

KERALA STATE ROAD TRANSPORT CORPORATION.

I 383

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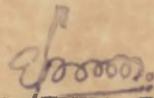
Shri B.N.Datar,
Member Secretary,
National Commission on Labour,
Government of India,
D-27, South Extension II,
NEW DELHI-16.

Dear Sir,

I enclose seventy copies of my replies to the Questionnaire issued by the National Commission on Labour. I have formed these views with my experience as a Trade Unionist, as a Conciliation Officer and as a Chief Labour and Personnel Officer of an important Transport Undertaking having units in various Districts in Kerala.

I wish to give oral evidence either in Delhi or in Kerala.

Yours faithfully,



K. BALAKRISHNA PANICKER.

1. The Kerala State Road Transport Corporation, Trivandrum.
2. (a) Motor Transport Undertaking.
(b) Total number of workers as on 1-1-1967..7694.....
(c) 1-4-1965.

RECRUITMENT AND INDUCTION.

(1) The basic approach to the problem of recruitment is that the recruitment is purely a management function and the management has the right to increase or decrease the labour compliments depending upon the needs of the Undertaking. It is also essential to engage casual and temporary labourers in an industrial unit to meet urgent and unforeseen pieces of works. Therefore there should be no restriction on management's right to secure the right men to the right job under the approved conditions and deploying them in the best interest of the business.

(2) Recruitment of employees to this Undertaking is done through the Employment Exchange and the recruitment board constituted by the Kerala State Road Transport Corporation. In order to meet the urgent and unforeseen requirements, workers are recruited through the Employment Exchange: but the tenure of these employees are generally restricted to 3 months. However they are allowed to continue in service till regular recruits of the Corporation are made available. As the Employment Exchange candidates are recruited for emergent cases, the basic requirements and fitness of the candidates are not strictly observed. Hence their retention in the regular service are not conducive for building up a set of employees to the specifications of the Corporation. This Corporation has constituted a Recruitment Committee and the recruitment to the Corporation's service is done only through this Committee. Minimum age to each of the different

categories of posts are also fixed by the Corporation. In certain cases trade-tests are also prescribed for recruitment and promotion. The system is working satisfactorily and no change is found necessary in the system. In the matter of recruitment no discrimination on the grounds of caste, community, region, language etc. are made. Physically handicapped persons are employed wherever possible. There should be no statutory provision requiring employment of physically handicapped persons in an industry. We do not experience any difficulty as to the mobility of labour.

Induction:-

(3) On the job training is necessary, particularly in order to keep pace with the technological advancement that are taking place in the industry, such training programmes are clearly in the interests of the industry. This Corporation gives introductory training to its employees like Drivers, Conductors, Clerical Staff etc. Employees desirous of acquiring better efficiency and and proficiency in their trade are given all facilities to improve their skill either by attending evening classes or regular classes. So also study leave is granted to the employees who seek for such facilities.

(4) Promotion is essentially management function. In general, vacancies should normally be filled through internal promotions subject to a judicious combination of merit and seniority. Management's right to recruit directly in the interest of the efficiency of the establishment should, however, be recognised. This Corporation takes into account seniority and merit of the employees in the matter of promotion. Trade-tests are also insisted upon in certain categories of employment.

CONDITIONS OF WORK

(1) Working conditions - Labour Legislations in force require radical changes in tune with the changed economic and labour conditions. The changes that have taken place in the society, in the labour management relations etc. have made it necessary to review the present day labour legislations. Some of the provisions in certain enactments go against the smooth working of the industrial establishments. To speak of an example, the provisions relating to the working hours, overtime and weekly holidays contained in the Motor Transport Workers Act are at times incapable of compliance without causing inconvenience and hardship to the public. The administrative machineries for the implementation of the labour laws also require re-orientation. It is a fact that the Law abiding management are striving to comply with all the provisions of the Act incurring incidental additional expenditure as provided in the law. Some other units escaping compliance of the provisions of these enactments are relieved of so much financial burden with the additional advantage of less operational cost. Hence the implementation of the laws should be uniform and the defaulting managements should be proceeded against. This can be achieved only by strengthening the enforcing machinery.

(2) Holidays: At present there is ^E wide range holidays in certain industries and regions and the position varies from State to State. There is no justification in granting a large number of holidays to one section workers while a few other sections are not allowed to enjoy it. In some industries the workers allowed to have a large number of holidays due to various reasons. The large interests of the Nation require to restrict the number of holidays to a reasonable limit. It is therefore absolutely essential to reduce the over-all number of holidays and to

achieve some degree of uniformity for all the industries and for all regions.

(3) This establishment is granting 8 festival holidays to the employees in the operational wing and a certain section of mechanical staff. The remaining sections of mechanical staff and Ministerial staff are granted 15 holidays. The management is bound to grant seven National Festival Holidays including 3 National holidays under the National and festival holidays Act. The majority of the undertakings in the State are giving only seven holidays. In the interest of national economy and the development activities of the country it is absolutely essential to make statutory provisions to restrict the number of National and Festival holidays. Some of the industries are giving only the statutory minimum of seven holidays. This tends to create industrial unrest among the workmen. So the committee will consider the possibility of evolving and fixing the definite number of holidays to be granted to all industrial, commercial and other categories of employees as a whole in the country.

4. Contract Labour: The necessity for giving the employment of contract labour to the minimum is recognised. This Corporation do not maintain any compliment of contract labour.

5. Safety of health: Being a Motor Transport undertaking with thousands of vehicles on the road round the clock and with a large number of workshops strewn all over the country the chances of accidents in this industry is greater than in any other industry. However the accident rates in this Corporation is at a low ebb than any other motor transport undertakings. Safety measures are introduced wherever possible. We may suggest that the motor vehicles department should make a thorough study about the causes, course and results of the accidents and start

a training programme to the employees in this industry with special attention on safety for the benefit of a new entrants. So also refresher courses for those in employment may also be undertaken by the Motor Vehicles Department. We may also suggest that an industrial health service may also be established to arouse safety consciousness among the workers and employers especially in Motor Transport. Difficulties are being experienced in procuring safety equipments in industrial establishments. There is a reluctance on the part of workers to use such safety equipments. Therefore safety consciousness has to be inculcated among the workers for greater use of safety equipments. This can also be done through the industrial health services.

TRADE UNION AND EMPLOYERS ORGANISATIONS.

1. The rapid industrilisation of the country has increased the number of industrial establishments and industrial workers in leaps and bounds. It would not be advisable to leave the industries and the workmen unorganised and letting them to have their own course of action. So it is absolutely necessary that the employers should have their organisations to safeguard their interests and to discharge their duties and responsibilities to the industry, nation and the workmen. Similarly in order to avoid the exploitation of the workmen by the employers the workmen should also have well knit organisations. Although this has been accepted by the cross section of the industry and labour much has yet to be done to achieve the ultimate goal. The constitution and working of organisations of the workmen and that of the employers are governed by the provisions of Trade Union Act which was almost copied down from the British Trade Union Legislation. The Trade Union Act requires timely changes to suit the changed conditions in

the country, outlook of the employers and the growth of trade unions. The employers in general were seeing the trade unions as detrimental to the interest of the industry. Similarly the Unions were also finding the management as a class of exploiters. But this outlook has undergone a definite change in recent years and both the employers and the unions have started to recognise and respect their mutual role in the industry. Similarly the attitude of the Government towards the trade unions and the employers organisations have also changed to a considerable extent.

2. In view of the national objectives of establishing a socialistic society and achieving planned economic development it is necessary that the workers should also be taking into confidence and that should be given increasing responsibility in the day to day management of the industrial units. The constitution of management councils in the industrial units will help to evolve better industrial relations in the industrial undertakings, consultation being one of the effective means of reducing the area of conflict in the employer employee relationship. Speaking on this establishment most of the problems arising in the day to day administration are discussed and settled by mutual negotiations. Only in cases of acute disagreement the State Conciliation machinery is resorted to:

(3) Trade Union constitution and finance: The majority of the employees in this institution are members of any of the recognised or un-recognised unions functioning among them. All the Unions are constituted according to the provisions contained in the Trade Unions Act. We have at present six recognised unions functioning in this establishment with the central offices at Trivandrum where the Chief Office of this establishment is situated. Branch Units of these unions are functioning in the districts and

divisional headquarters. Both central unions and the branch unions are free to raise demands against the central as well as branch units. Problems relating to the local units raised by the Local Unions are negotiated and settled by the representatives of the managements and unions in the local area. Demands and grievances of general nature are discussed and settled at Central level by representatives of the management and unions at headquarters. However there is a tendency among the local unions to raise general demand at local level to compel compliance by the local authorities when the central units fail to procure a settlement at the central level. This is a unhealthy development dislocating the relationship between the management and the employees. The conduct of the affairs of the trade unions are not satisfactory in their pursuits in as much as they do not comply with the general formalities of taking application fee and insisting monthly subscription etc. Similarly we do not subscribe to the view of the system of check off because this will tend to create criticism against the management in its application.

(4) Trade Union leadership and multiplicity of Union.

The political parties played an important role in the formation growth and for the present status of trade Unions in India. The impact of the political parties on the growth of the trade unions are so clear from the fact that every change in the political field has its own corresponding change in the Trade Union also. Although it is necessary for the trade Union to look forward for leadership, funds and organised strength to the political parties, it should not go unrestricted. Trade Unions are necessarily a wing of the industry and it is necessary that they should maintain certain amount of freedom from the influence of the political parties or ere long the unions will be

identified with political parties and the purpose for which it is constituted will, in due course, be defeated. So it is high time to think about imposing a certain amount of reasonable restraint on the political parties in their interference with the activities of trade unions.

(5) If a sound and responsible trade union movement is to be built up the leadership of the movement should come from the ranks of its employees as in the case of other industrially advanced democratic countries. Nevertheless the time has not yet arrived in India to dispense entirely with the services of outside leaders. Limited number of office bearers will have to be from outside. There should however be a gradual reduction in the number of such outsiders. The Trade Union Act should also be amended so as to permit not more than 10% to the executive of the Unions to be outsiders.

Collective bargaining should ideally take place at the unit level for which there should be only a single union. At present there is multiplicity of trade unions in each unit even within the same category of workers. If the collective bargaining principle has to be properly implemented there should only be a single bargaining agent for a single unit.

(6) Trade Union Recognition: Although certain provisions have been included in the Trade Union Act regarding the recognition of trade unions, it has not yet been enforced. These provisions were incorporated in the act long before and they are not in conformity with the modern concept of the recognition of trade Unions. At present the recognition of trade unions are governed by the provisions contained in the Code of Discipline in industry. It has no statutory effect and the procedure laid down under the Code are defective on many counts. So it is

absolutely essential to evolve a criteria for the recognition of trade union and give statutory effect to that. Under the procedure laid down for the recognition of trade unions under the Code of discipline there is provision for recognition only for one union, that is the majority union. The unrecognised minority unions may also effectively parallise the working of the institution in certain cases. Hence the purpose of recognition of a majority Union often fails. So the whole question requires reconsideration and rules of procedure for the recognition of unions have to be evolved.

(7) There should be only one recognised union in an industrial establishment and it should be the majority Union. It is necessary to prohibit any kind of direct action resulting in work stoppage at the instance of the unrecognised Unions in industrial establishments. There are at present 6 recognised unions besides a few unrecognised registered unions functioning in this establishment. Very often these unions in their pursuit to get larger membership place impossible demands against the management and at times notifies their intention of resorting to direct action. So the multiplicity of the Unions are a danger to the industry and something has to be done to curb this tendency among them.

INDUSTRIAL RELATIONS.

(1) With the increase in the number of industrial establishments and industrial workers it is bound to have increased number of disputes in the industrial sphere. Question regarding service conductions, payment of enhanced wages, better leave facilities, working hours and such other traditional causes constitute the main sources of industrial dispures even today. Rivalory among the unions and their persuit to outwit the opposing union have also

increased the number of disputes. Although legislative measures are adopted to prevent the occurrence and recurrence of the disputes, it has not appreciably helped to reduce the number of disputes. Most of the disputes are discussed and settled by the personnel or labour Officers of the industrial establishments and they have been of much assistance for the prevention and settlement of disputes.

(2) Collective bargaining. The right of the workmen for collective bargaining has been increasingly recognised by the managements and the Government. Its advantage to maintain industrial relations in the establishments are also getting recognised by the industry. Time has not ~~come~~ yet come to do away with the system of adjudication, because collective bargaining has a device for the settlement of the dispute can be effective only if the trade unions acquire a certain amount of strength to press the demands against the managements. While conceding that the collective bargaining is a better method than the two the process of adjudication should also be continued under the present set up.

(3) Joint consultation. Works Committees have not been working successfully. Subjects to be dealt with by them should clearly be defined in the Industrial Disputes Act. In establishments where a ^{union} has been recognised as the sole bargaining agent, the Union should be given the right to nominate representatives to the works committees.

(4) Workers participation in management and employees share:

Schemes like workers' participation in management and employee share-holding and profit-sharing schemes are yet to be examined. As a preliminary step ... it is advisable to introduce the scheme in a few selected industries

and the application of the scheme to the other units may be decided on the working results in the selected cases.

(5) Conciliation and mediation: Where the management and labour are not able to come to agreements in their disputes through the process of mutual negotiations, the law now provides for the resolution of the dispute by various methods such as negotiations, mediations, conciliation, voluntary arbitration and adjudication. While direct negotiations must remain as first step; Conciliation as at present prescribed under the status are necessarily to be continued. The conciliation machinery in the past have played an important role to reduce & settle a number of disputes. The conciliation officers under the Industrial Dispute Act are not vested with adequate powers for the settlement of disputes. It is also necessary to consider and decide what powers are to be vested on them. It may be useful to examine the possibilities of making use of the services of the conciliation officers as Arbitrators in the disputes in which a settlement was not possible through the conciliation.

(6) Voluntary Arbitration: Voluntary arbitration is one of the important modes of settling disputes and strengthening collective bargaining success. It is essential that standing panels of suitable independent arbitrators should be established and they should be assured of adequate remuneration and status. The expenses of the arbitration must be shared between the management and the Union. The union who makes a contribution atleast 10% of the expenses.

(7) Adjudication: The future shape of the industrial relations should be based on collective bargaining. The Government should be prevented from interfering in industrial disputes where the recognised unions and the employer have established sound relationship and procedure for the

settlement agreed upon. Nevertheless it is necessary to leave to Government a residual power to intervene after the collective bargaining process is exhausted, in cases in which public interest is involved and in cases involving public utility service as the term defined in the Industrial Disputes Act.

(8) The scheme outlined above is applicable to cases where collective bargaining has been adopted and has taken root as a result of the establishment of proper bargaining agents, which have been granted recognition and which realise the rights and obligations which flow from such a recognition and where the parties are imbued with a spirit of real co-operation. In spheres where collective bargaining has not been developed, the existing provisions of the law regarding the settlement of disputes by conciliation, arbitration and adjudication would continue to play.

(9) Industrial Tribunals have been awarding leave, holidays and other benefits to workers, over and above those laid down in the relevant legislation. In such matters as governed by statutes, improvements should be effected by mutual negotiations and collective bargaining and should not be allowed to be made through reference by Government to adjudication.

(10) Even where the statutory provisions apply, Government should make greater use of fact-finding bodies, such as Courts of Enquiry and Boards of Conciliation, already provided for in the laws, before deciding to resort
xxxx to adjudication. In particular, when a large number of units with a substantial number of employees are involved in a dispute, the method of fact-finding may be adopted, if found suitable. The method of appointing a Commission of Enquiry as was done in a few cases is not appropriate. The settlement of industrial disputes should be made only

by the machineries provided for, in the Industrial Dispute Act.

(11) Labour Appellate Tribunal. We do not subscribe to the view of the revival of labour appellate tribunal because it will only help to cause delay in the settlement of disputes, which in turn tend to create unrest in the industrial establishments. Moreover the capacity of the unions to take the matter in appeal to the appellate courts are also limited. The experience in the past have also shown that the revival of labour appellate tribunal is not conducive to foster better industrial relations in the industrial field.

General. The most democratic and effective method of settlement of conflicts in the industrial sphere is by mutual negotiations and discussions. When the larger interests of the industry on a national basis is involved the best form of resolving such problems is to consult and ascertain all the views of all the interested parties. This can be achieved only through tripartite bodies like Indian Labour Conference, Industrial Committees etc. It is essential that these tripartite bodies should continue to function in future also with more vigour. The present method of treating public utility services on par with other industries should be reconsidered. Any dislocation in the service will affect the normal social life and so ways and means are to be chalked out to get over this situation. There should be some special provisions for avoiding work stoppage in public utilities.

W A G E S .

1. One of the important considerations of wage policy should be to keep the wages of industrial workers in line with the growth of national income. Merely increasing wages of a limited sector of the industry, viz. organised labour, without regard to its impact on wages and incomes

of other sectors unorganised, as well as agricultural labour, would create complications. The National Commission must consider what should be the relationship between the wages of industrial workers, other workers and particularly, vis-a-vis those of agricultural labour as well as the national income. The wages of industrial workers cannot be considered in vacuo.

(2) Minimum wage: The following are the three concepts of the minimum wage:

- i. The minimum wage as a 'substance wage'. This is generally the criterion for the wages fixed for employment covered under the Minimum Wages Act;
- ii. The minimum wage as defined by the Committee on fair wages (1948), viz. "A minimum wage must provide, not merely for the bare subsistence of life, but for the preservation of the efficiency of the worker. For this purpose, the minimum wage must also provide for some measure of education, medical requirements and other amenities"; and
- iii. The need-based minimum wage, as evolved by the 15th session of the Indian Labour Conference.

(3) Industry must pay a minimum wage; but where such a minimum wage is a substance plus wages ie. the "minimum wage" of the Fair Wages Committee's concept, the capacity of industry to pay should be a factor to be taken into account. "The capacity of the industry to pay" must take into account, inter alia, the need to build up reserves for keeping the assets in tact and in an up-to-date condition and for enabling the payment of a level of dividend necessary for attracting sufficient capital for ensuring the growth and development of industry. In other words, if these are to be "Standards of Living" for workers (as there must be), it is equally essential for there to be concepts of "survival" for industry. Otherwise, the one will cancel out the other. At the same time, the minimum wage concept is not a static concept and would vary from industry to industry, and from time to time.

(4) The third concept viz. that of the need-based minimum wage and the criteria laid down by the Indian Labour Conference is impracticable and not capable of achievement by most of the industries, having regard to the present capacity to pay. This has become evident as a result of the careful consideration given to it by successive wage boards, as also by the Pay Commission, all of which have found it a very vague and indeterminate concept which can neither be quantified or implemented. The norms should therefore be made more realistic, if the need-based minimum wage were to become a practical proposition. It must, on the one hand, be capable of payment of industry and, on the other, maintain and promote employment.

DEARNESS ALLOWANCE.

(5) The basic purpose of dearness allowance as the Gajendra Gadkar Commission has pointed out, is to mitigate the hardship of employees in the lower pay ranges in the event of an appreciable rise in prices.

(6) It is true that dearness allowance is a necessary component of the total wage. There should, however, be restriction on the rate of neutralisation of the minimum wage and such neutralisation should not exceed 90% of rise in the cost of living index. At present, the neutralisation is 100% in several industries and in some Industries, it exceeds even this rate. The Gajendra Gadkar Commission has awarded only 90% neutralisation to the lowest paid Government employees. The principle followed by the Commission that the percentage of neutralisation should taper off for the higher income groups which should receive a substantially lower compensation for the rise in prices, is sound.

(7) There should be a limit on the maximum amount of Dearness Allowance that should be paid to any employee. If

a system of Dearness Allowance is evolved based on the principles set out by the Gajandra ~~Gajendra~~ Gadkar Commission, it would follow that there would be a ceiling on the quantum of D.A.

(8) The present practice of adjusting D.A. every month in several industries, should be abandoned. Dearness Allowance should be adjusted every six months on the average consumer price index figure for the preceding six months. The adjustments in D.A. should be made, only if there is a variation of three or more points in the 1960 index. It is desirable to take the average index figure of the industrial centre concerned as the basis. The existing practice of computing D.A. on the basis of the all-India index may, however, be continued in the case of industries which have been following such a practice in the past.

(9) At present, the quantum of D.A. is totally disproportionate to the basic wage and the merger of an appropriate part of D.A. with basic wage and not a flat merger may be desirable. The most appropriate level would be that obtaining at 1960, as this year has been taken as the base year for the new index series. The consideration in favour of this conclusion is that, for all statutory purpose, "wage" means basic wages and D.A. There would, therefore, be no financial disadvantage to employer by rising the basic wages to any particular level. It is, however, likely to affect mainly those who have schemes of gratuity, which are invariably computed with reference to "basic" wage only. It was realised that such merger would be possible only if payments which are based on the "old basic", such as gratuity, production bonus, etc. are reviewed.

(10) The scheme of paying D.A. in kind is not desirable, in view of the practical difficulties of implementing schemes of this nature.

(11) Certain benefits are available to workers under different statutes, such as the Factories Act (Canteen), Employees' State Insurance Act (Medical benefit), Maternity Benefits Act, etc. Furthermore, a number of employers have voluntarily undertaken various other welfare activities, such as the provision of subsidised housing, medical benefits, education, concessional supply of articles etc. Where any or some of these benefits are allowed whether statutory or non-statutory, the benefits go directly to reduce the expenditure of a worker on items, of expenditure which are taken into account for the calculation of the minimum pay or fair wage, they must necessarily be taken into account in fixing the actual wage payable.

(12) The existing wage structure is the result of historical development and haphazard growth. Some of the wage boards have tried to improve the position. However, the only effective way of rationalising the present differentials is to study the present wage-payment system, occupation by occupation, and fix differentials on the basis of a system of scientific job evaluation. The biggest impediment in the development of a scientific wage differential between occupations is the payment of D.A. at a flat rate to all employees. It may not be possible immediately to overcome this difficulty. In the new industries, however, it is desirable to evolve a more scientific wage structure.

(13) It is for the above reasons (viz maintenance of differentials) that the D.A. should be paid to employees as a percentage of their respective wage/salary.

(14) The method of wage fixation by means of wage board is preferable to any other method, such as adjudication or statutory wage fixation. Since wage boards are tripartiate, they have the character of a collective bargaining agency

at the national level. An industry-wise wage board is the natural development of the process of collective bargaining from unit to industry, leading to the National Industrial Wage Boards. It is, however, implicit in the collective bargaining principle that any recommendation of the wage boards which are not unanimous and therefore not mutually agreed by the representatives of employers and workers should not be statutorily imposed. The proposal recently put forward to make the recommendation of the Wage Boards Statutory binding is not a good step. If a wage board does not succeed in arriving at unanimous report, the points of disagreement should be referred to adjudication.

(15) The working of the Wage Boards should be improved and a limit of two years should be laid down for completing their assignment.

INCENTIVE SCHEMES AND PRODUCTIVITY.

(1) The standards of norms necessary for the introduction of incentive schemes should be worked out by the parties concerned through collective bargaining. After these standards/norms are so fixed, they must be strictly enforced. The enforcement of agreed standards/norms is as much the responsibility of management as of the Trade Unions.

(2) The guiding principles for the introduction of incentive schemes are as follows:-

- a) Employers and workers should formulate a simple incentive system at the unit level and implement it on some agreed basis through collective bargaining. In every case, introduction of incentive schemes, should be preceded by an arrangement with trade unions. In fixing norms, the standard of performance reached in the past (in that unit) should be kept in view.

- b) No worker should be adversely affected by the introduction of incentive scheme. This scheme could result in either levelling up or levelling down of the job-rating. In the latter case, the existing incumbent should be protected by the payment of a personal wages.
- c) Individual or group incentives can be framed to cover both direct and indirect groups of workers.
- d) An incentive scheme cannot be evolved without a work study undertaken with the co-operation of workers. Nevertheless, it should always be open to employers and workers to evolve a scheme by agreement or any other acceptable basis.
- e) Time rated occupations should be provided with incentive schemes, to the extent possible.
- f) Wage incentives should generally provide extra earnings only if a mutually agreed level of efficiency has been achieved.
- g) To ensure quality of production, incentive payments should be generally allowed only if the output has been approved on inspection by the management.
- h) Although in normal times, incentive earnings should not fluctuate, in abnormal conditions, it may not be possible to maintain earnings. Management is, therefore, faced with the problem of either having to lower standards or reduce the level of employment. Once the position is reached that the demand for goods does not warrant a particular level of production; the answer cannot be to lower the standards set by incentive schemes, as this would be contrary to the very basic concept of productivity. The answer must be to adjust production at the agreed levels of productivity, by rotation of work, lay off etc.

i) The scheme should itself safeguard adequately the interest of the worker if he is forced to remain idle due to circumstances entirely beyond his control such as non-supply of raw material, machine break-downs etc.

j) Apart from financial incentives, non-financial incentives like better security of employment, job satisfaction, job status, etc. have also a place in increasing productivity.

(2)Productivity: The role of management in raising productivity is that of active participation in the various consultative and advisory bodies and of responsive co-operation in the policies evolved by such bodies.

(3)Statistical problems of accurately measuring the gains of productivity are immense. It is difficult to isolate and assess the relative contribution of the different inputs (or factors of production) in increased productivity. Thus, the advance registered by the productivity-index at a given point of time may be due to the introduction of new machinery, better utilisation of existing machines or other managerial activities and decisions or due to the efforts of labour.

(4)Assuming that the problems of measuring the gains of productivity can be solved and that the levels of productivity can be scientifically established, the gains of productivity should be shared, through the process of collective bargaining, between management and labour, keeping in view the interests of the consumer. The gains of productivity should be shared, in appropriate proportions among four factors.

a)Productivity bonus to labour

b)Capital reinvestment for development of industry.

c)Dividends to shareholders.

d)Reduction in prices to consumers.

It is not feasible to lay down any definite percentage shares of these four claimants to productivity gains. Due weight should, however, be given to the proportionate contribution made by each of the first three, without overlooking the legitimate claims of the consumer.

(6)Movement of wages and productivity: In certain industries, the increase in wages have outpaced the increase in productivity. It is, therefore, necessary that, in future, increase in wages should be ^{linked} ~~linked~~ to productivity and not tied into the increase in ~~linked to productivity~~ the consumer price index. In no case should the wage increase outrun productivity.

(7)Absenteeism and labour turnover: Increased absenteeism and labour turn over have adversely affected productivity. The main factors responsible for increased absenteeism are, inter alia,

- i)Rural-orientation or agrarian bias of labour;
- ii)Social customs and habits;
- iii)Liberal leave provisions;
- iv)Employees' State Insurance Scheme;
- v)Working and living conditions;
- vi)Personnel policies.

Some of the above factors have also been responsible for labour turnover. In certain cases, higher earnings can be said to be a contributing factor in increasing the incidence of absenteeism.

(8)Suggestion scheme: Suggestion schemes, wherever introduced, have worked well and have helped to increase productivity. As such, the system should be encouraged.

(9)Rationalisation: The recommendations of the 15th Indian Labour Conference have helped the process of rationalisation in ^{industry} and should be further encouraged where conditions are found favourable.

(10) Automation:- Automation is basically essential for improving efficiency. Automation and other forms of new technology bring in lasting benefits to the community as a whole. They make possible the production of goods in bulk, thus bringing in economies of scale, which, in turn, help to lower prices. Automation provides relief from heavy physical labour and monotonous manual tasks. In the long run, it creates more job opportunities and less onerous and safe working conditions. Moreover, to keep pace with the technological advances made by other countries and their competitive capacity in international markets, the country must accept a positive and definite role for the process of automation.

(11) Indeed, there are certain areas, in which the use of Electronic data processing system is essential to enable vital managerial decisions to be taken, which cannot result from purely human application. This is particularly true in such fields as Linear Programming, Programme Evaluation and Review Technique etc. which involves no displacement of labour.

(12) In the contest of the long-term perspective, a rapid rate of capital formation would only be possible through the introduction of advanced technologies and the adoption of automation. This would itself create and improve employment opportunities; and experience in other countries have amply proved that. Government seem to have recognised a selective approach in the application of computer and other automative devices.

(13) National Productivity Council:- Generally, the work done by the National Productivity Council in generating enthusiasm among employers and workers for increasing productivity is commendable. More emphasise should, however, be given to inculcate productivity consciousness at

the plant level particularly among workers. In this connection, the local productivity councils can play a more significant role.

SOCIAL SECURITY.

(1) Although the objectives of the Social Security Schemes are laudable, these schemes do not appear to have the desired effect on stability of employment and on industrial relations. They have, however, conferred several advantages on industrial labour. In the long term perspective of economic development, it is necessary to keep in mind that these advantages are available only to a small section of the working population, while workers in the agricultural sector as well as the unorganised sector of the industry, are outside the purview of the social security scheme.

(2) Expenditure on social security scheme:- No precise calculation of proportion of expenditure on social security schemes to the total cost of production or services is possible. Nevertheless, in recent years, the expenditure on these schemes has been increasing and varies from establishment to establishment. Government should not, therefore, enlarge the scope and coverage of existing benefits for a considerable period of time. In the context of the present stage and level of economic development of the country and particularly, the increasing burden imposed on industry by the social security schemes, introduction of new social security measures by legislation is not feasible or advisable.

(3) Merger of employees' Provident Fund Organisation and Employees' State Insurance Corporation:

In view of the variation in the coverage under the two schemes, and the difference in the rates of contribution to the Employees' Provident Fund Scheme between

different industries, it would not be feasible to effect a merger of both the schemes at present. Further, the amalgamation of the two schemes is likely to create more administrative problems, unless the organisational set up under the scheme is streamlined and effective steps are taken for the quick disposal of claims. The Organisation and functioning of the Employees State Insurance Scheme should be improved, so that a comprehensive and integrated social security scheme may be ushered in at an appropriate time. Till such time no other form of social security measures should be introduced in the country.

(4) Employees State Insurance Scheme: Exemption -

There is no need for exemption from the E.S.I. Scheme. In fact, wherever an undertaking itself accords medical care and other benefits to workers, it should be granted exemption from the statutory scheme.

(5) Certification: Lax certification has been one of the important factors in increasing the incidence of absenteeism in several industrial units. Medical Officers of the Plant/Plants concerned should be taken into confidence by the E.S.I. Doctors before issuing certificate. The experience in some plants shows that their medical Officers can play a very useful role in reducing the incidence of absenteeism.

(6) Waiting period. The waiting period should be extended from 2 to 5 days.

(7) Share of Contributions: The contribution of employers and employees in any scheme of social security should be equal in monetary terms. Government should bear the administrative expenses of these schemes.

(8) Investments of Provident Fund money:- The exempted as well as non-exempted funds should be permitted to be

invested in such a manner as to bring the highest returns to the funds contributed by the parties concerned consistent with their security. The rate of interest on Central Government securities is very low, compared to other securities in the markets. Consideration should, therefore, be given to diversify the investment in high-yielding securities.

(9) The workers should also be allowed to withdraw more liberally from the provident Funds for such purposes as construction of a house, contribution to Life Insurance Policies etc.

(10) Gratuity. By integration of E.S.I. Scheme and P.F. Scheme, sufficient economies could be expected to provide for pension in addition to the Provident Fund without imposing additional financial burden from the parties. In such circumstances there would be no place for gratuity since both provident fund and pensions are provided.

(11) Lay off and Retrenchment Compensation: Since the existing provisions relating to lay-off and retrenchment provided to employees are rather adequate, there is no need for change in the existing provisions so as to confer any additional benefit on labour against the hazards or job insecurity resulting from temporary unemployment and fluctuations.

LAPOUR LEGISLATION.

(1) So far as labour-management relations are concerned, the basic approach is that Governmental intervention should be reduced to the minimum extent possible and that industrial relations should be guided by collective bargaining. The time has now arrived when less and less intervention by Government in the labour field is essential. Government intervention should be kept as reserve power to be used only in exceptional circumstances.

As the realisation of their social obligations on the part of both employers and employees have increased, and continues to increase, the necessity for intervention of a third party in labour relations becomes more and more limited, particularly as the Trade Union movement has gained considerable strength in the country; as such, the degree of Government protection which had necessarily to exist in the past is no longer needed.

(2) Constitutional Position: Labour legislation, under the constitution, falls in the current list. While the existing arrangements have worked reasonably satisfactorily, in order to ensure rapid economic development and integrated and balanced industrial growth of the country as a whole, it is essential to ensure that labour legislation and its administration should be uniform as far as possible throughout the country. In other words, it should be the responsibility of the Central Government to ensure that the State Governments do not enact legislations which run counter to Central Acts, or result in regional imbalances in the impact of Labour and Welfare measures.

(3) Impact of international labour conventions: International labour conventions have had a definite and useful impact on the legislation enacted by the Government of India. India has ratified several conventions and her record in this matter has been better than that of some developing countries in Asia and Africa.

(4) Review and Amendment: Since independence, there has been a plethora of legislation intended to protect the interests of industrial workers and to confer various benefits on them. These acts have served to improve the working conditions, job security, social benefits, and other safeguards and are justifiable on the basis of conditions existing at that time. At present, when the trade

union movement has acquired a degree of strength, it is necessary to change the approach from one of legislation and statutory regulation to one of the responsible self-discipline, both on the part of workers' Organisations and employers' Organisation. Employers, as a whole, have implemented the various norms and standards laid down in the laws passed by Parliament and there is no need to reinforce the labour code by further enactments. Further progress in the matter of labour relations and labour benefits should be based on collective labour bargaining and bipartiate consultations and not through legislative measures.

(5) Labour law administration: Those who are responsible for administering the labour laws should reorient their attitudes having regard to the changed economic and labour situation. Labour administration requires to be improved, so as to avoid arbitrary use of discretionary power and delays in the settlement of disputes. The calibre of the personnel of tribunals and other authorities, which deal with industrial disputes, requires to be considerably improved.

(6) Simplification and codification of labour laws:

There is need for simplifying and codifying various labour laws so that the coverage, the benefits, the rights and obligations of labour as well as employers under the different enactments became uniform and better understood. At present, multiplicity of legislation with different coverage and different connotations make it difficult both to comprehend and to administer the enactments.

(7) Voluntary approach: The Government's Labour Policy in recent years, based on voluntary approach in preference to legislation is welcome. Tripartite instruments like the code of discipline and industrial Truce resolution have

worked reasonably well, but have failed to come up to expectation, primarily owing to ill effects of inter-union rivalry and the political bias of the trade union movement. Unless the root cause of the problem is tackled, the voluntary approach is difficult to be successful. The emphasis should, therefore, be laid on the promotion of collective bargaining at the unit level, through representative unions.

(8) The Public Sector. The public sector must act as a model employer and should enjoy no preferential treatment in the matter of the implementation of labour laws.

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