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INTERNATIONAL LABOUR OFFICE
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Industrial and Labour Development in September 1957.

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

<u>Contents.</u>	<u>Pages.</u>
<u>CHAPTER 2. INTERNATIONAL AND NATIONAL ORGANISATIONS.</u>	
<u>28. Employers' Organisations:</u>	
(a) 64th Annual Conference of the United Planters' Association of South India: Kerala Government's Labour Policy Criticised.	1-3
(b) Chairman's Address at Tata Iron and Steel Company's Annual General Meeting: Subversive Elements in Labour Ranks deplored.	4-7
<u>CHAPTER 3. ECONOMIC QUESTIONS.</u>	
<u>32. Public Finance and Fiscal Policy:</u>	
Finance (No.2) Act, 1957 (No.26 of 1956).	8-10
<u>34. Economic Planning, Control and Development:</u>	
(a) Economic Conditions in India: Reserve Bank's Report for 1956-1957.	11-19
(b) Agricultural and Industrial Output targets achieved: Progress Report for the First Five Year Plan.	20-33
(c) "Pruning" Second Five Year Plan without Reduction in Total Outlay: National Development Council Standing Committee's Decision.	34-37
(d) Problems and Prospects of the Second Five Year Plan: Debate in the Lok Sabha.	38-39
(e) Wealth Tax Act, 1957 (No.27 of 1957).	40
(f) The Expenditure-Tax Act, 1957 (No.29 of 1957).	41
<u>36. Wages:</u>	
(a) Earnings of Factory Labour during 1955: Labour Bureau Survey.	42-47
(b) Gratuity for Ahmedabad Textile Workers: Industrial Court's Decision.	48-49
(c) Lok Sabha adopts Minimum Wages (Amendment) Bill.	50-52

<u>Contents.</u>	<u>Pages.</u>
38. <u>Housing:</u>	
Housing Programmes during Second Five Year Plan Period: Minister's Statement in Rajya Sabha.	53-
37. <u>Salaries:</u>	
Remuneration of Posts and Telegraphs Workers: Committee set up.	54
39. <u>International Economic Relations:</u>	
U.S. Investments in India: Agreement concluded.	55
<u>CHAPTER 4. PROBLEMS FEBULIAR TO CERTAIN BRANCHES OF THE NATIONAL ECONOMY.</u>	
41. <u>Agriculture:</u>	
Kerala: Government Lands to be allotted to Landless and Indigent Families.	56-57
42. <u>Co-operation:</u>	
3,000 Experimental Co-operative Farms to be set up in the next Three Years: National Development Council Standing Committee's Decision.	58-59
44. <u>Merchant Marine and Fisheries:</u>	
Seamen's Employment Schemes for Home Trades inaugurated.	60-61
<u>CHAPTER 5. WORKING CONDITIONS AND LIVING STANDARDS.</u>	
56. <u>Labour Administration:</u>	
Lok Sabha Debates Government's Labour Policy: Minister announces setting up of Special Unit to evaluate Implementation of Legislation.	62-72
<u>CHAPTER 6. GENERAL RIGHTS OF WORKERS.</u>	
67. <u>Conciliation and Arbitration:</u>	
Industrial Disputes(Banking Companies)Decision Amendment Bill 1957 introduced in Parliament: Minor Amendments in respect of certain Banks to be made.	73

<u>Contents.</u>	<u>Pages.</u>
<u>CHAPTER 7. PROBLEMS PECULIAR TO CERTAIN CATEGORIES OF WORKERS.</u>	
<u>73. Officials and Public Employees of National, Regional and Local Administrations, of Nationalised Undertakings or Undertakings Managed with the Participation of the Public Authorities:</u>	
(a) Increase in Allowances for Bihar Government Employees.	74
(b) Punjab: Salary Revision for Government Employees: Standing Board set up to consider question.	75
<u>CHAPTER 8. MANPOWER PROBLEMS.</u>	
<u>81. Employment Situation:</u>	
(a) Employment Exchanges: Working during July 1957.	76-78
(b) Public Employment (Requirement as to residence) Bill, 1957, introduced in Parliament: Residence requirements for Public Appointments to be abolished.	79-80
<u>83. Vocational Training:</u>	
Labour Ministry's Training Scheme: Training during July 1957.	81-82
<u>CHAPTER 9. SOCIAL SECURITY.</u>	
<u>91. Pre-legislation Measures:</u>	
Gratuity for Ahmedabad Textile Workers: Industrial Court's Decision.	83
<u>93. Application:</u>	
Employees' State Insurance Scheme extended to Jabalpur Town.	84
<u>CHAPTER 11. OCCUPATIONAL SAFETY AND HEALTH.</u>	
<u>112. Legislation, Regulations, Official Safety and Health Codes:</u>	
Coal Mines Rescue Rules, 1957: Draft Published.	85
<u>LIST OF PRINCIPAL LAWS PROMULGATED DURING THE PERIOD COVERED BY THE REPORT FOR SEPTEMBER 1957.</u>	86
<u>BIBLIOGRAPHY - INDIA - SEPTEMBER 1957.</u>	87-88

Chapter 2. International and National Organisations

28. Employers' Organisations.

India - September 1957.

64th Annual Conference of the United Planters' Association of South India: Kerala Government's Labour Policy Criticised.

The sixty-fourth annual conference of the United Planters' Association of South India (UPASI) was held at Coonoor on 27 August 1957, Shri M.S. Calderwood, presiding.

Presidential address.- During the course of his presidential address, Mr. Calderwood said that the planters "have an immensely useful and valuable contribution to make to the advancement of India". He stated that, true to their traditions, they would adapt themselves to changing conditions and changing ideologies, making a reference to the goal of socialist pattern of society set before the country. Mr. Calderwood also listed the many difficulties that the industry was facing which included, inter alia, the effects of the Plantation Enquiry Commission's recommendations, the award of the tribunal appointed by the Government of Madras and the new Kerala Government's labour policy.

Labour relations.- Regarding labour relations, Mr. Calderwood pointed out that the interests of workers and the industry alike were jeopardised by the multiplicity of unions so often dominated by outsiders who were mostly concerned about their own political ambitions; and this often obliged responsible union leaders to compete with the extremist and unreasonable demands of new and irresponsible agitators. "The amended Industrial Disputes Act is now in force. We have never been convinced of the reasons which were advanced to justify the abolition of the Labour Appellate Tribunal which wrought something like order, out of the chaos of a welter of conflicting awards of industrial tribunals; and though although under the amended legislation we still have a legal remedy of appeal to the High Court or the Supreme Court, this, in practice, takes longer and is more expensive for all parties concerned. It is with real alarm we learn that Government, in response to agitation from interested quarters, is contemplating legislation to deprive parties of the right of appeal to the High Court and the Supreme Court against industrial awards. We earnestly hope that Government will give careful consideration to the dangers of a proposal which involves amending the safeguarding safeguards of the Constitution before it would be legal, and is contrary to all canons of democratic justice."

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Indiscipline in estates.- Mr. Calderwood referred to the general deterioration in the law and order situation in the plantations but declared that what was particularly serious in Kerala was the statement by the Chief Minister, Shri Nambudiripad, that employers could not expect assistance from the police even apparently when trade union activity "has passed its lawful bounds and become criminal trespass, assault or unlawful restraint of liberty or damage to industrial property."

Shri Calderwood said he had spent 35 years in the planting profession in South India but could not remember any occasion when "we were so worried a community, so beset with problems..... We claim and expect to receive that protection of the police against imminent threat to life and property, and freedom of movement, to which every citizen is entitled under the Constitution." He emphatically repudiated the Kerala Chief Minister's statement that the police had been used in the plantations at any rate as strike-breakers.

"The most disastrous results of restricting the proper functions of the police, and inhibiting their normal use", he said, "are outbreaks of unrestrained violence in which not only management and staff are endangered but the labourers themselves lack protection."

"This is not mere imagination; such events have occurred and are of growing frequency in Kerala. Suitable police presence and action can prevent this without restricting workers' rights to continue their industrial disputes in lawful and constitutional manner."

He praised the "moderation and general good sense of our labourers who on more than one occasion have prevented an assault from becoming a tragedy and a large majority of whom, when left to themselves, are not inclined to indulge in hooliganism and violence."

The UPASI President appealed to the Government to intervene with some constructive action. He suggested a conference of all the three State Governments of the South - Madras, Kerala and Mysore - sponsored by the Central Government together with representatives of management and labour to draw up a code defining what constituted legitimate trade union practice on plantations. With such a clear definition the confusion now existing in the minds of the police, management and labour would be resolved and the rule of law and the Indian ethic of non-violence vindicated.

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He referred to the genuine apprehensions in the minds of the planting community regarding the Kerala Government's desire to nationalize foreign-owned plantations and he was grateful to the Central Government for the utmost promptitude with which it publicly announced the policy in this respect so that the Kerala Government had to decide that this nationalization objective was not an issue for the immediate present.

Mr. Calderwood said instances of defiance of authority, coercion of managers by mobs to obtain concessions and even physical violence against supervisory personnel, including managers of estates, had been rising at an alarming rate. What the plantation industry wanted was only the right to enforce order within the confines of the law and consistent with the legitimate rights of the workers. Denial of such rights through mistaken or one-sided notions of social justice would not bring about the national aim of industrial democracy but its antithesis which he called industrial mobocracy.

(The Hindu, 28 August 1957;
The Statesman, 28 August 1957).

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Chairman's Address at Tata Iron and Steel Company's
Annual General Meeting: Subversive Elements in
Labour Ranks deplored.

Addressing the fiftieth annual general meeting of the Tata Iron and Steel Company Limited, on 27 August 1957, Shri J.R.D. Tata, reviewed the development problem of the concern and deplored the activities of subversive elements among labour employed in the industry.

Fifty years of Tatas.- Shri Tata stated that the Company had completed fifty years of existence. "In the fifty years of our life we made over 22 million tons of steel, paid 1,750 million rupees in wages and bonuses, about 450 million rupees in dividends, well over 700 million rupees in taxes and 400 million rupees into Government's price equalisation fund. In the process we saved the country hundreds of millions' worth of foreign exchange and are doing so today at the rate of some 500 million rupees a year, which will rise to about 900 million rupees from next year onwards. I feel we have amply repaid the country for the protection granted to the Steel Industry during the difficult years following the first World War."

Shri Tata said that their first and most important task is to complete the expansion of our plant and reach the two million ton target as quickly as possible. The schedule of construction was from the start an extremely tight one. Kaiser's still hoped to adhere to the original schedule, but it was too early as yet to forecast the exact dates on which each of the new units will come into full production. One unavoidable consequence of having to telescope much of the programme into one year had been a greater degree of interference with existing production than previously anticipated, the effects of which on current production were being seriously felt.

5

Shri Tata reviewed the implications of the new taxation measures introduced in the current year's budget and stated that the amount of additional taxation which the Company will have to bear, including excise duty on steel used in expansion programmes, will be approximately 10 million rupees for the current year and corresponding amounts in subsequent years, thereby adding to the financial stringency with which the Company was already faced in implementing the two million ton programme.

Labour questions.- Shri Tata, referring to the labour problems in the Company, said that while the position in the steel company was generally satisfactory during the year and the company's relations with the Tata Workers' Union continued to be maintained on a basis of co-operation and mutual confidence, the general wave of labour unrest in the country, coupled with the recent attempts of the Communist Party to disrupt the working of the industries located at Jamshedpur, had recently affected the situation in the works.

One of the most discouraging features of the labour movement in India up to now had been the relatively slow progress made in building up, as in other countries, strong and stable unions well organised and staffed, endowed with substantial financial resources and enjoying the sustained loyalty and support of the workers.

"With rare exceptions, the labour movement here has suffered ~~the lab~~ acutely both from the lack of support from within and from being kept in a constant state of uncertainty and agitation by a never-ending struggle for power, often in total disregard of the interests of the workers concerned. Once a union is well-established and recognised, it is made the butt of attacks and intrigues by outsiders bent upon acquiring control or establishing a rival union. If the union has established sound and constructive relations ~~relations~~ with employers, and even though it may, as in our case, have obtained through negotiations valuable concessions in the form of increased wages, bonuses, retiring and other benefits, job security, consultative machinery and the like, its leaders are charged with betrayal of the workers' interest and its members instigated to renounce them and to follow others who promise to get them better terms from the employers.

"The bewildered workers who, because of the lack of education still prevailing in our country, are easily influenced by such promises and exhortations, are kept in perpetual doubt as to where their interests lie and fail to see that they are the main sufferers from their unwillingness or inability to support their proved leaders in their efforts to build up strong and responsible unions.

"The attempts of the President of the Tata Workers' Union and his colleagues to strengthen their organisation have been obstructed for some years by a continuous and virulent campaign against them by outside parties, with Communists now in the lead. As can be seen from recent events in Telco and the Tinsplate Company, these disruptive elements have succeeded in creating trouble and unrest which, if unchecked, may spread to the Steel Works.

"All the policies and plans of the Government for developing the country and raising the standards of living of its people are based upon the achievement of a rapid and continuous rise in the output of all kinds of goods and services and particularly in industrial output. The Communists are well aware of this. In their eyes success in achieving prosperity through a mixed economy and by democratic means would be a severe set-back to their plans and must therefore be thwarted at all costs. Progress and happiness must be achieved the Communist way or not at all and they cannot afford to let success in India disprove the necessity of the totalitarian methods used in some countries which they seem to love more than their own.

"There is evidence that their present activities at Jamshedpur are part of a pre-determined plans. Jamshedpur is one of their obvious and principal targets in the labour field, for control of the growing steel and heavy engineering industries there would provide them with a stranglehold on one of the most vital and sensitive sectors of the economy. Our information, confirmed by the recent development at Jamshedpur, is that in the first phase

7

which we are witnessing today their plan of action contemplates no frontal attack on the labour movement there but a series of localised incidents in each factory and neighbouring mines directed at destroying morale, fostering indiscipline and, wherever possible, at disrupting production through slow-downs and lightning strikes. Agitation, coercion and intrigue, in the traditional pattern of Communist action, all play their part in this preliminary softening-up process. If it succeeds, the pressure will be increased and extended to other units in the next stage until the present trade union movement and its leadership are destroyed. The last step would be to take over the whole labour movement at Jamshedpur and elsewhere.

"The main responsibility for maintaining peace and order and for preventing disruption of industrial production at Jamshedpur by subversive elements, lies with the Government of Bihar, who are fully aware of the developments and of the serious implications of any loss of production that might result from continued disruptive activity at Jamshedpur."

(The Statesman, 29 August 1957).

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CHAPTER 3. ECONOMIC QUESTIONS.

INDIA - SEPTEMBER 1957.

32. Public Finance and Fiscal Policy.

Finance (No.2) Act, 1957 (No. 26 of 1956).

The Finance (No.2) Bill, giving effect to the financial proposals of the Central Government (vide pages 8-20 of the report of this Office for May 1957), as passed by Parliament received the assent of the President on 11 September 1957 and has been gazetted as Act No.26 of 1956.

Explaining in the Lok Sabha the changes made in the financial proposals, Shri T.T. Krishnamachari, Union Finance Minister, said there appeared to be some misunderstanding about the excise duty on tobacco. "Members will observe that the Bill proposes two changes. First, there is an increase proposed in duty on biri tobacco from 14 annas to 1 rupee per lb. and on other tobacco from 6 annas to 8 annas per lb.

"Secondly, there is a change in the tariff classification of tobacco. The tariff so far was based on what is known as the capability test. In other words, tobacco, which, in the opinion of the excise department was capable of being used for making biris, was charged a higher rate of duty while that which was not so capable was charged a lower rate of duty."

As regards direct taxation the Finance Minister said: "I do not propose to make any further major changes in the original proposals relating to personal taxation excepting those which I had already mentioned in the House at the conclusion of the general debate. I have given notice to the House of an amendment by which a children's allowance of 300 rupees per child, subject to a maximum of 600 rupees, will be added to the marriage allowance. This would mean that a person with two or more children will not pay income-tax unless his income is about 3,600 rupees, while those persons with incomes above 3,600 rupees will pay a little less than they would have had to pay under the original proposals.

"These children's allowances will, however, not be available to individuals whose total income exceeds 20,000 rupees, the level at which such allowances are unnecessary. In fact, I propose to go a step further and withdraw even the marriage allowance for persons having incomes above 20,000 rupees".

Shri Krishnamachari continued: "In the personal tax rates proposed, no surcharge is leviable on incomes up to 7,500 rupees in the case of individuals and up to 15,000 rupees in the case of Hindu undivided families in respect of unearned incomes. It is only beyond these incomes that the surcharge begins to operate."

"Fears have also been expressed that the payment of wealth tax by companies will result in the reduction of the return on the shares held by small shareholders and the value of their shares will also go down. These fears of any noticeable fall in the value of holdings of this class of assesseees are rather exaggerated.

"However, I feel that it is worth while providing an incentive for these persons to invest in the equity capital of companies. I am, therefore, proposing that the normal limit exempted from surcharge should be increased by the amount of dividends if any, received on equity shares, subject to a maximum of 1,500 rupees".

Personal tax.- The Finance Minister pointed out that he had proposed in the Bill a new structure of personal tax rates. "This structure consists of a basic rate schedule applicable to all incomes and three items of surcharges. One of the items is a surcharge on unearned income."

The Finance Minister next referred to the changes proposed in the original Bill in respect of 23-A companies with a view to encouraging industrial companies to plough back their profits into their business for the purpose of maintenance and development to a larger extent than was possible under the existing law.

"While I am not proposing any changes in the original proposals in this respect. I propose to amend Section 23-A so as to remove its applicability to genuine public companies, which, under certain circumstances, fall within the mischief of Section 23-A as it now stands. Shares held by the Government or by statutory corporations in which the public are substantially interested are proposed to be treated as shares held by the public. Further, in deciding whether less than six persons hold the majority of shares in a company, the shareholdings by such legal entities as the Government, statutory corporations or a company in which the public are substantially interested, are proposed to be left out of account".

At present, said Shri Krishnamachari, interest payable on money borrowed from abroad and brought into India was chargeable to income-tax and super tax. "In order to facilitate borrowing of funds from abroad by Government and local authorities, it was proposed in the Bill that interest on such borrowings abroad should be exempted from tax.

"Since then, I have given further thought to this matter. In the context of the present foreign exchange position, I consider it necessary to help industry to obtain finance in foreign countries.

"With the previous permission of the Speaker, I have already announced this measure in a Press communique. I am proposing an amendment to give effect to this decision by which interest payable by Indian industrial undertakings on loans taken from approved financial institutions in foreign countries is sought to be exempted. Further, interest payable to non-resident supplier or financier by an Indian industrial undertaking on loans obtained for the purchase of capital goods abroad is proposed to be exempted from tax if the terms of the loan are approved by the Government".

Postal rates.- "I had already announced (during the general discussion on the budget) the Government's decision to withdraw the proposals relating to increases proposed on postcards and parcels. I indicated at the same time that to compensate the resulting loss in revenue, it will be necessary to raise the rates for inland letters from 13 nP to 15 nP. At the same time the initial slab of weight for inland letters will be raised from one tola to one and a half tolas. The additional weight will also be computed in one and a half tolas instead of one tola as at present, and the rate for every additional one and a half tolas will be increased to 10 nP (against 6nP per additional tola at present). As I pointed out in my reply to the general Discussion of the budget this will mainly affect business houses and not the common man."

(The Gazette of India, Extraordinary, Part II,
Section 1, 11 September 1957, pp. 323-368;
The Statesman, 27 August 1957).

34. Economic Planning, Control and Development.

India - September 1957.

Economic Conditions in India: Reserve Bank's Report
for 1956-1957.

The Reserve Bank of India's annual report on the working and accounts of the bank for the year ended 30 June 1957, submitted to the Government of India, reviews, inter alia, economic developments in the country during the period.

General.- During the year under review, the Indian economy exhibited signs of the growing strain imposed by a high rate of investment which was partly deficit financed. Evidence of this strain was reflected in the continued rise of commodity prices and costs of living, in monetary stringency and a rapid decline in foreign exchange reserves. The rise in prices and financial stringency had characterised the economy last year too, but the balance of payments deficit, which has latterly assumed serious proportions, made its appearance only in April 1956. Agricultural production rose during the year and industrial production also maintained its uptrend, but the increase in output fell short of the growth of demand initiated largely by the continued rise in Government expenditure, mainly on development. A wide range of corrective measures which included additional taxation, a restrictive import policy except as regards foodgrains and general as well as selective credit controls was adopted by Government and the Reserve Bank, to deal with the situation.

12

Production trends.- Agricultural production in 1955-56 was slightly lower than that in the previous year, due mainly to a fall of 1.6 million tons in the output of foodgrains viz., from 66.6 million tons in 1954-55 to 65.0 million tons. In 1956-57 output of food grains is estimated to have been 3.6 million tons higher than in 1955-56; total agricultural production during the year is also placed about 6 per cent higher than in 1955-56.

The original targets of agricultural production in the Second Plan were raised during the year to provide for the larger estimated increase in demand in consequence of rising incomes, besides making possible a surplus for exports. The revised targets postulate an increase of about 28 per cent in agricultural production as a whole and of about 25 per cent in the case of food grains by the end of the Second Five Year Plan. In the light of the rise in food grain prices that has occurred in the last two years, the achievement of these targets appears to be a paramount necessity for the general success of the Plan.

The rising trend of industrial production was well maintained during 1956. The average index of industrial production (revised), with 1951 as base year, rose from 122.1 in 1955 to 133.0 in 1956, representing a rise of about 9 per cent. The average of the index for January-April 1957, at 141.9, was also about 9 per cent higher than the average for the same period of 1956. The general indications are that the overall level of industrial output would maintain the rising trend shown so far.

National Income.- National income in 1955-56, the latest year for which preliminary estimates are available, recorded a very small rise, from 102,800 million rupees (in terms of 1948-49 prices) in 1954-55 to 104,200 million rupees in 1955-56 or 1.4 per cent only. National income in 1956-57 should record a much larger rise than in 1955-56 owing to the rise in agricultural output and the continued rise in industrial output.

Rising prices.- The price situation has continued to cause concern. The general index of wholesale prices (base: 1952-53 = 100) rose further by 8.3 per cent between June 1956 and June 1957, on top of a rise of 13.8 per cent in 1955-56. The average index for 1956-57 was higher than in 1955-56 by 12 per cent.

The rise in prices was shared by all the major groups but was particularly marked in 'food articles' (10.4 per cent) and 'industrial raw materials' (7.4 per cent); among other groups, prices of 'manufactures' rose by 5 per cent during the year under review. The rise in prices during the year has been only somewhat smaller than in the previous year. The continued price uptrend is attributable to the rising impact on demand of the incomes generated by the heavy investment under the Plan and the relative shortfall in agricultural production, particularly of coarse grains, in 1955-56. The situation was partly aggravated by an increased tendency to hold food grains partly with the help of bank credit and also made possible by the improved position of producers as a result of the continuous uptrend in prices since mid-June 1955. The probable pressure of demand for food grains across the borders of India may also have contributed to the rise in prices.

The short-term measures which Government took to curb the rise in prices included arrangements for imports of wheat and rice, in particular through agreement with the U.S. Government under Public Law 480 and opening of a net-work of fair price shops for distribution of food grains. The Essential Commodities Act which was amended towards the close of the year, empowers Government to requisition food grain stocks at the average market price of the preceding three months. The Act has been made applicable to 12 States and 3 Union Territories in respect of purchase of rice and paddy. Three wheat zones in the north and a rice zone in the south have been formed and restrictions have been imposed on movements of these cereals into and from the zones. This measure should help to alleviate the problem of local shortages. Credit restriction measures were also employed by the Reserve Bank to deal with the situation. The only long-term solution to the problem, however, is increase in output accompanied by appropriate fiscal and monetary policies.

The rise in the All-India working class consumer price index number during the year was relatively small as compared to the rise in commodity prices of over 8 per cent during the year; the index (with 1949 as base year) rose from 106 in June 1956 to 110 in November but declined again to 107 in January 1957 and remained unchanged in the next three months; it rose to 109 in May. The All-India annual average for the financial year 1956-57, however, was 11 per cent higher than in 1955-56. In recent months there have been rather widespread wage claims and there are signs of industrial unrest. It is of the utmost importance that the cost of living and with it the cost of production should be held and a spiralling movement in prices avoided. This calls for restraint and discipline in all sectors of the economy and on the part of all sections of the community.

Money Supply and Bank Credit.- The expansionary forces in the economy were operative in the monetary and banking spheres. As in the preceding year, there was a substantial increase in money supply with the public, though the magnitude of increase was smaller, being 1,530 million rupees, or 7.0 per cent, as compared to 2,120 million rupees, or 10.7 per cent in 1955-56. The large deficit in the balance of payments considerably neutralised the expansionist effect of a larger volume of deficit financing by Government and of bank credit. It is interesting that the share of currency in the money supply expansion during 1956-57 was much smaller, relatively to the preceding year, having fallen from 75.8 to 38.9 per cent. As regards the seasonal pattern, money supply in the slack season (May-October 1956) recorded a contraction of 1,050 million rupees, largely due to the balance of payments deficit. In the busy season (November 1956-April 1957), money supply expanded by almost as much as in the 1955-56 busy season - 2,440 million rupees as compared to 2,500 million rupees.

The broadening of demand for bank credit to cater to the needs of development generally was reflected in the expansion of scheduled bank credit, excluding inter-bank transactions, by 1,640 million rupees over the year (July 1956-June 1957) as compared to 1,420 million rupees in the preceding year. This substantial rise in imports was undoubtedly an important factor in the sharp rise in bank credit. Even during the slack season (May-October 1956) bank credit recorded a small net rise. The rise in the deposit resources of the scheduled banks at 1,780 million rupees was, however, much larger than in 1955-56 (1,010 million rupees), the increase being largely connected with the import of U.S. surplus agricultural commodities under Public Law 480. Though, unlike in 1955-56, the expansion of deposits was large as the rise in bank credit, in view of the already over-extended position of banks at the beginning of the year, the pressure on the liquidity of the banks and monetary stringency in general were intensified. Money rates were generally higher than in 1955-56.

Finances of Governments.- The rising tempo of outlay under the Second Plan, which in 1956-57 is estimated to have been 7,610 million rupees as compared to a little over 6,000 million rupees in 1955-56, is reflected in the increasing overall budgetary deficits of the Central and State Governments. The 1956-57 deficit of the Centre and States together at about 2,500 million rupees would appear to have been about 1,000 million rupees higher than in 1955-56. The deficit for 1957-58 of the Central Government alone is estimated at 2,800 million rupees after taking into account the receipts from the new tax proposals. The States have also budgeted for deficits of 860 million rupees on revenue account. The overall budget deficit in 1957-58 would thus be significantly larger than in 1956-57, this being a consequence of the rise in Plan outlay from 7,610 million rupees to over 9,000 million rupees.

15

The total net borrowing of the Centre and States, exclusive of conversions and cash payments of maturing loans, amounted to 1,410 million rupees during 1956-57, as compared to 820 million rupees in 1955-56. It should, however, be noted that the actual absorption of Government securities in 1956-57 by the public, excluding the Reserve Bank, was much smaller than what the above figures indicate, particularly if account is taken of the purchases which the Reserve Bank and the State Governments had to make following the selling pressure which developed during the year. The budget estimates of the Central Government for 1957-58 place net receipts at 680 million rupees. The attainment of the target of 7,000 million rupees for public loans in the Second Plan period would, in this context, require a great effort on the part of all concerned.

Net receipts from small savings, which will have a significant role to play in maximising the contributions of non-institutional investors to the resources for the Plan, recorded a slight decline of about 50 million rupees as compared to the actual collections of 670 million rupees in 1955-56. The target for small savings under the Second Plan, at 5,000 million rupees, is substantially higher than in the First Plan. New arrangements have been made, in the light of discussions which the Union Finance Minister and the Governor of the Reserve Bank had with the State Finance Ministers, to increase the share of the State Governments in the collection of small savings in lieu of market borrowing by the States. The enhancement of rates of interest, effective from 1 June 1957, on small savings, by $1/2-3/4$ per cent, is part of the concerted programme to step up net receipts from this source.

Capital Markets.— The Indian capital market felt the impact of the increase in the rate of investment in the private sector and the various taxation and credit measures taken by Government and the Bank. Like the money market, the capital market too was characterised by stringency under the pressure of demand for funds, despite a significant increase in the supply. From the analysis of data regarding over 700 joint-stock companies for 1955-56 - which is the most recent data available - and the increase in imports and in bank credit, it is clear that the rate of investment has been rising. Thus, net fixed assets formation in respect of the above companies rose from 10.1 per cent in 1954-55 to 14.3 per cent in 1955-56. It is likely to have been higher still in 1956-57.

16

Balance of Payments.— The high and continuing deficit in the balance of payments has been the most conspicuous feature of the economy during the year under review. Sterling assets of the Bank declined over the year by 2,270 million rupees to 4,570 million rupees. In addition, the country obtained a credit of 950 million rupees from the I.M.F. and grants and loans amounting to 820 million rupees (during the nine-month period July 1956-March 1957) mainly under the Indo-American Technical Co-operation Programme and under P.L. 480. Detailed information on the country's balance of payments transactions is available so far only for the first nine months of the Bank's accounting year 1956-57, viz., July 1956 to March 1957. During this period, India's overall balance of payments showed a deficit on current account of 2,480 million rupees, being the result of the deficit of 3,630 million rupees on visible account (including trade and a surplus of 1,150 million rupees on invisible account (including governmental grants). For the last quarter of the year (April-June 1957) the deficit appears to have increased partly as a result of the seasonal decline in exports. Region-wise, the deficit was distributed over all the principal areas but its incidence was heaviest in transactions with the O.E.E.C. countries.

The deficit was largely the result of an unprecedentedly high level of imports (amounting to 6,460 million rupees in the nine months July-March) by both the public and private sectors. Among the factors which contributed to the high rate of imports may be mentioned the accelerated rate of development activity in the public and private sectors and the high level of industrial production, together with the need to import large quantities of food grains. There had apparently been some under-estimation of the import requirements of the Second Plan. The value of exports remained practically unchanged, there being a decline of 40 million rupees to 4,835 million rupees, during the nine months July-March 1957. The level of exports was largely sustained by the record exports of tea partly for stockpiling purposes consequent to the Suez hostilities, while exports of a number of commodities, particularly in the raw materials group, declined indicating higher domestic consumption.

Since the beginning of 1957 a number of measures have been taken to halt the drain on foreign exchange reserves. Among these may be mentioned the ban on the incurring of new foreign exchange commitments in the private sectors on any uncommitted project, reduction of import quotas, withdrawal of the basic allowance of foreign exchange for purposes of travel abroad for pleasure and further restrictions in respect of foreign travel for business, education and health. However, in order to facilitate financing of imports of essential capital goods during the period of exchange restrictions, the policy for the import of capital goods under deferred payment arrangements was initiated in January 1957.

Monetary and Credit Policy.— The year under review witnessed further adaptation of the Bank's policies to the changing economic context, which has been described above. The Bank's recent policy may be described broadly as one of controlled expansion. While the need for expansion of credit and money supply commensurate with the rapid development and diversification of the economy is fully recognised by the Bank, an excessive expansion of money supply would be inflationary and would ultimately jeopardise the financial stability of the economy. In the prevailing situation, with considerable inflationary potential, the direction of credit policy should be one of general restraint without jeopardy to the functioning and progress of essential productive sectors of the economy. Financial stringency is a common characteristic of a phase of economic boom when investment tends to outrun savings. In an economy like India's, which has embarked on development, the boom phase tends to be continuous and the attendant financial stringency may, therefore, tend to be more than temporary. The stringency reflects essentially a sharp rise in the demand for credit, arising from a high rate of investment and consumption rather than a decrease in the supply of money or credit. In fact, as mentioned earlier, money supply and bank credit have expanded at an unprecedented rate during the last three years or so.

The Bank sought to achieve the objective of controlled expansion on the one hand, through some raising of the cost of credit together with selective credit controls and, on the other, through temporary liberalisation of the bill market scheme and revision of the open market scheme operations policy.

The Reserve Bank's use of selective credit controls through directives to commercial banks with regard to advances against grains, cloth, etc., was throughout characterised by flexibility in keeping with the changing market conditions. The imposition and withdrawal of these directives was dictated by the need to restrain speculative credit demands while meeting genuine credit requirements. The Bank had first issued a directive on 17 May 1956 making it obligatory for all scheduled and two State-associated non-scheduled banks to restrict generally their advances against paddy and rice and to raise their existing margins by 10 per cent, when the abnormal expansion of advances against these commodities together with a rise in their prices indicated that bank credit was being utilised for withholding stocks from the market. Subsequently, on 13 September 1956, the Bank extended these ~~strai~~ restrictions to other food grains and pulses when similar tendencies to speculative withholding of stocks were observable. A similar directive was issued on 13 September 1956 in respect of advances against cotton textiles which remained in force till 1 February 1957. Subsequently, in order to facilitate financing of the movement of the new crop, the Bank withdrew its restrictions on advances against paddy and rice on 14 November 1956. The restrictions on paddy and rice were, however, reimposed on 9 February 1957 to forestall excessive expansion of bank credit against these commodities. Further, in April 1957, the Bank exhorted the scheduled banks to desist from making advances against shares to parties seeking to acquire a controlling interest in industrial enterprises by concerning shares.

Again, on 7 June 1957, in view of the persistent rise in bank advances against food grains, the Bank issued a directive, designed not only to curb bank finance for speculative holding of stocks but also to bring down substantially the level of advances against these commodities.

The Prospect.- During the last year it was noticed that the Indian economy, which had enjoyed comparative stability with a fair rate of development under the First Five Year Plan, was already subject to some strain. During the year under report the strain grew more severe and the internal price equilibrium as well as the external payments balance were disturbed, the latter rather seriously. The basic trends referred to above have been reflected in the rapid expansion of bank credit and money supply. The pace of monetary expansion - large in itself - would have been larger without the heavy balance of payments deficit that has been experienced in the last year; this latter is a measure of the extent to which resources from abroad have contributed to the increased investment at home. The extent to which foreign exchange reserves can continue to fill the gap is bound to diminish drastically hereafter. The contractionary effect on money-supply of a foreign exchange deficit or its contribution to resources for development will not, therefore, be available in the same degree as it has in the last year or so. This gives a clue to the evolution of appropriate monetary and credit policies. These have to be directed to ensuring that the expansion of money and credit does not take place at a rate disproportionate to the capacity of the community to mobilise real resources for development.

balance between the demand for funds

The current phase of financial stringency does not reflect absolute shortage of money but expanded demand for it. A basic solution to the problem of stringency is to be sought in an increase in savings so as to effect a better (for investment) and their supply (through savings). The present rates of interest reflect the high demand for credit relatively to supply and also act to restrain this high demand to some extent and consequently the increase in money supply, the rise in prices and growth of inflation. Financial stringency thus acts as a defence against inflation. It has to be recognised however that tight money policy by itself cannot cure a significant disparity between investment and savings.

19

The problem of resources is two-fold: that of domestic or internal resources and foreign or external resources required for the foreign exchange content of development and other expenditures, in the public and private sectors. To an important degree, the two aspects of the problem are interrelated. A rise in consumption at home involves a rise in consumption both of domestically produced goods, and also to some extent, of imported articles and thereby entails a draft on foreign resources both ways, actual (viz., expended on imports for consumption) as well as potential (not earned, owing to consumption at home of exportable commodities). But more important than this is the effect of domestic economic policy on the "climate" of foreign investment. Although in view of the various developments that have taken place since the Second Plan was adopted, the price deficit in external resources is not known, indications are that it has become significantly larger. The Second Five Year Plan, as it was originally formulated, involved heavy reliance on external assistance. Developments in the very initial period of the Plan point clearly to the need for even more of such assistance. As against this, the outlook on the availability of such finance is yet not clear. It is, therefore, clearly desirable to keep the investment in the economy in the immediate future within the limits of domestic and external resources in sight. It would also be necessary to exercise some restraint on the growth of consumption. Every effort must be made to get the maximum results from the actual investments undertaken. And, the plan targets for both the public and the private sectors need to be rigorously and urgently reviewed. It is these adjustments in programmes, public and private, and the detailed formulation of fiscal, monetary and credit policies directed to maximising the resources available for investment that constitute the immediate tasks ahead.

(The Report of the Reserve Bank of India for 1955-56, was reviewed at Section 34, pp. 28-33 of the report of this Office for September 1956).

(Reserve Bank of India Bulletin, Vol. XI, No. 8, August 1957, pp. 751-766).

Agricultural and Industrial Output targets achieved:
Progress Report of the First Five Year Plan.

According to the "Review of the First Five Year Plan"¹ published in May 1957 by the Planning Commission, the First Five Year Plan was instrumental in bringing about a marked improvement in levels of production both in agriculture and industry. Agricultural production showed striking improvement over the plan period. The output of foodgrains in 1956 at 64.9 million tons was about 5 million tons above the target laid down in the plan. The turning point came in 1953-54 with a peak production of 68.8 million tons of foodgrains. This was followed by another good crop in 1954-55 when the foodgrains output was 66.6 million tons. The output of cotton, jute and oilseeds also recorded substantial increases, although there were, as is to be expected variations from year to year. The index of agricultural production (1949-50 = 100) rose from 95.6 in 1950-51 to 116.4 in 1954-55. In 1955-56, however, it recorded some decline. Altogether, the index of agricultural production by the end of the plan period was about 19 per cent higher than at the beginning of the plan.

Industrial production also increased steadily, the increase over the five year period being of the order of 40 per cent. Production of mill-made cloth increased from 3,718 million yards in 1950-51 to 5,102 million yards in 1955-56. The plan target was exceeded by about 400 million yards. In the case of sugar, sewing machines, paper and paper-board and bicycles, production reached the anticipated levels; in fact in some cases the targets were surpassed. Cement production rose from 2.7 million tons in 1950-51 to 4.6 million tons in 1955-56 and the general engineering industries as well as heavy chemicals and chemical products recorded sizeable increases in output. The larger availability of raw materials, the utilisation of capacity hitherto un-utilised as well as fresh investment on a significant scale contributed to the general increase in industrial output. Several new products were manufactured in the country for the first time and a number of new product and important industries like petroleum refining, ship-building, manufacture of air-crafts, railway wagons, penicillin, ammonium chloride and DDT were established. In the public sector various

1. Review of the First Five Year Plan, May 1957: Published by the Planning Commission, Government of India, pp.479.

industrial units such as the Sindri Fertiliser Factory, the Chittaranjan Locomotive Works, the Indian Telephone Industries and the Integral Coach Factory recorded satisfactory progress. On the other hand, the projected iron and steel plant and the heavy electrical equipment plant could not be commenced in the plan period. The Machine Tool Factory, the Nepa Newsprint Factory and Bihar Superphosphate Factory were also behind schedule. The following table shows the levels of production in important lines at the beginning and at the end of the plan period:-

	1950-51.	1955-56.	Percentage increase 1951-56.
I. Agricultural Production:			
(i) Foodgrains (million tons).....	50.0	64.9	29.8
(ii) Cotton (million bales).....	2.91	4.00	37.5
(iii) Jute (million bales).....	3.28	4.20	28.0
(iv) Sugarcane(in terms of gur-million tons).....	5.62	5.90	5.0
(v) Oilseeds (million tons).....	5.10	5.66	13.2
(vi) Tobacco(million tons).....	0.257	0.259	0.8
(vii) Tea (million lbs).....	607	668	10.5
(viii) Potatoes(thousand tons).....	1634	1839	12.5
II. Industrial Production:			
(i) Finished Steel(Thousand tons).....	976	1274	30.5
(ii) Pigiron(thousand tons).....	1572	1787	13.7
(iii) Cement(thousand tons).....	2692	4592	71.3
(iv) Fertilizers:			
(a) Ammonium Sulphate(thousand tons).	46	394	756.5
(b) Superphosphate(thousand tons).....	55	71	29.1
(v) Locomotives(Nos.).....	3	179	..
(vi) Machine Tools-graded(value in Million Rupees).....	3.2	7.8	143.7
(vii) Diesel Engines(Nos.).....	5540	10369	80.7
(viii) Automobiles(Nos.).....	16519	25272	53.0
(ix) Cables and Wires- A.C.S.R.Conductors (Tons).....	1349	9730	547.1
(x) Aluminium (Tons).....	3677	7333	99.4
(xi) Cotton Manufactures:			
(a)Yarn (million lbs.).....	1179	1633	39.0
(b)Mill Cloth (Million yards).....	3718	5102	37.2
(c)Handloom cloth (million yards)...	810	1449	79.0
(xii)Jute manufactures(thousand tons).....	824	1054	28.0
(xiii)Bicycles(thousands).....	97	513	429.0
(xiv)Sewing Machines(thousands).....	33	111	236.3
(xv)Electric Lamps(thousands).....	15000	24228	61.0
(xvi)Power Alcohol(million gallons).....	5.0	10.4	108.0
(xvii)Sugar (thousand tons).....	1100	1860	70.0
(xviii)Vanaspatti(thousand tons).....	153	276	80.4
(xix) Paper and paper boards(thousand tons).	114	187	64.0
(xx) Leather footwear(thousand pairs).....	5195	5675	9.2

22

The plan also initiated a number of structural and institutional changes. It has evoked wide-spread public interest and enthusiasm and there is a new and insistent urgent for rapid development all over the country. Altogether, the first plan was only a initial step. The problems of resources mobilisation and of countering the shortages and bottlenecks at various points which are associated with sustained development effort did not emerge fully in the period of the plan. Both from the point of view of the stepping up of investment substantially and of keeping the various sectors of the economy moving together in balance, the real tasks, it could be said, are yet ahead.

Total outlay.- The plan as formulated in 1952 proposed a total outlay of 20,690 million rupees by the Central and State Governments together. Later, the plan was expanded and various adjustments were made mainly with a view to stepping up the aggregate outlay from the levels in the early years and to provide more employment opportunities. These additions, it was recognised, were in part at least substitutions for schemes in respect of which progress was slow for various reasons. These adjustments raised the size of the plan to 23,780 million rupees. The following table shows the projected and actual allocation of plan outlay by major heads over the five year period:-

	Total Plan Provision (including adjustments)		Outlay 1951-56	
	Million Rupees.	per cent	Million Rupees.	Per cent
1. Agriculture and Community Development:	3540	14.9	2990	14.8
(i) Agricultural Programmes.....	2490	10.5	2270	11.3
(ii) Community Projects and National Extension Service.....	900	3.8	570	2.8
(iii) Local Development Works.....	150	0.6	150	0.7
2. Irrigation and Power:	6470	27.2	5850	29.1
(i) Multipurpose projects.....	2560	10.8	2410	12.0
(ii) Irrigation projects.....	2130	9.0	1910	9.5
(iii) Power projects.....	1780	7.4	1530	7.6
3. Industries and Mining:	1880	7.9	1000	5.0
(i) Village and small-scale industries.....	490	2.1	440	2.2
(ii) Large-scale industries, mining and scientific research.....	1390	5.8	560	2.8

	Total Plan Provision (including adjustments)		Outlay 1951-56	
	Million Rupees.	Percent	Million Rupees.	Percent
4. Transport and Communications:...	5710	24.0	5320	26.4
(i) Railways.....	2670	11.2	2670	13.3
(ii) Roads and Road Transport....	1470	6.2	1470	7.3
(iii) Ports and Harbours, Shipping and other Transport.....	970	4.1	710	3.5
(iv) Posts and Telegraphs, Communica- tions and Broadcasting.....	600	2.5	470	2.3
5. Social Services:	5320	22.4	4230	21.0
(i) Education --.....	1700	7.2	1530	7.6
(ii) Health.....	1380	5.8	1010	5.0
(iii) Housing.....	490	2.1	350	1.7
(iv) Labour and Labour Welfare and Welfare of Backward Classes...	390	1.6	370	1.8
(v) Rehabilitation.....	1360	5.7	970	4.8
6. Miscellaneous.....	860	3.6	740	3.7
GRAND TOTAL.....	23780	100.0	20130*	100.0

*Figures for the fifth year are based on 'revised estimates'. Actual outlay over the five year period is estimated at 19,600 million rupees.

The growth in the annual plan expenditure is shown by the following table:-

Year	Million Rupees.
1951-52	2594
1952-53	2676
1953-54	3430
1954-55	4759
1955-56	6665
Total.	20124

Financing.- In the plan, as it was originally formulated, the estimate of the total domestic resources to be raised by way of taxes, loans, small savings, etc., was 12,580 million rupees, the balance of 8,110 million rupees being financed from external assistance to the extent available and from a combination of measures to raise domestic resources by way of taxes or loans or deficit finance as the circumstances might warrant. External assistance to the tune of 1,560 million rupees was already in sight when the plan was formulated and it was expected that some further external assistance would also be available. It was recognised at the same time that deficit financing should not, unless special circumstances arose, exceed 2,900 million rupees which corresponded to the drawal of sterling balances. External assistance utilised came to about

24

2,000 million rupees, which was only about 500 million rupees more than the assistance in sight when the plan was formulated. Consequently, the extent of deficit financing necessary had to exceed the limit of 2,900 million rupees indicated in the plan. Briefly, the plan outlay of 19,600 million rupees was financed as follows:-

	Million Rupees.	Percentage Total.
a) Taxation and the surpluses of Railways.....	7520	38
b) Market borrowings.....	2050	10
c) Small savings and unfunded debt.	3040	16
d) Other capital receipts.....	910	5
e) External assistance.....	1880	10
f) Deficit financing.....	4200	21

Small savings.- The small savings recorded steady improvement over the Plan period, the total collection being 2,370 million rupees as compared to the target of 2,250 million rupees; these have financed about 12 per cent of the total outlay.

In addition to these small savings, provident fund contribution and other similar items of unfunded debt at the Centre contributed 670 million rupees over the five-year period.

The review emphasises that the small savings movement has yet to spread to the rural areas and to the really small saver in the urban areas, and stresses that while public revenues will have to expand progressively as development effort is stepped up, a well-organised country-wide movement for small savings is in the conditions of an underdeveloped economy a sine qua non of success.

National Income.- Over the five years of the plan national income increased by about 17.5 per cent. While the rate of increase of national income has, on the whole, been satisfactory, it has not taken place at a steady pace. It will be noticed that there was a large increase in 1953-54 and 1954-55 as a result mainly of the increase in agricultural output. As much as 13 per cent of the increase in national income was thus registered by the end of the third year; in the two subsequent years, the rate of increase diminished and in fact in 1955-56 the increase was nominal. Per capita incomes over the plan period recorded an increase of 10.5 per cent.

25

Community Projects and National Extension Service.-

Community projects and the National Extension Service, which are in some ways the most significant development programme initiated during the first five year plan embody India's methods of approach to the problems of improving rural life under conditions of democratic planning. Before the first five year plan rural development programmes had been undertaken at many centres in the country by Governments and voluntary agencies. Their efforts, often on a small scale, had given indications of the approach and the methods most likely to succeed when development was taken on a national scale.

The Community development programme makes a comprehensive approach to the social and economic aspects of rural life and includes within its scope activities relating to agriculture, co-operation, animal husbandry, minor irrigation, village and small industries, health and social education. The distribution of expenditure between different developmental programmes during the plan period in national extension and community project areas was as follows:-

	<u>Million Rupees.</u>
Animal husbandry, agriculture and reclamation.....	42.6
Irrigation.	73.4
Health and rural sanitation.....	45.2
Education and social education.....	46.0
Communications.....	66.4
Rural arts, crafts and industries.....	17.8
State and project headquarters.....	96.2
Housing (Project staff and rural housing).....	3.6
Cost of imported equipment.....	43.0
Miscellaneous.....	26.0
Total.	<u>460.2</u>

By the end of the first year plan, the community projects and national extension service programmes had been taken up in about 140,000 villages situated in 988 development blocks and was serving a population of 77.5 million persons. As part of the programme approved for the first five year plan, 172 blocks comprising 17,200 villages and a population of 11.5 million were taken in hand in April 1956. The total expenditure incurred on community projects and the national extension service, as indicated in the total of the above table, was 460.2 million rupees.

It is estimated that in national extension service and community project areas 6,029 miles of metalled roads and 38,000 miles of unmetalled village roads were constructed and 22,000 miles of existing roads improved. Under the programme of health and rural sanitation 42,000 drinking water wells were constructed and 65,000 renovated and 110,000 rural latrines were built. The programme carried out included also the establishment of 674 primary health centres, 578 maternity and child welfare centres and extensive construction of village drains.

Progress of Co-operative Movement.- During the first five year plan the number of co-operative societies rose from about 180,000 to about 240,000 and the number of members from 13.72 to 17.62 million. As against total deposits of 900 million rupees in June 1951, five years later the deposits of the co-operative movement amounted to 1,380 million rupees. During the same period, the working capital of co-operative societies rose from 2,760 million rupees to 4,690 million rupees. Thus, the increase in the number of societies, membership, deposits and working capital was respectively 33, per cent, 28.5 per cent, 53 per cent and 70 per cent. The following table shows the growth of the co-operative movement during the plan period:-

	End of 1952-53.	1953-54.	Addition in	
			1954-55	1955-56
Number of societies.....	111,628	15,326	16,566	16,619
Number of Members.....	5,126,002	723,378	716,036	1,225,434
Working Capital (Million Rupees).....	491.8	52.3	85.2	161.8
Paid up share capital (Million Rupees).....	99.0	15.3	18.3	35.4
Investment and Assets (Million Rupees).....	68.9	18.7	18.0	43.2

Training.- In 1953 the Government of India and the Reserve Bank of India jointly set up a Central Committee for Co-operative Training. The Committee was placed in charge of training facilities for senior, intermediate and subordinate staff of the co-operative institutions. Since its establishment, this Committee has organised (1) a college for training senior officers, (2) five regional training centres for staff of intermediate category, and (3) eight institutes for training block level co-operative officers to be posted in national extension service blocks.

27

Irrigation.- Irrigation and power accounted for about 29 per cent of the outlay during the first five year plan. A number of large projects had been initiated shortly before the plan commenced, so that during the period of the first plan the scales were weighted somewhat in favour of large schemes. The statement below shows the distribution in terms of total cost and outlay during the first plan of irrigation and power projects (excluding flood-control schemes):-

Cost.	Number of projects.	Total estimated cost. (Million Rupees)	Total outlay. (Million Rupees)
1. 300 million rupees and above -----	9	6,230	2,350
2. Between 100 million rupees and 30 million rupees.-----	10	1,720	770
3. Between 50 million rupees and 100 million rupees.-----	9	640	260
4. Between 10 million rupees and 50 million rupees....-----	103	2,560	1,540
5. Less than 10 million rupees-----	337	1,350	790
Total.	468	12,500	5,690

The initial allocation under this head was 5,610 million rupees.

On the three multi-purpose projects, Bhakra-Nangal, Damodar Valley Projects and Hirakud, which were begun before the first five year plan, about 490 million rupees had been spent before 1951-52. The plan itself contemplated an outlay over five years of about 1,631 million rupees against a total cost then estimated at about 2,400 million rupees. The expenditure incurred during the plan period on these three projects was over 2,010 million rupees of which the Bhakra-Nangal accounted for about 860 million rupees, the Damodar Valley Project for 710 million rupees and the Hirakud for about 450 million rupees. The benefits anticipated and achieved from these three projects during the period 1951-56 were as follows:-

	Area irrigated ('000 acres)		Installed capacity ('000 kw.)	
	Plan	Actual	Plan	Actual
1. Bhakra Nangal -----	1361	1181	96	48
2. Damodar Valley Projects.	595	..	194	154
3. Hirakud -----	261	..	48	..

The Hirakud Project has been completed in 1956-57 and water let into canals for irrigation for the 1956 Kharif crop. As regards Damodar Valley Corporation irrigation potential of 100,000 acres has been established by the end of first plan but no irrigation took place.

28

The Mangal Barrage and the Hydel Channel were completed in July 1954, and the new irrigation commenced shortly afterwards. By the end of 1955-56, the project provided irrigation mainly non-payment to 1.18 million acres of land, of which 962,000 acres were irrigated in the Punjab, 77,000 acres in PEPSU and 142,000 acres in Rajasthan. With the completion of the Mangal Power House in January 1955, the project had an installed capacity of 48,000 kw. which was doubled by July 1956 on the completion of the Kotla Power House. Work on the concreting of the 680 feet high Bhakra Dam commenced in November 1955.

Damodar Valley Corporation.- The Damodar Valley Project which has a total irrigation potential of 1,141,000 acres in West Bengal and installed power capacity of 254,000 kw. was begun in 1948 and about 155 million rupees had been spent before the commencement of the first five year plan. During the plan period about 710 million rupees have been spent on this project. The hydel power station at Tilaiya with a capacity of 4,000 kw and Bokaro Thermal Station with a total capacity of 150,000 kw were commissioned in February 1953. The Konar Dam was opened in October 1955.

Hirakud.- All work at the site of Hirakud Dam which has a length of 15,748 ft. have been completed. It is estimated to provide ultimate installed power capacity to the extent of 160,000 kw and irrigation to the extent of 672,000 acres.

The new large projects which were scheduled to commence before the end of the first five year plan were the Chambal, multipurpose project serving Rajasthan and Madhya Bharat, the Kosi and in Bihar, the Nagarjunsagar in Andhra and Hyderabad and the Koyna in Rihand in Bombay and Uttar Pradesh respectively. The total outlay on all these projects during the plan was 181.2 million rupees, which the Chambal accounted for 54.8 million rupees, the Kosi for 39.3 million rupees, the Nagarjunsagar for 11.1 million rupees, the Koyna for 28.3 million rupees and the Rihand for 47.7 million rupees.

Various irrigation projects which were undertaken during the plan period in Assam, Andhra, Bihar, Madhya Pradesh, Madras, Orissa, Punjab, Uttar Pradesh, West Bengal, Hyderabad, Madhya Bharat, Mysore, Rajasthan, Saurashtra, Travancore-Cochin, Jammu and Kashmir and PEPSU have benefited vast areas of land. Some projects are however still in progress.

29

Industrial Progress.— Taking the period of the first plan as a whole the total fixed investment, both public and private, in manufacturing industries amounted to 2,930 million rupees of which private investment amounted to 2,330 million rupees. The production of capital goods increased by about 70 per cent. The production of intermediate goods mainly industrial raw materials, increased by about 34 per cent. Similarly, the production of consumer goods increased by 34 per cent. Taking into consideration the varying degree of importance assigned to these three groups of industries in the index of industrial production (Capital goods: 7:46; intermediate goods: 43:81; Consumer goods: 48:73) the overall increase in industrial production amounted to 33 per cent.

Production of mill-made cloth increased from 3,718 million yards in 1950-51 to 5,102 million yards in 1955-56. The plan target was exceeded by about 400 million yards. In the case of sugar, sewing machines, paper and paper board and anticipated levels; in fact in some cases the targets were surpassed. Cement production rose from 2.7 million tons in 1950-51 to 4.6 million tons in 1955-56 and the general engineering industries as well as heavy chemicals and the chemical products recorded sizeable increases in output. Several new products, e.g., typewriters, alternators, penicillin etc., were manufactured in the country for the first time and a number of new and important industries like petroleum refining, ship-building, manufacture of air-craft, railway wagons, ammonium chloride and DDT were established.

In the public sector various industrial units such as the Sindri Fertiliser Factory, the Chittaranjan Locomotive Works, the Indian Telephone Industries and the Integral Coach Factory recorded satisfactory progress. The relatively slow progress made during the Plan in the execution of the steel plant projects such as Bhilai, Rourkela and Durgapur is accounted for by the time taken in negotiating with foreign firms regarding the agreement for collaboration, the volume of preparatory work involved and the time taken in determining the final size of the plants.

During the period of the first plan, a number of institutions for promoting different groups of small industries have been established, notably the Khadi and Village Industries Board, the Handloom Board, the Handicrafts Board and the Small-scale Industries Board and the National Small Industries Corporation. As a result small industries have now an assured place in Indian planning. The total outlay on village and small industries was about 460 million rupees of which 120 million rupees occurred in the States. Of the expenditure of about 340 million rupees by the Centre handloom and khadi accounted for 120 million rupees each, small industries for over 40 million rupees and village industries for nearly 50 million rupees.

30

The railway system, the Report says, has been considerably strengthened. As against the plan provision for procurement of 1,038 locomotives, 5,674 coaches and 49,143 wagons, actual receipts over the five-year period were 1,586 locomotives, 4,758 coaches and 61,254 wagons.

Progress of Social Services.- An appreciable enlargement of social services has also been recorded during the plan period. According to the Review the number of children in primary schools was 18.7 million. By 1955-56 it had increased to 24.8 million.

The total outlay on health was about 1,010 million rupees. In 1951 there were about 8,600 hospitals, dispensaries and other medical institutions in the country with about 113,000 beds. In the last year of the plan, there were 10,000 institutions and about 125,000 beds. The total number of maternity and child health centres which was 1,651 in the first year of the plan, increased to 1,852.

On employment, the Review says, that studies indicate that employment opportunities in the Plan period tended, on the whole, to lag behind the increase in the labour force. The extent of unemployment and underemployment in the economy as a whole is not likely to have diminished significantly over the plan period as this is a problem rooted structurally in the economy, but there was a qualitative improvement in the employment situation in the later stages of the plan and in certain sectors, increasing shortages of semi-skilled and technical personnel were felt.

A number of programmes for housing were initiated during the plan period. These included subsidised industrial housing scheme, the low income group housing scheme, and housing scheme for plantation labour and for labour in coal and mica mines.

Under the Low Income Group Housing scheme loans were proposed to be given to persons with incomes not exceeding 6,000 rupees per annum to the extent of 80 per cent of the cost of a house with land, subject to a maximum of 8,000 rupees per unit. A total of 40,942 houses were sanctioned under the scheme by the State Governments, but only 3,930 houses were completed and another 12,751 houses were under construction on 31 March 1956.

Under the subsidised industrial housing scheme, the Central Government sanctioned assistance amounting to 226 million rupees, 118 million rupees as subsidy and 108 million rupees as loans. A total of 43,834 tenements were completed during the plan - 37,217 were built by State Governments, 6,079 by private employers and 538 by co-operative societies.

31

Labour Policy.- A comprehensive approach to the problems of organised labour was set out in the First Five Year Plan. A Panel on Labour was set up in 1955 by the Planning Commission to review the actions taken on the various recommendations made in the Plan.

During the first four years of the Plan there was a very considerable reduction in the number of industrial disputes and in the total number of man-days lost. The need for associating labour with management in the solution of industrial problems, gained increasing recognition as the plan proceeded. The Tata Iron and Steel Company led the way with an agreement with the representative trade union organisation which provided for joint consultation. The question of bonus was settled amicably in the textile industries in Bombay and Ahmedabad. A Joint Consultative Board was set up voluntarily by representatives of employers and employees of the Aluminium Company at Calcutta. A beginning in the direction of tripartite agreements recommended in the Plan was made in the Cement industry.

In Bombay a number of projects such as a refresher course in industrial engineering, a management course for factory executives, a training programme in time and motion study and a productivity project were undertaken. Training-within-industry programmes were conducted at New Delhi, Nagpur and Bombay with the assistance of experts from the International Labour Organisation.

The administration of employment exchanges and of craftsmen's training centres was transferred to State Governments towards the end of the first plan in accordance with the recommendations of the Training and Employment Service Organisation Committee which reported in 1954. The activities of the Employment Service Organisation under the Ministry of Labour were expanded to include a pilot scheme for the collection of employment market information in Delhi, preparation of a revised national classification of occupations, of employment counselling for juveniles and adults, issue of career pamphlets and the publication of a handbook of training facilities.

Progress of land reforms.- In the First Five Year Plan the problems of land reform were viewed from the point of view of agricultural production as well as from the point of different interests in land. The main interests involved were (1) intermediaries, (2) large owners, (3) small and middle owners, (4) tenants-at-will and (5) landless workers.

32

Abolition of intermediaries had begun prior to the first plan, but the greater part of the task has been accomplished during the past five or six years. By the end of 1954-55, the programme of abolition had been generally completed in Andhra, Bombay, Madras, Madhya Pradesh, Punjab, Uttar Pradesh, Madhya Bharat, Saurashtra, Bhopal and Vindhya Pradesh. The compensation payable for the acquisition of intermediary interests has been estimated at about about 6,150 million rupees. Of the total amount Bihar, Uttar Pradesh, West Bengal and Rajasthan account for 5,150 million rupees, that is, about 83 per cent of the total amount of compensation.

The most important aspect of land reform programmes during the plan concerned the regulation of relations between owners and tenants. The Plan considered separately the position of substantial owners of land, of middle and tenants-at-will. In regard to substantial owners of land, the Plan favoured the principle that there should be an upper limit to the amount of land that an individual might hold. For lands with tenants-at-will, it was proposed that such tenants should be enabled to become owners of land they cultivated. As regards lands under the direct management of owners, the principle of imposing an absolute ceiling was accepted.

In Bombay, Punjab, and Hyderabad tenancy laws went through several amending enactments, in Bombay in 1953 and 1956, in the Punjab in 1951, 1953 and 1955 and in Hyderabad in 1954 and 1956. Legislation for temporary stay of ejection of tenants was also adopted in several States.

The programmes for consolidation of holdings made a satisfactory progress in the plan period. In the early stages consolidation of holdings was undertaken on a voluntary basis through co-operative societies. This was followed by the introduction of an element of partial compulsion which enabled the Government to undertake schemes of consolidation where a given proportion of landholders holding not less than a given proportion of the area of the village agreed to it. The progress made in carrying out consolidation of holdings is shown in the statement below:-

	(Million Acres)	
	Area Consolidated	
	In 1955-56	Upto 1955-56
Bombay -----	0.68	2.12
Uttar Pradesh -----	0.11	2.89 (upto 30 Sept. 1955).
Punjab -----	0.65	4.86
PEPSU -----	0.53	1.33
Delhi -----	..	0.20
Uttar Pradesh	Scheme extended to one tehsil each in 5 districts.	4.39 (Work is in progress in one tehsil each in 21 districts).

33

In the Plan co-operative farming was viewed as a method by which small and middle farmers could bring into existence sizeable farm units which would facilitate the application on a wider scale of scientific knowledge, increase in capital investment and rise in the productivity of land. It was, therefore, suggested that encouragement and assistance should be given to farmers to group themselves voluntarily into co-operative farming societies.

At the end of the plan period there were 1,397 co-operative farming societies, of which 252 were organised during 1955-56. A sum of 4 million rupees was provided under the first plan for carrying out experiments in co-operative farming; the bulk of the provision was not utilised.

The Review adds that there has been considerable activity in the field of land reform in the States. The fact that land reform legislation has been complex and detailed in character and its implementation has seemed ~~and too little~~ to an excessive degree to be the concern of revenue courts and revenue officials and too little the responsibility of each local community, it has tended to obscure the broad principles of equity and rearrangement of economic relationships which lie behind it.

"All this indicates", says the Review, "that the progress recorded in the first Plan period, significant as it was both for its direct as well as indirect benefits, was in reality the beginning of an expansionary phase rather than a completed phase in itself".

34

"Pruning" Second Five Year Plan without Reduction
in Total Outlay: National Development Council
Standing Committee's Decision.

A meeting of the Standing Committee of the National Development Council was held at New Delhi, the Prime Minister presiding, on 14 and 15 September 1957.

During the meeting, both the Prime Minister and the Finance Minister stressed the need not only of raising internal and external resources, but also of exercising "the greatest restraint" in spending.

While Shri Nehru announced for the first time officially that Shri T.T. Krishnamachari, Finance Minister, during his forthcoming visit to the USA and other countries, would explore the possibilities of getting substantial credit for India, the Finance Minister categorically stated that until more foreign exchange was available no fresh commitments, however small, would be allowed either for the public or the private sector.

The Prime Minister had also indicated the possibility of giving up many schemes, so far considered important, provided the main structure of the Plan did not suffer on that account.

Admitting that there were too many uncertainties in the resources position to permit a recasting or rephrasing of the Plan with any degree of finality, the Finance Minister said that strict priorities would have to be laid down if the hard core of the Plan - steel projects, transport and ancillary power - were to be carried through.

Analysing the resources position in the context of the foreign exchange difficulties and the internal inflationary pressure, Shri Krishnamachari pointed out that the total outlay of 48,000 million rupees represented much less in terms of physical targets originally contemplated.

Even if the target for the Plan outlay were kept at the same level in spite of the overall increase in costs - as was the view of the Planning Commission - it would involve deficit of 10,000 million rupees, even with substantial external assistance. The expected foreign exchange gap was estimated at 7,000 million rupees.

35

The main task in the next few years, he pointed out, would be, on the one hand, to bring down deficit financing, and, on the other, to step up the total outlay on the Plan.

In this connection, he referred to the steps taken by the Centre so far to raise tax resources substantially. This, he estimated, would bring in about 8,000 million rupees, over the five-year period.

Even so he expected a considerable shortfall in the Plan expenditure in the next two years and that would have to be made up as far as possible by stepping up small savings.

He particularly referred to the failure of the States to fulfil the Plan targets for taxation when, in fact, the need was for even more taxation.

Stressing the need to hold food prices in check as that had a direct bearing on monetary and economic policy, Shri Krishnamachari said that deficit financing to the extent envisaged over the Plan period would not be possible without increasing food production and keeping prices at a reasonable level.

During the discussion, some of the Chief Ministers referred to the claims for increased pay for State Government employees, who wanted their grades to be at par with those of Central Government employees. This question is expected to be considered separately.

Another point raised by the Chief Minister of Uttar Pradesh and endorsed by the Chief Minister of Bombay was that the present Plans of the States did not make sufficient allowance for non-Plan items of expenditure which could not be avoided at times.

It was, therefore, suggested that there should be greater flexibility in the Plan to enable the State Governments to shift resources within the Plan ceilings from one head to another to meet new requirements.

The session also discussed questions relating to food policy. There was general agreement that procurement of rice should be undertaken. The precise method of procurement and distribution will, however, be considered separately in consultation with each State.

The Minister for Community Development, Shri S.K. Dey, was of the opinion that a substantial increase in agricultural and food production, especially in the National Extension Service and Community Project areas, would be possible if the State Agricultural Departments could ensure the supply of improved seed and green manure and fertilisers.

26

In this connection, it was felt that a graded system, under which concessional irrigation rates were allowed in early stages, should be adopted to promote the use without any time-lag of irrigation supplies.

Shri A.P. Jain, reviewing the progress in agricultural production, stressed the importance of fertilisers and said that everything possible should be done to maintain their supply to meet the total requirements of the country.

"Pruning" the Plan.- The Standing Committee of the National Development Council arrived at a clear-cut policy with regard to the "pruning" and "rephasing" of the Second Plan.

While "pruning" would imply slashing of some of the physical targets, originally contemplated, and minor projects to keep the total outlay of the Plan at 48,000 million rupees despite increasing costs, "rephasing" would depend on the amount of foreign credit that the Finance Minister is able to negotiate during his forthcoming visit to the USA and other countries. It is only after his return that the National Development Council will be in a position to fix priorities for projects requiring foreign exchange after the needs of the "hard core" of the Plan are met.

Shri K.C. Neogy, Member, Planning Commission, indicated that the railways, which constituted "the linchpin of the Plan", would get first priority.

Agriculture and land reform.- The Committee devoted the major part of the two-day meeting to the problems of food production and prices, which have an important bearing on the monetary and economic policy of the country. The Committee agreed that the States should push through their land reform programmes within the next three years.

Among the major steps the States have been asked to take immediately in this connection are: to provide effective protection to tenants from ejection and "voluntary surrender"; to make them owners of non-resumable areas on payment of compensation in easy instalments; to enact legislation fixing the ceilings on future acquisition by 1958-59; and where such legislation has already been enacted to ensure that the programme is implemented within three years.

During the general discussion on land reforms, considerable attention was devoted to the position of the bargadars in West Bengal and sub-tenants in the eastern States. Dr. B.C. Roy is understood to have pointed out that the bargadar system in West Bengal was already going out of existence gradually.

37

Co-operatives.- Development of co-operatives was another item discussed at the meeting. The Committee decided that all the States should conduct a survey of existing co-operative farm societies with a view to selecting some of them for further development on an experimental basis. In all, about 3,000 experiments are proposed to be carried out - 600 of them in 1958-59 - during the next three years.

It was also decided to start three regional training centres on co-operative farming by the end of this year.

Regarding resettlement of landless workers, the Committee felt that steps should be taken in each State to set up boards, as recommended in the Plan, to advise on resettlement schemes. A similar board at national level to decide general questions of policy and organisation will also be set up.

In regard to the actual programme of resettlement the Committee was of the view that land obtained through the application of ceilings and Bhoodan and gramdan land should be utilised for this purpose. Provisionally, a target to resettle about 300,000 landless families on such land was fixed for the remaining period of the Plan.

Sales Tax.- The Committee also agreed that with a view to maximizing the yield from existing taxation, to the introduction of uniform rates of sales tax and excise duties at source, wherever appropriate, with an all-out effort to stop all leakages and evasion.

The problems that will arise in this connection will be further considered at a conference of State Finance Ministers after the report of the Finance Commission is made available.

(The Statesman, 14 and 15 September 1957).

28

Problems and Prospects of the Second Five Year Plan:
Debate in the Lok Sabha.

Initiating a debate in the Lok Sabha on 13 September 1957, on the Second Five Year Plan in relation to the current economic situation, Shri G.L. Nanda, Minister for Planning, said that, even to put through the "core" of the Second Plan, India would need additional foreign assistance of the order of 7,000 million rupees from agencies like the World Bank and from friendly foreign countries.

Shri Nanda said it would be necessary to draw down the sterling balances further and to maintain a "carefully framed restrictive policy" in regard to imports for almost the entire period of the Plan.

The Second Plan, he added, was ambitious in the sense that it involved an outlay of 48,000 million rupees as against 20,130 million rupees of the first Plan. The volume of investment would increase from 31,000 million rupees to 62,000 million rupees raising the rate of investment from 7.3 per cent to 10.7 per cent of the national income. But there was the other side of the picture. The scheme of development aimed at doubling the per capita income of the country by 1973-74 that is in another 17 years, when it would be 15 percent of the present per capita income of the U.K. and 6 per cent of that of the USA. Any smaller effort than that contemplated in the second Plan, would not make any appreciable impact on the country's ~~unemployment~~ chronic problems of poverty, unemployment and under-employment. It was however true that the second Plan was formulated on certain assumptions and the economic climate had since changed considerably to the disadvantage of the Plan.

Shri Nanda referred to the problem of the emergence of inflationary pressures in the country and the steps that were being taken by the Government to keep prices in check by overall fiscal and monetary policies. Prices had risen by some 12 per cent since April 1956 and the country has used up about 4,600 million rupees of foreign exchange. He further said that when this kind of overall control did not suffice, then one thought of direct restraints on consumption. There may be other controls. His own feeling was that such controls will not function satisfactorily in the conditions of this country. But I would make it clear that whatever else may happen, we regard the maintenance of food prices and the cost of living at a reasonable level as a necessary pre-condition of any approach to the rephrasing of the second Plan.

29

Shri Nanda said it was little use talking of the rephasing of the Plan until the Government had assessed fully their capacity to improve upon the internal resources. This operation of rephasing which is being talked about is far more complex than it looks at first sight, and the foreign exchange bottleneck makes it extremely difficult to make draw up anything like a definitive picture at the present moment. Beyond a point, the attempt to raise domestic resources also comes up against either the need for maintaining incentives or against the need for keeping prices in check.

Turning to the question of external assistance Shri Nanda said that external assistance promised or committed since the Plan began worked out at 4,500 million rupees. We have already financed about 4,600 million rupees of our deficit from our sterling balances and the International Monetary Fund credit. It will be necessary to draw upon sterling balances further - by how much it is not possible to judge precisely in advance", he said.

Shri Nanda added: "Part at least of the International Monetary Fund credit will have to be repaid before the end of the Plan period and it will be desirable in the later stages of the Plan to rebuild at least part of the further drafts we may have to make on our sterling reserves in the coming months. Therefore, on the whole, we have yet to find the resources of the order of 7,000 million rupees, from agencies like the World Bank and from friendly foreign countries.

(The Statesman, 14 September 1957).

Wealth Tax Act, 1957 (No. 27 of 1957).

The Government of India gazetted on 13 September 1957 the text of the Wealth Tax Act, 1957, which received the assent of the President on 12 September 1957. The Act provides that there shall be charged for every financial year commencing on and from the first day of April 1957, a tax (wealth-tax) in respect of the net wealth on the corresponding valuation date of the every individual, Hindu undivided family and company at the rate or rates specified in the Schedule.

The schedule to the Act prescribes the following rates of wealth tax:-

<u>PART I</u>	<u>Rate of Tax</u>
(a) In the case of every individual:-	
(i) on the first two ^{rupees} 0.2 million of net wealth.....	Nil
(ii) on the next 1 million rupees of net wealth.	1/2 per cent.
(iii) on the next 1 million rupees of net wealth.	1 per cent.
(iv) on the balance of net wealth.....	1-1/2 per cent.
(b) In the case of every Hindu undivided family:-	
(i) on the first 0.4 million rupees of net wealth.	Nil
(ii) on the next 0.9 million rupees of net wealth.	1/2 per cent.
(iii) on the next 1 million rupees of net wealth.	1 per cent.
(iv) on the balance of net wealth.....	1-1/2 per cent.
<u>PART II-</u>	
In the case of every company:-	
(i) on the first 0.5 million rupees of net wealth.	Nil
(ii) on the balance of net wealth	1/2 per cent.

The Act specifies the assets which are to be included in the net wealth and the exemptions in respect of certain assets such as property held under trust, rights under any patent or copy-right, tools and instruments, works of art, jewellery subject to a certain maximum amount, treasury saving deposit certificates, provident fund deposits, etc.

Other provisions of the Act deal inter alia with wealth tax authorities, mode of assessment of wealth tax, penalty for concealment of wealth, liability to assessment in special cases such as assessment after partition of a Hindu undivided family, assessment when assets are held by courts and assessment of persons residing outside India, etc., appeals, revisions and references under the Act.

(The Gazette of India, Extraordinary, Part II, S.c.1, 13 September 1957, pp. 375-403).

The Expenditure-Tax Act, 1957 (No. 29 of 1957).

The Government of India gazetted on 18 September 1957 the text of the Expenditure Tax Act, 1957, which received the assent of the President on 17 September 1957. The Act provides that there shall be charged for every financial year commencing on and from the first day of April, 1958, a tax (expenditure-tax) at the rate or rates specified in the Schedule in respect of the expenditure incurred by any individual or Hindu undivided family in the previous year, provided that no expenditure-tax shall be payable by an assessee for any assessment year if his income from all sources during the relevant previous year as reduced by the amount of taxes to which such income may be liable under any other law for the time being in force does not exceed rupees thirty-six thousand. The Schedule to the Act prescribes the following rates of expenditure tax: -

In the case of every individual and Hindu undivided family, on that portion of the taxable expenditure:-

(i) which does not exceed 10,000 rupees.	10 per cent.
(ii) which exceeds 10,000 rupees but does not exceed 20,000 rupees.....	20 per cent.
(iii) which exceeds 20,000 rupees but does not exceed 30,000 rupees.....	40 per cent.
(iv) which exceeds 30,000 but does not exceed 40,000 rupees	60 per cent.
(v) which exceeds 40,000 rupees but does not exceed 50,000 rupees	80 per cent.
(vi) which exceeds 50,000 rupees	100 per cent.

Other provisions of the Act deal inter alia with amount to be included in taxable expenditure, exemption from expenditure tax in certain cases, deductions to be made in computing the taxable expenditure, expenditure-tax authorities, mode of assessment of tax, liability to assessment of tax in certain special cases, appeals, revisions and references.

(The Gazette of India, Extraordinary, Part II, Section 1, 18 September 1957, pp. 407-430).

42

36. Wages.

India - September 1957.

Earnings of Factory Labour during 1955: Labour Bureau Survey.

An article in the Indian Labour Gazette, for August 1957, surveys the trends in earnings of factory workers during 1955, in what were known as Part A and Part C States in India, based on information received under the Payment of Wages Act, 1936.

No. of workers and wages paid.- During the year 1955, the average daily number of workers employed in the establishments furnishing returns was 2.39 millions as compared to 2.29 millions in 1954 and the total wages paid to them amounted to 2,450 million rupees as against 2,220 million rupees in 1954. The table given below shows the total earnings by States during 1954 and 1955 of factory employees (except those employed in railway workshops):-

States	1954	1955	Percentage increase (+) or decrease (-) in 1955 from 1954.
	<u>Rs.</u>	<u>Rs.</u>	
Andhra -----	46,401	51,060	10.0
Assam -----	35,710	41,931	17.4
Bihar -----	167,610	183,786	8.4
Bombay -----	815,926	901,097	10.4
Madhya Pradesh -----	69,877	78,109	11.8
Madras -----	217,780	271,215	24.5
Orissa -----	9,888	14,025	41.8
Punjab -----	39,225	42,440	8.2
Uttar Pradesh -----	204,192	191,547	(-) 6.2
West Bengal -----	556,188	608,799	9.5
PART 'A' STATES.	2,164,796	2,384,009	10.1
Ajmer -----	4,307	5,409	25.6
Coorg -----	176	177	0.6
Delhi -----	55,331	60,843	10.0
PART 'C' STATES.	59,816	66,429	11.1
All States: -----	2,224,612	2,450,438	10.2

3

Average annual earnings in perennial industries.— The table given below shows annual earnings of workers employed in perennial industries in the States in 1954 and 1955. The data for seasonal industries have not been included, since in these industries average earnings by workers vary considerably merely on account of variations in the period worked.

States	1954	1955	Percentage increase (+) or decrease (-) in 1955 from 1954.
	Rs.	Rs.	
Andhra	664.0	610.4	(-) 8.1
Assam	1,231.4	1,325.4	7.6
Bihar	1,450.0	1,387.9	(-) 4.3
Bombay	1,273.1	1,325.6	4.1
Madhya Pradesh	966.5	998.3	3.3
Madras	822.0	1,044.7	27.1
Orissa	894.9	899.2	0.5
Punjab	1,047.6	975.7	(-) 6.9
Uttar Pradesh	997.0	999.5	0.3
West Bengal	1,057.4	1,110.6	5.0
PART 'A' STATES.	1,108.1	1,170.0	5.6
Ajmer	643.6	962.6	49.6
Coorg	559.4	637.0	13.9
Delhi	1,319.5	1,345.3	2.0
PART 'C' STATES.	1,230.7	1,303.9	5.9
All States	1,111.3	1,173.5	5.6

Wages by industry.— Among the industry groups which showed considerable increases in earnings in 1955 and as compared to 1954 were Paper and Paper Products (by 12.1 per cent), Products of Petroleum and Coal (by 11.4 per cent), Recreation Services (by 9.6 per cent), Textiles (by 9.3 per cent), Non-Metallic Mineral Products (by 5.5 per cent), and Electrical Machinery Apparatus etc. (by 5.1 per cent). Among the industry groups which showed a fall in earnings the important ones were Furniture and Fixtures (29.8 per cent), Wood and Cork except Furniture (10.2 per cent), Chemicals and Chemical Products (6.2 per cent), and Printing, Publishing and Allied Industries (5.1 per cent).

44

Taking all the industry groups together, among Part 'A' States the average annual earnings during 1955 were the highest in Bombay (Rs.1,191), followed closely by Bihar (1,189 rupees) and West Bengal (1,065 rupees). The average annual earnings were the lowest in Andhra, being only 441 rupees. Among the three Part 'C' States, Delhi recorded the highest average annual earnings during 1955, i.e., 1,345 rupees. It will be seen that the average annual earnings in Delhi were higher than the Part 'A' States even. The industries which paid the highest wages in 1955 were Basic Metal Industries (1,673 rupees), Products of Petroleum and Coal (1,493 rupees), Transport and Transport Equipment (1,450 rupees), Electricity, Gas and Steam (1,372 rupees), Rubber and Rubber Products (1,368 rupees), Electrical Machinery Apparatus etc. (1,340 rupees), Textiles (1,191 rupees), and Printing, Publishing and Allied Industries (1,152 rupees). The States with high wage levels in these industries were Bihar, Bombay and West Bengal in Basic Metal Industries; Assam, Bombay, Madras, Punjab, West Bengal and Delhi in Products of Petroleum and Coal; Assam, Bombay, West Bengal, Ajmer and Delhi in Transport and Transport Equipment; Assam, Bombay, Uttar Pradesh, West Bengal, Ajmer and Delhi in Electrical Machinery Apparatus Electricity, Gas, and Steam; Bombay and West Bengal in Rubber Products; Bihar, Bombay, Madhya Pradesh, Uttar Pradesh, West Bengal and Delhi in Electrical Machinery Apparatus, etc.; Bombay, Madras and Delhi in Textiles; and Assam, Bombay, Madhya Pradesh, Punjab and Delhi in Printing, Publishing and Allied Industries.

Payment of Bonus.— Figures relating to payment of bonus were collected during 1955. The table given below shows all-India figures, industry-wise of the bonus paid during 1955.

W5

Industrial Code No.	Total.
01. Processes allied to agriculture (Gins and Presses).	188,992
20. Food except beverages.	6,836,746
21. Beverages.	143,907
22. Tobacco.	2,246,385
23. Textiles.	28,555,470
24. Footwear, other wearing apparel and made-up textile goods.	238,982
25. Wood and Cork except furniture.	282,505
26. Furniture and fixtures.	43,150
27. Paper and paper products.	1,489,442
28. Printing, Publishing and allied industries.	877,065
29. Leather and leather products (except footwear).	249,611
30. Rubber and rubber products.	151,300
31. Chemicals and chemical products.	3,215,374
32. Non-metallic mineral products (except products of petroleum and coal).	3,657,770
32. Products of Petroleum and coal.	591,304
34. Basic metal industries.	21,179,292
35. Metal products (except Machinery and transport equipment).	1,538,315
36. Machinery (except electrical machinery).	3,880,463
37. Electrical machinery, apparatus, appliances and supplies.	905,960
38. Transport equipment.	1,275,424
39. Miscellaneous industries.	1,846,456
51. Electricity, gas and steam.	535,958
52. Water and sanitary services.	69,931
83. Recreation services. (Cinema Studios).	9,054
84. Personal services. (Laundries, dyeing and cleaning).	40,128
TOTAL.	79,857,984
	(3.26) *

*Percentage of Wage Bill.

It will be seen that the total bonus paid in the establishments furnishing returns amounted to 80 million rupees which represented 3.3 per cent of the total earnings. Relative to the respective wage bill, Bihar paid the highest amount of bonus during 1955, being 16.6 per cent of the total earnings, followed by Orissa (6.4 per cent), Delhi (5.9 per cent), and Madras (5.1 per cent). The lowest amount of bonus relative to the total wage bill was paid in Madhya Pradesh being only 1.0 per cent of the total earnings.

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The industries paying the highest bonus in 1955 were Basic Metal Industries (15.2 per cent), Non-Metallic Mineral Products (5.5 per cent), Chemicals and Chemical Products (4.1 per cent), Machinery except Electrical Machinery (4.1 per cent), Food Except Beverages (3.8 per cent), and Textiles (2.3 per cent). The States paying highest bonus in these industries were Bihar and Madras in Basic Metal Industries; Bihar, Madhya Pradesh and Madras in Non-Metallic Mineral Products; Bombay, Uttar Pradesh and Madras in Chemicals and Chemical Products; Bihar, Bombay and Madras in Machinery except Electrical Machinery; Bihar, Uttar Pradesh, Bombay and Madras in Food except Beverages; and Bombay, Madras, Uttar Pradesh and Delhi in Textiles.

Indices of nominal earnings.— The Labour Bureau has been compiling a series of index of nominal earnings for all-India and individual States. The series were first compiled with 1939 as base. These series were discontinued and fresh series were started with 1951 as the base. The details and the method adopted in the compilation of the series are fully described in February, 1953 and October, 1953 issues of the Indian Labour Gazette. It will be seen that the series are designed to eliminate changes in the average earnings only on account of shifts in employment in the various industries. Thus, the series merely represent the simple index number of the total wage bill adjusted to the pattern of employment in the base year. First the State index of earnings is worked out and next the State indices are combined into regional indices by using for weights the figures of total employment covered by the Payment of Wages Act in the State concerned. The regions conform to the six groups appearing in the last 1951 Census of Population. Of course, the areas from which the data are not available are not included in the regions. The regional indices are similarly combined to yield the All-India index number, using the regional employment figures as weights. The regional and the all-India indices are shown in the table given below:—

47

(Base: 1951 = 100)

Regions.	States included.	Years			
		1952	1953	1954	1955
North India ...	Uttar Pradesh.	103.4	105.9	100.1	98.5
East India ...	Bihar, Orissa, West Bengal, Assam.	105.4	107.7	113.2	117.7
South India ...	Madras, Andhra.	132.1	130.4	128.4	156.3
West India ...	Bombay.	104.8	104.9	99.9	103.4
Central India..	Madhya Pradesh.	95.1	99.8	103.7	102.5
North West India ...	Punjab, Ajmer, Delhi.	102.7	105.5	108.7	116.9
ALL-INDIA...		108.1	107.7	107.6	116.0

(Indian Labour Gazette, Vol. XV, No. 2,
August 1957, pp. 144-153).

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Gratuity for Ahmedabad Textile Workers: Industrial Court's
Decision.

About 125,000 textile workers of Ahmedabad have been awarded the benefits of a gratuity scheme with effect from 16 September 1957 by a decision of the Industrial Court, Bombay.

The Court, deciding an application by the Textile Labour Association of Ahmedabad, thus modified an earlier award, given in 1952, which had rejected the workers' demand for gratuity.

The Court, however, rejected a plea of the Association that gratuity should be paid to workers with retrospective effect. The court held that this award could not be given retrospective effect so as to give benefit to employees who had retired before the coming into force of this award and while the previous award refusing the demand for gratuity was in force.

The Court decided that the scheme of gratuity should be on an industry-wise basis along the lines of the Bombay textile industry gratuity award.

The Association has asked for gratuity on an industry-wise basis while most of the 66 textile mills of Ahmedabad had urged that it should be considered on a unit-wise basis.

Demand justified.— The Court observed: "When in concerns less stable than the cotton textile industry there have been a provident fund and a gratuity scheme, there is no justification why an important textile centre like Ahmedabad should not have a gratuity scheme when the needs of labour require it and the industry can afford it. There is all the more justification for the same when there is now already a gratuity scheme in Bombay. It is desirable that the gratuity schemes in both these centres should be uniform".

The Court said it had been urged that if the court introduced a gratuity scheme it should provide for its being paid on employees attaining the age of superannuation and the court should fix that age. Such a contention was rejected by a full bench of the Court in the Bombay textile industry gratuity award and there was no reason to alter that view in the present case.

Regarding the demand for gratuity with retrospective effect from 1 January 1955, the Court observed it was not feasible in view of a section of the Bombay Industrial Relations Act which states: "Where an application for the modification of an award under sub-section (1) is made, such application shall not in any way affect the binding effect of such award in regard to the matters determined therein until it is modified". In view of this provision the Court thought that its present award could not be given retrospective effect.

69

Basis of Gratuity.— The Court directed that the gratuity should be paid on the following basis:

(1) On the death of an employee: one month's basic wages for each completed year of service for the period before the coming into force of the Provident Funds Act, 1952, in the textile industry in Ahmedabad, and half a month's basic wages thereafter, subject to a maximum of 15 months;

(2) On voluntary retirement or resignation of an employee: after 15 years' service on same scales as in (1);

(3) On termination of service by the employer: (a) after ten years' service (continuous) but less than 15 years' service three-fourths of a month's basic wages for each completed year of service before the coming into force of the Provident Funds Act, 1952, and half a month's basic wages for each completed year of service thereafter; and (b) after 15 years' continuous service on same lines as in (1);

(4) Basic wages for the purpose of this scheme shall be the average of the basic wage payable to a worker during the 12 months next preceding death, disability, retirement, resignation or termination of service;

(5) For purposes of reckoning continuous service, breaks in service not exceeding six months shall be condoned, but the period or periods of such breaks shall not be included in calculating the number of years' continuous service. Subject to this condition, service for the purpose of gratuity shall include service under the previous management whether in the particular mill or other mill under the same management; and

(6) Gratuity will not be payable to an employee who is dismissed for misconduct.

(The Hindustan Times, 18 September 1957).

52

Lok Sabha adopts Minimum Wages (Amendment) Bill.

The Lok Sabha passed on 9 September 1957, the Minimum Wages (Amendment) Bill as it emerged from the Rajya Sabha (vide section 36, pp. 15-15 of the report of this Office for August 1957). During the debate Shri Abid Ali, Deputy Minister for Labour, stated that the fixation of minimum wages for agricultural labour in the States was not "as satisfactory as it should have been". He however, promised the House that he would have the question discussed again during the forthcoming Labour Ministers' conference in October.

Shri B.K. Gaikwad (S.C.F.-Bombay), said that "inferior servants" of the State Governments in villages were doing work of an arduous nature but the wages paid to them were ridiculously low. This class had not been included in the scope of the Minimum Wages Act.

Dr. G.S. Melkote (Cong.-Mysore), General Secretary, I.N.T.U.C., said that steps should be taken to take a detailed census of various types of labour including agricultural labour ~~including agricultural labour~~ so that the information gathered would be useful to the Planning Commission to draw up schemes for the advancement of these people. He said that if independence was worth anything, agricultural labour should be enabled to live a respectable life. A commission should be appointed to report on minimum wages for agricultural labour.

Dr. K.B. Menon (P.S.P.-Kerala), said there was considerable truth in the charge against the Government that they did not have any wage policy.

Dr. Menon said that the advisory committees to be constituted under the Act to recommend minimum wages should not be nominated bodies. They should be formed with elected representatives of registered trade unions. The committees should not be mere advisory bodies; they should be entrusted with some supervisory powers.

51

Shri L.N. Mishra, Parliamentary secretary to the Minister of Labour, intervening in the debate, said that some members had tried to give a 'distorted picture' of the Government's labour policy by making references to fair and living wages. But strictly speaking, the question of fair and living wages should not have been brought within the purview of the discussion of this Bill.

Shri Mishra said the needs of each region and each State differed and hence there could not be uniform standards throughout the country.

Shri Mishra referred to the agreement reached on the question of wages at the recent tripartite labour conference in Delhi and said that members should see how this agreement worked before demanding a drastic or radical step from the Government.

Shri S.C.C. Anthony Pillai (Soc.-Madras), said the Government should appoint a commission to go into the complex question of wages and recommend a workable scheme so that there might be a gradual increase in wages.

Shri N.G. Ranga (Cong.-Andhra), said the question of fixing minimum wages for agricultural labour had been pending for a long time and it could not be postponed any longer. He did not know why the Central and State Governments were averse to it. The Central Government should convene a conference of State Labour Ministers and others concerned with the welfare of Harijans and peasants to discuss the manner in which this Act could be made applicable to agricultural labour.

Minister's reply.- Shri Abid Ali, Deputy Minister for Labour, replying to the debate, said that the position in regard to the fixation of minimum wages for agricultural labour was not as satisfactory as it should have been. The Ministry had been writing to State Governments from time to time and the issue would again be placed on the agenda of the coming Labour Ministers' Conference in October.

All the suggestions made in the House from time to time were sent to the State Governments. But it was entirely within the jurisdiction of the State Governments to take a decision in the matter. It should also be borne in mind that in fixing minimum wages for this sector of labour there were many difficulties because it was not organised. However, efforts are being made to collect the necessary data.

Shri Abid Ali denied the allegation that the Government did not want to do anything in this respect because it was being influenced by the landlords.

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Referring to the fixation of minimum wages for the leather industries, he said it was not correct to say that it had been fixed at 6 annas. It was 1 rupee as recommended by a tripartite committee after making necessary investigations.

He repudiated the charge that the Government was responsible for fixing different rates of wages for men and women. The tripartite conference which included the representatives of various labour organisations permitted fixation of different wages when the output by the two categories of workers was different.

Shri Abid Ali said, he was in sympathy with the workers engaged in the bidi manufacturing industry. But wherever the Minimum Wages Act had been applied the factories closed down with the agreement of the workers. The workers agreed to work at home on a smaller wage. In such cases the Government could not enforce the law.

The Deputy Minister said that it was not possible to introduce the system of decasualization to construction workers because they were a floating population. The village chowkidars also could not be brought under the purview of the Act as they were part-time workers.

During the detailed consideration of the Bill discussion mainly centred round the date by which minimum wages should be enforced in the case of agricultural labour. (The Bill seeks enforcement by 1959). Some members held that this time-limit need be fixed should be reduced while others were of the view that no time-limit need be fixed and that the matter be left to the States and public opinion.

Shri Abid Ali assured the House that 1959 was the outer limit and every effort would be made to implement the measure earlier. He said the year 1959 had been fixed after consulting the State Labour Ministers.

All the amendments for altering the time-limit were rejected and the clause was passed.

The House passed the Bill after a brief plea made by Shri Sarju Pande (Comm.-U.P.) to the Government to bring forward separate legislation for improving the lot of agricultural labour.

(The Hindustan Times, 10 September 1957).

38. Housing.

India - September 1957.

Housing Programmes during Second Five Year Plan Period:
Minister's Statement in Rajya Sabha.

Shri K.C. Reddy, Union Minister for Works, Housing and Supply stated at Rajya Sabha on 14 September 1957, that housing corporations were proposed to be set up in various States to ensure that housing programmes in the second Plan were not confined merely to Central and State expenditures, but tapped all available resources in the private sector also.

In a statement placed on the table of the Sabha, Shri Reddy indicated that a major portion of the money provided in the Plan from the Central exchequer was proposed to be spent primarily in the form of subsidies in order to bridge the gap between the economic rent and the social rent in urban areas, so far as persons in low-income groups were concerned, and also to be drawn upon for acquiring and developing land for sale on a no-profit and no-loss basis.

The money collected by the housing corporations by borrowing from several sources would go a long way in broadening the area of loan financing and contribute about 10,000 million rupees towards the fulfilment of the target of urban housing, visualized in the Plan.

Shri Reddy estimated that about 800,000 urban houses, at an approximate cost of about 8,000 million rupees were to be built by the private sector, 311,000 houses at a cost of 4,140 million rupees by other Central Ministries, State Governments and local authorities as part of their developmental projects. The private and the public sector would together thus construct about 1.9 million houses at a cost of 13,220 million rupees.

(The Hindustan Times; 15 September 1957).

37. Salaries.

India - September 1957.

Remuneration of Posts and Telegraphs Workers:
Committee set up.

The Government of India has decided to set up a one-man committee to examine the working of the extra departmental system in the Posts and Telegraphs Department, it is understood.

The committee among other things, would be asked to consider and recommend changes, if possible, in the rate of remuneration of the extra departmental employees, such as sub-post-masters, branch post-masters, delivery agents, mail carriers, telegraph messengers and stamp vendors. It would also be asked to make recommendations on whether any additional allowance could be granted to any category of these employees and whether they could be given opportunities to being absorbed in the regular cadres of the Posts and Telegraphs Department.

In making its recommendations, the committee would be expected to take into account the historical background, wages and other conditions of employment prevailing in the localities where such extra departmental agents were normally employed, the requirements of the expansion of postal facilities in the rural areas in the second Five-Year Plan and the financial resources and of the department.

The committee would also be asked to examine the working of the extra departmental system in the Posts and Telegraphs Department and report on the modifications and improvements as might be required to improve the efficiency of the system and to examine the suitability of existing standards for fixation of emoluments of extra departmental employees and where no such standard existed, the possibility of formulating standards.

(The Hindustan Times, 21 August 1957).

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39. International Economic Relations.

India - September 1957.

U.S. Investments in India: Agreement concluded.

The United States of America and India, signed on 19 September 1957, an agreement designed to attract more private U.S. investment capital to India.

The agreement guaranteed that income from new investments in Indian business enterprises could be converted into dollars.

The State Department said that India was the 35th and largest country to sign such an investment guarantee agreement.

(The Statesman, 20 September 1957).

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

INDIA - SEPTEMBER 1957.

41. Agriculture.

Kerala: Government Lands to be allotted to Landless
and Indigent Families.

The Government of Kerala has issued orders for the assignment of Government lands to the landless and indigent families in the State.

The order does not give the extent of land available for assignment, but the Finance Minister, in his budget speech, had estimated it at about 700,000 acres.

Under the order, lands which are not required for Government or public purposes will be assigned on registry and those which are ~~likely~~ likely to be required for Government or public purposes in the future will be leased or licensed for short periods.

A minimum of 25 percent of the land available would be reserved in each village for future Government purposes. Lands situated within the limits of the Trivandrum Municipal Corporation and other municipalities in the State will also be exempted from the order.

Twenty-five per cent of the land available for allotment in each village will be reserved for Scheduled Caste families.

57

The extent of land which can be registered in favour of a single family will not exceed one acre of wet or three acres of dry land in the plains and two acres of wet land or five acres of dry land in the hills. Where the assignee owns any land over which he has proprietary rights or had security of tenure over any land or likely to get fixity of tenure under the proposed land reforms, such lands will be taken into account in granting the registry and only the balance to make up the limit would be assigned.

The Government has decided to constitute advisory committees for every taluk for the selection of assignees. The order of preference for assignment will be those in occupation of Government lands, either holding under current leases or time expired ones or by way of encroachments which are considered to be unobjectionable - landless and poor persons - and those whose annual income does not exceed 1,500 rupees.

Land value at the rate of 10 rupees per acre of ordinary land and 50 rupees per acre of lands reclaimed in the case of dry lands and 50 rupees per acre of wet lands will be charted. Survey and demarcation charges will also be recovered from the assignees, besides value of trees standing on the land. These will be recovered in ten annual instalments.

The lands assigned under the scheme shall not be alienated by sale, mortgage, lease, gift or any other form of transfer, but will be heritable. The registry will be liable for cancellation of violation of this condition.

The order exempts lands already assigned for the specific purpose of cultivating tea, coffee, rubber, cinchona and cadamom and Government lands held under a special agreement.

(The Times of India, 15 September, 1957).

58

42. Co-operation.

India - September 1957.

3,000 Experimental Co-operative Farms to be set up in
the next Three Years: National Development Council
Standing Committee's Decision.

The Standing Committee of the National Development Council meeting at New Delhi on 15 September 1957, gave a "go ahead" to proposals for launching 3,000 co-operative farming experiments subject to further consultation with States, in the next three years, of which 600 experiments would be carried out in 1958-59.

This caution in promoting co-operative farming was a measure of the controversy on the subject which was evident at the meeting of the Standing Committee.

Shri Jawaharlal Nehru, Prime Minister, who initiated the discussion, said that though there was general agreement on the need for co-operation in activities other than farming, there had been some difference of opinion on the subject of joint farming.

The Committee decided that a survey of existing co-operative farming societies should be undertaken in each State with a view to selecting those societies which should be developed further.

The Committee recommended that preparations should be taken in hand early for the selection of societies, training of personnel, drawing up land development and village industry programmes for selected societies and consolidation of holdings.

Three regional training centres on co-operative farming would be set up by the end of the current year.

57

Shri Nehru said it was clear that they had to proceed by and large with the consent and goodwill of the people, and, therefore, rather slowly. He himself felt that co-operative farming was desirable and should be proceeded with, subject always to the people being willing to join farming co-operatives and being in a position to exercise the right of withdrawal.

He added that naturally service co-operatives had to come first. In areas, which were reclaimed or those which became available through bhoodan and gramdan or with the application of ceilings on holdings, there could be greater progress in co-operative farming. Co-operatives were not merely a matter of taking shares, as it were in a shop, but essentially a way of thinking and a way of doing.

The Prime Minister said it was not enough to organise credit and supplies only on co-operative lines. It was necessary to organise co-operation on a wider basis. General co-operative societies of 10 or 20 villages together tended to become unwieldy for intimate working among members. Co-operatives should be closely linked up with the working of the community development programme.

Shri Gulzarilal Nanda, Planning Minister, said co-operative farming at the village level was one aspect of co-operative development, objectives of which were to increase employment in agricultural as well as non-agricultural activities and, to solve the social and economic problems of landless sections of the village community, including Harijans and others. It was because of these that the Plan had set co-operative village management as the objective of rural reorganisation.

There had been some argument about the economics of small-scale versus large-scale farms, he said. In Indian conditions, whether they had co-operative ~~farms~~ farms or individual farms, there had to be intensive agriculture. The question was whether with intensive agriculture as the aim, co-operatives might not on the whole be able, on account of their better organisation and large resources, to provide for greater production. It was necessary to find answers to various practical problems through experiments.

(The Hindustan Times, 16 September 1957).

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44. Merchant Marine and Fisheries.

India - September 1957.

Seamen's Employment Schemes for Home Trades inaugurated.

The seamen's employment scheme for home (coastal) trade was inaugurated at Bombay on 1 September 1957, by the State Minister for Labour and Law, Shri Shantilal Shah, at the Seamen's Employment Office.

The scheme envisages the registration of all effective seamen by the Employment Office and distribution of available employment among them on the basis of rotation according to the date of last discharge, reasonable choice to shipowners in the selection of their crew and reasonable freedom to seamen to refuse a particular ship for stated reasons.

Dr. Nagendra Singh, Director-General of Shipping, speaking on the occasion said that the scheme had been made applicable to seamen on foreign-going ships in Bombay in June, 1954, and at Calcutta in 1955. The number of seamen registered at these ports was 33,500 and 27,000 respectively.

"As regards the jobs available for those seamen", Dr. Singh said, "their number has since January 1954, increased from 18,800 to 23,400 at Bombay, while at Calcutta the present figure is 17,000. At Bombay, we are anticipating, in the near future, a further increase in employment opportunities for Indian seamen not only to meet the requirements of the additional Indian tonnage, but also as a result of a larger number of foreign ships taking to Indian crew", he said.

61

The Director-General of Shipping said the Government had taken appropriate measures to arrange for the required supply of labour by setting up three training centres at Calcutta, Vishakhapatnam and Nav-Lakhi. About 7,496 boys had so far been trained for the ~~merchant~~ merchant navy. It was also proposed to set up the fourth training centre at Cochin.

Dr. Singh announced that a National Maritime Board had recently been constituted for settling all issues concerning seamen's welfare.

"I am glad to report that in respect of the recent demands made by the National Union of Seamen for improving the service conditions ~~for~~ of seafarers it has been accepted by both sides to discuss these demands at the National Maritime Board. Meanwhile, in order to maintain peace in the shipping world the seamen have pledged not to resort to strike, boycott or take other action till the end of November by which time the shipowners have agreed to be ready with their views", he added.

Representatives of employers and seamen, including the National Union of Seamen of India, Jahazi Mazdoor Union, and Diu Navik Sangh, welcomed the scheme as a first step in improving the service conditions of the seafarers.

(The Statesman, 28 September 1957).

62

Chapter 5. Working Conditions
and Living Standards.

56. Labour Administration.

India - September 1957.

Lok Sabha Debates Government's Labour Policy:
Minister announces setting up of Special Unit
to evaluate Implementation of Legislation.

THE Lok Sabha debated on 22 and 23 August 1957, the demands for grants for the Ministry of Labour for the year 1957-58.

The Debate.— Opening the debate, Dr. G.S. Melkote (Coimbatore) General Secretary, Indian National Trade Union Congress, said that during the last 10 years, the national income had risen but there had been no change in the pay structure of Government employees. The INTUC had years ago demanded that the ordinary worker should get a minimum wage of 100 rupees. It was still a far cry.

Dr. Melkote said that in the interest of the country and increased production it was necessary to encourage labour by fulfilling the promises the Government had held out from time to time.

He agreed that strike should be resorted to only when all other measures such as conciliation, arbitration and adjudication had failed. But the experience of even the INTUC was that the Government machinery moved very slowly.

63

Trade unions should come to an agreement that strikes would be the last alternative. The Government should take the initiative in this matter by convening a meeting of labour organisations. Till such an agreement was reached he assured the Government on behalf of the INTUC that "we shall do our very best to abjure strikes. But when we strike we shall be peaceful".

Dr. Malkote asked the Government to appoint a wage board for the plantation industry and see that the rationalisation did not result in retrenchment.

Victimisation of AITUC Unions.- Shri S.A. Dange (Comm.-Bombay), leader of the Communist Group and the All-India Trade Union Congress (AITUC) said that the most important question to consider was whether the Labour Ministry had a labour policy at all which could be translated into practice by approving its demands for grants. The Labour Minister had a dual capacity; he was a trade unionist and a member of the Cabinet where sat the Home Minister, the Finance Minister and the Industry and Commerce Minister. Whenever the Labour Minister tried to follow the dictates of his conscience and tried to put them into practice, other Ministries came into clash with him and confusion and anarchy resulted with renewed attacks on the working class.

"The simple reason for all this is that the Labour Ministry by itself cannot circumscribe the anti-working class activity of other Ministries. Even in the matter of translating labour laws into practice, the Labour Ministry had failed".

He also called upon the Labour Ministry to change its policy of "victimization" of the All-India Trade Union Congress in accordng recognition to labour unions in the country.

While reviewing the implementation of labour laws Shri Dange remarked that the power of money seemed to be stronger in this country today than the power of the labour laws. The Government, he complained, did not implement labour laws where the interests of "big money" were concerned. It was also "kow towing" to reactionary principles advocated by some of the Ministries in respect of labour.

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Shri Dange accused the Government of telling every employer in the country not to accord any recognition to the AITUC-sponsored unions. He said that the Government should decide the question of recognition of unions by holding ballots among the workers themselves as to whether they wanted an AITUC union or an INTUC union. "Do not fight shy of the AITUC", he said, "it is not the ambition of the AITUC to overthrow the Government because the Government cannot be overthrown that way".

Criticising the wage policy of the Government Shri Dange referred to the commission of inquiry constituted by the Government to inquire into the salary structure of Government employees. He said that he did not want to comment on the composition of the Commission at this stage but his only request to the Government would be to expedite the report of the Commission on the question of interim relief. "I would also request the Government not to obstruct the granting of any interim relief by the Commission. If interim relief is given by the Commission there would be smoother working in the Government".

In the case of reporters working in news agencies, said Shri Dange, the Labour Ministry made a statement to the effect that they were omitted by mistake from the operation of working hours stipulated under the rules framed under the Working Journalists Act. The Labour Minister gave an assurance that the matter would be rectified but ~~the~~ he had not yet carried out that assurance Shri Dange asked who was the authority who was "sitting on this matter and preventing the assurance given by the Labour Minister from being carried out".

Shri Dange said that if the Government was really keen on reducing unemployment, it should prevent closure of factories. But the position today was that factories and mills were closing down in Bombay, Jalgaon and Sholapur. He asked why the Government should not take emergency powers to see that no factory closed down for at least a period of two years. When the Government was very prompt in bringing forward legislation to prohibit strikes in essential services, why should it be hesitant in the case of closure of factories, he asked. This hesitation, he said, only showed that the Government was "still the agent of capital and not of the working class".

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Shri G.C. Oza (C-Bombay) said it was wrong to say that the Government had no labour policy. Shri Dange should have some patience to see the fruits of that policy. To bring about "inner peace" in labour-employer relations, the Government should launch a six-point programme on a priority basis. The programme should consist of better working conditions, better personnel management, better discipline, better productivity, better living standards and better methods for settling labour disputes.

Shri A. Ghosal (Forward Bloc-Marxist - West Bengal) said that the main causes of labour unrest in the country were the deteriorating economic conditions, rising prices and unsatisfactory Government machinery for settling labour disputes. Steps should be taken to increase wages in proportion to the increase in the cost of living index. Prices should be pegged and there should be speedy settlement of labour disputes.

Industrial Relations.- Shri G.D. Somani(C-Rajasthan) said that increased production would only be possible if industrial relations were based on sound and healthy lines and commended various measures the Labour Ministry had been taking in this direction.

Shri Somani referred to some of the decisions taken by the labour conference recently held in Delhi and said that it would not be an exaggeration to say that the deliberations of the conference opened a new chapter in the history of industrial relations. A number of decisions at the conference had been unanimous. "It is very gratifying to learn that the scheme of workers' participation in management has at last taken practical shape. The details of this scheme are being further studied and I am confident that at least in 50 industrial establishments in this country, this scheme will be taking concrete shape in the near future. Some important industries in the private sector will, for the first time be introducing this scheme. I hope with goodwill and co-operation and a harmonious spirit all round, it will be possible to ensure that this experiment now being started in certain important industrial units will be gradually extended to units throughout the country."

Shri Somani urged the Labour Minister to go a "bit slow" in appointing wage boards for different industries. Nothing should be done to enforce any policy which might result in uneconomic working of any industry.

46

Referring to the closure of some textile mills, Shri Somani said that they had closed down because of several factors.

Shri S.C.C. Anthony Pillai (Soc.-Madras) said that the Government had not implemented the promised wage policy for the last ten years. The Government appealed to the employers and the employees in 1947 to accept an industrial truce on the assurance that the Government would take steps to proscribe fair wages.

According to that assurance, the Government appointed a Fair Wages Committee. After its report was submitted, the Government brought forward a Fair Wages Bill, but after taking the votes of the industrial workers in the 1951 general elections, the Government "very quietly dropped the Bill".

Shri Pillai referred to the working journalists and said that they seemed to face the same prospect as the bank employees who had had to wait for 10 years before their dispute was settled. In the case of working journalists, a Press Commission was appointed by the Government in 1951. Later a Wage Board was appointed. But, unfortunately, the implementation of the Wage Board's decision had been left to the State Governments. "But so far as I know, in many States no machinery has been set up for implementation of the Working Journalists Act and the Wage Board's decisions."

Shri Pillai said that as in the case of bank employees' disputes, the employers were resorting to every possible legal device not to implement the Act. The Government must make up its mind now. If the Government made up its mind and made a categorical statement that all this Supreme Court procedure being resorted to by employers would only become null and void as the Government was determined to implement the Wage Board decisions, if necessary by further legislation to get over any technical points raised by the Supreme Court, then the employers would not waste their time and money in the courts. "A simple statement from the Government will bring all these disputes under control."

Shri Ramsingh Bhai Varma (C-Madhya Pradesh) said that while the INTUC had led the workers on the right path to achieving their goal of higher wages and good working conditions, the Communist-led unions had misled them.

Shri Nath Pai (PSP-Bombay), who is the Chairman of the Confederation of the Unions of Central Government Employees, said that the malady of the Labour Ministry was that it did not have a well-thought-out and co-ordinated labour policy which recognised the worker as an equal partner in the building of a new India.

He referred to the condition of working journalists and said they were the watchdogs of society. But today they lived the lives of underdogs. The Government and Parliament must see that the working journalist got a fair deal. The Labour Minister should use all his influence to see that what had been given to working journalists as a result of the long labours of the Press Commission and the Wage Board were at least not denied to them. The 144 working hours per month should be applicable to working journalists of both Indian and foreign news agencies.

Shri Pai said that the Central Government employees had shown great restraint and a sense of responsibility in calling off the proposed strike (vide section 73, pp. 71-74 of the report of this Office for July 1957). He hoped the Government would reciprocate by implementing all the promises made by it both on the floor of the House and during the protracted negotiations to bring about a settlement.

Shri Abid Ali's charge against Communist Unions.
Shri Abid Ali, Deputy Minister for Labour intervening, said it had been suggested that there ought to have been some interim relief to working journalists. The Wage Board, he said could make such a recommendation if it thought necessary. But it did not. Therefore, the Government was not to be blamed.

Referring to Shri Dange's criticism that the Government had not yet carried out its assurance about bringing reporters in news agencies within the purview of the working hours stipulated under the rules framed under the Working Journalists Act, the Deputy Minister said that the decision was there and the necessary amendment would be brought forward after consultation with the parties concerned.

It had been said that he did not like the Communists and their trade unions, said Shri Abid Ali. But the Communists did not like Congress trade unions either. Shri Abid Ali added that he could not refrain from pointing to the workers the role the Communists had played in 1942, when they "supported the war of imperialists and opposed the interests of Indian workers".

88

Shri K.P. Kutt Krishnan Nair (C-Kerala) said that the Kerala Government was creating difficulties for the INTUC unions in the State by "neutralising" the police and the adjudication machinery. He alleged that some of the INTUC workers were being assaulted, and appealed to the Government of India to interfere and set matters right. He also appealed to the Communist leaders "not to be guided by the political affiliations of workers but to try to improve their economic conditions".

Shri Nanda's reply to the debate.- The Labour Minister, Shri Gulzarilal Nanda, replying to the debate, said he was thinking of setting up special machinery in the Labour Ministry to evaluate periodically the amount of labour legislation in different fields actually implemented.

Shri Nanda said he was also thinking "that we should have a way of seeing that just as workers are told not to go on strike except as a last resort, employers do not go to court except in the last resort. I cannot say that they are doing so now."

Shri Nanda said that the position regarding implementation of awards was unsatisfactory. He believed that "numbers of awards have not been implemented speedily".

Shri Nanda said that he would tell employer, "if they want our co-operation and the co-operation of labour in production and the maintenance of discipline, it is their responsibility by some tripartite machinery and in other ways to see to it that these awards are carried out and implemented, that there are no unnecessary delays and that there are no unnecessary references to the Supreme Court and to other courts. The Supreme Court does not invite people to refer cases to them."

During the debate, one member had suggested that whatever the Supreme Court did (in regard to labour laws), the Government should take no notice. Shri Nanda replied that the Supreme Court was the highest body in the country to safeguard the fundamental rights and liberties of the citizens and nothing should be said that was derogatory to that body, though "we may have our complaints and we may have a feeling of discontent that numbers of employers rush to the Supreme Court."

49

Shri Nanda continued: "We have to observe and fully abide by what the Supreme Court says, but there is one thing which I have to make clear: if the Supreme Court thinks that the intentions of Parliament have not been fulfilled properly in the language of the laws that we make, then we are free - the Supreme Court does not stop us from doing so - to come back to Parliament and set it right and have a new Act so that whatever we intended to do we are able to carry out."

Referring to the grievances of Central Government employees, Shri Nanda said that their major interests would be safeguarded by the Pay Commission. So far as minor matters were concerned, some machinery already existed to deal with these, but he felt that something more had to be done and "we are engaged at this moment in a proper consideration of this problem."

Pointing out that a decision had already been taken to introduce workers' participation in management in 50 establishments this year, Shri Nanda said: "I hope we will succeed there and this arrangement will speedily progress and be extended to all the establishments in the country of any considerable size."

He denied that non-INTUC unions were being discriminated against. At the same time, he told all unions, "if political parties can be kept out (of trade unions), well and good. If they cannot be, let us at any rate come to an agreement that trade unions will be run on a trade union basis and not on a political basis."

Shri Nanda said that one feature of our industrial life for some time "which has been troubling the minds of the people" were "so many reports of disturbances, intimidation, coercion, officers being surrounded and in some places people losing their lives, murder and shooting. It is a disgrace. I do not say it is as widespread as it is made out to be, but this is something we should try to avoid."

National Labour Policy. Shri Nanda said that the labour policy that was being pursued by his Ministry was a national policy in the making of which Shri Dange and other representatives of various organisations of labour had participated and made their contribution. It was not a fact that different Ministries were pulling in different directions on matters concerning labour policy. While a policy was being framed, each Minister made his free contribution. But every Minister was bound by the policy laid down by Parliament and by the Government as a whole.

20

It should be clearly borne in mind that labour policy was not something apart and distinct from the economic and social policies of the country. It was a part of those policies. There were two aspects of labour policy, the trade union aspect which concerned itself with the claims, rights and the privileges of the working class, and the community aspect, namely the obligations of the working class. The two had to be reconciled, and sometimes this process of reconciliation was misinterpreted as conflict.

Shri Nanda attached great importance to the conclusions reached at the Indian Labour Conference which was held in July this year. At this conference, he said, allround agreement was reached on some of the difficult and contentious questions relating to industry and labour. The conference agreed that there should be no strike or lock-out without notice; there should be no recourse to go-slow tactics and no deliberate damage should be caused to plant and property. Acts of violence, intimidation, coercion or instigation should not be resorted to. The machinery for settlement of disputes should be fully utilised. Awards and agreements should be speedily implemented. Any action which disturbed cordial industrial relations should be avoided. The conference also urged a probe into possible unfair practices. This work was already in progress.

What was settled at the conference, said Shri Nanda, was not the end of the matter. It was the beginning. All the parties agreed at that conference that the resolutions passed there would be conveyed to every worker. If those resolutions were carried out, it would mean "a great advance towards the solution of many of the problems and difficulties which are plaguing us today."

Central Government employees.— Referring to Government employees, Shri Nanda said that there was a distinction between Government employees and others; Government employees were working directly for the community and not for any capitalist. That distinction had some implications "but it does not imply that those who are working for the community should be deprived of what is due to them."

He divided Government employees into two categories - industrial employees who enjoyed the same rights as other industrial workers, and civil servants. Special mention had been made during the debate about the position of railway workers and Defence employees. Shri Nanda said that in the case of these employees, there was a negotiating machinery at work and a large number of cases had been referred to it. He had not been able to find out exactly how long it took to settle these cases but there was a provision whereby matters that could not be settled by agreement could be referred to a tribunal.

Civil servants, said Shri Nanda, occupied a special position. They had both special privileges and special responsibilities. Although freedom of association was not denied even in their case, any question of direct action or strike was inconceivable. That did not mean that if there was any sense of injustice in their mind, there should be no way for them to seek redress. There was a way.

Conciliation procedure.- Shri Nanda said that for the better administration of the various schemes that were being implemented by his Ministry, the staff was being strengthened. In the matter of conciliation and adjudication, "we are trying to rationalise the procedures, simplify them, so that there may be no time lost, although the time that is wasted is not entirely the responsibility of the conciliator or adjudicator. It is lost because the parties themselves - both parties - very often want more time. But we are going to take care of that in the rules and in the revised procedures."

The Government, said Shri Nanda, wanted the maximum to be done for the worker in the matter of wages, social security and other matters but its ability was limited by the economic situation in the country.

When comparing what was being done in India with what other countries were doing, the difference in national income should not be forgotten. All the same, the real wages of the Indian worker had risen 25 per cent since 1947, although compared to the real wages in 1939 the rise might be only 8 per cent (taking the 1939 index at 100, the figures were: 1947, 78; 1951, 92; 1952, 102; 1953, 100; 1954, 103; ~~105~~, figures for 1955 and 1956 not yet available).

However, Shri Nanda added, "it should be remembered that in the earlier years (between 1939 and 1947) we were making no progress. We were going back. Since we started developing, the community had done well by the working class". When the Plan proceeded and the consumption level rose generally in the country, this prosperity would be shared by the worker. The workers would not be done out of their share.

Shri Nanda said that much remained to be done for the worker. The Government, for instance, had only touched the fringe of the housing problem. But its resources were limited.

72

However, Shri Nanda felt, productivity could be raised even within the limited resources available, and if this was done, much of the difficulty that the country was now facing could be overcome.

Shri Nanda said that the success of the Government's labour policy was reflected in the decline in industrial unrest. Much of the credit for this was also due to the working class. "Our system of adjudication and conciliation has yielded a rich harvest. It has on the one side helped the working class to improve its condition and increased its wages considerably and on the other side it has given the community peace and conditions in which the Plan can proceed satisfactorily."

When labour increased its productivity and maintained discipline, said Shri Nanda, it could certainly ask the community for sympathetic consideration of what was due to it. Public opinion did matter in the realisation of the aspirations of the working class.

Therefore, it was important for the trade unions not to alienate the feelings of the public and to show to the public how much the workers themselves had done for the community. While the real wages of the worker had risen, in terms of the worker's actual needs the present rate of wages were still "very, very low".

(The Statesman, 22 and 23 and 24
August 1957).

73

Chapter 7. General Rights of
Workers

67. Conciliation and Arbitration.

India - September 1957.

Industrial Disputes (Banking Companies) Decision Amendment ^{Bill}
Act 1957 introduced in Parliament: Minor Amendments in
respect of certain Banks to be made.

On 12 September 1957 the Government of India introduced in the Lok Sabha the Industrial Disputes (Banking Companies) Decision Amendment ~~Act~~ ^{Bill}, 1957, providing for certain amendments to the Act in regard to certain classes of banks.

Statement of Objects and Reasons.- According to the Statement of Objects and Reasons, appended to the Bill, one of the recommendations of the Bank Award (Justice Gajendragadkar) Commission was that the Government of India should appoint a Commission to examine the financial position of the Banks incorporated in the former Travancore-Cochin State and make recommendations in regard to the terms and conditions of service of their employees. In pursuance of this recommendation, the Government of India in January 1956, appointed the Travancore-Cochin Banking Inquiry Commission which submitted its report in August 1956. The Government of India has accepted the recommendations of the Travancore-Cochin Banking Inquiry Commission in respect of the terms and conditions of service of bank employees in Award banks with the modification that in the case of the South Indian Bank Ltd., and the Catholic Syrian Bank Ltd., Trichur, retrospective effect to the Labour Appellate Tribunal's decision should be given from 1 January 1955, instead of from 1 April 1954, as recommended by the Commission. The Bill is designed to give effect to the recommendations of the Travancore-Cochin Banking Inquiry Commission as thus modified. Provision has also been made in the Bill about the period during which the arrears of emoluments will be paid by the banks concerned.

(The Gazette of India, Extraordinary, Part II,
Sec. 2, dated 12 September 1957, pp. 813-815).

74

Chapter 7. Problems Peculiar to
Certain categories of workers

73. Officials and Public Employees of National, Regional and Local Administrations, of Nationalised Undertakings or Undertakings Managed with the Participation of the Public Authorities.

India - September 1957.

Increase in Allowances for Bihar Government Employees.

A temporary increase of 5 rupees in the cost of living allowance of Government employees and those of local bodies drawing a salary not exceeding 100 rupees per month from 1 August 1957, was announced by the Bihar Government in a Press note issued on 22 August 1957.

An increase of 3 rupees per month in the salary of village chowkidars was also announced.

The increase sanctioned will entail an additional total annual expenditure of 15.9 million rupees to the State exchequer.

The Bihar Ministerial Officers' Association had earlier given a call for a pen-down strike from 27 August to press its demands for the setting up of a pay commission, raising the cost of living allowance to the level of those sanctioned for Central Government employees, and upgrading of pay scales.

The Press note was silent on the demands for a pay commission and upgrading of pay scales. It referred, however, to the demand for the cost of living allowance at Central rates and said the difference between the State Cost of Living Allowance and the Central Cost of Living Allowance came to about 18 rupees for lower pay groups. An increase at this rate would entail an additional expenditure of 60.8 million rupees if it was sanctioned for 281,800 Government and local bodies' employees, drawing a monthly total emolument up to 100 rupees only.

(The Hindustan Times, 24 August 1957).

Punjab: Salary Revision for Government Employees:
Standing Board set up to consider question.

The Punjab Government has set up a four-man Standing Board with the Financial Commissioner, Punjab, as its Chairman, to deal with all representations made by individuals or recognised unions of Government servants for revision of the scale of pay of a particular class of service.

(The Tribune, 2 September 1957).

CHAPTER 8. MANPOWER PROBLEMS.

INDIA - SEPTEMBER 1957.

81. Employment Situation.

Employment Exchanges: Working during July 1957.

General employment situation.- According to the review of work done by the Directorate General of Resettlement and Employment during the month of July 1957, the employment situation, on the whole, marked an improvement during the month under review. Registrations reached a new peak figure of 180,135, the largest so far on record for any month, and representing an increase of 38,636 over the previous month's figure. A total of 5,927 employers utilised the services of exchanges as compared with 5,638 during the preceding month, and the increase in the vacancies notified by them was 139 over the figure for the previous month. Placements were, however, substantially larger than during June. Nevertheless, in keeping with the increase of registrations - a seasonal feature resulting from the publication of examination results - the live register also increased by more than 36,200.

Widespread shortage continued in respect of draftsmen, overseers, trained teachers, experienced stenographers, fast typists, compounders, mid-wives and nurses. Shortage in respect of qualified engineering, experienced doctors, mechanics, electricians and skilled fitters was also fairly pronounced. A number of exchanges reported shortage in respect of accounts clerks, boilermen and attendants, physical training instructors, surveyors, blacksmiths, skilled turners, welders and machinists.

Widespread surplus persisted in respect of untrained teachers, carpenters, motor drivers, clerks, unskilled office workers, unskilled labourers and freshers from educational institutions. Quite a good number of exchanges reported an excess of supply in regard to motor mechanics, semi-skilled fitters, chowkidars and sweepers.

Registration and Placings.- The following table shows registrations and placings during the month of July 1957 as against the previous month.

		<u>June 1957.</u>	<u>July 1957.</u>
Registrations	-----	141,499	180,135
Placings	-----	19,394	17,359
		17,369	19,394

Except Himachal Pradesh, all the States contributed towards this increase in registrations, conspicuous rise having occurred in Uttar Pradesh (9,849), Madras (5,119), Kerala (4,209), Bombay (3,740), West Bengal (3,546), Delhi (2,375), Bihar (2,148) and Andhra (2,082).

The increase in placements was marked in Madras (1,013), Andhra (372), West Bengal (304), Bihar (255), Mysore (210) and Delhi (205). On the other hand, a decline in placements was noticeable in Uttar Pradesh (472) and Bombay (165).

During the month under review, 5,927 employers utilised the services of employment exchanges as against 5,638 during the previous month, thus recording a slight increase of 289. The number of vacancies made available by these employers was 25,261, which marked an increase of 139, when compared to the corresponding figure for June 1957. The increase in the number of vacancies notified was prominent in the States of Madras (825), Andhra (373), West Bengal (351) and Bihar (210), while a significant decrease was noticeable in Himachal Pradesh (574), Uttar Pradesh (498), Delhi (321) and Assam (237). Of the total number of vacancies notified, as many as 7,443 were made available by the Central Government, 9,844 by State Governments, 3,785 by quasi-government establishments and local bodies and 4,184 by non-Government employers. There was a decrease of 1,498 in the public sector and an increase of 1,637 in the private sector.

Register of unemployed.- At the end of the month, the number of applicants on the live register of employment exchanges stood at a record figure of 815,716, as against 779,478 on the last day of June 1957. The live register, therefore, increased by 36,238. The increase was conspicuous in Bombay (5,792), West Bengal (4,998), Madhya Pradesh (2,661), West Bengal (4,977), Madras (4,735), Kerala (4,429), Uttar Pradesh (3,587) and Punjab (2,288). In all 9,462 employed and self employed persons of whom 349 were women, were on the live register and desired further employment assistance. The composition of the live register occupation-wise is shown below:-

<u>Occupation.</u>		<u>Number on Live Register on 31 July 1957.</u>
1. Industrial Supervisory	-----	5,404
2. Skilled and Semi-skilled	-----	58,655
3. Clerical	-----	246,058
4. Educational	-----	50,404
5. Domestic service	-----	26,905
6. Unskilled	-----	389,810
7. Others	-----	38,480
	Total.	<u>815,716</u>

At the end of June 1957, there were 205 medical graduates and 173 medical licentiates were on the live register, of the employment exchanges.

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>Number on Live Register.</u>
1. Displaced persons.	-----	5,141	753	41,536
2. Ex-Servicemen.	-----	5,497	1,024	23,542
3. Scheduled Caste Applicants.	-----	18,464	2,744	79,095
4. Scheduled Tribe Applicants.	-----	3,540	577	11,131
5. Anglo-Indians.	-----	186	17	385
6. Educated Applicants.	-----	140,105	14,183	268,442
7. Women.	-----	11,287	909	47,890

(Review of the Work Done by the Directorate-General of Resettlement and Employment during July 1957; issued by the Ministry of Labour, Government of India)

79

Bill

Public Employment (Requirement as to residence) Bill 1957,
introduced in Parliament: Residence requirements for
Public Appointments to be abolished.

On 11 September 1957, the Government of India introduced in the Lok Sabha the Public Employment (Requirement as to residence) Bill which seeks to abolish, in regard to a class or classes of appointment to an office under the Government of, or any local or other authority within, that State or Union territory, any requirement as to residence therein prior to such employment or appointment.

Statement of Objects and Reasons.- The Statement of Objects and Reasons, appended to the Bill, points out that clause (2) of article 36 of the Constitution provides, inter alia, that no citizen shall, on grounds only of residence be ineligible for, or discriminated against in respect of, any employment or office under the State. Parliament is, however, competent under clause (3) of the said article to regulate the extent to which it would be permissible for a State to depart from the above principle. In considering this aspect of the question, the States Reorganisation Commission recommended that if any departure from the principle of non-discrimination on the ground of residence is to be authorised at all, it should be such as to cause minimum hardship and that necessary legislation in this regard should be undertaken.

80

On the basis of these recommendations, the Government in a memorandum on safeguards for linguistic minorities stated that it did not consider it necessary or desirable to impose any restrictions for any public employment and that it was proposed to repeal all the laws in force prescribing any requirement as to residence for any public employment. It was, further, stated in the memorandum that certain exceptions might have to be made for a transitional period to the general rule of non-discrimination in the Telengana area of the former Hyderabad State and in certain backward areas. In pursuance of this decision, it is now proposed to repeal all the laws in force prescribing any requirement as to residence within a State or Union territory for any public employment in that State or Union territory. Exception, however, is being made in the case of Himachal Pradesh, Manipur and Tripura and the area transferred from the State of Hyderabad to Andhra Pradesh. In respect of these areas, it is proposed to prescribe residential qualifications for a limited period not exceeding five years in regard to non-gazetted services including the service of tehsildars. It is proposed to empower the Central Government to make rules for the purpose.

(The Gazette of India, Extraordinary,
Part II, Sec. 2, 11 September 1957,
pp. 809-811).

83. Vocational Training.

India - September 1957.

Labour Ministry's Training Scheme: Training during July, 1957.

Training of Craftsmen.- According to the review of work done by the Directorate-General of Resettlement and Employment during the month of July 1957, the number of trainees on the rolls of various training institutes and centres on 31 July 1957 was 6,285, all receiving training in technical trades.

Training of supervisors and instructors.- In the 19th regular session, which commenced from ~~May~~ 15 May 1957, 155 supervisors and instructors were receiving training at the Central Training 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 the month.

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

<u>Number of Training Institutes and Centres.</u>	<u>Number of sanctioned Seats.</u>	<u>Number of Persons undergoing training.</u>
444	12,776	882

82

National Council for Training in Vocational Trades.- According to the review under report Shri Jawaharlal Nehru, the Prime Minister of India, inaugurated on 30 July 1957, the National Council for Training in Vocational Trades. (For details, please see pp. 57-62 of the Report of this Office for August 1957).

Expansion of training facilities.- Sanction was issued, during the month, for opening two new training institutes, one at Cuddalore(Madras) with a capacity of 252 seats, and the other at Agartala(Tripura) with 64 seats. Also, sanction was issued for the introduction of 332 additional seats at training institutes in Mysore, and for the introduction of 128 additional seats in the Punjab. With these additions, the total number of additional seats sanctioned upto the end of July 1957, rose to 6,181.

Reorganisation of the Central Training Institute, Koni-Bilaspur.- As part of the re-organisation of this Institute, the appointment of additional Senior Masters and Junior Masters is being vigorously pursued with the Union Public Service Commission and the State Government respectively. The Government of Madhya Pradesh have provided funds in their budget for the construction of additional workshop buildings at the Institute.

Stores and equipment.- T.C.M. equipment worth approximately 90,000 rupees was received during the month under review, bringing the total value of equipment received upto the end of July 1957 under this aid programme to 1.828 million rupees approximately.

Sanction was also issued for the purchase of equipment worth 0.8271 million rupees for the training institutes.

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

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

87

CHAPTER 9. SOCIAL SECURITY.

INDIA - SEPTEMBER 1957.

91. Pre-legislation Measures.

Gratuity for Ahmedabad Textile Workers:
Industrial Court's Decision.

About 125,000 textile workers of Ahmedabad have been awarded the benefits of a gratuity scheme with effect from 16 September 1957 by a decision of the Industrial Court, Bombay.

For details please see Section 36, pp. of
this Report.

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94

93. Application.

India - September 1957.

Employees' State Insurance Scheme extended to
Jabalpur Town.

In exercise of the powers conferred under the Employees' State Insurance Act, 1948 (XXIV of 1948), the Central Government, by a notification, has extended the provisions of Chapters IV, V and VI, relating to respectively to contributions, benefits and adjudication of disputes of claims, to the town of Jabalpur and certain surrounding villages. Certain sections of Chapter IV and Chapter VI, relating to procedural matters had already been brought into force earlier.

Jabalpur is in Madhya Pradesh.

(Notification No. SRO 3008 dated 17 September 1957; The Gazette of India, Part II, Sec. 3, dated 21 September 1957, page 2037).

85

CHAPTER 11. OCCUPATIONAL SAFETY AND HEALTH.

INDIA - SEPTEMBER 1957.

112. Legislation, Regulations, Official Safety and Health Codes.

Coal Mines Rescue Rules, 1957: Draft published.

In exercise of the powers conferred by section 58 of the Mines Act, 1952 (XXXV of 1952) and in supersession of the Coal Mines Rescue Rules, 1939, the Central Government gazetted on 4 September 1957, the draft of the Coal Mines ~~Rule~~ Rescue Rules, 1957, which it proposes to make.

The rules, among other matters, relate to the procedure for the establishment, maintenance and management of rescue stations; imposition and recovery of excise duty the proceeds of which are to be applied, inter alia, for the construction maintenance and upkeep of rescue stations; institution of a permanent rescue corps; provision of rescue apparatus and equipment; appointment of active rescue trained men in every mine employing 50 or more persons on a scale of one man for every 150 persons or part thereof, employed below ground on any one day; conduct of rescue work; courses for instruction and practice, etc. etc.

The rules apply to every coal mine and extend to the whole of India except Jammu and Kashmir.

The draft will be taken into consideration after 29 December 1957.

(The Gazette of India, Part II, Sec. 3,
dated 21 September 1957, pp. 2022-2036).

88

LIST OF PRINCIPAL LAWS PROMULGATED DURING THE
PERIOD COVERED BY THE REPORT FOR SEPTEMBER 1957.

INDIA - SEPTEMBER 1957.

CHAPTER 3. ECONOMIC QUESTIONS.

- 1) The Finance (No.2) Act, 1957 (No.26 of 1957). (The Gazette of India, Extraordinary, Part II, Sec.1, 11 September 1957, pp. 323-368).
 - 2) The Wealth-Tax Act, 1957 (No.27 of 1957). (The Gazette of India, Extraordinary, Part II, Sec.1, 13 September 1957, pp. 375-403).
 - 3) The Expenditure-Tax Act, 1957 (No.29 of 1957). (The Gazette of India, Extraordinary, Part II, Sec.1, 18 September, 1957, pp. 407-430).
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67

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CHAPTER 2. INTERNATIONAL AND NATIONAL ORGANISATIONS.

- *(a) "Annual Report on the Working of the Indian Trade Unions Act, 1926, in the State of West Bengal for the years ending 31st March 1953, 1954, 1955." pp. 185, 223 and 4 respectively.
- *(b) "Report of the Proceedings of the Committee of All-India Organisation of Industrial Employers for the year 1956." pp.100.
- *(c) Report of the Committee of Indian Jute Mills Association, for the Year ended 31st December 1956. pp.155.

CHAPTER 3. ECONOMIC QUESTIONS.

- *(a) "The Tenth Year". Issued by the Publications Division, Ministry of Information and Broadcasting, Government of India. pp. 183; Price Rs.1.50.
- *(b) "The First Decade 1947-1957" - "A Symposium of Ten Years' Progress". Issued by the United States Information Centre, New Delhi. pp.194.
- *(c) "Report of the Seminar on Slum Clearance". Issued by the Indian Conference of Social Work. pp.55.
- *(d) "A Report on Productivity" by M.C. Munshi. Issued by Eastern Economist. pp.62. Price Rs.1/8/-.

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

- * Economics of Small Scale cultivation in Ambala and Hoshiarpur Districts (Pub.No.43). Issued by the Board of Economic Enquiry Punjab (India). pp.41, price Re.1.00.

* Publications Received in this Office.

CHAPTER 5. WORKING CONDITIONS AND LIVING STANDARDS.

- * (a) "Annual Report on the Working of Factories Act, 1948, in Uttar Pradesh for the Year 1954". pp.121.
- * (b) "India 1957". Issued by the Publications Division, Ministry of Information and Broadcasting, Government of India, pp. 664.
- * (c) "Scientific Research". Issued by the Publications Division, Ministry of Information and Broadcasting, Government of India. pp. 88. Price Rs.1.00.
- * (d) "Family Budgets of Nineteen Cultivators in the Punjab for the Year 1953-54". Issued by the Board of Economic Inquiry, Punjab (India). pp.68. Price Rs.1.70.

CHAPTER 6. GENERAL RIGHTS OF WORKERS.

- * "Labour-Management Consultation and Co-operation in the Tata Iron and Steel Company". Issued by the Labour Bureau, Ministry of Labour, Government of India. pp. 69.

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* Publications received in this Office.