

COPY NO. 2.

I.L.O. RECORDING
26 FEB 1958
File No: 33-2-211 G
With:
on:

INTERNATIONAL LABOUR OFFICE
INDIA BRANCH

86221

Industrial and Labour Development in December 1957.

(N.B. Each Section of this Report may be taken out separately.)

C O N T E N T S

Pages

CHAPTER 1. INTERNATIONAL LABOUR ORGANISATION

11. Political Situation and Administrative Action:
Bombay: Censure Motion on Labour Policy Defeated
in State Assembly ... 1 - 2
12. Activities of External Services:
(a) Meetings ... 3
(b) Articles ... 3

CHAPTER 2. INTERNATIONAL AND NATIONAL ORGANISATIONS

25. Wage-Earners' Organisations:
Twentyfifth Session of All-India Trade Union Con-
gress, Ernakulam, 25-29 December 1957: Wage Boards
for Various Industries Demand: Worked Asked to
Support Second Five-Year Plan ... 4 - 9
28. Employers' Organisations:
Annual General Meeting of Associated Chambers of
Commerce, Calcutta, 14 and 16 December 1957:
Frequent Changes in the Tax Structure Opposed 10-16

CHAPTER 3. ECONOMIC QUESTIONS

31. General Economic Situation:
Fortieth Annual Session of the All-India Economic
Conference: Dr. Shenoy's Presidential Address 17-20
32. Public Finance and Fiscal Policy:
Additional Duties of Excise (Goods of Special
Importance) Bill, 1957: Provision for Replacing
Sales Tax on Certain Goods by Additional Excise
Duty ... 21-22
34. Economic Planning, Control and Development:
(a) Two New Petroleum Refineries to be set up:
Minister's Announcement in Lok Sabha ... 23
(b) Scope for Foreign Investment in India: Indus-
trial Delegations Report ... 24-26
35. Productivity:
Programme to Spread Productivity Movement in
India: National Seminar's Recommendations ... 27-31

36. Wages:
(a) Inaugural Meeting of Ministry of Labour and
Employment Steering Group on Wages ... 32-33
(b) Wage Board Set Up for Sugar Industry ... 33
37. Salaries:
(a) West Bengal Bank Employees' Demand for Compen-
satory Allowance Rejected by Labour Appellate
Tribunal ... 34-35
(b) Interim Relief for Lower Grade Central Govern-
ment Official: Five rupees increase in dear-
ness Allowance from July 1957 ... 36-38
39. International Economic Relations:
India - Norway Trade Pact Extended ... 39

CHAPTER 4. PROBLEMS PECULIAR TO CERTAIN BRANCHES OF
THE NATIONAL ECONOMY

41. Agriculture:
(a) Eighth Annual Conference of the Indian Society of
Agricultural Economics: Presidential Address 40-41
(b) Kerala Agrarian Relations Bill, 1957 ... 42
44. Merchant Marine and Fisheries:
(a) Seamen's Welfare in Ports: Suggestions of Inquiry
Committee ... 43-44
(b) Aid to Shipping Industry: Non-Lapsable Fund to
be Set Up ... 45

CHAPTER 5. WORKING CONDITIONS & LIVING STANDARDS

52. Workers' Welfare, Recreation and Workers' Education:
Welfare Activities in Mica Mines: Review of the
Activities Financed from the Mica Mines Labour
Welfare Fund for the Year Ending 31 March 1957 46-53

CHAPTER 6. GENERAL RIGHTS OF WORKERS

64. Wage Protection and Labour Clauses in Employment
Contracts with the Public Authorities:
Payment of Wages (Amendment) Bill, 1957, Passed by
Parliament: Provision Made for Extension of Act
to Larger Category of Persons ... 54- 57
67. Conciliation and Arbitration:
Labour-Management Relations in the Tata Iron and
Steel Company: Labour Bureau's Case Study ... 58-68

CHAPTER 7. PROBLEMS PECULIAR TO CERTAIN CATEGORIES OF
WORKERS

74. Indigenous Labour:
Welfare of Backward Classes: Report of the Com-
missioner for Scheduled Castes and Scheduled
Tribes for 1956-57 ... 69-78

CHAPTER 8. MANPOWER PROBLEMS

81. Employment Situation:
Employment Exchanges: Working During October 1957 79-81
83. Vocational Training:
Labour Ministry's Training Scheme: Training During
October 1957 82-83

CHAPTER 9. SOCIAL SECURITY.

93. Application:
Employees State Insurance Corporation: Annual
Report for the Year 1955-56 84-90

Dns:

Chapter 1. International Labour Organisations

11. Political Situation and Administrative Action.

India - December 1957.

Bombay: Censure Motion on Labour Policy Defeated in State Assembly.

An opposition censure motion mainly directed against the Government's labour policy was thrown out by the Bombay Legislative Assembly on 17 December 1957 after a five-hour debate. One hundred and thirtyone members voted for the motion and 220 against.

The motion sought to express want of confidence in the Council of Ministers for "(1) its indifferent, partial and callous attitude towards the working class and specially its vindictive attitude towards working journalists as evidenced by the steps taken by the Minister for Labour; (2) its vindictive attitude towards neo-Buddhists; (3) its failure to give relief to the areas affected by scarcity conditions; and (4) its anti-democratic attitude in the formation of Development Boards and similar bodies."

Shri S.G. Patkar (Communist-Samiti) accused the Ministry, particularly the Labour Minister, of denying workers their legitimate rights, thereby violating provisions of the Constitution.

In several strikes the Government had backed the employers and treated the workers not only unfairly but also vindictively. The Labour Department had refused to refer to adjudication more than 150 disputes. Such exercise of power was arbitrary. The decisions on those matters should have been left to the courts, he said.

Shri Patkar told the House that he had in his possession a document which would prove that Shri Shantilal Shah had advised Shri Ramnath Goenka, a newspaper proprietor, that "the Wage Board decisions cannot be implemented". He questioned the propriety of a Minister offering such advice. A Minister who was "so much pro-employer and anti-labour" had no right to hold the labour portfolio, Shri Patkar stated.

The Leader of the Opposition, Shri S.M. Joshi, said the Government had no moral right to remain in office as it did not have the support and confidence of the working class, the backward classes and the common people. He maintained that the Government's labour policy was unrealistic and against the interests of the working class. He asked the Chief Minister why he did not call a "tripartite" conference of newspaper employers, working journalists and Government representatives, as promised by him to press representatives at Ahmedabad, to discuss the implementation of the Wage Board decisions.

2.

The Labour Minister, Shri Shantilal Shah said that many allegations made by the Opposition were not only incorrect but irrelevant also. He denied having communicated any advice to Shri Goenka on the implementation of the Wage Board's recommendations.

With regard to the implementation of the Working Journalists Act, he said the Act was defective. It did not contain any powers for implementation. So far 176 applications had been made by working journalists under the Act and they had been referred to the proper authorities.

Referring to the charge that the Government was partial to I.N.T.U.C. unions, Shri Shah cited figures of disputes referred to adjudications to disprove it. He said that in the past three years 596 disputes had been referred to adjudication and 260 cases had not been granted adjudication. While the percentage of cases filed by I.N.T.U.C. unions which had been granted adjudication was 69, the percentage was 75 in the case of disputes brought by the A.I.T.U.C.

"This ought to satisfy any reasonable person" Shri Shah said. He informed the House that of the 63 representative unions, in the State, 35 were affiliated to the I.N.T.U.C. 12 to the Hind Mazdoor Sabha and one to the A.I.T.U.C., while the affiliations of five were not known. Ten unions were not affiliated to any organisation.

Turning to employment in the textile industry in the current year, the Minister said that in January the number employed was 444,360. It came down to 433,757 in June and to 431,594 by November. The fall was not very steep. Still the Government would not remain indifferent to the problem. The present conditions in the textile industry were beyond the control of the Government, he stated.

(The Times of India - Mofussil
Edition - 19 December 1957.)

Dns:

3

CHAPTER 1. INTERNATIONAL LABOUR ORGANISATION.

INDIA - DECEMBER 1957.

12. Activities of External Services.

Meetings

- (a) Shri V.K.R. Menon, Director attended the annual conference of the All-India Trade Union Congress held at Trivandrum on 27 December 1957.
- (b) Shri V.K.R. Menon attended the Central Committee meeting of the All-India Manufacturers' Organisation held at Madras on 27 December 1957.

Articles

An article entitled "Workers' Education and the I.L.O.- Its Interest and Responsibility" by Shri V.K.R. Menon, Director of this Office was published in the Indian Journal of Adult Education, Special Number, Vol. XVIII, No.4, December 1957.

Dns:

4

Chapter 2. International and National Organisations

25. Wage-Earners' Organisations.

India - December 1957.

Industries Twentyfifth Session of All-India Trade Union Congress, Ernakulam, 25-29 December 1957: Wage Boards for Various Demanded: Workers Asked to Support Second Five-Year Plan.

The 25th annual session of the All-India Trade Union Congress was inaugurated at Ernakulam (Kerala) on 25 December 1957 by Shri E.M.S. Nambudiripad, Chief Minister of the State. Besides 1,500 delegates from all over India, the Conference was attended by foreign delegates from China, Czechoslovakia, France, North Korea, the U.S.S.R. and Viet Nam. Women delegates in large numbers from Bengal, Bombay and South Canara also attended the session. The I.L.O. was represented by Shri V.K.R. Menon, Director of this Office.

Among others, the Conference adopted resolutions urging trade unions to work for the fulfilment of the core of the plan and demanding the setting up of wage boards for various industries.

Shri S.S. Mirajkar, Vice-President of the A.I.T.U.C., presided over the session in the absence of the President, Shri V. Chakkarai Chettiar.

Inaugural address: peaceful settlement of disputes.-
Shri E.M.S. Nambudiripad in his inaugural address said that the basic question of relations between employers and employees should be dealt with in a more fundamental way in order to ensure that the workers could be assured of the acceptance of their legitimate grievances on the one hand and the employer as well as the nation as a whole, could be assured that stoppages in production would be minimised if not totally eliminated, on the other.

The Kerala Government, the Chief Minister added, were making their utmost endeavour to see that a proper atmosphere was created in the State for further industrial expansion in which, just as the working class would be assured that their legitimate interests and rights would be safeguarded and defended, the industrialists would also be assured that they would be allowed to take reasonable profits.

He added that the State Government had come to the definite conclusion that it was not merely enough if they tried to settle individual disputes with regard to wage increase, bonus and other questions as and when they arose in this or that industry. But a very serious effort should be made to solve these problems on an industry-wise and on State-wise basis. Such problems therefore should be dealt with through a relatively long-term agreement arrived at between employers and employees in a few industries to begin with and if possible on all State basis.

The Chief Minister said that they as a Government representing the working people felt it was one of their most important tasks to see that radical changes were brought about in the present administrative structure because whenever they took up any problem of the working people - whether it be the question of a labour dispute, or the question of land relations or the question of educational advancement or medical help for common people - they came to a situation in which even when the Government and the Legislature adopted a perfectly correct popular policy and correct orders were issued by the executive government, its implementation was sabotaged at every stage. The entire bureaucratic apparatus acted against the people. Therefore, a radical change in the system from top to bottom was a great necessity.

The Government was attending to this problem now, he said. They had set up a committee to examine the question of administrative reforms. The end of the work of this committee was not the end of the work of administrative reform. It was a beginning, he added.

Chairman's Speech: importance of trade union unity stressed. - Shri Mirajkar, in the course of his address, appealed to the Indian National Trade Union Congress to work for trade union unity without which the working class anywhere could secure no lasting gains. The unity of their class was being threatened by all sorts of disruptive forces including prejudices of caste. For the sake of their country and their class, they must overcome internal dissensions which hampered their social progress. For securing peace, and prosperity, a better economy and better living conditions, they must unite and work hard, he said.

Shri Mirajkar added that the A.I.T.U.C. wanted that the Second Five-Year Plan should be implemented. The criticism of the Plan was only to help it go forward, he said.

I.L.O.'s interest in fostering trade unionism: Shri Menon's speech.— Addressing the delegates, Shri V.K.R. Menon, Director of this Office said that the I.L.O. was proud to acknowledge that its success in furthering its objectives and ideals has been primarily due to the confidence which it enjoys and the support received from each of the three partners, Government, workers and employers. As the latter two are represented through representative organisations and not individually, the I.L.O. is naturally interested, in the furtherance of its own work and objectives, to see responsible trade unions grow from strength to strength. He added that from the emphasis laid in most of the I.L.O. Conventions, Recommendations and reports, the importance attached to full consultations with representatives of workers and employers, which pre-supposes the existence of a strong and representative trade union movement, could not be gainsaid.

Continuing, Shri Menon said that while the fields and subjects of interest to the I.L.O. were many and could not all be detailed on an occasion like this, he might mention two specific subjects in particular, higher productivity and workers' education. He was happy that this coincided with the time when Government of India was also giving the highest importance to these subjects. Trade Unions, for their part also had a vital interest in these fields and so far as he was concerned, he was aware that success was feasible only with the fullest co-operation of organisations of workers.

General-Secretary's Report: future programme outlined:— Shri S.A. Dange, General Secretary, presenting his annual report outlined a seventeen point plan to be adopted by the A.I.T.U.C. in dealing with national and international problems.

Shri Dange wanted the A.I.T.U.C. and through it the trade unions and the working classes to organise and struggle for (1) international peace and banning of nuclear weapons, (2) for the development of national economy and fulfilment of the core of the Second Five-Year Plan for national prosperity, (3) for the development of the State sectors of the Plan and for ending the activities of foreign monopolists against national interests, (4) for workers' and people's control over profiteering activities of the landlords and monopolist capital which should be through the Parliament, the legislature as well as through factory and workers'

4.

committees, (5) for the reduction and stabilisation of prices and co-operative distribution of consumer goods, (6) for a rise in wages differing according to industry or region leading to an average increase of 25 per cent. and for the merger of dearness allowance in wages, (7) for the reduction in the hours of work in hazardous occupations like mining, minerals and transport, etc., (8) for progressive laws and implementation of such laws and awards with workers' participation, (9) for appointment of wage boards in each industry with reference to a wage-structure upward on a national scale for each industry trade and region, (10) for the improvement in social security measures like Employees' State Insurance Schemes, provident fund, etc., (11) for recognition of trade unions, ballot being the method by which the most representative character of the unions should be decided, (12) for trade union unity, irrespective of political and other affiliations, (13) for ending firing and suppression of trade union rights, (14) for the end of Preventive Detention Act and for abolition of all Government Servants Conduct Rules (15) for ending corruption and nepotism in the ruling circles, (16) for ending caste divisions and oppression of Scheduled Castes and Tribes, and (17) for organising and strengthening of the A.I.T. U.C.

The General Secretary's report, in seven parts dealt with the general problems of peace, socialism and national liberation of peoples all over the world at the international level, the country's economy and the Second Plan, the support and criticisms of the Plan and the task that lay ahead of the working classes from their approach to the Plan at the national level.

Shri Dange said that internationally they had got a situation where the socialist world had advanced the liberation of the colonial and under-developed countries had taken place and even the people of the African continent and Latin America were growing to freedom.

Referring to the national problems, particularly the Second Five-Year Plan and the need for working it, Shri Dange said that the Second Plan was totally different from the First Plan. The conception of the Second Plan was that it should be beneficial to the country as a whole. The First Plan did achieve something for rehabilitation of their war-shattered economy by increasing the national income by eighteen per cent and improving their agricultural production. But it was not much. The essence of the Second Plan, however, was industrialisation and particularly the development of heavy industries in the State sector. If their economy had to progress and advance, he said the pace of production in the iron and steel engineering, coal and other industries must be accelerated.

Resolutions.- workers asked to work for plan fulfilment.- The A.I.T.U.C. by a resolution called upon the trade unions to work for the fulfilment of the core of the second Five-Year Plan and its essential features. At the same time trade unions should see that the workers' Interests were not harmed in the name of the Plan. The resolution maintained that as prosperity of the country grew with the fulfilment of the Plan, it should lead to the improvement in the conditions of the working class and also gradual increase in the share of the working class in the national income. The economic and political policies of the ruling circles should be so formed that the democratic and trade union rights were widened and not restricted.

Wages and bonus.- The Conference adopted a resolution on wages and bonus. The resolution noted with satisfaction the fact that the demand put forward by the Nagpur meeting of the general council of the A.I.T.U.C. for a general 25 per cent increase in wages had become the central rallying slogan of all workers throughout the country.

While protesting against the "utterly inadequate" relief of five rupees granted by the Pay Commission, the A.I.T.U.C. extended its support to the Central Government employees' demand for adequate interim relief. The A.I.T.U.C. demanded the setting up of wage boards immediately for various industries for the fixation of wages based on standardized national rate with different scales for jobs according to skill, industry and regions as suggested by the 15th Indian Labour Conference held in Delhi in July last. Other demands made by the A.I.T.U.C. were: The revision of minimum wages in accordance with the forms accepted by the 15th Indian Labour Conference, fixation of fair wages in terms of the Fair Wages Committee's recommendations, consolidation of the existing dearness allowance with the basic wage and a 25 per cent average increase in wages pending fixation of wages by wage boards.

The A.I.T.U.C. also demanded that bonus should be paid to workers in all industries on the basis of $6\frac{1}{2}$ per cent. of the total annual earnings of workers including basic wages and dearness allowance to be paid as guaranteed bonus irrespective of profit or loss to the undertaking.

In addition to this, there should be a bonus based on profits. The workers, the resolution said, should have the right to an adequate share in the profits and the Labour ~~Appellate~~ ^{Appellate} ~~Tribunal~~ ^{Tribunal} formula should be revised so as to provide that extraneous elements such as rehabilitation reserves and other reserves were not taken into account for determining the surplus available for distribution as bonus.

Labour discipline.- On the question of labour discipline the A.I.T.U.C., by a resolution said that the spirit of the code of discipline in industry as enshrined in the decisions of the 15th Indian Labour Conference (vide pages 1-22 of the report of this Office for July 1957), had to be respected. However, while endorsing the decisions of this Indian Labour Conference on wages, rationalisation and housing policy, the A.I.T.U.C. considered the code of discipline was defective and one-sided and, therefore, it could not ~~endorse~~ endorse the code of discipline. The resolution urged upon the Government to take steps to remedy the defects in the code.

Office bearers.- Shri S.S. Mirajkar was elected President and Shri S.A. Dange re-elected General Secretary for the ensuing year.

(The Hindu, 25, 26 December 1957.
The Hindustan Times, 1-2-58)

Dns:

28. Employers' Organisations.

India - December 1957.

Annual General Meeting of Associated Chambers of Commerce, Calcutta, 14 and 16 December 1957: Frequent Changes in the tax structure Opposed.

The annual general meeting of the Associated Chambers of Commerce of India was held at Calcutta on 14 and 16 December 1958. Shri W.H.S. Michelmore, President of the Associated Chambers, presided. The meeting which was attended by members from all parts of the country adopted, among others, a resolution deprecating frequent changes in the tax structure. Another resolution on labour legislation, inter alia, suggested encouragement to the workers' education movement, participation of workers, ^{on} voluntary and experimental basis, in suitable aspects of management and improvement of the industrial relations through the observance of the recently evolved code of discipline.

The meeting was addressed by Shri Jawaharlal Nehru, Prime Minister of India.

Presidential address:- Shri W.H.S. Michelmore, in his presidential address said that the one feature which had not received the recognition it had deserved had been the manner in which commerce and industry in the country had adapted themselves to the progressively socialistic trend of national thought and policy. They had seen, he said, during recent years, the implementation of measures and policies which would have been quite inconceivable even less than ten years ago. And yet what had been the reaction to this type of business? His answer to that would be that it had been amazingly resilient. But the fact remained that despite all the adverse prognostications to the contrary, private business and industry were carrying firmly and strongly on to the active development of the country.

Foreign exchange shortage.- Speaking about the problem of foreign exchange, Shri Michelmore said that while the matter was one for most serious concern, if not for alarm, the fact was that India's potential for earning foreign exchange was exceptionally inelastic. A glance at the statistic would show how very greatly dependent they were on the traditional earners; the principal of these were jute goods and tea which were close contenders for first place followed by cotton, manufactured and raw, hides and skins and vegetable oils. As regards steel it was beyond question that the basic cost of India's steel should be among the cheapest in the world, but here again they had to build up an export industry against competitors who had been in the business for decades; so while he agreed that a substantial saving of foreign currency could be made in that they should no longer have to import steel, he thought it would be rash to base future exchange budgeting on the assumption that massive exports of steel would be feasible.

As far as imports generally were concerned, he said, the severe slashing of quotas which had taken place was inevitable and they accepted it; at the same time they had urged upon the Government of India the great importance of maintaining the flow of spare parts and of those vital raw materials which were necessary to keep in full production the industrial units which had already been established here. Some shortage of consumer goods could not but stem from this restrictive policy.

Taxation on profit.- Dealing with the subject of taxation, Shri Michelmore said that it was their considered view that taxation on profits and capital was now pitched too high and was dangerously near the level at which plough-back of profits became impossible and the formation of new capital either from private savings or corporate reinvestment must fall away.

A serious adverse feature, he did, of taxation policy in India during recent years had been the frequent and considerable changes not only in policy but also in rates of taxation. Reasonable stability seemed to him to be an obvious necessity for orderly development of an expanding economy and to that extent he welcomed the Finance Minister's statement that he hoped to maintain unchanged for several years the general structure which had now been adopted. By all means let the holes be plugged as they revealed themselves, but if kaleidoscopic changes were avoided such as had taken place recently and retrospectively for instance in the tax on bonus share issues it would at least be possible for businessmen and industrialists to live with and to plan their operation in the light of the newly adopted policy.

Foreign capital.- As regards foreign capital, Shri Michelmore said that India had certain attractions for the would-be overseas investor; the Central Government had sound political stability; law and order were well founded; they had a high calibre administrative civil service and last but by no means least they had nearly four hundred million potential customers. What then was the deterrent? To his mind it was this, that while there was on the one hand, a misunderstanding abroad of implication of the country's commitment to a socialistic pattern of society there was nevertheless a very keen appreciation of the heavy incidence of taxation on both companies and individuals. This socialist policy was inadequately understood outside of India and it was not realised that it was not so much a question of ideology but it flew rather from the desire, or should he say the vital necessity or raising the still deplorably low standard of living in this country. The surest method of achieving this was undoubtedly to increase productivity and it was only natural that the Government should explore every avenue to this end. He did not for a moment claim that they had the resources to build the Sindris, the Chittaranjans and the Durgapurs. These enormous undertakings to his mind fall quite rightly in the Government sphere. There was equally a very wide field to which their own efforts could be and were being increasingly directed. This evolution of the sphere of influence was perhaps inadequately appreciated by potential investors abroad. On the other hand he said with all deference that the Government's expression of its own policy was sometimes not what it might be.

Labour.- Referring to labour Shri Michelmore said that for a country seeking to expand its industry rapidly and extensively the great emphasis must be on production and more production and to achieve this increasing attention must be paid to the stimulation of the energetic and intelligent man to greater efforts either by improved application or by increasing technical skill. The employers' contribution to this should be the provision of technical training, opportunity and adequate incentive in the shape of payment by results. It was for the employee to contribute energy, cooperation and flexibility. With all this in view they welcomed the attempts which had been made by the Central Labour Ministry at recent tripartite conference to evolve a general code of conduct; in particular, they commended the move to educate workers, to inform and associate them more closely with the objects of the principal industries and to make them realise that they were partners in enterprise with essential productive functions to perform.

The Second Five-Year Plan.- Shri Michelmore said that every single member of the Associated Chambers had some contribution to make to the Plan and they were all at one with the Government in desiring a way out of the present difficulties of the Plan and its good progress and development to those more bounteous times that it promises.

Tremendous progress.- Paying tributes to India's progress during the last ten years, he said that they could trace the steady and indeed substantial development of a better standard of living for all; and on the industrial side with which their members were largely concerned they had seen the introduction of a wide range of measures for the protection and security of industrial labour including such imaginative measures as the Employees State Insurance Scheme, compulsory Workers' Provident Fund schemes and the building of more and better houses.

These years, he added, witnessed the abolition of zamindari, the introduction of State trading, prohibition, death duties, wealth tax, expenditure tax, partial conversion to the metric system and many innovations in Government control of industry. They had also seen the wide development of nationalisation affecting the Indian Air Lines, both internal and external, the former Imperial Bank, Life Insurance and the Kolar Gold Mines; to say nothing of suggestions made from time to time to nationalise various other undertakings as well. Immense strides had thus been made in the direct and indirect moulding of commerce and industry into the pattern accepted by Parliament as that most conducive to progress and towards the ultimate goal of betterment of the appallingly low standard of living in India. Side by side the private sector, too had made tremendous developments in the direction of oil refineries, cement works, textiles, paper, engineering, steel expansion and a host of other industries of vital importance in the economy of the country.

Prime Minister's address: need for depending on indigenous resources stressed.- Addressing the meeting the Prime Minister, Shri Jawaharlal Nehru emphasised that the essential problem for a country like India was that she had not enough resources at present to satisfy even the reasonable demands of the people. He said the greatest stress on the need for increased food production which was also vitally necessary for stabilising industrial progress.

Referring to the respective roles of private and public enterprise and management employee relationship the Prime Minister criticised "the narrow-minded attitude" of those people who tried to profit at the expense of labour. In countries like England, economic progress had preceded political progress. In India the conditions were otherwise. That was therefore the essential problem before them. All their undertakings in agriculture, industry and Government should be based essentially on the conception of partnership. The people must have the sensation of partnership, the feeling that they were engaged as partners in a common venture. This, he said, could not be done overnight by statutes. It had got to grow. But still much could be done in this direction by the approach one made - a human approach.

Discussing the question of private enterprise in relation to the Five-Year Plan the Prime Minister said it was essential to give certain priorities and social objectives in the Plan.

In a country like India where starting from a low level they were trying to advance more or less rapidly they could not leave things to chance ^{and} private enterprise alone. Private enterprise was essentially not only because many things could not be done by private enterprise but because the essential approach of the private enterprise was a competitive cut-throat approach. That did not fit the social urges of today. It did not matter in a country which was well off. But where millions of people had not got the basic needs of life, it mattered very much. A cut-throat competition at the cost of the survival of millions of people was a very vital thing.

Socialist policy.- Commenting on the fact that India's socialist policy was inadequately understood outside of India, Shri Nehru said: "I can say what exactly we mean by our socialist policy. I am not tied by any particular definition of it, by any text-book definition. I want the people of India, every one of the 370 million Indians to have equal opportunities for progress. Equal opportunities for progress of course mean a great deal. I want to raise the level of progress for all. This means that many things should be done. We have to increase our resources, there should be more production and more equitable distribution.

"We have certain social objectives and whatever we do we want to test them by those social objectives".

In such matter, Shri Nehru said, one could look at a problem from the point of view of pure economics. ~~That was not some time enough.~~ Possibly, it would be easy to effect great improvements in agriculture by large-scale mechanisation with the help of modern machinery. Possibly they could produce more in that way. But they must take the social consequences into account. Were they to throw so many people out? They wanted better techniques in industry but that always had to be measured by the consequences they produced on the human beings. The problem was not one of statistics, of balance sheet. The question was how much human misery and how much human good would be there. Gandhiji used to say that in finding solution for an intricate problem they should think of the effect it would have on the poorest people of India. That was the yard stick, the measure of judgement.

Shri Nehru said that the achievements in the last ten or eleven years had been very considerable. At the same time he realised that the problems in India were tremendous and that whatever had been done was a small part of what they had yet to do. Much depended on their approach to the problem because India even now was a strange amalgam of all the centuries of the last two thousand or three thousand years or more.

There was something which was almost primitive, something which reminded them of the medieval times and there were things which were very modern. All were jumbled up together. It was not surprising considering the history of India and that produced a certain complexity in India's problems which could not be apparent to newcomers.

The Prime Minister dwelt at some length on the need for increasing food production and the yield per acre of land which was quite possible. He believed that if proper steps were taken there would be an increase of 50 to 70 per cent of yield per acre. He emphasised that it was essential for farmers to be organised into co-operatives, not only credit co-operatives but sales co-operatives. He did not think of big organisations but of small co-operatives covering two or three villages where the official element should not be too obvious. If the agricultural front was weak industry could not be stabilised, he said.

Resolutions.- The more important of the seven resolutions adopted by the meeting are reviewed below.

Stability in Taxation.- The resolution of tax structure urged the government to "realise the vital necessity of a measure of stability both as regards the burden of tax and the period for which it is levied in order to allow a reasonable and orderly development of production, demand and consumption of the commodities affected." While accepting that in the present circumstances, industry and trade should play their part in providing an equitable share of the tax revenues of the country, the resolution deplored the situation in which "there are found frequent changes in the rates of such taxes as excise duty, sales tax cess and octroi duties".

Labour relations.- The resolution on labour relations, while reiterating the Associated Chambers' faith in collective bargaining as an essential element in satisfactory employer-employee relations, ^{more} that the community of interest of both parties in increasingly efficient production demands continuous improvement in the direct relations between management and all categories of employees. It commended and strongly supported the lead given by the Government of India in the various proposals made in recent tripartite discussions calculated to bring employers and employees closer together namely: (a) the encouragement of the movement for workers' education and training for greater efficiency in industry; (b) the improvement of industrial relations ~~also~~ through the observance, both in the letter and in the spirit of the recently evolved code of discipline; (c) the introduction on a voluntary and experimental basis of workers' participation in suitable aspects of managements; The resolution suggested that constructive action should be taken to develop these conceptions

by employers, governments and the trade unions concerned.

Food policy.- By a resolution the meeting suggested that a major effort should be made by the Central and State Governments to encourage greater agricultural production intensifying the "grow more food campaign" and in particular, those aspects of it such as the increasing use of fertilizers, a rapid improvement in supplies of selected seed, development in the use of irrigation facilities by reduced water charges, more extensive rural credit arrangements and a general strengthening of the agricultural advisory services, which would give an effective stimulus to large crops.

Ports and transports.- By another resolution the meeting emphasised the vital need for continued and intensified efforts to improve the capacity and efficiency of India's ports and for rapid and balanced expansion of all the transport facilities of the country to meet the increasing transport requirements of the Second Five-Year Plan.

Balance of payment.- Another resolution urged the Government to restore the country's external balance of payments. It said that all exportable commodities and the industries concerned with their production should be regarded primarily as earners of foreign exchange and other considerations, particularly the contributions made by such commodities to internal revenue, should be "subordinated to this essential requirement".

(Amrita Bazar Patrika, 15 & 17.12.1957).

Dns :

Chapter. 3. ECONOMIC QUESTIONS.

INDIA - DECEMBER 1958.

31. General Economic Situation.

Fortieth Annual Session of the All-India Economic Conference: Dr. Shenoy's Presidential Address.

"The prevailing foreign exchange scarcity is, principally, an offshoot of the increase in consumption demand born of over-investment. By pushing up imports or eating into exports, this has led to an imbalance between the supply of, and the demand for, foreign exchange", said Dr. B.R. Shenoy in the course of his presidential address to the 40th Annual Session of the All India Economic Conference at Nagpur on 24 December 1957.

Dr. Shenoy said that the scarcity of foreign exchange could be met by including in the programme an appropriate devaluation of the rupee.

Dr. Shenoy stated: "The matter of the foremost importance to the Indian economy, today, is a programme of monetary and economic stabilisation; such a programme is, no doubt, confronted with considerable immediate difficulties. But they must be faced and overcome as, otherwise we can have neither progress nor justice. The stresses and strains, through which we are passing, are the outcome of our own policies of the recent past, as recent as the last year of the First Plan. And they cannot be corrected except by reshaping these policies.

Of prime importance in this programme is a deflation of the Plan targets to match the inventory of the available resources, and the adoption of measures to hold down immediate consumption in order to step up savings. Post-war experience had demonstrated, again and again, in country after country, that over-investment is the root cause of many economic ills. From it stems the shortages of the internal financial resources, which we are experiencing today. In an individualist economy, the mechanics of gaining hold of investment resources is first to acquire the savings of the community by the issue of market loans, Small Savings, shifting of profits into reserves, and so on. When investment outruns the flow of savings, these means of financing prove insufficient and private firms as well as the Government are tempted to cover the gap by created money. To yield to the temptation would be to throw fuel into the fire. It will drive prices and it will add to the financial needs of the same physical targets without making any difference to the financial gap which is but the savings gap appearing in another form. It was also of little avail to attempt to save the Plan by monetary, tax and other fiscal measures,

whatever may be their usefulness in other respects. The order of magnitude of the savings gap being 25,000 million rupees, the only device of covering it was to cut down the Plan.

Results of deficit financing.- Accelerated deficit financing in 1955-56 and 1956-57 did not add to the volume of the genuine savings of the community flowing into the national exchequer. The subscriptions to permanent debt and to small savings during these two years (3,550 million rupees) represented a return to the Government of part of the moneys issued into circulation (4,560 million rupees) through deficit financing and the purchase of permanent debt by the banking system (including the Reserve Bank). The excess issue of money left with the public, namely, 1,000 million rupees, was a measure of the 'forced saving' imposed on the community for the benefit of the public sector, i.e., a measure of the resources forced out of the private sector into public sector investment through the monetary device. This led to a general scramble for investment resources in short supply, in order to be able to complete the half-finished projects, private firms raising the necessary credit from the banks for the purpose. This development is reflected in the phenomenal jump in Scheduled Bank credit from 540 million rupees in 1954-55 to 1,200 million rupees in 1955-56 and to 2,400 million rupees in 1956-57. Apart from contributing to monetary instability, and other economic disturbances, this has not bridged the savings gap as demonstrated by the necessity, which has now emerged, for scaling down the Plan.

"The general rise in prices notwithstanding the expansion of industrial and agricultural production in 1956-57 in a significant measure, is attributable to the excessive deficit financing and credit creation. It is also responsible for the bulge in foodgrain prices, though market supplies of foodgrains had reached a peak of 70 million tons in 1956-57. The explanation of the bulge would seem to be that, in a poor economy in which the consumption of foodgrains by vast masses of people being below minimum nutritional standards, an increase in money incomes is apt to be spent first on food grains.

"The programme of stabilisation of foodgrain prices should include imports of foodgrains sufficient to cover the market shortages. International Procurement, as it would merely shift supplies from one sector of the economy to another, would not solve the problem. The apprehended short-fall of production this year has added to the urgency of adequate foodgrains imports. Nationalisation of the wholesale trade in foodgrains and long term measures such as price stabilisation of foodgrains may turn out to be perilous ventures. Foodgrains represent the major sector of the agricultural economy in India and account for about a third of the entire wholesale trade of the country. The example of Canada, Italy and Japan in the matter of State intervention in the trade in wheat and rice, and of USA, in the matter

3.
price support of agricultural produce, would not justify our assuming a colossal undertaking. In their case the commodities concerned account for a small fraction of their national incomes and they can well afford their hobby.

Foreign Exchange Security.- "The prevailing foreign exchange scarcity is, principally, an offshoot of the increase in consumption demand born of over-investment. By pushing up imports or eating into exports, this has led to an imbalance between the supply of, and the demand for, foreign exchange. With the restrictions on the imports of consumer goods, the demand for them now takes the form of increased imports of raw materials and equipment for their fabrication at home. But this would not cause any difference to the pressure for foreign exchange. Though the resulting expansion of production (of consumer goods) might seem a welcome development, it would be taking place at the expense of capital formation.

"Further import restriction would ill-meet the problem. The additional purchasing power would, then, further corrode exports and impart to the productive activity a weighted bias in favour of the home market at the expense of exports, so that payments disequilibrium would persist. By impinging on the imports of raw materials and capital equipment they might also react adversely on production and employment.

"For stabilisation of the payments position cessation of over-investment alone was not sufficient. Past inflation had rendered the exchange value of the rupee unrealistic. Sterling was about the cheapest commodity in India, today, being valued at the 1927 parity price of 18d. per Re.1, while the prices of every group of commodities had risen by $3\frac{1}{2}$ - 6 times, relatively to pre-war.

Devaluation.- "Three factors rendered devaluation of the rupee inevitable. Firstly, Indian exports, today, are below the pre-war level, notwithstanding an increase of 85 per cent. in industrial production and of 30 per cent. in agricultural production, during the interval. This is contrary to the world trend. The low level of our exports cannot be explained as being due to a diversion of potential exports to meet the needs of domestic investment, nor by the growth in our population. There should be, then, a commensurate reduction in imports, as we cannot successfully build economic growth, nor finance increased consumption on payments deficits and yet hope to remain solvent. On the other hand, notwithstanding severe import restrictions, the import index had remained at a high level. This suggests that the exchange value of the rupee is not an equilibrium rate. It acts as a drag on exports and favours imports.

"Secondly, there exists a vast gap (about 45.50 rupees per tola) between the internal and external prices of gold. This gap arose and grew with the progress of inflation, which drove rupee prices of gold up while the exchange rate (the parity price of gold) of the rupee remained unchanged. Thirdly, there exists a gap of about the same dimension, on an average, between the landed costs and market prices of import goods for which free internal markets exist. The extent of the gap is evidenced by the prices, varying from 30 per cent to 125 per cent. or more of the face value of the licences, depending upon commodities, which import licences fetch. The price differential in the cases of both gold and import goods cannot be removed except through a devaluation of the rupee. Devaluation is inevitable also because we cannot for long, remain isolated in a world which is rapidly progressing towards de facto convertibility. The low state of our reserves has added urgency to the problem.

"Devaluation may not raise the prices of import goods or of gold. Notwithstanding devaluation by 31 per cent. in September 1949, the index of import prices fell from 75 in 1948-49 to 77 in 1949-50. The price of gold, after a nominal rise, declined to below the devaluation level. The terms of trade moved in our favour, from 110 in 1948-49 to 118 in 1949-50. Its incidence would be on the price differential, and, therefore, on the abnormal profit margins of the importers and of the gold smugglers. By restoring to the exporters their rightful share of returns, it may induce increase in the minor commodity export (which account for 48 per cent of our exports) if not also in the major items. The abnormal profit margins which would emerge upon devaluation in the case of commodities whose export position is strong, may be shifted into the national exchequer by appropriate export duties. Since it is difficult to pre-determine an equilibrium rate, it may be more expedient to 'float' the rupee first on the model of the Canadian dollar".

(The Hitavada (Nagpur)
25 December 1957.)

Dns:

32. Public Finance and Fiscal Policy.

India - December 1957.

Additional Duties of Excise (Goods of Special Importance) Bill, 1957: Provision for Replacing Sales Tax on Certain Goods by Additional Excise Duty.

Shri T.T. Krishnamachari, Union Finance Minister, Government of India, introduced in the Lok Sabha on 13 December 1957 a Bill to provide for the levy and collection of additional duties of excise on certain goods and for the distribution of a part of the net proceeds thereof among the States.

The object of the Bill is to impose additional duties of excise in replacement of the sales taxes levied by the Union and the States on sugar, tobacco and millmade textiles and to distribute the net proceeds of these taxes except the proceeds attributable to Union territories, to the States. The distribution of the proceeds of the additional duties broadly follows the pattern recommended by the Second Finance Commission. Provision has been made that the States which levy a tax on the sale or purchase of these commodities after the 1st April 1958 do not participate in the distribution of the net proceeds. Provision is also being made in the Bill for including these three goods in the category of goods declared to be of special importance in inter-State trade or commerce so that, following the imposition of uniform duties of excise on them, the rates of sales tax if levied by any State are subject from 1st April 1958 to the restrictions in section 15 of the Central Sales Tax Act, 1956.

In introducing the Bill in the Lok Sabha, the Finance Minister announced that the rates of these additional excise duties will take effect from midnight of 13 December 1957. He also announced a reduction of 6 pies in the existing excise duty of 2 as. per square yard on the medium cotton fabric with immediate effect. This reduction, he added, was only a temporary measure effective till March 1958 and was meant to relieve the situation arising out of the accumulation of relatively larger stocks of medium cloth in the mills. He also announced the withdrawal from the new year of the existing rebate of 6 pies per square yard on cotton fabric and said that a notification to give effect to these decisions would be issued immediately.

As a result of the additional excise duties provided for in the Bill, the Finance Minister reckoned that the States would receive 70 million rupees more than what they were realizing from sales tax on these commodities. According to a conservative estimate he said the yield from these additional excise duties would be 414.8 million rupees.

After allowing for the estimated cost of collection and refunds on account of exports and share retained for the Union territories, he added, the net revenue available for distribution was expected to be 380 million rupees and might even touch 390 million rupees. That was about 70 million rupees more than the amount of 325 million rupees guaranteed for distribution to the States by the Centre.

According to the financial memorandum incorporated in the Bill, the levy of the additional duties will not involve any significant increase in administrative expenditure. As 99% of the net proceeds of the additional duties have to be distributed among the States it will involve a payment of about 110 million rupees in the current year and about 380 million rupees in a full year from the Consolidated Fund of India to the States.

(The Gazette of India, Extraordinary,
Part II, Sec 2, 13 December 1957,
pp. 955-967;

The Statesman, 14 December 1957.)

Dns:

34. Economic Planning, Control and Development.

India - December 1957.

Two New Petroleum Refineries to be set up: Minister's
Announcement in Lok Sabha.

The Government of India's decision to set up two refineries, one at Barauni in Bihar and the other in Assam, was announced by the Minister of Steel, Mines and Fuel, Sardar Swaran Singh, in the Lok Sabha on 6 December 1957.

Sardar Swaran Singh announced the successful conclusion of the agreement with the Burmah Oil Company and the Assam Oil Company to form a rupee company to exploit Assam's Nahorkatiya, Hugrijan and Moran oil reserves. The decision to erect two refineries is incorporated in the agreement.

The Burma Oil Company, it was stated, has offered to advance a sterling loan of £10 million to the rupee company to meet the foreign exchange cost of constructing the pipeline and other related facilities, up to the intermediate stage refinery in Assam, which is expected to go into production within three years.

(The Statesman, 7 December 1957).

Dns:

Scope for Foreign Investment in India: Industrial Delegations Report.

There was no limit to the amount of commercial credits abroad: "it is the climate and the availability of capital in India itself that shall dictate the quantum of finance that we can obtain from abroad", says the industrial delegation which recently visited the USA, Canada, the U.K., France and West Germany under the auspices of the Federation of Indian Chambers of Commerce and Industry.

The delegation in its report to the Federation released in New Delhi on 8 December 1957 says it expects reasonably large investments from the USA and small ones from Germany.

As regards the suppliers' credit, there seems to be no difficulties in the USA, France or Germany and the present difficulties in England are temporary. But the question of seeking foreign investments or credits arose only at a stage after enough rupee capital had been raised.

The delegation recommends that importers of capital goods in India should try to avail themselves freely of the facilities available from the Export-Import Bank in the USA, which the delegation found to be "extremely reasonable and sympathetic" and likely to "help the Indian private sector most".

The delegation, which was led by Shri G.D. Birla was organised to visit the USA, Canada, Britain, Germany and France, to establish contacts with foreign industrialists, creating a suitable climate abroad for investment in India and exploring the possibilities of obtaining commercial credits and collaboration agreements to establish new industries.

The report said the delegation had studied the problem of raising rupee capital with which potential foreign investment was to be matched. As the situation stood today "it is almost impossible to raise very substantial equity capital even with the best of efforts", it said, and added that so far as personal savings were concerned, the level of taxation did not leave room for savings in any significant measure.

"It would also appear", it said, "that corporate profits have now undergone a serious deterioration. It might even be said that in important industries they have more or less dried up".

The report added: "We naturally have to conceive the possibility of using bank money to fill the gap in current savings and profits. We are of the view that the conservative policy as regards bank money adopted during the last 12 months has done something to accentuate the difficulties of investment".

The delegation recommended a revision of the policy of creating credit in the banking system with a view to assisting productive undertakings and providing rupee finance to be matched with foreign private investment. Apart from taxation and the credit system, the utilisation of credit by non-banking institutions should also be reorganized. The reorganisation of various institutions which helped to finance industrial development, such as the NIDC, the Industrial Finance Corporation, and the Refinance Corporation needed urgently to be considered.

The delegation believed that a target of investment of 40,000 million rupees in purely productive projects in the next five years was possible. Investment of this order might generate a net national income of between 16,000 and 18,000 million rupees and an investment of this order might imply about 16,000 million rupees of foreign exchange which could be obtained "if we lay a sound foundation to make a substantial contribution from foreign investment possible".

The report in conclusion highlighted two major objectives: "The first must be the recognition of the importance of foreign exchange earnings as the most important part in the development of the country. To minimize its importance would be to invite continuous disappointment. To strengthen the position of our foreign exchange resources, we must attract investment and credit from abroad, as has been done in Canada, where all deterrents have been removed.

"Secondly, the importance of productive projects, as against projects which contain a very large element of welfare, should be fully appreciated. If we make large investments which are not of a productive nature they are a doubtful asset to the country and a heavy strain on our economy at the present time".

It was right, the report pointed out, that there should be hospitals and schools and all other aspects of welfare. It had, however, to be recognised that their finance must ultimately come from the production that flowed from the factories. In that sense, it was the factories which built up schools and hospitals, and not the schools and hospitals that built up factories.

The report said that food production was also related to the volume of industrialisation. "It is only by reducing the burden on ~~an~~ land and transferring the surplus population to factories that we can obtain the resources for the farmer to spend more on better fertilisers, better implements and better seeds. Thus the vicious circle of poor investment on land and the poor income of the farmer might be broken", it added.

3.

The delegation said there was no political hostility in any country against India. There were misunderstandings on certain aspects of the implementation of India's policy, but this could be a passing phase "if we work towards the removal of these misunderstandings". There were misgivings and doubts on India's economic front which had acted as deterrents. These needed serious examination and correction.

Doubts and misgivings voiced by business men abroad, the report said, were caused by the fear of nationalisation, some of the taxation measures such as the wealth tax, particularly on companies, the compulsory deposits schemes, double taxation, fear of labour trouble and too much interference by the Government. There were also complaints about the slowness of the screening of projects, ambiguity in policy declarations and delay in granting visas.

(The Statesman, 9 December 1957).

Dns:

35. Productivity..

India - December 1957.

Programme to Spread Productivity Movement in India: National Seminar's Recommendations.

The principles and programmes for a national productivity movement in India designed to increase production and improve the standard of living of the people were approved at the Seminar on Productivity held at New Delhi on 1 and 2 November 1957. The seminar, convened by the Union Ministry of Commerce and Industry under the presidentship of Shri Manubhai Shah, Minister for Industry, also approved the framework for the National and Local Productivity Council through which the productivity drive would be launched.

Need for Productivity Movement: Minister's inaugural address.- Shri Manubhai Shah, Minister for Industry, emphasised in the course of his opening address, the need for greater co-operation between employers and workers to increase national production. To achieve this, he added, they must be prepared to discard outmoded practices and attitudes not in accord with a progressive and developing economy.

Shri Shah told the seminar that the Government proposed nominating a national Productivity Council for a specified period on the basis of the recommendations of the seminar so that it could start functioning from the beginning of next year.

To begin with, the Council would concentrate on increasing productivity in the industrial field and later on extend the movement to other fields, such as transport and agriculture.

Referring to the productivity movements launched in a large number of countries, both advanced and underdeveloped, in the post-war period, Shri Shah stated that not only did these movements benefit the country as a whole but also employers and workers.

While the countries had gained in terms of better utilization of manpower and materials, individual industries had benefited through the lowering of costs of production and the consequent increase in profits, and the workers had gained in terms of higher wages, shorter working hours and improved working conditions.

With regard to the apprehension among trade unions that any productivity drive aimed at streamlining processes and techniques, would result in increased unemployment, Shri Shah pointed out that the experience of other countries had belied these fears. He, however, stressed the need for advance planning in order to avoid even initial replacement of workers which might follow the introduction of efficiency processes.

He was also of the view that unless the benefits accruing from increased productivity were shared equitably by employers, workers and consumers, the movement would fail to achieve its primary objective, which was not to increase work-loads, but to increase production per unit of capital and labour.

After the Minister's address, there was a general discussion on productivity.

Shri S. Guruswami (All-India Railwaymen's Federation) welcomed the Minister's assurance that productivity movement would not result in any unemployment, and said the co-operation of responsible labour would be forthcoming in the productivity drive. He suggested the formation of a separate council for productivity on railways.

Shri G.D. Somani, representing employers, said the productivity movement had a vital role to play in the national economy and employers would fully co-operate in it. He also stated that steps to increase productivity should not cause unemployment. Shri H.N. Kunzru, M.P., pleaded that consumers' interests should be taken into account in productivity schemes and an atmosphere should be created for getting the willing co-operation of all sections of the people. Labour should be encouraged to make suggestions for increasing productivity which had assumed special importance in the context of the second plan.

Shri P. Subbaramaiah (National Federation of Indian Railwaymen) urged the need for a proper understanding and removal of apprehension on the part of workers for the successful implementation of productivity schemes.

Dr. P.S. Lokanathan said the productivity movement was at least a partial answer to the country's present problems as effective utilization of available resources in terms of material or manpower would lead to an improvement in the national economy. The productivity movement should not only be related to industry as it had a wider application - to agriculture, administration and the entire field of economic activities. The constitution of the National Productivity Council should be so framed as to safeguard the autonomy of the Council which should take a definite responsibility in developing various techniques in regard to productivity.

3.

Shri James M. Silberman a productivity consultant (Technical Co-operation Mission) said India should not lag behind countries like the U.S.A. and France, which had recorded significant increases in production through productivity drives. He suggested that the National Productivity Council should lay down targets for raising productivity and work to achieve them.

Shri S.S. Khera (Secretary, Ministry of Mines and Fuel) suggested the setting up of technical teams to study productivity in regard to specific industries on the basis of priority accorded in the second plan. He also urged the need for establishing consultancy services in promoting the productivity campaign.

Shri Satish Loomba (All India Trade Union Congress) called for an integrated approach to productivity, taking into consideration the question of trade union recognition, workers' education, training within industry and association with management. In order to create enthusiasm in workers and get their maximum co-operation for raising production and successfully implementing the plan incentives such as basic increase in wages were necessary. Productivity should not also lead to an increase in work-load or unemployment.

Shri Charat Ram (Federation of Indian Chambers of Commerce and Industry) urged that the constitution of the National Productivity Council should provide for annual assessment of the work done and the success achieved in any factory or organisation where productivity work had been carried on.

Shri Da Costa, editor, Eastern Economist, wanted the National Productivity Council not to engage itself in long-term researches but ensure that productivity in various units of existing industries did not vary to the detriment of the national economy.

Shri R.N. Sharma (Indian National Trade Union Congress) and Shri Rohit Dave (Hind Mazdoor Sabha) pleaded that workers should be taken into confidence and that incentives should be provided to them for raising productivity. Shri B.N. Ghosh, Secretary-General of the National Federation of P. & T. Employees, said that raising of productivity was a joint responsibility of employers and workers and that the patriotic sense of workers should be roused for the task.

Decisions.— After the general discussion, the seminar split into two groups whose recommendations were approved by the plenary session.

Composition and Programme of National Productivity Council.- The seminar agreed that there would be besides the National Productivity Council, local councils and if and where necessary, productivity committees for different industries.

The functions of the NPC would include rousing productivity consciousness through various means undertaking surveys and providing services and experts in the implementation of projects for increasing productivity.

The National Council would consist of 50 to 60 members including representatives of the Government, employers and workers' organisations, small industry, technicians and consultants and nominees of local councils. The executive authority of the NPC will vest in a governing body.

The productivity movement, according to the programme should cover all fields of economic activity, public services and administration but the NPC would initially apply itself only to the field of industry, including communications and transport.

Principles.- A statement on principles for the productivity movement, approved by the seminar, said that for increasing the national wealth and per capita income it was necessary to create among labour, management and the general public attitudes receptive to the idea of productivity thus ensuring a favourable climate of opinion which would facilitate the introduction and application of modern techniques - social and technical - for increasing productivity.

The objectives of the drive, it said, should be to increase production and improve quality by improved techniques which aimed at efficient and proper utilisation of the available resources of men, machines, materials, power and capital, to improve working conditions and the welfare of labour, and to equitably distribute the benefits of productivity among capital, labour and consumers leading to the renewal and expansion of equipment raising of living standards and reduction of prices.

"The movement does not seek the intensification of labour's burden through increasing work-loads and speed up", the statement said. The Government, employers and labour should take specific measures "to obviate the possibility of unemployment arising out of any transitional redundancy which may be caused by the introduction of more efficient methods.

Stressing the need for the fullest co-operation between management and labour, the statement added. "In order to carry through the programme effectively, it is necessary to create a climate for increased productivity through encouragement of joint consultation and promotion of mutual understanding between management and labour, in each industry and in each individual enterprise".

5.

At the final plenary session, representatives of employers and trade union organisations and other technical bodies represented at the seminar assured their full co-operation in implementing the programme drawn up.

Shri Shah said it was heartening to find that the employers and workers' organisations were willing to co-operate in a movement - which was intended to harness manpower and new techniques for the maximum good of the nation. This movement had become all the more important because of the necessity to implement the second five year plan with limited financial resources.

He assured the seminar on behalf of the Government that the productivity drives would not result in unemployment or an increase in the workload or put more responsibilities on workers than on employers. He added that the National Productivity Council at the Centre, which would be nominated by the Government in the first instance for three years, would be a completely autonomous body and that there should be no misgivings on this score.

(Documents of the Seminar received in this Office.

The Statesman, 2 and 3 November 1957.)

Dns:

36. Wages.

India-December 1957.

Inaugural Meeting of Ministry of Labour and Employment Steering Group on Wages.

Addressing the first meeting of the steering group on wages, appointed by the Government to study trends in relation to wages production and prices and to report from time to time to help the Indian Labour Conference in laying down principles to guide wage-fixing authorities, at New Delhi on 6 December 1957, Shri Gulzarilal Nanda, Union Minister for Labour and Employment suggested the drawing up of a "wage map" of India that would give information to help deal with labour problems and in fixing wages.

Drawing up of such a map, the Labour Minister said, would provide valuable guidance to the Government, the wage fixing authorities and employers' and workers' organisations and indicate "where our deficiencies lie in the matter of data".

It was only with these details becoming available that collection of information in future on systematic lines would be possible. He suggested that for preparing such a map the whole country be divided into regions. "I suggest that we might divide the whole country into four or five regions more or less on the same lines as the zones for which zonal councils have been set up by the Central Government. The steering group may then set up sub-groups, each containing a representative of every State Government, employers and workers and a nominee of the Centre. The sub-groups will be responsible for drawing up regional wage maps and reporting to the main group the steps that would be necessary for securing a fairly complete picture," he said.

A map once completed would, however, not be the end of the matter. "In a situation which is constantly changing any such map will have to be brought up to date from time to time but that is a question which will have to be taken up later, he said.

The steering group would also have to study trends in prices and production and relate them to wages, he said, but here also the problem of lack of information faced them."

"Our first attempt has, therefore, to be in the direction of securing agreed facts in the manner suggested earlier", he said.

Referring to the question of uneconomic industrial units, he said, it would be important to study a few of these cases and see if some concrete steps could not be suggested to the Government in order to avoid unemployment and the consequential loss of production.

On the question of bonus, he said: "In spite of our earnest efforts to evolve principles which will be acceptable to all we have not yet succeeded in creating a rational and satisfactory basis for the settlement of disputes regarding bonus". The group will have to consider this also.

There were also other questions like the question of minimum wages. All these would have to be considered by the group, Shri Nanda said.

(The Hindustan Times 7 December 1957).

Wage Board Set Up for Sugar Industry

Shri Abid Ali, Union Deputy Labour Minister announced on 24 December 1957 the composition and the terms of reference of the Wage Board for the sugar industry.

Replying to a short notice question in the Rajya Sabha, Shri Abid Ali said the Board will have Shri Bind Basni Prasad as its Chairman. The other members of the Board are Shri H.C. Dasappa, M.P., Dr. P.S. Lokanathan, Shri Gulabchand Hirachand, Shri R.P. Nevatia, Shri Kashi Nath Pande, M.P., and Shri Gangadhar L. Ogale.

The terms of reference are: To determine the categories of employees (manual, clerical supervisory etc) who should be brought within the scope of the proposed wage fixation; to work out a wage structure based on the principles of fair wages as set forth in the report of the Committee on Fair Wages; to consider the desirability of extending the system of payment by results and to work out the principles that should govern the grant of bonus to workers in the sugar industry.

In evolving a wage structure the Board will, in addition to the considerations relating to fair wages, also take into account the needs of the sugar industry in a developing economy, the special features of the industry, the requirements of social justice and the need for adjusting wage differentials in such a manner as to provide incentives to workers for advancing their skill.

As regards the application of the system of payment by results, the Board will keep in view the need for fixing the minimum (fall-back wage) and for safeguarding against over-work and undue speed. The Board's inquiry will cover 175 units in the sugar industry employing over 100,000 workers.

(The Hindustan Times, 25 Dec 1957).

37. Salaries.

India - December 1957.

West Bengal Bank Employees' Demand for Compensatory Allowance Rejected by Labour Appellate Tribunal.

Shri Salim M. Merchant, a member of the Labour Appellate Tribunal, has held that the demand of the West Bengal bank employees for compensatory allowance is covered by the Bank Award. The Tribunal has further held that the demand in effect is for an increased dearness allowance, which is not maintainable, and therefore, it is not called upon to adjudicate on the amount payable as compensatory allowance.

The Government of India had referred the question whether the demand for compensatory allowance was covered by the Bank Award to the Tribunal for decision on 17 September 1957. The employers were of the view at that time it was already covered by the Award while the employees disagreed. A day after the matter had been referred for decision the bank employees went on a month's strike.

To resolve the dispute the Government referred to the same Tribunal for adjudication on 25 September the question whether in view of the Bank Award the demand for compensatory allowance by the bank employees was maintainable and if so what should be the amount of compensatory allowance.

The Tribunal has held that according to the recommendations of the Bank Award the method of adjustment of the dearness allowance provides for an automatic adjustment to the rise or fall in the cost of living. The formula is that if the average all-India cost of living index for the half year ending June or December of any year should rise or fall by more than 10 points, the dearness allowance for the succeeding half year will be raised or lowered by 1/7th of the dearness allowance in the case of clerical staff and 1/10th in the case of subordinate staff.

The Tribunal further maintains that according to a statement filed before the Tribunal by the banking companies, the all-India average consumer price index numbers for the period January 1956 to June 1957 has never shown a rise of 10 points and therefore the employees are not entitled to payment of increased dearness allowance.

2.

The Tribunal in its decision, which has been submitted to the Government said the strike "not only paralyzed trade and commerce in the entire State but also caused considerable hardship to the general public particularly as it was timed during the Puja festival". In view of this the Tribunal has stated: "I leave it to the bank employees to consider whether this conduct was in keeping with social ethics and whether such conduct helped to enlist public sympathy to which they had themselves appealed".

(The Statesman, 4 December 1957).

Dns:

Interim Relief for Lower Grade Central Government Officials
Five Rupees Increase in Dearness Allowance from July 1957

Shri T.T.Krishnamachari, Union Minister for Finance, announced in the Lok Sabha on 17 December 1957 that the Government has accepted a recommendation of the Pay Commission (vide section 37, p.16-17 of the report of this Office for August 1957) contained in its interim report for an increase of five rupees per month in the dearness allowance of all employees with a basic pay of 250 rupees a month or less.

The Finance Minister, who laid the interim report on the table of the House, further stated that this increase in dearness allowance would be effective from 1 July 1957.

In its interim report the Commission has suggested that in view of the lump sum that will become payable as a result of the increased dearness allowance, it will be in the national interest as well as in the interest of the employees themselves to pay the arrears in the shape of National Savings Certificate.

These recommendations, it has been made clear in the report, are of a temporary nature and will be applicable only until a final report is made.

According to the report, the Commission received in all 4,000 memoranda, 50 of which were on the question of interim relief. It also had discussions on this question with the organisations of the Central Government employees. They had asked for an increase in the dearness allowance as recommended by the previous Central Pay Commission. These organisations had also urged that the increase should be in the case of all employees drawing a basic pay up to 500 rupees a month.

Having reviewed the increase given to the Central Government employees from time to time till June 1951 and the conversion of half the dearness allowance into pay in April 1953, the Commission came to the conclusion that although the cost of living had not remained stationary all these years, the fluctuation till 1956 was in either direction and, compared to 1951, the rise when it occurred was small.

This year, however, the Commission felt, there had been a significant rise as indicated by the monthly cost-of-living index. This rise, which was likely to persist, "must cause some hardship" to the lower-grade employees.

The Commission was therefore of the opinion that it required some measure of alleviation. Accordingly, it had recommended a further increase of five rupees a month in the dearness allowance of all Central Government employees with a basic pay not exceeding 250 rupees a month in the same manner as the ad hoc increase in the dearness allowance granted to low paid employees by the Government from 1949 to 1951.

Complex issues.- The Commission said in its report: "Determination of the principles which should govern the structure of pay and other emoluments of Government employees is admittedly a difficult question, involving consideration of many complex issues. This has necessarily to be examined in the context of developmental planning and the inflationary situation prevailing at this juncture. The issue of adjustment of salaries with the changing levels of prices and cost of living also needs a closer scrutiny.

"Our terms of reference, further, require us to take into account the disparities between the standard of remuneration and conditions of service of the Central Government employees on the one hand and of the employees of the State Governments, local bodies and aided institutions on the other. There is also the question of ascertaining the extent to which benefits can be given in amenities and facilities.

"All these varied aspects of the problem cannot be examined in a hurry and do not admit of any interim determination. We do not even have so far all the basic data necessary for the purpose. And yet if we are to make a recommendation for interim relief, as we think we should, it would be appreciated that it can be only of an ad hoc nature and without commitment, at this stage, to any definite views on the basic issues.

"It would necessarily take us several months to reach final conclusions on the issues before us. During the last few months, however, there has been, a significant rise in the cost of living which appears likely to persist. This must cause some hardship to the employees in the lower pay group, which, in our opinion, calls urgently for a measure of alleviation.

"In taking this view, we have been influenced by the fact that even though the Government had decided that it could not continue to follow the Central Pay Commission dearness allowance formula, recognising the hardship of their low-paid employees the Government did grant ad hoc increases in the dearness allowance in 1949 and 1951".

The Commission said the National Federation of Posts and Telegraph Employees had asked that interim relief should be made available also to extra-departmental staff. But they stood on a separate footing and their allowances, which were different from those of regular employees, were governed by certain special orders; and a separate inquiry into the system of extra-departmental employment was in progress.

3.

"We, therefore, refrain from making any recommendation regarding interim relief to extra-departmental staff", said the Commission.

The report added: "Demands for interim relief have also been made on behalf of those employed on (a) daily wages, (b) piece rate system and (c) the staff of the Survey of India on "departmental leave". We are unable on the basis of the information so far available to us to recommend the grant of any interim relief to such employees.

"It has been suggested by one of the employees' organisations that some relief should be granted also to pensioners whose pension does not exceed 150 rupees a month. We are of the view that this is a matter which might more appropriately be considered by the Government itself.

"In some of the memoranda received by us, interim relief has been sought also in the shape of increases in the house rent allowance and the compensatory allowance or as advance increments in the existing pay scales. These are obviously matters to be considered as part of our wider inquiry and are not such as can be dealt with in the context of interim relief."

The Government subsequently has extended the benefit of the increased allowance to cover those who get up to 300 rupees per month. It has also decided against the Commission's recommendation for payment of arrears in the form of National Savings Certificates.

(The Hindustan Times, 18 December 1957 and 3 January 1958.)

Dns:

39. International Economic Relations.

India - December 1957.

India - Norway Trade Pact Extended.

Norway is to encourage non-traditional imports from India under the trade agreement between the two countries which was extended on 17 January 1958 till 31 December next year through exchange of letters.

Norway has agreed to include vegetable oils, leather manufactures, including saddlery and other harness equipment, floor coverings, including carpets and mats, and oilseed cake and meal in the "free" list of her imports from India when her balance of payment position eases.

The Government has also promised to give "due consideration" to applications for the grant of quotas to new importers wishing to import goods from non-traditional sources of supply.

At present the main commodities exported to Norway are jute goods, coir and coir products, cotton waste, spices, iron and manganese ore and cotton textiles. Among other commodities which will be available for export are tea, coffee and tobacco, hydrogenated oils, shellac, mica, woollen carpets, tanned hides and skins, light engineering goods, hardware, including cutlery and sports goods.

Norway is in a position to export mechanical and chemical pulp, newsprint, aluminium manufactures, ~~including aluminium manufactures,~~ including aluminium boats, galvanized and ~~black~~ black steel pipes, testing machines, welding equipment, marine type diesel engines, machine tools, fishing vessels, calcium carbide, urea formaldehyde and miscellaneous machinery.

In 1956-57, India imported from Norway goods worth 33.7 million rupees of which a sum of 13 million rupees was accounted for by paper. Other main items of import were metals, wood pulp, raw staple fibres, art silk yarn, machinery, calcium carbide, aluminium and canned fish. The value of exports to Norway was 5.1 million rupees.

(The Hindustan Times, 18 December 1957).

CHAPTER 4. PROBLEMS PECULIAR TO CERTAIN BRANCHES
OF THE NATIONAL ECONOMY.

INDIA - DECEMBER 1957.

41. Agriculture.

Eighth Annual Conference of the Indian Society of Agricultural Economics: Presidential Address.

The Eighth Annual Conference of the Indian Society of Agricultural Economics was held at Nagpur on 27 December 1957 under the presidency of Dr. B.K. Madan, Principal Adviser, Reserve Bank of India. Dr. Madan, in his address called for a concerted effort in improvement of the productivity and efficiency of agriculture. What was needed, he said, was a more resolute implementation of the reforms conferring the substantial rights of land exploitation on the tiller, considerable expansion of co-operation in credit, marketing and processing of agricultural produce and avoidance of large, undue fluctuations in prices.

The agricultural problem, Dr. Madan said, lay at the heart of the general problem of development of the economy of the country, and therefore the whole programme and process of development was primarily the challenge of planning. He said that a rise in incomes and living standards of the large bulk of our population through improved productivity of agriculture, not through a mere shift away from agriculture, but directly through investments of capital and improvements in technique bearing on day-to-day operations of agriculture, was essential.

Referring to the goal of "land ~~to~~ the tiller", Dr. Madan said that this had been substantially compromised by large scale evictions of tenants for resumption of land for "personal" cultivation, which he pointed out, was a misnomer for the continuance of the cultivation through temporary tenants or labourers.

There should be no question of "faltering or flinching in the steadfast pursuit". This would involve determined action in setting more rigorous standards for limiting the resumption of land for personal cultivation and extensive review of cases of ejections of tenants in the teeth of overt and covert resistance from the power combination of elements which would seek to minimise the incidence of land reform in actual application.

Co-operative Farming.- Turning to co-operative farming, Dr. Madan said that it seemed difficult to assume that for a long time to come a sufficient number of cultivators would be found, voluntarily willing to merge their lands and labours. This was mostly because farming activity was so discontinuous, farming efforts so unequal between the indolent and the industrious, and farming operations so far flung and scattered, that their adequate measurement in any country was a task of exceptional difficulty. In such circumstance, he said, the amount of direction or supervision required for a large scale excursion into co-operative farming was likely to be beyond our resources of trained and skilled personnel for a long time to come. The gramdan villages, however, might provide a good auspices for the genuine fostering of co-operation in all farms. Further, the joint family might be recognised as an appropriate and promising starting point for joint farming.

The limit of minimum cultivation unit should not be fixed unduly high, Dr. Madan said. Coordination of a programme of promoting joint cultivation, with a much more vigorous consolidation of holdings, might offer a line of solution for highly fragmented and uneconomical cultivation. Some of the special inducements, facilities and subsidies which had been spelt out in the Plan as appropriate for fostering farming could be partly directed to smaller exercises in joint cultivation, and it would be most useful in maintaining certain minimum standards of economical and efficient cultivation.

Higher investment in agriculture.- Dr. Madan also suggested "State-partnered co-operation" as a spearhead of the savings movements, which would enable higher investment in the betterment of agriculture. Emphasising the need for "a very considerable extension of co-operation in spheres other than cultivation including credit, marketing, processing, supplies, irrigation, farm equipment and even co-operation crop planning and land utilisation", Dr. Madan said, "Co-operation holds such a promise of better life to the farmers that every avenue for its furtherance every mode of its greater use, should be exploited to the full". Concluding, he referred to the broad objective of price policy and said, "the best atmosphere for sustained, real development of productive investment and activity in our economy, including agriculture, is the avoidance of large undue fluctuations in prices and maintenance of reasonable price stability. Rising prices are not only not necessary for a satisfactory development, but are likely to impair the basis of sound and healthy development. A certain degree of rise in prices may be unavoidable, but to avoid it must remain in the constant objective of policy."

(Reserve Bank of India, Bulletin,
December 1957).

Kerala Agrarian Relations Bill, 1957.

The Government of Kerala published on 18 December 1957 the text of the Kerala Agrarian Relations Bills, 1957, to be introduced in the Legislative Assembly of the State. The Bill seeks to enact a comprehensive legislation relating to agrarian reforms in the State.

According to the statement of objects and reasons of the Bill, it is considered necessary to enact a measure fixing a ceiling for the extend of holdings, and regulating and defining the rights and obligations of all categories of tenants including cultivators on various types of precarious tenures and arrangements.

Schedule I appended to the Bill fixes the maximum and the minimum rates of fair rent in respect of various classes of land. Government are empowered to fix the rates of fair rent applicable to lands in different local areas subject to the maxima and the minima fixed in the said Schedule. Land Tribunals are to be constituted with power to fix the rent payable by a tenant in respect of a holding, taking into account the rates of fair rent fixed by the Government. The rent payable by the tenant is the fair rent so determined or the rent payable under the contract of tenancy or under any law in force immediately before the Bill becomes law, whichever is less.

The Bill also provides for the compulsory purchase of the rights of the landlord by permanent tenants on payment of a purchase price. The cultivating tenants are given also the right to purchase the interests of the intermediaries in the holding.

The ceiling on holdings is fixed at 15 acres of double crop nilam or its equivalent. In the case of families consisting of more than five members, a higher ceiling has been fixed, allowing 1 acre for each member in excess of five, subject, however, to a maximum of 25 acres. All lands held in excess of the ceiling area have to be surrendered to the Government. Compensation will be paid for the lands so surrendered. The excess lands surrendered to Government are proposed to be assigned subject to a maximum of 5 acres, to tenants and landlords who have lost their rights in their holdings under this Bill, co-operative forming societies, agricultural labourers, etc., on payment of purchase price.

(Kerala Gazette, Extraordinary, 18 December 1957, pp. 1-47.)

45

44. Merchant Marine and Fisheries.

India - December 1957.

Seamen's Welfare in Ports: Suggestions of Inquiry Committee.

Steps to increase and improve the amenities available for seamen ashore and to further the social welfare work among the floating seafaring population, have been suggested by the Committee for Welfare in Ports, set up by the National Welfare Board for Seafarers, of which the Union Minister for Transport, Shri Lal Bahadur Shastri, is Chairman.

The report of the Committee contains recommendations pertaining to welfare facilities in the major ports of Bombay, Calcutta, Madras, Vishakapatnam, Cochin and Kandla. Shri M.A. Master was Chairman of the Committee, with Shri Dinkar Desai, representing seamen, Shri H.M. Desai, representing employers and Shrimati Ila Pal Choudhury, M.P. representing Parliament as members.

Wage structure.- The Committee has suggested the revision of the wage structure in consultation with shipowners and seamen's unions with a view to securing a "minimum, fair and living wage" for seamen.

The Committee has fully endorsed the recommendation adopted at the 21st session of the I.L.O. in 1936, that among the arrangements which should be made for the welfare of seamen, provision of good hostels and facilities for "the promotion by every possible means of the family life of seamen" should be given prominence and due importance.

It has also laid stress on the Asian Maritime Conference resolution of 1953 on the "establishment, expansion and supervision of lodging facilities and provision of recreational facilities. The principal object of welfare of seafarers, namely, promoting co-operation in providing suitable facilities by way of residential and non-residential clubs as laid down by the Merchant Navy Welfare Board of the U.K., meets with the fullest approval of the Committee which has recommended a number of measures for achieving these objectives.

Home for Aged.- A home for aged seamen, on the lines of the Royal Alfred Home in Liverpool, has been favoured by the Committee. The Committee has also stressed the need for a home for sick and destitute sailors, where they would be fed and their other needs met free of cost by the National Welfare Board.

Celebration of a Merchant Navy Seamen's Day under the auspices of the Board is yet another suggestion made by the Committee which remarks that organisation of such a "Day" would help to draw the attention of the country to the needs and requirements of India's mercantile marine labour and the people to realise and appreciate the work and achievements of seamen in the service of the nation.

The Committee considers it a matter of "supreme importance that all possible steps should be taken for keeping seamen in a cheerful and peaceful state of mind and in a vigorous and healthy state of body".

Some of the other recommendations relate to educational facilities for seamen and their children, medical aid and hospital accommodation, special facilities for a sea career, and the financing of welfare activities.

In regard to funds for such activities, the Committee is of the view that a levy should be imposed on the basis of six pies per ton of import and export cargo in the overseas sector to account for about 0.6 million rupees per year. The Committee also feels that the costs involved in medical care and treatment of seamen should be borne by shipowners, failing which the Government should bear the expenses.

The terms of reference to the Committee were: to study the existing welfare activities in the major ports having regard to the modern concept on the matter; to recommend improvement and expansion with particular reference to hostel accommodation, boarding and lodging, recreation and entertainment, medical aid, hospital accommodation, convalescent homes and other amenities for seamen, their children and other members of their families.

(The Times of India - Mofussil
edition - 19 December 1957.)

Dns:

Aid to Shipping Industry: Non-Lapsable Fund to
be Set Up.

Positive measures to help develop the country's shipping industry through the constitution of a non-lapsable shipping development fund, which would enable financing the further purchase of ships, were announced on 14 December 1957 by Shri Lal Bahadur Shastri, Union Minister for Transport and Communications, when he inaugurated the annual meeting of the Indian National Steamship-owners' Association in Bombay. He said that the Planning Commission had concurred with the Government of India's decision to establish the fund.

The Fund, he said, would be built up through annual contributions from the Consolidated Fund of India, by crediting all repayment of loans so far advanced to Indian shipping companies to it instead of being merged with the General Revenues and by crediting all payments of interest on these loans to it.

As a result of these measures, the allotment of 370 million rupees for acquiring additional tonnage during the second Plan would go up immediately by 70 million rupees to 440 million rupees. In addition, contributions would also be made from the General Revenues possibly during the current financial year, but certainly from 1958-59 onwards.

(The Hindustan Times, 15 December 1957).

Dns:

52. Workers' Welfare, Recreation and Workers' Education

India - December 1957.

Welfare Activities in Mica Mines: Review of the Activities Financed from the Mica Mines Labour Welfare Fund for the Year Ending 31 March 1957.

The Government of India published on 21 December 1957 the report of the activities financed from the Mica Mines Labour Welfare Fund for the year ending 31 March 1957. A brief account of the activities is given below.

Activities in Ajmer

(i) Medical facilities.- The mobile medical unit visited all the three mica mining areas of Ajmer State; each area was visited on an average thrice in a month. During the year under review 12,752 patients were treated as against 8,039 in 1955-56. Besides, the civil assistant surgeon of the unit gave advice to the workers regarding prevention of diseases, improvement of sanitation and cleanliness.

The maternity centre centres at village Para and Sanod continued to provide medical and maternity facilities. Since the post of midwife at the maternity centre, Sanod, could not be filled during the year, no work could be done. However, arrangements were made to provide at least medical aid at this centre.

The details of the work done at all the above centres are as follows:

	1955-56	1956-57.
No. of patients treated	13,453	9,380
No. of labour cases conducted	24	12
No. of pre-natal cases attended and cared	47	-
No. of post-natal cases attended and cared	63	13
No. of infants attended and cared	1,211	714

(ii) Welfare centres. The welfare centres at Para and Sanod continued to function with the following facilities: (1) educational facilities - training was imparted daily to the females of the miners in handicrafts such as sewing clothes by hand and on machine, knitting of woollen and cotton garments, embroidery, etc. (2) Recreational facilities - one radio, indoor games like carrom, chopar, and musical instruments were provided for recreation. Outdoor games like football and volley ball were also provided.

2.

Activities in Andhra.

(i) Medical facilities.- The Mica Mines Labour Welfare Fund maintained 3 static dispensaries. These are situated in the heart of the Andhra mica mining areas at Kalichedu, Talupur and Sydapuram. All these dispensaries worked satisfactorily and rendered medical aid to the mica mining labourers and their families. A staff nurse taken on deputation from the state medical department to work in Kalichedu hospital, joined in May 1957. A temporary in-patient ward of eight beds attached to the dispensary at Kalichedu served the patients very well.

Statistics of the work done in the dispensaries in the year are given below:-

Dispensary	Total number of patients treated	
	<u>Out patients</u>	<u>In patients</u>
Kalichedu	57233	462
Talupur	48755	-
Sydapuram	34242	-
Mobile dispensary	5998	-
	<u>146228</u>	<u>462</u>

Medicines worth Rs.14,589-4-0 were supplied to the dispensaries during 1956-57 and a microscope was provided in the dispensary at Kalichedu.

In addition to the three Static dispensaries there is one mobile dispensary, in-charge of a medical officer. The medical officer and the compounder visited the mines and labour colonies situated beyond three miles from static dispensaries according to a presented programme and treated the patients at the places. According to the programme approved by the advisory committee all such mines and colonies were covered once in a week.

Four maternity centres run by the Fund rendered useful service to women labourers and children in the mining area. Each maternity centre was under the charge of a midwife and their work was supervised by the lady health visitor. Besides supervising the work of the midwives, she assisted the midwives in difficult labour cases. Three centres situated at the dispensaries got assistance from the medical officers in difficult cases. The midwives also distributed milk made of milk powder supplied by the Indian Red Cross Society to the under-nourished children daily at the centres. Jaggery was purchased by the Fund and mixed with the milk and then distributed so as to make it more palatable.

The work done in these centres in the year is detailed below:-

	1955-56	1956-57
Total number of antenatal cases treated	1085	1180
Total number of post-natal cases treated	549	522
Total number of antenatal cases treated under care	-	497
Total number of labour cases conducted by midwives	509	446
Total number of labour cases by lady health visitor	18	7

Two beds in the Nellore District Headquarter's Hospital and one in the Gudur Government Hospital were continued to be reserved for the exclusive use of mica mines labour patients at the cost of the Fund. One thousand rupees was paid for the purpose to the State Government. The cases that required special and extraordinary treatments were transferred by the Medical Hospital, Nellore which has better facilities and special equipment for special treatment.

Tuberculosis and silicosis are the worst diseases to which mica mines labourers are subjected. Steps were taken to combat these diseases at the cost of the Fund. The Fund contributed 15,000 rupees for reservations of 8 beds for the exclusive use of mica mine labourers and their families in the State Government T.B. Hospital at Nellore. It was subsequently decided that the amount of 15,000 rupees already contributed might be treated as having been given for the construction of a T.B. Ward of 8 beds and that 100 rupees must be paid per bed per month for the patients recommended by the Fund authorities and admitted in the Tuberculosis Hospital, Nellore. The concurrence of the State Government in this was awaited.

In addition, proposal for the construction of a Tuberculosis ward at Kalichedu was under consideration.

ii) Anti-Malaria operations. - The anti-malaria unit working under the supervision of the Senior Entomologist Nellore, continued to work in the mining area during the year. The operations were very successful and, as a result, there was fall in the incidence of malaria.

iii) Educational facilities. - There are six elementary schools working in the mining area under the Fund. In addition, one middle school is also run by the Fund at Kalichedu. A senior deputy inspector of schools of the State Government has been deputed to work as head master of the school. He joined in January 1957. Number of students who attended the schools is as follows:-

- (1) Number of children in all the six elementary schools were 515
- (2) Number of students in the middle school were 71

Free supply of books and slates etc was made to the children of mica mine labourers studying in these schools at a cost of Rs.744-15-6 during the year. Mid-day meals were also served to the children studying in these schools and this proved very successful as it induced almost all children of mica mine labourers in the mining area to enter the schools. In the year 1956 a sum of Rs 8816-4-5 was spent towards the supply of midday meals.

The State Government granted financial aid to the schools run by the organisation. The total amount of State Aid received during 1956-57 was Rs.7493-4-0. During the year, play-ground apparatus viz., one slide, one set of see-saw, and one set of swing were supplied to each of the two schools at Kalichedu and Talupur at a total cost of Rs.912-8-0.

In the two big schools at Kalichedu and Talupur, the children were taught handicrafts like tape-weaving, stitching knitting and embroidery etc. works. Tape-weaving was taught to children in all other schools also. Necessary implements were supplied to them during the year 1955-56. There is one community centre run by the Fund in the mining area for the benefit of mica mine labourers and their families. Men labourers learned carpentry in their leisure hours. A qualified tutor in carpentry taught carpentry both to the school children in the higher elementary school, Kalichedu and men labourers. Raw materials such as wood nails, joints, etc. worth of Rs.225-15-8 were supplied to the centre for the use of the trainees. They made articles such as tables, chairs, easy chairs, children carts, wall stands, almirahs, time piece stands etc. Some of them were sold in public auction and some were supplied to dispensaries and schools. An amount of Rs.30-11-0 was realised by the sale of the articles manufactured in the carpentry section.

A qualified Lady Tutor is incharge of the women's section. Women labourers and school girls were taught tailoring knitting and embroidery in the section. Needles, cloth, wool, etc. worth Rs.42-11-0 was supplied to the centre. Finished goods worth Rs.43-8-0 were sold to labourers during the year. A sewing machine worth Rs.264-1-0 was supplied to the centre during the year. 18 women and 20 school girls were given training during the period under report.

The building works sanctioned during the year included the construction of a maternity centre at Utukur at a cost of 15,000 rupees.

Activities in Bihar

(i) Medical facilities.— The Central Hospital at Karma continued working in full swing during the period under report. The sanctioned bed strength of this Hospital was raised from 30 to 50. This is one of the best equipped Hospitals in the State of Bihar and the question of raising it to a 100 bedded hospital is under consideration.

Sanction was accorded to the construction of one Regional Hospital at Tisri for the benefit of the mica labourers.

The Fund continued to maintain the five static dispensaries of its own at Debour, Dhorakola, Dhab, Bendro and Charkapathal. The number of cases treated at these dispensaries during the period under report are shown below:—

Dispensary	No. of cases treated	
	1955-56	1956-57
Debour Dispensary	2,172	12,572
Dhorakola Dispensary	20,585	15,494
Dhab Dispensary	10,260	13,177
Bendro Dispensary	13,795	12,089
Charkapathal Dispensary	701	11,238

One more static dispensary is being established at Parsabad.

The mobile medical unit No.1 stationed at Karma continued to provide medical relief to those mica mines and their families who were unable to take advantage of the static dispensaries owing to the distance and ~~were~~ lack of proper communication. The number of patients treated by the unit during the period under report was 22,912 as against 16,356 during the year 1955-56.

The maternity and child welfare centre at Dhab continued functioning for the benefits of the mica workers at Dhab area, Prenatal, natal and post-natal care to the workers' wives and their female dependants was given by the Centre-in-charge.

One more additional maternity and child welfare centre at Dhorakola was started during the period under report.

(ii) Anti-malaria operations.— The scheme of insecticidal spraying in the mica fields of Bihar continued functioning. Two rounds of spraying in the mica fields including the neighbouring villages from where the labour came were completed during the period under report. The spraying proved very effective. The details of work done by the anti-malaria team were as follows:

(1) Villages visited	98
(2) Mines visited	337
(3) Number of rooms sprayed	28,729
(4) Quantity of Gamaxine powder used	14,330 lbs.
(5) Paludrine tablets distributed	70,529 nos.

(iii) Educational and vocational facilities.— Four multi-purpose institutes comprising each of (a) adult educational centre and (b) a women welfare centre continued functioning at Debour, Dhab, Kodarma and Saphi for the benefit of the mica mines workers and their families.

The adult education centres continued to offer educational and recreational facilities to the mica workers. The adult workers participated in outdoor and indoor games etc. Radio sets with loudspeaker provided at each centre proved to be things of great utility and attraction. These centres mostly catered to the needs of the adult workers who wanted to read and write. Literacy classes were held every day during evening and morning hours according to the convenience of the mica workers.

(iv) Housing schemes.— The subsidy-cum-loan scheme for the construction of miner's houses, which was sanctioned in 1955 on the lines of the industrial housing scheme of the Ministry of Works, Housing and Supply did not find favour with the mica mine owners. The Mica Mines Labour Welfare Fund Advisory Committee at its meeting suggested that subsidy under the scheme might be raised to 50 per cent. Where the mine owners were not willing to construct miner's houses under the subsidy schemes, the Fund might undertake to construct houses from the resources of the Fund. This question was under consideration.

Activities in Rajasthan

(i) Medical facilities.— Five static dispensaries are functioning at Amlī, Bagore, Bemali, Ropa and Lawa-Sardargarh. The number of patients treated during the year is as follows:—

Name of dispensary	No. of patients treated	
	1955-56	1956-57
Amlī	8538	9741
Bagore	14037	16811
Bemali	10696	11035
Ropa	6945	7765
Lawa-Sardargarh	7471	5724
Total	47687	51076

In addition to the regular work in the dispensaries the medical officers, compounders and midwives used to

7e

visit villages and mines to advise the workers regarding prevention of diseases, improvement of health and sanitation and to treat serious patients. Paludrine tablets were distributed in the mining areas to prevent malaria before as well as during rainy season.

The mobile medical units go on the specified routes every day and cover those mica areas which are not covered by the static dispensaries. The number of patients treated by these units during the year is as follows:-

Name of the Unit	No. of patients treated	
	1955-56	1956-57
Mandal	7203	6146
Bhilwara	6950	5412
Gangapur	7086	4133
Kishangarh	6817	5180
Total:	27056	20871

There was one lady health visitor at the welfare centre, Bagore and one midwife in each centre. They visited post-natal and ante-natal cases and attended to labour cases. Milk was distributed to children up to 12 years of age and expectant and nursing mothers. Cleanliness was given much importance and the children were given ordinary bath before distributing milk. Oil bath was also given once in a week at the Ropa welfare centre. The children were examined once in a week and proper treatment was given. The children showed much interest and enthusiasm in making use of merry-go-round, sea-saw, junior combination and other special games articles provided for them.

(ii) Educational facilities.— Taking into consideration the growing need of adult education much care was taken to educate as many adults as possible. The education to adults was imparted at the following centres: Ropa, Jamoli, Bemali, Lawa-Sardargarh, Bagore, Ganesh-pura, Gundli, Dhosar, Mahendragarh, Amla, Toonka (Dadia) and Khatia-Khedi.

The total average attendance at these places were 186 per day. The adult education classes were conducted according to the curriculum of the State Government. Slates, books and pencils were supplied free.

8.

The statement of accounts appended to the report showed receipts as 16.638 million rupees including an opening balance of 13.381 million rupees; expenditure amounted to 1.124 million rupees leaving a closing balance of 15.513 million rupees.

(The Gazette of India, Part II, sec 3,
21 December 1957, pp. 2904, 2920.)

Dns:

54

Chapter 6. General Rights of Workers.

64. Wage Protection and Labour Clauses in Employment Contracts with the Public Authorities.

India - December 1957.

Payment of Wages (Amendment) Bill, 1957, Passed by Parliament: Provision Made for Extension of Act to Larger Category of Persons.

The Payment of Wages (Amendment) Bill, 1957, seeking to extend the benefits of the Payment of Wages Act, 1936, to a larger number of workers was passed by the Lok Sabha on 11 December and by the Rajya Sabha on 23 December 1957.

The Payment of Wages (Amendment) Bill, 1957, which was introduced in the Lok Sabha on 4 December 1957, seeks, among other things, to extend the benefits of the Payment of Wages Act, 1936, to a larger category of persons. The existing wage limit for purposes of applicability of the Act is 200 rupees a month. This is sought to be raised to 400 rupees a month by the present Bill.

The Bill also provides for the extension of the Act to workers engaged in hydro-electric and power schemes and in the construction and maintenance of roads, bridges, canals, buildings and the like.

Provision is made in the Bill for the deduction of insurance premia from the wages of employees at their written authorisation. Workers are being enabled by another provision to subscribe to Government securities like the national Plan loan, national cash certificates and deposits in post office savings banks. Necessary deductions can be made from their wages for such contributions.

The Bill also brings the definition of "wages" up to date in the light of certain court pronouncements.

The existing definition of the term "wages" has given rise to certain practical difficulties particularly in regard to interpretation of certain words used in the definition. In some cases the High Courts have ruled that the word "wages" did not mean "potential wages" but "wages earned". Now-a-days the terms of payment under contracts of employment are frequently modified by the awards of tribunals or by the terms of binding settlements. The wages revised statutorily through adjudication, arbitration, conciliation or similar statutory process should also be deemed to be wages for purposes of the Act. The definition of "wages" has accordingly been recast and made comprehensive and clear.

Under section 7(2) (d) of the Payment of Wages Act, deductions for house-accommodation can be made only when the accommodation is supplied by the employer. Under the Subsidised Industrial Housing Scheme of the Government of India, State Governments construct tenements which are let out to industrial workers on suitable rents. An amendment to section 7(2)(d) enables deductions of rent in such cases from the wages of the concerned workers.

Recovery in execution of a direction made by an authority under the Act takes a long time. Arrears of wages also do not get sufficient priority in case of concern is wound up. To safeguard the workers' interests in such cases, another amendment empowers the authority to order conditional attachment of the property of the employer or other person responsible for the payment of wages, pending disposal of the application, unless the employer or other person deposits with the authority an amount sufficient to satisfy the claim or gives security for a like amount.

Dismissal of a claim by an authority was not considered as a "direction" under section 15 and therefore a provision is made for an appeal against an order dismissing a claim.

Speaking on the Bill in the Lok Sabha, Shri T.C.N. Menon (Comm.-Kerala) and Shrimati Parvati Krishnan (Com-Madras) welcomed the Bill and urged that its benefits should be further extended to those categories of workers who were still left out. Shrimati Krishnan mentioned truck drivers in the public sector.

Shri Menon said that in 1952, the Supreme Court expressed the view that labour disputes should be settled within the framework of labour legislation and not agitated in courts. But nowadays even small awards were being upset by the High Courts and the Supreme Court. The Deputy Labour Minister had said that the jurisdiction of these courts could be excluded only by amending the Constitution for which the Government was not ready. Delay in amending the Constitution, he said, would mean that "this interference with the awards and decisions of the labour tribunals will continue for a long time."

Shri Kashinath Pandey (C-U.P.) said the Bill should cover cases of all employees getting up to 500 rupees per month.

Shri Nausher Bharucha (Ind-Bombay) said the Bill should apply to employees covered by the Shops and Establishments Act and other employees also. He opposed the provision that rent in certain cases could be "automatically" deducted from a worker's wages.

Shri S.M. Banerjee (Ind.U.P.) said that in actual practice the provision relating to payment of wages did not work satisfactorily. There must be a clause for drastic punishment of big capitalists who refused to pay wages due to workers. In a mill in Kanpur, he alleged, 6,000 workers had not been paid wages for October. He

wanted the payment of bonus to be covered by this measure.

Shri Aurobindo Ghosal (Forward Bloc-Marxist-West Bengal) said the Bill should cover a larger number of employees in industries which had not been specified. It should cover tea plantations and mines also.

Replying to the debate, Shri Abid Ali rejected the suggestion that the powers of High Courts and the Supreme Court to go into the awards of industrial tribunals should be taken away. He said the judiciary constituted an important limb of democracy and it protected the rights of citizens guaranteed by the Constitution. Moreover, not even 1% of the awards of labour tribunals were taken to High Courts and the Supreme Court.

The Deputy Minister said the Payment of Wages Act applied to bus services, mines and plantations.

Dealing with the demand of some members that the Bill should cover cases of all employees getting up to 500 rupees per month, Shri Abid Ali said the present Bill was inter-related with the Employees' State Insurance Act where the limit had been put at 400 rupees. That was why the limit of 400 rupees had been fixed under the present Bill also. People, who were getting more than 400 rupees, had other remedies which they could seek under the Industrial Disputes Act.

Regarding Shri Bharucha's demand that the Bill should apply to shop assistants also, Shri Abid Ali said the States had enacted a separate legislation for such employees. The Centre had also provided the States a model legislation in this connexion where this provision had also been inserted. The Payment of Wages Act would become applicable to shop assistants in those States which accepted formally the Payment of Wages Act. The Bill now being enacted by Parliament was to be administered by the State Governments who must have an elaborate machinery for the administration of the Act, he added.

Shri Abid Ali said a formula for deciding the quantum of bonus to be paid to workers could not be incorporated in the Bill. The "best brains in the labour field" had not succeeded in evolving such a formula. In Ahmedabad a formula had been found out and the workers were happy. In Bombay and Jamshedpur also a formula had been evolved. One more attempt would be made by the government to evolve a satisfactory formula. The government proposed to refer to the Wage Board to be set up in the near future for the sugar industry to evolve a formula for fixing the quantum of bonus to be paid to workers.

The Bill was passed with minor amendments.

In the Rajya Sabha, Shri P. Narayanan Nair (Com-Kerala) while welcoming the Bill suggested that the wage limit should be raised to 500 rupees and the Act made applicable to all establishments to which the Industrial Disputes Act applied.

Shri B.K. Mukerjee (C-U.P.) welcomed the Bill but said he did not understand why workers employed in railway running sheds had been excluded from its purview.

Shri S.D. Patil (C.Bombay) asked the government to consider whether the inclusion of construction industry in the Act would not add to the cost of the Five Year Plan. The streamlining of industrial labour laws, he said, would jeopardize the interest of workers engaged in other fields like agriculture. Attempt should be made to minimise the gap between the two sections of labour.

Replying to the debate, Shri Abid Ali said he was trying to refer the question of bonus to wage boards which might suggest some suitable formula.

Civil courts had been authorised to administer the Act because he said there were few industrial tribunals and they were far flung. Powers of the civil courts must therefore continue for the convenience of the workers.

Shri Abid Ali said many other categories of workers not included in the Bill, were entitled to its benefits by issue of notifications. Railway shed workers were also covered by the Act. But he assured members that if a certain category of workers was left out of the Bill, it would be included in the Act by issue of a notification if the matter was brought to the notice of the Government.

The Sabha rejected all the amendments and passed the Bill without any change.

(The Statesman, 12 and 24 December 1957; the Gazette of India, Part II Sec. 2, Extraordinary, 4 December 1957, pp.905-912).

Dns:

67. Conciliation and Arbitration.

India - December 1957.

Labour-Management Relations in the Tata Iron and Steel Company: Labour Bureau's Case Study.

In accordance with the suggestion of the Planning Commission, the Labour Bureau, Ministry of Labour and Employment, has conducted a case study on labour-management relations in the Tata Iron and Steel Company, Jamshedpur. The results of the study* are briefly presented below.

Background.- In the Tata Iron and Steel Company at Jamshedpur there have been no strike, no arbitration or adjudication for several years now. This indeed is in refreshing contrast to the monotonous chronicle of struggle and strife, strike and lock-out, arbitration and adjudication, which forms the saga of labour-management relations in this country during the past few years. For some years past the Tata Management has been consulting the workers' union on important issues. This has helped foster mutual trust and understanding. The employees have a strong organisation in the Tata Workers' Union. The Union believes more in negotiation and bargaining than in strikes and strike threats. It also believes in increasing production and productivity to mutual advantage. In matters of discipline it takes an objective view and at the same time, jealously watches the legitimate rights and interests of its members.

The key-note of Union-Management relations which has been one of mutual co-operation has lately developed into one of mutual consultation and joint action. The Management-Union Agreement recently concluded reaffirms mutual trust and seeks to enlarge the spheres of mutual consultation and joint action. It promises closer association of employees with the management of the industry. To the fulfilment of this trust and this promise are hitched the modernisation and expansion programmes of the Company costing about 1100 million rupees.

* Labour-Management Consultation and Co-operation in the Tata Iron and Steel Company. (Labour Bureau, Ministry of Labour, Government of India, pp. 69, price Rs.1.50.

59

The Tata Iron and Steel Company was founded in 1907 and is today the foremost iron and steel concern in India. The Company's production during the year 1954-55 was 2,196,000 tons of ores and fluxes, 1,128,000 tons of pig iron, 1,040,000 tons of steel and 783,000 tons of saleable steel. The Company had in Jamshedpur in December 1955, 38,899 employees, constituted as follows:-

Category of employees	Number of persons employed	
	In the works.	In the town (non-factory employment)
Skilled	11,384	1,352
Semi-skilled and Unskilled	12,283	2,707
Supervisory	1,200	623
Weekly Paid	5,320	1,285
Clerical	437	1,466
Others	21	821*
Total	30,645	8,254

* Includes teachers, nurses, etc.

Recruitment of labour in the Company is through a labour bureau in conformity with certain procedure, preference being given to certain categories such as ex-employees, dependents of deceased or disabled employees, etc. But for several years now, recruitment of new workers has been negligible except for temporary workers. On the other hand, the problem that has been besetting the Company is that of surplus labour. Nevertheless, the Company's declared policy has been to avoid retrenchment and this has been re-affirmed in the recent Union-Management Agreement.

The Company has a training scheme for its personnel. In 1921 the Company established the Jamshedpur Technical Institute which from small beginnings has developed into a large training centre meeting the requirements not only of the Company but also of other companies and even of Government. The technical training schemes of the Company can be put under three broad categories, namely the Graduate Training Scheme, the Artisan Training Scheme and the Employees Training Scheme. The

3.

60

wage structure in the Steel Company is somewhat complicated. The main components of employees' remuneration are (i) basic wages, (ii) cost of living allowances, (iii) bonuses, and (iv) profit sharing. The basic wages for daily rated employees range from Rs.2-1-0 to Rs.14-4-0 per skilled worker and Rs.1-1-0 to Rs.2-8-0 for semi- and unskilled workers. The weekly paid is Re.1 for men, 13 annas for women and 12 annas for office boys. The basic wages for monthly-rated employees range from 24 rupees upwards. Besides basic wages the following are also paid to workers: dearness allowance, emergency bonus, food subsidy, good attendance, bonus, performance bonus, incentive bonus. The table below shows the composition of the Company's total annual expenditure on wages and other allowances during 1954-55:-

	1954-55	
	Monthly	Weekly
Average Number of Men on Roll	31,741	6,912
Basic wages	315.56	19.05
Overtime	7.05	0.09
Leave pay	37.61	1.56
Performance bonus	116.66	2.44
Good Attendance bonus	22.85	2.95
Incentive bonus	49.66	0.88*
Service bonus	17.41	2.44
Dearness allowance	151.63	26.70
Total	718.46	56.11
Grand Total	774.57	

* Weekly paid workers are paid incentive bonus only when they act in monthly paid vacancies

Since 1934, the Company was making ex-gratia bonus payments. In 1936-37, it introduced a regular profit-sharing scheme in which the amount of bonus was linked up with the dividend. The bonus was linked to profits in 1947 in terms of a Union-Management Agreement. The scheme was later revised from time to time. Under the Profit-Sharing Bonus Scheme the employees are now entitled to a share of 30 per cent of the annual net profits of the Company.

In respect of service conditions, the Company has avoided resort to retrenchment of workers and its policy in this regard has again been re-affirmed in the recent agreement wherein the Company has assured the Union that there will be no retrenchment of existing employees.

In addition to annual leave with wages stipulated under the Factories Act, the Company allows to its daily-rated staff 5 paid holidays in a year. The monthly-rated employees are given more liberal leave. It does not give any sick leave with pay. The Company's Provident Fund and Retiring Gratuity Schemes help the workers to have something to fall back upon in their old age. Contribution to the Provident Fund is 6 1/2 per cent. of basic wages and dearness allowance of 8.1/3 per cent. of basic wages whichever is more beneficial and the Company contributes an equal amount. Every workman who retires after serving for 15 years or more is paid gratuity of half a month's wages for every year of service subject to a maximum of 15 months' wages. The recent agreement provides for the merger of part of dearness allowance in the basic wage for the calculation of retiring gratuity.

The Company has also a well-developed housing and welfare programme.

Industrial peace.- The corner-stone of union-management co-operation in the Steel Company was laid in 1938 when the union signed an agreement with the management undertaking to co-operate with each other. Hopes of building up sound labour-management relations on the foundation so laid were soon blasted by the intervention of war and subsequent incarceration of the nationalist elements in the union leadership.

The end of the war was a turning point in the history of labour relations in the Steel Company. The hectic fever of production for the war effort over, the management had time to pause and think. The country's independence came in near sight and probably gave an edge to its line of thought. In any event, there was a radical change in outlook and approach and the Management became sympathetic and receptive so far as the workers' interests and their demands were concerned. Freed from jail at the end of the war, the nationalists resumed the reins of union leadership. In the union demands were and in negotiation and bargaining, the

64

union leaders displayed realism and responsibility which engendered mutual trust. In the spirit of this trust and responsibility and the mutual confidence with which they engendered the Tata-Bari Agreement of 1945 was drawn up. This was the first major triumph for industrial peace in the Steel Company. Some of the clauses in this agreement helped foster joint consultation and even joint action in several matters affecting employer-employee relationship. It is significant that about this time the Personnel Department was instituted.

Trade Unions.- Trade union movement in Jamshedpur is nearly as old as any where else in India. Collective action by the workers of the Tata Iron and Steel Company was first taken on 24 February 1920 when, without any previous organisation or experience, the workers struck work to obtain redress of some of their grievances. The Labour Association, Jamshedpur, was also organised at the same time more or less as a strike committee. The strike was not altogether eschewed from violence and there was police firing on 15 March in which 5 persons were killed and several injured. After this incident, the Chairman of the Board of Directors arrived in Jamshedpur and in consultation with some of the workers' leaders made an announcement in which some of the workers' demands were conceded and the Labour Association recognised. In 1922, following another strike the recognition of the Association was virtually withdrawn and a period of harrassment of the Association and victimisation of the leaders followed. It was not till 1925 that a settlement was reached and the Association recognised by the Management. In 1928 there was another strike followed by a lock-out and in the course of its settlement there was a split in the Association and one group broke away from the Association and formed another union, the Labour Federation of Jamshedpur. Enthusiasm in the ranks of both the unions, however, soon waned and the labour movement was at a low ebb. With provincial autonomy and the Congress assuming the reins of Government the situation changed in 1937. Under a new leadership the name of the labour organisation was changed to Tata Workers' Union, Jamshedpur, to overcome past rivalry and jealousy. Thereafter the Union grew in strength. It, however, received a set-back in 1942 when following the "Quit-India" movement its leaders were in jail. Since Independence the Union has been steadily gaining in strength. Its strength has given it confidence and enabled it to follow, in its dealings with management, a path of mutual understanding and co-operation.

The Tata Workers' Union is affiliated to the Indian National Trade Union Congress and had in 1954-55 a membership of 21,426 from a total of about 37,000 employees excluding the supervisory staff, or about 58 per cent. The supervisory staff have their own special unit in the Tata Workers' Union, and about 75 per cent. of the supervisory staff are members of the supervisory unit.

The union membership fee is one and half day's basic wages in a year paid in three instalments.

The Tata Workers' Union has organised a Sickness Benefit Fund for giving financial relief to its members in case of sickness. No special subscription is collected but donations from members or outsiders are accepted; otherwise the Union draws from its general funds to pay benefit. Any employee of the Tata Iron and Steel who has been a regular standing member of the Tata Workers' Union for three years' preceding the date of his application for relief is entitled to receive the benefit of the Fund. Any member who does not receive at least 7 days' basic wages from the Company in any particular month due to sickness is paid for that month the amount by which his earnings fall short of 7 days' wages.

The Union also undertakes a few other welfare activities as will be seen from the following extract of its statement of expenses for 1954-55:-

	Rs.	A.	Ps.
Funeral, old age, unemployment and sickness benefits	3,401	2	0
Educational, social and religious benefits		54	0 0
Reading room, library and study circle expenses	1,245	7	0

Besides the Tata Workers' Union there are two other Unions of employees of the Steel Company, namely, the Tata Mazdoor Sabha and the Jamshedpur Mazdoor Union. The former is affiliated to the Hind Mazdoor Sabha and the latter to the All-India Trade Union Congress. Both have only very negligible membership and following.

Union-Management negotiations and agreements.-

Although the union has not, in recent years, resorted to any strike or threat of strike, it has been keenly alive to the interests of the workmen and has been able to secure for them various concessions and benefits through insistent but peaceful negotiation with the management which on its part was receptive and sympathetic. Since the end of the war there have been no fewer than 9 negotiated agreements of which the latest concluded on 8 January 1956 is the most important and the most comprehensive. (For a summary of this agreement, please see section 65 pp. 61-64 of the report of this Office for January 1956.)

Increase in basic wages was obtained through agreements in 1945 and 1948 and the minimum wage of unskilled workers was raised to one rupee per day by an agreement in 1953 which also revised the scheme of dearness allowance. The wage structure was revised in 1947 and 1948. The revision in 1948 was made jointly by the management and the union. The latest agreement provides for further revision of the wage structure through a method of job description and job evaluation in which the union representatives will be fully associated. Pending the revision of the wage structure, it has been agreed to give interim wage increase to the lower paid employees and ministerial staff. The amount given as food subsidy was increased through agreement in 1945 and again in 1953. The basis for the payment of performance bonus was revised in 1947 and by an agreement in 1949, the percentage of the profit-sharing bonus to employees was raised from 22½ per cent. to 27½ per cent. of the annual net profit; this was further raised to 30 per cent. by the agreement of 1953. Through the agreement of 1953 the incentive bonus scheme was also revised.

Negotiation and agreement was not confined only to issues regarding wages, allowances and bonuses. As early as in 1945 annual leave with pay was secured for unskilled workers. By this agreement, the maximum payment of gratuity was also raised from 12 months' to 15 months' pay. The principle that seniority consistent with efficiency should be the normal criterion for promotion was not accepted. One of the highlights of the latest agreement is that the Company has given an assurance that there will be no retrenchment of existing employees. The subject of workers' housing figured prominently in the agreements of 1945 and 1947; in terms of the latter, the management were to build, 1,500 and 2,000 quarters in 1947 and 1948 respectively. The latest agreement also provides for the construction by the Company of 300 one-room and ~~1700~~ 1700 two-room quarters by 31 March 1959. The 1953 agreement included in its scope medical facilities and education and by the recent agreement the Company is to extend the indoor accommodation of the Main Hospital.

Joint Consultation.— Although union-management negotiation has been in vogue in the Steel Company for nearly 30 years now, joint consultation has been of more recent origin. After the Union-Management Agreement of 1946 which included the broad outlines of a graded wage system, the Company announced its new wage structure which was prepared by a special officer for wages reconstruction appointed by the Company. The

new wage structure was enforced with effect from 1 April 1947. The union was not satisfied with the new wage structure. The Company, therefore, appointed a joint committee with representatives of the union and management to draw up a revised wage structure. This was the first joint-action on a vital matter although joint committees to settle grievances were constituted in 1946. The revised wage structure recommended by the joint committee was introduced with effect from 1 August 1948.

Since then a policy of joint-consultation has been followed to the mutual advantage of the union and the management and the sphere of joint-consultation has been extended in several directions. Workers' representatives to all joint bodies are nominated by the Tata Workers' Union which has been recognised by the Company as the sole bargaining agent of the employees.

The following Joint Committees are functioning at present:

- (1) Works Committees,
- (2) Advisory Development and Production Committees,
- (3) Joint Rates Committee,
- (4) Job Evaluation Committee,
- (5) Trade Tests Specification Committee,
- (6) Minimum Qualifications Committee,
- (7) Safety Committees,
- (8) Safety Appliances Committee,
- (9) Canteen Managing Committee,
- (10) Housing Allotment Committee.

Suggestion Box Scheme.— With a view to enlisting the fullest possible co-operation of all ranks in the organisation and working of the Company, as well as utilising the latent talent and inventiveness among the employees to mutual advantage, the Company has introduced a suggestion box scheme to give to every employee an opportunity to express any constructive ideas that he may have for improving the present methods of work. The scheme was introduced in July 1945 and has been working successfully ever since.

From the inception of the scheme up to 31 December 1955 a total of 8,482 suggestions were received, 293 suggestions were accepted and a total amount of Rs. 56,200 had been paid as awards. The following statement shows the number of suggestions received year by year and the number of suggestions accepted:-

Year	No. of suggestions received.	No. of suggestions accepted.
1945-46	N.A.	N.A.
1946-47	700	37
1947-48	2,280	55
1948-49	2,500	63
1949-50	984	19
1950-51	362	7
1951-52	335	23
1952-53	362	33
1953-54	333	23
1954-55	377	9

The following classification of the suggestions received during 1954-55 will give an idea of the nature of the suggestions received under the scheme:-

Classification of Suggestions	No. of suggestions received.	No. of suggestions accepted.
1. Increasing production by better methods	17	1
2. Improving the product or its design	57	1
3. Reducing cost	40	2
4. Saving time or processes	33	2
5. Safety and accident prevention	52	Nil
6. Reducing waste of materials and utilising the same for better purposes	48	2
7. Civic Problems	9	Nil
8. Labour and its associated problems	13	Nil
9. Hygiene and cleanliness in the Plant and town	8	Nil
10. Economies in stationery, etc., and those pertaining to accounts	17	Nil
11. Advertising and sale of products	5	1
12. Traffic	11	Nil
13. Miscellaneous	67	Nil.
Total:	377	9

Communications.- Labour-management communication or mutual exchange of information is an essential prerequisite of labour-management co-operation. In the Steel Company there are various channels for labour-management communication such as the Company Information Course, the Management Consultative Committee, pamphlets and other publications. The Chairman's annual report to the workers gives a brief account of the Company's working, its prospects and plans of expansion.

Grievance procedure.- The Company has under active consideration the introduction of a revised grievance procedure in consultation with the union. At present those who feel aggrieved make representations to their shift-in-charge, foreman, superintendent, or even at times straight to the Director of Personnel. Others move the union representative or the union. Several persons also send their complaints to the Works Committees direct.

The intention of the Company in revising the grievance procedure is to see that a uniform procedure is followed in all cases and to ensure full investigation in each case. It is also anxious that line authority should not be by-passed and that as many disputes as possible are settled at the lowest possible level.

Other consultative bodies.- Apart from joint consultative bodies there are a few other consultative bodies functioning in the Steel Company. The Recruitment Committee, the Technical Education Advisory Committee, the Schools Committee, the Labour Relations Committee, and the Central Welfare Committee are among these bodies. Some of these bodies could usefully be made joint particularly the Central Welfare Committee. It is understood that an Advisory Joint Welfare Committee is functioning in the Company's Iron Ore Mines.

Conclusion.- A spirit of trust and co-operation rather than the suspicion and rivalry governs the relationship of management and labour to one another in the Tata Iron and Steel Company. Such trust and co-operation are the corner stones of labour-management consultation anywhere. They are complementary to one another and it is needless to distinguish which is the cause and which the effect. They are the result of gradual evolution.

11.

Labour-management consultation and co-operation is working to the advantage of both parties and has yielded dividends to both. Labour has been assured job security and a fair deal in regard to remuneration and conditions of work. High morale among the employees and industrial peace have been the main gains of the Management. The recent Management-Union Agreement in the Steel Company has been hailed throughout the country. It can be hoped that this agreement will not be the finale of the effort at labour-management consultation and co-operation, but rather only the harbinger of more fruitful achievement in years to come.

Dns:

74. Indigenous Labour

India - December 1957.

Welfare of Backward Classes: Report of the Commissioner for Scheduled Castes and Scheduled Tribes for 1956-57

The report of the Commissioner for Scheduled Castes and Scheduled Tribes for the year 1956-57, submitted to the President recently*, reviews the progress achieved for the welfare of scheduled castes, scheduled tribes, ex-criminal tribes and other backward classes, during first Five Year Plan period and the first year of the Second Five Year Plan and also the working of the safeguards provided for these communities and for the Anglo-Indians.

Population of scheduled castes and tribes: revision of lists.- In accordance with the recommendations made by the Backward Classes Commission (~~vide section pp e of the report of this Office for~~ 1956), the lists of the population of scheduled castes and tribes were revised during the period. As a result of this revision, the population of scheduled castes has risen to 5,53,27,021 and that of scheduled tribes to 2,25,11,854. It has resulted in the increase of scheduled castes and scheduled tribes population by 31,22,372 and 33,64,800 respectively as compared with the population calculated earlier on the basis of the Constitution Scheduled Castes and Scheduled Tribes Orders of 1950 and 1951. The increase in the Scheduled Castes and Scheduled Tribes population has been mainly in the following States:-

State	Increase
<u>Scheduled Castes</u>	
1. Uttar Pradesh	12,45,057
2. Rajasthan	9,17,496
3. Punjab	4,28,538
4. Madhya Pradesh	4,09,585
<u>Scheduled Tribes</u>	
1. Rajasthan	14,25,354
2. Madhya Pradesh	9,84,461
3. Andhra Pradesh	3,83,240
4. West Bengal	1,79,881

* Report of the Commissioner for Scheduled Castes and Scheduled Tribes for the year 1956-57 (Sixth Report). Part I, pp. 140. Part II (Appendices) pp. 213. Published by the Manager of Publications, Delhi, 1957.

Efforts to remove social disabilities.- Although untouchability stands abolished under Article 17 of the Constitution, it is still observed in some form or other, more particularly in the rural areas. It has, however, been noticed that discrimination based on caste prejudices, though deep-rooted, is gradually weakening its hold on the progressive elements in the society. In order to have an effective check on the practice of untouchability and its resultant disabilities, Parliament enacted the Untouchability (Offences) Act, 1955, which came into force throughout the country on the 1st June 1955. This social legislation is a major step for ensuring to the scheduled castes their rightful place in the society. Any number of enactments would not by themselves transform the situation unless there is a change in the mental attitudes of the people. For that purpose, the Government of India had been giving grants-in-aid to State Governments and non-official agencies for carrying on effective propaganda for the removal of untouchability. In this connection, the work of the premier non-official agencies like the All-India Harijan Sevak Sangh and the Bharatiya Depressed Classes League deserves a special mention. Available information, which is incomplete, indicates that in the first Five Year Plan period, a sum of 5,96,60,000 rupees was spent by the State and Central Governments on the removal of untouchability and on the amelioration of the conditions of the Scheduled Castes and it is proposed to spend a further sum of 25,62,85,000 rupees on this account in the Second Five Year Plan period.

It has been observed that the vocal section amongst the scheduled castes take all the advantages of the privileges granted to the scheduled castes under the Constitution and also of the schemes undertaken by the Central and the State Governments for their welfare. The scavengers and sweepers who are the lowest rung in the ladder of the Hindu society in cities and towns, are not still given that treatment with regard to the lighting, sanitation and housing that is offered to ordinary citizens.

The report suggests particular attention to the conditions of scavengers and has recommended certain measures including improvement of their working conditions.

Forced labour.- Traffic in human beings and begar and other similar forms of forced labour have been prohibited under Article 23 of the Constitution and any contravention of this provision has been declared an offence punishable in accordance with law. The

State Government is, however, empowered to impose compulsory service for public purposes, but no discrimination can be made while imposing any such service on grounds ~~on grounds~~ of only religion, race, caste or class or any of them. Forced labour, wherever prevalent is generally practised to the disadvantage of the backward classes. The scheduled castes and scheduled tribes generally belong to such classes and effort has been made to find out the extent to which forced labour is imposed on these people. It has been found that this practice is not found generally, except in rare cases, in some of the interior areas, but it is still prevalent in one form or the other.

Five-Year Plans.- The report reviews the progress made in the first Five Year Plan and the proposals made in the Second Five Year Plan in regard to the welfare of backward classes. It states that the periodical progress reports in respect of these welfare schemes are not submitted by the State Governments in time and in the proper prescribed forms. These reports are very important to assess the progress that is being achieved from time to time. It recommends that more attention should be paid to this work and proper machinery should be set up in each State to evaluate the progress of schemes. Generally, it has been experienced that the State Governments come up for the release of the balance of annual grants towards the fag end of the financial year and much of the sanctioned amount is, therefore, spent during the last month of the financial year. This is absolutely against the financial propriety. The State Governments should pay special attention to this defective procedure so that such situation may be avoided in future.

Educational development.- Marked progress has been noticed with regard to the item of education in all the States, not only during the First Five Year Plan period but also during the first year of the Second Five-Year Plan period.

An effort was made during the year to work out an approximate percentage of literacy among backward classes and the results are shown below:-

All communitis, including scheduled castes, scheduled tribes and other backward classes	0.158
Other backward classes	0.053
Scheduled castes	0.033
Scheduled tribes	0.015

It might be mentioned that even though the literacy ~~are~~ low, it is quite high in certain areas, thanks to Christian Missionaries. In Mizo district in Assam, out of every thousand tribals, there are 228 male and 128 female literates, which means that literacy amongst scheduled tribes of that district is as high as 35.6 per cent. of their total population in that district.

The progress in education among these classes during the period 1952-53 to 1955-56 is shown in the statement given below:-

State of Education	Category of pupils	Percentage increase in enrolment figures during 1952-53 to 1955-56
Primary	(i) Total number of pupils including scheduled castes, scheduled tribes and other backward classes	16.98
	(ii) Schedule castes and other backward classes	32.32
Middle	(i) Total number of pupils including scheduled castes, scheduled tribes and other backward classes	99.09
	(ii) Schedule castes and other backward classes	92.45
Secondary	(i) Total number of pupils including scheduled castes, scheduled tribes and other backward classes	24.95
	(ii) Schedule castes and other backward classes	63.17
College education	(i) Total number of pupils including scheduled castes, scheduled tribes and other backward classes	34.45
	(ii) Scheduled castes and other backward classes	43.78

Economic conditions.-- A reasonable progress is generally being made in the economic advancement of scheduled castes and scheduled tribes. Some attempts are being made to control shifting cultivation. Out of 2.25 millions of tribal population in India, nearly 2.6 million living in the interior hill districts of various States and Union Territories are accustomed to the shifting type of cultivation which is called 'Jhum'

5.

in Assam and Tripura, 'Bewar', 'Dahiya' or 'Penda' in Madhya Pradesh, 'Podu' in Andhra and South Orissa, 'Rama', 'Dahi', 'Koman' or 'Bringa' in North Orissa and 'Gudia' or 'Domgar Chas' in South Orissa. This problem is rather acute in the States of Assam, Orissa, Andhra, Bihar and Madhya Pradesh, and in the Union Territories of Manipur and Tripura. In Bombay, Kerala, Madras, Mysore, Uttar Pradesh and West Bengal, the problem is not so serious as in the above States. In order to wean away the tribals from this wasteful form of cultivation which is a great loss to the national wealth of forests and to improve the lot of poor tribal families, schemes have been undertaken by the various State Governments.

Shifting cultivation is practised by 25,89,401 persons and annually an area of 22,55,816 acres is cut in the various States. The total area which is subjected to shifting cultivation is at least 5 times the area utilised for shifting cultivation annually. A start was originally made in controlling this practice in the States of Assam and Orissa. The hillmen are beginning to realise the beneficial effects of contour bunding on increasing crop yields and in keeping land permanently productive. Gradually they are giving up shifting cultivation. During the first Five Year Plan period, the shifting cultivation control scheme was started in the States of Assam, Andhra, Bihar, Madhya Pradesh, Orissa and Tripura. Nine Pilot Project Centres were established in the State of Assam, 4 colonisation schemes started in Andhra and nearly 285 families settled in Bihar, 366 in Madhya Pradesh, 2,496 in Orissa and 3,124 in the territory of Tripura. In the Second Five Year Plan, it is proposed to undertake a more ambitious programme for the control of shifting cultivation in the States at an estimated cost of 2,87,33,000 rupees. Approximately 27,213 tribal families are to be settled, 208 Demonstration Centres and 3 Pilot Farms are to be started during the period. In addition, an amount of 1.30 million rupees has separately been earmarked for a period of five years under the Central Sponsored Programme for tackling this problem in the States of Assam, Andhra, Bihar, Madhya Pradesh, Orissa and Union Territories of Manipur and Tripura. The problem of rehabilitation of tribal people practising shifting cultivation as permanent cultivators is a costly and long term process. This problem can be met by three methods:-

- (i) Improving methods of shifting cultivation.
- (ii) Colonisation.
- (iii) Terrace cultivation.

Experiments carried out in the various States during the First Five Year Plan period indicate that while the results achieved through the improved methods of shifting cultivation have been encouraging, the results achieved in the scheme of colonisation have not been very satisfactory. For successful execution of the scheme of colonisation two things are necessary, i.e., availability of sufficient wet cultivable land and willingness of tribals to settle on land. Since sufficient wet land for the purpose is not available and it has been found very difficult to persuade tribals to leave hill tops and come down to plains to settle, this scheme has not proved very helpful. In so far as the terrace cultivation is concerned, it is not possible to introduce it on a large scale because this sort of cultivation depends on the availability of irrigation facilities. Wherever possible tribals are already doing this kind of cultivation successfully, as in Naga Hills in Assam.

The report urges greater attention to the question of forest Labourers' Cooperative Societies, since in areas where concentration of tribals exist, they form the bulk of forest labourers and are badly exploited by contractors.

Special multi-purpose tribal blocks.- The most important and significant feature of the development schemes in the Centrally Sponsored Programme under the Second Five Year Plan is the introduction of multi-purpose development projects, to be known as special multi-purpose tribal blocks, in the various Scheduled and Tribal areas of the States. The essence of these tribal blocks, which are based on the general pattern of N.E.S. Blocks, and will, as far as possible, be co-terminus with these blocks, is to bring about rapid improvement in the economic and social standards of the tribal people by selecting specially backward but compact areas for all-sided development. The programme of development in these blocks will, however, be of more intensive character than what is undertaken in the N.E.S. Blocks.

A sum of 6.42 million rupees has been provided under the Second Five Year Plan for the establishment of 43 such blocks. The distribution of these blocks in the various States/Union territories is as follows:-

1. Andhra	4
2. Assam	7
3. Bihar	8
4. Bombay	7
5. Madhya Pradesh	10
6. Orissa	4
7. Rajasthan	1
8. Manipur	1
9. Tripura	1

Total:43

It has been decided that as against about 66,000 persons covered normally by a community development block, each intensive development block will cover about 25,000 persons or 5,000 families in an area of 200 sq. miles or so. The financial provision made for each such block is 2.7 million rupees, of which 1.2 million rupees will be provided by the Ministry of Community Development in their budget for C.D. blocks on the usual scale and the additional amount of 1.5 million rupees per block required for an intensive programme of development to meet the needs of the tribal population, will be met by the Ministry of Home Affairs from funds made available under Article 275(I) of the Constitution. Thus, with a population of 25,000 per capita expenditure in each such block would work out to 108 rupees including women and children.

In the Fifth Development Commissioners' Conference held at Nainital in May, 1956, it was decided to have an integrated schematic budget for 2.7 million rupees for these blocks. Based on these recommendations the following general pattern of scheme-wise allocation of funds has been finalised:

Scheme	<u>M.H.A.</u>	<u>M.of C.D.</u>	<u>Total</u>
	(in lakhs)		
I. Project Headquarters			
(a) Personnel	2.50	2.00	4.50
(b) Transport	0.80	0.40	1.20
(c) Office equipment			
(d) Project office, etc.	..	0.30	0.30
(e) Staff quarters	..	1.00	1.00
		(Loan)	
II. Animal Husbandry & Agricultural Extension	1.00	0.50	1.50
III. Irrigation, Reclamation and Soil conservation	0.33	3.50	4.00
		(Loan)	
		0.17	
IV. Health and Rural Sanitation	1.33	0.67	2.00
V. Education	0.50	0.25	0.75
VI. Social education	0.50	0.25	0.75
VII. Communications	2.66	1.34	4.00
VIII. Rural arts and crafts	1.33	0.67	2.00
IX. Co-operation	1.33	0.67	2.00
X. Rural Housing	2.50	-	2.50
XI. Miscellaneous	0.33	0.17	0.50
Total	15.11	11.89	27.00
	(say Rs.15.00 lakhs)	(say Rs.12.00 lakhs)	

During 1956-57, much progress in respect of these blocks could not be achieved due to the unavoidable factors like re-organisation of States and the general elections. The Government of India in the Ministry of Home Affairs, however, sanctioned an amount of 58,86,710 rupees for starting of 39 intensive development blocks in the various States and Union territories.

Public Health Facilities.- Next to food, the greatest problem concerning tribals is public health. In any schemes, therefore, which are launched for the welfare of Scheduled Castes and Scheduled Tribes, the schemes for the grant of medical aid and public health facilities should occupy a significant position. From the information made available by the State Governments regarding the welfare measures undertaken by them, in this behalf, during the First Plan period, it appears that a sum of 2,43,39,811 rupees was spent on the following categories of backward classes:-

	Rs.
(i) Scheduled Tribes	1,53,52,601
(ii) Scheduled Castes	65,20,732
(iii) Ex-Criminal Tribes	6,44,607
(iv) Other Backward Classes	18,21,871

Efforts have been made to collect details of physical targets achieved by the State Governments under these schemes, during the First Plan period. The available information shows that the main achievements are the maintenance and opening of 101 allopathic and 23 ayurvedic dispensaries, opening of 13 medical centres, 10 leprosy centres and 3 maternity centres and establishment of 27 health units and 4 mobile units. In addition 10 anti-malaria schemes were executed and 4 anti-yaws campaigns and 6 venereal disease campaigns were launched. Grants were also given to 266 dispensaries in addition to the distribution of a number of medicinal chests. The construction or repair of 18,214 wells, tanks, tube-wells, etc., was also undertaken during the First Plan.

From the information collected from the plans drawn up by the State Governments for execution of medical and public health schemes, during the Second Five Year Plan period, it appears that against an expenditure of 2,43,39,811 rupees incurred under the First Plan, the expenditure proposed to be incurred in the Second Plan amounts to 8,05,35,393 rupees. It will thus be seen that during the Second Plan, the expenditure on these beneficent activities is going to be four-fold than what was spent under the First Plan.

The broad distribution of this expenditure between the various categories of backward classes is as follows:-

	Rs.
(i) Scheduled Tribes	5,00,32,578
(ii) Scheduled Castes	2,84,34,675
(iii) Ex-Criminal Tribes	4,49,940
(iv) Other Backward Classes	15,78,200

Further distribution of these amounts between the State Sector and the Central Sector is shown below:-

(i) State Sector (for which 50% grant will be given by the Central Govt., excepting in the case of Assam and Union Territories)	Rs 6,01,08,393
(ii) Central Sector (for which grant on cent per cent basis will be given by the Central Govt.)	2,04,27,000
Total:	<hr style="border-top: 1px dashed black;"/> <u>8,05,35,393</u> <hr style="border-top: 1px dashed black;"/>

A comparative study of the physical targets achieved during the First Plan and those proposed to be achieved during the Second Plan will show that as against small beginning made under the First Plan, much larger progress is going to be achieved under the Second Plan. The main targets to be achieved under the Second Plan are the opening and maintenance of 456 dispensaries, establishment and maintenance of 106 medical centres, 71 mobile dispensaries, 77 health units, 52 maternity centres and 8 leprosy centres. In addition, medical aid will be given to 12,315 persons individually and the provision of sanitary amenities will benefit 54,143 persons. Under the scheme of water supply, the construction and repairs of 33,216 wells and installation of 2,000 hand-pumps will be undertaken, besides laying down of 90,000 feet of pipeline. There is also a provision for the training of 384 nurses and dais.

Housing.— The Government of India has been making considerable efforts to provide backward classes with better housing. The available information shows that under the First Plan the expenditure involved was 76,98,672 rupees only. In any case information made available last year indicated that an expenditure of 2,16,63,782 rupees was incurred during the First Plan period, on the housing schemes for the backward classes. As compared with this figure, a sum of 8,23,86,450 has been provided for this purpose under the Second Five Year Plan. It transpires from the available information that under the First Five Year Plan, 8,865 houses, 8 model villages, 31 colonies, 20 sheds, 7 community houses, 6 panchayat ghars and 20 ashram buildings were constructed and 1,561 persons

given financial aid for construction and repair of houses. During the Second Five Year Plan period, it is proposed to construct 3,26,425 houses, 20 colonies, 10 common houses, 5 community buildings and to give aid to 162 housing societies.

Communications.— Regarding communications, which is a vital necessity in areas where backward classes, particularly, tribals live, in comparison to the expenditure of 4,12,37,765 incurred during the first Five Year Plan period, the proposed expenditure during the second Five-Year Plan period amounts to 8,87,41,100 rupees. During the first Five Year Plan, about 2,500 miles of road including village roads and bridle paths were constructed while under the Second Plan about 15,500 miles of roads will be constructed or improved, 40 roads will be metalled and about 700 bridle paths will be constructed.

The Report also reviews the position regarding reservation for scheduled castes and tribes and Anglo-Indians in government services and posts.

Dns:

CHAPTER 8. MANPOWER PROBLEMS

INDIA - DECEMBER 1957.

81. Employment Situation

Employment Exchanges: Working During October 1957

General Employment Situation

According to the review of work done by the Directorate General of Resettlement and Employment during the month of October 1957, the employment exchange activity exhibited a slightly slackened tempo as compared to September, 1957. Registrations, including re-registrations, were 1,38,788 as against 1,60,681 during the preceding month. 5,220 employers utilised the services of the employment exchanges and notified 22,908 vacancies. The corresponding figures for the previous month were 5,611 and 24,275 respectively. In keeping with a lesser number of vacancies notified the number of placements recorded a fall of 2,416 and was 14,389. This deterioration was further accentuated by an increase of 4,217 in the live register which rose to 8,65,788 at the end of October 1957.

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

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 primary school teachers, semi-skilled fitters and turners, motor mechanics, attenders, cleaners, chowkidars and sweepers.

Registrations and Placings:

The following table shows registrations and placings during the month of October as against the previous month:

	<u>September 1957</u>	<u>October 1957</u>
Registrations:	1,60,681	1,38,788
Placings	16,805	14,389

Registrations thus recorded a fall of 21,893 as compared to the previous month. The decrease in registration was notable in the State of Uttar Pradesh (9,797), Bombay (4,545), Punjab (4,166) and West Bengal (2,657). On the other hand, a significant increase was observed in the State of Bihar (3,520) and Kerala (2,923).

There was a decrease of placements during the month under report by 2416 when compared to the previous month. This decrease was mainly noticeable in the State of Punjab (795), Rajasthan (401), Uttar Pradesh (385), West Bengal (338) and Bombay (337). A fairly pronounced increase was, however, noticed in the State of Andhra (194) and Mysore (123). Of the total number of placements effected as many as 4,214 were under the Central Government, 6,284 under State Governments, 1,772 under quasi-government establishments and local bodies and the remaining 2,119 with other employers.

Register of Unemployed

At the end of the month, the number of applicants on the live register of employment exchanges stood at 8,65,788 which was 4,217 more than the figure at the close of the previous month. The increase in live register was prominent in the State of Bihar (6,484), Kerala (5,445) and West Bengal (3,672). On the other hand, a notable decrease was recorded in the State of Uttar Pradesh (5,183), Punjab (3,616), Rajasthan (1,611) and Delhi (1,315). In all 9,486 employed and self-employed persons of whom 357 were women remained on the live register. The composition of the live register occupation-wise is shown below:

<u>Occupation</u>	<u>Number on live register on 31st October 1957.</u>
1. Industrial supervisory	6,095
2. Skilled and semi-skilled	64,903
3. Clerical	2,58,294
4. Educational	44,244
5. Domestic service	29,670
6. Unskilled	4,21,265
7. Others	41,317
Total:	<u>8,65,788</u>

Employment Position of Special Categories of Applicants

The employment position of special categories of applicants is shown in the following table:

<u>Categories</u>	<u>Registrations</u>	<u>Placings</u>	<u>No. on live Register</u>
1. Displaced persons	3,200	387	41,404
2. Ex-service personnel	4,524	782	23,318
3. Scheduled Castes	13,515	1,991	83,968
4. Scheduled Tribes	4,553	205	13,966
5. Anglo-Indians	231	21	380
6. Educated applicants	1,57,362	18,484	3,02,381
7. Women	8,545	994	52,270

(Review of work done by the Directorate General of Resettlement and Employment during October 1957: issued by the Ministry of Labour & Employment, Government of India.)

Dns:

83. Vocational Training

India - December 1957.

Labour Ministry's Training Scheme: Training During October 1957.

Training of Craftsmen

According to the review of work done by the Directorate General of Resettlement and Employment during the month of October 1957, the number of trainees on the rolls of various training institutes/centres on 31 October 1957 was 13,412. There were 11,843 trainees (including 12 women) in technical trades and 1,569 (including 624 women) in vocational trades.

The total number of displaced persons undergoing training at the end of October 1957 was 1,580, of whom 1,387 were undergoing training in technical trades and 193 in vocational trades. A total of 673 displaced persons were undergoing training as apprentices in industrial undertakings/establishments in Uttar Pradesh and West Bengal, against 1,220 seats sanctioned for the purpose.

There were 151 Supervisors/Instructors receiving training at the Central Institute for Instructors, Koni, Bilaspur, at the end of the month.

Training of Women Craft Instructors

Under the scheme for the training of women craft instructors at the Industrial Training Institute for Women, New Delhi, 19 women instructor-trainees were receiving training at the end of month under review.

Training of School-going children in hobby centre.

A total of 50 trainees were undergoing training at the end of the month under report at the Hobby Centre, attached to the Industrial Training Institute, Allahabad.

Central Training Institute for Instructors, Aundh

Pending the construction of the Institute building at Bombay the Institute has been located at Aundh with a capacity of 144 seats in 13 trades. For the present the first session will start with training facilities in five trades from 15 November 1957.

The following table indicates the total number of training institutions and centres and the number of craftsmen and displaced persons undergoing training on 31 October 1957:

<u>No. of training institutes/centres</u>	<u>No. of seats sanctioned.</u>	<u>No. of persons undergoing training</u>
381	18,981	15,665

Stores and Equipment

The T.C.A. equipment worth approximately Rs.4,750 was received during the month under review. The value of equipment received under this aid programme till the end of October 1957 comes to about Rs.21.7 lakhs.

Indents for machinery items worth Rs.1,49,125 were placed on Directorate General of Supplies and Disposals for supply to the new Central Training Institute at Aundh. Orders for stores worth Rs.9,988 were also placed on private firms for the same institute.

(Review of work done by the Directorate-General of Resettlement and Employment during the month of October 1957: issued by the Ministry of Labour and Employment, Government of India.)

Dns:

Chapter 9. Social Security

93. Application.

India - December 1958.

Employees' State Insurance Corporation: Annual Report for the Year 1955-56.

According to the annual report on the work of the Employees' State Insurance Corporation for the year 1955-56*, the year recorded substantial progress in the extension of the Scheme to new areas. A further 3,19,000 employees in the States of Madras, Hyderabad, West Bengal, Andhra and Uttar Pradesh were brought within the purview of the Scheme, thus increasing the total coverage from 6,90,000 at the beginning of the year to 10,09,000 at its end. During the year 1954-55, it might well be said that the work was in a state of ferment inasmuch as the Corporation had to devote considerable time and effort in the solution of various problems confronting it as well as in accelerating the extension of the Scheme. In the year under report, however, extension of the Scheme to new areas was smoother being largely the fruit of the work done in the previous year, leaving more time for consolidation of the work in its various aspects.

Progress in implementation.- Efforts to extend the benefit provisions of the Scheme to various centres in the country were continued and the Scheme was implemented in Madras City and suburbs, Hyderabad - Secunderabad area, Calcutta City and Howrah District, 7 industrial centres of Andhra State, namely Visakhapatnam, Chittivalasa, Nellimarla, Guntur, Mangalagiri, Eluru and Vijayawada and three more industrial towns of Uttar Pradesh namely, Lucknow, Sharanpur and Agra. The number of employees covered in each area, the date of implementation of the Scheme and the commencement of the benefit periods in various places, where the scheme has been extended, are indicated in the table below:-

*Employees' State Insurance Corporation: Annual Report for the year 1955-56. (Issued by: The Director-General, Employees State Insurance Corporation, New Delhi.) pp. ii+99.

Area	Date of commencement of 1st Benefit period.	No. of employees	No. of insured persons at the end of the year		
			1953-54	1954-55	1955-56
Delhi State	23-11-52	40,000	75,024	82,669	49,967
Ambala, Amritsar (Chhehrata) Batala, Bhiwani, Jamnagar, Jullundur & Ludhiana	14- 2-54	30,000	53,196	43,156	44,558
Gwalior, Indore, Ujjain and Ratlam	23-10-55	50,000	-	53,844	61,073
Kanpur	23-11-52	80,000	1,40,052	1,47,915	1,12,074
Lucknow	14-10-56	17,000	-	-	16,044
Agra	14-10-56				
Saharanpur	14-10-56				
Nagpur	14- 4-55	22,000	-	23,790	24,716
Greater Bombay	3- 7-55	4,30,000	-	4,79,232	5,71,280
Calcutta City & Howrah Dist.	13- 5-56	2,30,000	-	-	2,85,425
Coimbatore	23-10-55	36,000	-	40,598	46,461
Madras	19- 8-56	50,000	-	-	47,176
Hyderabad	29- 1-56	15,000	-	-	16,486
Visakhapatnam, Vijyawada, Eluru, Mangalagiri, Guntur, Chittivalsa & Nellimarala	8- 7-56	15,000	-	-	16,944
TOTAL		10,15,000	2,68,272	8,71,204	12,92,204

Standards of medical care.- The question of provision of hospital beds, as early as possible, in accordance with the scale approved by the Corporation namely, one general bed for every 800 employees, one T.B. bed for every 1600 employees and one maternity bed for every 500 insured women continued to be pursued with the State Governments during the year under report.

Despite the arrangements so far agreed to between the Corporation and the State Governments, the number of hospital beds in almost all the areas was, at the end of the year, below the scale approved by the Corporation. Efforts were therefore continued to establish separate hospitals in areas where the number of beds authorised exceeds 100 and annexes in other areas. Pending these arrangements, reservation of beds on the scale approved by the Corporation is being attempted.

In this connection, the proposal for establishing a hospital to be called "The Mahatma Gandhi Memorial Hospital" in Bombay deserves mention as a special co-operative effort. This hospital with about 300 beds is to be established mainly out of the funds which are being made available to the Mill owners' Association, Bombay by the Gandhi Smarak Nidhi out of the funds donated earlier by that Association to the Nidhi. In addition the Government of Bombay has agreed to meet an expenditure up to 1.2 million rupees towards the cost of land required for the proposed hospital in addition to its usual share of the recurring cost. The Corporation, on its part, has agreed to meet its usual share of the cost of running the hospital and also the entire initial cost on all medical, surgical and other equipment. The Director General and the Medical Commissioner were nominated as representatives of the Corporation on the Board of Management of the proposed Mahatma Gandhi Memorial Hospital. The Government of Bombay and the Millowners' Association have also two representatives each on this Board.

Specialists' services.- The Corporation approved during the year a proposal to provide specialist services to the beneficiaries. According to the proposal, part-time specialists are to be appointed in all areas where there are not less than 10,000 employees. Such part-time specialists see insured persons in existing hospitals but at specified times, when they do not have to queue up with the general public. For areas with less than 10,000 employees, separate part-time specialists have not been authorised but the State Governments have been approached to nominate existing specialists attached to their hospital to see insured persons also.

87

The Corporation at its meeting held on 13 October 1954 had decided that insured persons suffering from Tuberculosis should be provided medical care for an additional half a month for every contribution period in which 12 contributions have been paid subject to a maximum of 2 years for the total duration of such treatment. On re-consideration, the Corporation at its meeting held on 17 December 1955 revised its earlier resolution and decided that the extended period of medical care should be for one year if a person has been in continuous employment for the previous three years before the commencement of the spell of sickness in which T.B. was diagnosed.

Number of persons treated.- During the year under report 15,45,794 new and 49,88,011 old cases were treated at the various State Insurance dispensaries and clinics of the panel doctors as against 4,61,470 and 16,41,619 respectively treated in 1954-55. 14,477 cases were referred for admission to hospitals and 1,36,951 referred for specialist investigation as against the corresponding figures of 3,658 and 28,550 in the year 1954-55.

On an average the daily attendance at the dispensaries and the clinics of panel doctors was 949 including 723 old cases. During the year under report a sum of Rs.51,10,680-0-9 was paid by the Corporation to the State Governments towards its share of expenditure for provision of medical benefit under the scheme.

Contributions.- The total amount received in the year under report as employees' contribution and employers' special contribution was Rs.2,39,61,290 and Rs.2,25,29,288 respectively as against Rs.97,26,321 and Rs.1,87,89,480 received during the year 1954-55. With the implementation of the scheme in new areas, the income from employees' contribution has, as compared with the income from employers' special contribution, been increasing with the result that in the year under report, the income from employees' contribution actually exceeded that from employers' special contribution.

Cash benefits.- A sum of 57,35,000 rupees was paid in cash as sickness benefit as against a sum of 15,16,000 rupees paid during the year 1953-54. The increase in the amount of benefit is mainly due to the fact that 5,53,000 employees in the areas mentioned above became eligible to receive this benefit during the year under report. The average number of benefit days and the amount of benefit paid in Delhi and Punjab was slightly more during 1955-56 than during 1954-55 whereas in Kanpur they were slightly less during 1955-56 than during 1954-55. The slight decrease in the expenditure at Kanpur can possibly be attributed to a prolonged

strike during 1954-55. During the strike, workers who were without a wage had every temptation to secure cash benefit by malingering and in spite of the vigilance of the Corporation, the incidence of cash benefits went up during this period. On the other hand, failure to pay contributions during the strike period resulted in a substantial proportion of insured persons failing to qualify for sickness benefit during part of 1955-56 which in turn led to a lower incidence. The incidence has increased slightly in Delhi possibly due to the outbreak of jaundice in epidemic form. The smaller sickness incidence in Punjab can, perhaps be attributed to a healthier climate, low wages and consequent lower rate of benefit, and a lower proportion of persons qualifying for it due to heavy labour turn over. The number of benefit days per spell of sickness ranged during 1955-56 between 7.3 to 11.8, the average being 9.4 days. The amount of benefit paid during 1955-56 per spell of sickness ranged from Rs.11.5 to Rs.20.2, the average being Rs.18.9. The variation in the range of spells and payments are due partly to the variations in healthiness of climate and partly to the wages prevalent in various areas. However, it is gratifying to note that the experience in respect of the sickness incidence has been, in all areas, more favourable than the assumption made in the interim valuation report of the valuer which was received during the year under report.

In 1955-56, a sum of 2,14,183 rupees was paid as maternity benefit as against 6,925 rupees paid during the year 1954-55. A sum of 5,345 rupees was paid up to the end of year 1953-54. The substantial increase in the amount of benefit payment had been due mainly to the fact that in a number of areas with quite a high percentage of women employees, the insured women became eligible to receive this benefit during the year under report.

Towards temporary disablement benefit, a sum of 11,23,000 rupees was paid as against 3,89,000 rupees paid during the year 1954-55. A sum of 2,52,000 rupees was paid up to the end of the year 1953-54. The increase in the amount of benefit paid during 1955-56 is mainly due to the fact that a number of areas given above were brought within the purview of the scheme and the experience of areas covered during 1954-55 related to the full year whereas in the last year it related to only a part of the year. The average number of benefit days and the amount of benefit paid did not vary much. The number of benefit days per spell of temporary disablement benefit ranged during 1955-56 between 10 and 23 days the average being 18 days. The amount of benefit paid

during 1955-56 per spell of temporary disablement benefit ranged between 11 rupees and 41 rupees, the average being 35 rupees. The difference in them is due partly to variations in length of spell of incapacity and partly to variations in wages prevalent in various areas.

Claims in respect of 53 death cases of which 45 occurred in Bombay and 1 in Hyderabad were admitted in 1955-56 whereas the number of similar cases admitted during 1954-55 was 24. The dependants' benefit actually paid in 1955-56 amounted to 28,150 rupees whereas amounts of benefit paid in 1954-55 was 13,076 rupees. The amount paid as dependants' benefit up to the end of year 1953-54 was 12,064 rupees. The increase in the amount of benefit had been mainly due to the death cases of areas where the scheme was extended during 1955-56 or towards the latter half of the year 1954-55. The incidence in Delhi, Punjab and Kanpur had been quite low as compared to previous years.

In regard to permanent disablement benefit 967 cases were admitted in the year 1955-56 as against 238 cases admitted in 1954-55. The benefit actually paid during 1955-56 amounted to 90,140 whereas the corresponding figures for the years 1954-55, 1953-54 were 32,459 rupees. The number of beneficiaries at the end of the year under report was 1415. A sum of 16,469 rupees was paid up to the end of the year 1953-54.

No permanent disablement benefit was paid in Andhra areas, Madras City area and Agra, Lucknow and Saharanpur areas of Uttar Pradesh as the assessment of degree of permanent disablement had not been made in any case, till the end of the year under report.

The total amount paid as Cash Benefits to the insured persons during the year under report and the years 1955-56, 1954-55 and up to the end of the year 1953-54 is as follows:

Year	BENEFIT (in thousands of rupees)						Total
	Sickness	Mater- nity	Tempo- rary Disable- ment	Depend- ants' Rs	Perma- nent Disable- ment	Rs.	
up to 53-54	1866	5	252	12	16		2151
1954-55	1714	7	389	13	33		2156
1955-56	5735	214	1123	38	84		7194
Total	9315	226	1764	63	133		11501

7.

Average size of insured person's families.- After careful investigation, the Director, Labour Bureau, Simla, forwarded a note on the average size of the families of insured persons in different areas which can be taken as a reasonable estimate for the extension of medical care to families. The weighted average of these estimates indicated that after providing for some rounding up of figures for various areas, the size of the family can be assumed on an all-India basis to be 2.88 per employee excluding the employee himself.

Valuation.- An interim valuation revealed that the Corporation could spare 33 rupees per annum per employee for provision of medical care to insured persons and their families if the Corporation were assured of income equivalent to that on the basis of Schedule I to the Act in respect of all employees in implemented areas. This is possible only if the rates of Employers' Special Contribution are raised suitably.

Dns: