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INTERNATIONAL LABOUR OFFICE
INDIA BRANCH

Industrial and Labour Developments in September 1956.

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

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CHAPTER 1. INTERNATIONAL LABOUR ORGANISATION.

INDIA - SEPTEMBER 1956.

11. Political Situation and Administrative Action.

Indian Union's New Structure: Fourteen States and and Six Areas Under Centre.

According to the States Reorganisation Bill, as passed by Parliament on 25 August 1956, the Indian Union will have 14 States and six Centrally-administered territories.

The States are: Kerala, Madras, Mysore, Andhra Pradesh, Bombay, Madhya Pradesh, Rajasthan, Uttar Pradesh, Punjab, Bihar, West Bengal, Assam, Orissa, and Jammu and Kashmir.

The Union territories are: Delhi, Himachal Pradesh, Manipur, Tripura, Andaman and Nicobar Islands, and the Laccadive, Minicoy and Amindive Islands.

Bombay will be the largest in area and in population Uttar Pradesh will be the biggest.

The structure of the Union, as recommended by the States Reorganisation Commission, was to consist of 16 States and three Centrally-administered territories, the States being Kerala, Madras, Karnataka (Mysore), Hyderabad, Andhra, Bombay, Vidarbha, Madhya Pradesh, Rajasthan, Punjab, Uttar Pradesh, Bihar, West Bengal, Assam, Orissa, and Jammu and Kashmir. Union territories are Delhi, Manipur and Andaman and Nicobar Islands.

According to the existing set-up, the Union consists of 28 units:

Part A States: Jammu and Kashmir, Punjab, Uttar Pradesh, Bihar, Assam, West Bengal, Orissa, Madhya Pradesh, Bombay, Andhra and Mysore.

Part B States: P.E.P.S.U., Rajasthan, Madhyabharat, Saurashtra, Hyderabad, Mysore and Travancore-Cochin.

Part C States: Himachal Pradesh, Delhi, Ajmer, Vindhya Pradesh, Bhopal, Kutch, Coorg, Manipur and Tripura.

D Territory: Andaman and Nicobar Islands.

(The Hindustan Times, 26 August 1956).

2

Central Cabinet reshuffled: Ministry of Heavy
Industries constituted.

Reference was made at page 1 of the report of this Office for August 1956 to the resignation of Shri C.D. Doshmukh from the Finance Ministership of the Central Cabinet.

An official communique issued on 30 August 1956 announced that Shri T.T. Krishnamachari, Minister for Commerce and Industry, will assume charge of the Finance portfolio from 31 August 1956. The communique added that the new Finance Minister will retain charge of the Iron and Steel Ministry as an additional responsibility, but will relinquish charge of the Commerce and Industry Ministry.

As a consequential reshuffle, the Commerce and Industry Ministry will be split up into the Ministry of Heavy Industries and the Ministry of Commerce and Consumer Industries.

Sardar Swaran Singh, Minister of Works, Housing and Supply, has been appointed to hold charge, in addition, of the Ministry of Commerce and Consumer Industries.

Shri D.P. Karmarkar, Minister of Trade and Shri Nityanand Kanungo, Minister of Consumer Industries, will be attached to the Ministry of Commerce and Consumer Industries.

Shri M.M. Shah, Minister of Heavy Industries, will be attached to the Ministry of Heavy Industries.

These changes came into effect from 1 September 1956.

(The Hindustan Times, 31 August 1956).

3

Separate Ministry for Community Development:
Step to Increase Farm Output.

A New Ministry to be known as the Ministry of Community Development has been constituted in the Union Government. Shri S.K. Dey will hold charge of the new Ministry. Shri Dey will be a Minister of Cabinet rank but he will not be a member of the Cabinet.

The new Ministry will work in co-operation with the Food and Agriculture Ministry and the Minister for Food and Agriculture will be responsible for co-ordinating the work of the new Ministry with that of his Ministry.

The cohesion, sought to be brought about between the community projects and the National Extension Service on the one hand, and the activities of the Food and Agriculture Ministry, on the other, follows the Government's decision to launch a special drive to raise agricultural production, particularly food grains, during the second Plan from 18 per cent to 30 to 40 per cent.

A Press note issued on 18 September 1956 states: "The activities of the Community Project Areas and the National Extension Service are expanding rapidly and there will be further expansion during the period of the second Five-Year Plan. The highest priority has been given to increased production of food grains and a special drive has to be launched for this purpose in the community project areas and in the national development blocks. The urgency and speed with which measures for increased food production have to be undertaken require concentrated and co-operative effort.

"Having regard to the growing magnitude and importance of this work, it has been found necessary to place the Community Project Areas under a separate Ministry to be called the Ministry of Community Development. This will involve no major change in the internal organisation of the Community Project Areas as it is today. The new Ministry will work in full co-operation with the Ministry of Food and Agriculture and will, when necessary, take advantage of the resources of that Ministry. The Minister for Food and Agriculture will be responsible for co-ordinating the work of the new Ministry with that of his Ministry. The Central Committee for the Community Project Areas will continue to function as heretofore."

(The Hindustan Times, 19 September, 1956).

New Members of Planning Commission appointed.

Shri T.T. Krishnamachari, Union Minister for Finance, and Shri V.K. Krishna Menon, Minister without portfolio, have been appointed members of the Planning Commission.

Shri Krishnamachari comes in the place of the former Finance Minister, Shri C.D. Deshmukh; Shri Krishna Menon's appointment raises the membership of the Commission from five to six excluding the Chairman, Shri Nehru.

Besides Shri Krishnamachari and Shri Menon, the members of the Commission are: Shri V.T. Krishnamachari, Deputy Chairman, Shri Nanda, Planning Minister, Shri K.C. Neogi and Dr. J.C. Ghosh.

(The Statesman, 4 September 1956).

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Meeting of Joint Consultative Board for Industry
and Labour: Wage Policy discussed.

A meeting of the Joint Consultative Board of Industry and Labour was held at Bombay on 16 September 1956 under the chairmanship of Shri G.L. Wanda. Shri Shantilal H. Shah, Minister for Labour, Government of Bombay, and Shri Manubhai M. Shah, Minister for Heavy Industries of the Central Government and the Union Labour Secretary, Shri Vishnu Sahay, were also present.

The Board, among others, discussed the question of wage policy. In this connection, after reviewing the progress made in the wage studies, the resolution passed by the Indian National Trade Union Congress at its Surat session (vide pages 4-13 of the report of this Office for May 1956) was taken note of. It was decided that the constituent units of the Board, viz., the two employers' and the two workers' organisations should submit to the Board detailed and factual notes which, in their opinion, would provide a basis for the fuller consideration of the matter. These notes, apart from stating the general position, should concern themselves more with wage problems in specific industries.

Among others subjects discussed by the Board was a report on the Duke of Edinburgh's Study Conference, which recently took place in Oxford. The Board decided to await fuller proceedings of the Study Conference. The Board welcomed the Government's decision to send a tripartite team to Europe for studying experiments in labour-management co-operation.

Board for Cotton Textile Industry.- The second session of the Board took up the question of the establishment of a Joint Consultative Board for the cotton textile industry. The session was attended by representatives of the labour organisations, as also by six mill-owners' associations from Bombay, Ahmedabad, Nagpur, Indore, Calcutta and Surendranagar.

While inaugurating the Board of the Textile Industry, Shri G.L. Nanda observed that the Joint Consultative Board was formed at the national level two years ago in response to the general feeling among the employers' and workers' organisations that the official machinery for settlement of disputes was not enough for pursuing the objectives of peace in and progress of the industry. There was need for the employers and workers themselves to come together and settle matters of mutual interest by a non-official bipartite organisation, consisting of the Employers' Federation of India, the All-India Organisation of Industrial Employers and Indian National Trade Union Congress and the Hind Mazdoor Sabha thus came to be formed. The Joint Consultative Board has been meeting fairly regularly since its inception. It has been closely associated in the formulation of the labour policy for the Second Five-Year Plan.

For some time past the Joint Consultative Board has been feeling that its work should be extended to the State and industries levels. At the meeting of the Board in April this year the Board selected some five industries - cotton textiles, sugar, cement, plantations and steel - for setting up bodies in their organisations similar to the Joint Consultative Board. A beginning has been made with the organisation of a Board for the Cotton Textile Industry with Shri Shantilal H. Shah, the Bombay Labour Minister as its Chairman.

(The Hindu, 17 September 1956)

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12. Activities of External Services.

India - September 1956.

Visits

Among others, Prof. J.H. Richardson, the I.L.O. Industrial Relations Expert, Mr. Edgar Marland, ILO Expert on Vocational Rehabilitation of the Blind in Ceylon and Mr. L.M. Brooks, ILO Expert in Productivity in India, visited this Office during the month.

Missions

Shri V.K.R. Menon, participated in the Seminar on the Problem of the Educated Unemployed held at Trivandrum on 20 September 1956.

Articles

An article by the Director of this Office, - entitled "Role of Management in a Welfare State - stress on Productivity of Labour" was published in the "Major Industries of India Annual 1955-56".

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Chapter 2. International and National

Organisations

25. Wage-Earners' Organisations.

India - September 1956.

Government's Labour Policy Criticised: Hind Mazdoor Sabha urges priority for fixing Minimum Wages.

The All-India Council of the Hind Mazdoor Sabha at a meeting held at New Delhi on 25th September 1956, adopted a statement on the labour policy of the Government under the second Five-Year Plan, urging that priority be given to fixing and enforcing a national minimum wage, below which wages should not be permitted to be paid anywhere. The Sabha believed that unless fair wages were guaranteed and labour got an effective share in management, the principle of 'payment by results' would be harmful to labour, as it would result in managerial inefficiency and production policies, pushing workers' earnings to very low levels.

The Sabha welcomed the proposal for the recognition of workers' right to participate in the management of industries through councils of management and said: "The extent to which they will succeed in actually fulfilling their purpose will be seen only when they are set up and start functioning."

Referring to the first Five-Year Plan, the statement said that real wages had not increased during the Plan period and by and large employers were still "as reluctant as before to come together with workers to settle anything."

Working conditions.- The statement added that in the majority of industrial establishments, nothing at all had been done to improve working conditions. Even provisions of the Factories Act and Payment of Wages Act continued to be broken with impunity. "The Government's attitude to the question of industrial peace is essentially negative", the statement said, and added that statistics of man-days lost in strikes and lock-outs were not the true indicators of actual peace in industry. Reduction in these figures during recent years was largely due to the present law which made practically any strike of workers illegal and the policy machinery of the Government, which "suppresses any direct action by the workers, no matter how peaceful and legitimate".

Favouritism to INTUC alleged.- The statement alleged that the Government "continues to show the most flagrant favouritism to the Indian National Trade Union Congress unions, gives the I.N.T.U.C. disproportionate representation on tripartite bodies and virtual monopoly in I.L.O. conferences and committees".

The council also adopted a resolution viewing with concern the new restriction in trade union and civil rights of Government employees imposed by the new Government Servants Conduct Rules. It called upon the Government to suspend the operation of the rules and to revise them in consultation with central labour organisations.

The Council by another resolution protested against the victimization of trade union workers in Government concerns.

It also called for trade union unity and said that such unity alone would ensure ~~that~~ working people in the country getting a fair deal and an opportunity of playing an effective role in the building of the nation.

(The Hindustan Times,
3 September 1956)

28. Employers' Organisations.

India - September 1956.

Labour Conditions in Jute Mills: Employers' Association's Report for 1955.

The following information regarding labour conditions in the jute mills in India is taken from the annual report of the Indian Jute Mills Association for the year 1955*.

General Labour situation.- During the year, the entire jute industry was involved in adjudication proceedings, regarding the issues referred to an Omnibus Tribunal in April 1954. The award was published in October 1955 (vide pp. 22-23 of the report of this Office for October 1955). Among other things, wages were increased in spite of the fact that the tribunal accepted that the average income of the jute mill worker was not violently out of proportion to the per capita national income, that the basis on which the wage structure was revised by the first tribunal was sound, that the workload had not increased since the first award was published, that the cost of living index had gone down since the second award was published and that the neutralisation of the rise in the cost of living to the extent of 74 per cent determined by the first and second tribunals was fair.

Three of the unions appealed against the award, demanding a bigger increment, and an appeal was also filed by the Association on behalf of the mills against the increments granted. The Association's application for staying the Award pending the disposal of the appeal was rejected and the Award was therefore implemented by mills from the date on which it became enforceable, i.e. from 6 November 1955.

* Indian Jute Mills Association. Report of the Committee for the year ended 31 December 1955., 1956, pp.141.

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A number of disputes were raised over the interpretation of the award by workers who were already enjoying a higher rate of pay than that provided in the Award. Some of these disputes were taken up by the Labour Directorate, but as they involve the interpretation of the award they have been referred by the Directorate to the Government. In some cases the workers involved at first refused to accept their wages but gradually wages have been taken by most of them.

Industrial Relations.— During the year under review there was an alarming increase in violence and lawlessness on the part of workers. This was particularly the case when the Employees' State Insurance Scheme was introduced by the Government on 14 August in Howrah District and Calcutta.

An analysis of the man hours lost during the year shows that violence and lawlessness on the part of workers and extraneous matters were more responsible for work stoppages and consequent loss of production than normal disputes between the employer and the employees. There were 63 stoppages during the year and a loss of 3,409,916 man hours. Fortyfive stoppages related to the Goa Day hartal, resulting in the loss of 603,445 man hours; 7 stoppages involving 1,286,193 man hours were connected with the introduction of the Employees' State Insurance Scheme; and 3 stoppages involving 959,677 man hours were brought about by violence and lawlessness on the part of workers. Thus only 8 strikes involving 560,601 man hours were directly connected with trade disputes and one of these was a dispute between two sections of workers of the same mill. Though all the strikes were illegal no action was taken by Government against those who instigated these strikes.

In spite of the periodic turmoil which was experienced in the jute industry, there was nevertheless a further development of the process of negotiation between managements, workers and unions for the settlement of disputes. The presence of rival unions as usual came in the way of quicker and more effective settlements, and if political and partisan considerations can be minimised there is every likelihood of a further advance being made in this direction.

The details of strikes and lockouts in the jute industry and the consequent loss of man hours in each of the ten years are given below:—

Year.	No. of strikes and lockouts.	Man Hours Lost.
1946	67	34,249,696
1947	27	9,712,073
1948	57	9,704,583
1949	15	4,256,345
1950	18	3,299,548
1951	6	426,451
1952	22	1,114,175
1953	71	4,231,857
1954	15	2,551,496
1955	63	3,409,916

Work of the Association's Labour Department.- The Association's Labour Officers kept close contact with the mills in their respective areas and attended to the day to day problems and disputes in collaboration with the Managers and Mill Labour Officers. There were numerous calls on the Association's Labour Officers in connection with disputes at the mill level and clarification of the labour policy of the Association. The Labour Officers also dealt with individual and collective disputes which were brought to them by workers or unions at the Association's "Night Offices" situated in the mill areas. The nature of the individual and collective disputes was more or less the same as in previous years. The individual cases mostly related to dismissal and gratuity. There were also complaints of supersession and claims for maternity benefit. Collective disputes were raised by small groups of workers on the question of workload, reclassification of certain groups of workers and payment of higher rates of wages, and dissatisfaction with weaving and sewing rates fixed by the management for non-standard fabrics. Some of the disputes on wage rates were referred to the Association's Technical (Managers) Sub-Committee. Individual complaints were enquired into and the workers concerned informed of the results of the enquiry. Collective disputes which could not be settled locally were taken up by the Association's Labour Department either through bipartite negotiations with the unions or in tripartite discussions at the Labour Commissioner's office.

The Association's Labour Department also conducted a large number of cases before Industrial Tribunals and the Appellate Tribunal.

Welfare activities both in the Association's Welfare Centres and in the mills were developed by the Labour Officers. Athletics, football competitions and other sports, etc., were also organised on a group basis.

The Officers of the Labour Department also acted as inspectors under the Working Time Agreement.

Works Committees.- With the expiry of the terms of office of existing Works Committees fresh elections were held in 22 mills during the year, and the election in one mill was postponed pending the change-over from single to double shift. Apart from these general elections there were also a few bye-elections in some of the mills to fill up casual vacancies. The Unions took a greater interest in these elections than in the past and in a majority of the mills, candidates were returned to the Works Committees on one or other Union ticket although this only indicated the strength of the Union for the time being in a mill and not in the area as a whole. The keenness of the trade unions to get their candidates elected was perhaps due to the fact that for want of any organised trade union in the jute mill areas the effective means of making their voice heard by the management was through their elected representatives on the Works Committees.

On the whole, Works Committees functioned well in spite of irresponsible and obstructionist behaviour by some members. The Works Committees served as a two-way communication channel giving an opportunity to both management and labour to present their problems to one another and it was possible to overcome many problems and disputes through discussions in this way.

Absenteeism.- The following table shows the extent of absenteeism in mills due to sickness in 1955:-

		Number of persons - absent due to sick- ness as percentage of total number of persons employed.	Average period of absence per sick person (days).	Average period of per capita absenteeism of all workers employed (days).
January.	---	14.74	5.35	0.79
February.	---	14.77	5.30	0.78
March.	---	14.88	5.29	0.79
April.	---	16.22	5.46	0.88
May.	---	15.06	5.42	0.82
June.	---	17.65	5.60	0.99
July.	---	14.57	5.96	0.87
August.	---	13.37	5.34	0.71
September.	---	12.48	5.67	0.71
October.	---	11.36	5.44	0.62
November.	---	14.20	5.53	0.78
December.	---	14.62	5.67	0.83

Working Time Agreement.- The jute mill industry was able to observe a 48 hour working week throughout the entire year, 12 1/2 per cent of the looms still remaining sealed, and these arrangements were governed by the Fourth Principal Working Time Agreement, entered into from the 12 December 1954. While the Agreement prescribes a 45 hour working week, it is to be noted that, under Clause 7, a resolution was passed at a special meeting of the Association held on the 23 December 1954 increasing the working hours from 45 to 48 per week. This measure did not affect the working hours then prevailing - already 48 per week - but was necessary to enable the Committee to terminate the absorption of accumulated hours, for the reasons given in last year's report.

Modernisation of jute industry.- During 1955, agreement was reached with the Government of India on the basis on which licenses would be issued for the import of modern spinning frames and ancillary machinery, and also the terms and conditions on which financial assistance would be given to jute mills unable to modernise with their own resources. The way was thus paved for further progress in the modernisation of the Indian jute industry.

The table below gives the loom, spindles, and number of workers in the 100 member-mills with a total loomage of 65,094 during 1955:-

	No. of Looms at work in January.	No. of Spindles at work in January. (000)	Average daily number of hands employed during the year. (000)
Average			
1911-20	37,077	768	243
1921-30	47,188	994	312
1931-40	55,300	1,150	267
Year			
1941	65,386	1,287	289
1942	65,386	1,286	281
1943	65,133	1,264	291
1944	64,119	1,293	277
1945	55,729	1,111	296
1946	54,233	1,090	290
1947	56,201	1,115	303
1948	61,406	1,192	315
1949	63,335	1,234	303
1950	58,097	1,230	278
1951	57,024	1,242	286
1952	58,897	1,279	276
1953	57,121	1,244	259
1954	56,649	1,211	253
1955	57,996	1,165	252
1956	56,992	1,118	

Associating Private Industry with State Trade:
Federation of Indian Chamber of Commerce suggests
Consultative Bodies.

Addressing a conference at New Delhi on 25 August 1956, of trading interests affected by the formation of the State Trading Corporation, Shri Chinai, Vice-President of the Federation of the Indian Chambers of Commerce and Industry, said that the Government's decision to set up the Corporation, despite some economic arguments against it, was guided by political considerations.

Nevertheless, he counselled traders and mine-owners to find ways of protecting their interests "within the framework of Governmental policy".

For this purpose he suggested the appointment of a consultative body with consultative and liaison functions. This would serve, he thought, as a forum where representatives of Government and the State Trading Corporation, as well as of industry and trade could meet and exchange views in a friendly and businesslike way "to yield satisfactory business results".

He acknowledged the "heartening feature" that the Government had shown willingness to consult industry and trade but added that the consultations that had taken place and the assurances that had been given did not appear to be satisfactory either to private parties or to Government.

Traders' difficulties.- The allocation of export quotas to mine-owners and shippers on the basis of averages for the last three calendar years, restrictions on the interchangeability of quotas for exports from different ports and the prescription of scrutiny of contracts were among the "genuine difficulties" listed by Shri Chinai.

Shri Chinai denied the allegation that the existing trading mechanism was inadequate to augment exports. The major limiting factor was the inadequacy of transport and he wondered how by resorting to State trading transport difficulties as such could be solved.

Transport bottlenecks, he added, were likely to increase with the general increase in production. They could be removed only by enlarging transport facilities and not by State trading.

A vital matter of principle was also involved, Shri Chinai recalled that the Federation had always stood for Government enterprises working under the same conditions as private industry. In other words, he added, merely being a public enterprise should not entitle a concern to enjoy special facilities in the matter of taxation, labour legislation, procurement of raw materials and transport.

Major markets.- India's major markets for the manganese ore, he continued, were the U.S.A., Japan, the United Kingdom, and France, whereas for iron ore, the main markets were Japan and Czechoslovakia. The buyers in these markets, he asserted, would prefer to deal with private houses rather than the State Trading Corporation in view of their existing contracts and the flexibility and speed associated with private transactions.

One of the unresolved problems related to the supply of goods against long-term contracts entered into by Indian parties with foreign buyers. Another concerned goods lying for export at ports. Then there was the problem of small mine-owners who had been able only recently to export in their own or other names through their own or ports where the goods were licensed freely without any quota system.

The effect of the incursion of the State on mining activity, he concluded, had also to be considered as in a number of cases mine-owners were financed by shippers.

(The Statesman, 25 August 1956).

Expansion Programme of Tata Iron and Steel Company Ltd.: Chairman's Address to Annual General Meeting.

Addressing the 49th annual general meeting of the Tata Iron and Steel Company Ltd., held at Bombay on 30 August 1956, Shri J.R.D. Tata, Chairman of the Company said that the total cost of the expansion scheme to increase the company's ^{ign}ignot capacity from ~~1.3~~ 1.3 million tons to 2 million tons was likely to exceed 750 million rupees.

Shri Tata pointed out that the approximate figure of 600 million rupees mentioned by him last year as the estimated cost of the new plant had proved commendably accurate, as the final figure including contingencies would come to 620 million rupees. The total cost, however, of the whole scheme would come to 750 million rupees, of which 90 million rupees, spread over four years up to and including 1959-60, would be expended on such things as site clearing, modifications to existing shops and mills to tie them into the two-million-ton programme, the provision of rolling stock and other items. Another 26.5 million rupees would be spent on the collieries and ore mines and quarries to meet the added requirements of the expanded programme and about 20 million rupees on the electric ferro-manganese plant.

World Bank Loan.- An agreement with the World Bank was signed on 26 June 1956, for a loan of 750 million ~~rupees~~ dollars, equivalent to 360 million rupees, in various currencies. Shri Tata observed that this loan and the additional share capital which ~~provide~~ was sanctioned last year would provide the company with about 500 million rupees out of the 750 million rupees required for the two million ton programme. The balance of 250 million rupees would be secured from retained earnings accruing to the plant rehabilitation fund and the development reserve between 1955-56 and 1959-60 and from further borrowings.

Financial results.- Commenting on the working of the company, Shri Tata said that the financial results of the year's operations were characterized by a decrease of 3.4 million rupees in disposable profit largely due to lower sales of ferro-manganese and by the large accretions - exceeding 40 million rupees to the plant rehabilitation and development fund and the development reserve under Government's new retention price scheme.

Relations with employees.- Shri Tata referred to the agreement between the Company and the Tata Workers' Union concluded during the past year, and said that a special feature of the Agreement was that it contained an important declaration of intention to bring about a closer association of employees with Management in the working of the industry. Continuing Shri Tata said that in furtherance of that provision a supplemental Agreement was signed with the workers' Union on 14 August 1956 under which the considerable machinery already in existence at Jamshedpur for joint consultation would be rationalised and, with the exclusion of matters concerned with collective bargaining or grievance procedures, would be brought within a three-tier structure of Consultative Councils. These would be set up for all departments of the plant, for the Works and the Town as a whole, and finally, at the top Management level where a Consultative Council of Management would provide a meeting ground for consultation and for an exchange of views on the general working of the Company and the industry. While the functions of these Councils would all be of an advisory character and Management would remain, as before, in control of the Company's affairs, due weight will naturally be given to the views and recommendations of the Councils.

Relat Shri Tata added: "The subject of associating employees with Management is admittedly a difficult and controversial one. It has been the subject of considerable attention and discussion on the part of Government and the Planning Commission who have expressed themselves in favour of the principle, and also of the Joint Consultative Board of Industry to whom the task of formulating specific proposals has been entrusted.

"The question whether the Company should not have waited until an all-India policy had been evolved on the subject was discussed by the Company's Board who ultimately decided to ratify the draft agreement. This decision, which I am convinced was right, is in consonance with the accepted view that freely negotiated agreements are much to be preferred to imposed settlements. [The Agreement was negotiated in a fine spirit of mutual frankness and co-operation and represents an honest attempt to devise means of understanding each other better and working closer together. I have every hope that it will prove workable in practice, provided both parties respect the intentions recorded in the Agreement and try to read into its provisions neither more nor less than they contain. This will apply particularly to the Joint Consultative Council of Management.

"So far as we are concerned, we shall not seek to fetter the discretion of this Council in discussing such matters as will enable its members, and particularly those representing labour, to acquire a better understanding of the industry and its problems. At the same time, the Company has no intention of surrendering its managerial functions and responsibilities. I for one do not believe in the concept prevalent in some labour circles that factories, whether owned by the State or by shareholders, should ultimately be handed over to workers who would provide both the labour and management of the enterprise. In my opinion, such a view is both unsound and impractical, and its pursuit can only lead to barren disagreements and ultimate disillusion.

"The Management of mechanised industries is becoming more and more complex and requires increasingly high standards of technical and administrative experience and competence. Any worker, however humble his beginnings may have been in the industry employing him, should have the opportunity of rising in the organisation, his progress being determined by merit and his ability to discharge his allotted responsibilities. But this obviously implies that at a certain stage such a worker leaves the ranks of labour and becomes part of Management. This is a very different proposition from that of handing over the management of a factory to the workers collectively.

"I hope therefore that time and energy will not be wasted in a fruitless pursuit of the concept of workers' management which is unworkable, except possibly in very small-scale industries run on co-operative lines."

(The Times of India, 1 September 1956).

Problems of Plantation Industry: Chairman's Address
at U.P.A.S.I. Annual Meeting.

The Sixty-third annual general meeting of the United Plantation Plantors' Association of South India was held at Coonoor on 29 August 1956, under the chairmanship of Mr. W.W. Kilgour, President of the Association. The meeting was inaugurated by the Rajpramukh of Mysore.

Inaugural address.- Inaugurating the meeting the Rajpramukh said that he was extremely interested to learn from the reports of the significance of the plantation industry in the economy of South India. Last year, these plantations in the South produced nearly 130 million pounds of tea, 30,000 tons of coffee, about 21,000 tons of rubber and nearly 1,200 tons of cardamom and other minor produce, while the industry's wage bill now exceeded 200 million rupees per annum, and last year it paid approximately 80 million rupees by way of export and excise duties and an estimated 100 million rupees as central income-tax, sales tax, land taxes and other levies to the States. The industry provided employment for nearly five 500,000 of men and women and earned for the country by way of foreign exchange the equivalent of nearly 500 million rupees every year. The place of the industry in the national economy could hardly be over-emphasised.

Presidential address.- Mr. W.W. Kilgour, in his presidential address, said that the rising cost of production in the plantation industry merited more consideration from the Government and labour unions than at present. The cost of production was a hard fundamental economic factor that no amount of political and ideological speech-making or legislation, could eliminate. Mr. Kilgour added that considerable commitments which enhanced the cost of production had of recent years been imposed on the industry. These were only now coming into effect and their full impact would only be apparent in the next few years. Improved employment conditions and welfare provisions for labour, increased taxation and increases in the cost of materials were all factors which contributed to the steep rise in production costs. And they were told that further costly measures connected with labour welfare were to be enforced, although when first mooted they were informed that the Plantations Labour Act would be an omnibus piece of legislation covering all the Industry's obligations in this field. Taxation was to be

further increased and the inflation, although controlled, anticipated under the Second Five-Year Plan would mean rising prices for the materials essential to their Industry.

Employment conditions.- In connection with working and employment conditions, he said the conclusions reached at the Third Session of the International Labour Organisation Committee on Work on Plantations held at Geneva in October 1955 had recently been received through the Government of India. The report showed that almost the whole of the recommendations on working and employment conditions adopted by the Committee for implementation on plantations throughout the world were already in force in the Plantation Industry in India. This would indicate that contrary to the opinions held and expressed in certain responsible quarters, the working conditions in the plantation in the South stood high when compared with other similar industries in India and plantation industries throughout the world.

Mr. Kilgour added that they were eagerly awaiting the report of the Plantation Inquiry Commission. They were very hopeful that this report would adequately recognise the grave importance of rising costs of production which must constitute the most serious menace to the future prosperity of the Industry. He next referred to the Special Plantation Tribunal in the Madras State. This Tribunal had been sitting for four years and had not yet given its award. He did not think they were unreasonable in criticising this prolonged delay which he felt was unfair on all parties concerned. Mr. Kilgour said:

"The Madras Labour Bonus for 1952, 1953 and 1954 was eventually settled by the intervention of the Madras Government. This issue was used to as a combat ground by rival unions and unfortunately the workers in certain areas were forced by their Union leaders to "go-slow" and to hunger-strike. I do not think that these two rather degrading pre-occupations come naturally to our workers and I feel that they are not being treated fairly when they are being misled into adopting such methods".

Role of Trade Unions.- On the general question of trade unions, he reiterated the attitude the Association had taken up, namely, that they welcomed a healthy trade union organisation. But rivalry ~~union~~ which was fostered by a number of unions striving for supremacy or of unions being used for political ends, benefited no one, he said. What they would like to see was, one union for one industry, and the exclusion of non-employees from union executives.

What was said of the Bonus issue in Madras State could be applied generally to Travancore-Cochin State as well. A Tribunal with all its ^{and} attention ills had been avoided in Travancore-Cochin by the intervention of the then Chief Minister and the many issues in dispute were at present the subject of negotiation before a Standing Industrial Relations Committee. At the same time, with the co-operation of the authorities, the situation in the State had latterly much improved. He hoped that this would continue, especially as after the States reorganisation a considerable portion of Madras Plantation territory would go to Travancore-Cochin to form the new Kerala State.

(The Hindu, 30 August 1956)

29. International Co-operation.

India - September 1956.

India to buy U.S. Farm Products worth 1,720 Million Rupees: Part of Sale Proceeds to be granted as Loan For Developing India's Projects under Second Five Year Plan.

An agreement was signed at New Delhi on 29 August 1956 between the Governments of India and the United States of America for the purchase by India of American farm surpluses, mainly wheat, rice and cotton, during the next three years.

Inclusive of the provision of paying half the shipping costs, the transactions are expected to cost 1,720 million rupees (\$ 360 million) and provision has been made in the agreement for that.

Under the agreement the U.S.A. is to lend India 1,114 million rupees for economic development. This will be out of the amounts paid by India for the purchases.

The loan will be on a long-term basis and the detailed terms of repayment will be settled in due course.

The agreement, which is under Title I of the Agricultural Trade Development and Assistance Act, U.S. Public Law 480, is the biggest single transaction entered into by the U.S.A. with any country under the Public Law 480 Programme. It is also the biggest single agreement up to date between India and the U.S.A., the largest transaction previously being the wheat loan of 1951 which provided \$190 million.

The import of agricultural commodities under this agreement ensures regular flow into the country of sizable quantities of additional food grain stocks with which the Government can meet shortages due to natural calamities and keep the price levels within proper ranges.

On account mainly of the provision for the loan, the agreement also augments the Government's domestic resources for the second Five-Year Plan.

Loan agreement.- It is proposed to buy under the agreement wheat for \$200 million, rice for \$26.4 million, cotton for \$70 million, tobacco for \$6 million and dairy products for \$3.5 million.

All the rice will be shipped before 30 June 1957, while the other commodities will be imported according to a phased programme, taking into account the availability of shipping from the U.S.A. and storage facilities in India.

The Government of India will credit with a U.S. Government account in India the equivalent of the dollars paid for the purchase of surplus agricultural commodities in the U.S.A. from time to time.

The rupees credited in India with the U.S. account will be utilized in three ways. A total of 1,114 million rupees will be lent to the Government for economic development and out of this about 260 million rupees will be used for loans to private enterprise. A sum of 257 million rupees will be granted to the Government of India for expenditure on economic development projects. Thus 80 per cent of the sale proceeds - about 1,370 million rupees out of 1,720 million rupees (total value of the imports)- will be available to the Government of India for meeting the rupee cost of projects included in the second Five-Year Plan.

As regards the balance of 343 million rupees, the U.S.A. will be free to use the amount for various purposes in India, such as (a) to help develop new markets for U.S. agricultural commodities on a mutually benefiting basis, and (b) for the financing of international educational exchange activities, and (c) for paying U.S. obligations in India, such as U.S. Embassy expenditure.

The shipments of the commodities under the agreement will be over and above the normal imports of India from all countries in respect of rice, wheat and cotton. To the extent that imports over and above the normal imports would have been necessary the agreement will result in considerable saving in foreign exchange on which recently there has been a heavy drain.

(The Hindustan Times, 30 August 1956).

CHAPTER 3. ECONOMIC QUESTIONS.

INDIA - SEPTEMBER 1956.

32. Public Finance and Fiscal Policy.

Excise Duty on Cloth Raised: Bill passed by Parliament.

A Bill to amend the Central Excise and Salts Act, 1944, authorizing the Government to levy an excise duty of 6 annas per sq. yard on fine and superfine cloth and 4 annas per sq. yard on coarse and medium cloth was introduced by Shri T.T. Krishnamachari, Union Finance Minister, in the Lok Sabha on 31 August 1956. The enhanced rates will not come into operation to the full extent immediately. The partial increase, which is being introduced with effect from 1 September 1956, will bring in additional revenue of 175 million rupees to the Central Exchequer during the current financial year. Shri T.T. Krishnamachari justified the increase on the grounds that it would check "any major rise in prices" of cotton cloth and that it would mop up excess profits "when all ~~are~~ available financial resources have to be mobilized for the implementation of the second Five Year Plan".

The Statement of Objects and Reasons of the Bill does not claim that the Bill is intended to or can control prices. With a set of figures it proves, what is commonly known, that the prices of cloth have risen though the cost of production has remained relatively steady.

The figures also show that advantage has been taken of the larger demand of cloth to earn unreasonably high profits and the statement, therefore, adds: "It is necessary to mop up these extra profits and the proposal in the Bill ~~pro~~ is intended to achieve this object."

Shri Krishnamachari explained that the scheme was flexible enough to enable timely correctives to be applied by the Government to any unhealthy symptoms.

No change is proposed, however, in the existing duty of 6 pios per sq. yard (excluding of handloom cess) on coarse dhotis and saris. This feature of the Bill was emphasised by Shri Krishnamachari.

The following rates of duty on cotton textiles become effective from 1 September 1956 as against the current rates given in brackets: Superfine (2 annas 6 pies) 4 annas; Fine (1 anna 9 pies) 3 annas; medium (1 anna) 2 annas; coarse (dhotis and saris) (6 pies) 6 pies; and coarse (all other varieties) (1 anna) 1 anna 6 pies.

The Bill as passed by Parliament received the assent of the President on 16 September 1956 and has been gazetted as Act No.58 of 1956.

(The Statesman, 1 September 1956;
The Gazette of India, Extraordinary,
Part II, Section 1, 18 September 1956,
page 941) .

34. Economic Planning, Control and Development.

India - September 1956.

Reserve Bank's Survey of Indian Economy during 1955-1956:
Stability, Economic Progress Reported.

and

The Report of the Central Board of Directors of the Reserve Bank of India for the period 1 July 1955 to 30 June 1956, indicates the major economic trends in the Indian economy during the year. The report contains a detailed review of the developments during 1955-56 in the various spheres of the Indian economy, such as, trends in production in agriculture and industry, the problem of rising prices, expansion in money supply and bank credit, resources for the Second Plan, position of loans and small savings, the capital market and new issues and banking activities. The main point which emerges from the survey is that the Indian economy has, relatively speaking, shown a substantial measure of stability during the year and that this stability can be seen in better perspective if stock is taken of the progress made during the First Plan period.

Rise in Production and National Income.- According to the report, the year 1955-56 was one of the most prosperous the world has enjoyed, with all round expansion in production, investment and personal consumption. World agricultural production surpassed the high level attained in 1954 and industrial output recorded a rise of 10 per cent in 1955.

In India, according to the report, there was, relatively speaking, a substantial measure of stability during 1955-56. The trends in the main economic indicators during this period were as under: 18 per cent rise in national income, 25 to 30 per cent rise in industrial production, about 20 per cent rise in agricultural output, a 10 per cent rise in money supply with the public, a 13 per cent decline in wholesale prices and a 5 per cent decline in working class cost of living index. Budgetary deficit of the Centre and States together was of the order of 4,000 million rupees, as against a total plan outlay of a little under 20,000 million rupees.

The borrowing programme of the Government was more than fulfilled, with the net market borrowings exceeding the Plan target of 1,150 million rupees by 620 million rupees. There was a modest balance of payments deficit, resulting in a decline of 1,210 million rupees in foreign exchange reserves.

The disinflationary but flexible monetary policy adopted in mid-November 1951 contributed in some measure to the establishment of stability in the economy. The report also refers to the emergence, towards the close of 1955-56, of some symptoms of inflation. These, according to the report, require careful watching, especially in view of the much larger magnitude of the developmental effort envisaged in the Second Plan. The report emphasises the role of fiscal and monetary policies to keep in check the inflationary tendencies.

Expansion of Rural Credit Facilities.- In bringing about rapid economic development with financial stability, the report points out that the Reserve Bank has also been playing a positive role to ensure that adequate credit becomes available to match the growing requirements of industry, agriculture and trade. The Bank has taken an active hand in building up and strengthening financial institutions and in this respect, the recommendations of the All India Rural Credit Survey are being implemented expeditiously. The report gives a detailed account of the developments in the various sectors of the Indian economy.

Production.- The year 1955-56 witnessed some acceleration of the pace of economic growth in India; the rate of investment in the public and private sectors would appear to have recorded a further rise during the year. Industrial production recorded a rise of about 8 per cent during 1955 as compared to a rise of 7 per cent in 1954, the index (1951 - 100) rising from 112.9 for 1954 to 121.9 for 1955. In many industries, the targets fixed for the First Plan period were exceeded. The rise was marked, among others, in sugar, paper, jute manufacturers and general engineering groups. The overall agricultural production in the 1955-56 crop year is estimated to have been of about the same order as in 1954-55 though in the case of rice the output is estimated to be 4 per cent higher. Production of raw jute is estimated to be substantially higher but production of raw cotton and oilseeds is estimated to be lower.

Price level.- The price situation underwent a marked change during 1955-56; commodity prices recorded an almost continuous rise during the greater part of the year, in contrast to the decline in 1954-55. The general index of wholesale prices, with year ended August 1939 as base, rose by 16.7 per cent from 345 at the end of June 1955 to 402 at the end of June 1956. Further, it would appear that the rise in the prices was partly stimulated by the higher rate of investment outlay in the economy and raising consumption expenditure. Sporadic speculative and hoarding tendencies were, besides, in evidence, perhaps, assisted to some extent by bank credit. In these circumstances, Government's price policy, which earlier in the year, continued to be directed towards arresting the price decline, was switched on towards a policy of arresting the rising trend of prices. The measures included imposition of restrictions on exports, release of Government stocks of foodgrains for sale to the public at fair prices and arrangements for larger imports, while credit policy was also geared towards achieving the same objective.

Money supply.- The year under review also witnessed an increase in the money supply with the public which rose by 2,140 million rupees or 10.8 per cent to a total of 21,910 million rupees. The net rise over the entire First Five Year Plan period was also of about the same order, at 2,060 million rupees. The main expansionary factors were deficit financing by Government and the rise in bank credit, the balance of payments impact being slightly contractionist. The rise in money supply has to be viewed in relation to the expansionary trends in production, industrial and agricultural, and the general level of economic activity. Bank credit during the year recorded a sharp rise and contributed to a large expansion of money supply. Scheduled Bank credit increased by 1,490 million rupees over the year to 7,590 million rupees as compared to a rise of 600 million rupees in 1954-55. The higher level of banking activity during the year reflects largely the impact of growing economic activity under the Plan.

Increased Activity in Capital Market.- The capital market maintained during the year the distinct improvement which had been noticed last year. The capital market was buoyant during the greater part of the year. Share values registered an almost continuous advance between July and November 1955, the Reserve Bank's index of variable dividend industrial securities rising from 114.3 for the last week of June 1955 to 131.9 by the closing week of November. Subsequently, a reaction occurred, the index dropping to 120.1 by the end of February 1956. The relapse was due to an element of unhealthy speculation in stock trading which had been taking place earlier, apprehensions regarding the 1956-57 tax proposals and fears of further measures of nationalisation following nationalisation of life insurance.

The taxation proposals apparently proved to be less severe than had been apprehended. There was consequently some recovery, to 124.8 by the end of June 1956. The recovery was also assisted by the restatement in April this year of the Government's industrial policy objectives and methods and by expectation of substantial and increasing deficits for financing Plan outlays, which virtually ensure rising corporate profits; the published corporate accounts also continue to record improvement in earnings and dividends.

Reviewing Government finances, the report states that during 1955-56, the budgets of the Central and State Governments, together showed a larger deficit than in 1954-55, the deficit in 1955-56 being, in fact, the highest in the First Plan period, owing to the accelerated tempo of development expenditure. The Plan outlay in 1955-56 is estimated to have been of the order of 6,000 million rupees as against an outlay of the order of 4,750 million rupees in 1954-55. The overall deficit of the Central Government, as measured by the increase in its floating debt held by the Reserve Bank and the change in its cash balance, was expected to be 2,220 million rupees, according to the revised estimates, but more recent data indicate that the actual deficit was smaller at about 1,690 million rupees, as against a deficit of 1,085 million rupees in 1954-55. In the case of the State Governments, the revised estimates for 1955-56 revealed a deficit of 500 million rupees, but more recent data indicate a position of surplus of 120 million rupees. Thus, the combined deficit of the Central and State Governments during 1955-56, would have been of the order of 1,570 million rupees, as compared with a deficit of 950 million rupees in 1954-55; the deficit for 1956-57, according to budget estimates, amounts to 4,050 million rupees, reflecting the considerably larger size of the Second Plan.

The Report also briefly reviews the role of the State sponsored financial institutions in the provision of industrial finance for the growth and development of industries in the country.

(1) The Industrial Finance Corporation of India.—
Sanctioned loans aggregating ~~13.4~~ 134 million rupees to 41 industrial concerns during the year ended 31 March 1956, as against 71 million rupees sanctioned to 23 concerns in the preceding year.

State Financial Corporations were established under the State Financial Corporations Act, 1951, in two more States (Andhra and Orissa), raising their number to 13. Loans outstanding as at the end of March 1956 of the State Financial Corporations amounted to 27.6 million rupees. At the second conference of the representatives of the State Financial Corporations, which was convened by the Reserve Bank in November 1955 various practical problems were discussed with a view to increasing the usefulness of the Corporations and co-ordinating their activities with those of other lenders to small-scale industry.

(2) The Industrial Credit and Investment Corporation of India Ltd.- This Corporation set up in January 1955 also is expected to render increasing assistance to the private sector. As at the end of 1955, out of its total assets amounting to 127.7 million rupees, 6.6 million rupees was in preference and ordinary shares of industrial concerns and another 1 million rupees in secured loans to industrial concerns against mortgages.

(3) The National Industrial Development Corporation Private Ltd.- Under the Second Plan, a provision of 550 million rupees is made for the activities of the Corporation; a part of this (tentatively placed at 200-250 million rupees) is to be utilised for assisting the modernisation of the cotton and jute textile industries, and the rest would be available for pioneering new basic and heavy industries.

(4) The National Small Industries Corporation Private Ltd.- Which was set up for the purpose of financing and promoting small industries, commenced working in September 1955 and has introduced a scheme of hire-purchase of machinery and equipment needed by small industries.

Co-operative Credit.- In so far as co-operative agricultural credit is concerned, the targets of the Plan are as follows as at the end of the second period of five years in terms of outstanding loans: 1,500 million rupees, short-term (as against 300 million rupees existing); 500 million rupees, medium-term (as against 100 million rupees existing); and 250 million rupees, long-term (as against less than 30 million rupees existing). The number of large-sized primary societies to be established during the Plan period is 10,400. It is further intended that 350 warehouses should be set up by the Central and State Ware-housing Corporations. The number of primary marketing societies to be established is 1,800, and the godowns to be constructed by them 1,500. The projected outlay under the Second Plan on co-operative development is about 470 million rupees; in addition, a sum of about 250 million rupees required for State partnership in co-operative credit organisations at all levels is to be advanced by the Reserve Bank to State Governments from the National Agricultural Credit (Long-term Operations) Fund.

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The outstanding total of all types of cooperative credit is planned to be raised from the total of about 430 million rupees to one of 2,250 million rupees by 1960. Much of this expansion, it is hoped, will be effected by the co-operative system through an enlargement of its own deposits and other resources. But there is little doubt that the principal contribution will have to continue to come from the Reserve Bank itself. This contribution will be partly in the shape of loans to State Governments to enlarge the share capital of co-operative banks and societies. Moreover, on the strength of the increased share capital as well as of other relevant factors, such as greater efficiency through the employment of trained personnel, the State Government Co-operative banks and Central Co-operative banks will, it is expected, render themselves eligible for much larger loans from the Reserve Bank.

Financial accommodation to Cooperative Banks.- During the year there was an increase in the scale of assistance provided by the Reserve Bank to State Cooperative Banks at the concessional rate of 2 per cent below the Bank Rate. Thus, 19 State cooperative banks were sanctioned limits aggregating 296.4 million rupees in 1955-56, as compared with 212.1 million rupees sanctioned to 15 banks in 1954-55. The outstandings of Reserve Bank credit to State cooperative banks at the end of the year stood at 129.8 million rupees as against 81.1 million rupees at the end of last year.

Cooperative Training and Education.- Considerable progress was achieved in implementing the programme for co-operative training drawn up by the Central Committee for Cooperative Training constituted jointly by the Reserve Bank of India and the Government of India. The training of higher cooperative officials of State Governments and cooperative institutions was continued at the Cooperative Training College, Poona. About 40 senior officers are trained there every six months. For the intermediate personnel, the full complement of 5 centres has been reached with the commencement of two more centres during the year, one at Indore for the Central Zone and the other at Meerut for the Northern Zone, the other three centres being Poona, Madras and Ranchi. These five centres train about 225 cooperative officers of the intermediate level every year. Eight training centres were organised for training the cooperative officers required for the National Extension Service Blocks. This was done in pursuance of a decision reached at the second meeting of the Central Committee. All the eight centres are now in session.

(Reserve Bank of India Bulletin,
August 1956, pp. 797-813;
The Gazette of India, Part II, Section 3,
dated 15 September 1956, pp. 1560-1578).

High-Power Council for Coal Constituted.

By a Resolution dated 28 August 1956, the Central Government has set up a high powered body, known as the Coal Council of India, whose main purpose will be to have reviews and studies conducted under its overall supervision and guidance, for planning of the development, utilisation and due conservation of the coal resources of the country.

The Council of which the Minister for Production is chairman, consists of the Deputy Minister for Production, Dr. J.C. Ghosh, member of the Planning Commission, Secretaries of the Ministries of Production, Finance (Expenditure), Iron and Steel, Irrigation and Power and Natural Resources and Scientific Research, Director of Scientific and Industrial Research, member, Railway Board, (Transportation), the Coal Controller, the Chief Executive Officer, Lignite Project, and a few representatives of the private sector in the coal industry.

Inaugurating the Council Shri K.C. Reddy, Union Minister for Production said that under the second Five-Year Plan, production of coal was to be raised from the present level of 38 million tons of a year to 60 million tons per year. This would, however, be only a modest beginning for much larger increases in coal production during the subsequent period.

The Minister said it had been decided in principle by the Government that all metallurgical coal should be washed and reserved for metallurgical and other uses for which non-coking coal could not be used. Production of low-grade coal had to be stepped up to prevent the use of metallurgical coal for non-metallurgical purposes.

Shri Reddy, referring to the problem of coal transport, said transport resources were already subject to strain and it would be an immense task for the Railways to keep pace with the fast increasing transport requirements. Steps by which the quantity of coal to be moved could be reduced should be studied by the Council, he said. There were various measures which could be adopted, including measures to utilize coal, as far as possible, close to the site of its production for thermal generation of electricity and to transmit such electrical energy to the point of consumption.

(The Gazette of India, Part I, Section 1,
8 September 1956, pp. 308-309;
The Hindustan Times, 5 September 1956).

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Bombay Industries Regulation Bill, 1956.

The Government of Bombay published on 13 September 1956 a Bill to provide for the regulation of certain industries in the State. According to the Statement of Objects and Reasons of the Bill, the State Government has no statutory powers under which it can regulate the establishment of industries which lie within its purview. It is considered necessary to check the indiscriminate establishment of certain industries mainly with a view to ensuring: (a) that there is no unhealthy competition, (b) that the needs of the population concerned are adequately met, (c) that there will be no unnecessary unemployment in the concerned area or areas as a result of the establishment of such industries. The Bill is intended to achieve the objective in view.

The Bill provides for the compulsory registration of every industrial undertaking pertaining to rice-milling industry, flour-milling industry, oil-pressing industry and pulses milling industry and licensing of new undertakings engaged in the above industries. It prescribes inter alia the circumstances in which permit shall be required in respect of existing undertakings, procedure for application for and grant of licence, principles to be followed in regard to grant of licence, circumstances under which a licence can be suspended or cancelled, powers of inspection and penalties.

(Bombay Government Gazette, Part V,
13 September 1956, pp. 254-261.)

Parliament approves Second Five-Year Plan:
Planning Minister stresses Importance of
Trained Personnel.

The Lok Sabha on 13 September 1956, accorded general approval to the Second Five-Year Plan, as prepared by the Planning Commission.

Shri Nanda's speech: importance of trained personnel stressed.— Speaking during the debate, the Planning Minister, Shri Gulzarilal Nanda described public co-operation and trained personnel as "more basic than any other for the success of the Plan". He said that steps were being taken to see that there was no shortage of trained personnel for the next five-year plan. He said that the indications of the Plan's requirements the Government had in the past had proved to be under-estimates. Now the whole question of technical manpower was being given close attention and a special committee was being appointed for this purpose. The shortages being felt now would have to be overcome by an accelerated course in certain directions.

Shri Nanda said that the first priority in the Plan was production. Employment was also practically on the same level. That did not mean that the Government did not attach importance to the question of social justice. Indeed, no Government would be permitted by the people to stop short of the best that could be done to bring about conditions of equal opportunity for all in every possible way. The Government would have to go as far as possible in narrowing down disparities and giving a fair deal to all sections and classes of the people.

He believed the private sector would respond to the call of the country if it were asked to make sacrifices and to surrender some of what were supposed to be its vested interests. But if it was going to have recourse to profiteering and exploitation, it could not be permitted to do so.

Land reforms.— Considering the circumstances, the progress made in land reforms so far had been very substantial. To ensure better production and the greatest measure of social justice, the Government was now placing greater emphasis on the co-operative movement. Proposals in that direction were before the Government.

The Government fully realized the importance of public co-operation. If adequate public co-operation was forthcoming, ~~the~~ he was confident that in a democracy "we will secure much better results than have been achieved in China and the USSR."

He had no doubt that the public would respond if they were approached in the right way. The first thing that had to be done was to bring about better and fuller understanding of the economic situation in the country. For that the necessary means of dissemination of knowledge and information had to be created.

Shri Nanda said that to avoid the rising pressure of demand on whatever was produced, it was necessary that a portion of the increased incomes visualized in the Plan should be mopped up. In that context the ~~small~~ small savings programmes had to be stepped up. Suitable procedure should be evolved to collect large amounts through national savings on a countrywide basis.

If something of this kind were not done, prices would rise and the only alternative would be controls. Public co-operation would be forthcoming only in an atmosphere where exploitation was on the decline, where greater justice prevailed in the economic and social relations of the people, where corruption went down and where waste was avoided.

Apart from political parties, women and students could play a big part in mobilizing public co-operation.

The problems of administration, said Shri Nanda, would be dealt with during the debate on the Appleby report (~~due for Monday~~). The object should be to see that while the initiative of administrators was not curbed, there were appropriate controls so that work would not suffer and there would be no wastage.

There was a good deal of scope for the mingling of official and non-official elements in carrying out the work of the Plan. In the districts particularly, the whole brunt fell on the administrative machinery and such initiative that the local people were enabled to develop was very ineffective. It was intended to change this.

The Government was seized of proposals aimed at co-ordinating the whole set-up so that it would become an effective instrument for economic advance and for securing the participation of the people to the fullest extent.

He saw no conflict between basic and heavy industries or large-scale industries and cottage and small-scale industries. It was true that direct employment opportunities in the basic industries were limited. In steel, for instance, the investment to provide employment to one man would be 100,000 rupees and in certain other industries 30,000 rupees to 50,000 rupees. But the surpluses from these industries could be utilized to support cottage and small-scale industries which had greater employment potential.

From the point of view of the individual employer, the question whether an individual was employed or not might not be important. But from the point of view of the community, the social cost had to be taken note of. Unless employment was provided to the unemployed, they must go on living on the earnings of their relatives.

Cloth shortage.— Shri Nanda said he could not understand the argument that the present shortage of cloth was due to the encouragement given to the Ambar Charkha.

Two million spindles had been licensed for a long period. What had prevented their coming into being? If yarn from these spindles had been available today, the situation might have been different. So there was no question of any restrictive practices of the Government having in any way caused scarcity of consumer goods.

Referring to the question of educated unemployment, Shri Nanda said that some pilot projects would be launched and on the basis of the experience gained the Planning Commission could proceed in the matter.

The target of 40 per cent increase in agricultural production had not been incorporated in the Plan. It was, however, being realized that there was scope for increased production without increased investment, for example by the use of good seed and organic and green manures in addition to fertilizers.

Acharya Kripalani (P.S.P.-Bihar),* Criticised the emphasis on heavy and basic industries in the second Plan and said this would not solve the unemployment problem nor would it raise the standard of living of the lowest income groups. He wanted decentralization of industries and said every house and every village must be a factory producing consumer and other goods needed by the country.

He said that a rise in the national income did not necessarily mean a rise in the standard of living of the masses. In England and other Western countries there had been a rise in the national wealth but the condition of the poor did not improve. India must learn a lesson from them. But instead, the Government wanted to copy the Western system of industrialisation which resulted in greater economic burdens on the poor.

Acharya Kripalani said that the Karve Committee recommended that all additional demand for consumer goods during the second Plan period should be met as far as possible through the expansion of small-scale and cottage industries and until unemployment was liquidated competition between factories and small-scale industries should be prevented. He said that in decentralised industry there would be no unequal industrialisation as every home and every village would be a factory.

Prof. Hiren Mukerjee, Deputy Leader of the Communist group, said that the Prime Minister had declared that some critics of the Plan were planting discouragement, despair and doubt about the Plan in the minds of the people. "I say as a matter of fact that the Plan has been welcomed by almost all the sections of our people and its professed objectives are such that nobody can really object to it. On the contrary I should think the Government ought to be gratified with the response which has been given to the Plan".

Prof. Mukerjee said there was discouragement, and despair in the country because of the utter dependence Government leaders had on the outmoded bureaucracy. People were asking why the Government was attacking their living conditions, why food prices were going sky-rocketing.

Shri C.R. Narasimhan (Congress - Madras) said that the schemes for the peaceful uses of atomic energy and exploration of oil resources included in the Plan showed how far-sighted the planners were. He said it was a matter of gratification that the lignite project and an aluminium project had been sanctioned for the South. If the lignite project succeeded, the fuel problem of the South would be solved and it would help in the growth of new industries in that region. He, however, regretted that the transport needs of the South had not been taken into account.

He urged the opening of a railway line between Bangalore and Salem as also restoration of dismantled sections in Salem district.

Shrimati Shivrajvati Nehru (Congress - Uttar Pradesh) welcoming the Plan said it would make India self-sufficient in the goods she needed. The Government should ensure that the villagers were looked after well and were given all help to increase agricultural production. She did not agree with the view that the increase in the national income during the past five years had not affected the lives of the people.

Shri Debendra Nath Sarma (Congress - Assam) appealed to the Prime Minister and the Planning Minister to see that more funds were allotted for the development of Assam which had abundant natural resources.

Shri Kanhu Ram Deogam (Jharkand-Bihar) said that the lot of Adibasis had not improved during the first Plan period. Forestry should be included in the educational syllabus of Adibasis. District welfare officers should be recruited from among the Scheduled Tribes.

Shri Gadillangana Gowd (PSP-Andhra) said that if the schemes under the community projects and National Extension Service blocks had to be properly implemented, a special machinery should be set up to inspect the working of these schemes.

Dr. Ch. V. Rama Rao (Com.-Andhra) criticised the land reforms policy of the Government.

Shri N.C. Chatterjee (Hindu Mahasabha - West Bengal) said that the prices of foodstuffs had risen. A Plan under which these things happened would not enthuse the people. He said that too much stress on heavy industries was wrong as it would not create employment opportunities for several years to come. Shri Chatterjee said that proper facilities should have been provided for training technical personnel. The Plan could not be implemented until there was a competent staff to handle things.

He suggested that road transport should be developed as the railways did not have the resources and the capacity to meet the growing transport needs.

Shri N.V. Gadgil (Congress - Bombay) advocated nationalisation of key and major industries. He referred to the recent rise in the price of cloth and foodgrains and said that unless their prices were stabilized the success of the Plan would be considerably affected.

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The people in the rural areas, Shri Gadgil contended, remained where they were at the end of the first Plan. The second Plan was also on the same lines as the first with the result that at the end of the second Plan, the rich would become richer and the poor poorer.

Prime Minister's reply.— The House accorded its general approval to the Plan. On 8 September 1956, the Rajya Sabha (Upper House) also passed an official motion of general approval of the Plan. Replying to the debate Shri Nehru described the Plan as "the nation's grand strategy in its war against poverty" and said that "if we wanted to achieve anything in our country we had to come out victorious in this war".

He said that both for increasing the wealth of the country and even for bare survival "in this difficult and not very gentle world which does not care too much for the weak", the country had to adopt higher techniques.

In switching over to higher techniques, however, they had to ensure that there was no human degradation and human suffering, and from that point of view they had to strike a balance between heavy industry and cottage industry during the transition phase.

Shri Nehru expected that by the end of the second Plan, India would be able to build 60 to 70 per cent of a steel plant in India. That, he said, showed the big shift towards heavy industry.

It was necessary, he said, to organise "an audit of achievement" and for this the statistical apparatus must grow and was growing.

One of the difficulties against which the planners were now coming up was the shortage of trained manpower. This ought to have been thought of during the first Plan and not at the beginning of the second but the fact was that it was not done except vaguely.

Anyhow, at the present moment, the Planning Commission was setting up a division to deal with statistics of skilled manpower and one or two matters. A committee of the Council of Scientific and Industrial Research was also dealing specially with scientific manpower and the two would closely co-ordinate their activities.

(The Statesman, 8, 9 and 14 September 1956).

Constitution of Welfare Organisation for Labour
recommended: Report of Plantation Inquiry Commission.

Reduction in the internal price of tea in order to step up consumption at home, the creation of a tea replanting fund, decrease in the remuneration paid to managing agents and secretaries and payment of consolidated salary instead of commission to managers and others are some of the important recommendations made by the Plantation Inquiry Commission.

The report of the Commission on the Indian tea industry was placed before both Houses of Parliament on 28 August 1956. The reports on the coffee and rubber industries are expected to be submitted shortly.

Production of tea.- The Commission estimates that tea production in the country may rise to 710 million lbs. per year by the end of the second Plan period. This will be an increase of about 45.5 million lbs. over the present level of production. But the Commission says "in our assessment the immediate problem before the tea industry is not so much the need for a large-scale expansion of the area as of continued maintenance of results already achieved and improvement of existing assets".

Production costs.- The Commission feels that the future of the tea industry is closely linked with the cost of production. In order to face successfully the growing competition in the international market and to increase the internal consumption of tea, good quality tea at a reasonable cost has to be produced. To bring down the cost, it has recommended a decrease in the remuneration paid to managing agents and secretaries, abolition of the commission paid to managers and others and in its place, payment of a consolidated salary, increased Indianisation of managerial personnel and rationalisation of the salary structure of the managerial cadre.

The Commission observes that retail prices of tea are high and need to be reduced if internal consumption is to increase. It has recommended that the Tea Board should make a special investigation of the difficulties under which the smaller packaging firms are suffering and suggests that a ceiling be imposed on the production of existing blenders as well as of new units. It has stressed that the objective should be to ensure that tea is vended only in package form and has recommended the abolition of the differential rates of excise duty on packed and loose tea. The Tea Board should make arrangements for packing and distribution, under its own distinguishing label, 50 per cent of the quantity of dust tea that is now packed and sold in India.

It observes that the cost of production of tea is generally higher in sterling and non-Indian rupee estates than in Indian estates. The highest cost was among sterling companies, 135.66 rupees per hundred pounds in 1953 while the cost of the director-controlled Indian public limited companies was the lowest, 102.11 rupees.

Apart from a number of measures to bring down the cost of production, the Commission has recommended that the Tea Board should undertake a well-planned and regular study of cost data for keeping the industry informed about its economic efficiency and competitive position. A cost of production section should be set up in the Tea Board for this purpose.

Explaining the need for a replanting fund it says that in spite of the need for a programme of replanting for the very existence of the industry in the long run, progress in this direction has been "tardy". In the area covered by the replies received, as much as 28.79 per cent of the plants are more than 55 years old. Assuming that the economic life of a tea bush to be 60 years all this will be due for replanting without undue delay. The larger proportion of old plants i.e. those planted before 1900 are under non-Indian ownership.

It says that the Tea Board should draw up in consultation with the producers a programme of phased replanting as well as replacement and renewal of machinery and equipment. The Government should ensure that the tea gardens make necessary financial provision for this programme before they declare dividends or repatriate profits. The Tea Board should appoint development staff to assist the States in framing such programmes and to co-ordinate and implement them.

The contribution of 50 rupees per acre by each tea garden annually to the replanting fund will apply only to gardens of 100 acres and above. As a major portion of the acreage and production are accounted for by estates over of over 100 acres the replanting scheme will cover 96.1 per cent of the total acreage and 99 per cent of the production in the country.

The Commission says that the figure of 50 rupees per acre has been arrived at only as an approximate figure. The Tea Board should make a detailed investigation for arriving at a suitable figure.

It suggests that the approval of the Tea Board should be obtained for the sale of tea gardens of 100 acres or more. In the case of sales of sterling capital estates, repatriation of sale proceeds should be permitted by the Reserve Bank after it has ascertained from the Tea Board that the necessary contribution to the fund by the estate has been made.

Primary sales.- Regarding primary sales, the Commission has recommended that selling and buying brokers should be separated. Brokers have come to occupy an unusually strong position in the marketing of tea in Calcutta. They should not be connected in any way with the management or be a major shareholder in any tea estate or have any connection with the trade and export of tea. The Tea Board should assume the functions of regulating the sale of tea at the Cochin and Calcutta auctions. It has recommended the abolition of the export quota system. The Commission says that generally speaking, the ratio of gross profit to total capital in the tea industry has been high. In its opinion, withdrawal from reserves, other than dividend equalization reserve, for the purpose of declaring dividends, is unsound and should cease.

Analysing the structure of the tea industry, the Commission points out that in the an industry in which capital is so largely in the hands of foreign business houses and 75 per cent of the production is controlled directly by a limited number of agents of these firms, it is inevitable that there will be a high degree of concentration.

Finance.- As regards the financial needs of the industry the Commission has emphasised that the industry should be given priority in the programme of extension of branches of the State Bank. The recommendations of the All-India Rural Credit Survey have full application to the tea industry. The Commission also feels that the response of the capital market to debentures issued by tea companies should be favourable.

It has also made a number of recommendations for the improvement of transport in the tea producing areas, for labour welfare and for improving the supply of stores. It has suggested the setting up of a plantation labour welfare organisation controlled by the Central Government. The Commission has also recommended a basis for computing bonus payment to tea labour.

Analysing the role of the tea industry in the Indian economy, the Commission says that this industry is a "substantial earner" of foreign exchange.

It is the largest employer of organised labour providing direct employment to over a million workers. It is also the mainstay of the plywood industry.

The total capital invested is estimated at 1,130.6 million rupees. Of this 405.1 million rupees (35.8 per cent) is Indian and 725.5 million rupees (64.2 per cent) is non-Indian.

The Commission says that the proportion of reserves to total assets of the various estates in 1953 was higher in the Indian crop. The increase in the paid-up capital of the various estates from 1939 to 1953 was not very significant. What little increase there had been was wholly accounted for by the issue of bonus shares or rise in the face value of the shares.

The Commission feels that there is need for exercise of more rigid scrutiny before sanctioning new capital issues, especially in cases arising out of purchase of proprietary estates, conversion of sterling companies into rupee companies and issue of bonus shares as a consequence of revaluation of fixed assets. It points out that the growth in the internal resources of the companies has not been commensurate with the needs of the industry in respect of maintaining the fixed assets in the normal condition. A limitation of dividend by half would itself have enabled most companies to increase their internal resources by about 25 per cent.

It feels that the levy by some of the commercial banks of a charge on gross sale proceeds in addition to interest was unjustified and recommends that the Reserve Bank should use its good offices with these banks and if necessary use legal powers for the discontinuance of the levy. The financial difficulties of the Indian section of the industry can be removed only by the State Bank. Therefore, it recommends that in its programme of extension of branches the State Bank should give high priority to opening of branches in tea plantation areas.

At present roughly 570 million rupees were borrowed by the industry from banks annually.

It recommends that the Industrial Finance Corporation and the State Financial Corporations should meet the needs for long-term finance. The Tea Board should have a plantation finance committee to keep a close watch on the financial needs of the tea industry. It suggests that tea companies should float debentures in an increasing measure for future capital and feels that the response of the capital market will be favourable.

The Commission has recommended that the Tea Board should assume the functions of regulating the sale of tea at the Cochin and Calcutta auctions. The rules governing the auction, sales and other matters pertaining to the primary marketing of tea should be made by the Tea Board. In conformity with its objectives of promoting co-operative effort among growers and manufactures the Tea Board should give every facility to producers for co-operative marketing of tea. The Board should also go into warehousing and brokerage charges about which complaints have been made. The tea exported under forward contracts and ~~within the~~ direct sales should be included within the ceiling prescribed for direct shipments to London.

Taxation.- As regards taxation, the Commission observes that the rules and conditions regarding the levy of agricultural income-tax on tea plantations in different States should be made uniform. Sales tax on tea which figures in inter-State commerce should be made a Union subject. It has also recommended the abolition of the tax of one anna per lb. levied on all tea consigned to any dealer in the municipal limits of Calcutta and the districts of 24-Parganas and Howrah as this is "inconsistent with the policy of encouraging the auctions in Calcutta". The abolition of the levy made by the Government of Assam on tea moved by road or inland waterways in the State has also been recommended.

Labour Welfare.- Regarding labour welfare, the Commission has recommended the setting up of a plantation labour welfare organisation controlled by the Union Government. It has estimated the total cost of providing the required number of standard houses for tea labour both in the North and the South at 600 million rupees on the basis of 2,000 rupees for a new house and 1,000 rupees for remodelling an old house. The Commission, however, thinks that a reduction in the cost may be possible if locally procurable building materials could be used wherever possible. It feels that considering the magnitude of the capital expenditure for housing, the matter should be discussed with the Planning authorities in the country and correlated to other capital expenditure.

The Commission has recommended that the plantation industry should be eligible for loans under the industrial housing scheme.

Bonus.— Regarding the payment of bonus, which has been a source of industrial disputes in recent years, it says that any scheme that may be evolved should incorporate the following essential requirements: (1) Depreciation allowance should be separately funded and drawn upon only for expenditure on replacement and renewal of fixed assets, (2) the tea replanting fund should be set apart, (3) after providing for taxation, a statutory reserve for meeting developmental expenditure and unforeseen charges should be built up, (4) a minimum dividend should be provided for as a percentage on share capital from what is left over, (5) the remainder be divided between the shareholders and labour and staff according to a suitable formula, the details of which should be worked out.

Absenteeism.— To prevent absenteeism in gardens, which the Commission estimates to be of the magnitude of 16 per cent, it has recommended a graded salary to every labourer according to seniority. The constitution of standing wage committees to advise the Government on wages at the regional and State levels has also been recommended. Once a minimum wage was fixed, it should not be disturbed frequently.

The Commission has made a number of recommendations relating to transport and marketing facilities.

(The Statesman, 29 August 1956).

Industries (Development and Regulation) Amendment Bill, 1956: Certain New Industries to be brought within the Control of the Union.

The Government of India published on 13 September 1956, the text of a Bill to amend the Industries (Development and Regulation) Act, 1951, introduced in the Lok Sabha the same day. According to the Statement of Objects and Reasons to the Bill the Industries (Development and Regulation) Act, 1951, which has brought under the control of the Union 42 industries by reason of the declaration contained in section 2 of that Act, enables the Government to secure the development of those industries in conformity with its industrial policy. The Schedule is now proposed to be amended in order to bring within the control of the Union the following new industries which are of all-India importance:

- (1) Ferro-alloys and special steels. (2) Lignite.
- (3) Television sets. (4) Teleprinters. (5) Electrical furnaces. (6) X-Ray equipment. (7) Abrasives and grinding wheels. (8) Earth-moving machinery, such as bull-dozer, dumpers, shovels, loaders, bucket wheel excavators, road rollers, etc. (9) Typewriters and Calculating machines. (10) Air-conditioners and refrigerators. (11) Medical and surgical appliances such as surgical instruments, sterilisers, incubators, etc. (12) Plastics moulding industries. (13) Industrial instruments. (14) Fine chemicals including photographic chemicals. (15) Synthetic resins and plastics. (16) Paints, varnishes and enamels. (17) Synthetic rubber. (18) Staple fibre. (19) Explosives, including gun-powder and safety fuses. (20) Insecticides, fungicides, weedicides, etc. (21) Textile auxiliaries. (22) Textile accessories. (23) Textile Processing. (24) Photographic raw films and printing paper. (25) Pulp - wood pulp, mechanical, technical, including dissolving pulp. (26) Fermentation industries. (27) Food processing industries. (28) Hardboard, chipboard and strawboard. (29) Asbestos cement, insulating boards, gypsum boards, wall boards, etc. (30) Matches. (31) Cigarettes.

Opportunity is taken to revise the Schedule as now proposed to be amended so that the industries are grouped together on a scientific basis.

A few minor difficulties which have been brought to light in the working of the Act are sought to be removed by the remaining amendments.

The first amendment in clause 2 provides for the licensing of industrial undertakings the registration of which has been revoked on the ground of the closure of the undertaking or the discontinuance of production of certain articles, etc. (Section 13(1)(b) at present applies only to cases where registration is revoked on the ground that it had been obtained by misrepresentation as to an essential fact). The second amendment in this clause covers licensed undertakings which seek to effect substantial expansion.

The amendment in clause 5 provides for the licensing of undertakings which by reason of an exemption granted under section 29B did not require to be registered or licensed under the Act at the time of the commencement of the Act or at the time of their establishment or when they commenced manufacturing or producing new articles or when they sought to effect substantial expansions, as the case may be, and which are now to be licensed by reason of the cancellation of the exemption.

The amendments in clauses 3, 4 and 6 are consequential.

(The Gazette of India, Extraordinary,
Part II, Section 2, 13 September 1956,
pp. 840-851).

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35. Productivity.

India - September 1956.

Working of Payment by Results (Incentive Bonus Scheme)
in the Tata Iron and Steel Company.

An incentive bonus scheme was started in the Tata Iron and Steel Co., Ltd. (TISCO), Jamshedpur in 1949. At first the start was made only in a few selected departments. The scheme was gradually extended to other departments and by the end of 1952 most of the departments were covered. At present the incentive bonus scheme applies to nearly 23,000 out of a total of about 39,000 workers employed by the Company.

Although it is called the departmental incentive bonus scheme, in actual operation it is a group incentive scheme, the workers in various departments being classified into different groups and each group paid incentive bonus according to its performance.

The scheme was devised with the help of "Ibcon", a reputed international firm of industrial engineers. Workmen in each department have been divided into different groups according to the nature of their jobs. The contribution of each group towards the function of that particular department is calculated on the basis of time study and a standard is set for each group's performance. When the group's performance reaches above the set standard, the incentive bonus is paid to all workmen of that particular group.

Incentive bonus is paid as a percentage of the basic wage. The basis for the payment of bonus in different departments and for different groups is generally the same although the amount of bonus varies from group to group. The principle is somewhat as follows:-

The best attainable capacity output expressed in term of production per hour or per shift is assumed as 100 after making due allowance for permissible relaxation and personal needs. The performance during the base period, that is, when the time studies were conducted is taken as the starting point at which incentive bonus is zero. For reaching the maximum performance of 100 bonus has been fixed at 80 per cent.

In order to ensure larger bonus for initial improvements in performance it was decided that for making up 25 per cent of the difference between the base period performance and the maximum attainable performance, 40 per cent of the maximum bonus shall be paid. In practice the company has drawn up a graph showing performance index along the X-axis and incentive bonus along the Y-axis. Three points are determined for each group, namely, the base period performance index at which bonus is zero, the maximum performance at which 80 per cent bonus is payable and a mid-point at which 25 per cent of the difference between the base period and maximum performance is made up and at which bonus payable will be 40 per cent of the maximum, that is 32 per cent. These three points are joined by a smooth curve and every month the corresponding bonus for that month's performance index can readily be read off.

While in some departments incentive bonus is paid on total performance, in others it is split up into an equipment utilisation bonus and a labour utilisation bonus, 50 per cent of basic wages being payable for 100 per cent equipment utilisation and 30 per cent of basic wages for 100 per cent labour utilisation. The equipment utilisation index is determined by dividing the standard mill-hours required for completing a certain job by the actual mill-hours worked. Similarly labour utilisation index is determined by dividing the standard man-hours required for completing a job by the actual man-hours worked. The standard mill-hours and man-hours have been previously determined by time study.

In the Tata Iron and Steel Company the incentive bonus scheme has been applied in about 130 departments and the total number of groups in which the scheme works is well over 1,000. It has not been therefore, possible to study the working of the scheme in all departments or for all groups. The following table gives an overall picture of the increase in workers' earnings after the introduction of the incentive bonus schemes.

(In million rupees)

	1947-48		1948-49		1949-50	
	Monthly	Weekly	Monthly	Weekly	Monthly	Weekly
Average- (Number of men on Rolls).	30,985	8,099	31,835	8,154	32,030	7,860
Wages.	22.404	1.643	25.425	1.872	26.881	1.925
Special bonus.	0.988	0.072	-	-	-	-
Overtime.	0.297	-	0.385	-	0.398	-
Leave Pay.	1.480	0.041	1.911	0.051	1.938	0.057
Performance bonus.	7.762	0.102	7.728	0.148	8.698	0.168
Good attendance bonus.	1.665	0.216	2.019	0.238	2.108	0.284
Incentive bonus.	-	-	-	-	0.564	0.005*
Service bonus.	-	-	-	-	-	-
Dearness allowance.	8.719	1.974	9.696	2.120	10.918	2.267
Emergency bonus(Additional dearness allowance).	2.486	0.432	2.821	0.434	2.908	0.419
Total.	45.801	4.480	49.985	4.863	54.443	5.125
GRAND TOTAL.	50.281		54.848		59.568	
	1950-51		1951-52		1952-53	
Average- (Number of men on Rolls).	31,589	7,429	31,320	7,455	31,593	7,231
Wages.	28.098	1.991	29.291	2.028	30.347	1.945
Special bonus.	-	-	-	-	-	-
Overtime.	0.421	-	0.537	-	0.598	0.006
Leave pay.	2.157	0.081	2.730	0.138	3.076	0.160
Performance bonus.	10.973	0.205	14.124	0.258	13.039	0.245
Good attendance bonus.	2.168	0.311	2.202	0.327	2.200	0.303
Incentive bonus.	2.133	0.029*	3.454	0.052*	4.523	0.072*
Service bonus.	-	-	1.697	0.286	1.830	0.200
Dearness allowance.	10.998	2.179	11.973	2.425	12.106	2.359
Emergency bonus(Additional dearness allowance).	2.991	0.405	2.939	0.402	2.936	0.378
Total.	59.939	5.201	68.947	5.896	70.655	5.768
GRAND TOTAL.	65.140		74.843		76.423	
	1953-54		1954-55			
Average- (Number of men on Rolls).	31,750	7,177	31,741	6,912		
Wages.	31.185	1.954	31.556	1.905		
Special bonus.	-	-	-	-		
Overtime.	0.656	0.005	0.705	0.009		
Leave pay.	3.231	0.169	3.761	0.156		
Performance bonus.	11.650	0.247	11.666	0.244		
Good attendance bonus.	2.268	0.313	2.285	0.295		
Incentive bonus.	4.858	0.093*	4.966	0.088*		
Service Bonus.	1.727	0.282	1.744	0.244		
Dearness allowance.	15.207	2.781	15.163	2.670		
Emergency bonus(Additional dearness allowance).	Included in Dearness Allowance					
Total.	70.782	5.844	71.846	5.611		
GRAND TOTAL.	76.628		77.457			

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

The total amount paid as incentive bonus increased from 0.569 million rupees in 1949-50 to 5.054 million rupees in 1954-55. The increase from year to year, however, has been due more to the extension of scheme to more and more departments than to the increase in the earnings of workers already covered by the scheme.

(Indian Labour Gazette, Vol. XVI, No. 1, July 1956, pp. 35-38).

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Hindustan Aircraft Factory Effects Savings in Costs:
Sequel to Workers' Suggestions.

Suggestions from the employees for production-boosting and for eliminating wastage of material, man-hours and unnecessary operations have helped the Hindustan Aircraft Factory at Bangalore make a saving of 300,000 rupees in three years.

A good number of industries in India have sponsored the idea of inviting suggestions from their employees for stepping up production and reducing expenditure. At the Hindustan Aircraft, with the object of providing an opportunity to all employees to offer their constructive suggestions, the above scheme was instituted by the management, and it came into operation in the first week of March 1953. Since then, the employees in all departments of the factory have made several valuable suggestions, and the Suggestions Committee, consisting of top-ranking Executives of the factory, have greatly appreciated these suggestions.

The employees who have made useful suggestions are given monetary rewards. Suggestion awards are made on the basis of 15 per cent of the savings to the factory in a period of 3 months at the then prevailing production schedule, subject to a ceiling award of 2,000 rupees. Suggestion prizes are given in the form of National Savings Certificates.

Out of 346 suggestions that were examined by the Suggestions Committee till the end of June 1956, 47 suggestions have been rewarded. It is pointed out that 13.6 per cent of the suggestions have been rewarded, and 6 per cent of the suggestions received appreciation.

(The Hindu, 24 August 1956).

36. Wages.

India - September 1956.

Railway Pay Scales increased: "Lower Rung" Employees to benefit.

The pay scales of several categories of railway employees are to be raised with retrospective effect from 1 August 1956.

The categories to benefit are office clerks, typists, accounts clerks Class II; ticket collectors, store distributors, or store van clerks, or store delivery clerks, dispensers and compounders, trains clerks, skilled artisans, and other categories of clerical, non-clerical and artisan personnel.

The existing pay scales of 55-3-85-E.B.-4-125-5-130 rupees and 55-3-85-4-93-E.B.-4-125-5-130 rupees will be raised to 60-3-81-E.B.-4-125-5-130 rupees and 60-3-81-4-93-E.B.-4-125-5-130 rupees respectively.

The revised scales of pay will be admissible not only to the new entrants but also to all existing staff working in the 55-130 rupees grade. In the case of the existing staff an ad hoc increase of 5 rupees over the pay drawn by an employee prior to 1 August 1956 will be sanctioned, except where the maximum of the scale had been reached.

The next annual increment would be due to the employees receiving the higher pay scale on their normal date of increment.

(The Statesman, 1 September 1956).

Punjab: Minimum Wages Act to be extended to Employment
in Agricultural Implements, Machine Tools and General
Engineering including Cycle Industry.

In exercise of the powers conferred under the Minimum Wages Act, 1948, the Government of Punjab has given notice of its intention to add the following employment in Part I of the Schedule to the said Act in its application to the State of Punjab for the purpose of fixation of minimum rates of wages for the workers employed therein.

"15. Employment in agricultural implements, machine tools and general engineering including cycle industry".

The proposal will be taken into consideration by the Government after 14 December 1956.

(Punjab Government Gazette, Part I,
14 September 1956, page 1398)

Travancore-Cochin: Minimum Wages Act, 1948,
extended to Employment in Water Transport
other than Motor Boat Transport.

In exercise of the powers conferred under the Minimum Wages Act, 1948, the Government of Travancore-Cochin has added the following as item 16 to Part I of the schedule to the said Act.

"16. Employment in Water Transport other than Motor Boat Transport".

(Notification No. L1-3946/55/DD
dated 7 September 1956;
Travancore-Cochin Gazette, Part I,
18 September 1956, page 1012)

37. Salaries.

India - September 1956.

Now Pay Scale for Insurance Workers: Announcement
by Chairman.

The pay scales and conditions of service of supervisory, clerical and subordinate staff in the nationalised insurance business were announced in New Delhi on 10 September 1956 by Shri H.M. Patel, Chairman, Life Insurance Corporation of India.

The scale of clerks will be 55-5-80-6-104-E.B.-10-220 rupees. Assistants have been placed in the grade 90-10-210-E.B.-15-300 rupees and superintendents in the grade 200-20-500 rupees. Section heads and head clerks will get the same scale as assistants with a special salary of 25 rupees per month in the first five years of service, 30 rupees for the next five years and 35 rupees thereafter.

Stenographers will draw the same pay as assistants. They will be paid 40 rupees per month as special pay if they work with the directors and 30 rupees if they are attached to the zonal managers, deputy zonal managers and senior officers at the central office.

Typists and steno-typists will be put in the grade fixed for clerks. But steno-typists having a speed of 80 words per minute in shorthand will get a special pay of 25 rupees per month.

Dearness allowance has been determined on a graded scale varying from 40 rupees to 80 rupees per month. Employees getting less than 51 rupees will get 40 rupees as Dearness Allowance while those getting 401 rupees or more but less than 501 rupees will draw 80 rupees. In between several slabs have been fixed, the Dearness Allowance rising by 5 rupees for each slab.

City compensatory allowances will be paid on the following basis at Delhi, Kanpur, Calcutta, Madras and Bombay: Superintendents 30 rupees, assistants and clerks 20 rupees and subordinate staff 5 rupees.

In all other cities with a population of more than five 500,000, the allowance will be 20 rupees, 10 rupees and 5 rupees, respectively.

Working conditions.- The normal hours of work for all employees, other than the subordinate staff, will be 6 1/4 hours on week days and 3 1/2 hours on Saturdays. The hours for subordinate employees will be 7 1/4 hours on week days and 4 1/4 hours on Saturdays. All Central Government holidays will be availed by the Corporation's offices.

All confirmed employees will contribute to a provident fund at 8-1/3 per cent of their salary with an equal contribution by the Corporation.

Leave rules of Central Government employees have been applied to the Corporation employees. The practice of paying bonus will be discontinued and the question of suitable staff amenities will be reviewed before the end of 1957.

(The Hindustan Times, 11 September 1956).

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

INDIA - SEPTEMBER 1956.

41. Agriculture.

Travancore-Cochin Indebted Agriculturists Relief Act,
1956 (No.3 of 1956).

The Government of India gazotted on 8 September 1956 the text of Erosident's Act No.3 of 1956, providing for relief to indebted agriculturists in the State of Travancore-Cochin. The reasons for the enactment mentioned at the end of the Act say that a Bill to grant relief to indebted persons by scaling down their debts and by enabling them to repay the debt in easy instalments was also introduced in the Legislative Assembly, Travancore-Cochin, by a non-official member. The Bill was pending consideration by the Select Committee when the Legislative Assembly was dissolved by the Proclamation of the President. During the discussion of the non-official Bill by the Select Committee, an assurance was given on behalf of the Travancore-Cochin Government that they would examine the question of bringing legislation to give relief to indebted agriculturists more or less on the lines of the Madras Indebted Agriculturists (Repayment of Debts) Act, 1955 (Madras Act 1 of 1955). The present measure has been enacted in pursuance of the assurance.

The Act will apply to all debts due from agriculturists on its commencement. The principal amount of any debt outstanding will be payable in ten equal half-yearly instalments. The interest due on the debt at the commencement of the Act will be payable in ten equal half-yearly instalments along with the corresponding instalment of the principal. In the case of future interest, the rate is limited to six percent simple interest or contract rate, whichever is less, and the interest due on the outstanding principal till the date of payment of each instalment will be payable along with such instalment.

(The Gazette of India, Extraordinary,
Part II, Section 1, 8 September 1956,
pp. 864-870).

Travancore-Cochin Plantations Labour Rules, 1955.

The Government of Travancore-Cochin published on 23 August 1956, the Travancore-Cochin Plantations Labour Rules, 1955, made in exercise of the powers conferred under the Plantations Labour Act, 1951. The Rules prescribe inter alia the powers and functions of inspectors and certifying surgeons, provisions regarding health, welfare, educational facilities for workers' children, housing accommodation for workers, procedure relating to meetings of advisory board, hours and limitation of employment, payment of sickness and maternity allowances, registers and returns.

(Travancore-Cochin Gazette Extraordinary,
23 August 1956, pp. 1-35).

Constitution of Welfare Organisation for Labour
recommended: Report of Plantation Inquiry
Commission.

The Plantations Inquiry Commission, which has submitted its report recently, has, inter alia, made recommendations regarding the setting up of a welfare fund, payment of bonus and reduction of absenteeism.

For details, please see pp. 42-47 of this report.

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43. Handicrafts.

India - September 1956.

Workshop to be set up in Delhi: Designing Machinery For Small Industries.

Shri P. Govinda Nair, Joint Secretary of the Union Ministry of Commerce and Consumer Industries and Chairman of the All-India Small-Scale Industries Board, while presiding over the seventh session of the Board at Hyderabad on 17 September 1956, said that the Government of India has decided to establish a machine designing workshop in Delhi, with two branch workshops elsewhere in the country, for manufacturing quality machine tools and designing the types of machinery for use by small industries.

These workshops, Shri Nair added, would manufacture prototypes of such machines from imported models, as newly designed ones. The West German Government has offered assistance both in equipment and technical personnel for these workshops. Shri Nair said that it had been decided to start a regular course in business management for small industrialists and manufacturers in regional institutes. A regular cadre of extension service officers in business management would form part of establishment of the institutes.

Shri Nair also mentioned that for developing small industries several small industries service institutes were being started at Ludhiana, Rajkot, Patna, Trivandrum, Hyderabad and Lucknow. It was the intention of the Government to establish at least one full-fledged institute in each State by the end of the second Plan. He added that about 30 branch units and extension services would be started this year and machinery worth 9 million rupees had been sanctioned for the purpose. Further, a fleet of 45 mobile workshops would be put on the road.

Shri Nair said that 500 million rupees had been set apart for State Government schemes in the second Plan.

To meet the shortage of technical personnel, he pointed out, it was planned to train 200 officers annually. Shri Nair said that schemes had been initiated for 16 Industrial estates at a total cost of 55 million rupees. These would provide gainful occupation to the unemployed.

(The Statesman, 18 September 1956).

CHAPTER 5. WORKING CONDITIONS AND LIVING STANDARDS.

INDIA - SEPTEMBER 1956.

50. General.

Labour Conditions in Jute Mills: Employers' Association's
Report for 1955.

A review of labour conditions in the member-mills of the Indian Jute Mills Association is contained in the Annual Report of the Association for 1955. A summary of the review is given at pp. 10-15 of this report.

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51. Hours of Work.

India - September 1956.

Indian Railways (Amendment) Bill, 1953 passed by the Lok Sabha: Measure for the Implementation of the Adjudicator's Award.

The Lok Sabha adopted on 25 August 1956 the Indian Railways Amendment Bill as passed by the Rajya Sabha (vide pages 35-37 of the report of this Office for August 1956). The Bill seeks to embody in the Indian Railways Act changes in respect of hours of work and periods of rest, etc., of railwaymen suggested by the adjudicator's award in 1947. The suggestions were accepted by the Government and implemented by amending the relevant rules, but it was considered advisable to incorporate the changes in the Act itself.

Shri. Frank Anthony (Nominated) said that the provision in the Bill that a railway servant doing continuous duty shall not be employed for more than 54 hours a week on the average in any month did not exist in any progressive country. The words "on the average in any month" must be deleted and the overtime of the hardest worked among the railway workers, the running staff, should be calculated on a weekly basis. Today the people who controlled the railway rosters "deliberately and dishonestly" made the railwaymen overwork 54 hours, 80 hours or even 100 hours during the first fortnight. For the other fortnight they were just made to sit at home. In their case the week must be accepted as a unit for measuring human endurance.

Shri T.B. Vittal Rao (Com.- Hyderabad) said that in no progressive country was overtime calculated on a monthly basis. In India itself under the Mines Act, the Plantation Labour Act and the Factories Act, it was done on a weekly basis. Why should there be a discrimination in the case of railwaymen? he asked.

Replying to the debate, the Deputy Minister for Railways said that Mr. Frank Anthony had always been attacking the Railway Ministry. Mr. Anthony was suffering from a "disease" and it would be good if he got rid of that "disease as quickly as possible".

Regarding Shri Vittal Rao's argument that overtime of minors was calculated on a weekly basis, he said that continuous railway workers, like the station masters, clerks and others, did not have to undergo that amount of physical strain that miners had to. The argument that intermittent workers, like watermen and porters, should be brought on par with factory workers was not very convincing. For the past two years the average of overtime in regard to loco shed workers was calculated for a week and not for a month.

He regretted his inability to accept the amendments of Shri Vittal Rao and Mr. Anthony.

The House rejected the amendments and passed the Bill.

(The Statesman, 26 August 1956).

Chapter 6. General Rights of Workers.

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

India - September 1956.

Payment of Wages (Bihar Amendment) Bill, 1956.

The Government of Bihar published on 19 September 1956 a Bill seeking to amend the Payment of Wages Act, 1936, in its application to the State. The Statement of Objects and Reasons to the Bill declares that clause (d) of sub-section (2) of section 7 of the Payment of Wages Act, 1936, provides for deductions from the wages of workers employed in factories for house-accommodation supplied by the employer alone. It is proposed to amend this clause in order to provide also for deductions for house-accommodation supplied to the workers by the State Government or by a Statutory Housing Board or by such other agencies as the State Government may notify under the subsidised Industrial Housing Scheme of the Government. Necessary amendment to section 7 of the Act is provided in the Bill.

(Bihar Gazette, Extraordinary,
19 September 1956, pp. 2-3).

66. Strike and Lockout Rights.

India - September 1956.

Assam: Rice and Oil Mills declared Public Utility Services.

In exercise of the powers conferred under the Industrial Disputes Act, 1947, the Government of Assam has declared Rice and Oil Mills in the State to be public utility services for the purposes of the said Act for a period of six months with effect from 15 June 1956.

(Assam Gazette, Part IIA, 5 September 1956, page 2501)

Bombay City: Road Transport Service declared a Public Utility Service.

In exercise of the powers conferred under the Industrial Disputes Act, 1947, the Government of Bombay has declared the road transport service operated by the Bombay State Road Transport Corporation in the State of Bombay to be a public utility service for the purposes of the said Act for a period of six months from 27 August 1956.

(Bombay Government Gazette, Part IVA, 30 August 1956, pp. 489-490)

Madras: Sugar Industry declared a Public Utility Service.

In exercise of the powers conferred under the Industrial Disputes Act, 1947, the Government of Madras has declared the sugar industry in the State to be a public utility service for the purposes of the said Act for a period of six months from 5 September 1956.

(GO.Ms.No.3794 Industries, Labour and Co-operation dated 24 August 1956, Fort St. George Gazette, Part I, 29 August 1956, page 1248).

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67. Conciliation and Arbitration.

India - September 1956.

Industrial Disputes (Amendment) Act, 1956 (No. 41 of 1956):
Provisions relating to Lay-off and Retrenchment Compensation
amended.

The Industrial Disputes (Amendment) Bill, 1956 (vide pages 56-57 of the report of this Office for May 1956), as passed by Parliament received the assent of the President on 4 September 1956 and has been gazetted as Act No. 41 of 1956.

Under the Act of 1947 as amended by the above Amendment Act, lay-off compensation payable to a workman during any period of 12 months is limited to 45 days. If during any period of twelve months, a workman is laid off for more than forty-five days, whether continuously or intermittently, and the lay off after the expiry of the first forty-five days comprises continuous periods of one week or more, the workman shall, unless there is any agreement to the contrary between him and the employer, be paid for all the days comprised in every such subsequent period of lay off for one week or more compensation. It shall be lawful for the employer to retrench the workman in accordance with the provisions contained in section 25F at any time after the expiry of the first forty-five days of lay off and when he does so, any compensation paid to the workman for having been laid off during the preceding twelve months may be set off against the compensation payable for retrenchment.

The Amendment Act prescribes also the conditions under which retrenchment compensation is payable when the ownership or management of the undertaking is transferred.

(The Gazette of India, Extraordinary,
Part II, Section 1, 4 September 1956,
pp. 839-841)

Labour-Management Relations: Progress in Travancore-Cochin.

An official review of President's Rule in Travancore-Cochin between 25 March and 30 August 1956 mentions the special efforts made by the Administration to improve labour-management relations in the State.

The review said that one of the most important disputes settled was that relating to bonus in plantation industry for the years 1951, 1952, 1953 and 1954. This issue had been pending for a long time and had in the past given occasion for strikes and other unseemly developments. At a tripartite conference held on 19 April a settlement was brought about on this issue. The rates of bonus agreed to were the highest ever paid in the planting industry. The total amount of bonus disbursed amounted to approximately 5 million rupees. At the instance of the Government, trade union leaders of every political complexion in the planting industry issued a joint appeal to the workers to invest a portion of the bonus in National Savings Certificates. They also agreed to promote industrial peace.

Committees and Councils.- The Government has constituted a broad-based committee, consisting of representatives of employers, workers and Government for settlement of outstanding issues in the planting industry. The Committee has already settled a number of problems referred to it and since the formation of the committee, there has been no untoward development in the plantation industry, so vital to the economy of the State.

The Government has also constituted a Coir Industrial Relations Council on a tripartite basis with the Labour Commissioner as Chairman for settlement of disputes in the coir industry. In order to establish continuing contact between Government, employers and labour at a high level, the Government have appointed a Labour Advisory Committee with the Joint Advisory as Chairman and representatives of employers and labour. The duties of this body are to keep in close touch with industrial labour problems of the State, co-ordinating efforts at settling outstanding issues and generally to ensure industrial peace in the State. The first meeting of the Committee was held on 16 August 1956. The Government has issued a declaration that the establishments in cashew industry were non-seasonal. This has the effect of conferring on the workers all benefits visualised under the Industrial Disputes Amendment Act, 1953. Since this declaration, employers and workers have shown a keen interest in settling disputes and in stabilising the industry.

Negotiations in this regard are being actively pursued by the Government. The Government has taken measures to safeguard and promote the interests of labour by effective implementation of the Labour Laws and by making arrangements for speedy settlement of labour disputes by conciliation and negotiation.

Steps have been taken to enforce the provisions of the Working Journalists Act in the State. Notices under Section 14 of the Act have been issued to 15 industrial establishments covered by the Act to submit draft standing orders applicable to working journalists employed by them.

(The Hindu, 1 September 1956).

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

India - September 1956.

Labour Participation in Management: Tripartite Delegation to Study Working in Europe.

A tripartite delegation, led by Shri Vishnu Sahay, Union Labour Secretary and consisting of employers' and workers' representatives and officials of the Government of India, is to visit Europe to study the working of the system in Yugoslavia and certain other continental countries.

At a Press Conference at Delhi on 15 September 1956, Shri K.C. Reddy, Union Production Minister said that the question of labour participation in management was being examined by the Government. He added that the Government would apply its mind "more urgently and seriously to the problem" after the tripartite delegation completed its study and submitted its report. Shri Reddy described in the recent agreement between the management and employees of the Tata Iron and Steel Works a "modest beginning".

(National Herald, 16 September 1956).

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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 1956.

New Pay Scale for Insurance Workers: Announcement
by Chairman.

The pay scales and conditions of service of supervisory, clerical and subordinate staff in the nationalised insurance business were announced in New Delhi on 10 September 1956 by Shri H.M. Patel, Chairman, Life Insurance Corporation of India.

For details, please see pages 58-59 of this Report.

CHAPTER 8. MANPOWER PROBLEMS.INDIA - SEPTEMBER 1956.81. Employment Situation.Employment Exchanges: Working during July 1956.

General employment situation.- According to the review of the work of the Directorate-General of Resettlement and Employment during July 1956, with the on-set of the monsoon employment opportunities declined and in consequence fresh registrations on the live register increased. The employment exchange statistics reflected this seasonal trend during the month of July, except that fresh registrations increased only fractionally, while the live register shot up by over fifty thousand apparently because very few of the applicants allowed their registrations to lapse. The fall in the number of vacancies notified was also rather more abrupt than usual and was particularly heavy in the public sector. This was a reversal of the somewhat favourable trends in job opportunities which had been generally noticed since the turn of the year.

Widespread shortage persisted in respect of draughtsmen, overseers, compounders, nurses, midwives, trained teachers, stenographers and typists. A number of exchanges also experienced a shortage of health visitors, qualified doctors, experienced engineers and surveyors. Dearth of accountants, electricians, turners, welders, tracers, sanitary inspectors and physical training instructors was also experienced by a number of exchanges.

Widespread surpluses persisted in respect of untrained teachers, clerks, unskilled office workers, motor drivers, carpenters, unskilled labourers and freshers from schools and colleges. Motor mechanics, semi-skilled fitters, cleaners, sweepers and chowkidars were also reported surplus to requirements.

Registrations and placings.- The following table shows registrations for employment and placings during June and July 1956.

		<u>July 1956.</u>	<u>June 1956.</u>
Registrations.	-----	170,918	170,848
Placings.	-----	16,007	19,489

A marked increase in registrations, occurred in the States of Uttar Pradesh (6,061), Delhi (705), Rajasthan (549) and Andhra (522). On the other hand, a conspicuous decline in fresh registrations was observed in Madras (2,568), Bombay (2,144) and Windhya Pradesh (981).

A total number of 86,087 submissions were made during the month under report as against 99,515 during the previous month. The decrease in the placements was marked in the States of Uttar Pradesh (775), West Bengal (741), Travancore-Cochin (635), Punjab (370), Andhra (328) and Bihar (276). On the other hand, an increase in placements was observed in Madras (168) and Saurashtra (111). Of the total placements, 5,396 were secured under central government, 6,983 under State governments, 1,510 under quasi-government establishments and local bodies, and the remaining 2,118 with non-government employers.

Vacancies notified.- A total of 5,500 employers utilised the services of the employment exchanges during the month under report, as against 5,731 during the previous month, thus recording a fall of 231. The number of vacancies notified by these employers was 23,568 which marked a fall of 5,471 when compared to the corresponding figure for June 1956. The decrease in the number of vacancies notified to the exchanges was prominent in the States of Bombay (908), Uttar Pradesh (782), Orissa (663), Bihar (589), Vindhya Pradesh (542) and Travancore-Cochin (503), while an increase was noticeable in the States of Rajasthan (393) and Madras (128). Of the total vacancies notified, as many as 7,178 were made available by Central Government, 9,778 by State Governments, 2,854 by quasi-Government establishments and local bodies and 3,758 by non-Government employers. There was thus a decrease of 4,213 in the public and of 1,258 in the private sector.

Register of unemployed.- At the end of July, 1956, the number of live register at the employment exchanges stood at a record figure of 792,345, as against 740,634 at end of June 1956. The live register, increased by 51,711. In all 8,447 employed and self-employed persons, of whom 255 were women, were on the live register and desired further employment assistance. The corresponding figures at end of June 1956, were 8,285 and 256 respectively. The composition of the live register occupation-wise is shown below.

<u>Occupation.</u>		<u>Number on Live Register as on 31 July 1956.</u>
1. Industrial supervisory.	-----	5,707
2. Skilled and semi-skilled.	-----	59,777
3. Clerical.	-----	231,109
4. Educational.	-----	39,958
5. Domestic service.	-----	25,298
6. Unskilled.	-----	391,869
7. Others.	-----	38,627
Total.	-----	<u>792,345</u>

Employment position of special types of applicants.- The employment position regarding special types of applicants is shown in the table below.

<u>Category.</u>	<u>Registrations.</u>	<u>Placings.</u>	<u>Number on Live Register.</u>
1. Displaced persons.	5,256	894	46,180
2. Ex-Servicemen.	6,336	1,151	28,333
3. Scheduled Caste applicants.	18,405	2,315	72,267
4. Scheduled Tribe applicants.	4,779	395	14,493
5. Women.	9,357	1,038	41,096

Anglo-Indian applicants.- During the quarter April-June 1956, 285 Anglo-Indian applicants were registered by the employment exchanges and 34 were placed in employment as against 282 and 32 respectively during the previous quarter. At the end of June 1956, 487 such applicants including 96 women remained on the live register seeking employment assistance.

Educated applicants.- During the quarter April-June 1956, 135,757 registrations and 15,221 placements were effected by the employment exchanges in respect of persons who had passed matriculation or higher examinations as against 103,376 and 15,984 respectively during the preceding quarter. Of the total number who registered during the quarter, 120,785 were matriculates (including 17,935 registrants who had passed the intermediate examination) and 14,972 were graduates. Among the graduates 636 were engineers, 116 were doctors and 14,220 had degrees in various other subjects.

At the end of June 1956, there were 250,197 educated persons on the live register of exchanges seeking employment assistance as against 221,500 at the end of the previous quarter and 206,783 at the end of June 1955. Of those on the live register 222,181 were matriculates (including 30,190 registrants who had passed the intermediate examination) and 28,016 were graduates. Among the graduates 804 were engineers, 227 doctors and 26,985 had obtained degrees in various other subjects.

Special Investigation: Employment position of medical graduates.- As against 207 medical graduates seeking employment assistance at the end of March 1956, 227 such applicants were on the live registers at the end of the June 1956. Of them 159 or 70 per cent were on the live register of the exchanges in West Bengal alone; 112 being at the Calcutta exchange. Seventy-six of the graduates were fresh from colleges having no experience to their credit, while 73 had an experience of less than 2 years. These two categories together accounted for 66 per cent of the total number of medical graduates on live register at the end of June 1956. Nineteen such graduates were over 45 years of age. Twenty-three or 10 per cent of the total number of graduates expected a minimum salary of less than 200 rupees per month. Twenty out of the 227 medical graduates were employed persons according to their own declaration and had registered at the exchanges with a view to bettering their prospects.

As against 240 medical licentiates who were on the live register of employment exchanges as on 31 March 1956, 227 such applicants were seeking employment assistance as at the end of June 1956. One hundred and sixty-four or 72 per cent of them were on the live registers of the exchanges in West Bengal of whom as many as 49 were accounted for by the Calcutta exchange. Seventy-six licentiates were freshers, while 53 had an experience of less than two years which together comprised 57 per cent of the total of medical licentiates on live register. Fifty-eight licentiates were over 45 years of age. One hundred and thirty or 57 per cent of the licentiates were willing to accept posts carrying a salary of less than 200 rupees per month. Twenty-one out of the 227 licentiates were registered as employed persons and were seeking better paid jobs.

(Review of Work done by the Directorate General of Resettlement and Employment during July 1956; issued by the Ministry of Labour, Government of India).

Employment Exchanges: To be transferred to
States from 1 November 1956.

Replying to a question in the Lok Sabha on 5 September 1956, Shri Khandubhai Desai, Union Labour Minister said that all employment exchanges, except the one in Delhi, are proposed to be formally transferred to State Governments from 1 November 1956.

(The Statesman, 7 September 1956).

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Youth Employment Service: Government of India's
Plans.

It is understood that the Government of India proposes to start a specialised youth employment service at the employment exchanges in larger towns during the second Five-Year Plan period.

The service will give expert advice to job-seekers in the selection of courses and careers and also guide them regarding employment opportunities in specific fields and training facilities available in the country.

The youth employment sections will be set up in consultation with State Governments at 53 employment exchanges, starting with eight regional employment exchanges in the first phase of the programme.

A pilot office has already been opened at the headquarters of the Directorate-General of Resettlement and Employment as a means of developing the technique and method of handling of juveniles.

It is also proposed to increase the existing number of exchanges from 137 to 256 at the end of the Plan period in order to increase accessibility of employment service to as large a number of people as possible.

(The Hindustan Times, 7 September 1956).

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Surplus Workers in Ordnance Depots to be retrenched:
Defence Minister's announcement.

On 11 September 1956, the Defence Minister, Dr. K.N. Katju, announced in the Lok Sabha that the Government had decided to retrench most of the surplus workers on the rolls of the ordnance factories and other Defence installations within the next few days. He estimated the number of such surplus workers who were being given "idle-time wages" at about 6,000.

Dr. Katju, who made a statement on the retrenchment of surplus workers in Defence installations, assured the House that skilled workers and certain categories of semi-skilled workers and ordnance factory workers would ~~reserve~~ not be retrenched "to maintain a reserve of workers who would be immediately available for meeting unforeseen situations and emergencies".

Dr. Katju said while it had been the intention of the Government to effect retrenchment towards the end of last March, it was postponed in order to make yet another intensive effort to locate alternative jobs for as many surplus workers as possible. Since then, as a result of special efforts made by the Ministry of Defence, offers of alternative employment had been secured for more than 4,000 of the surplus workers. This was in addition to the 8,000 workers who had been absorbed in Ordnance factories themselves in the production of goods for civilian consumption.

Dr. Katju told the House that special efforts to find alternative employment for the surplus workers would not cease even after these workers were retrenched. Arrangements would continue for the absorption of the surplus workers on "special priority basis" in all suitable vacancies arising in the future under the various Ministries and Central Government undertakings.

"As the various development projects get under way", Dr. Katju said, "a steadily increasing number of vacancies will begin to be available. Having regard to all the schemes of development in hand, the Government confidently expect that a substantial percentage of the retrenched workers, if they accept the alternative posts which will be offered to them, will be in employment again in a few months".

Dr. Katju said at the suggestion of the All-India Defence Employees' Federation, a special liaison officer was appointed to facilitate, through personal contact, the placement of surplus workers in alternative appointments. "The liaison officer has worked in the closest touch with the various employing Ministries, such as the Ministry of Railways, the Ministry of Production, the Ministry of Iron and Steel, etc., to see that surplus workers were absorbed in all available vacancies. Parties of technical officers from the employing Ministries and from the Central Government undertakings, such as Hindustan Machine Tools Ltd., the Chittaranjan Locomotive Works, etc., have gone round the ordnance factories to test and select suitable workers for employment in their organisations. In spite of all these efforts, about 6,000 surplus workers still remain on the rolls of the ordnance factories and other Defence installations and are being given idle-time wages".

Dr. Katju said: "The ordnance factories have now been carrying a very large volume of surplus labour for many months in the past. They are nowadays paying over 600,000 rupees a month as idle-time wages to employees who do ~~not~~ no work and for whom they can provide none in future. Nor is it proper and in the men's own interest that they should continue to receive idle-time wages without making any effort to find employment for themselves".

Limit of production.- "All efforts have been made in the factories to provide the maximum amount of work to labour employed therein. Civilian goods have been produced in these factories to the maximum extent possible but now the limit in that direction has been reached because these factories are primarily designed for production of war material and can no longer be safely converted for production of any more civilian goods. The country needs financial resources badly for vitally needed development projects and even in the Defence Ministry large funds are needed for meeting many deficiencies in requirements".

Regarding retrenchment benefits which the surplus workers would receive, the Defence Minister said: "On retrenchment, a worker will be given, in addition to retrenchment compensation at half a month's pay for every completed year of service, the Government's share in his contributory provident fund. A retrenched worker who wishes to return to his home will be provided with a railway warrant to enable him to do so free of cost, if his home is at a distance of more than 10 miles from the place of his present employment. The retrenched worker will also be given an ex gratia travelling allowance for himself at single railway ~~and~~ fare rates of the lowest class from the place where he is retrenched or from his home, if he has gone there, to the railway station nearest to the place of new employment, if he secures fresh employment within six months of the date of retrenchment (whether by his own efforts or through the employment exchange) and produces proof from his new employer that he has been offered such employment".

83. Vocational Training.

India - September 1956.

Labour Ministry's Training Schemes: Progress during July 1956.

Training of craftsmen.- According to the review of work of the Directorate General of Resettlement and Employment during July 1956, the number of trainees on the roll of various training institutes and centres on 31 July 1956 under technical trades was 7,730 (including 8 women). No trainees was on roll in vocational trades.

Training of displaced persons.- The total number of displaced persons undergoing training in technical trades at the end of July 1956 was 1,592. No trainee was undergoing training in vocational trades.

Apprenticeship training for displaced persons.- A total of 1,025 displaced persons were undergoing training as apprentices in industrial undertakings and establishments in Uttar Pradesh and West Bengal, against 1,300 seats sanctioned for the purpose.

Training of supervisors and instructors.- In the XVII regular session which commenced from 21 May 1956, 172 supervisors and instructors were receiving training at the central training institute for instructors, Koni-Bilaspur at the end of the month. A part from this, 1 supervisor and instructor was also undergoing training in the short term course which started functioning from 2 July 1956.

Training of women craft instructors.- Under the scheme for the training of women craft instructors at the industrial training institute for women, New Delhi, 18 women instructor-trainees were receiving training at the end of the month under review.

Training of school going children in hobby centre, Allahabad.- A total of 65 trainees were undergoing training at the end of the month under report at the hobby centre, attached to the industrial training institute, Allahabad as in the last month.

Short term course of training in sheet metal work trade.- In the II short term course of training in trade sheet metal work at the industrial training institute, Bangalore, under the craftsman training scheme, 107 trainees were undergoing training in this trade against a sanctioned capacity of 96 at the end of the month under review.

Trade tests in vocational trades.- The trade tests in vocational trades were held with effect from the 24 July 1956 at the various training institutes and centres.

Working group.- The pre-employment apprenticeship training scheme and the post employment training for industrial workers (evening classes) was finalised by the sub-committee. The schemes have been circulated to the members of the working group for their comments.

The sub-committee set up by the working group to examine the reorganisation of the central training institute for instructors, Koni held its first meeting on 23 and 24 July 1956.

(Review of the Work done by the Directorate General of Resettlement and Employment during July 1956; issued by the Ministry of Labour, Government of India).

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National Council for Training in Vocational Trades
constituted.

The Government of India, by a Resolution dated 21 August 1956, has set up a National Council for Training in Vocational Trades and has entrusted to the Council functions relating to the establishing and awarding of national trades certificates for craftsmen, the prescribing of standards and curricula for craftsmen training in the technical and vocational trades of national importance throughout the country and advising and assisting the Central Government on the overall training policy and programmes. The constitution and detailed functions of the Council are shown in a scheme attached to the Resolution.

The headquarters of the Council will be in New Delhi and the Council consists of the Union Labour Minister, as chairman, the ~~Secondary~~ Secretary to the Government of India, Ministry of Labour, the Director General of Resettlement and Employment, technical persons from various Ministries, representatives of State Governments, employers' organisations and workers' organisations.

(The Gazette of India, Part I, Section 1,
1 September 1956, pp. 298-299).

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extrait du rapport
du India Branch Office
sept. 56, p. 85

CHAPTER 9. SOCIAL SECURITY.

INDIA - SEPTEMBER 1956.

93. Application.

VI. Compensation in case of Employment Injury or Occupational Disease.

Bombay: Working of the Workmen's Compensation Act, 1923 during the Year 1955.

According to the annual report on the working of the Workmen's Compensation Act 1923, in Bombay*, during the year 1955, the year opened with 508 cases (both applications and agreements) pending from last year and 1,887 were received during the year. Out of these, 2,395 cases, 1,870 were disposed of during the year under report and 525 were pending at the end of the year as against 2,766 and 508 respectively last year. Of the 1,870 cases disposed of during the year, 352 related to fatal accidents, 1,471 to non-fatal accidents of which 1,357 resulted in permanent disablement and 114 in temporary disablement and the remaining 47 were miscellaneous. The total compensation paid in respect of all the cases was were 1,153,114 rupees as against 1,848,256 rupees last year. This amount is exclusive of the compensation paid by employers to injured workmen directly by way of half-monthly payments for injuries resulted in temporary disablement as this kind of compensation need not be paid through the Commissioner. Although the figure of the total amount is not available, compensation paid of this kind paid by those employers who are covered by the Notification issued under Section 16 of the Act was 313,493 rupees. Thus the total of all kinds of compensation paid (except for temporary disablement by non-reporting employers) comes to 1,466,610 rupees.

*Annual Report on the Working of the Workmen's Compensation Act, 1923, for the year 1955 in Bombay State. Obtainable from the Government Book Depot, Charni Road, Gardens, Bombay-4. Price Annas 2 and 9 pies; pp.19. 1956.

The following table indicates the number of cases of injuries in respect of which final compensation has been paid during the year and the amount of compensation:-

	Average Number employed per day.	Accidents					Amount of compensation paid.			
		Number of cases of injuries in respect of which final compensation has been paid during the year.			Amount of compensation paid.		Rs.		As.	
		Death.	Permanent Disablement.	Temporary Disablement.	Death	Permanent Disablement.	Rs.	As.	Rs.	As.
Factories-										
Adults.	441,594	45	692	5,721	122,400	305,143	3	170,711	9	
Minors.	1,386	..	..	..	..	..		..
Mines-										
Adults.	13,142	6	27	315	16,600	2,973	5	4,165	2	
Minors.	70	..	..	..	..	..		11..		
Tramways-										
Adults.	8,729	3	4	109	10,500	2,548	0	1,787	13	
Minors.	..	..	..	..	..	..		..
Docks and Ports-										
Adults.	17,859	7	89	766	24,500	26,090	15	39,458	7	
Minors.	..	..	..	..	..	..		..
Building and Construction including P.W.D.-										
Adults.	45,657	22	23	122	36,680	18,923	0	6,952	6	
Minors.	836	..	..	..	..	..		..
Municipalities and District Local Boards-										
Adults.	34,861	3	6	7	9,900	5,606	3	707	3	
Minors.	104	..	..	..	..	..		..
MISCELLANEOUS										
Fire Brigades-										
Adults.	870	..	..	..	..	..		..
Minors.	..	..	..	..	..	..		..
Factories Manufacturing Explosives-										
Adults.	288	..	..	2	..	..		83	0	
Minors.	23	..	..	..	..	..		..
Electric Supply Cos.-										
Adults.	9,017	9	5	177	23,800	2,114	0	6,683	14	
Minors.	..	..	..	..	..	..		..
Cinema Film Manufacturing Cos.-										
Adults.	2,581	..	..	1	..	..		80	0	
Minors.	..	..	..	..	..	..		..
Light Houses-										
Adults.	189	..	..	1	..	..		2	3	
Minors.		

(Table Continued next page)

(Table continued from the previous page)-

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Average Number employed per day.	Accidents								
	Number of cases of injuries in respect of which final compensation has been paid during the year.			Amount of compensation paid.					
	Death.	Permanent Disable- ment.	Temporary Disablo- ment.	Death.	Permanent Disable- ment.	Temporary Disable- ment.			
Railway Servants-				Rs.	Rs.	As.	Rs.	As.	
Adults.	89,063	30	53	2,450	88,400	39,997	0	82,864	10
Minors.	..	..	..	..	..	..	..	..	..
Post and Telegraph Department-									
Adults.	19,056	3	2	..	5,600	1,073	8	..	..
Minors.	150	..	..	..	..	..	..	..	..
Total Adults.	682,906	128	901	9,671	538,380	414,469	2	313,496	3
Total Minors.	2,569	..	..	..	..	..	..	..	..

The total compensation reported by the employers in respect of all accidents amounted to 1,066,345 rupees as against 1,563,248 rupees last year.

During the year under report, 146 reports were received, 90 from employers under section 10-B, and 56 from other sources. Of the total number of 273 reports it was found that 57 were not covered by the Act. In 15 cases deposits were received voluntarily and in 70 after issue of notices under section 10-A.

The following table shows the deposits received both voluntarily under section 8(1) and 8(2) and under awards in contested cases and amounts disbursed during the year:-

	Rs.	As.	Ps.	Rs.	As.	Ps.
Opening Balance-						
Fatal accidents.	367,351	14	1			
Non-fatal accidents.	35,483	6	4	402,835	4	5
Receipts-						
Fatal Accidents.	801,103	15	6			
Non-fatal accidents.	319,064	11	6	1,120,168	11	0
Payments-						
Fatal accidents.	816,688	7	7			
Non-fatal accidents.	318,550	12	6	1,135,239	4	1
Closing Balance-						
Fatal accidents.	351,767	6	0			
Non-fatal accidents.	35,997	5	4	387,764	11	4

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The Commissioner is empowered under section 8(7) read with Rule 10 to invest compensation in Government Securities or National Savings Certificates or deposit in a Post Office Savings Bank for the benefit of women or minors. The total amount so invested was 159,346 rupees.

Cases before Commissioners.- The total number of cases dealt with during the year, including those pending from last year, was 2,395 as against 3,274 for the last year. The number of cases disposed of during the year was 1,870 as against 2,766 last year. The number of Post Office Savings Bank Accounts open at the end of the year and the amounts held in deposits were 1,833 and 1,457,084 rupees as against 1,852 and 1,466,898 rupees last year.

Industrial diseases.- One case of an industrial disease filed by the Applicant came up for decision before the Commissioner, Bombay. The Applicant was employed as a glass grinder by a firm of Opticians. The parties amicably settled the case on payment of 4,900 rupees on the basis of the permanent total disablement suffered by the Applicant.

The Textile Labour Association of Ahmedabad was responsible for handling 834 claims. The total amount of compensation secured in all the claims was 208,871 rupees 10 annas. This Association handles cases of accidents whether they happen in mills or outside and irrespective of whether the workman belongs to that Association or not. The Rastriya Mill Mazdoor Sangh of Bombay was responsible for handling 65 claims including 47 pending from the previous year. The compensation secured in all these claims amounted to 28,773 rupees.

Employees' State Insurance Act, 1948, extended to
certain Areas in Madhya Pradesh and Travancore-
Cochin States.

In exercise of the powers conferred under the Employees' State Insurance Act, 1948, the Central Government has extended the provisions of Chapter IV (except sections 44 and 45 thereof, which have already been brought into force) and Chapters V and VI (except sub-section (1) of section 76 and sections 77, 78, 79 and 81 thereof which have already been brought into force) of the said Act to the following areas with effect from the dates noted against them.

I. Madhya Pradesh:

Area within the limits of the Burhanpur Municipality, with effect from 2 September 1956.

(Notification SRO 1932 dated 28 August 1956, Gazette of India, Extraordinary, 28 August 1956, page 1781).

II. Travancore-Cochin:

I. The area within the Municipal limits of Quilon and the revenue villages of:- (a) Quilon, (b) Kilikolloor, (c) Vadkkevila, (d) Eravipuram, in the Quilon Taluk in the Quilon District.

II. The area within the Municipal limits of Alleppey and the revenue villages of:- (a) Alleppey, (b) Aryad North, (c) Aryad South, (d) Mararikulam South, in the Ambalapuzha Taluk in the Quilon District.

III. The areas within the Municipal limits of Ernakulam and Alwaye, and the revenue villages of:- (a) Thrikkakara, and Vazhakulam in Kumathunad Taluk, (b) Varapuzha, (c) Kadungallur, (d) Chongamanad, in the Parur Taluk in the Trichur District.

IV. The area within the Municipal limits of Trichur and the revenue villages of:- (a) Ollur, (b) Marathakara, (c) Trichur, (d) Koorkkancherry, (e) Arnattukara, (f) Chiyaram, (g) Viyyur, (h) Peringavu, (i) Ayyanthol, in the Trichur Taluk, and revenue village of Amballoor in Mukundapuram Taluk in Trichur District, with effect from 18 September 1956.

(Notification SRO 2035 dated 5 September 1956, the Gazette of India, Extraordinary, Part II Section 3, 5 September 1956, pp. 1939-1940).

Employees' Provident Funds Act, 1952, extended to
Four more Industries.

In exercise of the powers conferred under the Employees' Provident Funds Act, 1952, the Central Government has directed that with effect from 30 September 1956, the following industries shall be added to Schedule I of the said Act.

- 1) Heavy and fine chemicals, including (i) Fertilizers, (ii) Turpentine, (iii) Rosin, (iv) Medical and Pharmaceutical preparations, (v) Toilet preparations, (vi) Soaps, (vii) Inks, (viii) Intermediates, dyes, colour lakes and toners and (ix) fatty acids,
- 2) Indigo,
- 3) Lac including shellac,
- 4) Non-edible vegetable and animal oils and fats.

(Notification No. SRO 2026 dated 3 September 1956, the Gazette of India, Part II, Section 3, 8 September 1956, page 1533).

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CHAPTER 12. INDUSTRIAL COMMITTEES.

INDIA - SEPTEMBER 1956.

121. Special Information.

Labour Conditions in Jute Mills: Employers' Association's
Report for 1955.

A review of labour conditions in the member-mills of the Indian Jute Mills Association is contained in the Annual Report of the Association for 1955. A summary of the review is given at pp. 6-15 of this report.

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Fifth Session of the Industrial Committee on Coal Mining, New Delhi, 7 - 9 August 1956: All-India Award to be extended to Workers in Coke Plants.

The fifth session of the Industrial Committee on Coal Mining was held at New Delhi from 7 to 9 August 1956, Shri Khandubhai K. Desai, Union Labour Minister presiding. The meeting was attended, among others, by representatives of the Union Ministries of Labour, Commerce and Industry, Production, Finance and the State Governments of Assam, West Bengal, Bihar, Hyderabad, Madhya Pradesh, Vindhya Pradesh and Orissa and representatives of coal mine owners and workers.

Agenda.- The agenda before the Committee consisted of the following items: (1) Water Supply; (2) Amendment of the Mines Act; (3) Amendment of the Coal Mines Bonus Scheme; (4) Revised Code of Draft Regulations under the Mines Act 1952; (5) Recommendations of the Court of Inquiry on which decision is pending and the advice of the Committee is necessary; (6) Prohibiting Women from working in open-cast mines; (7) Abolition of contract labour; (8) Model Standing orders for Coal mining Industry; (9) Extension of the provisions of the Award of the All India Industrial Tribunal (Colliery Disputes) to the workers employed in coke plants; (10) Formation of a pool of retrenched workers in collieries to enable diversion of labour force retrenched from one place to any other place where it may be required; and (11) Welfare facilities under the Mines Act and Rules.

The Ministry of Labour had prepared memoranda on these subjects; a brief review of the more important items of the memoranda is given below:-

a) Amendments to Mines Act, 1952.- Since the coming into force of the Mines Act, 1952 certain anomalies have come to light as also difficulties in the enforcement of certain provisions, such as those relating to leave with wages. Certain other amendments of the Act are also considered necessary for proper enforcement of safety legislation in mines. The draft under consideration contains all these amendments. Inter alia, these amendments revise the scale of medical facilities to serve the special needs of the mine workers.

There are a number of anomalies in Chapter VI relating to hours and limitation of employment; and complications have arisen owing to the two distinct periods of work admissible for persons employed above ground and below ground. A number of sections had to be amended on the lines of similar amendment of the relevant provisions of the Factories Act. Minor amendments have also been made in the various sections relating to the usage of the term 'relay' which in fact should be 'shift'. Other amendments are: (i) to implement the provision of certain I.L.O. Conventions; (ii) to allow operators of continuously operated machinery to relieve each other at the workplace and to permit such operators to work double-shift if their relief does not turn up; (iii) to require payment of overtime on daily basis; (iv) to delete the limit on overtime for the quarter and to provide for payment at twice the rate of wages for all employees in the mine; (v) to simplify the permanent register of employees; and Chapter VII (dealing with leave with wages has been recast to bring it as far as practicable in line with the provisions of the Factories Act. In the case of the present provisions of the Mines Act, application is all the more difficult because of the two sets of concessions allowed to piece-rated workers and others. Also, certain sections of this Chapter cannot be given effect to unless relevant rules are framed under Section 58 of the Act. In suggesting the substitution of the entire Chapter, all the above difficulties have been taken into account; and the important changes that are made in the revised Chapter are as follows: (i) Calendar year has been defined on the lines of Factories Act. (ii) The distinction between employees paid on a monthly basis, piece-rate basis and others employed either aboveground, in opencast workings or belowground has been deleted. (iii) Absence due to lay-off or maternity leave etc., has been accepted for computation for the purposes of attendance. (iv) Accumulation of leave has been permitted to all categories of workers. (v) The number of times in which leave may be taken during a year has been limited to three. (vi) Wages during leave-period in case of all the three categories of persons have been uniformly made to relate to the respective full-time earnings during the previous month. (vii) The unpaid wages for leave have been made recoverable as 'delayed wages' under the provisions of the Payment of Wages Act.

Two amendments are proposed in order to conform to I.L.O. Conventions and Recommendations. A new clause 40(1)(aa) fixing the minimum age of admission to work underground of adolescents at 16 years is proposed in accordance with Recommendation No.96. Similarly it is suggested (46) that woman shall be allowed a rest interval of not less than 11 hours between the termination of employment on one day and the commencement of the next period of employment in accordance with Conventions 4 and 89.

(b) Draft Code of Regulations.— The draft Code of Regulations presented to the Committee are meant to replace the Indian Coal Mines Regulations, 1926. The revision of these Regulations has been considered in the light of the administration of the present provisions and the recommendations made by the Courts of Enquiry into the recent disasters and other major accidents in Mines. The State Governments and various Mining Boards have also been consulted. An attempt has been made to bring all the provisions concerning the same subject under one Regulation and the various provisions have been rearranged to follow a logical sequence. Two new chapters have been added on duties of officers and work persons and machinery and plant. The previous chapter (XI) on fencing and gates has been omitted and the provisions contained therein have been transferred to the various chapters at appropriate places.

(c) Prohibition of employment of women in opencast workings.— Employment of women in any part of a mine "which is below the adjacent ground level" is prohibited under section 46 of the Mines Act, 1952. This meant that women should not be employed in open-cast mines. As the intention however was not to debar women from working in open-cast mines Government issued a notification in August 1952, exempting all open-cast mines from the operation of Section 46 of the Act in so far as it prohibited the employment of women in any such mine between the hours of 6 A.M. and 7 P.M.

The number of women employed in coal mines has been gradually declining since 1946. It was only 14 per cent of the total labour force in 1953 as against 21 per cent in 1946. Also employment of women in open-cast mines has declined by more than 50 per cent from 24,092 in 1946 to 11,078 in 1953. The number of women employed in collieries is likely to decrease further because of a gradual exhaustion of shallow coal in the major coal fields.

It has been contended that women should not be prohibited from working in open-cast mines because at the present stage of low standards of living, low earnings, low productivity and absence of scope for other employments, such a prohibition may lead to harmful results. It is also stated that work in opencast mines consists mainly of transferring material in loaded baskets and hence is no more arduous than that of road building, construction, etc., where there is no prohibition of employment of women.

The Committee has been asked to consider whether employment of women in open-cast mines should be prohibited or whether such employment of women be continued and the present notification permitting such employment replaced by an amendment of Section 46 of the Mines Act, 1952.

(d) Abolition of Contract labour.- The Industrial Committee on Coal Mining at its Fourth session held on 21 April 1952 discussed the question of abolition of the contract labour in collieries, and it was agreed that the system should be abolished as speedily as possible. The Coal Raising Contract system has gradually been abolished in all the 11 State Collieries. In the initial stages difficulties regarding arrangements for making payment to a large number of workers, increase in the strength of supervisory staff etc., were experienced but later on the work was managed alright.

With a view to examining the progress made in the private sector in the abolition of the system, details of the extent to which it is now prevalent have been collected from 552 small mines. (These which have been left out are small ones). It is seen from the material collected that the total labour employed through contractors in collieries which have reported is estimated at nearly 54 thousand or about 16 per cent of the total labour employed in collieries. Contract labour still forms as high as about 36 per cent of the total labour force in Hyderabad and Karanpura, about 20 per cent to 22 per cent in Madhya Pradesh and Bokaro, about 12 to 13 per cent in Jharia and about 15 to 17 per cent in Raniganj. A majority of workers employed through contractors are engaged in coal-cutting and loading. Over 45 per cent of contract labour are however employed on other miscellaneous jobs such as building, stone cutting, smithy, sand raising, earth cutting, soft coke manufacturing, shale removing etc.

With regard to the systems of contract that prevail, it is seen that 34.6 per cent of the contract workers are employed under raising contractors, 27.4 per cent under commission contractors and 3.6 per cent under managing contractors. The rest forming 34.4 per cent are engaged through miscellaneous categories as petty contractors, building contractors, etc. This group also includes workers employed in collieries having more than one type of contract.

In many cases, contract labour is employed in jobs which are different from those performed by direct labour and no comparison is generally possible between the working conditions of contract labour and direct workers on the same job. In some cases the management have no control over contract labour.

In view of the fact that contract labour even now exists in all the coalfields in the private sector and in some cases it assumes a fairly high percentage of the total labour employed in those coalfields, and also in view of the inherent defects in the system, it is considered that effective steps should now be taken to abolish contract labour in private collieries.

(e) Extension of Colliery Award to Workers in Coke Plants.— The recently published award of the All India Industrial Tribunal (Colliery Disputes) (vide pp. 19-22 of the report of this Office for June 1956), applies to all workers in the coal mines including surveyors, assistant surveyors, overmen and mining sirdars, but does not cover doctors and teachers employed in the mining areas and the workers employed in coke plants, tar plants etc. It was agreed between the parties that accountants getting below 500 rupees per month in Madhya Pradesh and Vindhya Pradesh and cashiers everywhere would be treated as 'workmen' under the Industrial Disputes Act, 1947. They are accordingly covered by the Award.

As already stated, the Award does not apply to coke plants, tar plants, etc., which employ about 15,000 to 20,000 workmen. It has been represented on behalf of those workers that the provisions of the award should be extended to them by agreement for the following reasons: (1) the coke and tar plants etc., are situated in the mining areas and some of them lie within the precincts of mines; (2) the benefits under the following Scheme, Rule etc., to which the coal mine workers are normally entitled, are, it is reported enjoyed by the workers in at-least some of the coke and tar plants: (i) Conciliation Board's Award; (ii) Coal Mines Bonus and Provident Fund Scheme; (iii) Coal Mines Canteen Rules; (iv) Coal Mines Welfare Scheme.

(f) Pool of retrenched workers.- The work in a coal mine being of a shifting nature, retrenchment of workers becomes inevitable when a pit or a section of a coal mine is exhausted. Simultaneously, it has been observed, that employment of new hands is also undertaken when a new pit or a section of a mine is to be brought into operation. While in one place experienced hands are retrenched, employment is thrown open to new workers at other places. The technical knowledge and experience of retrenched workers is thus not infrequently wasted. Hence the need to bring together such workers and the colliery owners. It is, therefore, suggested that special employment exchanges or out-housed sections of the existing exchanges could be set up in the mining areas. All those who have already worked in mines and are likely to be retrenched or declared surplus and seek employment assistance will be invited to register themselves there. Similarly, colliery owners would be requested to furnish advance notice of those which they are likely to retrench and to notify their vacancies to the Offices on a voluntary basis.

A Committee consisting of representatives of workers, employers and Governments, both Central and States, could be set up to work out the details regarding registration and submission of workers by the employment offices and the notification of vacancies and selection of workers by the employers.

(g) Welfare facilities in Coal Mines.- With a view to reviewing the working of the welfare provisions and suggesting ways and means of improving welfare facilities provided for coal miners, a Working Group, consisting of the Chief Labour Commissioner, the Chief Inspector of Mines, the Coal Mines Welfare Commissioner, Shri Kanti Mehta of the Indian National Mines Workers' Federation and Shri R. Maulick of the Indian Mining Association has been constituted. The Working Group is expected to submit its report to Government soon. Necessary further action for better implementation of the welfare facilities provided under the Mines Act 1952 and the Rules framed thereunder, may be taken in the light of the recommendations that may be made by the Working Group. The Committee's suggestions have been invited on any measures that may be taken in this regard.

The memorandum states that the position regarding welfare facilities provided under the Mines Act and the Rules are satisfactory except regarding pit-head baths and creches.

Proceedings: Labour Minister's Address.- Shri Khandubhai Desai addressing the meeting called upon the employers to imbibe the new spirit of co-partnership and co-ownership in the interest of national prosperity.

"All of you have got to adjust yourself to the changing climate in the country and look to the needs of 350,000 coal mines' workers", he said. The production aspect of the industry, Shri Desai added, was closely associated and related to the welfare of coal-miners.

Referring to the Award given by the All-India Industrial Tribunal, Shri Desai said, it had by and large been to the benefit of workers. There might be anomalies here and there but these should be adjusted by negotiations across the table.

Decisions.- The Committee agreed to the extension of wage increase and other benefits awarded ~~by the All-~~ recently to coalminers by the All-India Industrial Tribunal, to another 20,000 workers employed in the coke and tar plants.

The Committee also agreed that unpaid bonus in coal mines should be utilized for labour welfare and that suggestions to improve the present bonus scheme should be sent by employers and workers' representatives to the Government within six weeks.

The principle of workers being associated in the administration of welfare amenities was also accepted by the Committee.

It was decided that draft Standing Orders for the coal mining industry should be prepared and circulated by the Central Government ~~within~~ to employers and workers organisations within six months.

The Committee considered suggestions made by the members for improving the provision of water supply at the mines and recommended that early action be taken on schemes that may be put forward covering a single mine or groups of mines. It was suggested that the State Governments concerned should be requested to arrange for the workers' representatives on the Coal Mines Labour Welfare Fund Advisory Committee to sit on the Water Boards, if necessary.

(The Memoranda on the agenda have been sent to Geneva by surface mail under this Office Minute No. I.2/2471/56 dated 18 September 1956).

(Memoranda on the Items of the Agenda received in this Office; The Statesman, 8 and 10 August 1956).

LIST OF PRINCIPAL LAWS PROMULGATED DURING THE
PERIOD COVERED BY THE REPORT FOR SEPTEMBER 1956.

INDIA - SEPTEMBER 1956.

Chapter 1. International Labour Organisation.

States Reorganisation Act, 1956 (No. 37 of 1956).
(The Gazette of India, Extraordinary, Part II, Section 1,
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