

Government of India
Ministry of Labour & Employment

A. T. U. (
I. R. No. 2253	Date 19/9/61
File No.	Replied on.....

From

Dr. B.R. Seth,
Deputy Secretary to the Government of India.

To

The Cement Manufacturers' Association,
Cement House, 121, Queen's Road,
Bombay.

Dated New Delhi, the 14.9.61.

Subject:- Recommendations of the Cement Wage Board -
Clarification of points raised by employers,
workers etc.

Sir,

With reference to your letter dated the 18th July, 1961
on the above subject, I am directed to enclose a copy of a
statement showing the points in connection with the Cement-
Wage Board's recommendations and the clarifications given in
reply by this Ministry, in consultation with Shri M.R. Meher,
Chairman of the Wage Board.

Yours faithfully,

B.R. Seth
B.R. Seth
Deputy Secretary to the Govt. of India

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Letter to circulated it
1/9/61

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Copy with a copy of the letter under reply forwarded to:-

1. General Secretary, Indian National Trade Union Congress,
17, Janpath, New Delhi.
2. The General Secretary, All India Trade Union Congress,
4, Ashok Road, New Delhi.
3. The General Secretary, Hind Mazdoor Sabha, Nagindas Chamber,
Second Floor, 167 Frere Road, Bombay.
4. The General Secretary, United Trade Union Congress,
249, Bowbasar Street, Calcutta.

Buseck
12-7-61
(B.R. Seth)
Deputy Secretary

Copy also forwarded to:-

- i. All State Governments (Except Jammu & Kashmir, Assam, West
Bengal, and Maharashtra).
- ii. The Ministry of Commerce & Industry.
- iii. The Chief Labour Commissioner, New Delhi.

Buseck
12-9-61
(B.R. Seth)
Deputy Secretary

12.8.1.2

C O P Y

Cement Manufacturers' Association, Cement House,
121, Queen's Road, Bombay-1.

18th July, 1961.

The Secretary to the Government of India,
Ministry of Labour and Employment,
New Delhi.

Dear Sir,

Subject:- Recommendations of the Central
Wage Board for the Cement
Industry (1959).

We understand that the managements of Cement Companies and representatives of workmen of the Cement Industry have been requesting you from time to time to clarify some of the recommendations of the Central Wage Board for the Cement Industry. We are also informed that on your forwarding such requests to the Chairman of the Board, Mr. M.R. Meher has been clarifying the issues raised and giving the correct interpretation of the various recommendations.

We shall be obliged if you will kindly send us full details of the clarifications given by Mr. Meher, so that we may convey them to the Cement Manufacturers. Such a step would save the necessity of referring to you matters on which clarifications have already been given by Mr. Meher and we could restrict ourselves to matters not dealt with so far.

Yours faithfully,
for THE CEMENT MANUFACTURERS' ASSOCIATION
Sd/-

Points raised

3. The House rent allowance at a flat rate of Rs.0.29 NP per day (Rs.7.50 p.m.) is being paid to daily paid staff/operatives only for attendance day, and no allowance is paid when the worker is absent on account of sickness more than the leave as per Company's rules. The Union is of the view that even if a worker becomes sick for a long period, or he goes on authorised leave without pay, he should be paid house rent allowance for the full month as wherever the worker stays he has to pay house rent. Hence it should have no link with attendance.
4. Whether house rent allowance recommended by the Board should be given to employees who are on authorised leave without pay or authorised sick leave without pay; and whether the existing practice of giving this allowance to such persons can be discontinued.
5. Which members of the staff should be considered as 'lower technical and supervisory staff'.

Clarifications given

If the employee who is not provided with the Company's quarter takes leave without pay he is not entitled to the house rent allowance of Rs.7.50 per month, being a part and parcel of the total wage.

The Board has not defined as to which are the categories coming under the 'lower technical and supervisory staff', but it covers employees who do not fall under the categories of unskilled, semi-skilled, skilled and highly skilled for whom various grades of pay, viz. E.D., C, B and A have been prescribed in para 13.7.1. Whether a particular employee should be fitted into the 'lower technical and supervisory staff' would depend on the existing set up of the factory, the duties of the category concerned and other facts and circumstances. Any disputes in this regard can be settled by mutual negotiations between the parties and failing that through the machinery provided under the I.B.Act.

Points raised

6. In a cement factory, by fixing certain employees in the new grades, their existing basic wage and dearness allowance is adversely affected as may be seen from the following cases:-

Case No.1 (operative grade C)

	Grade	Basic wages	DA	HRA	Total
(i) Before implementation	55-2 $\frac{1}{2}$ -85	75/-	39.50	-	114.50
(ii) As fixed by factory	62-40-3-90-93-50	73.18	38.82	7.50	119.50

(iii) Remarks :- Basic wage reduced by Rs.1.82 & DA by Rs.0.68

Case No.2 (Operative Grade C)

(i) Before implementation	55-2 $\frac{1}{2}$ -85	79.50	39.50	-	119.00
(ii) as fixed by factory	62-40-3-90-93-60	77.27	39.23	7.50	124.00

(iii) Remarks Basic wage reduced by Rs.2.23 p.m. & D.A. reduced by Rs.0.27.

Clarification givenCorrect wage fixation

	Basic wage	D.A.	H.R.A.	Total
<u>Case No.1</u>	Rs.75.00	Rs.31.50 plus 7.50 (percentage of D.A.)	Rs.7.50	121.50
<u>Case No.2</u>	Rs.79.50	Rs.31.50 & Rs. 7.95 (percentage of D.A.)	Rs.7.50	126.45

Explanatory notes.

- (i) Reduction in the basic wage already drawn is contrary to recommendations in para 13.14.1.
- (ii) If the basic wage is kept constant and the D.A. and H.R.A. is added as per recommendations, the total new wage would be more than the existing wage on 31.12.59 plus Rs.5/- and as such the question of adding Rs.5/- to the total wage on 31/12/59 will not arise.

Points raised	Clarification given	Remarks
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7. Whether the management is authorised to deduct the house rent allowance of Rs.7.50 in its entirety in respect of quarters which though may be pucca quarters in the sense that they have masonry walls and roofs with concrete or asbestos sheets, are provided with one electrical point for lighting only but are not of the standard as laid down by the Government Housing Scheme, i.e. are not having the minimum area of 220 sq. ft. as per the Government Housing Scheme. Is it correct to say that the minimum area as envisaged in para 6.26 of the report has nothing to do with the deductions authorised as per para 13.4.1.

The management is entitled to deduct the house rent allowance of Rs.7.50 in its entirety in respect of quarters which being pucca quarters in the sense that they have masonry walls and roof with concrete or asbestos sheets are provided with one electrical point for lighting, though they may not be of the standard laid down in the Government Housing Scheme i.e. not having the minimum area of 220 sq. ft. The Board's report does not say that Rs.7.50 are to be deducted only if the quarters are of that size. Normally, the rent in respect of pucca quarters of 220 sq. ft. with electric light would be much more than Rs.7.50 but for the practical considerations referred to in para 6.26 of the Board's report, the house rent of only Rs.7.50 is taken as the norm.

8. On the matter of option to the members of staff either to remain in the old grade or to opt for the new and the new pattern of D.A., the management says that a member of staff either he chooses to remain in the old or opts for the new, in both the cases he will get the proposed new Dearness Allowance and the prevailing system will be abolished. While in the opinion of the union representative only those staff will be covered in new pattern of grade who opt for the new grade. The old prevailing system of D.A. will remain in operation for those who want to remain old grade.

Although a member of the staff (clerical and lower technical and supervisory staff) is given the option to remain in his existing grade or accept the grade and pay-step indicated by the employer (as per the recommendations contained in para 13.22.4 of the Board's report), there is no such option to retain the old scale of dearness allowance. All dearness allowance current at the time of the recommendations in respect of the clerical and lower technical and supervisory staff recommended are to be substituted by the pattern of dearness allowance in para 13.24.1 and if after such substitution the old dearness allowance is reduced, the amount so reduced is to be paid as personal allowance until such personal allowance is absorbed on promotion of the employee to a higher grade as stated in para 13.25.1. Similarly in the case of operatives there is no question of option of the old dearness allowance but as per the recommendations in para 13.12.1 all existing dearness allowance paid to operatives should be substituted by the dearness allowance recommended in para 13.7.1

and lower technical and supervisory staff

Points raised

Clarifications given

Remarks

9. Whether an independent lime-stone quarry supplying the bulk of its lime-stone to a cement factory can be treated as a phased one in terms of paras 13.5.1 and 13.5.2 of the Board's report, even if the cement factory itself is not a phased one.

The Board's recommendations concerning phasing of wage increase are applicable to quarries also. The independent lime-stone quarry which supplies lime-stone to other customers also, should be permitted to phase the rise even though the cement factory itself may not be a phased one. The intention of the Board was that where the lowest wage resulted in a big jump the increase should be phased so that the full incidence of the recommendations comes into effect one year after the initial increase.

10. Whether phasing has to be determined with reference to the wages of departmental labour only or also with reference to the contract labour.

If the wage increase is more than Rs.25/- in the case of majority of unskilled workers including the contract labour, the factory will be treated as a phased factory.

11. Whether paras 13.22.4, 13.22.5 and 13.23.1 of the Board's report cover the operatives also.

These paragraphs pertain to the clerical and lower technical and supervisory staff only and not to operatives.

12. Whether personal basic wage which is a part of basic wage under para 13.15.1 of the report, shall be taken as basic wage for all purposes such as bonus, gratuity and dearness allowance (for instance an old grade operative was getting Rs.193/- as basic wage and as per new grade his basic becomes Rs.169/- plus Rs.24/- as personal basic wage. Whether gratuity bonus and D.A. have to be paid on Rs.24/- or not).

As personal basic wage is part of the basic wage, it should be taken into account for the purpose of calculation of bonus, gratuity and percentage dearness allowance.

Points raised	Clarification given	Remarks
<p>12. Whether supervisory staff and officers getting total emoluments less than Rs. 500/- per month will also get the benefit in respect of exact pay-step and dearness allowance.</p>	<p>The benefit referred to are not applicable to officers even though they may be drawing total emoluments less than Rs. 500/- per month. These benefits apply to lower technical and supervisory staff.</p>	
<p>13. The management of a cement factory calculated the money value of the food grain concessions by dividing the total loss on sales of rice during December, 1959, by the total number of workers on roll as on that date. The amount so calculated (Rs. 2.60 n.p) was sought to be added to the wages/salary of each employee as money value of food grain concession per worker. The workers contested this mode of calculation and maintained that the money value of food grain concession of each individual employee should be found out by taking into consideration the actual number of unit/units held by them as on 31st December 1959.</p>	<p>As per para 13.11.1 of the Board's report, every operative who has put in at least a year's service when the recommendations came into force, is to be given one increment of Rs. 5/- over the total wage payable to him (comprising basic wage, dearness allowance, house rent allowance, rent value of house provided, if any, money value of grain concessions, if any and certain cash allowances specified) for a full month's normal working in the month immediately preceding that in which the recommendations take effect viz. December, 1959. The money value of grain concessions has, therefore, to be worked out for December, 1959. It was not the intention of the Board to take an average figure for any period of time for this purpose, and the question whether in any particular area the prices of food grains were high or low is irrelevant for the purpose. Therefore, the management has not erred in working out the money value of the grain concessions for the month of December, 1959. The management has divided the total loss on sale of foodgrains by the total number of workers on roll. The union wants that the total number of units of rations drawn by each individual employee should be taken into account. The Wage Board took into consideration the norms laid down by the 15th Labour Conference according to which the cost of living is worked out for three consumption units. The grain concession has to be worked out for a standard family irrespective of the particular number of units in particular families. The calculation of grain concessions on an individual basis would result in permanent differentials between workers doing the same kind of work based on extraneous grounds. The cash wage differentials would be obscured if the cash grains concession per worker</p>	
<p>The workers' point of view was that the procedure followed by the management was faulty. The workers also claimed that in December, 1959, the prices of foodgrains are invariably lowest and as such the loss incurred by the management on food concession during December, 1959, was the lowest. The money value calculated on this basis would therefore, not give a clear picture of the actual food concessions enjoyed by the employees in terms of subsidized food-grains.</p>		

Points raised

Clarification gives

Remarks

is not taken on an uniform basis. For example, an 'E' grade employee having a larger number of units in his family drew higher cash grain concession in December, 1959, than a 'C' grade employee who was single. If the method suggested by the union were followed, the differentials would be reflected in the cash components of the new wage with the result that the balance between total wages of the employees in different grades would be upset. Here it may be pointed out that the increase given by the Wage Board to 'D' and 'E' grades is much higher than those given to the higher grades. The management does not make any saving as a result of the method adopted, for if the total loss is divided by the number of units, the cost to the management would be the same. The Factories Act (Section 59 and 80) lays down that overtime wages and wages for annual leave includes the cash equivalent of the food concessions admissible to a standard family. This is regarded as a reasonable method of valuing food grain concessions.

Some doubts were expressed regarding the intention underlying the Board's recommendations para 13.4.1 of the Report regarding phasing of increase in certain cases. One view was that factory would be treated as 'phased' if the wage increase was more than Rs. 25/- in the case of majority workers. Another view was that the wage increase in a particular factory will be phased if it is a wage increase of more than Rs. 25/- p.m. in the case of minority of workers (even one worker to quote an extreme case).

The factory would be treated as a phased factory if the wage increase is more than Rs. 25/- p.m. in the case of the majority of un-skilled workers. This will not apply to factories where the wage increase is more than Rs. 25/- p.m. in the case of minority of workers only.

Point raised	Clarification given	Remarks
<p>5. Whether the production bonus and the fuel allowance allowed to the workmen of a cement factory should be taken into account for the purpose of deciding whether wage increase in the factory should be phased or not. The view of the employers was that these should be excluded in deciding the matter. The production bonus paid by the management was claimed to be an additional burden on the industry. As regards fuel, it was stated that this concession was not available to the majority of the workers. The settlement with the workers on the issue of fuel allowance was arrived at on a date after the Board's recommendations came into being. The workers argued that the production bonus and fuel allowance had already been awarded by the Industrial Tribunal or has been agreed upon by the parties much before the recommendations of the Wage Board and as such the factory should not fall under the scheme of phasing.</p>	<p>It was clearly not the intention of the wage Board that production bonus should be taken into account for the purpose of deciding whether a factory should be phased. Such bonus would vary from month to month to the production, and perhaps also from department to department. So also the fuel concession being not admissible to the majority of the workmen cannot be considered an allowance given to the generality of unskilled operatives within the meaning of the recommendations in para 13.5. The circumstance that production bonus or fuel allowance may have been awarded by a tribunal or were agreed to by the parties before the Wage Board Recommendations, makes no difference.</p>	