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Industrial and Labour Developments in March 1958.N.B. - Each Section of this Report may be taken out separately.

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CHAPTER 1. INTERNATIONAL LABOUR ORGANISATION.

INDIA - MARCH 1958.

11. Political Situation and Administrative Action.

Central Cabinet: Reshuffle of Portfolios.

Consequent upon the resignation of Shri T.T. Krishnamachari, Finance Minister and the demise of Maulana Azad, Minister for Education and Scientific Research, the Cabinet Secretariat at New Delhi announced on 13 March 1958, the following list of Ministers with the resulting changes in portfolios:

Members of the Cabinet:

Shri Jawaharlal Nehru - Prime Minister and Minister of External Affairs and also in-charge of the Department of Atomic Energy.

Pandit Govind Ballabh Pant - Minister for Home Affairs.

Shri Morarji Desai - Minister of Finance.

Shri Jagjivan Ram - Minister of Railways.

Shri Gulzarilal Nanda - Minister of Labour and Employment and Planning.

Shri Lal Bahadur Shastri - Minister of Commerce and Industry.

Shardar Swaran Singh - Minister of Steel, Mines and Fuels.

Shri K.C. Reddy - Minister of Works, Housing and Supply.

Shri Ajit Prasad Jain - Minister of Food and Agriculture.

Shri V.K. Krishna Menon - Minister of Defence.

Shri S.K. Patil - Minister of Transport and Communications.

Hafiz Mohammad Ibrahim - Minister of Irrigation and Power.

Ministers of State:

- Shri S.N. Sinha - Minister of Parliamentary Affairs.
- Shri B.V. Keskar - Minister of Information and Broadcasting.
- Shri D.P. Karmarkar - Minister of Health.
- Dr. P.S. Deshmukh - Minister of State in the Ministry of Food and Agriculture.
- Shri K.D. Malaviya - Minister of State in the Ministry of Steel, Mines and Fuel.
- Shri Mehar Chand Khanna - Minister of Rehabilitation.
- Shri Nityanand Kanungo - Minister of State in the Ministry of Commerce and Industry.
- Shri Raj Bahadur - Minister of State in the Ministry of Transport and Communications.
- Shri B.N. Datar - Minister of State in the Ministry of Home Affairs.
- Shri Mamubhai Shah - Minister of State in the Ministry of Commerce and Industry.
- Shri S.K. Dey - Minister of Community Development.
- Dr. K.L. Shrimali - Minister of Education.
- Shri A.K. Sen - Minister of Law.
- Shri Humayun Kabir - Minister of Scientific Research and Culture.
- Shri B. Gopala Reddy - Minister of Economic Affairs.

Deputy Ministers:

- Sardar S.S. Majithia - Deputy Minister of Defence.
- Shri Abid Ali - Deputy Minister of Labour.
- Shri Anil Kumar Chanda - Deputy Minister of External Affairs.
- Shri M.V. Krishnappa - Deputy Minister of Food and Agriculture.
- Shri Jai Sukh Lal Hathi - Deputy Minister of Irrigation and Power.
- Shri Satish Chandra - Deputy Minister of Commerce and Industry.
- Shri Shyam Nandan Mishra - Deputy Minister of Planning.
- Shri Bali Ram Bhagat - Deputy Minister of Finance.
- Shri Mono Mohan Das - Deputy Minister of Education and Scientific Research.
- Shri Shah Nawaz Khan - Deputy Minister of Railways.
- Shrimati Lakshmi N. Menon - Deputy Minister of External Affairs.
- Shri S.V. Ramaswamy - Deputy Minister of Railways.
- Shri Ahmed Mohiuddin - Deputy Minister of Civil Aviation.
- Shrimati Tarkeshwari Sinha - Deputy Minister of Economic Affairs.
- Shri P.S. Naskar - Deputy Minister of Rehabilitation.

(The Statesman, 14 March 1958).

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12. Activities of External Services.

India - March 1958.

Meetings

(a) Shri V.K.R. Menon, Director of this Office attended the 31st Annual Session of the Federation of Indian Chambers of Commerce and Industry held at New Delhi on 10 March 1958.

(b) Shri V.K.R. Menon, attended a meeting of the National Council for Training in Vocational Trades held at New Delhi on 12 March 1958.

(c) Shri Menon attended a meeting of the Sub-Committee on Workers' Participation in Management, convened by the Government of India.

Chapter II: International and National Organisations

25. Wage-Earners' Organisations.

India - March 1958.

Representation at Tripartite Bodies: Hind Mazdoor Sabha Working Committee's Criticism.

The Working Committee of the Hind Mazdoor Sabha (HMS) met in Bombay on 11 and 12 January 1958. The agenda included subjects of considerable importance ^{teachers} workers' education and representation of tripartite bodies.

Workers' education.- The Working Committee's resolution on this subject reiterated the principles and policy laid down by the last annual HMS Convention (vide section 25, pp. 26-33 of the report of this Office for October-November 1957).

It further drew attention to the recommendation of the Ford Foundation Team of Experts, subsequently accepted by the 15th Session of the Indian Labour Conference unanimously, that an autonomous Board with the major representation to the trade union organisations should be entrusted with the planning and conduct of workers' education programmes and expressed dissatisfaction that such ^{an} autonomous Board has not yet been brought into being by the Government even after the lapse of a long time since the above recommendation was unanimously accepted. It also protested against the assumption by the Government of all functions in the setting up of the Teacher-Administrator training institute including even the selection of candidates and the allotment of quotas of seats to various central trade union organisations. It further resolved that the Hind Mazdoor Sabha should not nominate any persons for admission in the teacher-administrator training Institute and should not take any part in the Government sponsored schemes of workers' education unless and until an autonomous Board with proper representation to the central trade union organisations was set up and entrusted with all functions of planning and implementation of workers' education programmes.

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Tripartite Bodies.- The Working Committee adopted the following resolution regarding the representation of H.M.S. at tripartite bodies: "Resolved that:

"1. The representation granted by the Government of India to the HMS on various tripartite bodies like the Central Board of Trustees of the Employees' Provident Fund, the Coal Mines Labour Welfare Fund Board of Trustees etc., and various industrial development councils is too low and out of all proportion to the strength and influence of the HMS in the respective fields and on some tripartite bodies, no representation at all has been given to the HMS;

"2. The explanation offered by the Labour Ministry that the representation granted to the HMS is in proportion to its membership in relation to that of the other central trade union organisations, is not acceptable to the HMS since no access has been given to it to the full results of the verification said to have been conducted by the Chief Labour Commissioner on the claims of the various central organisations and since the manner of the verification itself is in the opinion of the HMS, not sufficiently impartial and objective;

"3. The HMS demands of the Government of India the right and opportunity of full scrutiny of the results of the verification carried out by the Chief Labour Commissioner, of raising objections and being heard on any points relating to the verification settle and getting the question of representation settled satisfactorily on the basis of objectively ascertained membership strength;

"4. Failing satisfactory response from the Government on the above demand within a period of 3 months, the HMS should withdraw all its representatives whom it may have nominated to any tripartite bodies set up by the Government of India."

(Hind Mazdoor, Vol. V, No.1,
January 1958, pp. 2 and 6-7)

INTUC to revive Mazdoor Sangh: Concern over growing Communist influence with Workers.

According to a message published in 'The Statesman', from its Special Representative, the Indian National Trade Union Congress is showing signs of concern over the growing Communist influence on labour, particularly in crucial industries like steel and mining.

To counteract this influence, it is understood, the INTUC has decided to revive the Hindusthan Mazdoor Seva Sangh, an institution founded by Mahatma Gandhi in the early days of the labour movement in India.

Having trained a number of leading trade unionists - who now form the core of the INTUC leadership - the Sangh retired from the active field leaving trade union activity to INTUC.

It has now been planned that the Sangh should once again launch a vigorous training scheme. To begin with, 300 INTUC workers will be given intensive training and thrown into the trade union field to combat the Communist challenge.

Main cause of growing influence.- According to INTUC sources, the main cause of the Communist ascendancy is their ability to mobilize a large number of determined and disciplined trade union workers. The INTUC plan to build up a well-trained cadre is, therefore, likely to be of great help.

Another advantage the Communists have is that the entire manpower and financial resources of the Communist Party are always available to the All-India Trade Union Congress, the party's trade union wing. On the other hand, provincial branches of INTUC usually find themselves in conflict, rather than in collaboration, with State Congress Committees.

Efforts are being made to overcome this difficulty also. A recent meeting between the INTUC leaders of Jamshedpur and Bihar Congress leaders is said to have yielded encouraging results.

It is stated by competent observers that while the Communist influence on labour is steadily growing and that of INTUC is in a state of stagnation, the strength of the PSP-led Hindustan Mazdoor Sabha has shown signs of decline.

(The Statesman, 29 March 1958).

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Annual Convention of Madhya Pradesh INTUC:
Better Working Conditions in State Enterprises
unged.

The first annual convention of the Madhya Pradesh unit of the INTUC at its concluding session held at Bhopal on 23 March 1958 expressed its grave concern over the "pitiable" working conditions of employees in the State-owned industries.

A resolution adopted at the convention held the State Government responsible for the present state of affairs in the State undertakings and said workers engaged in these industries had neither the facilities which other State Governments' employees enjoyed nor the benefits industrial workers in private undertakings had.

It pointed out that no attention was being paid to the question of implementing the provident fund scheme, dearness allowance, housing and other amenities for the workers and said as a result workers in State undertakings faced considerable difficulties.

It directed that in case immediate measures were not taken by the Government necessary action should be taken by I.N.T.U.C. units in the State for the fulfilment of the demands of the workers.

The convention said in another resolution that under the pretext of rationalisation and lock-outs a large number of workers in industries had been thrown out of employment by the managements. It called upon the Government to take effective steps towards checking growing unemployment and retrenchment in the State.

Other resolutions passed at the convention demanded removal of disparity in the pay scale and allowances of industrial workers in the private sector, fixation of minimum wage for agricultural labour, expeditious disposal of industrial disputes and publication of labour laws in Hindi.

The convention elected Shri Ram Singh Verma, M.P., as the president for 1958-59.

(The Hindustan Times, 24 March 1958).

Kerala Trade Unions Regulations, 1958.

The draft Kerala Trade Unions Regulations (vide page 35 of the report of this Office for October-November 1957) has been approved and gazetted on 11 March 1958.

(Kerala Gazette, No.10,
dated 11 March 1958, Part I,
Section IV, pages 1-18).

28. Employers' Organisations.

India - March 1958.

31st Annual Session of Federation of Indian Chambers
of Commerce and Industry, New Delhi, 10-12 March 1958:
Balanced Import Policy and Limitation of State Trading
urged.

The 31st annual session of the Federation of Indian Chambers of Commerce and Industry was held at New Delhi from 10 to 12 March 1958. The meeting, which was addressed by the Prime Minister, was presided over by Shri Babubhai M. Chinai, President of the Federation. Of the more important resolutions passed by the Federation, one was on the foreign exchange position. Another dealt with tax concessions and the third resolution urged the need for uniformity in the administration of the sales tax. The Federation also adopted three statements submitted by three group committees. One of them related to the role of State trading while the other two were on the food position and the problem of small scale industries.

Presidential address: Taxation policy criticised.- Shri Babubhai M. Chinai, in his presidential address said that the question of internal finance for the economic development of the country should be dealt with in such a way that the sources of these funds - industry and trade - were not "dried up" and were "in a position to earn profits". He said that the taxation policy of the Government had entailed "substantial losses to the investor" and a stage had been reached when taxation was falling heavily on initiative and responsibility which were badly needed to-day.

Welfare State.- Shri Chinai questioned "the tendency to insist" that the objectives of a welfare State or a socialist pattern of society could be achieved only through progressive enlargement of the nationalised area or sector" and said that in the U.K. the new trend abjured extensive nationalisation. Part of the reason was the unsatisfactory performance of the industries already nationalised. "We too in India must give careful attention to the content of the socialist pattern of society", he said.

Shri Chinai referred to the set-up of the Life Insurance Corporation which, according to him, was "monolithic" and said: "If I do not go to the extent of suggesting the denationalisation of life insurance, it is because it may not yet be politically acceptable. Therefore, I would commend at least the de-monopolisation of life insurance, the creation of half a dozen corporations for different zones of which some may even be privately managed".

Capital goods.- Shri Chinai referred to the question of import of capital goods by industry and said that while early relaxation of import control might lead to dangerous results, continuation of controls for a period more than necessary might well produce unhappy consequences because development which would otherwise have taken place will be stopped. He said that in recent months offers of assistance had been received from different nations having different ideologies. The Indian business community was thankful to the various friendly countries for their more than token gestures of assistance. Shri Chinai added that "with Indian business all such assistance forthcoming, we would be able to implement not only the core of the second Plan, but a substantial part of it, provided it is possible to raise the requirement requisite internal finance".

Criticising the Government Shri for its excessive taxation policy, Shri Chinai said that he would like to urge some points in this connection. The first one was the scope for readjustment in the fiscal policies to ensure the necessary measure of investment support. He could not over-emphasize the desirability on the part of Government to encourage a process of economic growth, sound enough to be self-sustaining. Government themselves could no doubt greatly help and this Government assistance was as crucial as foreign assistance. The fundamental effort must come from the people themselves.

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Another "must" of an effective programme, he said, was the dissemination of the knowledge that economic progress was a long-term progress. This knowledge would gain practical force if the assistance forthcoming from any quarter could be looked upon as a long-term assistance and not be considered as an annual feature with a fundamental debate each year about the wisdom of extending such assistance.

Shri Chinnai said the tax-paying public expected to be assured that the authorities were exercising the greatest vigilance over their expenditure. Even in respect of developmental expenditure, wastage must be avoided.

Prime Minister's address: present taxation pattern inevitable.— The Prime Minister in his address spoke in general terms about the rudiments of economic growth, foreign affairs and the relationship that should exist between the Government and the business community.

Replying to the President's detailed demand for tax relief, Shri Nehru said that pattern of taxation evolved last year, was inevitable and continued to be inevitable. Subject to this broad approach, he added, he could consider minor adjustments.

As regards the relationship between the Government and the private sector in general, Shri Nehru deprecated the tendency to consider the two as belonging to opposite camps and emphasised that there was no inherent or essential conflict between them. He pointed out that while the Government and the business community could - and indeed should - differ even on vital matters, the two should have a "large measure" of agreement on objectives and a "fair measure" of agreement on the way to achieve those objectives.

Even more important than having an agreement on ends and means, Shri Nehru said, was the need for mutual trust between the Government and the private sector, for mistrust between sections of a community could be as dangerous as the atmosphere of hatred, violence and cold war in the international sphere. With regard to the Federation's remarks about the Life Insurance Corporation, Shri Nehru declared that he was willing to consider the establishment of a number of corporations to end the monolithic structure of the LIC but there could be no going back on the nationalisation of life insurance. He reiterated that in future one of the objectives of LIC investment would be to save important undertakings from collapsing because of the activities of speculators. Naturally, such a policy would involve some control of the undertakings thus saved, but there was no intention to use this method to nationalise private companies.

Foreign Exchange.- About the foreign exchange position, the Prime Minister said that some slight improvement in the recent past should not lead to complacency. The Government did not want to repeat the error of some years ago of allowing the foreign exchange situation to drift. However, where possible, relaxation would be allowed, provided such a relaxation led to greater production.

In referring to food imports as a major drain on the foreign exchange reserves. Shri Nehru confidently asserted that food production was bound to increase even beyond the second Plan target. His basis for this forecast was his faith in the Indian peasant.

Resolutions: Foreign exchange and developments.- The resolution on foreign exchange, moved by Shri Shanti Prasad Jain, urged the Government to make a "factual and correct appraisal" of the foreign exchange situation with the help of non-officials. It said it was necessary to take a view of the overall foreign exchange requirements for the next five years or so. The tightening of the deferred payment scheme might lead to avoidable difficulties to trade and industry.

Shri Jain said that according to the present estimate the total shortfall of foreign exchange during the second Plan period would be 20,000 million rupees as against the original estimate of 11,000 million rupees. During the last two years an expenditure of 5,650 million rupees over the current income had already been incurred, consisting mainly of 950 million rupees as drawings from the I.M.F. and the rest from sterling balances. Exports were of the order of 6,000 million rupees a year at present and imports would have to be of the order of 11,900 million rupees to meet the Plan requirements. From April 1956 to 1957 India got assistance of the order of 5,700 million rupees. From July 1957 to the middle of February this year India got raw materials worth about 2,600 million rupees. There was a promise from West Germany of about 700 million rupees for the Rourkela plant and aid amounting to another 2,250 million rupees might be expected from the U.S.A. The total amount thus agreed to or promised was 9,250 million rupees.

Shri Jain said the sterling balances had been already brought down by 4,800 million rupees, which meant that the total amount available was of the order of 14,000 million rupees. Thus there was a shortfall of 6,000 million rupees between the requirement and the available of promised amount. It would not be too much to say that during the next three years without any special efforts it would be possible to get another 5,000 million rupees as foreign aid. It would not be unreasonable to hope that there would be a saving of 3,000 million rupees to 4,000 million rupees in the matter of consumption and development.

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He said he recognised the need for planning cautiously and carefully but that should not mean doing nothing. In the interest of the Plan it was necessary not to allow the inflationary pressure to develop. He was pleading neither for the private sector nor for the public sector but for the necessary rupee expenditure being made available to society.

The resolution was adopted.

Tax concession demanded.- The Federation adopted a resolution listing the business community's demands for tax remission whose acceptance would virtually amount to scrapping the existing tax structure.

Among the concessions sought in the resolution were complete abolition of the wealth tax on companies, abolition of the taxes on bonus shares and dividends and substantial reduction in the rate of tax on personal incomes.

Besides demanding that the compulsory deposit scheme should be scrapped the Federation suggested that investments in new undertakings should be given a more favourable tax treatment than at present.

Almost all the representatives of industry and trade who spoke in support of this resolution asserted that the loss of revenue likely to result from the measures suggested would be more than compensated by their stimulating effect on savings and investment. It was contended that the heavy incidence of existing imposts on incomes and capital had already set in a process of erosion of capital in many undertakings and that could not but be injurious to the national economy.

Of considerable significance was the fact that some speakers expressed pleasure that for the first time the Federation had taken a strong stand against the Government's taxation policy. They said that industry was a partner in the Plan but it must be treated as an equal partner and given its due.

Uniformity of sales tax.- By a resolution the Federation stressed the need for co-ordination in the sales tax policies of States. It asked the Centre to enact a model sales-tax Act for the guidance of the States.

It suggested that the scheme of collection of sales tax along with other levies, implemented in respect of mill-made textiles, sugar and tobacco, be extended to as many articles as possible, particularly to those on which at present the excise duty or customs duty is levied, except on those which are mainly used as raw materials.

Export promotion.- By another resolution the Federation pointed out that concentrated efforts would have to be made to reach the export target of 7,000 million rupees to 7,500 million rupees a year laid down by the Export Promotion Committee. The pattern of export trade should be diversified. It called on the Government to implement the recommendations of the committee.

State Trading.- In a statement adopted unanimously, the Federation suggested that the State Trading Corporation should generally limit its work to "contacting and contracting" and leave the trade to the existing private channels.

Should limited directed trading by the STC become unavoidable, the statement added, the Corporation must not enjoy any preferential treatment and even the commodities directly imported by the STC should be distributed through private trade.

The statement incorporating these views dealt with the plight of private trade in the context of the restrictive import policy and increasing State trading.

Piloting the statement, Shri M.M. Birla declared that the inevitable hardships caused by the import squeeze impinged on a sector of the national economy whose importance was next only to that of agriculture.

According to him, the number of small traders now facing a difficult time was as large as 20,000,000. Their plight, he hoped, would receive the nation's sympathetic attention.

Other measures suggested to mitigate the hardship of traders was the proposal that the permissible import under the restrictive policy should be canalised through established importers.

It was also suggested that both the public and private sectors should utilize the services of displaced importers for distribution of goods and in export trade.

Food situation.- The statement on the food situation presented by Shri B.P. Singh Roy, pleaded for a permanent two-million ton food reserve.

Small scale industries.- Moving the statement on small scale industries, Shri G.H. Mody said that instead of merely calling on the Government to help the small-scale industries the committee had suggested that bigger industries should help set up ancillary industries.

There was discussion on definitions of small-scale and medium industries. The committee, which had been asked to report on medium industries also, declined to do so.

It pointed out in a note that it was difficult to pinpoint the problems facing this class of industries as no definition existed at present. The secretariat of the Federation was being asked to study the question.

Office bearers.- Shri B.P. Singh Roy was elected President and Shri M.R. Ruia Vice-President respectively for the ensuing year.

(The Hindustan Times,
11, 12 and 13 March 1958;
Texts of Presidential Address
and Resolution received in
this Office).

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Annual General Meeting of Indian Mining Association,
Calcutta, 20 March 1958: Chairman's Address.

In the course of his address to the Annual General Meeting of the Indian Mining Association held at Calcutta on 20 March 1958, Shri D. Hogg, Chairman of the Association said that the most outstanding feature of the year has been the fact that coal production has increased from 39.43 million tons in 1956 to 43.50 million tons in 1957. Of this increase of just over 4 million tons 3.1 million tons were produced by the Private Sector. The year 1957 may be regarded, therefore, as the first year of achievement after the Private Sector of the Coal Industry had been given the "green light" to go ahead to produce its additional 10 million tons of coal during the Second Five Year Plan period.

Shri Hogg added that the goal of an additional 10 million tons in five years was well within the ability of the industry, provided that there was sufficient inducement, and incentive and various handicaps were removed. While the industry had tackled its problems realistically in an effort to produce ~~problems~~ ^{goods}, there ~~were~~ ^{was} no room for complacency and many of the difficulties with which the industry was faced still remained to be solved. Among the more important difficulties confronting the industry Shri Hogg mentioned the following: (1) A realistic price structure. (2) Security of tenure for lease-holders. (3) Adequate transport to remove coal from where it is raised, throughout the year. (4) Facilities for the provision of the required plant and machinery. (5) A little relaxation from the spate of legislation which has been imposed on this Industry constantly throughout the last few years. (6) A realistic approach to both the controls which bind the Industry and the labour problems with which it is constantly faced.

Financial results.- Referring to financial aspects of the industry Shri Hogg said that an analysis of the accounts of 19 coal producing companies of the Association which, between them, raise about one third of the total output of the country, showed that the profit remaining after providing for taxation averaged 1.21 rupees per ton. Out of this the shareholders were paid in dividends 0.54 rupees per ton. This represented a return of 6.3 per cent on the paid up capital involved. The total dividends paid to shareholders are found to be 3.4 per cent on the total value of the investment.

Continuing, Shri Hogg said that from the analysis of these 19 Companies accounts, it was found that after providing for taxation and distributing dividends to shareholders, the balance remaining 5.7 million rupees, out of which, amounts has to be set aside for depreciation. Against this total retention there was spent on capital expenditure a sum of 8.8 million rupees. It would be seen, therefore, that the financial resources of the 19 Companies were depleted to the extent of 3.1 million rupees in one year only. Taking this to be the average for the remaining producers, the total for the Industry in the region of 10 million rupees - a staggering figure. Investigation also showed that this trend had existed for many years. He said that as the selling prices for coal were controlled, the onus was clearly on Government to fix these at such a level as to ensure that sufficient net earnings, to meet present day requirements, would be available for ploughing back. He hoped that the Coal Prices Revision Committee would take this realistic view as a basis for its recommendations.

Labour problems.- As regards labour Shri Hogg said that the implementation of the Appellate Tribunal's decision in June last year had brought greater benefits to the workmen. In fact, they had probably received greater benefits in the last two years than workmen in any other industry. The term workmen also covered female workers who were now in receipt of equal pay. These improvements are welcomed by the Association if they result in increased production, a more contented labour force and better relations. But, so far, there have not been noticeable changes in these directions and there was great scope and need for improvement. In fact, absenteeism had tended to increase since the All India Industrial Tribunal's Award and the Appellate Tribunal's decision were implemented. One of the greatest problems which had faced the nationalised coal industry in the U.K. since wages increased so considerably there, had been absenteeism. It had been estimated that a reduction of 1 per cent in absenteeism in the U.K. would probably result in an additional 2 million tons of deep-mined coal per year being produced. It was interesting, also, that a solution had been offered by the Lancashire Mineworkers who have agreed, under the auspices of their local area National Union of Mineworkers, to set up "Attendance Committees" to scrutinize attendances and ultimately withdraw protection from a consistent offender if the management were to resolve, after warning, to sack him. Their Areas Secretary had said that "there is no room in the industry" for a man who will not put in a full week's work.

The mining industry in India was by no means backward in its structure. The workmen had their own Bonus Scheme. They have their own Provident Fund and Welfare Organisation with separate Commissioners to look after their interests. There are pithead baths, creches where food and other facilities are provided for children - clothing and boots are to be provided to workmen at concession rates and canteens are being introduced on an increased scale. The Welfare Organisation has built hospitals. In addition, it has built Multi-purpose Institutes and Miners Institutes and while more could be built and are being built, in keeping with the availability of materials, their construction was unfortunately, in excess of the workers' ability to utilize these facilities to the full. The Association on its part wished them to be utilised to the full because these welfare measures were intended to bring about greater happiness and contentment among workers. Shri Hogg said that union leaders would be doing a great service to those whose interests they claim to represent and to the country as a whole if they were to concentrate more of their attention on encouraging and influencing their members to use the facilities which are offered at present and educating them for better things to come. "It might be asking too much to expect union leaders to be social workers but surely we can expect them to have a more active social conscience. How many do we see encouraging such activities as Sports or even attending Sports Meetings?"

"Unfortunately, our workmen are divided by a multiplicity of Unions which vie with each other for their support and which all claim, in their dealings with employers, to represent the workers' interests. Many Union Field Workers are divided by differences in political ideology and, in many cases, self-interest. In order to gain popularity and even maintain their position, these union officials organise demonstrations to attract support which leads to indiscipline within the Industry. The present activity of these leaders is not only destroying good relations between employers and employees but also between supervisory staff and workers and is also making the formation of responsible and properly constituted trade unions virtually impossible. In view of the unruly elements present, few collieries can afford to organise Pit Committees and sometimes the formation of such Committees is even opposed by Unions".

Safety.- Shri Hogg said that while the Association welcomed the formation of a Steering Group to consider the question of safety in mines, the irresponsible nature of some union leaders, on occasions, must not be lost sight of. Mining was a hazardous occupation and while a miner constantly faced with the immediate perils of nature, good leadership and discipline was essential. Where the safety of the miner was involved there was no conflict of interests between the unions, the employers and the employees. Petty difference of opinion or of viewpoint must be subordinated to the overriding interests of providing safe conditions for mine workers.

He hoped that the Steering Group would bring to light defects, if any exist, but the new Mines Regulations, based on past experience in India and the regulations existing in other countries, appear to be exhaustive and comprehensive. A most fundamental point was that education of the miners would require to be undertaken vigorously in order to achieve results and greater safety. Constructive help from the unions was necessary to achieve this. The Association was at present bringing out a series of Safety Posters but it was difficult to make them sufficiently simple for ~~lit~~ illiterate labour to understand. Unfortunately, the required standard of education could not be achieved in one generation but there has been a revitalization of the Labour Welfare Fund Organisation and the appointment of a new Commissioner had brought about greater interest in Multi-purpose Institutes where, among many other activities, adult literacy classes are held. It was hoped that posters would be utilised to serve the dual purpose of teaching literacy and safety at the same time, at these Multi-purpose Institutes. In addition several of the members had made their own safety slides which were shown at cinema performances in their collieries. Emphasising the great need for such activities Shri Hogg hoped that the Government would produce suitable safety films. Such films, he was sure, would earn their real reward in the form of a reduction in the number of accidents in mines in India.

(The Statesman, 25 March 1958).

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Co-ordinated Effort in Textile Industry:
New All-India Body Formed.

Various millowners' associations in India formed a central organisation, called the Indian Cotton Mills' Federation at a meeting held in Bombay on 18 March 1958.

The Federation consists of the millowners' associations of Bombay, Ahmedabad, Bengal, the two organisations of Kanpur, Indore, Baroda, Nagpur, Saurashtra and Rajasthan.

The Federation will be guided by a committee of 19 members, representing the different millowners' associations in the country. Shri Kasturbhai Lalbhai was appointed chairman of the committee while Shri B.G. Kakatkar, secretary of the Millowners' Association, Bombay, will be the honorary secretary of the Federation.

Speaking at the inaugural meeting, of the Federation Shri Kasturbhai Lalbhai stressed the serious competition faced by the Indian cotton textile industry in the export markets of the world. He specifically mentioned Japan, Hong Kong, Pakistan, Western Europe and China as serious competitors to India. These countries were able to market products manufactured from automatic looms at competitive prices. Unless India improved the quality of her cotton textiles and competed favourably she would be ousted from the foreign markets.

Shri Kasturbhai appealed to the Government to allow the industry to instal automatic looms and adopt more modernized techniques. The progress of the industry would depend upon the foresight that the labour leaders could display in their readiness to adopt measures which could improve quality and reduce cost.

Referring to the wage board for textiles, Shri Kasturbhai pointed out that according to the International Labour Organisation reports, India had given the highest wage increases in textiles as compared to other countries, namely, the U.S.A., the U.K., Canada, Italy and Germany. Touching on the present financial plight of the industry, the Federation chairman revealed that the advances by the scheduled banks to the textile industry had stepped up to 900 million rupees as against 220 million rupees in April 1956.

The burden on cost had been aggravated by a rise in the prices of coal, electricity charges, mill stores and spare parts. To these should be added the wealth tax and large amounts as compulsory deposits, leading to further borrowing, thereby inflating the cost structure. Co-ordinated steps were necessary to check these mounting costs as otherwise the spiral of prices would continue to rise, disturbing not only the future of the textile industry but the economy as a whole.

Welcoming the delegates, Shri Ramnath A. Podar, chairman, Millowners' Association, Bombay, recalled the eight years of effort to bring the Federation into existence, and said that apart from catering to the domestic needs, the industry was required to contribute to the success of the Five-Year Plan by earning a substantial quantity of foreign exchange through increased exports.

(The Hindustan Times, 19 March 19 58).

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CHAPTER 3. ECONOMIC QUESTIONS.

INDIA - MARCH 1958.

31. General Economic Situation.

Progress of Cotton Textile Industry in India and Pakistan
in 1956-57: Annual Statement of Millowners' Association,
Bombay.

The following information regarding the progress of the cotton textile industry in India and Pakistan during the year ending 31 August 1957 is taken from the annual statement of Millowners' Association, Bombay.

Number of Mills.- The total number of mills in India during the year under review was 499, of which 212 were situated in the Bombay State. A comparative statement showing the progress made during the last five years is given below:-

Year	Number of Mills.	Number of spindles installed.	Number of looms installed.	Average Number of workers employed daily in all shifts.
1953	457	17,121,139	207,250	764,512
1954	461*	11,888,165	207,765	764,506
1955	461	12,068,544	207,347	752,184
1956	465	12,375,805	206,580	789,024
1957*	499	12,906,622	206,126	798,599

* Does not include the figures of 34 mills in course of erection and/or recently registered.

The following table shows the number of cotton textile mills, spindles and looms and the number of hands employed regionwise for the year ending 31 August 1957, in India and Pakistan:-

Where situated.	Number of Mills.	Number of Spindles installed.	Number of Looms installed.	Average No. of workers employed daily all shifts.	Remarks.
Bombay City and Island.	66	3,160,954	64,134	212,608	(a) 1 Mill not working
Ahmedabad.	71	2,056,174	41,580	130,658	(b) 1 Mill not working
Rest of Enlarged Bombay State	75	1,704,864	33,621	117,352	(c) 7 Mills not working
Total: Bombay State	212	6,921,992	139,335	460,618	
Rajasthan.	11	162,692	3,412	11,795	(d) 1 Mill not working
Punjab.	7	131,156	1,650	6,053	(e) 1 Mill not working
Delhi.	7	176,032	3,942	14,355	(f) 1 Mill not working
Uttar Pradesh.	29	830,212	13,998	52,933	(g) 5 Mills not working
Andhra Pradesh.	15	164,116	1,669	10,562	(h) 1 Mill not working
Madhya Pradesh.	20	507,900	12,447	47,405	
Bihar.	3	38,468	747	854	
Orissa.	2	52,848	864	4,317	
West Bengal.	40	580,468	10,862	46,115	(i) 1 Mill not working
Madras.	118	2,647,784	8,481	101,159	
Kerala.	14	179,492	1,609	9,393	
Mysore.	18	437,998	4,955	27,063	(j) 1 Mill not working
Pondicherry.	3	75,464	2,155	5,977	
GRAND TOTAL: INDIA.	*499	12,906,622	206,126	798,599	
PAKISTAN.	91	1,821,448	20,000	N.A.	

* This number does not include 34 mills which have either been registered and/or are in course of erection.
 N.A.- Not Available.

The number given in the table include 20 mills not working; one each in Bombay City and Island, Ahmedabad, Rajasthan, Punjab, Delhi, Andhra Pradesh, West Bengal and Mysore; five in Uttar Pradesh and seven in Rest of Enlarged Bombay State.

(The Millowners' Association of Bombay,
 Mill Statement on 31 August 1957).

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32. Public Finance and Fiscal Policy.

India - March 1958.

Central Budget for 1958-59 presented: 270 Million Rupees
Deficit left Uncovered: Tax on Gifts Announced.

Shri Jawaharlal Nehru, Union Finance Minister, presented on 28 February 1958, the Government of India's budget for 1958-59. The Finance Minister characterised the budget as a "pedestrian" one, which was in the main a continuance of things with relatively minor changes.

He announced fresh taxation proposals estimated to yield 65.7 million rupees, the chief among them being a tax on gifts above 10,000 rupees per annum.

The budget leaves an uncovered revenue deficit of 270.2 million rupees after taking into account the net accretion of 58.3 million rupees to Central revenues as a result of the new tax proposals, the balance of the fresh yield having been absorbed by the States' share (5 million rupees) and the loss on account of reduction in excise duty on vegetable products (2.4 million rupees).

Deficit financing of the order of 2,050 million rupees is anticipated in the forthcoming financial year.

Revenue for 1958-59 is estimated at 7,689.9 million rupees against the revised estimate of 7,246.3 million rupees for 1957-58 in the face of an expenditure of 7,960.1 million rupees as compared with 7,195.8 million rupees.

The following table shows the details of the budget at a glance:-

(In Millions Rupees)			
<u>REVENUE</u>	<u>Budget</u> 1957-58	<u>Revised</u> 1957-58	<u>Budget</u> 1958-59
Customs -----	1,676.00	1,830.0	1,700.0
Union Excise Duties -----	2,595.7	2,645.5	3,019.3
			+ 28.3
Corporation Tax -----	505.0	505.0	555.0
Taxes on Income other than Corporation Tax. -----	899.2	824.7	845.3
Estate Duty -----	0.9	1.2	1.2
Taxes on Wealth -----	125.0	90.0	125.0
Taxes on Railway Fares -----	..	0.3	0.7
Taxes on Expenditure -----	30.0
Taxes on Gift -----	30.0*
Opium -----	25.0	32.8	28.7
Interest -----	49.0	61.5	66.0
Civil Administration -----	432.1	567.9	442.4
Currency and Mint -----	360.2	368.4	366.2
Civil Works -----	29.5	27.8	28.7
Other Sources of Revenue -----	276.5	215.6	329.3
Posts & Telegraphs - Net contribution to General Revenues -----	39.5	12.3	23.4
Railways - Net contribution to General Revenues -----	66.7	63.3	70.4
TOTAL REVENUE.	<u>7,080.3</u>	<u>7,246.3</u>	<u>7,631.6</u> + 58.3
 <u>EXPENDITURE</u>			
Direct Demands on Revenue -----	450.0	629.7	944.5
Irrigation -----	1.0	1.0	1.3
Debt Services -----	350.0	374.4	400.0
Civil Administration -----	1,910.2	1,947.1	2,004.4
Currency and Mint -----	67.2	73.5	85.0
Civil Works & Miscellaneous Public Improvements. -----	159.3	162.3	187.1
Pensions -----	91.7	93.6	94.0
Miscellaneous:			
Expenditure on Displaced Persons -----	225.0	223.3	204.8
Other Expenditure -----	440.6	426.3	503.3
Grants to States etc. -----	252.3	472.6	470.3
Extraordinary Items -----	238.6	131.5	284.0
Defence Services (Net) -----	2,527.0	2,660.5	2,781.4
TOTAL EXPENDITURE.	<u>6,722.9</u>	<u>7,195.8</u>	<u>7,960.1</u>
Surplus (+)			
Deficit (-)	+ 357.4	- 50.5	- 270.2

* Effect of budget proposals.

Finance Minister's speech.- During the course of his budget speech, the Finance Minister referred to the previous year's budget (vide section 32, pp. 8-20 of the report of this Office for May 1957) and stated which, in some respects, was unusual and which involved substantial additions to taxation. Some novel taxes were introduced and an attempt was made to bring about gradually a reorientation of the tax structure of the country. He believed, that this was right direction for the country to travel and that it should continue to pursue this path. "With experience ^{we} and may no doubt make changes here and there and advance further in that direction, but I think that the major steps that we had taken last year have to continue. The times we live in and the problems that our country has to face do not permit a static or complacent approach or any avoidance of the burdens which inevitably accompany an attempt to advance with some speed. Our objective of striving peacefully and cooperatively towards the realisation of a socialist pattern of society also prevents us from thinking or acting along the old grooves, or seeking some present respite by slowing down or halting development. While we should always be prepared to reconsider the methods we adopt, should this become necessary, we have to strive with all our strength for our planned development by conserving all our resources, increasing production and trying to ensure progressively a more equitable distribution, and thus to raise the standards of the great mass of our people".

Review of Economic Conditions.- The Finance Minister, then, reviewed the economic conditions which formed the background to the budget. (The Government of India's Official review of economic conditions presented along with the budget has been reviewed separately at pp. 35-51 of this report).

Shri Nehru, in his speech, gave an account of the provision included in the estimates of the coming year for the Five-Year Plan. He said the budget included a total provision of 7,430 million rupees for the implementation of the Plan - 1,220 million rupees in the revenue budget and 6,210 million rupees in the capital budget. Out of this provision, 530 million rupees would be provided from the revenue budget and 1,780 million rupees from the capital budget for assistance to States. In addition to this, the Railways would be spending 930 million rupees from their own resources of the Plan and the States 1,810 million rupees. The total Plan outlay in 1958-59, including interest on loans on River Valley Projects treated as capital outlay and short-term loans, would amount to 10,170 million rupees.

Financial Year 1957-58.- Shri Nehru stated that the budget for the current year, as finally approved by Parliament, placed the revenue at ~~7080.3~~ 7080.3 million rupees and expenditure at 6729.9 million rupees, leaving a surplus, on revenue account of 357.4 million rupees. On present estimates, revenue was now likely to amount to 7,246.3 million rupees and expenditure to 7,195.8 million rupees resulting in a small surplus of 50.5 million rupees. The drop of 306.9 million rupees in the surplus was largely the result of the additional transfer of 345.0 million rupees to the States as a result of the Finance Commission's recommendations which have been accepted by Government.

Financial Year 1958-59.- For the next year, on the basis of existing taxation, the revenue was estimated at 7,631.6 million rupees and expenditure at 7,960.1 million rupees, leaving a deficit of 328.5 million rupees on revenue account. Expenditure next year was estimated at 7,960.1 million rupees of which 2,781.4 million rupees will be on Defence Services and 5,178.7 million rupees under the Civil heads. ~~This was due to~~ (an increase of 643.4 million rupees (total: 5,178.7 million rupees) was estimated in civil expenditure because of bigger allocations for social services and nation-building activities. The current year's budget estimated of a surplus of 357.4 million rupees stood reduced to 50.5 million rupees. This was attributed to the additional transfer of 345.0 million rupees to the States in accordance with the recommendations of the Finance Commission.

The capital budget for the coming year was estimated at 4,120 million rupees, excluding a formal adjusting debit of 780 million rupees in respect of loan assistance from the U.S.A. The revised estimates for the current year had an outlay of 4,270 million rupees which meant a reduction of 280 million rupees in the original budget anticipation.

The overall budget position was that at the existing level of taxation and expenditure there would be a revenue deficit of 330 million rupees. Capital outlay would amount to 4,120 million rupees, loans to State Governments and others to 3,520 million rupees, and debt repayments to 280 million rupees. This total disbursement of 8,350 million rupees would be met to the extent of 750 million rupees from repayments of loans by State Governments and others, 1,450 million rupees from market borrowings in India, 1,000 million rupees by small savings, 2,850 million rupees from foreign loans and 250 million rupees from miscellaneous receipts under debt and deposit heads, leaving a deficit of 2,050 million rupees which would be met by the issue of Treasury Bills.

On the basis of the above estimates the total amount of outstanding treasury bills at the end of 1958-59 would be a little over 14,000 million rupees, the bulk of which would be held by the Reserve Bank. The expansion of treasury bills had been not merely to meet the internal requirements but also for the replacement of the external assets held by the Reserve Bank, which had been drawn down mostly for development purposes in the last two or three years. The treasury bills represented something more than mere floating short terms debt and would gradually be funded into loans of appropriate maturity.

New Taxes.- The Finance Minister then made the following taxation proposals:-

Direct taxes:- Gift Tax.- The rates range from 4 per cent on the first slab to 40 per cent on gifts over 5 million rupees - same as in the case of Estate Duty except that the first slab of 50000 rupees will not be exempt from the tax. Yield 30 million rupees.

Estate Duty.- Exemption limit reduced from 100,000 rupees to 50,000 rupees; only 50 per cent of the probate duty or court fees paid on succession certificates to be allowed as deduction from Estate Duty; gifts to other than those for charitable purposes made within a period of five years to be subjected to Estate Duty; value of coparcenary interest in Hindu undivided families to be taxed at the rate applicable to the value of the estate of the branch of the family concerned. (Yield 5 million rupees).

Wealth Tax.- Foreign citizen to be exempt in his foreign wealth though he may be resident of ordinarily resident in India.

Income-Tax.- Exemption of travel concessions received by employees on leave to their house home towns or villages in India. Exemption of investment income of registered trade unions. Exemption of scheduled tribes who migrate to the Union Territory of Manipur. Exemption of gratuities payable by local authorities to their employees. Exemption of entertainment allowance received by Government employees. Restriction of tax-free allowance for income earned abroad but not brought to India. Stricter definition of "technician" for purposes of income-tax exemption. Allowance of development rebate made subject to certain conditions.

Corporation Tax:- Excess Dividend Super-Tax.- Three slabs applicable now to Sec.23-A Companies - Proposal to fix the tax rate into slabs, 10 per cent on dividends over 6 per cent and 20 per cent on dividends over 10 per cent (loss not estimated).

Development Rebate.- Present rate of 25 per cent raised to 40 per cent in the case of shipping industry - conditions for the grant of the rebate generally to be tightened.

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Indirect Taxes:- Excise Duties.- The levy on cement to be raised from 20 rupees per ton to 24 rupees per ton - Surcharge being levied by the State Trading Corporation to be withdrawn (additional yield 22.4 million rupees).

Excise on Cotton Textiles.- Concession of paying duty at compounded rates no longer to be available to units having over 100 powerlooms - Compounded rates applicable to units having 25 to 100 powerlooms being enhanced in two stages (additional yield 8.3 million rupees).

Vegetable Products.- Duty lowered for the first 3,000 tons cleared by each factory (loss of revenue 2.4 million rupees).

Customs Duties.- Alternative ad valorem rate of duty on expensive varieties of art silk yarn like nylon, perlon etc.

Net effect of Proposals.- The net effect of the taxation proposals would be the following. The tax on gifts would bring in 30 million rupees, the changes in the Estate Duty 5 million rupees, the increased duty on cement 22.4 million rupees and the adjustments in the excise duty on cloth 8.3 million rupees, a total sum of 65.7 million rupees, of which 5 million rupees would accrue to the State. The reduction in the excise duty on vegetable products would involve a loss of 2.4 million rupees leaving the net additional revenue at 58.3 million rupees. This would leave a final deficit of 270.2 million rupees which he proposed to leave uncovered.

Conclusion.- In conclusion, the Finance Minister stated: "The coming year, which will be the third year of the Plan, is bound to be one of difficulty calling for a considerable measure of sacrifice on the part of everyone. It is unnecessary to reiterate that the plan of development the country has set before itself has to be implemented whatever the sacrifice that may be called for because without economic development we cannot bring relief and prosperity to the millions of our countrymen who have suffered for so long from the course course of poverty. The crisis through which we are passing is a crisis of development, a crisis of resources. We must try to produce more, export more and save more to find the resources for implementing the Plan. In the budget for the coming year we have set ourselves high targets for both taxation and borrowing. I have no doubt in my mind that these targets are not beyond our capacity provided there is a sense of discipline and a sense of urgency in the country. I am sure the effort to realise the resources planned for the coming year will be forthcoming."

(Budget Papers received in this Office;
The Hindustan Times, 1 March 1958).

34. Economic Planning, Control and Development.

India - March 1958.

Decentralisation of Community Projects and National Extension Service Programmes; Study Team's Recommendations.

The Committee on Plan Projects of the National Development Council appointed in December 1956, a Study Team with Shri Balvantray Mehta as leader to study and report on Community Projects and National Extension Service with specific reference to the content of the programme and priorities assigned to different fields of activity within it. The Team was further required to make an appraisal of the arrangements for the execution of the programme, with special reference to intensification of activities in the sphere of agricultural production, problems of co-ordination at all levels and the organisational structure and methods of work. The assessment of the requirements of personnel and examination of existing training facilities, the assessment of the extent to which the movement has succeeded in utilising local initiative, the methods adopted for reporting upon the results attained by the Community Project and National Extension Service and any other recommendations to ensure economy and efficiency in the working of the Community Projects and the National Extension Service also fell within the purview of their study. The Report of the Team is in three volumes. The first volume published in November 1957 contains the results of the examination of the various problems in the field of Community Development and the recommendations with their financial implications, made by the Team. Some of the important recommendations are summarised below.

The Team has recommended at the very outset, that in addition to the Programme Evaluation Organisation which makes continuous evaluation of the achievements and shortfalls of the Community Development Programme, another body similar to the present Team, should make a review, after every few years, of the progress made and problems encountered, and advise on future lines of action in connection with the Community Development Programme.

Change in emphasis.- The Team points out that the tendency in the past years has been to stress the welfare activities more than the economic development and hence urges that the emphasis should shift without delay to the more demanding aspects of economic development. The priorities as between the different activities, according to the Team, should be supply of drinking water, improvement of agriculture and animal husbandry, co-operative activities, rural industries and health, followed by all others.

Decentralisation.- The Team feels that democratic decentralisation alone can lead to effective rural development and hence recommends the reorganisation of the administration of development work under elected bodies of villages. It is proposed that the present structure should be abolished and elected Panchayat Samitis, consisting of persons elected by the group of Village Panchayats in the Block area should be given full responsibility for the development of agriculture, village industries, primary schools, etc. It has also suggested a three-tier organisation consisting of the Village Panchayat at the base; Panchayat Samiti at the Block level and Zila Parishad at the district level - which should be started at the same time and operated simultaneously in the whole district. The sources of income of the Samiti are to include a statutorily prescribed percentage of land revenue, tax on professions and trades, surcharge on duty on transfer of immovable property and a share of the motor tax, tolls, leases etc. The annual budget of the Samiti would, however, be scrutinised by the Zila Parishad, a body composed of the presidents of the Samitis in the Block as well as of the top government officials. The technical officers of the Panchayat Samiti, would function under the direction of the District Collector.

Under the Scheme proposed by the Team, the Gram Sewak or the village level worker who is the key figure of the present Community Development system would become the "development secretary" of the Village Panchayat or Panchayat Samiti within his circle which is not to exceed four thousand persons. In his minute of dissent, Shri B.G. Rao, a member of the Team, however, points out that if the Gram Sewak is made the 'development secretary' he would be overwhelmed with paper work and would cease to be a valuable extension worker. Regarding the training period of Gram Sewak the Team desires that it should be two years instead of the present eighteen months, so that he might specialise more in agriculture, animal husbandry and small industries.

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Regarding the plan making for the Community Development, the Team recommends that the work should begin by September and end in February so that the plan would be finalised by March. The serious cause of dislocation and of consequent wastage on the works, according to the Team, is the delay in sanction of funds. In order to obviate the delay it suggests the following measures: (i) the Budgetary year should commence on 1 October, (ii) work on continuing schemes should not be held up for want of financial sanctions and (iii) the sanctions should be communicated within a reasonable time of passing of budget.

The Community Development Programme now covers a third of the countryside and it is expected to cover the whole countryside and it is expected to cover the whole country by the end of the Second Plan period. The Team points out that in view of the uneven progress made so far and in view of limited financial resources, shortage of technical personnel and of supervisory staff, this target is too ambitious and should be revised and the date extended by at least three years.

Continuing programme.- The Team is of the opinion that the present system of dividing the programme into three phases of National Extension Service, Intensive Development and Post Intensive Development leads to two-fold waste and frustration on account of the non-availability of resources during the first and the third phases. This distinction, the Team considers, should be replaced by a continuing programme of six years, the unspent funds of each year being carried forward to the following year within certain limits. The original budget ceiling of 1.5 million rupees should be restored and the first phase of six years followed by another period of six years with a budget ceiling of 0.55 million rupees. The original assumption that once the foundation for Block development had been laid, there would be no further need for government funds on a large scale, has proved wrong for the simple reason that the problem of rural development is so complex that no striking results can be achieved in a short period.

Governmental co-ordination.- On the question of Government co-ordination in the execution of the rural development programme, the Team has suggested that among the subjects assigned to the States, the activities of the Union Government should be confined to assisting the State Governments with finances, to co-ordinating research at the highest level, to advancing training and to evolving, in consultation with the States, a common national policy of planning. The Community Development Ministry should only co-ordinate the activities of the various Central Ministries in respect of rural development. On this subject, Shri B.G. Rao, in his minute of dissent states that there is no justification for the existence of a separate Ministry of Community Development and recommends its abolition on the ground that it is not merely unnecessary and wasteful but also likely to lead to a lack of co-ordination and blurring of responsibilities. Detailed recommendations have also been made regarding administrative pattern and co-ordination within the State. The Team is against making the revenue officer also the Block Development Officer. The combination of development activities with revenue below the block-level is regarded as definitely injurious.

Stressing the people's role in planning and executing the Community Development Programme, the Team has suggested that the fixation of targets should be the joint responsibility of the State, on the one hand, and the local representative institutions, on the other, and the responsibility should be clearly defined and firmly interlinked.

Agricultural Production.- Regarding the question of increasing agricultural production in the Block areas, the Team was disappointed with the progress made in that direction and emphasised the need for greater attention to the agricultural sector in the schemes of Community Development. The Team has recommended, inter alia, distribution of improved seeds, setting up of seed multiplication farms, increasing local production of chemical fertilisers, increased use of green manure, vigorous plant protection measures to eliminate pests, etc. The responsibility of maintenance of minor irrigation works should be placed on Panchayat Samiti or the Village Panchayat according to the size of the work and cost of maintenance. Rapid and effective legislation is needed for prevention of fragmentation, consolidation of holdings, fixation of ceiling on land holdings and prevention of cultivable land lying fallow. It has also suggested that Extension Officers and Gram Sewaks should be used for creating the right atmosphere for successful implementation of land reforms.

Co-operative movement.- In regard to the co-operative movement, the Team has recommended a "multi-purpose co-operative society" for a village or a group of villages, working in close association with local panchayats. The training of co-operative personnel should be so oriented that co-operation is understood not as an instrument for securing cheap credit but as a means of Community Development. Referring to the provision of 0.3 million rupees, out of the total Block budget of 0.7 million rupees, to be obtained direct from the Reserve Bank through co-operative channels for use as short-term credit, it is pointed out that this amount is not always available to the cultivators even though they become members of co-operative societies. The criteria and qualifying conditions for obtaining funds from the Reserve Bank should be laid down in precise terms and made widely known, so that the co-operative societies in the Blocks can take maximum advantage of this facility. The farmers should be able to have productive loans at an interest not exceeding 6-1/4 per cent and the credit-worthiness of the borrower should give place to the credit-worthiness of purpose in advancing loans. The entire rural credit at present disbursed through several agencies apart from the moneylenders, should be progressively channelised through the agencies of co-operatives to avoid duplication and differing interest rates and also to rationalise credit facilities. Regarding co-operative farming the Team opines that for the success of the co-operative farming, fundamental changes in the administrative approach and in the villager's psychology are necessary. Co-operative farming must pass successfully through the experimental stage before it can be recommended on a large scale. Hence the Team recommends that to begin with, one co-operative farm may be organised in each district in a selected Community Development Block.

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Rural Industries.- On the role of rural industries in providing employment to the unemployed and under-employed, the Team has suggested planned co-ordination in the working of cottage, village and small-scale industries. An effective programme of collaboration and co-ordination among various All-India Boards should be worked out by pooling funds, personnel, agencies of supervision and inspection, to avoid waste and inefficiency. Quality control, credit and marketing facilities and introduction of modern designs have also been recommended for bringing about considerable expansion of the marketing for rural industries.

Other recommendations of the Team relate to the aim and place of social education and literacy programmes, health, training of personnel and linking of the Sarrodaya and such other schemes with the Community Development work.

(Reserve Bank of India Bulletin, January 1958,
pp. 19-22. See also Kurukshetra,
Vol. 6, No.4, January 1958).

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Stresses and Strains of Economic Development:
Government of India's Economic Survey for
1957-1958.

Along with the Budget papers for 1957-58, the Government of India circulated an economic survey for 1957-58*. This survey attempts to present in brief compass the salient developments in the economy during the year 1957-58, to review in broad terms the effects of the policy measures adopted in the fiscal, monetary and foreign exchange fields, and to outline the considerations in terms of which economic policy in the coming year has to be formulated. The progress of the plan in the first two years and the question of adjustments in the plan are also briefly discussed.

Stresses and strains of development.- The main problem before the country is one of mobilising resources adequate for the tasks of development. This is the objective to which an assessment of current policies and the further lines of action to be adopted have to be related. The pressure on internal resources and on the balance of payments to which reference was made in the White Paper on the Budget issued in March 1957 continued to be felt through 1957-58 as well. Wholesale prices showed an upward trend until August 1957; and, in the nine months from January to September 1957, foreign exchange reserves declined by 2,520 million rupees. The various corrective measures taken in the course of the year have, however, begun to have effect. Inflationary pressures in the system have abated. The rise in the prices has been halted and even slightly reversed, the index of wholesale prices in January 1958, being 106 as compared to 107 a year earlier and 112 in August 1957. The rate of drawal of the foreign exchange assets of the Reserve Bank has come down markedly from about 80 million rupees a week on an average in the first six months of the fiscal year to below 30 million rupees a week since December.

* Government of India: Economic Survey, 1957-1958, 28 February 1958, pp. 38.

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Given, however, the continuing requirements of the plan, the process of bringing about a better balance in the system can be said to have only begun. The tasks ahead are onerous. In the coming year, the increase in national output is likely to be somewhat smaller than in the current year, as the rice crop is short and the rate of increase of industrial production has tended to slow down. This makes it particularly necessary to formulate the investment programmes for the year carefully, and to secure that unplanned increases in consumption do not reduce the resources needed for development. Increased productivity and savings are vital; they provide the real resources through which to check inflation and to improve the balance of payments. The programmes of investment designed to lift the economy from its present low level generate incomes ahead of the availability of goods and services. This tends to raise prices. It also causes a strain on the balance of payments. These pressures are a concomitant of any major developmental effort. It follows that stresses and strains in the economy should be expected to continue throughout the plan period, - and even subsequently - though their intensity, and the points at which they become manifest, may vary from time to time. It is essential, through appropriate measures, to minimise and to correct them, and at the same time to proceed with development. The problem of developmental finance is to balance resources and the demands on them at progressively higher levels, while preventing an excessive imbalance between them at any stage in the process.

Production.- The output both of foodgrains and of commercial crops in 1956-57 was larger than in the previous year. The index of agricultural production which had declined from 116.4 in 1954-55 to 115.9 recorded a sharp increase to 123.0 in 1956-57. The production of cereals went up from 54.5 million tons in 1955-56 to 57.3 million tons in 1956-57. Rice output was 1.3 million tons higher; wheat output recorded an increase of half a million tons. The output of other cereals was also larger than in 1955-56, but it was still 2.4 million tons less than in 1954-55. Taking cereals and pulses together, the improvement in output as compared to the previous year was 3.4 million tons, or 5.4 per cent.

Of the commercial crops, sugarcane recorded a substantial increase - from 5.98 million tons (in terms of gur) in 1955-56 to 6.75 million tons in 1956-57. Cotton output went up from 4 million bales to 4.72 million bales. The groundnut crop was also larger than in the previous year. The output of raw jute and tea, on the other hand, remained more or less around the level reached in 1955-56. Altogether, the rise in the index of commercial crops was about 8 per cent.

Industrial production has continued to rise, but at a lower rate than for the last two years. The index rose from 113 in 1954 to 122 in 1955 and further to 133 in 1956. For November 1957, the index was 148. Considering the production trends over the eleven months from January to November, the rise in the index for the year is likely to work out at around 4 per cent. This slackening in the rate of growth of production was shared by both producer and consumer goods. In a number of industries such as sewing machines, bicycles, electric lamps, pig iron and finished steel, caustic soda, ammonium sulphate, conduit pipes and storage batteries, production either levelled off or declined during the year. Among the important industries which showed an upward trend in production during the year are diesel engines, power transformers, powerdriven pumps, electric motors, aluminium, sulphuric acid, bleaching powder, paper, twist drills and rayon yarn.

Although production tapered off somewhat in the latter half of the year, there were significant increases in certain lines during the first 7 or 8 months of 1957-58. For instance, among the capital goods industries the production of diesel engines went up by 40 per cent as compared to the corresponding period of 1956-57; electric motors 29 per cent; power transformers 27 per cent; power driven pumps 32 per cent; carding engines 36 per cent; aluminium 31 per cent and spinning ring frames 21 per cent. The output of coal was higher by 10 per cent; of cement by 14 per cent and of sulphuric acid by 17 per cent. There was a small increase of 2 per cent in the output of steel. On the other hand, the output of automobiles declined slightly and of looms by 12 per cent.

While the rate of growth of industrial production has tended to slow down, there have been sizeable additions to installed capacity in a large number of industries such as power transformers, electric motors, textile machinery, machine tools, sewing machines, automobiles, grinding wheels, sugar, etc. The expansion of capacity in the existing steel plants is proceeding satisfactorily and an increase in steel production of about 500,000 tons (annual rate) is expected in 1959. In addition, construction work in respect of a number of industrial projects has been commenced and the necessary plant and machinery have been ordered.

On the whole, the level of national output (i.e., goods and services of all kinds) would appear to have registered during the year under review a rise fairly comparable with the average rate of increase (about 5 per cent) postulated in the Plan. To this has to be added the large import surplus for the year. If, nevertheless, inflationary pressures persisted for a considerable part of the year, the explanation lies, obviously, in the high levels of demand associated with the increasing tempo of development. The slowing down of the rate of growth of industrial production mentioned earlier can, in this circumstance, be due to bottlenecks at particular points or temporary overstocking rather than to a deficiency of demand.

Prices.— In an economy in which price controls and direct allocations of available supplies are comparatively few, the movement of prices, taken in conjunction with the balance of payments trends, is among the most important indications of inflationary pressures. The index of wholesale prices (1952-53 = 100) rose steadily from 100 in April 1956 to about 109 by November that year. It declined thereafter to 106 by March 1957 when the upward trend was resumed again, the index reaching a level of 112 in July-August. Since September, there has been a fairly continuous downward trend, the current level being around 105. Thus, at the beginning of 1958, the index is slightly lower than it was at the beginning of 1957. It should be noted, however, that the average index for the twelve months of 1957 works out to 109 which is some 6 per cent above the average for the preceding year.

The changes in the general price index mentioned above have followed closely the trends in the prices of cereals. By and large, the upward pressure on prices has been felt mainly on cereals; it is particularly at this point that domestic supply, augmented as it was by sizeable imports, was short relatively to demand.

The index of rice prices has receded by about 8 per cent over the last four months. But, rice prices at end of the year were unlike those of other cereals, about 9 per cent higher than in December 1956. In the case of wheat also prices in some important market centres have risen between August and December. While, therefore, the recent downward trend in cereal prices in spite of the expectations of a shortfall in the rice crop for 1957-58 is in itself a welcome development, the outlook for the year as a whole is not quite reassuring. It must be mentioned in this connection that the decline in wholesale prices in the last few months has yet to be reflected in the cost-of-living indices which are available upto November. The All-India index has remained steady at around 113 since August, the average for the eleven months of 1957 being 110 as compared to 105 for 1956. The indices for some of the industrial centres like Bombay, Calcutta and Jamshedpur rose more sharply during the year than the All-India index, and they have as yet shown no signs of receding.

Monetary trends.- Money supply with the public recorded a rise of 970 million rupees in 1957 as compared to 1,320 million rupees in 1956 and 2,150 million rupees in 1955. Although the rate of increase of money supply thus slowed down, it has to be borne in mind that the increase of 970 million rupees in 1957 occurred in spite of the contractionist effect of the decline in the foreign assets of the Reserve Bank by 3,270 million rupees this year as against 1,990 million rupees in the previous year. The net impact of domestic transactions was thus strongly upward. The main expansionary factor has been an increase of 4,780 million rupees in net indebtedness of the Central and State Governments to the banking system as compared to an increase of 2,420 million rupees in 1956 and 1,460 million rupees in 1955. As against this, bank credit to the private sector increased by only 800 million rupees in 1957, and this was more than offset by an increase of 2,010 million rupees in time liabilities. On balance, there was thus a net decrease of 1,210 million rupees in the net indebtedness of the private sector to the banking system, which contrasts with the increase in net indebtedness by about 1,290 million rupees in 1956 and about 500 million rupees in 1955. It is necessary, in this context, to mention two points by way of caveat. Firstly, part of the increase in time liabilities of the scheduled banks is in respect of the deposit with one of them of Government payments to the account of the U.S. Government against receipts of P.L. 480 imports. Making adjustments for this, the net contractionist effect of private sector transactions would be only around 350 million rupees. It should also be noted that time deposits differ only in degree from demand deposits. Even if they are not 'money', they are 'near-money', that is, purchasing power capable of being activated at short notice.

The decline in the expansion of bank credit in the latter part of 1957 coupled with an increase of 2,520 million rupees in the deposit resources of the banking system, was reflected in a fall in the credit-deposit ratio from 72 per cent at the end of 1956 to about 65 per cent at the end of 1957. The banks reduced their borrowings from the Reserve Bank by about 550 million rupees by the end of the year, and added 560 million rupees to their holdings of Government securities.

The credit policy of the Reserve Bank was directed towards controlling expansion of speculative credit, while safeguarding, at the same time, the legitimate requirements of business and industry. This policy of selective credit control, coupled with the raising of the bank rate in May 1957, has assisted in curbing speculative hoarding, and - paradoxical as it may sound - in easing monetary stringency.

The stringency in the money market which had persisted through 1956 and had shown some accentuation in the first half of 1957 showed signs of abatement in the last quarter of the year. The inter-bank call-money rates which rose from 3.54 per cent at the beginning of 1957 to 4.17 per cent in June 1957 declined to 2.81 per cent towards the end of November 1957. There has not, however, been any similar decline in the rates on call deposits from the public.

The tightness of the money market and the high rates of interest available on short-term investment were reflected also in a paucity of funds in the capital market. Most industrial concerns had their own programmes of expansion and development, and were, in fact, obliged to rely heavily on bank finance for their immediate needs. The share markets exhibited a persistent downward trend, the decline in share prices between August 1956 and the end of 1957 being as much as 25 per cent. The yield on variable dividend industrial securities rose from 5.75 per cent in December 1956 to about 7 per cent in November 1957. Capital issues - the relatively large ones - are estimated provisionally at 270 million rupees during the year as compared to 350 million rupees in 1956.

These trends affected, in turn, the Government's borrowing programme. In fact, the weakness of the gilt-edged in the early part of the year was due to sales by banks of some Government securities in their portfolio in order to meet their requirements. Central Government borrowing during the year amounted to 680 million rupees; of this 300 million rupees was an issue of short-dated securities as late as December when easier money conditions prevailed. The Centre's market loan in August yielded 380 million rupees. Only two States went into the market; their borrowings amounted to about States 90 million rupees. Altogether, the total of Central and State Governments' borrowings during the year were below initial expectations and considerably lower than the collection of 1,410 million rupees in 1956-57. The yield on gilt-edged (long-dated) rose a little from 4.1 to 4.2 per cent, the net decline in the index of Government security prices being 0.7 per cent over the year.

Balance of payments.- The pressure on balance of payments noticed since April 1956 continued through 1957. The current account deficit for 1956-57 aggregated to 2,930 million rupees and the deficit for the first half of 1957-58 amounted to 2,980 million rupees. The following table sets out the position:-

(In Million Rupees)

	1956-57	1957-58 (April-September)
1. Exports -----	6,370	2,671
2. Imports -----	10,765	6,222
3. Trade Deficit (1-2) -----	4,395	3,551
4. Invisibles (net) -----	1,470	574
5. Current Account Deficit(4-3) -----	2,925	2,977
Finance by-		
6. Official Loans (net) -----	564	279
7. Drawings on I.M.F. -----	607	345
8. Other Capital transactions -----	(-) 390	455
9. Use of foreign exchange reserves -----	2,190	1,738
10. Errors and Omissions -----	(-) 46	160
	<u>2,925</u>	<u>2,977</u>

For the first half of 1957-58, the current account deficit has exceeded by about 50 million rupees the deficit for the whole of 1956-57. The widening of the gap in the first half of 1957-58 was in consequence of the commitments made earlier. In the period of a year and a half since April 1956 the emerging payments gap had to be met by utilising 3,928 million rupees of foreign exchange reserves, the I.M.F. credit of 952 million rupees, and official loans from abroad totalling 843 million rupees. Official grants from abroad amounted to 463 million rupees; these are included under item 4 above. It may also be mentioned that the rising deficits of this period have meant a growing deficit with all the principal areas. The deficit with the OEEC countries went up from 950 million rupees in April-September 1956 to 1,350 million rupees in April-September 1957; the deficits with the sterling area rose from 220 million rupees to 490 million rupees and the deficit with the dollar area from 10 million rupees to 74 million rupees.

The major factor in the sharp deterioration in the balance of payments has, of course, been imports; it is at this point that the impact of the growing tempo of development has been felt most. Imports amounted to 10,770 million rupees in 1956-57 (as compared to 7,510 million rupees in 1955-56), the rate of imports going up from 2,500 million rupees in the first quarter to 3,060 million rupees in the fourth. There was further acceleration in the first quarter of 1957-58, the imports for April-June being 3,230 million rupees. The second quarter recorded a decrease, the imports receding to 2,990 million rupees. Over the first six months of 1957-58, imports totalled 6,220 million rupees.

In the increase in imports that has taken place, the share of Government imports has progressively gone up. In 1955-56, of the total imports of 7,506 million rupees, Government imports were 1,389 million rupees, and private imports were 6,117 million rupees. In 1956-57, Government imports doubled; they were 2,806 million rupees out of a total of 10,765 million rupees, the balance of 7,959 million rupees being imports on private account. For the six months to September 1957, Government imports were 2,388 million rupees; private imports amounted to 3,835 million rupees, the total being 6,222 million rupees. These figures indicate how the relative share of Government in total imports has been going up. Actually, the share of Government would be even larger, since a part of the requirements of Government in respect of iron and steel, machinery and vehicles is included in imports on private account.

Both in 1956-57 and in 1957-58, there have been large imports of foodgrains, but ~~it~~ will all the other items, which are in the nature of capital goods or intermediate products have gone up progressively.

An analysis of the composition of private imports in 1956-57 and in the first half of 1957-58 also indicate the relatively small share of consumer goods in the total. Broadly, the position that emerges is that essential raw materials, intermediate products and capital goods account for about 6,000 million rupees out of the total imports aggregating to 7,960 million rupees in 1956-57. For the first half of 1957-58, about 2,830 million rupees out of the total of 3,840 million rupees is accounted for by these categories. Imports of capital goods in 1956-57 were some 50 per cent higher than in 1955-56 and this rate of imports continued in the first half of 1957-58. It will also be noticed that the imports of raw materials registered a sizeable decline in July-September 1957. It is not possible yet to assess the trends for the third quarter to December 1957 during which, as mentioned earlier, there has been a marked fall in the rate of decline in foreign exchange reserves.

On the side of exports, there has been no advance. In fact, the total for the first two quarters of 1957-58 works out at 2,670 million rupees as compared to 2,880 million rupees for the corresponding period of 1956-57. Exports of tea have been much lower than last year, the total for April-September 1957 being 380 million rupees as compared to about 580 million rupees for the corresponding period in 1956. This is mainly because of the reduced off-take from the U.K. following the considerable ~~than last year. Vegetable oils~~ stocking that took place earlier. Tea prices have also been less favourable than last year. Vegetable oils have been falling steadily; the exports for the first half of 1957-58 were 92 million rupees, which is 55 million rupees less than in April-September 1956. The fall is even more marked relatively to 1955-56. Exports of jute manufactures have also been lower; they are running at an average monthly rate of 80 million rupees as compared to 100 million rupees last year.

Cotton textiles have been doing fairly well, the half-yearly average for 1957-58 being close to that for the year 1956-57. Exports of ores have been rising - from an average quarterly rate of 70 million rupees in the early part of 1955 to 85 million rupees in the first half of 1956-57 and further to 100 million rupees during the period April-September 1957. Exports of some of the engineering items have shown some increase, but these items are too small relatively to total exports.

While the heavy imports that have come in since the commencement of the Second Plan have ~~substantiated~~ sustained a high level of investment which will add to the flow of domestic goods in the country, it is obvious that the imbalance in the external account of the country has to be corrected early, both by economising foreign exchange and by securing external assistance.

Economic Policy and Measures.- It has been quite clear for some time that the development programmes under implementation were causing an excessive strain on the economy and that it was necessary both from the point of view of internal price stability and of a more viable position on external account to take effective steps to correct the imbalance. In the White Paper of March 1957, the steps already taken in fiscal, monetary and foreign exchange fields were reviewed. It was emphasised that the problem was not one of correcting some kind of an accidental or temporary disequilibrium that had somehow arisen, but of increasing production, especially food production, and of generating sufficient savings in the economy continuously to support the accelerating investment programmes envisaged in the Plan. Inevitably, these programmes have themselves to be adjusted to an extent, in order to lessen excessive strains in the immediate future. The adoption of suitable current policies and the question of adjustments in the Plan are thus two aspects of the same problem.

In the economic situation, such as has been outlined in the paragraphs above, fiscal policy has to be directed to the maximum mobilisation of resources for financing the plan. Considerable fresh taxation was undertaken in 1956-57. The budget for 1957-58 enhanced taxation further so as to yield about 1,030 million rupees in a full year; it also initiated certain changes in the tax structure so as to make it more capable, over a period, of meeting the needs of development. The outturn on revenues and the revised estimates of expenditure - and of the deficit - for the year show that only two points need to be stressed in the present context: (i) that part of the resources raised by the Centre last year has been transferred to the States as a result of the Finance Commission's award; (ii) that the resources available in the form of public savings are still short relatively to the requirements. While the full yield of some of the tax measures adopted in 1957-58 will come hereafter, it is clear that these measures have assisted materially in keeping down inflationary pressures and in creating a new awareness in the country of the effort and sacrifices that have necessarily to go into a development plan.

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The high levels of investment in the economy and the large step-up in imports have strained the resources of the banking system. The Reserve Bank has had to balance carefully the genuine requirements of a developing economy and the dangers of cheap or excessive credit. While credit has been made slightly dearer by raising the bank rate by 1/2 per cent, the line of policy has been to regulate advances in particular directions so as to prevent speculative holding of stocks. Selective credit control is a comparatively new technique in India. Its efficiency efficacy has steadily improved. The Reserve Bank has, besides issuing directives in regard to the level of advances against particular commodities, also advised banks in the matter of the appropriate level of their total advances. While, as mentioned earlier, the tightness in the money market has abated of late, credit expansion has necessarily to be kept within limits. The plan requires all the resources that can be mobilised; there cannot in this situation be any general easing of credit restraint. Regulation of credit, both in respect of amount and of the broad pattern of utilisation, is an integral - and continuing - element in developmental economic policy.

In the field of foreign exchange, a progressive tightening up of import policy has taken place since January 1957. In June last, it was decided that the licensing policy should hereafter be related to the fiscal year rather than to the calendar year in order to ensure better co-ordination between the internal resources budget and the external resources budget. To facilitate this transition, the announcement of policy this time was with reference only to the quarter, July-September 1957. The Open General License (except for poultry, fish, vegetables, etc., from Pakistan) was discontinued; instead limited quotas in respect of essential commodities were granted to importers on the basis of their actual imports between 1952-56. No fresh licenses were issued in this period to Established Importers and the conditions for issue of capital goods licenses on a deferred payment basis were made more stringent. The policy for the period October 1957 - March 1958 placed further licensing on a strict austerity basis, the imports of consumer goods being cut drastically and that of raw materials and intermediate products being limited to the minimum necessary for the 'maintenance of the economy'. Capital goods licensing continues to be confined to the highest priority programmes and to those foreign exchange earning or foreign exchange saving programmes for which deferred payment terms or foreign participation to the extent of the foreign exchange required are available.

The total of import licenses issued (except for jute which is licensed on a quantity basis) came down from 6,310 million rupees in the second half of 1956 to 4,240 million rupees in the first half of 1957. For the period July-September 1957, the licenses issued fell further to 3,310 million rupees. In this period, there were no fresh licenses issued to Established Importers, except that for commodities formerly under O.G.L., limited quotas were granted. In the three months, October - December 1957, the licenses issued totalled 2,270 million rupees.

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The full effects of the stringent import policy already adopted will be felt hereafter, but there has already been a noticeable reduction in the drafts on the foreign assets of the Reserve Bank. In the quarter April-June 1957 the foreign assets of the Reserve Bank went down by 1,080 million rupees; the fall was 1,000 million rupees between July and September. It came down to 540 million rupees for the period October to December. The rate of decline in January 1958 was 29 million rupees a week as compared to about 90 million rupees a week in June-July 1957. The fact, nevertheless, remains that the further requirements of foreign exchange for the priority projects in the Plan are large. The United States has recently agreed to make \$ 225 million available as loans - \$75 million from the Economic Development Loan Fund and \$150 million through the Export Import Bank. An agreement with Japan for deferred credits amounting to 18 billion yen has been signed. Germany has agreed in principle to the postponement of payments due in respect of the Rourkela project, and negotiations to finalise these and possible further credit arrangements are proceeding. France had signed an agreement to facilitate the financing upto a limit of 25 billion Francs of orders for capital goods that may hereafter be placed with that country.

The total of external assistance authorised since the Second Plan commenced to the end of December 1957 comes to 4,800 million rupees. This does not include the \$225 million assistance from the U.S.A. referred to in the paragraph above; nor, the credits from Germany, Japan or France. The utilisations of external assistance is estimated at 960 million rupees in 1956-57; for 1957-58, the utilisations are expected to aggregate to 1,300 million rupees. There is also a carry-over of about 1,300 million rupees from the authorisations of the First Plan period, but allowance must be made for the fact that some carry-over from the authorisations of the Second Plan period into the future is to be expected.

The need to conserve foreign exchange with the utmost care will persist throughout the plan period. Every effort will have to be made to promote exports; the sacrifice thus involves in terms of domestic consumption is the price which has inevitably to be paid. Imports will similarly have to be restricted. This latter carries the risk of domestic production being slowed down in particular sectors. This aspect of the problem will have to be kept in mind while formulating import policy; there has to be a balance between the different types of imports permitted. It is clear that capital goods imports will have to be carefully regulated, in order that reasonable provision is made for ensuring the utilisation of plant and capacity already available or in the process of being set up and for safeguarding employment. Consumer goods imports will have to be kept down to the barest minimum.

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Mention must be made in this connection of the fact that the substantial increase in the import requirements of the plan and therefore of the external assistance needed to meet the balance of payments gap has resulted in sizeable commitments by way of interest charges and of repayment of capital in the coming years. These, together with the further additions that may be made in the remaining period of the plan, will throw a heavy burden on the country's balance of payments in the period of the third plan. The task of increasing exports has, therefore, to be viewed not only against the background of the immediate requirements but in the light of this continuing need to earn more foreign exchange hereafter to cover these liabilities - not to mention the further requirements for the investment programmes of the future.

The Outlook.- It is hardly necessary to emphasise that the inflationary pressures of 1956-57 and the earlier part of 1957-58 and the serious strain on the balance of payments are related mainly to the progressive rise in investment, both public and private, that has been taking place over the last few years. Capital formation in the public sector has been going up steadily in pursuance of the Plan; the rate of investment in the private sector has also been high. It is significant that the allocations for net capital formation at the Centre - including those for utilisation by States - amounted to about 6,000 million rupees in 1956-57 (R.E.) and about 7,430 million rupees in 1957-58 (B.E.) as compared to about 4,600 million rupees in 1955-56 (actuals). While data on investment in the private sector as a whole are not available, a recent study by the Reserve Bank of the balance-sheets of some 513 major public limited companies shows that the addition to net fixed assets in these companies in 1956 was 18.1 per cent, which works out at about twice the annual rate of growth of net assets in the first plan period.

The Plan estimate of aggregate private sector investment was 24,000 million rupees over the five year period. It is unfortunately not possible with the data available to assess the actual course of development in relation to the total. In the organised industrial sector, investment (new investment plus modernisation) was estimated at 7,200 million rupees over the Second Plan period. For 1956-57, the available data indicate an investment of 1,350 million rupees. This is not excessive in relation to the five-year target envisaged, but it represents a step-up of about 500 million rupees as compared to 1955-56.

The trend of public investment in the coming years has necessarily to be upward. Private investment may, on the other hand, decline somewhat, partly because of the paucity of funds in the capital market and partly for lack of sufficient foreign exchange. Investment in the aggregate is, however, expected to maintain an upward course. Savings will have correspondingly to be increased.

It is evident that over the last two years voluntary savings have not kept pace with the increasing demand for them. This explains the persistence of inflationary pressures through 1956 and the first half of 1957. There has been a relative improvement of late, and there are signs of some slackening of demand in a few lines. Undoubtedly, the fiscal and monetary measures which have been adopted in the course of the last eighteen months or so have contributed to the correction of inflationary pressures. But the main factor which has counteracted the expansionary effects of the rising investment expenditures in the economy has been the large balance of payments deficits financed by a drawing down of foreign exchange reserves. It is this draft on past savings that has hitherto acted as a cushion. The need now is to keep down imports and to increase exports, to secure a steady flow of investible funds from abroad and to reduce the foreign exchange gap to the level of resources that can be mobilised in these ways. Foreign exchange reserves at the end of January 1958 stood at about 2,850 million rupees. The scope for drawing them down further is severely limited.

An export drive and a stringent import policy involve, ex hypothesi, a reduction in domestic availabilities. This would tend to raise prices. It is particularly important, in view of the primacy of foreign exchange considerations, that the creation of fresh purchasing power within the system is not in excess of the available supplies of goods and services. The creation of credit for financing the public as well as private outlays has, therefore to be kept within strict limits.

The outlook for prices for the coming year turns, as always, on the availability of foodgrains. The season this year has not been favourable and although the damage to the rice crop is not as large as it was originally feared to be, a sizeable shortfall is expected. The prospects of the rabi crop are not yet known. It should be noted, however, that with the output of foodgrains in 1956-57 at 68.7 million tons, it was necessary to import about 3.6 million tons in the course of 1957. The increase in Government stocks over the year is about 0.8 million tons. The rest has gone into consumption. Sizeable quantities of imports, some under P.L. 480, some on concessional terms from Canada and some under the five-year agreement with Burma are expected in the coming months. Various measures such as formation of zones, prescription of maximum prices, procurement in selected areas, issue of identity cards and registration of wholesalers in certain States have been undertaken in order to prevent prices from rising unduly and to keep supplies moving. Credit control is also being exercised with a view to preventing hoarding. It is evident that in view of the foreign exchange situation, the imports of foodgrains have to be kept to the very minimum, and the needs of the country met more and more from increased domestic production. An increase in marketable surpluses, curbs on hoarding or wasteful consumption and suitable controls on distribution are thus the main objectives of food policy.

The conclusion is that despite the slight fall in prices in recent months and despite the relative improvement in monetary trends noticed above, the economic situation is basically one in which there is a continuous pull, on balance, in the direction of inflation. There also remains a sizeable gap in the foreign exchange resources required for the Plan. For maintaining price stability as well as for achieving a better balance in external account, an increase in savings, a continuance of fiscal and monetary discipline and of the efforts to secure external assistance, and an adjustment of developmental programmes so as to bring them into a more even relationship with available resources are called for. In a word, the economic policies that have already been initiated in these fields have to be continued.

The emergence of recessionary trends in the industrially advanced countries is a new factor which has a bearing on monetary and fiscal policy - including investment policy. While one cannot say how far the recession will proceed and when the trends will again be reversed, it is necessary to bear in mind that the impact of this recession is likely to be adverse in respect of our terms of trade. The fall in prices of primary products is apt to affect our exports more than our imports; import costs may not come down significantly, while our exports may have to face intensified competition in world markets. The danger of domestic demand falling off is, on the other hand, small; the Plan has an inevitable upward pull on demand. The continuance of a stringent import policy may, at the same time, reduce industrial output in some lines. On the whole, there is little danger of employment and incomes going down excessively, but the situation will need watching. Given the investment targets in the Plan - which provide, so to say, a built-in corrective - what may be called for is not any general relaxation in the matter of credit or fiscal policy, but action at particular points to safeguard employment and incomes.

Adjustments in the Plan.- The strain on resources, both internal and external, that became evident soon after the Second Five Year Plan commenced has raised the question as to the adjustments necessary and feasible in the Plan. The cost estimates for some of the projects in the Plan have gone up; in a few cases, the initial financial provisions in the Plan were, admittedly, on the low side. The experience of the last two years has shown that the impact of the Plan on the balance of payments was under-assessed when the Plan was formulated. The emergence of inflationary pressures at a time when plan outlay for the year was still about one-sixth of the five-year target (and even less in terms of the revised cost figures) has highlighted the relative shortage of internal resources as well. The annual plans worked out by the Planning Commission in consultation with the Central Ministries and the States involve some adjustments in regard to the selection of projects to be commenced immediately as well as the scale of expenditure to be incurred on them. Some adjustments have also had to be made in the light of the foreign exchange situation.

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It is necessary now to take stock of the progress of the Plan so far, to note the difficulties that have been encountered and to take a view of what is likely to be achieved and what can be achieved in the different sectors and in terms of the overall increases in output, employment and the like. A memorandum on the subject is being prepared in the Planning Commission and will be released shortly. Only a brief review of the progress of plan expenditure, the resources position and the adjustments being made in the Plan is therefore attempted here.

Two major decisions regarding adjustments in the Plan have been taken. Firstly, it has been decided that the ceiling for financial outlays by the Central and State Governments will remain unchanged at 48,000 million rupees. As there have been increases in the cost estimates of some of the projects in the Plan, there would be need for consequential adjustments in expenditure ceilings for some of the development programmes. Secondly, in view of the foreign exchange difficulties, it has been decided that fresh foreign exchange commitments are to be made only for the 'core' projects and for projects which are already in an advanced stage of execution - with some flexibility in respect of other important projects for which foreign assistance on favourable terms becomes available. Since even for the 'core' projects, substantial external assistance is required, the other projects may get delayed. Steel and coal mining programmes in the private sector are being treated as in the 'core'. For the rest, the course of private investment hereafter will depend mainly upon the availability of foreign investment or satisfactory deferred payment terms. There are thus uncertainties in the situation, and it will be necessary, to an extent, to proceed pragmatically in the matter of adjustments in the Plan.

As against the ceiling outlay, of 48,000 million rupees over the five-year period, outlay for the first two years is estimated at about 15,150 million rupees: 6,700 million rupees in 1956-57 and 8,450 million rupees in 1957-58. Financing of this outlay is estimated to have involved deficit financing by the Centre and the States aggregating to about 6,000 million rupees. The deficits in the balance of payments are related, of course, to the investment and consumption trends relatively to production in the economy as a whole rather than to the public sector plan as such. It is clear, however, that the progress on mobilising domestic resources for the plan has been inadequate.

The large tax effort that has been made at the Centre, coupled with a satisfactory level of contributions by the railways, has assisted the financing of the plan substantially. But, the yield of public loans amounting to 2,130 million rupees in the first two years is below the plan expectation of 1,400 million rupees a year. Small savings which were estimated to yield 1,000 million rupees a year on an average will barely reach a total of 1,200 million rupees in the first two years. The tax effort in the States has so far been below the estimates worked out for the plan. While the initial plan estimates of committed expenditures are being substantially exceeded, some of the States have not succeeded in raising resources sufficient for financing their annual plans in spite of the sizeable transfer of resources to them from the Centre under the Finance Commission's award.

The relative inelasticity of food production over the last two or three years is also responsible for some of the difficulties that have arisen in the course of the implementation of the plan. Food prices hold a key position in the Indian price structure. To the extent that food prices are higher, the saving capacity of the urban middle-class diminishes. Even a small rise in food prices is apt further to induce withholding of supplies. The task of limiting well in time and to the requisite degree the claims of consumption in a low-income economy presents difficulties. It is particularly important, therefore, that in the adjustments being made in the Plan, there should be greater stress on increased food production.

For 1958-59, the Centre and the States are to allocate about 10,000 million rupees by way of plan expenditure. This means a step-up of about 1,550 million rupees as compared to the estimated outlay in 1957-58. The bulk of this step-up is in the Centre's plan expenditure, mainly for the railways and the industrial projects. The provisions in the State plans for agricultural programmes have been strengthened with a view to increasing agricultural production. The allocations for other programmes are in many cases not significantly above those of last year's.

The outlook on foreign exchange resources for the plan is now a little better than it appeared to be about a year ago, and it is hoped that it will be possible to complete the 'core' projects more or less according to schedule. Investment on industries in the public sector will be larger than was initially estimated, and although private industrial investment may recede somewhat from present levels because of the shortage of foreign exchange and the strain on the capital market, total investment in industry will probably be fairly close to the original estimates. Altogether, the adjustments being made in the Plan will, on present indications, safeguard the growth potential of the economy. There will, however, be a shortage of power in certain areas, and some of the larger irrigation projects which have not yet started may have to be delayed. There will probably be some reallocation of resources within the group "Agriculture and Community Development"; and expenditure on some items in the field of social services is likely to fall below the plan targets.

Conclusion.- To sum up: the Indian economy has entered a difficult phase of development. Whether one considers the immediate problems of the next financial year or the problems relating to the rest of the Plan period, the crucial task is to raise more resources, both internally and externally. Over the last two years, economic policies have been oriented more and more to the furtherance of this end, and the need is for a steady strengthening of this orientation. A developing economy has to reckon with a continuance of stresses and strains, and while adjustments in the Plan have to be made in order to ensure stability and balance in the system, the essential objectives of the Plan have to be safeguarded and pursued with unremitting vigour.

Planning Commission to be reorganised: Emphasis on Perspective Approach.

The Government proposes to reorganise the Planning Commission with a view to meeting the requirements of the second Five Year Plan, the Parliamentary Secretary to the Planning Minister, Shri L.N. Mishra, said in the Lok Sabha on 10 March 1958.

Replying a question, Shri Mishra said the main features of the proposed reorganisation of the Commission were the creation of new divisions to deal with (1) perspective planning, (2) scientific and technical manpower, (3) statistical surveys, and (4) international trade and development.

Shri Mishra said the reorganisation aimed at rationalising the work of the Commission. It was not proposed to modify in any manner the Commission's constitution, functions or responsibilities.

Shri Mishra said it was also proposed to strengthen some of the existing divisions, particularly those connected with the collection of economic and statistical intelligence.

Other schemes of reorganisation were: heads of divisions should as far as possible be fulltime officers so that the Planning Commission could undertake independent study of and give thought to the various problems; there should be no duplication in the Planning Commission of the working being done in the Ministries and fullest co-ordination between the Ministry and the division concerned in the Planning Commission should be established; the advisers on programme administration should be more effectively associated with the work of the Planning Commission. Since the Planning Commission was interested in all programmes, both Central and States, steps should be taken to ensure that the Central Ministries took full advantage of the assistance of advisers.

(The Statesman, 11 March 1958).

Second Five Year Plan: Minister gives List of "Core" Projects.

Shri B.R. Bhagat, Deputy Finance Minister, made a categorical statement in the Lok Sabha on 3 March 1958, that foreign exchange would be arranged for all projects included in the 'core' of the second Plan.

He disclosed what constituted the 'core' of the Plan by laying on the table of the House, for the first time, a list of the 'core' projects.

These projects are:

Public Sector.- 1. Steel: Hourkela, Bhilai and Durgapur Steel plants. Also Mysore Iron and Steel Works for ferro-silicon expansion only.

2. Coal: The National Coal Development Corporation schemes covering Kathara, Korba (open cast), Korba (inclines), Gidi, Saunda, Korea and existing State collieries. Also Sigareni collieries.

3. Coal Washeries.

4. Neiveli lignite project (mining part only).

5. Railway development progress ^{annual} including the requirements of the Posts and Telegraphs Department in connection with the railway electrification programme.

6. Ports development programme. The following ports only - Bombay, Calcutta, Madras and Visakhapatnam.

7. Power projects. The following projects only: (a) Korba thermal station (Madhya Pradesh); (b) Khaper Kheda Akola thermal station extensions (Bombay); (c) Hirakud project (second stage) (Orissa); (d) Lakkavalli (Bhadra) Project (Mysore); (e) power transmission, distribution and extension schemes (sub-stations equipment, conductor, switch-gears, underground cables, steel for support, ground water metres, etc.); (f) Bhakra-Nangal hydro-electric project (Punjab and Rajasthan); (g) Chambal project (first stage) (Madhya Pradesh, Rajasthan); (h) Rihand project (Uttar Pradesh); (i) Tungabhadra H.E. Scheme (Mysore); (j) Nariamangalam H.E. Scheme (Kerala); (k) Thermal stations in Saurashtra region (Bombay); and (l) Ganderbal and Mohra power stations (Jammu and Kashmir).

Private Sector.- 1. Steel: Tata Iron and Steel Works and Indian Iron and Steel Works.

2. Coal.

Shri Bhagat said it was impossible to supply a complete list of all projects in the public sector for which foreign exchange was being arranged, especially as many of them were still under negotiation. "It may, however, be said that apart from those projects which are already covered by foreign aid or for which foreign aid is being negotiated or proposed to be negotiated, foreign exchange is being allocated on the general principle that resources should be made available for the 'core' of the Plan and for completing projects that have already made considerable progress. These principles apply to all projects whether in the public or in the private sector, and foreign exchange is being made available to the utmost extent possible for all projects that satisfy the above criteria".

(The Hindustan Times, 4 March 1958).

New Atomic Energy Commission set up: Vast Powers
Granted.

The Government of India has decided to establish an Atomic Energy Commission with full executive and financial powers, modelled, more or less, on the lines of the Railway Board. The Commission which will be responsible for the implementation of the Government's policy in all matters concerning atomic energy will have Secretary to the Government of India in the Department of Atomic Energy, as ex-officio Chairman. All recommendations of the Commission on policy and allied matters will be put up to the Prime Minister through the Chairman. Another full-time member of the Commission will be the member of finance and administration, who will also be ex-officio Secretary to the Government of India in the Department of Atomic Energy in financial matters. The Director of the Atomic Energy Establishment will be the third ex-officio full-time member in charge of research and development.

The Atomic Energy Commission which replaces the one set up in 1948, has been set up in the context of plans for a greatly expanded programme for the future in the course of which India will produce all the basic materials required for the utilization of atomic energy, and build a series of atomic power stations which will contribute increasingly to the production of electric power in the country.

(The Hindustan Times, 15 March 1958).

Industrial Congestion in Bombay: Expert Committee
set up.

The Government of Bombay has appointed a study group of experts to examine and propose specific measures to solve a number of problems that have arisen in Bombay city mainly on account of over-concentration of industry in the city's suburban as well as metropolitan areas.

The problems relate to overcrowding, shortage of housing accommodation, lack of open spaces and playing grounds, and traffic congestion.

The study group will consider the possibilities of dispersing industry over a wider area by regulating the location of new industrial units.

One of the difficulties hindering house-building activity is the shortage of construction materials. The study group will endeavour to devise measures to overcome this problem, as well as consider the question of long-term financial credit.

The scheme for underground railways to relieve congestion in the central and southern areas of the island will be studied by the group. The project for a rail-cum-road bridge over the Thana creek to open out the areas across the creek along the mainland, as also steps to open out other areas for suburban dispersion in Salsette Island, will receive the attention of the group.

The study group will have the Secretary to the State Government, Public Works Department, as its chairman, and the Deputy Secretary to the Government, Public Works Department, its secretary.

(The Times of India (Moffusil Edition),
27 March 1958).

Madhya Pradesh: Techno-Economic Survey of State
to be undertaken.

The Madhya Pradesh Government has decided to conduct a techno-economic survey of the State to collect necessary material for prospective planning of the Industries Sector for the Third Five-Year Plan and especially to bring to light specific industrial potentialities for the attention of private entrepreneurs, it was officially learnt here on 30 March 1958.

A special study will also be undertaken of the tribal areas as nearly one-third of the population of this State is composed of backward classes.

The State Government had in this connection, discussions with Dr. P.S. Dokanathan, Director General of the National Council of Applied Economy Research. The Council has now agreed to undertake this survey on behalf of the State Government. The expenditure on the survey is expected to be about 281,000 rupees of which the State Government will bear 231,000 rupees and the remaining will be met by the National Council.

The proposed survey is to make a detailed survey of the various currently available as well as potential material resources in the State to assess the prospects of economic and industrial development of Madhya Pradesh in the light of current as well as potential availability of material resources and other complimentary factors, such as transport, power, skilled labour, entrepreneurial ability, capital etc., necessary for effective utilisation of the resources - to indicate the pattern of development programme with a view to providing guiding lines for the third and subsequent plans in the industrial sector and to prepare project reports for specific industries which would be developed in Madhya Pradesh in the foreseeable future.

An official press release said that though the survey was being conducted with reference to the industrial development of the State, it would offer material and also make definite observations with regard to the development of allied sectors such as agriculture, transport and power. The Council, if required, would assist the State Government in separate assignments for the preparation of future plans for the economic development of the State in all fields.

(The Hitavada, 1 April 1958).

Development Council established for Oil-based Industries.

In exercise of the powers conferred under the Industries (Development and Regulation) Act, 1951, the Central Government has established for the scheduled industries engaged in the manufacture or production of soaps, paints, and plastics a Development Council consisting of persons representing the interest of owners of undertakings, of employees, of consumers and of persons having a special knowledge of matters relating to the technical and other aspects of the industries.

The following functions have been assigned to the Council:

- 1) Recommending targets for production, co-ordinating production, programmes and reviewing progress from time to time.
- 2) Suggesting norms of efficiency with a view to eliminating waste, obtaining maximum production, improving quality and reducing costs.
- 3) Recommending measures for securing the fuller utilisation of the installed capacity and for improving the working of the industry, particularly of the less efficient units.
- 4) Promoting arrangements for better marketing and helping in the devising of a system of distribution and sale of the produce of the industry which would be satisfactory to the consumer.
- 5) Promoting standardisation of products.
- 6) Promoting or undertaking the collection and formulation of statistics.
- 7) Promoting the adoption of measures for increasing the productivity of labour, including measures for securing safer and better working conditions and the provision and improvement of amenities and incentives for workers.

(Notification No.S.O.205-IDRA/6/13 dated 4 March 1958; the Gazette of India, Part II, Section 3, Sub-Section (ii), dated 15 March 1958, pp. 132-133)

Gift-Tax Bill, 1958.

Shri Jawaharlal Nehru, Prime Minister of India, introduced in the Lok Sabha on 28 February 1958, a Bill to provide for the levy of gift-tax. According to the Statement of Objects and Reasons of the Bill, the object of the Bill is to levy a tax on gifts made by individuals, Hindu undivided families, companies, firms and associations of persons. Gifts from one person to another provide a convenient means of avoiding or reducing liability to Estate Duty, Income-tax, Wealth-tax, and Expenditure-tax. The only effective method of checking such attempts at evasion or reduction of tax liability is by levying a tax on gifts. With the introduction of this tax, the integrated tax structure which the Government have been aiming at will be complete.

All voluntary transfers of property without consideration and certain specified transfers of property for nominal or inadequate consideration or for a consideration which although stipulated is not meant to pass actually are covered by the definition of gift. Provisions is made for the exemption of various types of gifts. Besides, there is a basic exemption of 10,000 rupees which will be reduced to 5,000 rupees if the taxable gift to an individual donee exceeds 3,000 rupees. This reduction of basic exemption is meant to discourage large gifts being made to the same individuals.

The schedule to the Bill specifies the following rates of gift-tax:

	Rate of gift-tax.
(1) On the first 50,000 rupees of the value of all taxable gifts -----	4 per cent
(2) On the next 50,000 rupees of the value of all taxable gifts -----	6 per cent
(3) On the next 50,000 rupees of the value of all taxable gifts -----	8 per cent
(4) On the next 50,000 rupees of the value of all taxable gifts -----	10 per cent

	<u>Rate of gift-tax.</u>
(5) On the next 100,000 rupees of the value of all taxable gifts -----	12 per cent
(6) On the next 200,000 rupees of the value of all taxable gifts -----	15 per cent
(7) On the next 500,000 rupees of the value of all taxable gifts -----	20 per cent
(8) On the next 1,000,000 rupees of the value of all taxable gifts. -----	25 per cent
(9) On the next 1,000,000 rupees of the value of all taxable gifts -----	30 per cent
(10) On the next 2,000,000 rupees of the value of all taxable gifts -----	35 per cent
(11) On the balance of the value of all taxable gifts -----	40 per cent

Other provisions of the Bill deal inter alia with administration machinery, manner of assessment of tax, payment and recovery of the tax and other connected matters.

(The Gazette of India, Extraordinary,
Part II, Section 2, dated
28 February 1958, pp.289-319)

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§ 225 Million U.S. Loan to India: Settlement Terms.

Letters of commitment, setting out the details of the U.S. economic aid to India announced on 16 January 1958 (vide section 34, pp.27-29 of the report of this Office for the month of January 1958), were exchanged in Washington on 4 March 1958, between Shri B.K. Nehru, Secretary of the Economic Affairs of the Union Finance Ministry and leader of the three-man Indian delegation, and Mr. Samuel Waugh, president of the U.S. Export-Import Bank, and Mr. Dempster MacIntosh, representing the U.S. Development Loan Fund.

According to the announcement a credit of \$ 150 million from the U.S. Export-Import Bank would be utilized for the procurement in the U.S.A. of capital equipment, machinery and services needed by India in the next 12 months for programmes like irrigation and reclamation, power, transport and communications, mining and certain selected industries, like textiles, chemical industries, the fabrication of heavy structurals and electrical equipment and machine tools.

The credit would bear interest at 5-1/4 per cent and the term would be 15 years; repayment of the principal would, however, therefore start only on 15 January 1964.

A credit of \$ 75 million from the U.S. Loan Fund would be utilised for the purchase of components for the manufacture of trucks, buses and jeeps needed for India's road transport development, purchase of structural steel and other steel products required by Indian Railways and for the purchase of machinery for India's jute and cement industries.

Repayment would start on 15 March 1959, and could be in rupees.

The credit in respect of Railway purchased would bear interest at 3-1/2 per cent and would be repaid in 40 semi-annual instalments; the other credits would bear interest at 5-1/4 per cent and would be discharged in 30 semi-annual instalments.

A five-man mission, led by Mr. Hawthorne Arey, Director of the Export-Import Bank, would arrive in India to study the details of administrative arrangements in India for import licensing and for payments of foreign exchange and to acquaint itself with various aspects of Indian economy.

The loan will finance the Road transportation project to the extent of \$ 25 million, the railway project to the extent of \$ 40 million, the cement industry project to the extent of \$ 5 million, and the jute industry project upto \$ 5 million.

(The Hindustan Times, 5 March 1958).

Indo-US Economic Relations Strengthened.

A joint statement was signed between U.S.A. and India at Washington on 28 February 1958 to bring about greater trade and economic collaboration between the two countries.

The Indian Government representative discussed the specific commodities which he hoped might be sold in larger quantities in the U.S.A. He gave to ~~Mr. Kearns~~ *the U.S. representative* a list of these commodities, the principal items being jute goods, tea, manganese ore, mica, cashewnuts, pepper and spices, frozen and preserved goods, carpets and rugs, coir products, hides and skins, leather manufactures, essential oils, handloom fabrics and other handicrafts, including silks, shawls, jewellery and artworks. ~~Mr. Kearns observed that the USA is a principal supplier of commodities required for India's economic development programme including foodgrains, industrial machinery, vehicles, iron and steel products, non-ferrous metal, fertilisers and chemicals.~~

The representatives of the two countries recognised that closer commercial relations between their two countries would prove mutually beneficial. To this end on behalf of their respective Governments, they expressed their desire to facilitate, develop and expand private trade, between their two countries by every appropriate means.

"They agreed that there exists a potential for a significant increase in value and volume of trade between the two countries. They resolved to encourage such measures as might be undertaken by the business men of their respective countries and by their Governments which would promote trade between India and the U.S.A."

Both the U.S. and the India Government representatives agreed that effective efforts to promote trade should be made within the framework of GATT and IMF and that it was in the interest of both countries to further to the greatest possible degree non-discriminatory trade and currency convertibility.

The two representatives agreed that every possible step should be taken to encourage greater contact between business men of the two countries, the continued exchange of trade missions between India and the U.S.A., and increased participation by business men in trade fairs and exhibitions of the other country.

It was recognised that adequate and economic shipping facilities are necessary for expansion of trade between the two countries and expressed the intention of their Governments to use their best endeavours to encourage the development of such shipping services.

They also noted that private capital investment aids in the promotion of economic development and trade. Since U.S. private ~~increasing~~ investment in India, although increasing, is still relatively small, they considered it desirable to encourage an increasing flow of American private capital to India in appropriate fields. In this connexion, they agreed that every appropriate support should be given to efforts designed to promote technical collaboration between Indian and U.S. enterprises. They further agreed that a greater interchange of scientific and technological knowledge between their two countries would be desirable.

The two representatives indicated their awareness of the interest of business men in the conclusion of a convention between India and the U.S.A. for the avoidance of double taxation. They agreed that it would be desirable to explore the possibilities of concluding such a convention.

(The Statesman, 28 February 1958)

35. Productivity.

India - March 1958.

First Meeting of National Productivity Council:
Eight-Point Programme Approved.

An eight-point programme for launching a productivity drive in the country was laid down by the recently constituted National Productivity Council at its first meeting in New Delhi on 22 March 1958. The Union Minister for Industry, Shri Mamubhai Shah, who is President of the Council, presided.

Earlier, the Government of India, constituted, by a notification dated 19 February 1958, the National Productivity Council, in accordance with the recommendations of the Seminar on Productivity convened by the Government of India (vide section 35, pp.33-34 of the report of this Office for January 1958). Shri Mamubhai Shah, Minister of Industry, Government of India is the President of the Council, and Dr.P.S.Lokanathan, Director-General, National Council of Applied Economic Research, has been nominated as Chairman of the Governing Body of the Council.

The other members representing the various Ministries of the Government of India are the following: Dr.A. Nagaraja Rao, Chief Industrial Adviser, Ministry of Commerce and Industry; Shri Ashfaq Hussain, Development Commissioner, Small Scale Industries, Ministry of Commerce and Industry; Shri H.G.Sen Gupta, I.C.S., Joint Secretary, Ministry of Finance; Shri K.L.Ghei, Joint Secretary, Ministry of Finance; Shri Indarjit Singh, Joint Secretary, Ministry of Finance; Shri G.K. Chandiramani, Joint Educational Adviser (Technical), Ministry of Education and Scientific Research; Shri R.C. Vaish, Chief Engineer, Posts & Telegraphs Department, Ministry of Transport and Communication; Shri R.N. Chopra, Deputy Secretary, Ministry of Steel, Mines & Fuel; Director, Railway Stores, Ministry of Railways; Shri N.S. Mankiker, Chief Adviser, Factories, Ministry of Labour and Employment; and Shri B.N. Datar, Deputy Secretary, Ministry of Labour and Employment.

The Council also includes nominees (number indicated within brackets) of the following organisations: All India Organisation of Industrial Employers(2); Employers' Federation of India(1); Federation of Indian Chambers of Commerce & Industry(2); Associated Chambers of Commerce and of India(1); All India Manufacturers' Organisation(1); All India Management Association (1); Engineering Association of India(1); Indian Engineering Association(1); Indian Chemical Manufacturers' Association(1); Indian National Trade Union Congress(4); All India Trade Union Congress(2); United Trade Union Congress(1); Hind Mazdoor Sabha(2); National Federation of Indian Railwaymen(1); and National Federation of Post and Telegraphs Employees(1).

The main features of the programme adopted at the first meeting of the Council are dissemination of information relating to productivity, training in productivity, organising of productivity services at important industrial centres, promotion of interplant visits, sponsoring of visits of productivity teams to advanced countries, training of personnel abroad and inviting of foreign technicians and specialists in productivity.

The Council decided to stimulate and facilitate the establishment of local Productivity Councils, which will be the main vehicles for propagating productivity. During 1958-59, 15 Productivity Councils are proposed to be set up. Already two local Councils have been set up at Bangalore and Coimbatore. The local Councils will have, among their members, industrial units, institutions, individuals and organisations of industries, employers and workers.

While the productivity drive will eventually cover all economic activities of the country, the Council decided that at the start its activities and those of the local Councils should be limited to the sphere of industry. In the industrial field the drive will be launched to cover large, medium as well as small-scale industries in the public and private sectors. All factors and tools of productivity, like management, production, personnel, plant and physical facilities and products will be covered.

The Council decided to set up a committee to conduct a comprehensive survey of the available productivity personnel in different fields and assess future requirements.

Under the programme broadly approved at the meetings, a Technical Inquiry Service and a Technical Digest Service are proposed to be organised to answer technical inquiries from industries and to disseminate information collected from different sources. Pamphlets, reports, exhibitions, lectures and seminars will be other media used for disseminating information. Training at all levels of management in the techniques and processes of productivity, including scientific management, human relations, job valuation, wage incentives, industrial designs, work measurement and methods analysis is proposed to be organised.

The Productivity Service to be provided will be organised through regional Productivity Units of specialists at different places. Their services will be provided through the local Productivity Councils or industrial units wherever there is demand from employers and labour. In the first stage, these Productivity Units may be set up in Bombay, Calcutta, Madras, Kanpur and Delhi.

With the assistance of the Technical Co-operation Mission of the United States, a high-level Study Team representing managements, workers and technicians is planned to be sent shortly to the U.S.A. and Western Europe for a general study of productivity processes and techniques. More teams are proposed to be sent later to countries in East and West Europe and to Japan and China.

(Notification No.6(1)Prod/57 dated 19 February 1958; Gazette of India, Part I, Section 1, dated 1 March 1958, page 113) & Indian Information (Published by the Government of India), Vol. I, No. 5, dated 15 April 1958, pp. 211-212).

Bombay: Productivity Council set up.

With a view to increasing productivity in industries and paying the way for launching productivity drive in all spheres of economic activity, an organisation under the name of Bombay Productivity Council was established at a meeting held in Bombay on 15 March 1958, Shri Murarji J. Vaidya presided.

Shri Vaidya commenced the productivity movement and sought the co-operation of all in making the Bombay Council a success and a model to all other regional councils in view of the importance of Bombay as the industrial capital in India. He was of opinion that the technique of higher productivity should not be confined to industries alone, but be extended to all other activities of the nation, particularly to agriculture where the output had not come up to expectations.

The meeting, which was attended by representatives of leading industrial establishments, trade, commerce, labour, research and educational institutions as well as representatives of the Union and State Governments, adopted the Memorandum of Association of the Council and appointed an "ad hoc" committee of 15 members with Shri Vaidya as President and Shri T.M. Jacob, Deputy Chief Adviser, Factories (Productivity), Ministry of Labour and Employment, Government of India, as convener to carry out the objects of the Council for the present.

(The Times of India (Moffussil Edition),
17 March, 1958)

36. Wages.India - March 1958.Kerala Minimum Wages Rules, 1958.

The Government of Kerala gazetted on 4 March 1958 the Kerala Minimum Wages Rules, 1958, made in exercise of the powers conferred under the Minimum Wages Act, 1948. The rules prescribe inter alia the term of office of the members of the Committee and of members of the Board, procedure for summoning of witnesses by the Committee or the Board and the production of documents, mode of computation of the cash value of wages, number of hours of work which shall constitute a normal working day for employments other than plantations and for employment in plantations, procedure for claims under the Act, and scale of costs for proceedings under the Act. The rules repeal the Travancore-Cochin Minimum Wages Rules, 1951, and the Minimum Wages (Madras) Rules, 1953, as ~~their~~ in force in the Malabar district.

(Notification No. L1-4854/57/L and LAD,
dated 25 February 1958; Kerala Gazette,
No. 9, dated 4 March 1958, Part I,
Sec. IV, pp. 1-29).

37. Salaries.

India - March 1958.

Increased Dearness Allowance for Insurance Employees.

As a result of decision of the Board of Directors of the Life Insurance Corporation of India, an increase of 5 rupees in the scale of dearness allowance has been granted with effect from 1 January 1958, to the employees of the Corporation drawing basic salaries of 51 rupees per month or more but less than 251 rupees per month. The revised scales of dearness allowance applicable to the employees of the Corporation belonging to Classes II and to IV V are as shown below:-

Basic Salary.	Dearness Allowance.
	<u>Rs.</u>
Less than Rs. 51 p.m. -----	45
Rs.51 p.m. or more but less than Rs.101 p.m.-----	55
Rs.101 p.m. or more but less than Rs.151 p.m.-----	60
Rs.151 p.m.or more but less than Rs.201 p.m.-----	65
Rs.201 p.m.or more but less than Rs.301 p.m.-----	70
Rs.301 p.m.or more but less than Rs.401 p.m.-----	75
Rs.401 p.m. or more but less than Rs.501 p.m.-----	80

(Indian Labour Gazette, Vol. XV, No. 8,
February 1958, page 792).

Journalists Wage Board Decisions held Ultra Vires:
Supreme Court Judgment.

The decision of the Wage Board constituted under the Working Journalists (Conditions of Service) and Miscellaneous Provisions Act 1955, the scales of wages for working journalists, and Section 5(1)(a)(iii) of the Act granting a gratuity on voluntary resignation from service were declared illegal and void by a unanimous judgement of a Constitution Bench of the Supreme Court on 19 March 1958.

(For details, please see pp. 111-114 of this Report).

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38. Housing.

India - March 1958.

New Housing Scheme for Colliery Workers.

A new housing scheme under which 30,000 houses would be constructed at colliery sites in lots of 20 or so during a period of 5 to 6 years direct from the Coal Mines Labour Welfare Fund had already been sanctioned. It is proposed to construct 10,000 houses during the year 1958-59 for which a sum of 33,011,900 rupees was sanctioned in December 1957.

As a result of discussions held in the Indian Labour Conference in July 1957, and in the Labour Ministers' Conference in October 1957, ~~the~~ on the question of housing for industrial workers the State Governments and the Union Territories have been requested to ~~construct~~ conduct a special survey to find out the magnitude of the housing problem and then fit a certain quota of houses by agreement with the employers according to which they would construct houses for the workers employed by them.

(Indian Labour Gazette,
Vol.XV, No.8, February 1958,
page 793).

Progress of Central Government's Housing Schemes.

Subsidised Industrial Housing Scheme.— The Subsidised Industrial Housing Scheme came into operation in September 1952. It provides for the grant of financial assistance to State Governments or statutory housing boards, private employers and registered co-operative societies of industrial workers, for construction of houses for industrial workers, governed by the Factories Act, 1948, and Mine Workers (other than those employed in coal and mica mines) governed by the Mines Act, 1952 and whose total emoluments do not exceed 250 rupees per mensem.

The table given below shows the financial assistance that is given under the Scheme to State Governments, Private Employers and Co-operative Societies:—

Constructing Agencies.	Financial Assistance		Present rate of interest.	Period of repayment.
	Loan	Subsidy		
(i) State Governments and Statutory Housing Boards.....	50 %	50 %	4-1/2 %	25 years.
(ii) Private employers.....	37-1/2 %	25 %	5 %	15 years.
(iii) Co-operative Societies.....	50 %	25 %	4-1/2 %	25 years.

The financial assistance is given on the basis of the standard costs prescribed for different types of tenements.

Since the inception of the Subsidised Industrial Housing Scheme in September 1952, the Government of India has sanctioned financial assistance to the extent of 252.9 million rupees (130.3 million rupees as loan and 122.6 million rupees as subsidies) for the construction of 89,408 houses, upto the financial year 1956-57, as shown below:—

Constructing Agencies.	Number of houses		Assistance sanctioned	
	Sanctioned.	Completed.	Loans.	Subsidy.
	(In Millions Rupees)			
State Governments.....	74,952	46,464	119,600	112,494
Employers.....	12,787	7,179	8,346	8,904
Co-operatives.....	1,669	704	2,309	1,245
TOTAL:	<u>89,408</u>	<u>54,347</u>	<u>130,255</u>	<u>122,643</u>

During the current financial year, a sum of 4.313 million rupees (in the shape of loans and subsidies) has been sanctioned upto the end of December 1957, for the construction of 2,090 tenements.

The work of construction on the sanctioned projects is in progress and about 66,700 tenements were completed in all respect upto November 1957, and a good number of the remaining tenements is in the process of completion.

A provision of 45.0 million rupees has been made in the revised estimates for 1957-58 and 52.250 million rupees in the Budget estimates for 1958-59.

Low Income Group Housing Scheme.- The Low Income Group Housing Scheme, which was introduced in November 1954, and is administered through the State Governments and Union Administrations, deals essentially with the advance of house-building loans by the Central Government, to persons whose annual income does not exceed 6,000 rupees and who ordinarily do not own houses already. The loan is given at 4-1/2 per cent interest for a period not exceeding 30 years and is restricted to the 80 per cent of the cost of each house, including cost of land, subject to a maximum of 8,000 rupees per house.

The scheme also envisaged grant of loans, recoverable with about 3-1/4 per cent interest within three years, by the Centre to the State Governments for acquisition and development of land. The plots of land, so acquired and developed, are to be sold, within this period of three years, to prospective builders on a no-profit-no-loss basis.

Provision of 55.9 million rupees was made in 1957-58 for advances to State Governments etc., under the scheme and, out of that, a sum of 16.9 million rupees was actually utilized till the end of December 1957. A provision of 62.5 million rupees has been made in the budget estimates for 1958-59.

Slum Clearance Scheme.- An allocation of 200 million rupees has been made for Slum Clearance Scheme for the Second Plan period. This figure of 200 million rupees includes the amount of 50 million rupees (being 25 per cent of the cost of this scheme) which has to be found by the States as a matching subsidy to that of the Centre. The Central contribution in this scheme will, therefore, be 150 million rupees (100 million rupees as loan and 50 million rupees subsidy).

The tempo of this scheme has increased as initial difficulties faced by the State Governments have now been resolved. A sum of 23.3 million rupees has been provided in the Budget for 1958-59. Out of this amount, 14.5 million rupees is for loans, 7.3 million rupees as subsidy to State Governments and 0.5 million rupees for expenditure in Union Territories.

Plantation Labour Housing Scheme.- The Plantation Labour Housing Scheme is one of the new housing schemes introduced in the Second Five Year Plan. The Plan provides for a sum of 20.0 million rupees for grant of loans to eligible planters through State Governments, for construction of houses for their resident labour. The scheme envisages grant of loan assistance to the extent of 80 per cent of the cost of construction of the house subject to a maximum of 2,400 rupees per house in the case of plantations in north India and 1,920 rupees per house in the case of those in the South.

The lack of sufficient progress so far under this scheme has been due to the fact that most of the State Governments could not complete the necessary preliminaries such as framing of rules for administration of the scheme in the States, prescribing details of standard and specification of houses for plantation labour, etc. Besides, the demand from planters for loans under the scheme has also not been so far very encouraging. Now that almost all the State Governments have either completed or are about to complete the required preliminaries and as also the quantum of loan assistance under the scheme has been enhanced by 20 per cent considerable progress in the implementation of the scheme is expected henceforward.

A provision of 2.0 million rupees, including 50,000 rupees for Union Territories, has been made in the Budget for 1958-59.

Village Housing Scheme.- A composite scheme of coordinated assistance to State Governments for setting up of 5,000 village housing projects all over the country during the Second Plan period, has been drawn up and circulated to State Governments. Out of the 5,000 projects, it is proposed to take up 500 during 1957-58 and another 1,500 during the next year. The scheme is based on the principle of aided-self-help and envisages an all-round economic development, spread over a number of years, of the rural areas selected for these projects, to enable the villagers to maintain their houses and to repay the loans taken by them for building of houses, without undue hardship. Assistance from Government will be in the shape of loans to the extent of 50 per cent of the cost of construction subject to a maximum of 1,500 rupees per house, supported by adequate subsidies where permissible and technical advice including provision of improved layout and designs, etc.

The State Governments have to set up Rural Housing Cells at each of their headquarters with adequate engineering personnel for guiding the rural housing programme. The Government of India is to share 50 per cent of the cost of the staff employed in the Rural Housing Cells, which will be made available to them in the shape of grants. A provision of 7.5 million rupees (including 0.5 million rupees for loans in Union Territories and 0.5 million rupees as grants to States towards the cost of Rural Housing cells) has been made in the Budget Estimates for 1958-59.

(Government of India: Explanatory Memorandum on the Budget of the Central Government for 1958-59-(As laid before the Parliament), pp. 168-170)

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Chapter 5 : Working Conditions and
Living Standards.

52. Workers' Welfare, Recreation and Workers' Education.

India - March 1958.

Amenities for Workers in the Building Industry.

Inaugurating the fourth periodical conference between officials of the Works, Housing and Supply Ministry and representatives of the Central Public Works Department Contractors held at Bhubaneswar on 10 January 1958, Shri Anil K. Chanda, Deputy Minister of Works, Housing and Supply, stated that there could not be two opinions on the question of bad living conditions in which our labour finds itself today. He announced that as a result of the discussions at the last conference at Bangalore, a committee had been appointed to go into the question of providing suitable hutting accommodation by contractors for labour. Government received adequate co-operation from representatives of the trade on the sub-committee and the latter willingly agreed to the inclusion in the agreement of a clause enjoining on contractors the need for providing accommodation of approved designs with necessary amenities of life to labour. A clause was accordingly inserted in the agreement.

Regarding compensation payable by contractors for non-compliance with labour welfare amenities co-operation was, however, not so readily forthcoming. In the absence of such co-operation, Government had ultimately to take a decision themselves, and another clause had also been added to the agreement laying down that contractors would be liable to pay compensation if they failed to provide necessary welfare amenities to labour employed by them directly or indirectly. The Deputy Minister expressed the anxiety of the Government to see that labour gets a fair deal at the hands of contractors. He assured the contractors that Government were not happy in taking punitive measures, but when they observed that there was continued breach of provisions prescribed by them in regard to certain important matters they were compelled to adopt such measures in the interest of labour.

The Deputy Minister further exhorted the contractors to realise the fact that labour was an important and indispensable factor of production and that its efficiency increased by affording it a higher standard of living, greater amenities and friendly employer-employee relationship. He urged that something more than what had already been done, was to be achieved in providing social amenities for the workers hired for construction work.

(Indian Labour Gazette, Vol. XV, No. 8,
February 1958, page 791).

National Seminar on Workers' Education, Calcutta,
22-27 December 1957: Scope and Content of Workers'
Education defined.

A National Seminar on Workers' Education, convened by the Indian Adult Education Association, was held in Calcutta from 22 December to 27 December 1957. The Seminar was attended by about 59 delegates from all parts of India. Shri V.S. Mathur, Director of Education in Asia, I.C.F.T.U., Asian Trade Union College, Calcutta, was the Director of the Seminar. The general conclusions and recommendations of the Seminar are briefly reviewed below:-

Need of Workers' Education.- The Seminar came to the conclusion that the term 'workers', for the purpose of defining the beneficiaries of a programme of Workers' Education should cover the following:-

- (a) All employees working in industries, agriculture or plantations - including both manual or non-manual workers but excluding those usually considered part of management having authority to "hire, fire, transfer and promote" as well as concerned with the industrial relations of the management. In sum the term should cover all those employees normally eligible for membership of trade unions.
- (b) All those categories of independent workers who belong economically and educationally to the same social group:
- (c) Families of workers covered under (a) and (b).

The Seminar then considered the educational needs of the above groups of persons. So far as the industrial employees were concerned, it was pointed out that their needs could be considered broadly under the following three heads:

- (i) problems relating to their life in urban areas;
- (ii) problems relating to their conditions of employment; and
- (iii) problems relating to their membership of Trade Unions.

In respect of the problems relating to their life in urban areas it was pointed out that a large majority of workers in the industries come from villages. Though villages may not have many of the conveniences of the cities, they do not have slums comparable to those cities. Living in city slums exposes the workers to many hazards, both physical as well as moral.

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Further, in the villages they live in groups culturally more homogenous than in the cities where the problem of adjustment with persons belonging to different social and cultural backgrounds is very urgent needed.

Some of the problems relating to conditions of employment are adjustment to industrial discipline and conditions of work very different from that they are used to in the villages.

The workers have certain educational needs, arising out of their trade union membership. These needs vary according to the union hierarchy to which the workers may belong, such as rank-and-file workers, branch officials or leaders at the national level.

The Seminar felt that ~~the~~ due to various factors ^oworkers are generally feudalistic and fatalistic in their attitude. This is a serious obstacle to the development and growth of a self-reliant and democratic trade union movement. There is, therefore, a great need to make workers conscious of their democratic rights and to enable them to have confidence in their own efforts.

Keeping in view the needs of workers, the Seminar set out to define the aims of Workers' Education. It came to the conclusion that Workers' Education should enable the beneficiaries to understand the problems of their environments, conditions of employment and the problems relating to their trade union membership. The Seminar was, however, conscious that without the development of the personality of the workers a sound foundation for a democratic society or for a strong, free and self-reliant trade union movement could not be laid. The Seminar, therefore, came to the conclusion that the development of the personality of the workers should be one of the main aims of Workers' Education.

Workers' Education and Adult, Social and Fundamental Education.— The aims of Workers' Education as outlined above roughly indicated the boundaries of its scope and content. The Seminar considered a number of terms current in the field of education such as Adult Education, Workers Education, Social Education and Fundamental Education. The Seminar agreed that education about the principles and philosophy of trade unionism, their places in a democratic society, history of trade union movement in India and other countries would be covered by the scope of social education. However, the Seminar was of the view that training in trade union leadership is different and outside its province. While demarcating the educational areas, indicated by the various terms, the Seminar came to the following conclusions:

The term adult education simply stated means the education of adults. Here the scope and content of education are not sought to be defined or limited in any way and the prefix 'adult' only indicates the age group for which education is meant. Workers' education leaves the scope of education as wide as in the case of adult education but limits beneficiaries to the social group covered by the term "workers". Social education is wider than both Adult Education and Workers' Education so far as the coverage of person is concerned, but limits the scope by emphasising mainly citizenship aspects of education. Fundamental education, which is a term coined by the UNESCO, however, emphasises the needs of under-developed communities in minimum education. The conclusion of the Seminar in regard to the scope of workers Education was that it is adult education for a particular social group, viz., workers.

With regard to vocational education, the Seminar was of the view that ordinary technical training given to persons desiring to enter a new trade was beyond the scope of workers' education. However, it realised that those already in the trade may desire to improve their skills with a view to securing promotions or advancements. Further it is possible that due to technological changes, jobs of some workers may become redundant rendering them unemployed. In this situation it may become necessary for them either to learn a new trade or a new technique to retain or secure employment. The Seminar was of the view that vocational education given to persons already employed either to improve their skills or to acquire new skills, to meet the situation created by technological changes, should properly fall within the scope of workers education.

Methods and Techniques.— The Seminar was of the opinion that methods and techniques are only means to an end and that the value of each method should be judged by its ability to achieve a certain educational objective in the given circumstances. The question for the consideration of the Seminar was as to what should be the criteria for judging the suitability of various methods used in educational work. Some of the general considerations arrived at the Seminar in this connection are as follows:—

- a) in considering the suitability of a method peculiarities of the group of people for whom education is meant should be taken into consideration. For example, methods used for children may not necessarily be suitable in the case of adults. Then there is the question of the educational background of the persons concerned as, for example, for those who are not literate, perhaps greater stress may have to be given to informal and indirect or audio-visual methods.

- b) Content of education to be conveyed should also be taken into consideration while selecting a method. The process of education may consist of passing on some information to workers or of pooling their experiences and views for the consideration of problems with which they are concerned with a view to arrive at some conclusions about their solution. In the case of the former, methods like lectures or exhibitions or, films shows, etc., may be more appropriate, whereas in the case of the latter, seminar or discussion methods may be more effective. To take another example, drama, dance and similar other types of activities may be very good methods for enabling a group of persons to appreciate the culture, habits and tradition of a different group.
- c) A method should be simple to operate and should not require a person of high calibre or exceptional ability to work at. This is important particularly in view of the paucity of qualified personnel in the field of adult education.
- d) The resources at the disposal of the agency undertaking educational work is obviously another consideration in determining the suitability of a method.
- e) A method which promotes a greater amount of participation in the educational process should be preferable as it is likely to result in greater absorption by the beneficiaries of the educational programme. Methods like seminars and discussions are therefore preferable for the above reasons.
- f) Education should take note of the centres of interests of the persons for whom it is meant.

(Documents of the Seminar,
received in this Office).

56. Labour Administration.

India - March 1958.

Work of the Ministry of Labour and Employment during 1957.

The activities of the Ministry of Labour and Employment, Government of India, in 1957, are reviewed in an official report published recently*.

I. Legislation.- During the 1957, the Industrial Disputes Act, 1947 was further amended to provide for the payment of compensation to workmen whose services are terminated on account of transfer or closure of an undertaking. The Industrial Disputes (Banking Companies) Decision Act, 1955 was amended so as to give effect to the recommendations of the Travancore-Cochin Banking Inquiry Commission.

The Payment of Wages (Amendment) Act, 1957.- The Payment of Wages Act, 1936, was also amended. The following are some of the important amendments made:- (i) The wage limit has been increased from 200 rupees to 400 rupees; (ii) The Act has been extended to workers in construction industry; (iii) The definition of wages has been revised; (iv) Deductions towards payment of insurance premium and on account of penalties imposed under service rules have been made "authorised deductions"; (v) Provision has been made for conditional attachment of property to safeguard the interests of workers. Further proposals for the amendment of the Act are under consideration.

* Report 1957. Ministry of Labour and Employment, pp. 50.

The Minimum Wages Act, 1948 was amended during the year extending the time-limits of fixing minimum rates of wages in the employments listed in Part I and Part II of the Schedule till 31 December 1959 to enable the appropriate Governments to complete initial wage fixation before that date.

Certain proposals for fresh legislation were under consideration during the year. The Mines Act is proposed to be amended to bring the provisions in line with I.L.O. Conventions and with the Factories Act 1948. The Maternity Benefit Act, 1941, is sought to be amended to achieve a minimum standard of benefits. The question of enacting legislation for construction workers and motor transport workers is under consideration.

II. Industrial Relations.- The man-days lost through work stoppages from January to October 1957 were 5,453,214 as against 6,200,717 for the same period during 1956. The number of fresh disputes leading to work stoppages during January to October 1957 was 1,333 as against 1,006 for the same period during 1956. (Note: The figures for 1956 relate to 10 Part "A" States, Delhi and Ajmer while those for 1957 are for the whole of India).

The All-India Industrial Tribunal (Colliery Disputes) gave its award inter alia fixing wages for the various categories of miners, which was published on 26 May 1956. Its operation was subsequently extended up to 26 May 1958. The implementation of the award has been on the whole satisfactory. Some of the workers' organisations filed appeals against the award before the Labour Appellate Tribunal, which gave its decision on 29 January 1957 modifying the original award with retrospective effect from the date of its publication, i.e., 26 May 1956. The employers went in appeal to the Supreme Court, but, as a result of tripartite negotiations initiated by the Minister for Labour and Employment, the Labour Appellate Tribunal's award is now being implemented by colliery owners and the payment of arrears is being made in instalments. To ensure the proper implementation of the Labour Appellate Tribunal's award and to remove any difficulties of interpretation, etc., a tripartite Implementation Committee was set up under the chairmanship of the Chief Labour Commissioner. A part of the amount of the arrears was also agreed to be invested in the Small Savings Scheme and the National Savings Commissioner has been requested to depute his field staff to the various collieries to collect the workers' contributions.

Forty-two industrial disputes in the Central sphere, viz., mines, major ports, railways, banking and insurance companies having branches in more than one State, were referred for adjudication to the Standing Tribunals, ad hoc Tribunals, etc., set up by the Central Government.

On 1 September, 1956, when the Industrial Disputes (Appellate Tribunal) Act, 1950 was repealed by the Industrial Disputes (Amendment and Miscellaneous Provisions) Act, 1956, 439 appeals and 823 applications were pending before the Labour Appellate Tribunal. These were reduced to 55 appeals and 91 applications on 1 January 1958. Out of these 55 appeals, 46 appeals are held up because of a reference pending with the Supreme Court, 5 cases are held up on account of writ petition filed in the High Courts and 2 cases have been remanded for investigation. In the remaining two cases a decision of the State Government, to whom these cases have been referred, is awaited.

Works and Production Committees.- The committees are set up to discuss and settle day-to-day grievances of workers and promote measures for securing amity and good relations between them and their employers. The total number of Central Sphere undertakings which were required to constitute such Works Committees as on 30 September 1957, was 1,072; in 779 establishments, these Works Committees are actually functioning. As regards the remaining establishments, Regional Labour Commissioners have been asked to persuade the managements of the undertakings concerned to form works committees, and to watch their progress. These works committees provide a machinery for free and frank discussions and help to bring about better understanding between the employers and the workers. The topics discussed were many and of various nature, namely, retrenchment, medical facilities, provision of rest rooms, housing facilities, water scarcity, transport facilities, provision for ambulance car facilities, grant of loans from welfare fund, reservations of beds for workers suffering from tuberculosis in sanatoria, accommodation, recreation rooms, etc. The Chief Labour Commissioner has undertaken a study of the functioning of works committees in Central sphere undertakings. It is proposed to appoint a study group to go into the functioning of works committees in this country and to suggest improvements.

Unit production committees were also set up in some of the Central sphere undertakings. These committees are not formed under any statute; but they work on voluntary basis and in some cases the works committees themselves function as unit production committees. These committees discuss, among other things, matters such as improving efficiency, eliminating waste, ensuring proper use of material and machinery and questions affecting production so as to ensure proper co-ordination and maximum productivity and help in removing causes of friction relating to use of machinery, rationalisation and technological developments. Eighty-eight unit production committees were functioning on 30 September 1957.

A Standing Committee of representatives of the Ministries of the Government of India has been set up to consider steps to settle disputes arising in public sector undertakings and to advise on the desirability of resorting to adjudication under the Industrial Disputes Act, 1947.

Labour Participation in Management.- At the 15th Session of the Indian Labour Conference it was decided that the introduction of the scheme of Labour Participation in Management should be left to the volition of the employers and that at least for a period of two years there should be no legislation to enforce the introduction of the scheme. If on a review of the position after two years it was observed that sufficient progress had not been made, legislation could be undertaken. A tripartite Sub-Committee on workers participation in management was set up to advise on the introduction of the scheme. It recommended that the scheme should initially be tried out in about 50 industrial undertakings selected from the public and private sectors. Action for selection of these units is in progress.

Code for Discipline in Industry.- To improve discipline in industry a tripartite Sub-Committee was appointed by the Indian Labour Conference. The Sub-Committee drew up a Code for Discipline incorporating principles, which both the managements and the Labour unions should follow. This Code was adopted at the 16th Session of the Standing Labour Committee and the representatives of employees' and employers' organisations undertook to get the Code ratified by their constituent members and units before the end of December 1957. It has been proposed to set up tripartite evaluation machinery at the Central, State and local level to evaluate the working of the Code.

III. Employment and Training.- During the year under report, the Directorate General of Resettlement and Employment confined their main activities to the finalisation of the work connected with the transfer of the day-to-day administration of the employment exchanges and training centres to the State Governments and implementation of various schemes under the Second Plan. Some of the schemes such as extension of the scope of the Employment Service, collection of Employment Market Information and Vocational Guidance and Employment Counselling made steady progress. Considerable advance was made in the matter of expanding craftsmen training facilities in the country. Various employment and training programmes were further accelerated with the co-operation of State Governments.

Of the 126 additional employment exchanges proposed to be opened under the Second Five Year Plan, the opening of 70 new exchanges was sanctioned. In all, one hundred and seventy-six employment exchanges were actually functioning at the end of December 1957.

Collection of Employment Market Information.- The object of this scheme is to collect data, on a continuing basis, regarding the level of employment and unemployment, shortages and surpluses, the occupational pattern of the labour force, current job opportunities, etc., in different employment market areas. A pilot project was launched in Delhi under the supervision of an I.L.O. expert during 1956. Based on the Delhi experience, a scheme was prepared and arrangements were made during 1957-58 to extend the scheme to all the States. Financial approval of the Government of India for the implementation of the scheme was conveyed to all the State Governments who are taking steps to appoint staff and make other arrangements with regard to the development of the programme. The State Employment Market Information Units are expected to be set up at the State headquarters and the work started in all States by the end of the financial year 1957-58.

Youth Employment Service and Employment Counselling.- It was planned to start this scheme in 8 States in 1957-58. The proposals submitted by seven State Governments regarding the establishment of Youth Employment and Employment Counselling units received the sanction of the Government of India. The units have started functioning at three places, viz., Delhi, Hyderabad and Lucknow.

Occupational Research and Analysis.- To implement this scheme, the work relating to the preparation of a National Classification of Occupations and Occupational Field Reviews, which was originally taken in hand under the guidance of an I.L.O. expert made further progress by the end of December 1957. Occupational definitions were drafted in respect of 13 groups and research on an additional 10 groups was proceeding. Nine groups of occupations were under verification by the State units. In the meantime, for the immediate requirements of the Planning Commission and the census and other authorities, the work of identification of most of the most available occupations in the country and the preparation of brief definitions of the occupations was commenced.

Further progress was made during the year in the publication of career pamphlets and handbook on training facilities.

Deployment of the Retrenched Defence Installations and River Valley Project Personnel.- Efforts were made to provide employment assistance to surplus and retrenched personnel of the defence installations and certain river valley projects. Up to the end of December 1957, 2,701 retrenched persons from various ordnance factories had been placed in alternative employment. In regard to the retrenched river valley project personnel, out of 3,021 persons retrenched from the Damodary Valley Corporation, 2,600 persons had been placed in employment up to the end of December 1957. With the co-operation of the State Governments and the project administrations concerned, employment exchanges were set up at the site of the river valley projects, namely, the D.V.C., the Hirakud, the Nagarjunsagar and the Chambal. Negotiations are in progress for opening an exchange at the Bhakra-Nangal.

Colliery Exchanges.- In order to meet the peculiar problems of retrenchement going on simultaneously with fresh recruitment in the same mining area, a scheme to have recruitment of labour in coal-mines channelised through employment exchanges was discussed at a joint meeting of the representatives of the Government of India, the State Governments of West Bengal and Bihar and the Employers' and Workers' Organisations. A proposal to start pilot employment exchanges in certain selected areas of West Bengal and Bihar with the co-operation of all interests concerned is under the consideration of the State Governments concerned.

Special Schemes for the Educated Unemployed.- On the basis of the recommendations of the Study Group on Educated Unemployed, the Planning Commission decided that a few pilot projects should be started in regard to (a) work and orientation centres; (b) training in small-scale industries; and (c) co-operative goods transport societies. In regard to work and orientation centres, two pilot centres at Kalamessery (Kerala) and Delhi are now in operation and a third one at Kalyani (West Bengal) is expected to be set up in early 1958. As for training in small-scale industries, the Ministry of Commerce and Industry has approved the establishment of two major workshops in Kerala State, one for the manufacture of electric motors at Thiruvella and another for small machine tools and hand tools at Ettumanoor. The Centre at Thiruvella is expected to start in May or June 1958 and that at Ettumanoor in January 1958. Training of about 400 persons for absorption in these production centres was arranged in the training institutes and industrial undertakings in the State. A pilot scheme for setting up Goods Transport Co-operatives has been prepared by the Ministry of Transport and Communications and circulated to State Governments for their comments. The object of the scheme is to develop transport and to provide employment to educated persons. The State Transport Commissioners' Conference held in Mussoorie in October 1957 also discussed the scheme and recommended its implementation.

Work of Employment Services.- The employment situation during the period under report, judged by the placements effected by the employment exchanges registered an improvement as compared to the previous year. The number of vacancies made available to the exchanges also recorded a slight increase. On an average more employers utilised the services of employment exchanges during the year. The number of registered unemployed persons increased from 758,503 at the end of December 1956 to 922,099 at the end of December 1957. An occupational analysis of the applicants registered with the employment exchanges during the year ending December 1957, showed that among 922,099 applicants, 8.3 per cent were seeking technical jobs; 29.0 per cent were seeking clerical jobs; 4.4 per cent were in search of teaching jobs; 55.5 per cent were unskilled persons and 4.8 per cent were seeking miscellaneous types of work.

Training.- The National Council for Training in Vocational Trades was established on 24 May 1957, consisting of 54 members representing Central Ministries, State Governments, employers, workers and engineering and professional bodies for the purpose of establishing and awarding national trade certificates, prescribing standards in respect of syllabus, equipment, scale of accommodation, duration of course and methods of training, for affiliating examining bodies, for arranging ad hoc and periodical inspections of training institutions for recognising training, and for advising the Government of India on distribution of Centre's contribution to States and on training policies. The Council was inaugurated by the Prime Minister on 30 July 1957.

In order to meet the requirements of trained personnel for the development schemes under the Second Five Year Plan, three main schemes have been planned. Under the Craftsmen Training Scheme, it is proposed to train further 20,000 craftsmen. The Apprenticeship Training envisages training of 1,575 apprentices during the year. It is also proposed to have a scheme of evening classes for industrial workers, which will educate about 525 adults during the year.

In order to meet the requirements of trained instructors under the training schemes as also to man the development programmes in the private sector, attempts are being made to increase the number of trained instructors. A second training institute at Aundh with a capacity of 144 seats pending the final construction of a permanent building at Bombay has started functioning.

Equipment.- Equipment worth 2.2626 million rupees was received under the T.C.M. Aid programme during the year up to December 1957 against a total provisions of 3.2 million rupees. Sanction has also been received for the supply of equipment from the U.S.S.R. through the I.L.O. under the UNIA Programme to the extent of 423,000 dollars. Out of the above, equipment costing 250,000 dollars has been ordered for supply against the sanction of 1956 and worth 103,000 dollars against the sanction of 1957. Sanction has also been received for the purchase of equipment worth 70,000 dollars against 1953 sanction. So far no equipment under this aid programme has been actually received.

Equipment worth 0.230 million rupees was sanctioned for the improvement of the Central Training Institute, Koni and a sum of 0.348 million rupees was sanctioned for the purchase of equipment for the new Central Training Institute at Aundh. Arrangements are in progress to purchase equipment against both these sanctions.

Progress of schemes.- There were 78 craftsmen training centres during the year, which trained 5,493 persons. The Central Training Institute at Koni-Bilaspur turned out 402 trainees in the same period. At the Industrial Training Institute for women in New Delhi, 51 women were trained during 1957.

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IV. Labour Welfare: Coal Mines.- The Coal Mines Labour Welfare Fund constituted for promoting the welfare of labour employed in the coal-mining industry entered the thirteenth year of its existence. Steady progress in old welfare activities has been maintained and many new welfare activities have been added, such as implementation of the new housing scheme and the schemes for grant of scholarship to sons and daughters of miners and the grant of subsistence allowance to dependents of workers suffering from T.B., the opening of another 30-bed Regional Hospital-cum-Maternity and Child Welfare Centre and Ayurvedic dispensaries, etc.

The income of the Fund during the year is estimated at 13,828,200 rupees (2,266,900 rupees in the General Welfare Account and 11,561,300 rupees in the Housing Account). The budgetted expenditure of general welfare schemes is 10,855,100 rupees and that on housing schemes 3,127,350 rupees. With a view to providing adequate funds in the Housing Account of the Fund for construction of houses for miners direct by the Fund under the new housing scheme, the ratio of apportionment of cess between the General Welfare Account and the Housing Account of the Fund which was 7 : 2 has been changed to 6 : 3½ for the year under review.

In regard to housing, under the old subsidy scheme of the Fund, out of a total of 2,085 houses sanctioned for construction in different collieries, 1,623 were completed and 24 were under construction. Claims in respect of 1,599 houses for subsidy amounting to 1,102,215 rupees 15 annas and 4 pies were received and 1,087,007 rupees 4 annas and 6 pies have been paid. Under the subsidy-cum-loan scheme, construction of 3,077 houses has been sanctioned. One thousand two hundred and sixty-four houses have been completed and 587 houses were under construction up to the end of September 1957.

Applications were received for construction of 30,032 houses under the new scheme. It has now been decided to construct 10,000 houses before the end of 1958-59. The Housing Board has so far allotted 5,733 houses to be constructed at the various collieries, on the recommendation of the respective Coalfield Sub-Committees. The Chief Inspector of Mines who has been entrusted with the survey of sites for construction of houses has approved sites for 2,786 houses at 143 collieries. Colliery owners to whom allotment of houses has been made were asked to intimate if they would be prepared to undertake construction work on behalf of the Fund. One hundred and twenty-eight colliery owners have so far communicated their willingness. The number of houses allotted to the collieries concerned was 4,220.

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Mica Mines.- The budget of the Mica Mines Labour Welfare Fund provided for an expenditure of 977,400 rupees for Bihar, 247,000 rupees for Andhra and 355,400 rupees for Rajasthan. As a result of merger of the former State of Ajmer with Rajasthan from 1 November 1956, a new Mica Mines Labour Welfare Fund Advisory Committee for the new State of Rajasthan is being constituted.

Wage Boards.- A Central Wage Board for the Cotton Textile industry was set up by the Government of India on 30 March 1957. The Board is required to work out a wage structure based on the principle of fair wages as set forth in the Report of the Committee on Fair Wages. A detailed questionnaire has been issued by the Wage Board and replies are expected to be received shortly. A Central Wage Board has been set up recently for the sugar industry also. In addition to fair wages, the Wage Board is required to work out the principles that should govern the grant of bonus to workers employed in the Sugar industry. The question of setting up similar Wage Boards for the cement and plantations industries is under consideration.

V. Social Security: Employees' State Insurance Scheme.- Since 31 December 1956, the Employees' State Insurance Scheme has been extended to Allahabad, Varanasi, Rampur and Kalyanpur areas of Uttar Pradesh, to Jabalpur area of Madhya Pradesh, and to Beawar area of Rajasthan and to Patna, Katihar, Monghyr and Samastipur areas of Bihar State. Further, it is expected that Moradabad, Shikhabad, Bareilly, Hathras and Aligarh areas of Uttar Pradesh, Trivandrum area in Kerala and Bangalore area in Mysore State would also be brought within the purview of the Scheme during the year 1957-58.

In view of the decision of the Corporation to extend medical care to the families of the insured persons, it was felt that the additional burden on the finances of the State Governments would be heavy. The Corporation has, therefore, decided that the share of the State Governments in the cost of medical care be reduced on its extension to families from 1/4th to 1/8th for the remainder of the Second Plan period only.

About twelve hundred thousands of factory employees in 58 centres have so far been covered under the Scheme. It is expected that during the Second Plan Period about 7.7 millions of insured persons and members of their families will be covered.

Employees' Provident Fund Act.- In December 1956 the Employees' Provident Funds Act which applied only to factory industries was amended by Parliament to empower Government to extend it to non-factory establishments. In exercise of the new powers, the benefit of compulsory contributory provident fund under the Act was extended with effect from 30 April 1957, to workers in plantations of tea (except in the State of Assam, where a similar Act of the State Government is already in operation), coffee, rubber, cardamom and pepper, employing 50 or more workers. The Act has also been extended with effect from 30 November 1957, to four classes of mines, viz., gold, iron-ore, limestone, and manganese and to coffee curing establishments. Besides, the following factory industries were also brought under the Act during 1957:-

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- (1) Mineral oil refining.
 - (2) Oxygen, acetylene and carbon-dioxide gases.
 - (3) Industrial and Power Alcohol.
 - (4) Asbestos Cement Sheets.

Approximately 5,866 factories and establishments employing nearly 2.9 millions of workers were covered under the Act up to 31 October 1957.

A member of the Fund contributes at the rate of 6-1/4 per cent of his basic wages and dearness allowance including cash value of food concessions. An equal amount is contributed by the employer. The total amount of provident fund contributions collected from exempted and un-exempted factories up to the end of October 1957, was nearly 958.5 million rupees. Upto the end of October 1957 the provident fund contribution from un-exempted factories amounting to 356.2 million rupees was invested in Central Government Securities. For the year 1957-58 interest at the rate of 3-3/4 per cent has been credited on the accumulations of the members in the Fund.

During the year under report, the Employees' Provident Funds Scheme, 1952, was amended so as to liberalise the rules granting employer's contribution of provident fund to outgoing members. A subscriber would now be eligible to receive in full the employer's contribution with interest thereon, on attaining 15 years' membership. He would receive 85 per cent of the employer's contribution where the period of membership is 10 years or more but less than 15 years; 75 per cent where it was 5 years or more but less than 10 years; 50 per cent where the period was 3 years or more but less than 5 years; and 25 per cent for less than 3 years' membership. Hitherto, a full refund of employer's contribution was payable after 20 years' membership and no part of employer's share was paid for less than 5 years' service if the member had not attained the age of superannuation. The employees' own contribution with interest thereon would be payable in all cases. The full amount would continue to be payable in cases of death, permanent disability, superannuation and retrenchment.

Section 16(1)(a) of the Employees' Provident Funds Act, 1952, provides that the Act shall not apply to any establishment belonging to Government or a local authority. It was, however, felt that automatic exemption in favour of Government and local body undertakings offended the principle of uniformity of treatment between the public and private sectors in the matter of application of labour laws. It is proposed, therefore, to delete section 16(1)(a) of the Act, and the necessary amending bill in this behalf is being prepared.

Coal Mines Provident Fund Scheme.- During the period from 1 April 1957, to the end of November 1957, 50,315 employees were enrolled as new members of the Fund. A sum of 21,657,792 rupees was collected on account of provident fund contributions (members' and employers') thus bringing the total collections of the Fund to 97,688,545 rupees on 30 November 1957. The monies of the Fund continued to be invested in Central Government Securities including National Plan Savings Certificates. The total nominal value of securities purchased by the Fund during the period was 22,125,700 rupees thus raising the value of securities of the Coal Mines Provident Fund as on the 30 November 1957 to 113,984,100 rupees. For the year 1957-58 the members of the Fund are being paid interest 3.75 per cent per annum on their accumulations in the Fund. Attention was given to ensure prompt settlement of claims for refund of provident fund to outgoing members and nominees of deceased members. During the period 7,285 claims involving a payment of 1,172,824 rupees were settled.

With a view to liberalising the provision regarding computation of the "period of membership" of the Coal Mines Provident Fund for the purpose of qualifying for the employer's contribution and interest thereon the schemes have been amended providing for the "period of membership" to be calculated from the date of a worker joined the coal mine from where he qualified for the membership of the Fund. Where the date of employment cannot be ascertained, it has been laid down that the first day of the quarter in which the worker qualified for the membership of the Fund, should be taken as the date of commencement of membership.

Coal Mines Bonus Scheme.- The schemes at present cover about 960 coal mines employing about 0.341 millions of workers. During the year under report the Coal Mines Bonus Scheme was amended making it obligatory on the part of the employer to make an application to the Regional Labour Commissioner concerned within thirty days from the commencement of the strike, in case he considered it to be illegal, for decision about the illegality or otherwise of the strike.

VI. Labour Conferences.- The report gives details of the participation of the Government of India at the various I.L.O. meetings during the year and the various national conferences including the 15th Session of the Indian Labour Conference, the 14th Session of the Labour Ministers' Conference and the 16th Session of the Standing Labour Committee.

Technical Assistance.- The Ministry of Labour and Employment availed of the services of experts in the fields of productivity, employment information and occupational analysis and for the National Safety Council and Trade Training project from the U.K., the U.S.A. and Sweden under the I.L.O. Expanded Programme of Technical Assistance and the Point Four Programme. The Ministry is also obtaining equipment and supplies from the U.S.A. under Point Four Programme for the projects relating to Central Labour Institute Trade Training and Study of the Effect of Thermal Environmental Conditions in Industry. The Ministry also availed of the training facilities abroad provided under the I.L.O. Expanded Programme of Technical Assistance and Colombo Plan. In all, 14 trainees were sent to different foreign countries for training in supervisory training (T.W.I.), trade unionism, labour administration, industrial relations, labour management and factory inspection. During the period, the Ministry arranged training facilities in the fields of social security and co-operation to two I.L.O. fellowship holders from Burma and Sarwak under the U.N. Expanded Programme of Technical Assistance.

VII. Statistical Activities.- The Labour Bureau continued to collect statistical data about labour disputes, employment, wages and working conditions of labour. Under the Second Five Year Plan, the Bureau is making progress with the following schemes:-

(a) Fresh Family Budget Enquiries.- The National Sample Survey has instituted preliminary enquiry in 50 selected industrial centres.

(b) Wage Census on an all-India basis.- The first stage of enquiry namely, drawing up sample of establishments, evolving standard list of occupations together with job description etc., has been completed.

(c) Compilation of Interim Indices of Labour Productivity.- The Scheme has been finalised in consultation with Central Statistical Organisation and Chief Adviser of Factories. Important industries like cotton, woollen and jute textiles, sugar, steel, matches, vegetable oil, paper and paperboards, glassware, etc., have been selected for the purpose of collecting data by the Director of Industrial Statistics, Calcutta.

(d) Survey of Labour Conditions in Unorganised Industries on an All-India basis.- Industries like Mineral Oil, Ports, Iron-ore mines and Railways have been selected for the survey. Field enquiries have been completed in the Iron-ore mines and data so collected has been tabulated.

The Directorate General of Resettlement and Employment undertook the work of collecting data regarding National Employment Service and the reasons for lapses of registrations in Delhi Employment Exchange. Employment Market Information was collected regularly.

VIII. Other activities.- During the year, the organisation of Chief Adviser of Factories carried on further surveys of industrial hygiene problems. Three Productivity Centres were set up in which about 500 persons participated and Members of the I.L.O. Productivity Mission assisted. Six meetings of the Informal Consultative Committee of Members of Parliament were held during the year.

(The Report of the Ministry of Labour for the previous year was reviewed at Section 56, pp. 83-94 of the report of this Office for April 1957).

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Non-Implementation of Labour Laws and Awards:
Labour Minister's asks M.P's to help in Assessment.

Shri G.L. Nanda, Union Minister for Labour and Employment, has sought the help and co-operation of Members of Parliament in assessing the extent of non-implementation of labour enactments, awards and settlements and in evaluating the results achieved by various measures taken by the Government so far to improve labour-management relations.

In a letter addressed to MPs Shri Nanda has referred to the special section set up in the Ministry of Labour for this purpose and the communications addressed to the State Governments and central organisations of employers and employees requesting them to furnish relevant information periodically.

Members of Parliament have also been requested to furnish any information regarding non-implementation or partial defective or delayed implementation of labour laws, awards, code of discipline or any suggestions to improve labour-management relations. The letter stressed the need to keep an eye on danger spots in order to take timely remedial measures.

The Evaluation and Implementation Section in the Labour Ministry has already taken up for assessment the working of the Employees' State Insurance Scheme which provides for medical and cash benefits to workers. It is at present studying ways and means of removing obstacles in the way of the workers speedily securing statutory benefits under the scheme.

(The Statesman, 5 March 1958).

Andhra Debate on Labour Policy: Trade Unions Act
to be amended.

The Andhra Legislative Assembly passed on 12 March 1958, the demands for grants for labour in the States budget for 1958-59.

Speaking during the discussion, Shri D. Panjiviah, Minister for Labour stated that the Government was considering seriously the question of getting the Indian Trade Unions Act amended, so that there might be one union in one industry. The Madras and Bombay Governments were also thinking on these lines, he said. The Trade Unions Act, he said allowed the formation of a Union with a minimum number of seven members. The provision gave rise to the formation of even two to three unions in an industry, which paved the way for political affiliations and "conflict". He was of the view that if they could have one union for one factory, most of the conflicts experienced now would disappear.

The Minister also said that the Government of India had set 31 December 1959, as the last date before which minimum wages for agricultural labour should be fixed. A Committee representative of the labour and the agriculturists would soon fix the minimum wages. An integrated Shops and Establishments Bill was ready and would be introduced, if there was time in this session for it. There was need to integrate the Maternity Benefit Acts in force in Telengana and Andhra areas. A Cabinet Sub-Committee was examining the report of the two-man Wage Committee appointed for some industries in Telengana and a decision on it would be taken shortly.

Shri Sanjeevaiah said that in order to cope with the work in the labour field, the Government had appointed ten assistant inspectors and four more would be appointed during the next financial year. Government had decided to open six labour welfare centres, five in Telengana and one in Andhra. The bifurcation of Boilers and Factories Department had been effected, as per the desire of the Government of India and the practice in some States and a separate Chief Inspector of Boilers had been appointed.

Shri Sanjeevaiah said that it had been decided to establish an Industrial Safety Institute, in order to educate the labour in handling different types of machinery with the object of averting accidents in factories. The State Government had allotted 100,000 rupees for the purpose. But a large amount was required for such an undertaking. The Centre had expressed their inability to advance any money for the present. Therefore, they desired to appoint a committee representing labour and management to collect funds for the opening of the Institute. A committee has also been set up to revise the minimum wages, which were fixed long ago under 12 categories.

The Labour Minister said that the Government was considering the question of extending the benefit of Employees' Health Insurance schemes to the families of the labour. There were seven such centres in Andhra and two in Telengana. The State Labour Advisory Board would be constituted shortly.

During the debate Shri P. Venkateswarlu (Communist) made an indictment on the labour policy of the Government and said that in short the Government was "anti-labour" and had developed to be a "bureaucratic capitalist". The inspecting staff had not grown with the increase in the number of factories. According to the standards set down by the International Labour Organisation for every 150 factories, there should be an inspecting staff but it was found that in this State there was one inspecting staff for every 300 factories.

(The Hindu, 13 March 1958)

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Madras: Debate on Labour Policy.

The Madras State Legislative Assembly approved on 25 March 1958, among others, the demand for grants for the labour department.

Speaking during the debate Shri S. Pakkirisami Pillai (Socialist) said that the Congress had not done anything for the advancement of labour during the ten years that the party was in power however high their professions for the welfare of labour was. The disparity between the person drawing the highest salary and the lowest should be narrowed and it should be in the range of one to ten and the maximum salary should not exceed 1,200 rupees.

Shri M.P. Sarathi (Dravida Munnetra Kajakam) regretted that the Government delayed legislation for improving service conditions of beedi workers. While the principle that there should be one union for each industry was a sound one, he said, trade unions should be manned by employees themselves without the interference of political parties. He felt that there should be a general law for the benefit of labour employed in all industries.

Shri S. Lazar (Congress) repudiated the criticism that the Government had not done anything tangible for labour and said that such criticism would not stand scrutiny when they considered the various labour laws enacted in the last ten years.

Shri P.S. Chinnadurai (Praja-Socialist) said that the Government machinery in charge of labour was efficient and he had nothing to complain about it. But, if they could not carry out in practice the various measures contemplated for the welfare of labour, he would only blame the prominent place given to capitalists in the present political set up. While the unemployment problem had not yet been satisfactorily solved he found that attempts were being made to retrench those who had already been employed. He alleged that mill owners were working in a planned way to reduce production and requested the Minister to take steps to prevent such tendencies.

Shri M. Kalyanasundaram (Communist) said that a crisis had now been created in the textile industry and requested the Government to examine the reasons for it and take suitable action. He had a feeling that one of the reasons for the crisis was the recent court decisions on labour disputes. He was of the view that the working journalists alone were not affected by the recent judgment of the Supreme Court on the Wage Board award; it would affect the future of the whole working class.

Minister's Reply to Debate.- Replying to the discussion, Shri R. Venkataraman, Labour Minister, outlined the measures proposed to be taken for the welfare of labour during 1958-59. During the year, he said, a Bill to regulate working conditions of hotel workers would be passed. The Government had already published a Bill to regulate the service conditions of beedi workers. It was the intention of the Government to refer it to a Select Committee and he hoped that steps would be taken to bring the Bill before the House before the end of this session, and refer it to a Select Committee. A Bill to provide more maternity benefits to women workers had been passed by the Legislative Council and it would also be brought before the House for its consideration. The Government had also proposed to bring in legislation fixing at least seven days to be declared as national holidays for workers. The Employees' State Insurance Scheme had now been in operation only in certain areas in the State. The Government had decided to extend it to all centres where there were 1,500 workers and more. The Central Government had also given its approval for the extension. Even though there might be some delay in extending the benefits of the scheme to the families of workers. It was the intention of the Government to extend it to all areas, where it was not in force. When that was completed, Madras State would be giving a lead to all other States in the matter.

Shri Venkataraman said that whereas the cost of living index had gone up by just 17 points between 1954 and 1956, the average annual total earnings of employees had increased for the period from 689 rupees to 1,016 rupees. He had the satisfaction to say that a large number of industrial disputes had been settled through conciliation and negotiation and during the year only seven cases went to the courts. As such there could be no room for complaint that the Government were sitting still and allowing parties to disputes to go to court. He would attribute the successful conciliation of cases to the spirit of co-operation and understanding between workers and the willingness of both parties to listen to the suggestions and advice of the Government.

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When there was a demand of one union for one industry, Shri Venkataraman said, they should be clear in their mind whether it was one union for one kind of industry or one union for every unit of a particular industry. It had been the experience in Western countries that as solution to problems would be easy if there was one union for one kind of industry and not for each unit of an industry. There was difference of opinion in the matter of recognition of unions. There was a view that a union should be recognised if it had just 15 per cent of the total number of workers on it. That would mean hardship to another union which would have 75 per cent of the workers on it. However, he said, it was proposed to discuss the question at the next meeting of the State Labour Advisory Board. The future of the maistries in the plantations, he said, would be discussed at the next tripartite conference.

The question of fixing minimum wages for the salt industry and agriculture, Shri Venkataraman said, was being examined by the Government. Minimum wage for agriculture was welcomed from two different points of view. One section said that there were places where the present wage level was higher than a reasonable minimum wage and so a minimum wage should be first brought into force in such places. Another section said that there were places where the wage level was too low and a minimum wage should first be prescribed in those places. The Government was desirous of arriving at a practical solution. Efforts on the part of the Government alone would not suffice. There should be representative unions of agricultural labour and their views should be made available to the Government. Nothing much would be achieved by mere legislation.

Shri Venkataraman visualised that the labour position might not be as peaceful in the coming year as it was in the current year. Already, there were complaints from several textile mills that there was stagnation of goods and enforcement of lesser working hours or reduction in shifts was necessary. In fact, some mills appeared to have stopped work without legal sanction. The Government had issued a circular drawing the attention of the mill managements that there should be clear 21 days' notice before stopping work. It was true that stoppage of work could not be prevented by the mere issuing of circulars. The hope was that it would give time for the parties to come together and discuss the position. He was sure that if there was real difficulty, the workers would understand it and some practical formula could be evolved to get over the difficulty in the best manner possible. Shri Venkataraman made it quite clear that if the management thought that by threatening to close they could extract concessions, Government would not hesitate to take suitable action. However, there was room for anxiety about the situation that might develop in the coming one or two months.

(The Hindu, 26 March 1958).

57. Family Budgets Including Nutrition.

India - March 1958.

Socio-Economic Survey of Kanpur City: 25 Per Cent
Population Living in Slums.

Some interesting aspects of the economic life of Kanpur have been brought to light by Dr. D.N. Majumdar of Lucknow University, who conducted a survey of the metropolis of the State recently.

According to his findings, a quarter of the city's population resides in slum areas.

Petty traders together with hawkers constitute 13.43 per cent of the city's earners while traders with considerable business turnover are 6.57 per cent.

Manual workers account for 30.02 per cent of the total earners, of them 17.41 per cent being skilled workers.

The inquiry was conducted at the instance of the Planning Commission by the Anthropology Department of which Dr. Majumdar is the head.

Kanpur acquired a place on the map only after the advent of the British. Ever since the establishment of the Elgin Mill by the Kanpur Cotton Committee, the history of Kanpur has been one of the constant growth of trade and industry.

During World War II, the growth of the city was phenomenal. Its population which was only 243,755 in 1931 grew to 487,324 in 1941 and to 705,385 in 1951.

According to the latest information available, the City has 273 factories.

The survey reveals that 70 per cent of the heads of families have reported themselves to be immigrants i.e., those who came to the city in the pursuit of an avocation. Taking only those who came to settle in the city after 1940, they constitute 38.11 per cent of the total. Of all the immigrants 76.13 per cent have hailed from rural areas, 21.81 per cent from other townships and 2.0 per cent from other countries (mostly from Pakistan). About 45.68 per cent of the immigrants have come from the same or the neighbouring districts.

About 25.24 per cent of the immigrants have come to the city on the strength of having some friends or relatives to find them some means of livelihood. About 18.4 per cent have found their way to the city under an inner compulsion of searching for a job in the vague hope of finding some source of subsistence.

Size of Family.- A family has on an average 4.36 persons. Its size varies from migrants to non-migrants. Their per capita income is 30 rupees 10 annas per month; 56.94 per cent of the population have a per capita income of less than 30 rupees per month. ~~Taking all persons~~ who have a per capita income of less than 40 rupees per month, constitute 71.78 per cent of the population living in the city.

Eighteen per cent of the residents live in their own houses, while the rest live in rented quarters. It is an indication of the standard of life obtaining in the city that 50.04 per cent of the families pay less than 5 rupees per month as house rent.

Considering the employment position from the point of view of industry, it is found that the textiles constitute the major industry of the city providing work for 26.92 per cent of the earners. Next in order is the foodstuffs industry absorbing 14.97 per cent of the earners. Leather industry accounts for 6.94 percent of the employment and the metal industry for 6.91 per cent.

The unemployed constitute 6.32 per cent of those who are aged above 15 years and who are ablebodied and are anxiously looking for some job or the other. Among the unemployed 53.93 per cent are below 25 years of age and another 19.88 percent are above 40 years of age.

(The Hindustan Times, 3 March 1958).

CHAPTER 6. GENERAL RIGHTS OF WORKERS.

INDIA - MARCH 1958.

61. Civil and Political Rights of Workers.

Code of Discipline Approved by all Employers' and
Workers' Organisations.

Seven central organisations of employers and workers have ratified the code of conduct, which was first mooted by Shri G.L. Nanda, Union Minister for Labour and Employment, at the session of the Indian Labour Conference in July 1957, (vide section 11, pp. 1-22 of the report of this Office for July 1957).

The parties to the code comprise, on the employers' side, the Employers' Federation of India, the All-India Organisation of Industrial Employers and the All-India Manufacturers' Organisation, and workers' side the Indian National Trade Union Congress, the All-India Trade Union Congress, the Hind Mazdoor Sabha and the United Trade Union Congress.

In the main, the parties to the code have bound themselves to settle all future differences, disputes and grievances by mutual negotiation, conciliation and voluntary arbitration. Under the code, there should be no strike or lock-out without notice and neither party would take recourse to coercion, intimidation, victimization or go-slow.

(The Hindustan Times, 16 March 1958).

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67. Conciliation and Arbitration.

India - March 1958.

Negotiations to Settle Industrial Disputes: Dr. Mudaliar suggests National technique of Management.

Inaugurating the fourth management Conference, organised at Ahmedabad by the Ahmedabad Textile Industry's Research Association on 9 February 1958, Dr. Ramaswami Mudaliar said that a national technique of management both in the public and the private sectors had to be evolved, and adequate training to personnel at all levels of management should be imparted, if the country was to be industrialised quickly and smoothly.

The Conference, which discussed problems concerning scientific principles of management in industries, was attended by a number of industrialists, businessmen, and managerial personnel.

Continuing, Dr. Mudaliar said that the management in both the public and the private sectors lacked the degree of efficiency and perspective that would ensure higher and quality production, happy and harmonious human relations, and speedy growth of industries.

In the public sector, he said, there was almost a "paralysis" in the top management in which the personnel had been having a "miserable time" in conducting a fast developing public sector. They had lost initiative in the vortex of bureaucratic procedures which prevented them from spending even a sum of 5 rupees where the private management would spend 50 rupees with benefits, he added.

Tension in Factories.- Dr. Mudaliar said that the situation in the private sector was far from satisfactory in another respect. The managing directors, who were in most cases mere financiers, attempted to "boss over" the experts to the detriment of better production and the industry at large. Many of them did not visit their factories, "sometimes they dare not visit them", and the industries were working amidst great tensions and strains. It was indeed a sad commentary on industrial relations in the country that executives had sometimes to possess revolvers while working in factories. This hostility, generated by several causes had to be eliminated and happy relations established between the labour and the management, he added.

Dr. Mudaliar welcomed the idea of holding management conferences to discuss problems concerning scientific management and exchange views on rational patterns of managements. The emphasis on national management, he said, had to be greater now than ever before in view of the changed context of free India.

The old entrepreneurs, he said, notwithstanding their good intentions, had failed to appreciate the need for scientific management of industries. In fact, some of them scoffed at talks of such management and accused the advocates of scientific management of bringing in a train of new problems.

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Happily, Dr. Mudaliar said, the concert of management had been changing for good and even the Government of India had also been the necessity of providing training to managerial personnel for the efficient running of industries.

Dr. Mudaliar referred at length to industrial relations in the country and commended the Gandhian principle of negotiation and arbitration for settling disputes and establishing harmonious industrial relations.

Dr. Mudaliar criticised employers who disregarded the awards of arbitrators and resorted to litigations. He said that the labour which could not afford to follow the employer up to the Supreme Court had to suffer in the process and as a result bitterness and hostility were generated in the industries.

Dr. Mudaliar believed that cultivation of personal relations between the management and labour was the basic requirement for improving the industrial relations in the country.

(The Times of India, 10 February 1958).

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69. Co-operation and Participation of Industrial Organisations in the Social and Economic Organisation.

India - March 1958.

Labour Participation in Management: Recommendations on Constitution of Joint Councils approved at Seminar.

A Seminar on Labour-Management Co-operation, convened by the Ministry of Labour and Employment, was held at New Delhi on 31 January and 1 February 1958. Shri Gulzarilal Nanda, Union Minister for Labour and Employment was in the Chair. The Seminar was attended, among others by representatives of several industrial units in the public and private sector, which have been chosen for conducting experiments in labour participation in management, of the various ministries of the Government of India, and of the States and of the Central trade union and employers' Organisations.

The main subject before the Seminar was consideration of the Report of the Study Group on Worker Participation (vide section 69, pp. 57-61 of the report of this Office for June 1957) and the decisions in this regard taken at the fifteenth session of the Indian Labour Conference (vide section 11, pp. 1-22 of the report of this Office for July 1957) and the Sub-Committee on Workers' Participation in Management and Discipline in Industry held in August 1957 (vide section 69, pp. 34-39 of the report of this Office for August 1957).

Shri Nanda's inaugural address.- Inaugurating the Seminar, Shri Gulzarilal Nanda, Union Minister for Labour and Employment, said today that the experiment of labour participation in management was the culmination of a series of developments which had occurred in this country in the field of industrial relations over a period of years. He stated that the country had already developed the tradition of collective bargaining, conciliation, arbitration and adjudication and that labour participation in the joint councils of management was a natural extension of these traditions.

He felt that, as labour participation in the management of industry progressed, many of the contradictions which faced the country today between the private and public sectors would get resolved by themselves.

The Minister said a good start had already been made in this new field, with over 30 industrial undertakings from the private and public sectors expressing readiness to try the scheme voluntarily.

Recalling the series of developments which had led to the present seminar. Shri Nanda said the question of giving workers a sense of belonging - an increased share in the affairs of industry - had been a topical issue the world over.

Offering certain suggestions in this regard, the Minister emphasised that what the Seminar was discussing was a highly dynamic and vital issue. This may become the most momentous event in the history of industrial relations in this country, for many a year. It, therefore, claimed on the part of all the most earnest thought and later the most sincere effort on the part of those who was to give effect to the conclusions. He expected that though the beginnings were on a small scale, the advance will be very rapid, once the first steps had been taken on firm ground and that in a few years the entire field of industry and business will be operating on this new basis.

Making a plea for flexibility, Shri Nanda said that the Seminar should work out a model and not create a framework. There should be considerable room for experimentation based on mutual agreement within the individual units. "We may profit by, but cannot transplant here, the experience of other countries which is itself not uniform at all. We have to keep in view the objective conditions in which we have to function. There should, of course, be provision for exchange and pooling of experience within the country as we advance and we have also to keep in touch with developments outside."

"While the scheme has to evolve and grow in a natural setting, its success should not be taken for granted. Conditions have to be created which will be favourable to its healthy growth. Precautions should be taken against untoward circumstances do not arise and handicaps are avoided. But it must also be kept in mind that the march of a big idea like this may not be all smooth sailing. Such difficulties as may arise will have to be faced resolutely, and if disagreements occur on certain matters in the Councils, too much should not be made of them. Full advantage should be taken of all the possibilities of agreement which exist."

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"We should not lose sight of the fact that in any undertaking, the experiment in participation cannot proceed in isolation from the operation of the rest of the apparatus of industrial relations. It is of the greatest importance that the ordinary machinery for the redress of grievances should be strengthened and its satisfactory functioning ensured. I am thinking, at this moment, specially of Works Committees. The success of the new scheme will depend very much on the atmosphere in which it is worked."

Conclusions.- The Seminar considered the various problems concerning the constitution, functions and administration of Joint Councils and its conclusions and recommendations on the various items were as follows:-

I. Size of the Joint Council.- (1) The Joint Councils, to be effective and manageable, should consist of equal number of representatives of management and employees, not exceeding twelve in all. In the case of smaller undertakings, however, the membership should not be less than six.

(2) The quorum should be four, two on each side.

(3) Decisions should be taken unanimously.

II. Representation to Different Departments, etc.- (1) As one of the essential criteria for the formation of Joint Councils is that the undertaking should have a well established and strong trade union functioning, the rule should be-

(a) where there is a representative union registered under a statute, that representative union should nominate the employees' representatives on the Councils;

(b) where there is no law for the registration of unions as representative unions, but there is only one union well established, that union should nominate the employees' representatives on the Council;

(c) where there are more than one well established and effective union, the Joint Councils should be formed when the unions among themselves agree as to the manner in which representation should be given to the employees.

(2) There should be no bar to the members of the supervisory and technical staff being nominated as employees' representatives on the Council.

(3) Employees' representatives should be employees themselves; but, if the trade union so feels, it can appoint non-employee members to the extent of not more than 25 per cent of its quota. If the employers have no objection, the number of non-employee members may be raised to two.

(4) The Joint Council should be set up at the unit level. Where there are a number of departments in an undertaking, having separate identity of their own, the Joint Council may set up subsidiary Department Joint Committees to deal with the problems at the departmental level and also to secure proper and effective functioning of the Joint Council itself. Where there are a number of units under the same management in the same area having separate Joint Councils of their own, a Central Joint Council might also be established for the group of undertakings.

(5) The Ministry of Labour might request the Ministry of Finance to agree to the formation of Joint Councils in the Life Insurance Corporation of India; for this purpose a Zone may be treated as a unit.

(6) The Ministry of Labour might request the Ministry of Communications to include not only the Posts and Telegraphs Workshops (as recommended by the Sub-Committee on Worker Participation in Management and Discipline in Industry), but also other units functioning under the P. & T. Department.

III. Office Bearers of the Joint Council.— (i) The question of procedure for appointing a chairman and a vice-chairman should be left to the Council itself.

(2) In case the Joint Council fails to come to an agreement on the above, the offices of Chairmanship and Vice-Chairmanship should be made rotating. Again, if for one term the Chairman is selected from the employers' side, the Vice-Chairman should be from the employees' side and vice versa.

(3) The term of office of a Chairman and a Vice-Chairman shall be one year and that of the Council shall be two years.

(4) There may be two Joint Secretaries, one from the employees' side and the other from the employers' side, both having equal status. They may be elected by the members of the Council from among themselves.

(5) The employers should provide such secretariat and other assistance as may be necessary for the smooth and efficient functioning of the Joint Councils. If the employees' representatives agree, the Labour Welfare Officer of the unit may be associated with the Joint Council for purposes of secretariat work, e.g., circulation of minutes, notes, etc.

IV. Constitution of Sub-Committees.- (1) It is desirable to appoint Sub-Committees.

(2) For Welfare activities etc., a standing Sub-Committee may be appointed.

(3) For other specific points, ad-hoc Sub-Committees may be formed.

(4) These Sub-Committees shall submit their reports to the Joint Council.

(5) There should be a parity of employer-employee representation on the standing Sub-Committees. On the ad-hoc Sub-Committees, however, parity need not be insisted upon.

(6) The Sub-Committees might also include in their membership, persons other than members of the Joint Council.

(7) The Sub-Committees shall be working under the general supervision and guidance of the Joint Council. Reports made by the Sub-Committees will be considered by the Joint Council which will take the ultimate decision.

(8) The agenda for the Joint Council meetings should be prepared and circulated in good time, so as to give sufficient publicity to it amongst the employees and invite points for discussion from them. The preparation of the agenda should be the primary responsibility of the Chairman who might make such arrangements as may be necessary for this purpose.

V. Schedule for the Meetings of the Joint Councils.- The periodicity of the meetings of the Council is essentially a matter to be decided by agreement by the Council itself. The Council should, however, meet at least once a month.

VI. Minimum Qualifications pertaining to Education etc.- No qualifications should be laid down for membership of the Council. The parties are expected to nominate persons who have sufficient knowledge and understanding and who are in a position to deliver the goods.

VII. Liaison between the Joint Councils and the Ministry of Labour and Employment.- The Government of India should make a definite arrangement for liaison between the Joint Councils and the Ministry of Labour and Employment by designating a separate cell for the purpose and giving it all facility. Adequate arrangements should also be made to associate State Governments with the working of the Joint Councils in their respective areas.

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VIII. Guidance from Panel of Experts.- Having regard to the fact that the experiment is initiated at a few places in the initial stage, an All-India Panel should be appointed composed of persons (a) who are nominated by organisations of employers and employees, (b) whom the organisations consider suitable for guiding Joint Councils and (c) who are willing to undertake this responsibility. The advice of the experts shall not be binding on the Joint Councils.

IX. Training Programmes in Units experimenting with Worker Participation in Management.- The representatives of both management and workers on the Joint Councils should continuously keep in mind their joint responsibilities and rights. Towards this end, it should be necessary to ensure that they acquire the requisite attitude and background. Education of a general nature, especially in the issues relating to the satisfactory working of an enterprise must be imparted. A programme for such education should be carried on through different agencies. The representatives of management should be persuaded to actively participate in professional management associations. The trade unions may undertake the education of the workers. The workers' education scheme which is to be launched shortly by the Government of India must devote special attention to this aspect of labour management relations. The Joint Councils at the unit level should also consider the possibility of organising the joint education of all the members of the Council.

X. Dissemination of Information To Workers.- The Joint Council should have the right to receive information on the various subjects outlined under Clause 6 of the Model Agreement. All arrangements should be made for documentation and dissemination of information to members of the Joint Councils as early as practicable. The technical details in this connection should be worked out. On certain specific matters, information should be given every quarter. The right to receive information also includes the right of discussion. The undertaking having a Joint Council shall also establish a library and a reading room.

XI. Informal Meetings.- All efforts should be made to increase informal contacts between the members of the Joint Council and top officials of both sides, namely, management and the trade union.

The Seminar also discussed other related issues. The conclusions thereon were as follows:-

Joint Councils and Works Committees.- (1) Since Joint Councils are working at the policy level, they can function separately without encroaching upon the functions of the Works Committees.

(2) Where Works Committees are already working in units where Joint Councils are to be set up, the Works Committees shall continue.

Responsibilities of the Council.- (1) The Joint Council shall exercise supervisory, advisory and administrative functions on matters concerning safety, welfare etc., as have been indicated in the Model Agreement, though the ultimate responsibility shall rest with the management.

(2) The unanimous decisions of the Council should be implemented without any delay. If they are not implemented in time, reasons should be given for the delay.

Draft Model Agreement regarding establishment of Councils of Management.- The Seminar also suggested certain amendments to the Draft Model Agreement regarding establishment of Councils of Management, approved by the Standing Labour Committee.

The Seminar was convinced that Joint Councils will thrive only in an atmosphere of mutual confidence and goodwill. It took note of the gradual improvement in the attitude of employers and the trade unions towards each other, but felt that there was a need for continuous educative work both on the side of labour and management.*

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* Seminar on Labour-Management Co-operation (31 January and 1 February 1958), (Government of India, Ministry of Labour and Employment), pp. 46.

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CHAPTER 7. PROBLEMS PECULIAR TO CERTAIN CATEGORIES OF
WORKERS.

INDIA - MARCH 1958.

71. Employees and Salaried Intellectual Workers.

Journalists Wage Board Decisions held Ultra Vires:
Supreme Court Judgment.

The decision of the Wage Board constituted under the Working Journalists (Conditions of Service) and Miscellaneous Provisions Act 1955, the scales of wages for working journalists, and Section 5(1)(a)(iii) of the Act granting a gratuity on voluntary resignation from service were declared illegal and void by a unanimous judgment of a Constitution Bench of the Supreme Court on 19 March 1958.

The principal conclusions of the Supreme Court on the challenge to the constitutionality of the Act and the validity and legality of the decisions of the Wage Board were:

(1) "In regard to the constitutionality of the impugned Act therefore we have come to the conclusion that none of the provisions thereof is violative of the fundamental rights enshrined in Articles 19(1)(a), 19(1)(g), 14 and/or 32 of the Constitution save the provisions contained in Section 5(1)(a)(iii) of the impugned Act which is violative of the fundamental right guaranteed under Article 19(1)(g) and is therefore unconstitutional and should be struck down".

(2) It was incumbent upon the Wage Board under the provisions of Section 9 of the Act to take into consideration the capacity of the industry to pay when determining the scales of wages which should be fixed. "In the present case this essential condition for the fixation of the wage structure has been completely ignored and so there is no escape from the conclusion that the Board has contravened the mandatory requirement of Section 9 of the Act and in consequence its decision is ultra vires of the Act itself".

The present judgment by the Supreme Court was given in several appeals and writ petitions filed by the owners of newspapers challenging the validity of the Working Journalists (Conditions of Service) and Miscellaneous Provisions Act 1955, and the decision of the Wage Board constituted by the Government of India under the provisions of the Act to fix the rates of wages for working journalists in the newspaper industry.

Fair Wage.- The Supreme Court considered the principles of wage fixation and the machinery normally employed for the purpose in various countries. It examined the concept of "the living wage", "the minimum wage" and "the fair wage" and thereafter stated the following principles which should govern wage fixation in industry:

(1) In the fixation of rates of wages which include within its compass the fixation of scales of wages also, the capacity of the industry to pay is one of the essential circumstances to be taken into account except in cases of bare subsistence or minimum wage where the employer is bound to pay the same, irrespective of such capacity.

(2) The capacity of the industry to pay is to be considered on an industry-cum-region basis after taking a fair cross section of the industry.

(3) The proper measure for gauging the capacity of the industry to pay should take into account the elasticity of demand for the product, the possibility of tightening up the organisation so that the industry could pay higher wages without difficulty and the possibility of increase in the efficiency of the lowest-paid workers resulting in increase in production, considered in conjunction with the elasticity of demand for the product no doubt against the ultimate background that the burden of the increased rate should not be such as to drive the employer out of business.

Wage Board's Powers.- The Supreme Court further held that the power to fix the rates of wages, vested in the Wage Board under the Act, authorised it to fix the scales of wages.

With regard to the specific contentions raised by the petitioners regarding violation of their right to freedom of expression guaranteed under Article 19(1)a the Court gave the following finding:

(1) The impugned Act is an act to regulate the conditions of services of the working journalists and this is the main object sought to be achieved by the legislation. It is impossible to say that the Act was designed to affect the freedom of speech and expression enjoyed by the petitioners or that was its necessary effect and operation, and all the apprehensions of the petitioners are remote possibilities and would depend on various factors. It is neither the intention nor the

effect and operation of the impugned Act to take away or abridge the right of freedom of speech and expression enjoyed by the petitioners.

It examined the submissions of the petitioners with regard to the constitutionality of the Act in relation to Article 19(1)(g) and arrived at the following conclusions:

(1) Wage Boards are normally constituted with an equal number of representatives of both parties with the addition of an independent element and since the present Wage Board followed this pattern it was not open to objection.

(2) The Court rejected the argument that the criteria for fixation of wages as set out in Section 9 of the Act were only applicable to the fixation of the minimum wage and no other. It held that Section 9(1) did not eschew the consideration of the capacity of the industry to pay and it was not only open but incumbent upon the Wage Board to consider that essential circumstance in order to arrive at the fixation of the rates of wages of the working journalists.

(3) With regard to the argument that the last part of Section 9 vested the board with an arbitrary power to take into consideration any factor which it conceived proper, the Court stated that "if the principles, which should guide the Board in fixing the rates of wages, were laid down with sufficient clarity and particularity and the criteria so far as they were of major importance were specifically enumerated there was nothing wrong in leaving other relevant considerations arising in the course of the inquiry to the subjective satisfaction of the Board".

(4) The contention that Section 11 of the Act vested the Board with an arbitrary power to follow any procedure was rejected by the Court. It stated that the provisions of the Act bearing on this aspect of the question "point to the conclusion that even though the Board was not bound to exercise the same powers and follow the same procedure as an industrial tribunal constituted under the Industrial Disputes Act, the Board was, in any event, not entitled to adopt any arbitrary procedure violating the principles of natural justice".

(5) It was next contended by the petitioners that the restrictions imposed on newspaper establishments under the terms of the impugned Act were unreasonable in so far as they would have the effect of destroying the business of the petitioners and would therefore exceed the bounds of permissible legislation under Article 19(6). Several provisions of the impugned Act were referred to in this context and the Court dealt with them as follows:

(a) The inclusion of proof to notice in the definition of working journalists did not render the definition unreasonable.

(b) The provisions with regard to notice in Section 3, retrospective effect in Section 4, the regulation of hours of work and leave in Sections 6 and 7 were held to be reasonable and valid by the Court. In connection with Section 5, whereas the Court upheld Clauses (i) and (ii) of the Section, it held that Clause (iii) under which gratuity was payable even in the case of voluntary resignation from service, operated as an unreasonable restriction on the freedom to carry on business and as such must be struck out.

The Court found that the Wage Board had fixed the classifications and included groups, chains and multiple units without taking into consideration the effect which the proposed wages would have on the several units.

It further stated that "there is nothing on the record to suggest that both as regards the rates of wages and the scales of wages which it determined the Wage Board ever took into account what the impact of its decision would be on the capacity of the industry to pay either as a whole or region-wise".

On these considerations the Supreme Court took the view that the failure of the Wage Board to comply with the essential requirements of Section 9, which enunciated the principles of wage fixation, rendered the decision ultra vires and illegal and should accordingly be set aside, and the petitions allowed together with the appeals.

(For the decisions of the Wage Board, see section 71) pp. 7-12 of the report of this Office for May 1957).

(The Statesman, 20 March 1958).

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Annual Conference of Indian Federation of Working
Journalists: President Deplores Government
Apathy.

Shri J.P. Chaturvedi, in his presidential address to the sixth annual conference of the Indian Federation of Working Journalists held at Jaipur from 15-17 March 1958, stressed the need for effecting changes in the present pattern of newspaper ownership in India and ensuring that the press was not allowed to remain "a handmaid of vested interests".

He said that concentration of ownership in the Indian newspaper industry was "the highest in the world and its owners represent the big business interests of the country".

Wage Issue.— On the question of wages and working conditions of journalists, the Federation President said: "Unfortunately, even today one cannot say we have reached a final stage in that matter and some of the important aspects are still under examination by the Supreme Court".

The President said that the manner in which the various recommendations of the Press Commission had been dealt with by Government machinery was "an example of how the best intentions of Parliament can be set at naught". While the Commission had recommended the setting up of a corporation for the P.T.I. and transformation of the U.P.I. into a public trust, these two news agencies had proceeded "exactly on opposite lines" because of the "timidity and apathy" of the Government.

Stating that the Federation had to devote more attention to the problems of raising the standards of the profession, Shri Chaturvedi said that even if the Government did not proceed with the idea of setting up a press council, as recommended by the Commission, "the time has arrived when we can start with something of our own". He suggested that working journalists should be ready to seek and receive co-operation from individual newspapers in setting up a press council, which should include some public men.

Shri Chaturvedi also suggested that working journalists could make a start with the setting up of a press institute where they could get refresher courses. There were a number of distinguished veterans among working journalists whose talents could be utilised for this purpose. Such an institution could also take upon itself the question of publication of suitable books on journalism, especially in Indian languages, the demand for which was not being satisfied by the book trade at present.

Referring to action taken by newspaper proprietors against working journalists associated with the Federation, Shri Chaturvedi said while the Secretary-General and the Secretary, of the Madras Union, had been dismissed, one of the Federation's representatives on the Wage Board, was under notice. "A number of other journalists have also been sacked, retrenched or compelled to resign". These developments, Shri Chaturvedi said, constituted a challenge to the very existence of the Federation. If top workers of the Federation were to be penalised with impunity, the Federation would cease to have any status or respect. "We have to take up this challenge and meet it," he said.

Shri Chaturvedi regretted that while plans were being drawn up for participation of labour in managements, no steps had so far been taken to give the newspaper employees a share in the management of newspapers. The failure or success of a newspaper or a news agency depended mostly on the resourcefulness, intelligence and initiative of its workers and, therefore, the beginning in labour-capital partnership should be in the newspaper industry.

Resolutions: delay in enforcement of wage award deplored.— The Federation in a resolution said that working journalists were feeling impatient because of the refusal of proprietors of newspaper establishments to implement in full the provisions of the Working Journalists Act which had been on the statute book for more than two years and because of the delay in the fulfilment of the modest promise held out by the decisions of the Wage Board. It regretted that while the attitude of the Central Government was passively sympathetic, that of a number of State Governments was actively hostile.

The resolution called upon the constituent unions of the Federation to further strengthen their organisations and called upon all its members to stand by the Federation and its units.

A second resolution said that although nearly four years had elapsed since the Press Commission had made comprehensive recommendations on the improvement of the press, parliamentary and administrative action so far had been of a piecemeal character. No steps had been taken to bring about a diffusion of ownerships of newspapers, but on the contrary, a greater concentration of ownership of the press by powerful industrial interests had occurred and was growing. The Commission's recommendations regarding reorganisation of news agencies had not also been implemented. The resolution said that while the Press Registrar had been appointed his duties and powers had been greatly watered down so that he was not a watch-dog of the press but "a mere repository of dry statistics". It also said that though Parliament gave authority long ago for the introduction of a price-page schedule the enabling measure had become a dead letter "because the Government is unable to stand up to the pulls and pressures of different press interests".

Another resolution expressed concern at the "ever-increasing hostility" against journalists displayed by newspaper managements and condemned the alleged resort to retrenchment and the victimisation of leading workers of the Federation and its units. It called upon Parliament and the Government of India to take note of the situation and intervene without delay.

The Federation pledged its support to non-journalistic workers in newspapers and news agencies in their demand for higher wages, payment of gratuity and better working conditions. The Conference also condemned what it called attempts of newspaper employers to divide the ranks of the workers by creating dissensions between working journalists and other workers. It appealed to non-journalistic workers to join the journalists in the fight against employers.

(The Times of India, 17 and 19 March 1958).

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Good Conditions of Service for Scientists:
Union Government's New Policy.

In its 'Scientific Policy Resolution' published on 13 March 1958, the Government of India has decided that the aims of their scientific policy will be -

(i) to foster, promote, and sustain, by all appropriate means, the cultivation of science, and scientific research in all its aspects - pure, applied, and educational;

(ii) to ensure an adequate supply, within the country, of research scientists of the highest quality, and to recognise their work as an important component of the strength of the nation;

(iii) to encourage, and initiate, with all possible speed, programmes for the training of scientific and technical personnel, on a scale adequate to fulfil the country's needs in science and education, agriculture and industry, and defence;

(iv) to ensure that the creative talent of men and women is encouraged and finds full scope in scientific activity;

(v) to encourage individual initiative for the acquisition and dissemination of knowledge, and for the discovery of new knowledge, in an atmosphere of academic freedom;

(vi) and, in general, to secure for the people of the country all the benefits that can accrue from the acquisition and application of scientific knowledge.

The Government of India has decided to pursue and accomplish these aims by offering good conditions of service to scientists and according them an honoured position, by associating scientists with the formulation of policies, and by taking such other measures as may be deemed necessary from time to time.

(The Gazette of India, Extraordinary,
Part I, Section 1, 13 March 1958,
pp. 69-71).

Federation of State Secretariat Employees in North India
to be formed: Demand for New Set of Conduct Rules .

A meeting of Northern India States secretariat employees was held at Lucknow on 15 and 16 March 1958.

The convention set up a co-ordination committee of representatives of associations of participating States - West Bengal, Orissa, Bihar, Madhya Pradesh, Uttar Pradesh and Delhi with direction to take effective measures for forming a federation for North India and ultimately for the whole of India.

The meeting adopted a resolution calling for "scrapping" the existing Government Servants Conduct Rules and also the "undemocratic restrictive measures offending the Constitution". It called for framing a new set of rules.

The convention also claimed the right for the Government servants to participate in demonstrations and strikes.

Another resolution demanded the appointment of pay commissions in all States on the model of the one set up by the Government of India and failing that acceptance in full of such recommendations of the Central Commission as it might make for the Central employees.

(The Statesman, 18 March 1958).

CHAPTER 8. MANPOWER PROBLEMS.

INDIA - MARCH 1958.

81. Employment Situation.

Employment Exchanges: Working during December 1957.

General Employment situation.- According to the review of work done by the Directorate General of Resettlement and Employment during the month of December 1957, employment activity in the country as reflected by the registration and placements figure of the employment exchanges, showed a slight decline, as compared with previous month when a considerable improvement was noticed in the employment situation, registrations fell by 3,732 and placements by 2,016. During December 1957, the number of persons who had registered with exchanges was 168,797 as against 173,329 in November 1957. The number of placements was 15,625 as compared with 17,641 with the previous months. A total of 5,886 employers utilized the services of employment exchanges as against 6,096 in the preceding month. The number of vacancies notified by the employers was 24,400 as against 26,675 during the last month. The live register, at the end of the month totalled 922,099.

Widespread shortage continued in respect of trained teachers, draftsmen, overseers, experienced stenographers, typists, compounders, midwives and nurses. Shortage in respect of experienced civil mechanical and electrical engineers, electricians, skilled fitters, turners, and moulders, qualified doctors, and road roller drivers was also fairly widespread. A number of exchanges experienced shortage in respect of health visitors, surveyors, accountants, librarians, sanitary inspectors, store-keepers, welders and boiler attendants.

Widespread surplus persisted in respect of clerks, untrained teachers, freshers from schools and colleges, motor drivers, carpenters, unskilled office workers and unskilled labourers. A good number of exchanges reported an excess of supply in respect of semi-skilled fitters and turners, motor mechanics, wireman, attenders, chowkidars, peons and sweepers.

Registrations and placings.- The following table compares registrations and placings during the months of November and December 1957:-

	<u>November 1957</u>	<u>December 1957</u>
Registrations -----	173,529	168,797
Placings -----	17,641	15,625

Register of unemployed.- The number of persons seeking employment assistance through the agency of employment exchanges on the last day of the month was 922,099 which was 35,816 more than the figure at the close of the previous month. The increase in the live register was widespread, but it was prominent in the State of Bihar (6,985), Bombay (3,150), Kerala (5,564), Mysore (2,178), Orissa (2,013), Uttar Pradesh (2,930) and West Bengal (6,821). In all 10,472 employed and self-employed persons of whom 383 were women remained on the live register at the end of the month under report.

The composition of the live register occupation-wise is given below:-

<u>Occupation</u>	<u>Number on Live Register on 31 December 1957.</u>
1. Industrial supervisory -----	5,929
2. Skilled and semi-skilled -----	71,508
3. Clerical -----	267,757
4. Educational -----	40,246
5. Domestic service -----	32,018
6. Unskilled -----	460,639
7. Others -----	44,002
Total.	<u>922,099</u>

Employment position of special categories of applicants.- The following table shows the employment position of special categories of applicants during the month under report:-

<u>Categories.</u>	<u>Registrations.</u>	<u>Placings.</u>	<u>Number on Live Register.</u>
1. Displaced persons -----	4,322	516	42,575
2. Ex-service personnel -----	5,236	744	24,499
3. Scheduled Castes -----	19,942	2,166	92,932
4. Scheduled tribes -----	5,823	408	20,264
5. Women -----	11,198	1,033	55,134

Collection of Employment Market Information.- Mr. J.H. Devy, ILO Expert, who is on a 3-month follow up visit, I.L.O. Expert, accompanied by the Deputy Director of Employment Exchanges (Manpower) visited the State Headquarters of West Bengal, Assam, Orissa and Punjab for discussions with the officials of the State Governments with regard to the implementation of the programme. Time targets for the progress of work in these States have also been worked out. A manual of Instructions with regard to the collection of Employment Market Information has been revised in the light of experience gained in the Delhi project. Employment Market Information studies in Delhi were continued and returns were obtained for the quarter ended September 1957, which are being analysed.

A study of the pattern of graduate unemployment, based on an analysis of the particulars of all graduates registered at Employment Exchanges in the country has been made. (For details please see pp.76-80 of the report of this Office for the month of February 1958).

Vocational Guidance and Employment Counselling.- State Directors from 10 States attended the ILO Asian Regional Seminar on Vocational Guidance and Employment Counselling for three to four days when administrative problems related to vocational guidance programmes were discussed. A special meeting was held in which the Government of India's scheme was discussed by the I.L.O. Experts, State Directors, Officers from the Directorate General of Resettlement and Employment, the Ministry of Education, the Ministry of Finance, the Planning Commission and the Council of Scientific and Industrial Research, etc. The Seminar which started on 27 November 1957 concluded on 21 December 1957.

Occupational information.- The State Occupational Information units were allotted additional groups and families for collection of occupational information for the preparation of the lists of occupations. The officers of the Headquarters Unit were sent out to different States to explain to the State Occupational Information Officers the new assignment given to them, and to remove difficulties experienced by the State Occupational Information Units. The States of Uttar Pradesh, Assam, West Bengal, Bombay, Andhra and Madras have been visited already.

Brief Occupational definitions of groups 13 (Medical and Health and related occupations), 14 (Nurses and other medical health Technician), 15 (Teachers occupation), 50 (Ship and Boat occupation), and 53 (Transport occupation) have been finalized. Drafting of occupational definitions in respect of another 7 groups is in progress.

Opening of additional Employment Exchanges.- The total number of exchanges functioning in the country at the end of December 1957, was 176. Seventy new employment exchanges have been sanctioned since the inauguration of the Second Five Year Plan, out of which 4 new Employment Exchanges were opened during the month under report.

(Review of the Work Done by the Directorate-General of Resettlement and Employment, during the Month of December 1957; issued by the Ministry of Labour and Employment, Government of India, New Delhi).

Madras: Working of the Dock Labour Board during
1956-1957.

The Madras Dock Labour Board was reconstituted on 23 October 1956 as envisaged under the Madras Dock Workers (Regulation of Employment) Scheme, 1956 which also came into force from that date. The Board, responsible for the administration of the Scheme, consisted of 4 representatives each of the Government and Dock Workers and 2 representatives each of Shipping companies and the Madras Stevedores' Association. The Board held four meetings during the year. As in the past, all important matters were referred to the Sub-Committees constituted by the Board and their recommendations were generally accepted. During the period under review, the Board obtained the services of an officer of the Madras Government to serve as its Executive Officer and appointed a Labour Officer as well. In order to meet the requirements of the revised scheme, the former Special Officer was redesignated as the Secretary and Personnel Officer.

An important event during the year was the appointment of a Special Officer to go into the questions of rationalisation of the pay scales of different categories of workers (Class III and Class IV) in the major ports in the light of the pay scales of Central Government employees of comparable status. Matters like provident fund, gratuity, holidays with pay, overtime, leave, working hours, etc., also formed part of the enquiry. His report was being examined by the authorities concerned.

There was an improvement in the employment situation during the year under review. The total number of Reserve Pool and Monthly Workers employed at the end of March 1957, was 1,489 and 252 respectively as compared to 1,140 and 253 on 1 April 1956. In order to cope with the acute congestion, the port introduced, from 1 June 1956, a compulsory third shift as an experimental measure, for a period of six months which was extended later on by another six months. On this account, temporary promotions were given to 50 Reserve Pool tindals and 60 winchmen and 332 temporary workers were recruited as it was not considered proper to depend wholly on casuals. The Board reviewed the continuance of the third shift twice and it was considered likely that the period might further be extended till the introduction of a piece rate Scheme.

The Income and Expenditure Account for the year ended 31 March 1957, shows that the total amount disbursed to workers under different heads was 1,680,048 rupees. The surplus for the year carried to General Fund Account was 357,355 rupees bringing the total accumulated surplus at the end of the year to 682,343 rupees. The Board decided to transfer a sum of 500,000 rupees from the accumulated surplus to the Madras Dock Workers Welfare Fund which was started during the year. This amount was specially earmarked for the housing scheme.

The Board decided to levy 10 per cent of the gross wages towards the Welfare Fund and also to reduce the existing general levy from 43-3/4 per cent to 27 per cent. This was, however, to take ~~effect~~ effect from 1 April 1957.

The Housing and Welfare Sub-Committee purchased a site of about 21 acres but further action was kept pending till the receipt of a final reply from the Central Government regarding subsidy and loan for the housing scheme. During the year under report, the rules for the Gratuity Scheme had been drafted and circulated to the members for approval.

For the year 1956, four holidays with full wages including dearness allowance were declared for the Reserve Pool workers. Similarly for the year 1957, eight holidays were declared. The attendance allowance under the new scheme was raised from Rs.1.00 to Rs.1.50 with effect from 1 February 1957. On the recommendations of the Registration Committee, the Board fixed an amount of five as detention allowance for all categories of workers, per hours or fraction thereof, over and above the shift hours for workers who were detained in the moorings or enroute to wharf.

The number of complaints dealt with by the Special Officer during the year 1956 against workers and employers was 208 and 36 respectively. Of 1,258 workers and 36 employers involved in the complaints, 315 workers and 14 employers were punished. During the first quarter of 1957, the number of complaints received was 50 of which action was necessary and taken in respect of 39. In the remaining 11 cases, action was dropped.

(Indian Labour Gazette, Vol.XV, No.8, February 1958, pp. 764-765).

83. Vocational Training.

India - March 1958.

Labour Ministry's Training Scheme: Training during December 1957.

Training of Craftsmen, Women Craft Instructors and Displaced Persons.- According to the review of work done by the Directorate-General of Resettlement and Employment during the month of December 1957, the number of trainees on roll for various training institutes and centres on 31 December 1957, was 14,309. There were 12,668 trainees including 13 women in technical trades and 1,641 (including 630 women) in vocational trades.

Under the scheme for the training of women craft-instructors at the industrial training institute of women, New Delhi, 30 women instructors' trainees were receiving training at the end of month under review.

The total number of ~~trainees on roll for~~ displaced persons undergoing training in technical and vocational trades at the end of 31 December 1957, was 1,860 of whom 1,577 were undergoing training in technical trades and 283 in vocational trades. A total of 617 displaced persons were undergoing training as apprentices in industrial undertaking and establishments in Uttar Pradesh and West Bengal against 1,220 seats sanctioned for the purpose.

Training of School-going children in Hobby Centres, Allahabad.- Fifty-one trainees were undergoing training at the end of the month under report, at the Hobby Centres attached to the Industrial Training Institute, Allahabad.

Training of Instructors.- At the end of the month, 162 instructors have been receiving training at the Central Training Institute for instructors at Koni-Bilaspur, 51 at newly started Central Training Institute at Aundh (Poona).

The following table indicates the total number of training institutes and centres and the total number of persons (including displaced persons) undergoing training on 31 December 1957:-

<u>Number of Training Institutes and Centres.</u>	<u>Number of Seats Sanctioned.</u>	<u>Number of Persons undergoing Training.</u>
364	19,451	16,786

Stores and Equipment.- The T.C.M. equipment worth 41,648 rupees approximately was reported to have been received at the training centres and institutes during the month of December 1957. This brings the total of the value of equipment received under this aid programme till the end of this month to 2262.6 million rupees, approximately.

(Review of the work done by the Directorate-General of Resettlement and Employment during the Month of December 1957; issued by the Ministry of Labour and Employment, Government of India, New Delhi).

CHAPTER 9. SOCIAL SECURITY.

INDIA- MARCH 1958.

92. Legislation.

Employees' State Insurance Scheme extended to Certain
Areas in Rajasthan.

In exercise of the powers conferred under the Employees' State Insurance Act, 1948, the Central Government has appointed the 2nd day of March 1958, as the date on which the provisions of Chapter IV (except sections 44 and 45 which have already been brought into force), Chapter V and Chapter VI (except sub-section (1) of section 76 and sections 77, 78, 79 and 81 which have already been brought into force) of the said Act shall come into force in the following areas of the State of Rajasthan, namely:-

The areas within the revenue limits of villages Alanpur, Khatupura, Dumdri and Chak-Chaipura of Tehsil Sawai-Madhopur of Sawai-Madhopur District in Rajasthan.

(Notification S.O. 113, dated
18 February 1958; the Gazette of
India, Part II, Section 3, Sub-Section(ii),
dated 22 February 1958, page 65).

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V. Old Age Benefits.

Provident Fund of Miners: Uniform Rate of Recovery
from all Workers in all States.

The Government of India has revised the rate of recovery of provident fund from employees of coal-mines at 6-1/4 per cent on total emoluments from all categories of workers in the States.

The existing rate is three annas in the rupee in Bengal and Bihar, two and a half annas in Madhya Pradesh, Orissa and Assam and Two annas in Hyderabad from weekly and monthly rated employees whose basic wages do not exceed 30 rupees per month.

The new step provides for uniform rate of recovery from all categories of workers in all the States.

(The Hindustan Times, 24 January 1958).

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V. Old Age Benefits.

Employees' Provident Funds Act, 1952, extended to
Employees in Biscuit Making Industry.

In exercise of the powers conferred under the Employees' Provident Funds Act, 1952, the Central Government has directed that with effect from 30 April 1958 the biscuit making industry including composite units making biscuits and products such as bread, confectionary and milk and milk powder, shall be added to Schedule I of the said Act.

(Notification No.G.S.R.170, dated 12 March 1958; The Gazette of India, Part II, Section 3(1), 22 March 1958, page 131)

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V. Old Age Benefits.

Assam Tea Plantations Provident Fund Scheme
(Amendment) Bill, 1958.

Shri K.P. Tripathy, Minister for Labour, Government of Assam, introduced on 4 March 1958, in the Assam Legislative Assembly a Bill to amend the Assam Tea Plantations Provident Fund Scheme Act, 1955. According to the Statement of Objects and Reasons of the Bill the Act at present excludes permanent non-resident labourers and members of the clerical, medical and similar staff employed in the tea gardens in the State. It is considered desirable that these categories of workers should also be covered by the Act. The Act also excludes from its operation all gardens producing less than 456 lbs. per acre. For the welfare of the labourers now working in exempted gardens, it is sought to widen the coverage of the Act by including all gardens of 50 or more acres irrespective of production. On the transfer of management of a garden on sale or otherwise, the outgoing management generally repays the provident fund deposits to the members thereby defeating the very purpose of provident funds as retiring benefits. It is considered necessary therefore that the administration of such funds for staff members should be vested in a permanent and statutory machinery. Statutory protection for the rights and liabilities has been given to those employees who under the existing funds in any plantation have a right or liability to make a contribution at a higher rate than prescribed by the present Act. The subscriber, however, has been given the option to join either the existing fund with higher benefits or the statutory fund.

The cost of administration of the fund is now being met from the interest from investments of the fund which causes loss to the members. It is considered desirable that the cost of administration of the fund should be borne by the employers.

Further, during the working of the Act and the Scheme framed thereunder, some inconsistencies came to light which are to be remedied.

The Board of Trustees which is administering the fund, took some decisions for smooth working of the Scheme such as definition of wages, etc. It is proposed to give a statutory footing to these decisions incorporating them in the Act. Hence the Bill.

The Bill defines the term 'employee' as meaning any person who is employed (including apprentice) to do any skilled or unskilled, manual or clerical work in or in connection with a plantation including its office, factory, school or hospital and who gets his wages directly or indirectly from the employer but does not include a person whose total wages exceed 500 rupees per mensem inclusive of dearness allowance and value of food concession or a person working under a Contractor in work not directly connected with cultivation and manufacture of tea:

The expression "employed" means a person who has been or is likely to be employed for a continuous period exceeding six months: Provided that an employee who during a period of six months has actually worked on the plantation for not less than 2/3rd of the period the plantation was in operation in that year shall be deemed to have completed six months' continuous service in the plantation.

The term 'plantation' has been defined in the Bill to mean any tea plantation - (i) with an area of not less than 25 acres under tea where twenty or more employees are employed on any day of the twelve months preceding the enforcement of the Scheme and whose crop basis under the Assam Tea Act, 1953 (Act XXIX of 1953) is more than 456 lbs. per acre; or (ii) with an area of not less than fifty acres under tea where twenty or more employees are employed or were employed on any day preceding the twelve months of the enforcement of the Scheme.

(The Assam Gazette, Part V, 12 March 1958, pp.68-71).

Another non-official Bill to amend the Assam Tea Plantations Provident Fund Scheme Act, 1955, was introduced in the Assam Legislative Assembly on 27 February 1958 by Shri Sarbeswar Bardoloi, M.L.A. The Statement of Objects and Reasons of the Bill declares that the present Act does not provide the benefit of the Provident fund scheme to the busti labourers and clerical and medical staff. The primary committees under the Act are also not properly functioning. The contributors are also unaware of their accumulations. So this amending Bill is necessary to provide for all these under the Scheme of the Act.

(The Assam Gazette, Part V, 5 March 1958, pp.1-2).

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Chapter 11 : Occupational Safety
and Health

114. Inspection.

India - March 1958.

Accidents in Mines in 1957: Provisional Statistics.

According to the provisional statistics released by the Chief Inspector of Mines in India, the fatality rate due to accidents in mines during 1957 was the lowest ever recorded in the country. Out of 0.63 million workers employed in all mines, 254 were killed due to accidents as against 335 in 1956. The annual average of deaths caused by accidents for the earlier five years was 392. The fatality rate per thousand workers for all mines declined from 0.53 in 1956 to 0.40 in 1957 recording a fall of 25 per cent. The average figure for the five years prior to 1956 was 0.67.

In coal mines which employ about 0.35 million workers the reduction in the fatality rate was even greater. The number of persons killed as a result of accidents during 1957 was 179 as against 259 in 1956 and the annual average of 316 for the earlier five years. The fatality rate per thousand workers in coal mines was 0.51 for 1957, which was 30 per cent lower than the figure of 0.73 for 1956. The fatality rate for 1957 compared even more favourably with the average figure of 0.91 for the five years prior to 1956. The number of persons injured in mine accidents was 3,515 in 1957 as against 4,281 in 1956 and the average of 4,226 during the five years 1951-55. The fatality plus injury rate for all mines declined from 7.33 in 1956 to 5.90 in 1957, showing a fall of 20 per cent. The average rate for the five years 1951-55 was 7.89. In the case of coal mines, there was a reduction of 12 per cent from 8.83 in 1956 to 7.81 in 1957. The average figure for the five years prior to 1956 was 9.01.

(Indian Labour Gazette, Vol. XV, No. 8,
February 1958, page 792).

CHAPTER 12. INDUSTRIAL COMMITTEES.

INDIA - MARCH 1958.

121. Special Information.

Labour Problems in Mines other than Coal Mines:
Tripartite Industrial Committee set up.

The Ministry of Labour and Employment, Government of India, on 19 March 1958, constituted a tripartite Industrial Committee on Mines other than Coal Mines to deal with various problems relating to labour in non-coal mines. The Committee which is tripartite in character and sixth of its kind will consist of 16 members, of whom eight will represent the Central and State Governments and four each the employers and workers. Bihar, Orissa, Mysore and Madhya Pradesh will be permanent members of the committee, while Rajasthan, Andhra and Bombay will be represented by rotation.

(The Hindustan Times, 19 March 1958).

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- * (2) "Annual Report on the Working of the Indian Trade Union Act, 1926 for the year ending 1953-54", in the State of Orissa. Issued by the Office of the Commissioner-cum-Chief Inspector of Factories, Orissa, pp.37, Price Re.0-9-9.
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CHAPTER 3. ECONOMIC QUESTIONS.

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 - ii) "Economics of Social Security", pp.265.
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 - b) Economic Survey, 1957-58, pp.38.
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 - b) Publication No.40: Economic Conditions of Displaced Persons settled in the Punjab, Part IV (Special Rural Rehabilitation Schemes relating to the Soldiers' Colonies), pp.89.
- * (5) "1958-59 Budget in Brief of Madhya Pradesh". Issued by the Directorate of Economics and Statistics, Madhya Pradesh, Bhopal. pp.56.
- (6) Second Five-Year Plan (An Outline of Criticism): By J.L. Dholakia: The Popular Publishing House, Tower Road, Surat; Re.1.
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