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### FACING AND RECOVERING THE SICK INDUSTRIAL CONDITION: A CASE STUDY BASED ON THE SUSPENSION OF WORK IN A COMPOSITE TEXTILE MILL AT WEST BENGAL, INDIA

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#### ABSTRACT

The objective of the present study is to analyze the causes behind the 'Suspension of Work' in the mill. It also showcases the effects of the Suspension of Work on the employees as a part of the mill and also what impact it had on the families of the employees in their day to day living. This composite cotton mill is located in Kolkata, West Bengal, India. To analyze the causes and effects of the Suspension of Work, two methods were prominently used in the study, namely: Face-to-face Interview Method and Fish-bone analysis Method. By using these methods it could be concluded that the reasons for Suspension of Work were inadequate training to the employees/workers after installation of modernized machines and the prices of their finished goods were more in the international market than the other countries who exported similar kind of goods. Also the targets of the market demand were not met even after modernization and damaged production was more and there was also a financial crisis. Moreover, this study also deals with the adverse effect that it had on the lives of the families of the workers/employees financially as well as psychologically and how they overcame it.

**Keywords:** Suspension of Work, Management, textile division, interview, workers/ employees, cloth

## INTRODUCTION

Traditionally, after agriculture, textile industries were the only industry that had generated huge employment for both skilled and unskilled labor in textiles, in India. The textile industry continued to be the second-largest employment generating sector in India. It offered direct employment to over 35 million population of the country. The share of textiles in total exports was 11.04% during April–July 2010, as per the Ministry of Textiles. During 2009–2010, the Indian textile industry was fixed at US \$55 billion, 64% of which served domestic demands. In 2010, there were 2,500 textile weaving factories and 4,135 textile finishing factories all over India. According to AT Kearney's 'Retail Apparel Index', India was ranked as the fourth most promising market for apparel retailers (2009).

A cotton mill is a factory that houses spinning or weaving machinery for the production of yarn or cloth from cotton, an important product during the Industrial Revolution in the development of the factory system.

In the initial years, the cotton textile industries were concentrated in the places near the cotton producing areas such as Rajasthan, Maharashtra and Gujarat. Availability of raw materials, market, transport, labor, moist climate and other factors were generally based on localization. In the early twentieth century, this industry played an important role in Bombay's economy but soon declined after the independence. While spinning continues to be centralized in Maharashtra, Gujarat and Tamil Nadu, weaving is highly decentralized. As of 30 September 2013, there are 1,962 cotton textile mills in India, of which about 80% are in the private sector and the rest in the public and cooperative sector. Apart from these, there are several thousand small factories with three to ten looms.

India exports yarn to Japan, United States, United Kingdom, Russia, France and Nepal, Singapore, Sri Lanka and other countries. India has the second-largest installed capacity of spindles (a slender rounded rod with tapered ends used in hand spinning to twist and wind thread from a mass of wool or flax held on a distaff) in the world, with 43.13 million spindles (30 March 2011) after China. Although India has a large share in world trade of cotton yarn, its trade in garments is only 4% of the world's total. This is due to the incompetency of local spinning and weaving mills to process yarn. There are certain big factories, but most of the production is fragmented in small units, which cater to the local market. This mismatch is a major drawback for the industry. As a result, many of the spinners export yarn while apparel and garment manufacturers have to import fabric. The power supply system is erratic and machinery is outdated and needs to be upgraded compared to the other countries. Other problems include low output from the labors and stiff competition with the synthetic fibre industry.

The first modern cotton textile mill was set up in 1818 at Fort Gloster near Kolkata, but this mill could not survive and had to be closed down. The first successful modern cotton textile mill was established in Mumbai in 1854 by a local Parsi entrepreneur C.N. Dewar. Shahpur mill in 1861 and Calico mill in 1863 at Ahmedabad were the other landmarks in the development of Indian cotton textile industry.

The real expansion of cotton textile industry took place in 1870's. By 1875-76 the number of mills rose to 47 of which over 60% were located in Mumbai city alone. The industry continued to progress till the outbreak of the First World War in 1914. The total number of mills reached 271 which provided employment to about 2.6 lakhs person.

The First World War, the Swadeshi Movement and the Grant of Fiscal Protection favored the growth of this industry at a rapid pace. Increased demand for cloth during the Second World War led to further progress of the industry. Consequently, the number of mills increased from 334 in 1926 to

389 in 1939 and 417 in 1945. Production of cloth also increased from 4,012 million yards in 1939-40 to 4,726 million yards in 1945-46.

There are at present 1,719 textile mills in the country, out of which 188 mills are in public sector, 147 in cooperative sector and 1,384 in private sector. About three-fourths were spinning mills and the remaining one-fourth composite mills. Apart from the mill sector, there are several thousand small factories comprising 5 to 10 looms.

Although cotton textile mills are located in over 80 towns and cities of India, yet its larger concentration is found in Maharashtra, Gujarat, West Bengal and Uttar Pradesh.

Kolkata is the most important centre of West Bengal. It enjoys facilities of a port, humid climate, coal from Raniganj, local labor due to high density of population and those of dyeing and washing. But Kolkata suffers from the disadvantage of being away from the main cotton-producing areas of India. The other important centres are Howrah, Murshidabad, Hooghly, Sreerampur, Shiampur and Panihar.

The company talked about here is a cotton textile composite mill which produced not only the cotton yarn but also the cotton fabric as an end product. It was initially established by Andrew Yule in 1873 and then in 1918 it was transferred to Allied Cotton and Dye Works Ltd. In 1920 & 1923, two other companies took over respectively. Finally, in 1924 the control was taken over by a renowned business group of companies when it was a small business set-up. Then they reconstructed it by expanding its capacity to 2215 looms and up to 75824 spindles which made it the largest composite mill in East India during 1960.

## SICK INDUSTRIES

Industrial sickness or Sick Industries is defined in India as “an industrial company which has, at the end of any financial year, accumulated losses equal to, or exceeding, its entire net worth and has also suffered cash losses in such financial year and the financial year immediately preceding such financial year”.

According to Companies (Second Amendment) Act, 2002 “‘Sick Industrial Company’ means an industrial company which has

- i) The Accumulated losses in any financial year equal to 50 per cent or more of its average net worth during four years immediately preceding such financial year; or
- ii) Failed to repay its debts within any three consecutive quarters on demand made in writing for its repayment by a creditor or creditors of such company.”

An industrial company whose accumulated losses, as at the end of any financial year, have resulted in erosion of fifty per cent or more of its peak net worth during the immediately preceding four financial years. Where a company becomes a potentially sick company, amongst other things, it shall report BIFR of such erosion within a period of sixty days from the date of finalization of the duly audited accounts.

## Sick Industries Companies Act, 1985

The most important piece of legislation dealing with industrial sickness was the **Sick Industrial Companies (Special Provisions) Act, 1985 (SICA)**. It applies to industrial undertakings both in the public and private sectors. SICA pertains to the industries specified in the First Schedule to the **Industries (Development and Regulation) Act, 1951, (IDR Act)** subject to the exceptions specified in the Act. SICA, including any rules or schemes made there under, had overriding provisions over other laws except the provisions of the **Foreign Exchange Regulation Act, 1973** and the **Urban Land (Ceiling and Regulation) Act, 1976**.

The basic rationale of enacting SICA was to determine sickness in the industrial units. It also aimed at expediting the revival of potentially viable units so as to make the investments in such units profitable. At the same time, to ensure the closure of unviable units so as to release the investments locked up in such units for productive use elsewhere.

**Thus, the broad objectives of SICA were:-**

- 1) Timely detection of sick and potentially sick companies.
- 2) Speedy determination by a body of experts of the preventive, ameliorative, remedial and other measures which need to be taken with respect to such companies.
- 3) The expeditious enforcement of the measures so determined and for all matters connected therewith or incidental thereto.

### **Reasons and Causes of Industrial Sickness in India**

#### **External Factors:**

1. Recession in the Market.
  2. Decline in Market Demand for the product.
  3. Excessive competition in the Market.
  4. Erratic and insufficient supply of inputs.
  5. Adverse Government Policy.
- Unforeseen circumstances like Natural calamities.

#### **Internal Factors:**

1. Faulty planning in conducting business.
2. Incompetent Entrepreneurs.
3. Problems relating to Management.
4. Financial problems.

The above causes are general causes of sickness. A firm could get sick because of one or more of the above causes. However, it has been found that industrial sickness results more due to faulty, careless behavior and attitude of management, than due to any other reason. In many cases, irresponsible and callous behavior of the managers has been found to be the most important cause of sickness for the firm.

#### **CASE**

This textile mill was taken over by one of the renowned businessman at that time (1924) and they developed it to such an extent that this mill became the largest composite mill in East India during the 1960's. They installed a capacity of up to 1850 looms, new and modern factory buildings were constructed and old machines were re-installed (1953). By the end of 1960, their installation capacity increased to 2215 looms & 75824 spindles. This mill was quite popular among the common people and they sold quality products to the local customers as well as outside its local market.

The management at a point of time decided to modernize the mill and increase its production by upgrading the machines and thus, had a discussion with the labors/employees where by the labors/employees agreed. After this agreement, the training had started for the experienced old employees/workers and existing minimally educated ones and also new 'learners' were taken from outside who were interested and had some minimum qualification which would be fit for operating the modernized machines and they too were given training but they were not taken as full time employees, they worked as contract laborers or sometimes as an assistant to the old employees/workers of the mill. But when the management fixed the amount of V.D.A. (Variable Dearness Allowance) so as to lower the market price of the products (which was high compared to

other companies in the international market); the workers/employees started protesting against this decision as they wanted their deserving part of their earnings. Eventually, on the influence of the political parties the agitations started increasing and the workers got more infuriated and stopped working which stopped the production of the mill. This lasted from 1978 to 1986 which was a long period.

There was a long lock-out for 33 months in the 1980's (1987-1989). Then, the management could resolve some of the issues after long negotiations relating to rationalizations of work force, settlement of old pending disputes, settlement of court cases outside court and closing down of uneconomic sections. This comprehensive agreement became a model for other mills in West Bengal and East India. Slowly, from the beginning of 1999, workers went on a strike and Suspension of Work was declared subsequently (which is continued still now). Eventually, the mill was hived out from the group of textile mills of that company.

#### MAJOR REASONS OF SUSPENSION OF WORK

1. No new employees were recruited even if old employees were getting retired.
2. When the new machines were installed, workers were not able to fulfill the targets set according to the market demands.
3. Damaged production increased.
4. International competitors were more.
5. The prices of their finished goods were more in the international market than some other cotton textiles of the other countries.
6. The Variable Dearness Allowance (the portion of textile rates/heavy industries) was low & it was changed quarterly.(If there was an increase of 75% in 3 quarters then there was 25% decrease in the last quarter.)
7. As the market rate of their products were high, in order to decrease it, the management decided to freeze the V.D.A. of the workers/employees as a result of which the workers started to agitate.

#### \*\*\*TRAINING ON RUTI LOOMS (MODERNIZED INSTALLED MACHINES)\*\*\*

1. Old, experienced as well as minimally educated existing employees were trained with the new machines.
2. Learners - New, interested workers were given training - only those who had a basic minimum qualification & they were able to understand the functioning of the modernized machines was granted on a daily wage pay basis (contract labor). They were the assistants of the old employees who were experts in the earlier installed machines and were also successfully trained with the new ones.

Certain quotations from the Notice of Suspension of Work are as follows:

Page 3: *"Since 21<sup>st</sup> December, 1998 at the end of each of the three shifts large scale unauthorized and illegal meetings and demonstrations/assemblies are held by workmen/employees and egress and ingress to and from the Textile Division are forcibly blocked during such meetings and demonstrations/assemblies. Such meetings and demonstrations are held within the factory premises of the Textile Division in total defiance of the Standing Orders and without required written consent of the Management. During such assemblies and demonstrations intimidatory, threatening, filthy, abusive and insulting slogans are raised and made which has disrupted and vitiated the peaceful, disciplined and good working order and conditions in the Textile Division.*

*Coupled with these, workmen/employees resorted to an illegal and unjustified strike on 4<sup>th</sup> of January, 1999 rendering the entire operations of the Textile Division on a total standstill....."*

By focusing on the major reasons, this case can be laid on a theory given by Kurt Lewin. He gave the Change Model which has two ideas in 1940. In this case, the first idea is more applicable and therefore the first idea is described as follows:

In a group process, there are some forces favoring and some opposing to maintain an equilibrium i.e. status quo. This has been referred to as “field of forces”. He assumes that in any situation, there are both driving (D) and restraining (R) forces which hindering or influences change that may occur.

Driving forces are those which affect a situation by pushing it in a particular direction, they tend to initiate change and keep it going.

Restraining forces act to restrain change or to decrease the forces.

Equilibrium is reached when the sum of the driving forces equals or more than of the restraining forces.

Organizational equilibrium is not static but is quasi static and management may change this equilibrium by some efforts. For introducing change, management may face three types of situations based on the operation of force field:

- i) When driving forces (D) are greater than restraining forces (R) ( $D > R$ ), management can push driving forces (D) and overpower restraining forces (R).
- ii) When restraining forces (R) are greater than driving forces (D) ( $R > D$ ), management either give up the change or pursue it by concentration on driving forces (D) and changing restraining forces (R) into driving forces (D) or immobilize restraining forces (R).
- iii) When driving forces (D) are almost equal to restraining forces (R) ( $D \approx R$ ), management can push driving forces (D) and at the same time can convert or immobilize restraining forces (R).

Here in the discussed case, management did not implement or pushed the driving forces (D) to overpower restraining forces (R) or could not able to immobilize restraining forces (R) to regain the organizational equilibrium.

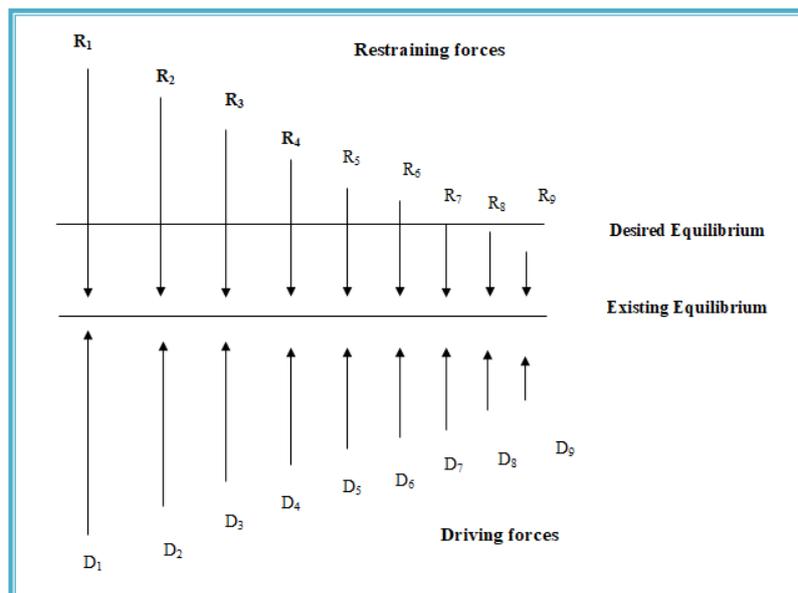


Fig: LEWIN'S FORCE FIELD MODEL

(\*Length of an arrow shows significance of the force)

**SECONDARY DATA**

FACTORY : A Textile Mill situated in Kolkata  
 PRODUCTS : Yarn and Cloth  
 DURATION OF FUNCTIONING OF THE MILL: 1873-1923 (BY OTHERS)1924-1999 (BY Birlas)  
 AGITATION OF WORKERS STARTED: From the 1998  
 SUSPENSION OF WORK: 5<sup>th</sup> January 1999

1873	Andrew Yule established the Textile Mill.
1918	Mill transferred to Allied Cotton and Dye Work Ltd.
1920	***** Poddar took over the Management and named the Mill - ***** COTTON MILLS LTD.
1923	M/S Halwasiya Sonthalia and Co. took over the Mill.
1924	Birlas took up the control.*
1938	Major reconstruction and expansion - Capacity 1850 Looms.
1953	New and Modern Factory Buildings were constructed and old machines were re-installed.
1953-1960	Install capacity increased to 2215 looms and 75824 spindles, thus making this unit the largest mill in East India.
1967	Left Front Government came to power and Go-slows, Gheraos, Strikes, Lock-outs and Labour troubles became a routine affair.
1970s	New problem of acute power shortage and frequent trippings started and continued till the end.
1978-86	Embarked upon a little modernization. The workers resisted modernization and rationalization and new machines remained idle or were partially utilized. Labour disputes slowed down modernization.
15.02.87 to 13.11.89	Lock-out for 33 months. After long negotiations, the management could resolve issues relating to rationalizations of work force, settlement of old pending disputes, settlement of court cases outside court and closing down of uneconomic sections.  The comprehensive agreement became a model for other mills in West Bengal and East India.
04.01.1999	Workers went on strike
05.01.1999	Suspension of Work declared, which is still continuing
01.06.1999	Mill hived out of ***** Industries Limited

\* In the year 1924 the Birlas took up the control of M/s \*\*\*\*\* Cotton Mills Ltd. from the then owner. It was a small business setup then and the Birlas reconstructed it by expanding its capacity to 2215 Looms and up to 75824 Spindles which made it the largest composite mills in East India during 1960. The product of this mill was Yarn and Cloth.

**MANAGEMENT'S VIEW OF WHAT LED TO SUSPENSION OF WORK\*\***

1. The workmen and some Unions, instead of extending any kind of co-operation to the management's efforts to make the Mill economically viable, took law in their own hands and indulged in illegal activities. They continued with their acts of intimidation, threats of violence, holding unauthorized meetings, demonstrations and assemblies, indiscipline and coercive activities.
2. All the investments made by the Management in New Boiler, Ruti Looms, and processing machinery and in improving Workmen's Skill etc. had become futile as there was practically no improvement either in quality or productivity and the Mill incurred heavy losses.
3. The costly training system to learners as well as existing workmen of certain sections introduced by the Management was completely rejected and discouraged by the Unions.
4. The SOS call repeatedly made by the Management from time to time was disregarded and the workmen and the Unions opted for increased indiscipline, non-co-operation and agitation.
5. Non performance of stipulated allotted duty as prescribed in the Tripartite Memorandum of settlement dated 13.11.1989 as well as several Bipartite Memorandum of settlement thereafter.
6. Poor maintenance of machineries by the concerned workmen in all departments.
7. Persistence refusal by the workmen to take stipulated work load in accordance with the memorandum of settlement.
8. Total lack of apathy in possible economies in power and savings in stores consumption resulting in higher input cost.
9. Total negligence in maintaining quality standard resulting in production of huge quantity of damage cloth.
10. Delay in taking charge of the machines at shift changes on regular basis and leaving their machines unattended during duty hours.
11. The law and order situation in around the mill worsened due to militant attitude of the workmen / Trade Union. Workmen / Employees restored to an illegal and unjustified strike on 4<sup>th</sup> January, 1999 rendering the entire operations of the mill at a total stands till.

**\*\*These are the points mentioned in the notice of Suspension of Work**

**EFFORTS TO SAVE THE PLANT AND MACHINES - DURING SUSPENSION OF WORK**

1. Company was prevented from carrying out necessary repairs and maintenance causing deterioration in the condition of Plant and Machineries. Repeated request letter sent to Unions as well as Government authorities. Machines are completely rusted and beyond the stage of reconditioning.
2. Appraised to Chief Minister and Home Minister regarding insecurity and terror being experienced by officer, employees and their family members of the Mill who reside in their allotted residential quarters.
3. Staffs staying inside the mills were not allowed free movement outside for daily needs.
4. The company had incurred huge financial losses.
5. The company's capital had already eroded.
6. Management had no funds for maintenance of machineries.

7. The company had no funds even to meet the current cash requirement for payment of electricity charges and taxes.
8. **All the Senior Management and Technical Staff had left the unit and had taken assignment elsewhere.**

#### **EFFORTS TO SAVE THE MILL**

1. In spite of all the above, the Management had made one more attempt to save the mills from ruining and to open the dialogue and to resume working of the mill by submitting certain points for implementation by the workmen as well as by the Government.
2. However, most of the important proposals given by the Management on 15th January, 1999 they had put forward certain conditions for this, followed by an addendum on 28th May, 1999 were out rightly rejected by the Trade Unions – thus making a stalemate to the situation.
3. Creditability of the Mill has been completely lost and Bank / Financial Institutions do not advance money / credit to Textile Mills. No management can afford working a unit at a loss.

#### **WORKERS AND CONTRACT LABOURS' CONDITION DURING THE SUSPENSION OF WORK**

All the workers and contract labors lost their jobs permanently after the Suspension of Work. They did not know their source of income by then and they were totally lost and fear struck. Their family life stopped and people were now worried about from where the money for their livelihood will come. In this area, as there is another source of income (business), they gradually started to resort to those means of income to run their families. They could also claim a loan from their Provident Fund, a temporary financial support for their family. The company arranged to provide the loan for those who are eligible for it.

In recent times, as per the Government's rules and regulations, the workers are getting their due Provident Fund and Gratuity according to their Retirement's time with the efforts of the Company's Management which was saved from their own salary when they worked in the Mill.

#### **PRIMARY DATA**

##### **REAL LIFE EXPERIENCES FROM THE EMPLOYEES WHO WERE WORKING IN THE MILL**

###### **INDIVIDUAL 1:**

He worked in the Computer Department of the Company while it was running successfully. Now, as the company has some essential services, he is still an employee on roll of the same company but the production side of the company is totally closed since 1999.

He says, "It was only 9 years I joined this company and I was staying here inside the mill's staff quarters with my family. When the Suspension of Work was declared as the workers' union went on strike, the employees and workers of the company were fear-stricken as they thought that they will lose their present job and they didn't have any other job at hand. Hence, the money required to run the family will get lowered. After the declaration of the Suspension of Work, I had to keep my family out of the factory premises as my child started to go to school and as the union members strictly prohibited the ingress and egress of anyone from and to the factory premises. As I was involved in the essential services, I had to stay inside the factory premises.

The people who stayed inside the factory premises faced a lot of troubles. They were not allowed to take in their food and groceries and children were not allowed to go to school hence hampering the daily life of the people who stayed inside the factor premises. The mental condition of the people deteriorated and children got traumatized experiencing these situations.

I had to live inside the factory premises for nearly 4-5 years away from my family and hence my family life was very much hampered as I could only meet them once a month that too for merely 10-15 hours.

As an employee, there was a yearly increase in the salary as per rules and regulations when the company was running but after the Suspension of Work that facility was not given to the employees leading to stagnation of the salary and facilities."

#### INDIVIDUAL 2:

He was in the Finance Department while in the running company. Now he is a retired personnel from the same company. He is working with an extension of services in the same company as he has the responsibility of the essential services and as the company can't afford to hire a new employee now.

He said, "When the mill got closed I was inside the factory premises with my family. I was working with the other colleagues and getting my salary accordingly but the mental condition of me and my family was too poor. We got the money to buy food and send our children to school but were not able to perform these activities as the union members had gherao-ed on the main gate of the factory premises and they were not allowing anyone to go out or get in of the gate. I stayed with my family but we were not sure of the fact whether we'll be able to have our daily food properly or not. There was a continuous tension among all the members of the family and the neighboring families residing with us.

The salary which increased on a yearly basis was stopped due to the upheaval in the company's economic condition and the employees received a stagnant amount of salary which they had received during their last increment."

#### REAL LIFE EXPERIENCE OF THE FAMILIES OF THE EMPLOYEES

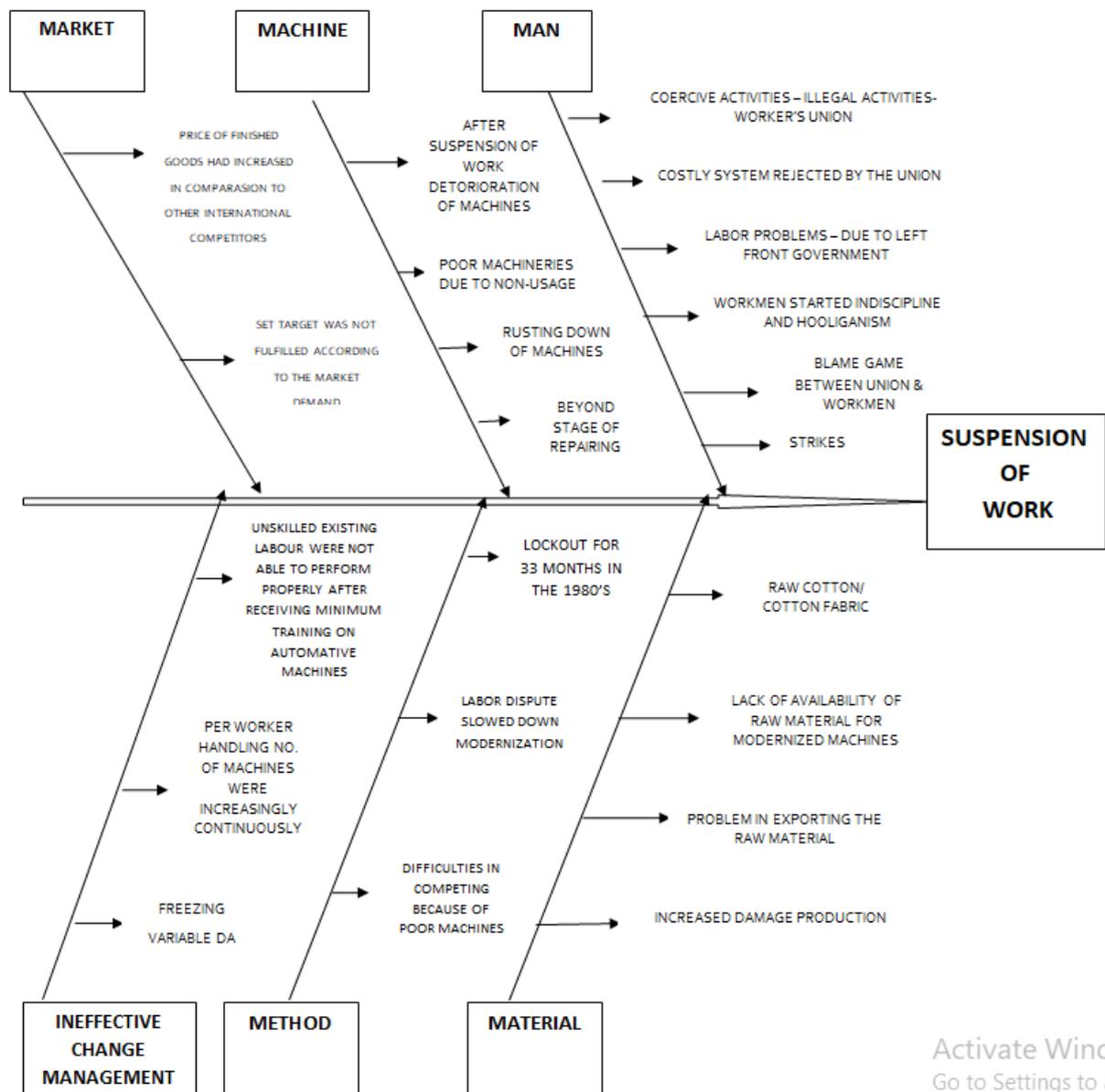
One of the family members of the '**Individual 1**' narrated her perspective:

She said that she had come here with her husband in 1992 and they resided inside the factory premises as her husband worked there. She had seen all the workers agitating with the union's support; actually she had experienced the gradual downfall of the company. After the declaration of Suspension of Work, her husband had to move to the staff quarters inside the factory as he was involved in the essential services of the company. She and her child had to stay away from her husband for nearly 4-5years. There was total tension on both sides viz., the employee and the family. The food and groceries were sent to her husband from outside the factory premises but it was very uncertain that those things would reach to her husband as the union members didn't allow anything from outside and would behave very badly with the people taking things outside. As her husband's job was at stake, they were very worried about their future and they had just admitted their child to the school. Her family life was hampered; she was not able to meet her husband for months. All the family's responsibilities were on her now. Their life was tough during these years and they were traumatized and faced a lot of mental turmoil and their everyday life was somewhat disrupted.

#### ANALYSIS

*Ishikawa Diagrams* (also called fishbone diagrams, herringbone diagrams, cause-and-effect diagrams or Fishikawa) are causal diagrams created by *Kaoru Ishikawa* that shows the causes of a specific event. Its purpose is to break down (in successive layers of detail) root causes that potentially contribute to a particular effect. Common uses of Ishikawa diagram are product design and quality defect prevention to identify potential factors causing an overall effect. Each cause or reason for imperfection is a source of variation. Causes are usually grouped into major categories to identify and classify these sources of variation. Some of the advantages of using this method are that it is a highly

visual brainstorming tool, allows one to see all causes simultaneously, quickly identifies if the root cause is found multiple times in the same or different causal tree, good visualization for presenting issues to stakeholders etc. There are also certain disadvantages of this method: complex defect might yield a lot of causes which might become visually cluttering, Interrelationships between causes are not easily identifiable, etc.



Through this fishbone diagram it can be analyzed that main issues relating to this case are divided under 6 broad heads namely man, machine, market, ineffective change management, material and method. These are the areas in which the industry had defect which led to the Suspension of Work. But further it can be seen that 'Man' and 'Ineffective Change Management' were the major issues in this case. Under the heading 'Ineffective Change Management' comes the reasons that the unskilled existing labors/workers were not able to perform properly after receiving minimum training on automotive machines, per worker handling of machines were increasing continuously through modernization and the very prominent reason under this head is the freezing of Variable Dearness Allowance (V.D.A) by the management. This led to the other major reason behind the Suspension of Work which is the 'Man' factor. The freezing of V.D.A led to the coercive activities/illegal activities by the workers' union; costly & advanced system were rejected by the workers under the influence of the union. When a particular political party came into power, the

workers' union's power increased and they started indisciplinary acts and hooliganism inside the factory premises. They conducted strikes and stopped working which brought stagnation in the production of the company leading to huge financial loss.

Machinery flaws in this case were too little but the machines were beyond the stage of repairing as they were much older and their parts were not available in the market anymore. After the Suspension of Work, the machines were idle so they were deteriorating. Also the machines were rusting down and because they were not used anymore.

Under the heading of Material are the defects of that field related to the main cause. The raw material in this industry was raw cotton and cotton yarn which led to the production of cotton fabric. When the management decided to upgrade the machines then there was lack of availability of raw material for the new machines. There was a problem in exporting the raw material and as the workers gave up on working intentionally, the quality of the products fell. There was an increase in damaged production which in turn led to financial loss of the mill.

There was another major reason behind the Suspension of Work which was related to the market. Price of the finished goods of the company was more in comparison to the other international competitors. After modernization of the machines, targets set by the company according to the market demands were not met; thus decrease of availability of products in the market was increasing.

Finally, the method through which the company arrived to this condition is a period long lockout for 33 months in the 1980's. Then, later labor dispute slowed down modernization which led to lower quality product of the company. Consequently, there were difficulties in competing with the other companies and there was no advancement of the machines neither they were being used anymore.

Thus, it can be concluded that the primary cause for the Suspension of Work in the Textile Division were the workers' union which influenced the workmen/employees to protest against the management (Man) and the union made the workers understand that the management would remove labor forces and thus embarking on modernization of the machines. The secondary reasons of why this crisis happened were the Machinery involved in the production of finished goods of the company, Materials used by the company & the method through which it led to the closing down of the mill.

## DISCUSSION & CONCLUSION

Going through the case as a whole, it can be said that the main issue here was regarding the modernization of the factory in totality and it was also regarding the downfall of the financial condition of the company which had its roots in the high market price of their products that lowered their popularity and sell in the market. The management initially aimed at reducing costs by modernizing the factory by installing new machines but the plan didn't work out and therefore led to the Suspension of Work.

There were various reasons for the downfall of the mill which led to the Suspension of Work. Firstly, the major cause which led to the agitation and strikes of the workers and they also stopped working because the management decided to freeze the Variable Dearness Allowance (V.D.A) of the employees'/workers' salary/wages. Even though the Dearness Allowance (D.A) amount given to the employees was of a very meager amount yet they demanded to get what they deserved and in against of this decision they stopped working, conducted strikes and gheraos, performed illegal activities inside the factory premises. Hence, the management had no option but to close down the textile division when the workers illegally started an unjustified strike on 4<sup>th</sup> January 1999.

*".....Accordingly, it is hereby notified for the general information of all workmen/employees employed in the Company's Textile Division that under such intractable circumstances the*

*Management, therefore, is but left with no other alternative than to suspend the operation of the Textile Division from 5.30 A.M, on and from 5<sup>th</sup> January, 1999.....”*

The other major causes of Suspension of Work were that after installation of the new machines employees were not trained properly to run those machines. Moreover, as the new machines required skilled labor and majority of the workers/employees there had only vocational training and less of education it was therefore very difficult for them to handle the new machines. New workers as ‘Learners’ were taken from outside who had some minimum qualification and who would be able to understand the functioning of the new machines. They were placed as assistants to the old and experienced employees. But these ‘learners’ were not permanent employees and worked as temporary or contract labors and the management couldn’t hire them as there was financial crisis in the company. Also, no new employees were hired even if employees/workers from the company got superannuated. Following the installation of the new and modernized machines, the production of the company got affected on a huge basis. Production targets which were set according to the market demands were not met in the given time. Damaged productions were more which also led to a severe financial loss of the company. International competitors of the company increased and this company was not able to meet the demands of their international clients in a preferred budget; the market price of their products was more than other international competitor companies.

Also, by interviewing the affected employees and their families, it is seen that they were simply the victims of this act that went on between the management and the workers/employees which led to the closing of the production of the mill. They had a traumatic experience during this time as they were not allowed to go out of the factory premises which hampered their daily lives. The kids in their family couldn’t attend school; they couldn’t buy the daily commodities that they needed because of the chaos that was happening inside the factory premises. The employees were worried about their earnings and were searching for new jobs because they were uncertain about their employment in this company. Thus, both the families and the employees themselves were under a great stress and in traumatic condition. Even, in certain cases the employees had to stay inside the factory premises for a long period of time for essential work but their family used to stay in the employee quarters and thus there was a crisis of the main member of the family for a longer period of time in the family.

Thus, it can be concluded that there was not only one major cause but there were several linked up causes which led to the Suspension of Work of this company. At present (2019), the production of the company has still not restarted after the Suspension of Work but the workers/employees who worked as employees before the Suspension of Work are given the Provident Fund and Gratuity which was saved from their salary during their employment in this company. They are generally given this when their time of retirement comes as per the government rules and regulations and their deserved money is given to them by the management of the company.

*Kurt Lewin’s Change Model* can thus be applied in this case and it is pretty evident that the driving forces (D) were very less in comparison to the restraining forces (R) ( $D < R$ ); in a way it can also be said that there was an absence of driving forces (D). Thus, it was the role of the management to push over the driving force (D) that they had on hand but as the restraining forces (R) were way much greater than the driving forces (D) which heaped on to the driving force (D) which was nearly absent. Or the management could have strategized their plan in such a way so that the restraining force (R) could be changed over as driving forces (D) which would improve the condition of sickness in the company.

The driving forces and the restraining forces in the case are as follows:

DRIVING FORCES	RESTRAINING FORCES
THOUGHT OF MODERNIZATION BY MANAGEMENT TO RE-ESTABLISH THE COMPANY IN THE INTERNATIONAL MARKET	1. Freezing of Variable D.A.
	2. Damaged Production increased.
	3. Inability of the workers to cope up with the new machines.
	4. New machines required skilled labors.
	5. Price of finished goods increased in the international market.
	6. Targets according to market demands were not fulfilled.
	7. New employees were not recruited. (Many other restraining forces were prevalent behind the Suspension of Work)

Thus, by applying the theory of Change Model it can be concluded that the restraining forces (R) were far more than the driving forces (D), which was only one and much negligible. This signifies  $R > D$  and here the management could not pursue the concentration on the driving forces as the restraining forces overlapped the driving forces and the management couldn't control them. Also, the management had no means to change the restraining forces to driving forces. Ultimately, the management had to give up on the driving forces and thus facing a huge loss.

Even though the mill cannot be started all over again as it requires a huge amount of investment which lacks on the owner's side; still certain ways could have been adopted by the management of the company in order to save the mill from S.O.W and they could be as follows:

1. The management could have taken financial help from the government in the form of loan.
2. The company could claim for electricity subsidy from the government in order to reduce overhead cost.
3. They could have asked for tax rebates (Sales Tax/Excise Duty) from the government's end.
4. Negotiations could be done in between the management and the workers/employees regarding the wages/salary.
5. Hiring of skilled labor for the operation of new and modernized machines which required some amount of education and understanding.
6. Minimum training should have been provided to the skilled labor force so that they could handle the new machines properly and effectively.

Thus, this incident is an example for other industries which are in process. They should get some lesson from this industry about how a highly successful functional organization can become a totally dysfunctional organization due to resistance towards modernization from the employees' side and also the inability of the employers to pursue them towards modernization.

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