over the food intake of the workers, ensuring that the investment in nutritious food would be directly consumed and transformed into productive energy by the workers, as wage benefits bore the risk of being “wasted” on alcohol, tobacco or other products. Kirby’s proposal

¹⁰²¹ AMA Annual Report 1946: 140.

¹⁰²² Statement before the Industrial Court (Bombay) by Somnath P. Dave, 29/07/1946, in: AMA Annual Report 1946: 141.

¹⁰²³ Statement by M. H. Patel, Secretary of the AMA dated 28/08/1946 in AMA Annual Report 1946: 147.

¹⁰²⁴ Ibid.

¹⁰²⁵ Award of Justice H. V. Divatia, dated 15.10.1946, cited in AMA Annual Report 1946: 153.

¹⁰²⁶ *Indian Labour Gazette*, 11 (7) January 1945: 211.

¹⁰²⁷ Ibid.: 213.

even went so far as to suggest that the lesson of wartime shortages was that factories should grow their own food and keep cows to ensure adequate supplies of milk.¹⁰²⁸ However, a survey on canteens in the Bombay province showed that out of 130 canteens operating, only 16 were offering food; the rest only provided refreshments, with five mills providing tea free of charge to their workers. This indicates that these recommendations, if at all, were only applied half-heartedly. Neither the TLA nor the AMA showed great interest in the promotion of common eating spaces. There may also have been issues of communalism and caste discrimination preventing the establishment of mill canteens in Ahmedabad. In his study conducted in 1949 for UNESCO, the sociologist Gardner Murphy had encountered the stark community separation of water fountains in mill compounds in the city. Lower-caste workers were not allowed to drink from the same water as other workers. It is therefore likely that joint eating facilities may have failed due to similar considerations of community separation.¹⁰²⁹

What were the effects of shifting towards cash-based compensation and moving away from in-kind provisions? Recapitulating the effects of dearness allowance payments during the 1940s, this diagram shows the development of basic wages and dearness allowance payments adjusted to the Consumer Price Index (CPI).¹⁰³⁰

¹⁰²⁸ *Indian Labour Gazette* 11 (7), January 1945: 214.

¹⁰²⁹ Murphy, G. (1953). *In the Minds of Men. The Study of Human Behaviour and Social Tensions in India*. New York Basic Books publishers: 208.

¹⁰³⁰ While the CPI uses 1926 as the base year because this was the year the index was started, the calculation of the real wage begins in 1938. This base year is chosen because following the Bombay Textile Wage Enquiry Commission, the wages of weavers were standardised. Moreover, the Commission recommended that in order to meet minimum subsistence standards, a flat rate increase in wages of Rs. 6 should be paid in the spinning and winding department. By taking 1938 as the base year, this draft shows that rather than increasing, wages actually decreased in real terms after the recommendations of the Commission.

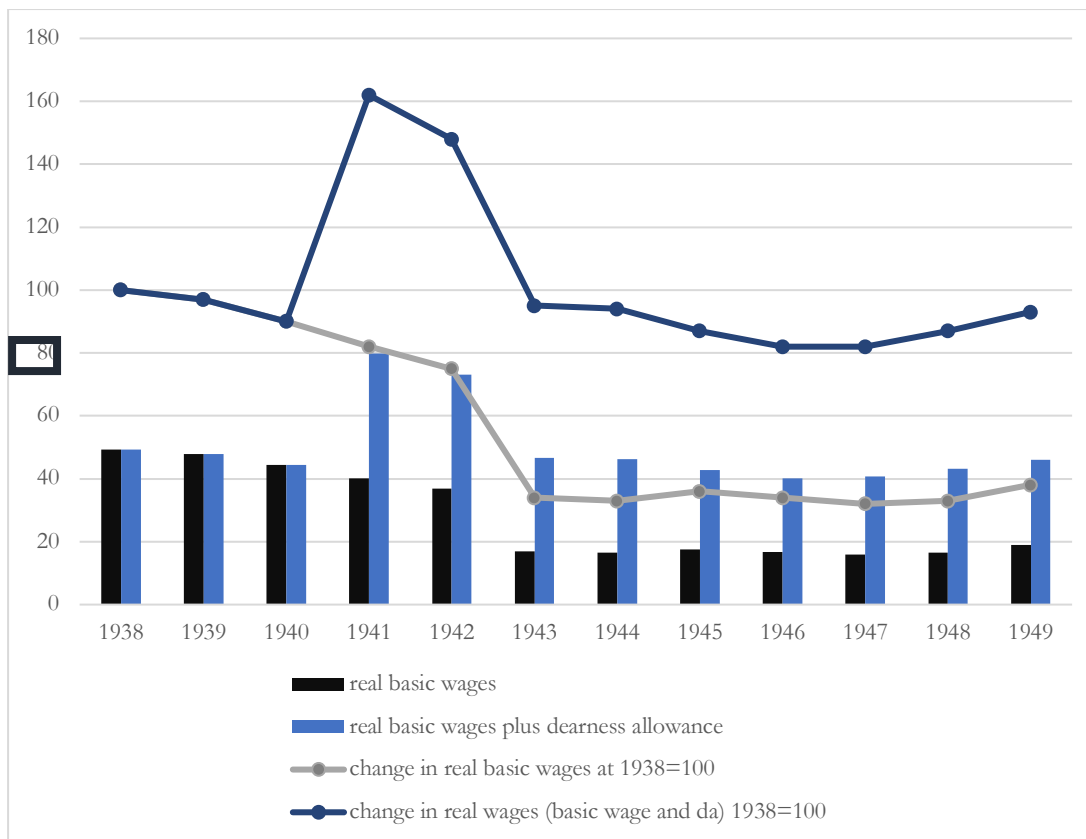


Figure 19: Changes in Real Wages and Dearness Allowance, 1938-1949.

for a detailed calculation, see Appendix 2.

As the graph (figure 19) above indicates, the problem of volatile prices did not disappear after the war. Real basic wages dropped during the early 1940s so that in 1947, the basic wage of 1938 had lost 68% of its value. Even though dearness allowance payments did stabilise real wages in the first few years of the war, their effect faded in 1943, given that the total sum of both basic wages and dearness allowance did not reach the full level of pre-war wages. This may have been due to the compensation rate of 96%. The dearness allowance sought to compensate for this percentage of the price rises in the CPI (which meant that 4% were not compensated for, effectively leading to lower wages), but as these calculations show, not even this quota was reached. In 1948 the total wage only amounted to 87% of the pre-war level. It took until 1950 for industrial wages to reach pre-war levels.

Due to the continuing rise in prices, it became clear that the dearness allowance could not simply be terminated after the war without any resistance. While unions warned that such tendencies could become a permanent feature of the Indian economy, the central government asserted in

1953 that such a view was “unduly pessimistic”.¹⁰³¹ Instead, it argued that such high fluctuations were caused by exceptional circumstances, such as the partition, the derationing of food commodities in 1948 and the overall volatile international situation after the Korean War in 1950-51.¹⁰³² By setting up a Dearness Allowance Committee for its own employees, the government further stabilised the principle of continuing such a payment structure. Indeed, the committee concluded that it would be dangerous to engage into any “radical recasting of the entire existing structure of pay”.¹⁰³³ Any increase in the overall wage level, or even a merging of dearness allowance payments with the basic wage, were advised against. Even the Textile Wage Board in 1958 asserted that “such allowance would be adjusted downwards and eventually disappear”.¹⁰³⁴ Thus, there were two contradictory tendencies unfolding – while the reality of rising prices required tripartite bodies to act upon inflation, which led to the institutionalisation of dearness allowance payments, the future expectations of decreasing prices would ensure that it was envisioned during the 1950s as a separate temporary feature.

As a consequence, dearness allowance payments were increasingly discussed in the context of resource distribution, which led to a re-emergence of debates around inflation. To keep wages low, Ahmedabad employers were keen on pointing out even lower remuneration in other sectors, particularly in agriculture. This became a recurring trope in discussions on wages and dearness allowance during the 1950s:

The reference of the TLA to the ‘very much miserable condition’ of the worker can only be taken in a Pickwickian sense and it, along with its expression of sympathy for the semi-starved and miserable ‘many’ in the country (whom it conveniently forgets when making demand for higher wages and dearness allowance for the favoured ‘few’ industrial workers) does not require any consideration.¹⁰³⁵

Even the Reserve Bank of India had warned that “greater restraint will have to be exercised by labour... among other things by not pressing for large wage increases... such sacrifices are

¹⁰³¹ Government of India (1953). Report of the Dearness Allowance Committee: 14. There were 225 unions from all over India who had reached out to facilitate evidence to the Dearness Allowance Committee. For a detailed list, see appendix 2, *ibid.*: 33-43.

¹⁰³² Government of India (1953). Report of the Dearness Allowance Commission: 14-15.

¹⁰³³ Government of India (1953). Report of the Dearness Allowance Commission: 24.

¹⁰³⁴ Central Textile Wage Board: 4.

¹⁰³⁵ AMA statement 28.2.1952 in the matter IC No 241 of 1951, in AMA Annual Report 1957: 56.

essential for preventing wage price spiral which would mitigate against any prospect of an increase in our industrial and agricultural production.”¹⁰³⁶

The distributional conflict and the question of whether this would (and should) prioritise certain groups in society over others was now continued over from the war effort into the planned economy. Price controls over consumption goods were not abolished after the war, as now the state sought to control commodity distribution for development.¹⁰³⁷ The most prominent groups now identified as competitors for scarce resources in a developmental state: those employed in agriculture vs. those in the industrial sector; workers vs. consumers. As Keynes had already postulated in 1919, inflation always had a distributional effect of shifting resources between different groups.¹⁰³⁸ A conflict opened up between the goal of increasing employment on the one hand and keeping inflation in check on the other.¹⁰³⁹ For example, if prices for food produce were high, then those engaged in agriculture would benefit from higher incomes, while the industrial workforce would suffer. In the outlines of the plans, however, the idea was to keep agricultural goods cheap in order to allocate affordable resources to industrial neighbourhoods.¹⁰⁴⁰ Price controls thus served a double function of allocating resources to the industrial workforce, while at the same ensuring that wages would be kept as low as possible. In this context, the economist and founder of the Delhi School of Economics, V. K. R. V. Rao, had noted in 1949 that the “under-developed” Indian economy did not have the resources for “a blind application of Keynesian techniques” of boosting the economy by increasing workers’ purchasing power.¹⁰⁴¹ Thus, there were several pressures on the Planning Commission to coordinate policies such as dearness

¹⁰³⁶ This was an interesting statement, pitting industrial workers against those working in agriculture, given that the government on other occasions did not fall short of emphasising that the working class of India was a minority of the population (see, for example, the Royal Commission’s statement that the “Indian factory worker is essentially an agriculturalist”, p. 12.). Here, however, the RBI stated that it was strong enough to create inflation. RBI cited in Written statement of the AMA, 15.09.1947, in AMA Annual Report 1947: 50.

¹⁰³⁷ De argues that commodity controls had actually intensified after the war. De, R. (2014). ‘Commodities Must be Controlled’: Economic Crimes and Market Discipline in India (1939–1955). *International Journal of Law in Context* 10(3): 280.

¹⁰³⁸ Keynes, J. (1978). Inflation (1919). In E. Johnson & D. Moggridge, Eds. (1978). *The Collected Writings of John Maynard Keynes* (The Collected Writings of John Maynard Keynes, pp. 57-58). Cambridge University Press.

¹⁰³⁹ In the post-war period, this was a phenomenon discussed in many countries which suffered from the after-shocks, particularly unemployment of returning soldiers. Most famously, this relationship has been explained by the so-called Philipps Curve. Philipps had established a positive relationship between the level of employment and the expansion of the money supply. Phillips, A. W. (1958), *The Relation Between Unemployment and the Rate of Change of Money Wage Rates in the United Kingdom, 1861–1957*. *Economica* 25: 283-299. Based on this relation, Samuelson and Solow would argue that a state could stimulate employment growth through an expansionary monetary policy. Samuelson, P. A.; Solow, Robert M. (1960). "Analytical Aspects of Anti-Inflation Policy". *American Economic Review* 50 (2): 177–194.

¹⁰⁴⁰ Rajagopalan, S. (2018). Ideas and Origins of the Planning Commission in India. Available at SSRN: <https://ssrn.com/abstract=3096582>.

¹⁰⁴¹ V. K. R. V. Rao, Presidential Address to the Indian Economic Conference, 1949. Cited in Rao, VKRV (1952). *India’s First Five Year Plan. A Descriptive Analysis*. *Pacific Affairs* 25(1): 3-23.

allowance payments with other economic measures. These were not only exerted by economists, but also by employers. For example, the Tata-led Employers' Federation of India (EFI) argued before the Planning Commission that industrial wages should be aligned with the national per capita income, wages in other sectors such as cottage industries and agriculture, as well as levels of productivity.¹⁰⁴² However, this contradicted the overall argumentation by employers, particularly in relation to legislative processes, that the working class was too small a category to be taken into account and therefore needed no special attention.¹⁰⁴³ This exposes the political character of these debates on inflation – if the working class was really such a small and insignificant proportion of the population, how would it have been able to cause and contribute to price volatility all over the country?

This strong separation between basic wages and dearness allowance based on inflationary fears also became inbuilt in the wage structure in Ahmedabad. Following the standardisation agreement in 1947 and the determination of a Rs. 28 minimum wage, the TLA sought to define the amount of dearness allowance paid based on a 90% compensation rate. In the Bombay textile industry, a similar agreement had been passed which guaranteed the real value of minimum earnings of Rs. 30. In Ahmedabad, however, the industrial court maintained the previous base of dearness allowance calculation – a 100% compensation rate of rises in the CPI at 2.84 pies for each percentage point rise in the index at 1938-39 values of 1926 prices. This led to an automatism by which, in 1951, 70% of the entire wage bill had been based on dearness allowance.¹⁰⁴⁴

At the same time, the standardisation in 1947 led to a further decrease in the importance of in-kind provisions of other allowances. Given that only monetary values were counted towards the calculation of standardised wages, many mills cut down on their allowances for housing and other non-monetary contributions. This led to a strike by watchmen and guards of the Srinagar Mills in 1951, who felt that their customary rights to subsidised accommodation, free fuel and lighting had been taken away. When this case went before the industrial court under the representation of the TLA, the judges agreed with the appellants that fuel and lighting were indeed necessary items for watchmen so that they had to be provided free of charge by the mill. Similarly, they found that their residence in cheap housing could not be taken away, given their customary rights to pay rent at the subsidised rates they were accustomed to.¹⁰⁴⁵

¹⁰⁴² EFI Annual Report of the Year 1957: 128

¹⁰⁴³ *Ibid.*: 133.

¹⁰⁴⁴ *1966 AIR 497, 1966 SCR (1) 382: 10.*

¹⁰⁴⁵ *Srinagar Mills v TLA, Ahmedabad 1951 II LLJ 25: 27.*

This changed in 1955 when fourteen watchmen of the New Maneckchowk mills approached the courts – this time not with the aid of the TLA but of C. T. Daru and his Royist union. Seeing it as their customary rights to be provided with dress, firewood, umbrellas and free housing, they went before the Ahmedabad court to argue that since they were only paid minimum wage rates, they would be entitled to these extra allowances. Contrary to the case represented by the TLA, this case was overruled by the court in Ahmedabad as well as by the higher authority in Bombay. Having failed to prove that these rights to non-monetary subsidies were indeed customary, the court argued that the standardised rates had to be followed by each mill in order to generate uniformity in rates. Thus, a mill was right to either terminate customary in-kind allowances or cut monetary wages.¹⁰⁴⁶ These instances demonstrate that the TLA had a much higher success rate than other unions. The arbitrary nature between cases decided for the TLA as well as those decided in the name of other unions, cannot have gone unnoticed, either by the courts or the workers. At the same time, there was a clear discrepancy between those issues which were taken up by the TLA and those which were not.

As the first chapter has shown, given that similar processes occurred regarding other wage matters, there was a growing discontent among the workers who no longer felt represented by the union. This may partly explain why the dearness allowance became such a crucial issue in anti-TLA movements emerging during the second half of the 1950s.

4.4.4 The Dearness Allowance Movement as a Challenge for the TLA

The dearness allowance movement from 1959 onwards marked a significant turning point in the city's history.¹⁰⁴⁷ The movement mostly rallied around rising living costs – from 1958 to 1959 alone, the CPI had risen by more than 50 points to 340 in comparison to the base year of 1926. It effectively led to a rupture in the hegemony over the AMC by the TLA and the AMA. Since the setting up of the Ahmedabad Municipal Corporation in 1956, its mayors had all been businessmen. This changed when a coalition government of the Maha Gujarat Janta Parishad (MGJP) headed the AMC from 1964 onwards. Spodek has elaborated how Yagnik had initially struggled to gain support outside the educated groups of Ahmedabad society and how his Sangram Samiti turned

¹⁰⁴⁶ ICB Thakore Appeal IC no 285 of 1955 Kishorsingh Vijaysingh and 13 others v New Manekchowk spinning and weaving, 29.9.1956, cited in *Industrial Court Reporter* 1957: 295.

¹⁰⁴⁷ Gillion, K. L. (1968). Ahmedabad: A Study in Indian Urban History. University of California Press, Berkeley and Los Angeles.

into a mass movement after he focused on the dearness allowance. The issue of rising prices united working-class populations and educated middle classes in white-collar professions too.¹⁰⁴⁸ Due to economic hardship, political alliances were shifting. This shows that the dearness allowance and matters related to the maintenance of consumption standards had the potential to spark political change and transformation. How was this possible?

Indeed, the issue of the dearness allowance led to the formation of a broad alliance of various sections of the Ahmedabad population, including those in educational institutions and other white-collar positions. For all these groups, the budget enquiry of 1958-59 became a crucial reference point.¹⁰⁴⁹ The budget had contended that there had been a diversification in objects purchased by working-class households which had required an overhaul of the entire CPI. To ensure greater comparability between the index within India as well as to adjust local indexes to changing consumption patterns, the Labour Bureau had suggested that the Occupational Wage Survey itself should serve as a basis for a new index. However, the discontinuation of the 1926 index needed a method of linking both the old and the future index.

In 1959, the Government of Gujarat published the Textile Enquiry Report, which proposed changing the CPI. Even though the state government of Gujarat acknowledged that it was necessary to start a new CPI from 1960 onwards, the problem remained of how to connect these two series and how dearness allowance payments should be calculated accordingly. This would become the most contentious issue between all parties involved. The so-called “linking factor” of the two CPI series soon shifted from a seemingly technical measure to a politically contentious decision. The linking factor related to the change in prices in the time period between the two indexes (1959-1960) and the question of whether these changes should be accounted for on the basis of the old or the new index. The Central Government’s Labour Bureau, and in turn the Government of Gujarat, settled for 2.98 as the linking factor, which was considered relatively low by those workers affected.¹⁰⁵⁰

The TLA did not take up the demand for a change in the CPI and the linking factor.¹⁰⁵¹ This left scope for mobilisation outside the organisation. Indeed, it led to large-scale protests by broad

¹⁰⁴⁸ Spodek, H. (2011). *Shock City of Twentieth Century India*. Orient Blackswan, Hyderabad: 140.

¹⁰⁴⁹ *Ibid.*

¹⁰⁵⁰ AMA Annual Report 1963: 20.

¹⁰⁵¹ TLA Annual Report 1958-59: 1.

sections of Ahmedabad's inhabitants who felt the impact of rising prices – from Muslim workers who did not feel represented by the TLA to the middle classes mobilised by Indulal Yagnik.¹⁰⁵² This also led to a division between workers from different departments, since weavers joined the new union while other sections remained under the fold of the TLA. Reports by the TLA show that the number of weavers in the TLA dropped from 32,194 to 25,208 between 1963 and 1964 but the number of reelers and members of the throstle department actually rose (from 664 to 740 and from 21,174 to 22,000 respectively).¹⁰⁵³ Yagnik's Mahagujarat Kamdar Union joined in an alliance with the Communist Mill Kamdar Union under the leadership of Dinkar Mehta, and in January 1964 they together formed the Mill Mazdoor Union (MMU) – choosing the same name of the party which had originally been declared illegal in 1935. In their pamphlet titled “Your Dearness Allowance” (તમારું મોંઘવારી ભથ્થુ), published in February 1964, they demanded 25% higher wages, an ad-hoc increase of Rs. 25 in the dearness allowance, a higher bonus, a broader application of the Employee's State Insurance, 21 days of paid leave, 46 days of paid leave (casual leave and sick leave), better housing and the abolition of the Bombay Industrial Relations Act so that workers could go to court without the TLA's mediation. They argued that the TLA only had a “piecemeal” approach to the dearness allowance and other wage matters. They argued that the TLA's strong emphasis on compromises with millowners on such issues would betray workers' interests and prevent collective action. That the TLA was losing popularity also became clear during Labour Day in 1963. As a TLA holiday to commemorate Gandhi's peaceful resolution of the strike in 1918, the TLA had arranged an address to the workers by the then Central Labour Minister, Gulzarilal Nanda. However, according to Dinkar Mehta's accounts, “hardly 8-10,000 workers went to this, whereas 2 lakhs of workers gathered in Kankaria Football Ground to attend the meeting called by the three-month old United Workers Battle Committee.”¹⁰⁵⁴ This made it clear that the dearness allowance struggle marked a juncture in the history of the labour movement in Ahmedabad. The TLA's hegemony was seriously threatened and its executive members were merely able to react to, rather than steer, the conversation.

In response to these protests, the Government of Gujarat formed a “Committee on Readjustment in Existing Series of Consumer Price Index Number” in 1963, also called the Desai Committee

¹⁰⁵² On the politicisation of Muslim workers, see Barua, R. (2022). *Shadow of the Mill*: 34. On Middle-Class Mobilisation, see Kansara, B. P. (1975). *Business, Labour and Opposition Movements in the Politics of Ahmedabad City, 1960-72* Unpublished PhD Thesis: 232.

¹⁰⁵³ TLA Annual Report 1962-63 and 1963-64.

¹⁰⁵⁴ Indulal Yagnik cited in Spodek, *Ahmedabad Shock City of Twentieth-Century India. op. cit.*: 158.

after its chairman.¹⁰⁵⁵ This Committee sought to determine the adequate linking factor for the two series. Its main investigations concerned two areas of expenditure – rent and clothing. These had emerged as the most contentious issues throughout the decade. As far as rents were concerned, the committee criticised the fact that no investigation into rents had been undertaken since 1930 and that it would be false to assume that subsidised rent was available to everyone. They contended that rent prices were actually 51% higher than represented in the index, which was to be added to the old CPI before linking it with the new one.¹⁰⁵⁶

Similarly, the committee found that the consumption patterns of textiles had changed extensively, so it was impossible to rely on the price developments of the old varieties in the index.¹⁰⁵⁷ Moreover, no such price figures had been collected since 1952-53, which made it difficult to assess the amount of necessary adjustment. Relying on the All-India Wholesale Price Index for textiles, they estimated that it was necessary to raise the cloth index from 339 to 438.¹⁰⁵⁸ Surely, textiles were not the only products where an immense diversification of consumption had taken place. With regard to food, the majority of working-class households had shifted from consumption of both *bajri* and wheat to buying predominantly wheat.¹⁰⁵⁹ These shifts, however, were not taken into account by the Committee. The authors agreed with the millowners who had contended that the prices collected by the Labour Bureau for the CPI were too high, as many workers bought their staple foods at fair price shops.¹⁰⁶⁰ Changes in the category of miscellaneous goods were also not taken into account, even though the committee flagged that many goods and services were listed both in the new and old index as unpriced and therefore did not enter into the budget calculation. These included, for example, the cost of haircuts, medicines and medical fees, travel fares and

¹⁰⁵⁵ Government of Gujarat, Education and Labour Department (1964) Report of the Expert Committee on Readjustment in Existing Series of Consumer Price Index Number for Working Class for Ahmedabad and Linking it with the New Series. Apart from M. B. Desai, a professor of Agricultural Economics, the committee included J. L. Dholakia, an economist at the Gujarat University who had been working extensively on Ahmedabad textile labour, including the composition of the workforce and its bonus spending patterns. See, for example, Dholakia, J. R. (1964) Bonus and its utilisation by the textile workers of Ahmedabad. *Journal of the Gujarat Research Society*. On behalf of the State Government, the head of the Statistical Department V. V. Divatia and Labour Commissioner A. V. Vyas participated.

¹⁰⁵⁶ Government of Gujarat, Education and Labour Department (1964) Report of the Expert Committee on Readjustment in Existing Series of Consumer Price Index Number for Working Class for Ahmedabad and Linking it with the New Series: 15.

¹⁰⁵⁷ The 1926 index had included only sarees produced by the Calico mills in Ahmedabad. Report of the Expert Committee on Readjustment in Existing Series of Consumer Price Index Number for Working Class for Ahmedabad and Linking it with the New Series (hereafter “Report of the Expert Committee”): 11.

¹⁰⁵⁸ The Calico and Ambica Mills had assisted the committee in finding out which varieties had replaced the old clothing items bought, but given that the other mills did not participate in the process, the committee found that it did not lie within its power to determine these items, and instead relied on the all-India index. Report of the Expert Committee: 12.

¹⁰⁵⁹ Given that wheat was still the more expensive commodity, this indicates a shift in the weighting of the budget, but also an overall increase in spending. Report of the Expert Committee: 23.

¹⁰⁶⁰ Report of the Expert Committee: 8.

remittances.¹⁰⁶¹ Taking all these factors into consideration, the Committee recommended the state government link the two series at a factor of 317.

When the AMA was invited to provide a statement to the Desai Committee, the association used this as an opportunity to raise its criticism of the Family Budget 1958-59 as a new basis for the CPI. In this testimony, the AMA expressed that too many items had been included which were not essential. Several items were harshly criticised for being included in the budget, as they would have been too expensive for workers to use. For example, in terms of personal care, the budget had included shampoo and toothpaste. According to the AMA, working class households were not using such items, as they were too luxurious, and instead, they used soap and neem sticks. The employers also found it “preposterous” that oranges were included in the monthly budget for an entire year, even though they were only available seasonally.¹⁰⁶² According to the AMA, the budget had generally chosen varieties with higher prices, arguing that workers could also be asked to opt for cheaper versions (e.g. for pulses and rice). In the case of potatoes, they acknowledged that black-market prices had indeed been very high over the years, given that they were scarcely available in the regular markets, but that such informal pricing arrangements should be integrated into formal accounts in the budget.¹⁰⁶³ Regarding cooking oil, the AMA argued that as workers settled permanently in Ahmedabad, consumption patterns would shift to predominant use of *vanaspati* (vegetable oil) instead of ghee made out of cow’s milk.¹⁰⁶⁴ However, according to the survey, there was almost no consumption of *vanaspati* recorded by any household. While 6% of all families recorded an average consumption of 0.11kg *vanaspati* per month, 68% confirmed their regular use of 1.19kg of ghee per month.¹⁰⁶⁵ Furthermore, the AMA felt that onions should not be calculated as vegetables, but instead listed in the same category of “condiments as spices” to ensure that its price fluctuations would not weigh in as heavily as they did in the vegetable category.¹⁰⁶⁶

As far as the largest change in the index, i.e. rent, was concerned, the employers contended that they did not want to pay for the increasing rents, as they were already providing houses for their workers. This would put industrial workers in a “privileged position” in comparison with those

¹⁰⁶¹ Further non-priced items listed in the CPIs: ganja, opium, pan supari. Report of the Expert Committee: 10.

¹⁰⁶² Budget Survey 1958-59: 51.

¹⁰⁶³ Budget Survey 1958-59: 40.

¹⁰⁶⁴ Budget Survey 1958-59: 41.

¹⁰⁶⁵ Budget Survey 1958-59: 50.

¹⁰⁶⁶ Budget Survey 1958-59: 51.

who did not have such housing facilities available.¹⁰⁶⁷ However, according to the 1958-59 survey, only roughly 5% of all workers had access to such accommodation. As outlined above, the majority of one-room settlements had neither a kitchen nor a bathroom.

All these instances expose the AMA's eagerness to avoid higher payments of dearness allowance tied to the new index. The AMA's involvement in questions of workers' nutrition was very much tied to the payment of dearness allowance, as this gave it a sense of control over worker's choices. Since the budgets had raised the question of what people *were* consuming, it inevitably opened up a normative discussion on what people *should* be consuming. Under the narrative of scarcity in a planned economy, the AMA argued that "workers should be asked to share a part of the 'hardships' concomitant of economic development".¹⁰⁶⁸ This argument added a moralistic layer to the economic reasoning behind warnings of the link between dearness allowance and wage-price spirals – workers should not be allowed to consume such "luxurious" goods, as it would make them a "privileged" class.

The government's proposal to change the index would have significantly increased dearness allowance payments by 19% for January 1960 and the following months. Even though the Government of Gujarat accepted the new factor of 317 on February 29, 1965, the AMA advised its members not to pay dearness allowance at the new rates, but instead to continue calculating this part of the wage based on the CPI of 1926=100. After the old index was terminated and no longer published by the state government in January 1964, the AMA told its members to use the last rate of the old index available for December 1963 and use this as a continuous reference for future dearness allowance payments in 1964. To intervene and settle the matter, the state government brought this before the industrial court in 1964.

Thus, interestingly, it was the government – and not the TLA or the AMA – who eventually filed a petition before the courts. For both parties, the dearness allowance had become such a contentious issue that it potentially threatened their function as an apex body of labour and capital respectively. While the TLA was pushed by the Sangram Samiti movement, the AMA had rarely appeared as a joint association in court due to the differences in interests in wage matters among its members. This meant in turn that the court case offered both of them the opportunity to regain some of their strength through the method which had made them both a relevant force in

¹⁰⁶⁷ AMA Annual Report 1964: 43.

¹⁰⁶⁸ AMA Annual Report 1963: 47.

Ahmedabad – court arbitration. Given the nature of dearness allowance payments as a uniform rate based on the CPI, they could only be negotiated at the industry level, and not for each mill or employee individually. This required the involvement of the TLA as the only recognised trade union in Ahmedabad. Still, none of its demands went beyond the proposals of the state government, which indicates that the TLA as an institution had a greater interest in industrial peace than in extensive demands for more wages.

For the individual members of the AMA, on the other hand, this also meant that in the case of the dearness allowance, a coherent and coordinated strategy was more profitable than attempts to enter the negotiations as separate mills. Nonetheless, adjudication by the state remained a contradictory subject for the AMA, as the organisation saw wages as a matter to be decided by mutual negotiation without state interference.¹⁰⁶⁹ The industrial court justified its own intervention through the Bombay Industrial Relations Act (Gujarat Amendment) 1961. Under section 42, a state government could bring a dispute before court in cases where: “a serious outbreak of disorder, or a breach of public peace is likely to occur, or a serious prolonged hardship to a large section of the community is likely to be caused, or the industry concerned is likely to be affected adversely.”¹⁰⁷⁰ Such an “outbreak of disorder” had indeed been taken place in 1964. While the TLA had unsuccessfully tried to claim the beginning of arbitration procedures as its own victory and a win for peaceful negotiation strategies, other alliances had called for strikes. To underline that the changes in the linking factor had been the result of the MMU’s pressure, the union organised a large-scale “Ahmedabad Bandh” during Labour Day on August 5, 1964. According to Spodek’s estimates, 60-70% of all mill capacity was shut down during the agitation. Five people lost their lives while storming a police station after an unsuccessful attempt to picket another mill in Kalupur.¹⁰⁷¹ Dinkar Mehta claimed that the miscalculation of dearness allowance had caused a loss in wages of more than Rs 67 crore and demanded that Gulzarilal Nanda, Vasavada and the government would be “honest enough to be ready to say that they accept the mistake”. Indulal Yagnik initiated a hunger strike to demand a lowering of the prices of groundnut oil to Rs. 1.95, lasting almost the entire month. During the same period, Communist leader S. A. Dange visited

¹⁰⁶⁹ As the AMA’s lawyer Setalvad argued before the court, the BIRA (and its extension to Gujarat) would give it the competency to determine wage levels by handing over the adequate notice of change to the TLA. The TLA would have the opportunity to express its discontent, but it was effectively a discussion between union and employers without the government.

¹⁰⁷⁰ *1966 AIR 497, 1966 SCR (1) 382: 3.*

¹⁰⁷¹ *Times of India*, 06.08.1964: 1.

Ahmedabad on the 21st, which was a rather unusual sight in a city dominated by Gandhian trade union politics.¹⁰⁷²

When the industrial court sided with the Government of Gujarat, deciding that the linking factor of 317 should be adopted, the AMA demanded a revision before the Supreme Court. Its argument was three-fold: first, that the interview method adopted by the Occupational Wage Survey had been “unscientific”; second, that the linking factor had been determined arbitrarily by the Desai Committee; and third, that its reduced capacity to pay should have been taken into account.

As far as the first point was concerned, the AMA contended that the entire basis of the new calculation was flawed, given that the sample size of the survey had been too small and the interview method had been inadequate in terms of gathering information. However, the TLA was able to prove that the sample size had been sufficient by indicating that the number of 722 households was equal to 2% of total working-class households in Ahmedabad. As far as the methods were concerned, the court held that given the high levels of illiteracy within working-class households, the Labour Bureau had been correct in collecting information through questionnaires rather than household diaries, as common in the United Kingdom during the same period. Ironically, the AMA now argued that instead of the old basis of dearness allowance payments, there should have been a new calculation of compensation for the standardised minimum wage. Interestingly, this turned around the argument which had been raised by the TLA in 1941. In this case it was the AMA who proposed a merging of the dearness allowance with the basic wage. This can be understood as an attempt by the employers to prolong and slow down the process of finding a new basis for dearness allowance payments. The government’s dearness allowance committee (1950) and the rulings of several labour courts since 1939, had established a consensus around the principle of paying dearness allowance. Questioning this status quo was the only route open to employers to ensure that an increase in wage cost could be delayed.

As a second measure, the AMA pointed out that the linking factor had been arbitrarily chosen and, given that the underlying survey had been inadequate, a new budget inquiry should be conducted. Given that other states (such as Maharashtra) had used similar methods to connect the old and the new indexes, the court rejected the AMA’s plea. The bench of the Supreme Court felt that a revision of the current linking factor should be avoided in the name of “industrial peace”. With this decision, the court thus not only determined the procedure for Gujarat, but set a precedent

¹⁰⁷² Times of India, 22 Aug 1964: 5.

for how the All-India Occupational Wage Survey should be employed in calculating the costs of living anywhere in India.

The Supreme Court accepted the third contention of the millowners that their capacity to pay had to be taken into account. They highlighted that matters of wage policy were not merely an insulated negotiation but had greater implications for the economy through the “additional burden which may be imposed on the consumer”.¹⁰⁷³ Therefore, the goal of adjudication would be that “claims of labour and capital must be harmonised on a reasonable basis” and therefore, “if it appears that the employer cannot really bear the burden of the increasing wage bill, industrial adjudication cannot refuse to examine his case”.¹⁰⁷⁴ Given that the Ahmedabad textile industry would pay wages well above minimum wage rates, it would be wrong to dismiss their demands to investigate their capacity to pay. However, the court did not accept the AMA’s calculation. It contended that the Ahmedabad mills were not suffering from a shortage of capital, but instead that their financial structure would naturally “rely very heavily on borrowing”.¹⁰⁷⁵ Thus, their balance sheets were possibly painting a distorted picture (presenting a more negative situation), even though the court attested the whole textile industry to be in a healthy state.¹⁰⁷⁶ In 1965, Ahmedabad was still producing one-third of the total cloth consumed in India. This led the Supreme Court to forecast that “the future of the textile industry at Ahmedabad is bound to be as bright as it had been in the past”.¹⁰⁷⁷

This was not necessarily the case for the political trajectories of the TLA and the AMA. Both organisations became weakened through these court procedures. The failing hegemony of the TLA over the trade union movement in Ahmedabad and Gujarat in general was visible in the number of registered trade unions in the 1960s, which grew by 20 from 1962-63 to 1964-65. In the same period, the total number of workers organising in registered trade unions fell from 195,704 to 161,334.¹⁰⁷⁸ Women’s participation declined even more – their share of members diminished from 6.1% to 5.7% in those respective years.¹⁰⁷⁹ This not only reflects the declining number of women in organised enterprises, but also how it changed the nature of women’s engagement in politics and the labour movement. As the founder of the Self-Employed Womens’ Association in

¹⁰⁷³ AMA Annual Report 1964: 43.

¹⁰⁷⁴ Ibid.

¹⁰⁷⁵ AMA Annual Report 1964: 15.

¹⁰⁷⁶ P. 35.

¹⁰⁷⁷ *1966 AIR 497, 1966 SCR (1) 382: 36.*

¹⁰⁷⁸ Labour Bureau (1975). *Women in Industry*: 228.

¹⁰⁷⁹ Ibid.

Ahmedabad, Ela Bhatt, put it: “the TLA felt it could do little for the women” because the union would have been taken by surprise by the loss of mill work and consequently the loss of legal tools to fight for its workers.¹⁰⁸⁰ At the same time, it was not entirely impossible; there were various opportunities to engage politically. Several women became increasingly engaged in the Communist labour movement, such as Nalini Mehta and Ranjanben Dalal, who both continued the work of the Mill Kamdar Union while their respective husbands (Dinkar Mehta and Jayanti Dalal) were in jail in 1964.¹⁰⁸¹ Spodek has underlined the important role women had obtained within the Congress opposition since the Mahagujarat movement as organisers, speakers and electoral candidates. In this regard, the dearness allowance movement also marked a turning point because it showed that the TLA’s campaign centred around women as homemakers had not entirely succeeded. Instead, the campaign was criticised for leading to decreased income opportunities within the mills for women on the one hand and increased prices for household goods on the other.

The dearness allowance issue opened up possibilities for an alliance between various political sections in Ahmedabad. Although Khandubhai Desai had continuously warned workers not to vote for the Communist Sangram Samiti, the party surpassed the TLA in municipal elections in 1965. The TLA lost all its seats in working-class neighbourhoods to the MGJP, which gained 45 seats, even though eight of its candidates were in jail (including Dinkar Mehta) due to the August 1964 demonstrations.¹⁰⁸² The Congress Party won a total of 13 seats, the Praja Socialists 9 and the Dalit Republican Party 5 seats as allies of the MGJP.

However, the opposition to the TLA did not last long. This was partly due to the union’s sheer institutional grip over labour matters in Ahmedabad, but also to the tensions within the opposition. The split between the Communist Party of India and the Communist Party of India (Marxist) had significantly weakened the Communists within the Ahmedabad municipality. Even though Dinkar Mehta and a majority of other candidates had backed S. A. Dange and the Communist Party of India, there were still five members (out of a total of 19 Communist members) in the AMC demanding adequate representation. Furthermore, frictions started to become more pronounced within the MGJP coalition between left-leaning candidates and those who had been elected from middle-class neighbourhoods. While both factions had agreed on a rotating system, with the moderate candidate Somabhai Desai beginning as the mayor in 1965-65, disputes broke out over his successor between those who favoured Dinkar Mehta as mayor and those who were in fear of

¹⁰⁸⁰ Bhatt, E. (2006). *We are poor but so many*, op. cit.: 9.

¹⁰⁸¹ Spodek, *Shock City* op. cit. 151.

¹⁰⁸² Oral History Transcript Dinkar Mehta, NMMML: 207.

Communists governing an industrial centre like Ahmedabad.¹⁰⁸³ This led to the reinstatement of the TLA as the dominant union until the collapse of the textile industry from the late 1960s onwards.

Conclusion

This chapter has explored the significant transition towards the formalisation of wage data collection and its implications for industrial labour in Ahmedabad. The series of budget studies from 1926 to 1958-59 highlighted a growing emphasis on defining “working-class households” and standardising consumption patterns. The development of consumption baskets and dearness allowances revealed a dual aim: to stabilise the labour force and assert a degree of control over household expenditures through normative budgeting frameworks. After 1926, two conflict lines over reproduction unfolded their own trajectories – the question of baseline adjustments and price compensation.

The first parts of the chapter have traced the emergence of the first conflict line. Surveys and studies aimed to quantify and regulate what was deemed appropriate for working-class households, such as food, housing, and healthcare, thereby tying wage levels to basic survival needs. The evolving policies indicated that employer interests were focused on maintaining a stable and committed workforce. In so doing, the state and employers justified wages based on these constructed budgets, often placing the burden of consumption choices on individual households, and thus shifting responsibility away from systemic wage increases.

The last part of the chapter has analysed the political contentious nature of price compensation. Through the exploration of the trajectory of dearness allowance matters, this chapter has circled back to processes of wage regulation through political processes. The making of budget studies was embedded in a process of generating evidence for wage bargaining. Therefore, the payment of dearness allowance served two important functions: ensuring a constant supply of an adequately nourished and housed workforce, and contributing to the stability of industrial relations. During the Second World War, the first function was most important, and then later shifted towards the second function.

¹⁰⁸³ Barua, R. (2015). The Textile Labour Association and Dadagiri: Power and Politics in the Working-Class Neighbourhoods of Ahmedabad. *International Labor and Working-Class History* 87:63-91.

Although demands for dearness allowance came directly from workers and led to large-scale mobilisation, especially during the Second World War, its potential for large-scale social transformation remained limited. This made it a useful tool in the maintenance of “peaceful” industrial relations. This was partly because, in essence, dearness allowances stabilised real wages, but as the compensation factor remained at 99%, it never surpassed them and thus never led to any baseline increases. Bonuses were not able to stabilise wages in the same manner. While bonuses were technically accessible to workers, their receipt was often contingent upon meeting minimum work requirements. This setup effectively excluded many casual and lower-income workers from earning bonuses, thus reinforcing income disparities among different worker classes. This hierarchical structuring of wage categories served to formalise the economic segmentation and to define the expected financial security of different worker groups, illustrating a clear socio-economic stratification based on job permanence and the ability to access additional forms of income.

When threats to the Gandhian model of industrial relations flared up due to Communist campaigns demanding a change in the CPI, it shortly hinted at a potential turn of power relations in Ahmedabad. That the movement was contained lay partly in the continuous strength of both the AMA and the TLA, but also again partly due to the nature of the dearness allowance as a stabilising mechanism rather than a tool to raise wages. The harsh rejection of the AMA of the index adjustment shows that the majority of millowners at changed their perspectives with regards to labour supply. Due to layoffs during the 1950s, the question of keeping workers in Ahmedabad by ensuring their subsistence had lost its relevance. Rather, there was now a need to find new answers to the question of how people could gain employment outside mills once they started closing down.

Conclusion

For the first time since the 1960s, the Indian parliament has recently passed an act related to wage regulation. The implementation of the Wages Act, 2019 has taken almost as long as the drafting of this dissertation and can still be regarded as a work in progress. As the Act builds on legislation from the 1930s until the 1960s, several of the aspects raised by the thesis remain relevant. It remains to be seen whether the Wages Act will change the minimum wage system of India towards a greater uniformity in rates. The dissertation has shown how the fragmented nature of wage regulation unfolded due to its distinct spheres of politics: in legislation, juridification, on the shop floor and within reproduction. To conclude, I will highlight points of intersection between these regulatory spheres through an explanation of the outcomes that followed from tensions within and between these regulatory spheres. Bringing the analysis of all four chapters together, I wish to emphasise that through the interplay between all these levels, wages contributed significantly both to the emergence of labour as an economic category (as a working class reproducing through wage work) and labour as a political category (as a reference point of political discussion and policy-making).¹⁰⁸⁴ This analysis will also serve to point out areas of further research.

While labour emerged as a political category and reference point for transformative strike movements, it was also contained and controlled through the very processes it set off. This was particularly the case for wage regulation. The emerging field of forces explains why basic wages remained more or less stable during the period from 1935 until 1965. The first chapter outlined how claims for higher wages became absorbed by a “peaceful” negotiation mechanism between the TLA and the AMA. Until the Second World War, The Gandhian ideas very much cemented a focus on voluntary negotiations outside the interference of the state. As the TLA became part of the state itself, so did the notion of the state as a valid actor in participating in the determination of minimum wages. The centralisation of collective bargaining aimed to reduce social conflict in the wake of large-scale wage-related strikes during the 1940s. Through the formation of the Congress-led INTUC (Indian National Trade Union Congress) in 1947 as a counterpoint to the communist-led All-India Trade Union Congress (AITUC), the TLA was able to gain a considerable amount of control over labour politics at the centre. The paternalist nature of this type of trade unionism suited the establishment of a corporatist regime that sought to increase state control over

¹⁰⁸⁴ I refer here to the concept of “labour as a political category” that emerged during the Second World War as outlined by Ahuja, forthcoming.

labour matters. Such control took the form of curtailing the power of unions (Industrial Truce Resolution, Bombay Industrial Relations Act, Industrial Relations Act) but also of creating new tripartite forums as an alternative to strikes. These forums (most importantly the Indian Labour Conference) shaped the nature of emerging norms of wage legislation in the Minimum Wages Act 1948 and the Fair Wages Committee during the same year. Both forums laid out qualitative rather than quantitative standards, depending on the respective industry. By limiting the possibilities of negotiations for workers to raise wage demands themselves (instead of on their behalf through the TLA), wages were kept at a lower rate.

These inclusions and exclusions also had a spatial dimension, with tensions arising between local preferences for “voluntary” agreements in Ahmedabad – settled between the TLA and the AMA respectively without the intervention of the government – and legislative as well as judicative control. At the same time, as the TLA saw itself confronted with increased responsibilities at the central level, it became more difficult to maintain internal control over the movement in Ahmedabad itself. To consolidate and re-adjust its power, measures included, from the 1950s onwards, a stronger focus on programmes of moral education and upliftment. Apart from these measures of ideological binds, it also strengthened its union structure and hierarchies. *Pratinidhis* – also called jobbers or middlemen in other Indian industrial enterprises – emerged as political figures in Ahmedabad neighbourhoods beyond the shop floor.¹⁰⁸⁵

The emerging legislative framework on wage bargaining should not be interpreted as the result of a weak labour movement, but rather as a consequence of a strong movement that needed to be contained. This was ironic, given that the minimum wage law in particular was framed in a language of protecting the weakest sections of the labour force on their behalf. In passing its first convention on minimum wages in 1928, the ILO had sought to intervene in situations where “unions were particularly weak”. In his 1938 report, Harold Butler re-emphasised that this was especially the case in “developing countries” where the industrial sector – and associated unions – would still be in the process of evolving and, as such, needed special protection. Globally, this led to the emergence of competing approaches: on the one hand, an emphasis on the emergence of unions and institutions for collective bargaining between representatives of workers and employers; and on the other, an engagement with minimum wages as a tripartite procedure involving the state as

¹⁰⁸⁵ Baruah, R. (2015). The Textile Labour Association and Dadagiri: Power and Politics in the Working-Class Neighborhoods of Ahmedabad. *International Labor and Working-Class History* 87: 63-91.

a wage-setting organ.¹⁰⁸⁶ By relying on tripartite frameworks, the ILO models for “developing” countries to some extent served to weaken the union’s and workers’ own bargaining autonomy.

In none of these arenas was state control ever absolute. Indeed, the demands for regulation by both workers and employers varied at different historical moments, leading to sometimes contradictory outcomes. Such divisions became visible a) in the splitting of the wage into different components (basic wage, dearness allowance, bonus)¹⁰⁸⁷ and b) in the fragmentation of the law and the varying degrees to which the state intervened in wage negotiations, depending on the industry (e.g. minimum wage schedules). In other words, processes of fragmentation occurred within negotiation procedures and emerging institutions as well as within the regimes of actual outcomes of wage determination.

Separate regulations were realised by legislative measures that carved out the space for judicative procedures. Through the separations created by the Payment of Wages Act (between the logics of different wage components) and the Minimum Wages Act (between different schedules and occupations), coverage was never universal, but to be applicable only through the active intervention of court rulings. This allowed different regimes of basic wages to emerge, with “scheduled” sectors involving the state, and others such as the textile sector, where “minimum” and “standardised” rates were contingent on collective bargaining. The laws therefore set the framework of industrial relations, and the procedures were conducted in court rooms. The courts were ultimately responsible to fix wage rates accordingly. Where there was no pressure from either the employer or the workers to regulate wages at the sectoral and/or regional level, courts were unlikely to set and determine wages. When tripartite bargaining mechanisms at the national level were strengthened through Wage Boards, sectoral divisions remained the basis of discussions, excluding all sectors where no such boards were formed. These divisions remain in place till date.

¹⁰⁸⁶ These debates are mirrored in sociological debates on present-day assessments of minimum wage policies. See e.g. Dingeldey, I., Grimshaw, D., & Schulten, T., Eds. (2021). *Minimum Wage Regimes: Statutory Regulation, Collective Bargaining and Adequate Levels*. London, Routledge. For example, Georg Picot argues that during the decades after the Second World War, collective bargaining had favoured higher wages for workers, as they were represented by strong unions. With a decline in union power, minimum wages had become a more important tool in preventing wages falling below subsistence levels in several sectors. In his assessment, collective bargaining would be a better tool to secure adequate wages, while minimum wages would only be a secondary option in labour markets with low bargaining power. Picot, G. (2023). *Minimum wages: by collective bargaining and by law*. In *Handbook of Labour Market Policy in Advanced Democracies* (pp. 234-248). Edward Elgar Publishing.

¹⁰⁸⁷ There is a dispute within the literature around whether welfare benefits should be included in the calculation of wages, too. Scholliers and Schwarz have argued that its inclusion would presuppose a present-day and therefore teleological conception which could not be applied to contexts outside the European post-war welfare state. While the emergence of other welfare benefits in India during the same period should be recognised, it lies beyond the scope of this dissertation to do so. See e.g. Ahuja on the emergence of social security, *op.cit.* (2021).

Tracing how these fragmentations occurred shows that state regulation was contingent on capital accumulation strategies. These varied between sectors, and from the 1950s onwards there was a particularisation of interests within the Ahmedabad textile industry itself. Rather than contributing to universal coverage of wage regulation, legal, juridical, managerial and statistic-making processes complicated these claims. Because these processes generated different rules of the game for different components of the wage for different sectors and different occupations, legal claims could only be formulated within these narrowing segments. As a result, wage standardisation in Ahmedabad emerged as a specific regime, resulting from local requirements and recruitment patterns.

The second chapter zoomed in on this specific emerging regime. During the 1930s, the weaving department emerged as the first section of the Ahmedabad mills where wages became regulated and standardised. This became clear in the first moment of standardisation of weavers' wages in Ahmedabad in 1938. As a measure to curb the influence of the communist Girni Kamdar union, the TLA and AMA agreed on the standardisation of weavers' wages. In this department, the influence of the communists over the predominantly Muslim workers had been particularly strong.

While these processes of standardising wages were temporarily stalled during the Second World War, they would reappear very soon in peacetime. However, these discussions took place in a terrain that had shifted significantly from the industrial relations scenario of the late 1930s due to extended state regulation. The standardisation agreement of 1947 extended the logics of the weavers' agreement to other occupations, aiming at the elimination of competition between millowners at a moment when labour was particularly scarce. It also aimed to cement different logics of remuneration within a single textile factory. This marked a decisive point in the distinction of a plurality and divided set of labour markets.

There were diverging trajectories between local and central minimum wages. Even though the Minimum Wages Act 1948 had set qualitative norms for "minimum", "fair" and "living" wage standards, the meaning of "minimum" was a very different one in the textile industry of Ahmedabad. As the textile industry was not part of scheduled employment, it was not covered by the Act. Nonetheless, the arbitrator used the category of "minimum" rates for certain occupations to demarcate those from "standardised" rates – occupations that would pay above a certain minimum standard. This established boundaries between those occupations where need-based

factors would be applied to determine wages and occupations where logics of “skill” would be applied.

Sarkar has argued that due to the close embeddedness of the bonus question in the tripartite labour architecture of the post-colonial Indian developmental state, we are able to track changes in the regime based on the way it dealt with the bonus question. Such a change occurred in the 1960s, when the state’s role in the bonus question was further augmented through the proposition of a Bonus Bill in 1961. For the Bill to be eventually moulded into an act in 1965, a commission was set up to determine the principles for the calculation of bonus payments. Debates around rationalisation during the 1950s had left their mark on this commission. The commission discussed to what extent bonus payments could contribute to “social peace” by closing the gap to living wages. Under the premise that bonuses would increase production, the commission hoped that it could reach a compromise between the reduction of positions on the one hand and higher wages for those remaining positions on the other. Through these concepts, bonuses were conceptualised as a means to contribute to norms of “social justice” in the developmental state.

As part of the developmental paradigm, productivity bonuses played an important part in the discussion, and it was government representatives in particular who had hoped that the annual bonus could be transformed into a concept which could include efficiency incentives as well. However, this never materialised. The Ahmedabad textile industry is a crucial example of why this concept failed to convince employers in particular. As production strategies diverged, the bonus, as an incentive to keep workers motivated and attendance rates high, was only lucrative for some millowners (including the Sarabhais), while it remained irrelevant for most others.

While the first and the second chapter thus analysed the process of political negotiation around wages and their contingency on shifting power relations between the TLA, the AMA and the state, the third and fourth chapter examined the level of articulation of wages from two different angles. It can be inferred from the growing importance of data collection that wages had become an important economic category – as a price of labour power at the shop floor and as a basis of reproduction for the Ahmedabad working class. Both chapters (3 and 4) underlined the need for data production which arose from wage negotiations before the labour courts. The third chapter showed how notions of wage regimes in relation to working time and productivity began to develop on the shop floor the moment certain rates were standardised by the courts. This led to

the emergence of workload studies. The fourth chapter explored the crystallisation of the idea of need-based subsistence studies for the reproduction of working-class households.

Recently, scholars of managerialism in Ahmedabad have underlined the importance of the city as a site of growing professionalisation of management as a science and as a contributor to the developmental state.¹⁰⁸⁸ These research projects allow us to understand the long historical lineage of Ahmedabad's prominence in critical development studies – a lineage initiated by actors such as ATIRA and the IIM.¹⁰⁸⁹ The third chapter argued that workload studies marked a split in the scholarship produced about Ahmedabad, and the requirements of the textile establishments. Although such “experiments” contributed to management science in newly formed institutions such as the IIM, their actual application on the shop floor remained limited.¹⁰⁹⁰

It is, then, no longer necessary to judge whether these experiments have been a “success” or a “failure” in creating better management practices, but they can be analysed as an indicator of shifting power dynamics a) between the millowners and the union and b) between millowners themselves. These attempts to reorder the workplace and base the wage negotiation process on “scientific” studies led to a partial breakdown in the trusteeship consensus, as it decreased the trade unions' room for manoeuvre. During the 1950s, these processes led to the marginalisation of the TLA – which went from being a sought-after organisation for the joint developmental cause to being ostracised as a “communist union”. This shift was enabled by the growing control of technical experts over the labour process. At the same time, it was emerging communist unions which partially broke the hegemony of the TLA as the representative trade union. In other words, the TLA was challenged during this period on two fronts: the emergence of “scientific wages” as

¹⁰⁸⁸ Van Haaften, L. (2021). Management Science and Nation Building: The Sociotechnical Imaginary Behind the Making of the Indian Institute of Management in Ahmedabad. *The Indian Economic and Social History Review* 58(3): 333-359; Patel, D. P. (2024). Making Swadeshi Managers: The Antecedents of Professional Management Education in India, 1860s–1950s. *Enterprise and Society* 25(2): 454-485.

Wani, K. (2023). Pedagogies of Development, Conceptions of Efficiency: Modern Managerialism in Industrial Ahmedabad, 1950s–1960s. *Enterprise and Society* 25(3): 1-34.

¹⁰⁸⁹ Due to the large influence of the Bharatiya Janata Party on economic politics within the state, there is a lot of research on the “Gujarat model” of development which seems to combine hindu-nationalist and liberal economic policies. See, e.g. Akhtar, R. (2024). ‘Development Has Gone Crazy’: The Gujarat Model of ‘Unequal’ Development through Neoliberalism and Hindutva. *South Asia: Journal of South Asian Studies* 47(3): 576–595.

The presence of SEWA has also generated a lot of scholarship on “informal” labour regimes in development. E.g. Standing, G. (2011). *The Precariat. The New Dangerous Class*. Bloomsbury, London.

¹⁰⁹⁰ Looking at the foundation of the Indian Institute of Management (IIM) has led the historian Douglas Haynes to the conclusion that there was a growing divergence during the 1970s and 1980s between the IIM curricula and the management requirements of Indian family firms, particularly those in the textile industry in Ahmedabad. Haynes, forthcoming. That these trends have not found entry into previous research may be because the shop floor as a site of investigation has remained largely absent from the work of scholars of Indian management history. With notable exception, Sailer, A. (2022). *Workplace Relations in Colonial Bengal. The Jute Industry and Indian Labour 1870s-1930s*, London, Bloomsbury.

a seemingly depoliticised category introduced by employers on the one hand, and growing communist trade unionism (most notably led by Indulal Yagnik) on the other. As the TLA struggled to take up the cases of some of the weakest sections of the workforce (doffers as the lowest paid occupation, who were considered “learners” and *badlis* as daily wage workers), new political forces emerged as representatives of these workers in court and beyond.

Simultaneously, the state provided the impetus for scientific data collection for the establishment of need-based wage standards from the Depression of the 1930s onwards. As crises in reproduction became more frequent, they became a matter of scale. Especially during the Second World War, distributional aspects of reproduction crystallised even more. The allocation of resources had become a macro-political issue: data was required in order to measure and take legislative decisions accordingly.

Resulting from the boundaries drawn by budget studies, the emergence of the “working-class household” as an administrative category can be seen as a contradiction in itself. Although this category became necessary in order to produce statistics on working-class household consumption in the context of production, it competed with the idea that the working class still needed to develop in comparison to the majority of agricultural workers/farmers. This had important implications for conflicts over wages and prices. It led to the acceptance by both employers and the state that wages should suffice for the reproduction of the working-class household so that no additional income would be required, and this was enshrined in the principle of dearness allowance payments as compensation for price rises. This mechanism opened up possibilities for workers to formulate demands for better living standards, while the indexing of the dearness allowance also foreclosed any opportunity for real wages to rise.

The internal differentiation of the working class was given strong impetus by rationalisation measures during the 1930s. As the first chapter argued, the Delhi Agreement had led to the laying off of female workers in an attempt to save men’s jobs. This corresponds with the findings of Secombe, who has argued that in the British textile industry, there had been indeed a crowding out of women from paid employment opportunities, partly caused by trade unions perpetuating ideas of patriarchy through wage negotiations.¹⁰⁹¹ The family household was established as a category for budget studies by both push and pull factors: on the one hand, it was combined with

¹⁰⁹¹ Secombe, W. (1986). Patriarchy Stabilized: The Construction of the Male Breadwinner Wage Norm in Nineteenth-Century Britain. *Social History* 11(1): 53–76.

a categorisation of “skilled work” as male work on the shop floor; on the other, it corresponded with models promoted by Gandhi and other reformers of idealised female work in the home. Here again, the family served as an entity to stabilise reproduction of the workforce within the city and to prevent disruptions in labour supply. These developments in Ahmedabad of course mirrored larger global trends of an increasingly dominant “male breadwinner model” within industrialism during the interwar period.¹⁰⁹² At the level of the ILO, such ideas became apparent in its first Minimum Wages Convention (1928), determining that subsistence standards would relate to the family and dependants of a worker. In her work, Samita Sen has underlined the influence of these international stimuli on Indian legislation following in the 1930s.¹⁰⁹³

At the same time, struggles also contained such possibilities by the way dearness allowance developed. The chapter shows that invariably any rises in real wages were foreclosed due to the indexing of the dearness allowance. While the dearness allowance was automatically adjusted, it meant that it became virtually impossible to increase wages beyond that. Moreover, as it was very difficult to update the indexes (since this would have required further budget studies), the dearness allowance remained fixed on the 1926=100 index until 1961 without any baseline adjustment. As a consequence, policymakers, employers and even the TLA were reluctant to consider changes in consumption patterns. These two tendencies of the dearness allowance, as a marker of both emancipation and control, eventually contributed to the downfall of the labour regime in Ahmedabad. They show how wage matters fed into larger economic and political transformations in the city, most importantly the mill closures during the 1980s for which workers continue to pay a heavy price.

The political mobilisation for a baseline adjustment of the CPI exposed a gap in availability of statistics related to wages which continues until today. A history of consumption, with special emphasis on gendered differences within households, still remains to be written. The surveys traced in this dissertation only provided a glance at specific historical moments. Further, the division of chapter three and four into separate chronologies was of analytical nature, but it had also practical reasons. Little material is available which looks at “need-based” criteria together in relation to workload or “skill” considerations. Zooming in one level below, the dissertation has pointed out that studies about individual mills have only been conducted for selective few. The

¹⁰⁹² For an overview of the emergence of the debate in economic history, see Janssens, A. (1997). The Rise and Decline of the Male Breadwinner Family? An Overview of the Debate. *International Review of Social History* 42 (1997), Supplement: 1-23.

¹⁰⁹³ Sen, S. (2008). Gender and Class: Women in Indian Industry, 1890-1990. *Modern Asian Studies* 42 (1): 75-116.

unavailability of data has limited the type of questions this dissertation has been able to discuss. From the perspective of politics around wages, these gaps tell us that it was left to the discretion of individual enterprises to find answers to these questions.

This exposes another layer opening up scope for further research. To expand the scale of the wage question, it is necessary to combine a more fine-grained, mill-level perspective with changes that took place at the central level. Especially the late 1940s have transformed the landscape of labour with far reaching consequences, and the dissertation's focus on the sources regarding Ahmedabad have allowed to only tangentially touch upon those larger shifts. After the infrastructure of wage bargaining may shift again with the new Wages Act, the moment could be opportune for such further analysis.

Appendix

Appendix 1: CPI 1926=100

year	Food only	Total cpi
1935		
1936	60	71
1937	67	76
1938	61	71
1939	64	73
1940	72	79
1941	78	87
1942	169	156
1943	211	206
1944	212	212
1945	197	199
1946	219	209
1947	234	219
1948	243	243
1949	255	248
1950	273	257
1951	269	261
1952	259	250
1953	295	275
1954	246	244
1955	206	217
1956	248	244
1957	268	259
1958	291	274
1959	340	309
1960	322	298

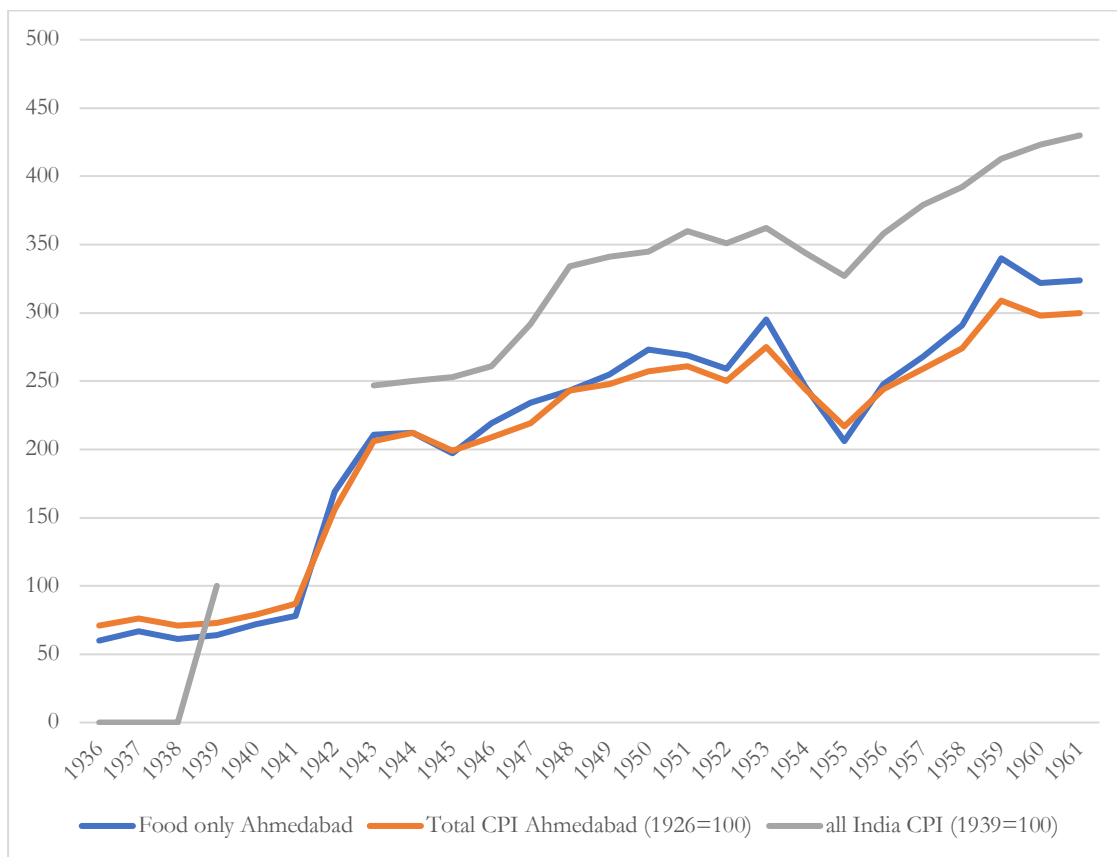
1961	324	300
1962	New series	

Appendix 2: Changes in Nominal Wages, Real Wages and Dearness Allowance

year	cpi change 1926=100	nominal wage	basic wage plus da nominal in rs	real wage (nominal wage/cpi x 100)	real wage (basic wage plus dearness allowance)	change in real basic wages at 1938=100	change in real wages (basic wage and da) 1938=100
1938	71	35	0	49.29	49.29	100	100
1939	73	35	0	47.945	47.945	97	97
1940	79	35	0	44.304	44.304	90	90
1941	87	35	69.5	40.22	79.88	82	162
1942	95	35	69.5	36.842	73.157	75	148
1943	206	35	96	16.99	46.6	34	95
1944	212	35	98	16.501	46.22	33	94
1945	199	35	85	17.588	42.71	36	87
1946	209	35	84	16.747	40.19	34	82
1947	219	35	89	15.982	40.64	32	82
1948	243	40	105	16.46	43.21	33	87
1949	248	47	114	18.95	45.97	38	93

source: Real wages and percentages are my own calculations based on the CPI in the Bombay Labour Gazette (1938-1949), nominal wages in the Bombay Textile Labour Enquiry 1938, and dearness allowance in the report of the Wage Board of the Textile Industry 1958.

Appendix 3: All-India CPI and CPI in Ahmedabad¹⁰⁹⁴



¹⁰⁹⁴ Compiled from the Bombay Labour Gazette 1955, 1958, 1962 and the Indian Labour Year Book, 1948-49, 1960, 1968

Appendix 4: Aykroyd’s “adequate diet” and the diet established by the Second Pay Commission

Sl. No	Food Items	Aykroyd’s “adequate diet” 15th ILC (Oz.)	Dr. Patwardhan's diet Second Pay Commission (Oz.)
1	Cereals	14	15
2	Pulses	3	3
3	Vegetables	1	6
4	Milk	10	4
5	Sugar and gur	2	1.5
6	Oil and ghee	2	1.25
7	Fruits	2	-
8	Fish and meat	3	-
9	Eggs	1	-
10	Groundnut	-	1
Number of calories		2,700 (net)	Over 2,600 (net)

Reference was made to the Nutritive values of Indian foods (Gopalan et al., 1989), later updated by Narasinga et al. (1991), in order to convert the quantity of different food items consumed by households, as reported in the NSSO survey, into the values of nutritional intake.

Appendix 5: Commodities of the CPI 1926=100

Category	Commodity	Weights proportional to expenditure (in category)	
Food	Rice (all food in seer of 80 tolas, about 1kg)	20	
	Wheat	23	
	Bajri	9	
	Mungdal	2	
	Turdal	5	
	Sugar (refined)	2	
	Raw Sugar (gur)	2	
	Tea	1	
	Salt	1	
	Mutton	3	
	Milk	4	
	Ghee	12	
	Potatoes	8	
	Dry chillies	4	
	Gingly oil	3	
	Sweet meats	1	
	Total food	100	
	Fuel and lighting	Firewood	78
		Kerosene	11
		Castor Oil	8
Matches		3	
Total fuel and lighting		100	
Clothing	Dhoti (pair)	16	
	Coating (yard)	13	
	Shirting (yard)	24	
	Cloth for trousers (yard)	7	
	Sarees (each)	17	
	Cloth for skirts	13	
	Khands for Cholis	10	
	Total clothing	100	
House rent	House rent	100	
Miscellaneous	Bidi (bundle of 25)	71	
	Soap (ball of size No. 3)	29	
	Total Misc.	100	

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Abstract

This thesis analyses the development of wage regulation within a political field of forces between employers, workers and the state. I will argue that emerging institutions of negotiation and wage legislations led to a fragmentation of the labour market based on differences in remunerative patterns. The investigation follows political processes causing the emergence of such patterns and how they were articulated at the moment of production and the moment of reproduction. Within this framework, I define wage regulation as a field of forces in three different arenas of contestation – at the level of political debates, at the level of the shop floor, and through the reproduction of the working-class household. By examining wage regulations, I aim to show the complexities of employment relationships around wage work, related to different forms of wage forms, payment cycles and changes over time. Here, wages are not a one-dimensional line of conflict but rather mark various socio-economic aspects: its composition (basic wage, dearness allowance and bonus), its purposes (subsistence/minimum wage, living wage and fair wage) and its implications for industrialisation and the nation-building project. Analysing the origins of legal mechanisms reveals various divisions of labour in terms of class, caste and gender.

Chapter 1: Wage regulation to secure „social peace“

In the first chapter, I look at the social relations shaping wage agreements during this period. By analysing the formation of the AMA (Ahmedabad Millowners' Association) and the TLA (Textile Labour Association) as classes for-themselves and in-themselves, I show how these two associations entered into an arena which shifted from “voluntary” to “tripartite” negotiations involving greater state action during the 1940s. This led to tensions not only between outcomes and procedures laid out by the state and local agreements, but also between the two organisations themselves. Both constantly needed to (re-)establish their political positions within Ahmedabad.

1.1 Situating tripartite relations in histories of business, labour and the state

This sub-chapter discusses the importance Ahmedabad has obtained in business and labour history due to its peculiar configuration of industrial relations. The literature review discusses to what extent scholars have attributed the concept of corporatism in the analysis of an increasingly close proximity between business and the state during the period under investigation.

1.2 The origins of local collective bargaining in Ahmedabad

I outline the origins of local collective bargaining in Ahmedabad during the 1930s, highlighting how such “voluntary” agreements were rooted in a specific set of production relations for fine

spun textile goods. The standard negotiation procedure became solidified in the so-called Delhi Agreement 1935.

1.3 Bringing in the state? The TLA in the Congress Government of the Bombay Province

The Government of India Act in 1935 strengthened the importance of provincial-level labour policies. This would lead to greater influence of the provincial government over industrial relations. Most prominently, the Bombay Industrial Disputes Act (BIDA, 1938) and its successors would guarantee that only “representative” unions such as the TLA obtained a legal right to negotiate on workers’ behalf.

1.4 Bipartism vs. Tripartism? Central-level labour policies related to industrial relations during the 1940s

During the Second World War, “labour” gained relevance as a social category at the level of the central government. I look at the formation of industrial relations at the turn towards independence, with a focus on the role played by the TLA. Approaches to wage negotiation oscillated between bipartite and tripartite (or statutory) approaches, contingent on the exercise of state control over the process.

1.5 Internal Consolidation of the TLA model

Here I investigate the mechanisms of internal consolidation of the TLA. During the 1950s in particular the TLA had to re-assert itself through formalising existing structures and hierarchies within its organisation. These structures rested significantly on the shoulders of the figures of the “pratinidhi” as intermediary, but also complaints recording and representation of members in labour disputes. This contributed to wage demands remaining unaddressed, thereby showcasing that the TLA model served to keep wages low.

1.6 The beginning of the end of Ahmedabad as a textile hub

This sub-chapter discusses the limits to the Ahmedabad trade union model which were posed by the decline of the textile industry during the 1960s. The biggest threat occurred due to the transformation of Ahmedabad as a textile hub to a city in crisis. As firms were threatened, so were wage agreements between the two business associations.

Chapter 2. From Minimum Wages to Standardised Wages to Bonus Payments – The Widening of the Wage Question

The second chapter is concerned with the segmentation of wages through court cases and legislative efforts in the period from the 1930s until the 1960s. It looks at the agreements as outcomes of the political processes outlined in chapter one. The main aim is to draw a chronology of regulatory efforts on the local and national level. It traces how ideas of “minimum”, “standard”, “dearness allowance” and “bonus” rates crystallised as separate rates over time.

2.1 Situating Wage Regulation within the Literature on the Indian Labour Market

To understand how the state served as an agency that actively segmented the labour market through regulative efforts, the chapter charts out a literature review of the Indian labour market with a specific reference to the discussion on the emergence regulating “wage work”. Building on a framework of the legal history of contract law in India, it will show that legislative efforts distinguished between regions, sectors, and occupational groups rather than implementing universal coverage.

2.2 The Payment of Wages Act, 1936

Through the Payment of Wages Act 1936, different components of wages were divided from each other. As a result, discussions around basic wages, bonuses and dearness allowances would develop their own trajectory during the course of the following two decades.

2.3 Minimum Wages vs. Fair Wages

The norms of the basic wage became cemented in the Minimum Wages Act and the Fair Wages Commission (both 1948). The Minimum Wages Act defined sectors for which the government was responsible and those where collective bargaining should prevail. Since the textile industry did not qualify as a “scheduled employment” for which the government was responsible, it opened up the scope for regional agreements in the sector.

2.4 The Standardisation Agreement in Ahmedabad, 1947

The sub-chapter will elaborate on how trajectories of “standardised” basic wages and minimum wages created tensions in Ahmedabad between central-level legislation and the Standardisation Agreement in 1947. The arbitrator of the Ahmedabad agreement used the category of “minimum” rates for certain occupations in order to distinguish these from “standardised” rates – occupations that would pay above a certain minimum standard. This established boundaries between those

occupations where so-called “need-based factors” would be applied in order to determine wages, and occupations where logics of “skill” would be used.

2.5 Tensions between “Voluntary” Agreements and Legislation: Bonus Negotiations between “ex-gratia” and Right

The chapter will discuss a separate chronology of the bonus from the moment it became a component distinct from the basic wage. In Ahmedabad, bonuses were given out as early as the First World War. After 1924, bonus payments were stalled by employers and only became a rallying cry for mass mobilisation during the Second World War. The 1940s marked an initial shift from “ex-gratia” payments to a “right” of workers, based on attendance days, as a criteria for calculation. When demands for bonuses were made again during the Second World War, they were formulated as claims for a share of war profits. As such, the bonus was interpreted variously, ranging from ideas of “profit sharing” to its relation to an ideal “living wage”. The calculation of the bonus became standardised in 1949 through the formula of the Labour Appellate Tribunal (LAT). In the Ahmedabad textile industry, this formula was used in the context of the Five-Year Bonus Pact between 1951-1956. As profit trajectories between mills started to diverge, the pact was dissolved during the second half of the 1950s. The calculation of the bonus through the LAT was however maintained through the implementation of the Bonus Act, 1965.

Chapter 3. Wage Settlements to Increase Productivity at the Shop Floor

The third chapter focuses on the regulation of wages at the shop floor level through changes in the labour process. The need to resolve wage matters “peacefully” through courts necessitated the production of data and reports on actual wage levels, along with the relationship between occupational classification, skill hierarchies, and workload. This chapter highlights the growing complexity of emerging studies on wages and workloads in the Ahmedabad textile industry. To understand these changes, the chapter shifts its focus from political institutions to individual factory shop floors. The chapter draws on studies conducted by the Ahmedabad Textile Industry Research Association (ATIRA), the “Ahmedabad experiment” carried out by the Tavistock Institute in London, and the International Labour Organization’s (ILO) “Productivity Mission.” These positioned Ahmedabad as a significant site for emerging management scholarship in both India and abroad.

The studies can be analysed as an indicator of shifting power dynamics a) between the millowners and the union and b) between millowners themselves. These attempts of reordering the workplace

and basing the wage negotiation process on “scientific” studies led to a partial breakdown of the trusteeship consensus, as it decreased the space of maneuver for trade unions. The chapter explores how the rearrangement of working routines by consultancy operations led to the marginalisation of the TLA. This ostracisation was enabled by growing control of technical experts over the labour process.

3.1 Rationalisation in Ahmedabad

Rationalisation gained weight as a problem in Ahmedabad mills during the 1930s. Due to the depression period, numerous mills retrenched a number of workers in the wake of the Delhi Agreement 1935. This was a gendered process by which the social structure of the workforce was significantly altered. Such divisions became articulated through the notions of “strength” and “skill”, while in fact they were expressing continuities and deepening of power imbalances during moments of technological change. Women-dominated occupations were particularly affected by rationalisation processes.

3.2 The emergence of workload studies in the Ahmedabad Textile Industry - ATIRA

This section looks at the emergence of the Ahmedabad Textile Industry Research Association (ATIRA) as an anchor point for workload studies within the Indian textile industry after independence. I will first look at the context of industrial relations and resulting wage agreements which necessitated such studies and then in turn look at how these studies turned ever more complex in interaction with international researchers. Research shifted from industry-level studies towards work conducted for individual clients.

3.3 A basis for labour-management co-operation”¹⁰⁹⁵ The ILO Productivity Mission and Training Within Industry in Ahmedabad, 1952-58

This sub-chapter situates the productivity mission in a larger literature on the role of international actors in India’s developmental policies amidst the backdrop of the Cold War at the beginning of the 1950s. It shows how the mission’s failure was due to its aim of reducing the importance of collective agreements at the industry-level in favour of individualised (per worker) incentive. This ran counter the interest of the TLA and hence was not supported by the union.

3.4 The “Ahmedabad experiment” and “human relations” in management

¹⁰⁹⁵ ILO (1959). Expanded Programme of Technical Assistance. Report to the Government of India on Labour-Management Relations and Some Aspects of Wages Policy. Geneva, p. 48.

This part of the chapter looks at the further divergence in millowners' strategies towards labour and remuneration during the 1950s through the lens of the "Ahmedabad experiment" conducted by the Tavistock Institute. As part of the experiment, the Calico mills sought to introduce changes in working time and shift towards models of indirect supervision through incentive wages as a measure to intensify the deployment of „skilled workers“. At the same time, it envisaged a removal of those workers rendered „unskilled“ from the mills. Since other mills did not change their machinery and labour recruitment practices in the same way, there was a divergence in the interests of millowners. These became particularly visible in negotiations around wages, which led to a further fragmentation of remunerative regimes.

Chapter 4. Wage Settlements to Secure the Reproduction of a Narrowly Circumscribed Skilled Industrial Labour Force

The fourth chapter explores the moment of transition towards calculating working class household budgets in the Ahmedabad textile industry. It analyses the circumstances under which budget studies became important and how these shaped the process of data collection and selection.

4.1 Situating the Emergence of Clearly Defined Working-Class Household Budget Studies within a Larger Body of Literature on Food Consumption and Reproduction in India

The first sub-chapter will embed these questions in the larger body of literature on Indian social and labour history. I argue that the history of working-class household statistics connects predominantly to two themes of colonial history, first the emergence of poverty measurement, and second the question of labour recruitment for the army and in tea plantations. Through these historiographies, the sub-chapter establishes which questions continued to be of importance for the state in the making of consumption statistics.

4.2 A Brief Overview over the Emergence of Budgets in Ahmedabad from 1926 until 1958-59

Drafting consumption budgets was crucial in stabilising the Ahmedabad labour model, particularly in its industrial relations, from the very beginning. This section introduces the four studies conducted within the period under investigation (1926, 1933-35, 1944 and 1958-59) in their historical contexts.

4.3 Who is the "Working-Class Household"?

This sub-chapter explores four key categories from the surveys and how they contributed to the notion of "working-class households". These categories served as criteria to determine whether

any household would qualify as “working-class” or not, and how that affected the notions policy-makers would have of such households. The first category included various income sources defined who was surveyed and which types were deemed suitable for measurement. To analyse the second category, I look at expenditure patterns. Building on these patterns, the third category contains underlying expectations of policy makers regarding the connection between industrial development and the potential emergence of a “male breadwinner” model. The fourth category can be defined as consumption baskets, looking at which goods were selected to be surveyed and how this corresponded with normative ideas around what “working class households” were supposed to consume.

4.4 Cash or in-Kind? - Dearness Allowance Payments from Relief Measures to a Permanent Feature of the Wage Bill

The fourth sub-chapter will look at how these budgets were set in motion by struggles around dearness allowance. It will show that demands for dearness allowance from the Second World War onwards had become framed in ways which held the potential for larger social transformation processes.

Zusammenfassung

Diese Arbeit analysiert die Entwicklung der Lohnregulierung im Spannungsfeld zwischen Arbeitgeber*innen, Arbeitnehmer*innen und dem Staat. Sie stellt die These auf, dass aus der Lohnregulierung unterschiedliche Vergütungsmuster entstanden, die eine Fragmentierung des Arbeitsmarktes zur Folge hatten. Die Arbeit untersucht politische Prozesse, die zur Entstehung solcher Muster führten, und wie diese sich im Produktions- und Reproduktionsmoment artikulierten. In diesem Rahmen definiere ich Lohnregulierung als ein Kräftefeld in drei unterschiedlichen Arenen von Auseinandersetzungen um Lohnregulierung – auf politischer Ebene, auf der Betriebsebene und durch die Reproduktion des Arbeiter*innenhaushalts. Durch die Untersuchung von Lohnregulierungen möchte ich die Komplexität von Beschäftigungsverhältnissen im Lohnarbeitssektor zeigen, die mit verschiedenen Lohnformen und Zahlungszyklen verbunden sind. Hierbei sind Löhne nicht nur eine eindimensionale Konfliktlinie,

sondern markieren verschiedene sozioökonomische Aspekte und Spaltungen: ihre Zusammensetzung (Grundlohn, „dearness allowance“ und Bonus), ihre Zwecke (Existenzminimum, „angemessener“ Lohn und „gerechter“ Lohn) und ihre Auswirkungen auf die Industrialisierung und das Nationenbildungsprojekt. Die Analyse gesetzlicher Mechanismen offenbart verschiedene Trennlinien in Bezug auf Klasse, Kaste und Geschlecht.

Kapitel 1: Wage Regulation to Secure “Social Peace”

Im ersten Kapitel betrachte ich die sozialen Beziehungen, die historische Lohnvereinbarungen prägten. Dies legt eine Analyse der Entstehung der AMA (Ahmedabad Millowners’ Association) und der TLA (Textile Labour Association) als Klassen „für sich“ und „an sich“ zugrunde. Daran zeige ich, dass der Staat vermehrt in den 1940er Jahren in Lohnregulierungen eingriff, die zuvor zwischen den beiden Parteien (AMA und TLA) verhandelt worden waren. Dies führte nicht nur zu Spannungen zwischen den vom Staat festgelegten Normen und Verfahren einerseits und den lokalen Vereinbarungen andererseits, sondern auch zwischen den beiden Organisationen selbst. Beide mussten kontinuierlich ihre politischen Positionen in Ahmedabad neu festigen. Aufgrund der veränderten Produktionsbedingungen der Textilindustrie in den 1960er Jahren läutete diese Dekade das Ende der „friedlichen“ Arbeitsbeziehungen ein.

1.1 Situating Tripartite Relations in Histories of Business, Labour and the State

Dieses Unterkapitel erörtert die Bedeutung Ahmedabads in der Wirtschafts- und Arbeitsgeschichte aufgrund seiner besonderen Konstellation der Arbeitsbeziehungen. Die Literaturübersicht diskutiert, inwieweit das Konzept des Korporatismus zur Analyse einer immer engeren Nähe zwischen Wirtschaft und Staat während der untersuchten Periode herangezogen werden kann.

1.2 The Origins of Local Collective Bargaining in Ahmedabad

Dieses Unterkapitel skizziert die Ursprünge der lokalen Tarifverhandlungen in Ahmedabad in den 1930er Jahren und hebt hervor, wie solche „freiwilligen“ Vereinbarungen in einer spezifischen Produktionsbeziehung verwurzelt waren. Standards zum Verfahren von Lohnverhandlungen wurden durch das sogenannte Delhi-Abkommen 1935 festgelegt.

1.3 Bringing in the State? The TLA in the Congress Government of the Bombay Province

Mit den verfassungsrechtlichen Veränderungen des Government of India Acts von 1935 verlagerte sich die politische Arena und stärkte die Bedeutung der Provinzregierungen bei der

Lohngestaltung. Da die TLA durch den Indischen Nationalkongress (INC) wichtige Ämter innerhalb der Regierung einnahm, wirkte sie an Gesetzgebungsprozessen mit und baute so ihre Kontrolle über die Bewegung der Arbeiter*innenschaft aus. So garantierte das Bombay Industrial Disputes Act (BIDA, 1938) und seine Nachfolger, dass nur „repräsentative“ bzw. registrierte Gewerkschaften wie die TLA ein gesetzliches Recht erhielten, im Namen der Arbeiter*innen zu verhandeln.

1.4 Bipartism vs. Tripartism? Central-level labour policies related to industrial relations during the 1940s

Während des Zweiten Weltkriegs gewann Arbeit als sozialpolitische Kategorie auf der Ebene der Zentralregierung an Bedeutung. Ansätze zur Lohnverhandlung schwankten zwischen bilateralen (bipartite) und dreigliedrigen (tripartite) Ansätzen abhängig vom Ausmaß der staatlichen Kontrolle über den Prozess.

1.5 Internal Consolidation of the TLA Model

Hier untersuche ich die Mechanismen der internen Konsolidierung der TLA. Da die TLA Führungspositionen innerhalb des Staates übernommen hatte, befand sich die Organisation in einer widersprüchlichen Position, sowohl die Interessen der Arbeiter*innen als auch des Staates zu vertreten. Um die Kontrolle über die Arbeiter*innenbewegung in Ahmedabad zu behalten, setzte sie insbesondere während der 1950er Jahre mehrere Verwaltungsstrukturen in Kraft. Diese Strukturen setzten Mittelsmänner in Vermittlungspositionen auf dem Fabrikgelände ein, und bauten formale Beschwerdestrukturen auf.

1.6 The Beginning of the End of Ahmedabad as a Textile Hub

Dieses Unterkapitel befasst sich mit den Grenzen des Gewerkschaftsmodells in Ahmedabad, die der Niedergang der Textilindustrie in den 1960er Jahren mit sich brachte. Die größte Bedrohung entstand durch die Umwandlung Ahmedabads als Textilzentrum in eine Stadt in der Krise. So wie die Unternehmerschaft aus der Textilproduktion ausstieg, waren auch die Tarifverträge zwischen den beiden Verbänden bedroht.

Chapter 2. From Minimum Wages to Standardised Wages to Bonus Payments – The Widening of the Wage Question

Das zweite Kapitel beschäftigt sich mit der Segmentierung von Löhnen durch Gerichtsverfahren und gesetzgeberische Bemühungen in der Zeit der 1930er bis 1960er Jahre. Es betrachtet die Vereinbarungen als Ergebnisse der in Kapitel 1 skizzierten politischen Prozesse. Das Hauptziel

besteht darin, eine Chronologie der Regulierungsbemühungen auf lokaler und nationaler Ebene darzustellen. Das Kapitel verfolgt, wie sich die Ideen von „Mindestlöhnen“, „Standardlöhnen“, „dearness allowance (einer Art des Inflationsausgleichs) und „Bonuszahlungen“ im Laufe der Zeit als separate Kategorien herausbildeten. Die Chronologie beginnt mit dem Payment of Wages Act von 1936, - einem historischen Moment, in dem verschiedene Lohnkomponenten voneinander getrennt wurden. Infolgedessen entwickelten Diskussionen um Grundlöhne, Bonuszahlungen und „dearness allowance“ ihre eigene Dynamik.

2.1 Situating Wage Regulation within the Literature on the Indian Labour Market

Um zu verstehen, wie der Staat als Instanz aktiv den Arbeitsmarkt durch fragmentierte Regulierungsbemühungen zu Segmentierungsprozessen beitrug, wird in diesem Kapitel eine Literaturübersicht über den indischen Arbeitsmarkt erstellt. Diese nimmt besonders Bezug auf die Diskussion um die Entstehung von „Lohnarbeit“ in Indien. Auf der Grundlage der historischen Entwicklung des Vertragsrechts in Indien wird gezeigt, dass gesetzgeberische Maßnahmen zwischen Regionen, Sektoren und Berufsgruppen unterschieden, statt eine universelle Abdeckung zu gewährleisten.

2.2 The Payment of Wages Act, 1936

Ausgehend vom Payment of Wages Act von 1936 wurden verschiedene Lohnkomponenten voneinander getrennt. Infolgedessen wurden in den folgenden Jahrzehnten Grundlöhne, Bonuszahlungen und „dearness allowance“ einzeln verhandelt.

2.3 Minimum Wages vs. Fair Wages

Die Normen des Grundlohns wurden im Mindestlohngesetz (Minimum Wages Act) und der Fair Wages Commission (beide 1948) festgeschrieben. Diese Maßnahmen resultierten aus einem Kompromiss für die Beendigung von Streiks gemäß der Industrial Truce Resolution von 1947. Das Mindestlohngesetz definierte Sektoren, in welchen die Regierung für Lohnsetzung verantwortlich war, und solche, in denen Tarifverhandlungen vorherrschen sollten. Für die Textilindustrie waren letztere vorgesehen.

2.4 The Standardisation Agreement in Ahmedabad, 1947

Das Kapitel erläutert, wie die Entwicklung von „standardisierten“ Grundlöhnen und Mindestlöhnen in Ahmedabad Spannungen zwischen der zentralstaatlichen Gesetzgebung und dem Standardisierungsabkommen von 1947 hervorrief. Der Schlichter des Ahmedabad-

Abkommens verwendete die Kategorie „Mindestlöhne“ für bestimmte Berufe, um diese von „standardisierten“ Löhnen zu unterscheiden – Berufe, die über einem bestimmten Mindeststandard bezahlt wurden. Dies schuf Grenzen zwischen den Berufen, bei denen sogenannte „bedarfsgerechte Faktoren“ zur Bestimmung der Löhne angewendet wurden, und den Berufen, bei denen nach Fähigkeiten („skills“) unterschieden wurde.

2.5 Tensions between “Voluntary” Agreements and Legislation: Bonus Negotiations between “ex-gratia” and Right

Das Kapitel stellt eine Chronologie der Bonuszahlungen vor. Diese frühen Bonuszahlungen wurden normalerweise zu religiösen Feiertagen wie Weihnachten, Diwali oder Durga Puja ausgezahlt. Es stellte sich die Frage, ob es sich um eine freiwillige Zahlung der Arbeitgeber handelte oder ob sie Teil des regulären Lohnpakets waren, auf das die Arbeiter*innen Anspruch hatten. Für die Gründung der TLA spielten Boni eine wichtige Rolle, da sie nach dem Streik von 1918 gegründet wurde – dieser war durch den Wegfall des Pestbonus ausgelöst worden. Nach 1924 wurden Bonuszahlungen von den Arbeitgebern ausgesetzt. Die 1940er Jahre markierten einen ersten Wandel von „ex-gratia“-Zahlungen zu einem „Recht“, das von den Arbeiter*innen beansprucht wurde. Dessen Berechnung richtete sich nach den Anwesenheitstagen am Arbeitsplatz. Während des Zweiten Weltkriegs wurden Forderungen nach Bonuszahlungen als Anteil an den Kriegsgewinnen laut. Von Arbeitsgerichten wurde der Bonus anschließend unterschiedlich interpretiert, von Ideen der „Gewinnbeteiligung“ bis hin zu seiner Beziehung zu einem idealen „Existenzlohn“. Die Berechnung des Bonus wurde 1949 durch die Formel des Labour Appellate Tribunal (LAT) standardisiert. In der Textilindustrie von Ahmedabad wurde diese Formel im Rahmen des Fünfjahres-Bonuspakts zwischen 1951 und 1956 verwendet. Da die Gewinnverläufe zwischen den Fabriken zu divergieren begannen, wurde der Pakt in der zweiten Hälfte der 1950er Jahre aufgelöst. Die Berechnung des Bonus nach der LAT-Formel wurde jedoch durch die Umsetzung des Bonusgesetzes von 1965 beibehalten.

Chapter 3. Wage settlements to increase productivity at the shopfloor

Dieses Kapitel konzentriert sich auf die Regulierung von Löhnen auf der Betriebsebene durch Veränderungen im Arbeitsprozess. Die Notwendigkeit, Lohnfragen „friedlich“ durch Gerichte zu lösen, erforderte die Erstellung von Daten und Berichten über tatsächliche Lohnniveaus sowie über das Verhältnis von Berufsklassifikation, Qualifikationshierarchien und Arbeitsbelastung. Das Kapitel beleuchtet die zunehmende Komplexität der aufkommenden Studien über Löhne und Arbeitsbelastungen in der Textilindustrie von Ahmedabad. Um diese Veränderungen zu verstehen,

verlagert sich der Fokus des Kapitels von politischen Institutionen auf die individuellen Werkhallen der Fabriken. Der konkrete Fabrikarbeitsplatz rückte immer stärker in den Fokus von Managementwissenschaften, die sich im Zusammenspiel mit den Veränderungen in den Werkstätten etablierten.

Die Studien können als Indikator für sich verändernde Machtverhältnisse analysiert werden: a) zwischen den Fabrikbesitzern und der Gewerkschaft und b) zwischen den Fabrikbesitzern selbst. Diese Versuche, Fabrikabläufe und den Lohnverhandlungsprozess auf „wissenschaftliche“ Studien zu stützen, führten zu einem teilweisen Zusammenbruch des Konsens zwischen TLA und AMA, da sie den Handlungsspielraum der Gewerkschaft einschränkte. Das Kapitel untersucht, wie die Umgestaltung der Arbeitsabläufe durch Beratungsprojekte zur Marginalisierung der TLA führte. Diese Ausgrenzung wurde durch die wachsende Kontrolle technischer Experten über den Arbeitsprozess ermöglicht.

3.1 Rationalisation in Ahmedabad

Die Rationalisierung gewann in den 1930er Jahren in den Fabriken von Ahmedabad an Bedeutung. Aufgrund der wirtschaftlichen Rezession entließen zahlreiche Fabriken eine beträchtliche Anzahl von Arbeiter*innen im Zuge des Delhi-Abkommens von 1935. Besonders betroffen von den Rationalisierungsprozessen waren Berufe, in denen vor allem Frauen beschäftigt waren. Solche Prozesse drückten die Kontinuitäten und Vertiefungen von Machtungleichgewichten aus, die durch technologische Veränderungen hervorgerufen wurden.

3.2 The emergence of workload studies in the Ahmedabad Textile Industry - ATIRA

Dieser Abschnitt betrachtet die Entstehung der Ahmedabad Textile Industry Research Association (ATIRA) als Ankerpunkt für Studien zu Arbeitsprozessen innerhalb der indischen Textilindustrie nach der Unabhängigkeit. Zunächst wird der Kontext der Arbeitsbeziehungen und der resultierenden Lohnvereinbarungen betrachtet, die solche Studien notwendig machten, und anschließend wird untersucht, wie diese Studien durch die Interaktion mit internationalen Forschern immer komplexer wurden. Die Forschung verlagerte sich von industrieweiten Studien hin zu Auftragsarbeiten individueller Unternehmen.

3.3 A basis for labour-management co-operation”¹⁰⁹⁶ The ILO Productivity Mission and Training Within Industry in Ahmedabad, 1952-58

¹⁰⁹⁶ ILO (1959). Expanded Programme of Technical Assistance. Report to the Government of India on Labour-Management Relations and Some Aspects of Wages Policy. Geneva, p. 48.

Dieses Unterkapitel ordnet die sogenannte „Produktivitätsmission“ in einen umfangreicheren Wissenschaftszweig internationaler Akteure in der indischen Entwicklungspolitik vor dem Hintergrund des Kalten Krieges zu Beginn der 1950er Jahre ein. Die Anwesenheit der TLA in der Spinnereiabteilung sollte den Erfolg der vorgeschlagenen Änderungen fördern. Die Mission zielte jedoch darauf ab, die Bedeutung von Tarifvereinbarungen auf Industriebene zugunsten individueller Anreizzahlungen (pro Arbeiter*innen) zu verringern, was den Interessen der TLA widersprach.

3.4 The “Ahmedabad Experiment” and “Human Relations” in Management

Dieser Teil des Kapitels untersucht die weitere Divergenz in den Strategien der Fabrikbesitzer gegenüber Arbeit und Vergütung in den 1950er Jahren durch die Linse des „Ahmedabad-Experiments“, das vom Tavistock-Institut durchgeführt wurde. Im Rahmen des Experiments versuchte Calico, Arbeitszeitmodelle zu verändern und Anreizlöhne einzuführen, um den Einsatz von „qualifizierten Arbeiter*innen“ zu verstärken und intensiver zu nutzen. Gleichzeitig wurde eine Entfernung derjenigen Arbeiter*innen angestrebt, die als „ungelernte“ Kräfte galten. Da andere Fabriken ihre Maschinen und Rekrutierungspraktiken nicht in gleicher Weise änderten, gab es eine Divergenz der Interessen unter den Fabrikbesitzern. Diese Unterschiede wurden besonders bei den Lohnverhandlungen sichtbar, was zu einer weiteren Fragmentierung der Vergütungssysteme führte.

Chapter 4. Wage Settlements to Secure the Reproduction of a Narrowly Circumscribed Skilled Industrial Labour Force

Dieses Kapitel zielt darauf ab, die Ursprünge der Berechnung von Haushaltsbudgets der Arbeiter*innenklasse in der Textilindustrie von Ahmedabad zu untersuchen. Es analysiert die Umstände, unter denen Budgetstudien wichtig wurden, und wie diese den Prozess der Datenerfassung und -auswahl prägten.

4.1 Situating the Emergence of Clearly Defined Working Class Household Budget Studies Within a Larger Body of Literature on Food Consumption and Reproduction in India

Das erste Unterkapitel kontextualisiert die Untersuchung im Rahmen der Forschungsdiskussionen zur indischen Sozial- und Arbeitsgeschichte. Die Dissertation stellt die These auf, dass die Geschichte der Statistiken zu Haushalten der Arbeiter*innenklasse hauptsächlich mit zwei Themen der Kolonialgeschichte verbunden war: erstens der Entstehung von Armutsstatistiken

und zweitens der Frage der Rekrutierung von Arbeitskräften für das Militär und für Teeplantagen. Durch diese Themen wird das Unterkapitel etablieren, welche Fragen für den Staat bei der Erstellung von Konsumstatistiken wichtig waren.

4.2 A Brief Overview over the Emergence of Budgets in Ahmedabad from 1926 until 1958-59

Die Erstellung von Konsumbudgets war von Anfang an entscheidend für die Stabilisierung der industriellen Beziehungen in Ahmedabad. In diesem Abschnitt werden die vier im Untersuchungszeitraum (1926, 1933–35, 1944 und 1958–59) durchgeführten Studien in ihrem historischen Kontext vorgestellt.

4.3 Who is the "Working-Class Household"?

Dieses Unterkapitel untersucht vier zentrale Kategorien der Erhebungen und wie sie zur Entstehung der „Arbeiter*innenhaushalte“ als statistische Kategorie beitrugen. Diese Kategorien dienten als Kriterien, um festzustellen, ob ein Haushalt als „Arbeiter*innenhaushalt“ eingestuft wurde oder nicht, und wie dies die Vorstellungen der politischen Entscheidungsträger über solche Haushalte beeinflusste. Die erste Kategorie umfasste verschiedene Einkommensquellen, die definierten, wer in diese Studien aufgenommen wurde (insbesondere Lohneinkünfte). Um die zweite Kategorie zu etablieren, betrachte ich die Ausgabemuster. Aufbauend auf diesen Mustern umfasst die dritte Kategorie die zugrunde liegenden Erwartungen der politischen Entscheidungsträger in Bezug auf das Entstehen eines „male breadwinner“-Modells. Die vierte Kategorie untersucht, welche Güter für Warenkörbe zur Preismessung ausgewählt wurden, und wie dies mit normativen Vorstellungen darüber übereinstimmte, was „Arbeiter*innenhaushalte“ konsumieren sollten.

4.4 Cash or in-Kind? - Dearness Allowance Payments from Relief Measures to a permanent feature of the wage bill

Das vierte Unterkapitel befasst sich mit der Rolle dieser Budgets in Verhandlungen um „dearness allowances“. Es wird gezeigt, dass Forderungen nach „dearness allowance“ seit dem Zweiten Weltkrieg das Potenzial für größere gesellschaftliche Transformationsprozesse in sich bargen.