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INTERNATIONAL LABOUR OFFICE
INDIA BRANCH

Industrial and Labour Developments in December 1956.

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

<u>Contents.</u>	<u>Pages.</u>
<u>CHAPTER 1. INTERNATIONAL LABOUR ORGANISATION.</u>	
<u>11. Political Situation and Administrative Action:</u>	
Shri Jagjivan Ram appointed New Railway Minister.	1
<u>12. Activities of External Services:</u>	1A
<u>CHAPTER 2. INTERNATIONAL AND NATIONAL ORGANISATIONS.</u>	
<u>25. Wage-Earners' Organisations:</u>	
(a) Labour and Planning Ministers Support I.N.T.U.C. Demand for Increase in Wages.	2-3
(b) I.N.T.U.C. to Support Congress Party in forthcoming General Elections: Demand for Wage Increase Reiterated: Decisions of General Council.	4-7
(c) INTUC Demand for Increase in Wages: Shri Homi Mody's Criticism.	8-9
(d) Motor Workers of North-West India Meet: Demand for Housing.	10-11
(e) Recognition of Trade Unions: Labour Minister Justifies Non-enforcement.	12-
(f) Minister's Assurances to Dock Workers: Strike Notice Withdrawn.	13-14
<u>27. Salaried Employees' Organisations:</u>	
Fifth Annual Session of the Indian Federation of Working Journalists, Lucknow, 19-20 November 1956: Delay in implementing Legislation deplored.	15-18
<u>28. Employers' Organisations:</u>	
Annual General Meeting of Associated Chambers of Commerce, Calcutta, 10 and 11 December 1956: Need for Private and Public Sectors to be Good Neighbours stressed.	19-28

<u>Contents.</u>	<u>Pages.</u>
<u>CHAPTER 3. ECONOMIC QUESTIONS.</u>	
<u>31. General Economic Situation:</u>	
Planning Commission Research Programmes during Second Five Year Plan.	- 29-30
<u>32. Public Finance and Fiscal Policy:</u>	
(a) Sharing Income Tax and Other Revenues: Finance Commissioner's Interim Recommendations accepted by Government.	- 31-32
(b) Parliament approves two Finance Bills: Super Tax and Levy on Capital Gains imposed: Deficit Financing to be reduced.	- 33-38
(c) Central Government empowered to raise Excise Duties by Notification: Lok Sabha adopts Bill.	39
<u>33. Full Employment Policy:</u>	
(a) Lay-off Compensation: Supreme Court Decision on Application of Legislation.	40
(b) Problems of Educated Unemployed: Pilot Projects approved by Planning Commission.	41-42
<u>34. Economic Planning, Control and Development:</u>	
(a) Central Assistance to Silk Industry: Loans and Grants to Four States.	- 43-44
(b) Higher Target for additional Taxation for Second Five-Year Plan: National Development Council Decisions.	- 45-46
(c) India to step up Uranium Production: Prime Minister's Statement in Parliament.	47
<u>36. Wages:</u>	
(a) Labour and Planning Ministers Support I.N.T.U.C. Demand for Increase in Wages.	48
(b) U.P.: Working of the Minimum Wages Act, 1948, during 1955.	- 49-50
(c) Madras Plantation Tribunal's Award: Wages Increases, Revised Scale of Dearness Allowance, Holidays with Wages and Gratuity awarded.	- 51-55
(d) INTUC Demand for Increase in Wages: Shri Homi Mody's Criticism.	56
(e) Gratuity for Bombay Textile Workers: Industrial Court's Decision.	57

<u>Contents.</u>	<u>Pages.</u>
<u>CHAPTER 4. PROBLEMS PECULIAR TO CERTAIN BRANCHES OF THE NATIONAL ECONOMY.</u>	
<u>41. Agriculture:</u>	
(a) Plantation Inquiry Commission's Report on Coffee: Replanting Fund suggested.	58-63
(b) West Bengal Plantations Labour Rules, 1956.	64
<u>42. Co-operation:</u>	
(a) Andhra: Annual Report on the Working of Co-operative Societies for the Year 1954-1955.	65-69
(b) Co-operative Laws to be Simplified: Minister's Statement in Lok Sabha.	70
<u>43. Handicrafts:</u>	
Mysore Khadi and Village Industries Bill, 1956.	71
<u>CHAPTER 5. WORKING CONDITIONS AND LIVING STANDARDS.</u>	
<u>50. General:</u>	
(a) Problem of Incentive in Indian Industries.	72-77
(b) Stone Quarry declared to be a Mine within the meaning of the Mines Act, 1952.	78
<u>CHAPTER 6. GENERAL RIGHTS OF WORKERS.</u>	
<u>64. Wage Protection and Labour Clauses in Employment Contracts with the Public Authorities:</u>	
(a) Payment of Wages Act, 1936, to be amended: Minister's Statement in Lok Sabha.	79
(b) Payment of Wages (Mines) Rules, 1956.	80
<u>66. Strike and Lockout Rights:</u>	
(a) Andhra Pradesh: Air Transport Industry declared to be a Public Utility Service.	81
(b) Madras: Salt Industry declared to be a Public Utility Service.	82
(c) Madras: Air Transport Services declared to be Public Utility Service.	83
<u>67. Conciliation and Arbitration:</u>	
Draft Industrial Disputes (Mysore) Rules, 1956.	84
<u>69. Co-operation and Participation of Industrial Organisations in the Social and Economic Organisations:</u>	
Labour Participation in Industry: Councils of Management to be set up.	85

<u>Contents.</u>	<u>Pages.</u>
<u>CHAPTER 7. PROBLEMS PECULIAR TO CERTAIN CATEGORIES OF WORKERS.</u>	
<u>71. Employees and Salaried Intellectual Workers:</u>	
(a) Fifth Annual Session of the Indian Federation of Working Journalists, Lucknow, 19-20 November 1956: Delay in implementing Legislation deplored.	86
(b) Draft Working Journalists (Conditions of Service) and Miscellaneous Provisions Rules, 1956.	87
(c) U.P.: Working of the Shops and Commercial Establishments Act, 1947, for the Year 1955.	88-89
<u>CHAPTER 8. MANPOWER PROBLEMS.</u>	
<u>81. Employment Situation:</u>	
(a) Employment Exchanges: Working during October 1956.	90-95
(b) Lay-Off Compensation: Supreme Court Decision on Application of Legislation.	96-97
(c) Manpower Directorate to be set up in Government of India.	98
(d) Problems of Educated Unemployed: Pilot Projects approved by Planning Commission.	99
(e) Draft Calcutta/Bombay/Madras Unregistered Dock Workers (Regulation of Employment) Scheme, 1956.	100
<u>83. Vocational Training:</u>	
Labour Ministry's Training Schemes: Progress during October 1956.	101-102
<u>CHAPTER 9. SOCIAL SECURITY.</u>	
<u>92. Legislation:</u>	
(a) Employees' State Insurance Scheme extended to certain areas in Rajasthan.	103
(b) Orissa Maternity Benefit Rules, 1956.	104
(c) Provident Fund for Plantation Labour: Amending Bill passed by Parliament.	105-107
(d) Employees' Provident Fund Scheme extended to Newspaper Establishments.	108
<u>CHAPTER 11. OCCUPATIONAL SAFETY AND HEALTH.</u>	
<u>112. Legislation, Regulations, Official Safety and Health Codes:</u>	
(a) Uttar Pradesh Boiler Attendants' Rules, 1956.	109
(b) Uttar Pradesh Economier Rules, 1956.	110
(c) Draft Coal Mines Regulations, 1956.	111
BIBLIOGRAPHY - INDIA - DECEMBER 1956.	112

CHAPTER 1. INTERNATIONAL LABOUR ORGANISATION.

INDIA - DECEMBER 1956.

11. Political Situation and Administrative Action.

Shri Jagjivan Ram appointed New Railways Minister.

Consequent upon the resignation of Shri Lal Bahadur Shastri, Shri Jagjivan Ram, has been appointed Minister for Transport and Railways.

The Ministry of Communications, which Shri Jagjivan Ram headed until now, will be taken over by Shri Raj Bahadur, Minister in the Ministry of Communications, except for the Civil Aviation Department which goes to the Minister of Legal Affairs, Shri H.V. Pataskar.

(The Statesman, 8 December 1956)

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12. Activities of External Services.

India - December 1956.

Activities, Lectures, etc.

On 4 December 1956, the Director of this Office addressed a seminar organised by the World Assembly of Youth, India at New Delhi. The subject of his talk was 'ILO and World's Youth'.

Publications.

During December 1956, 'ILO Bulletin' No.4 and 'Recent Developments in Certain Aspects of Indian Economy - III' were published by this Office.

Chapter 2. International and National
Organisations

25. Wage-Earners' Organisations.

India - December 1956.

Labour and Planning Ministers Support I.N.T.U.C.
Demand for Increase in Wages.

Speaking at Ahmedabad on 4 December 1956, at a Workers' gathering to celebrate the founder's day of the Ahmedabad Textile Labour Association, Shri G.L. Nanda, Union Minister for Planning and Shri Khandubhai K. Desai, Union Labour Minister, supported the demand of the Indian National Trade Union Congress (INTUC) for increase in wages (vide pp. 8-9 of the report of this Office for November 1956).

Shri Desai stated that the demand for wage increase was "reasonable" and it was not actuated by mere selfish interests. The production in the country had increased and it was planned to increase it further. This increase in production, he said had to be absorbed if the wheels of production were to be kept running and this could be done only by raising the purchasing capacity of millions of workers and peasants constituting nearly 90 per cent of our population.

Shri Desai said that wage increase for workers, raising of income of agriculturists and the development of cottage and village industries were integral part of the second Five-Year Plan, namely, improvement in the standard of living of the masses and building up of a strong industrial base in our country.

He said that provision for appointment of wage boards for all major industries had been made in the Plan itself, for the wage boards would examine how to allocate increased production to workers and national investment. Even if workers had not demanded a wage raise, the Government would have taken up the problem for the simple reason that the increased production had to be used for promoting the general welfare of the people at large, he said.

Shri Desai gave a "firm assurance" to industrial and agricultural workers in the country on behalf of the Government and Congress Party that "you shall have your share, of the national prosperity now and in future". He appealed to the toiling population to maintain unity and discipline among themselves and display a high sense of responsibility not only in their own interests but also in the large interests of the socialist society that was being established.

Shri Gulzarilal Nanda, also supported the "reasonable" demand for a fair deal and a living wage to labour. He regretted that not even five percent of the labour force in the country had been receiving a living wage, which was an absolute minimum for meeting the primary necessities of life.

Shri Nanda said that if the state of economy did not afford a living wage to workers, there should at least be a just distribution of whatever was available. He believed that "present distribution of increased national wealth does not give justice to the workers and this situation has to be remedied".

The Union Planning Minister said that even if the present demand for wage rise was granted to the full, there would be millions of other workers who would have to wait for a living wage. Shri Nanda refuted the argument that rise in wage bill would undermine the success of the second Five Year Plan, ~~had been~~ and said that only a part of the 18 per cent rise in national income at the end of the first Five Year Plan had been ploughed back into investment and the workers did not demand the whole of the increased wealth.

(The Indian Worker, Vol.5, No.11,
10 December 1956, pp. 1-2).

4

INTUC to Support Congress Party in forthcoming
General Elections: Demand for Wage Increase Reiterated:
Decisions of General Council.

The General Council of the Indian National Trade Union Congress (INTUC) met at Hyderabad on 16 December 1956. The meeting was inaugurated by Shri N. Sanjiva Reddy, Chief Minister, Andhra Pradesh and Shri S.R. Vasavada, President of the INTUC was in the chair. About 250 delegates attended the session.

The General Council, among other matters, adopted resolutions calling upon the working classes in the country to support the Indian National Congress in the forthcoming General Elections to be held in the spring of 1957 and reiterating its plea for an increase in wages.

Shri Sanjeeva Reddy inaugurating the meeting said the Government would safeguard the interests of labour. Industrial production could not be increased unless the Government and labour worked together.

President's address.- In his address, Shri Vasavada made a strong plea for the constitution of wage boards for increasing the wages of the working classes in the light of the 20 per cent rise in production during the last five years. He said that in the present economic condition of India, it was highly necessary that the purchasing power of the working classes should be improved. The Congress Party, after assuming power had promised to the nation that they would energetically work for raising the wages and removing under-employment. "For the last five years we (the workers) have toiled silently and strenuously without raising any demands and the time has now arrived when the Government should take concrete steps to allow the workers to have a share in the increased wealth of the nation", he said.

Shri Vasavada said that the impression created in certain sections that the INTUC had demanded only a 25 per cent increase in wages uniformly was erroneous. In the case of very low wages the increase could be cent per cent or even 200 per cent. What they were keen on was that the workers should get a fair wage and those drawing four-figure salaries need not get an increase. He assured that increase in the purchasing capacity, of the people would not result in inflation.

5

Shri Vasavada stressed the need for an industrial truce during the Plan period and said it could be achieved only if wages were raised appreciably corresponding to the increase in prices. Wage increase was also necessary to instil interest and enthusiasm among the workers so that the country could achieve ^{the} agricultural and industrial targets set in the Second Five-Year Plan.

After explaining what the attitude of workers should be in the general elections in the context of various political parties, Shri Vasavada said that events had proved that their decision to support the Congress during the last elections was wise and in the best interests of the workers. Since then the Congress had made great progress in its efforts to ameliorate the conditions of the working classes by not only introducing legislation relating to employment, insurance, provident fund and allied matters but also by adopting a socialist order as its goal. There was no political party in India today which was capable of helping the kisans and the labour. It might be that some of them wanted that the Government's measures should be speeded up for the realisation of the socialist objective. But, he was personally of the view that what was achieved by violent revolution and hurriedly would not last long. It was only by evolution and a change of heart that they could achieve lasting benefits. Therefore, he declared, "we must whole-heartedly support the Congress in the ensuing general elections, if we have the good of the country at heart and want that living standards should be increased and poverty be eradicated".

Regarding the participation of labour in the running of industries Shri Vasavada said that an Indian delegation including Shri Michael John had toured some European countries to study this question. Their report would be carefully considered by the Government of India. The Labour Minister, Shri Khandubhai Desai, had already declared that they would try to evolve an "indigenous" formula in this regard and place it before the employers. In a planned economy he said, there was not much difference between the private and the public sector as both were obliged to meet the country's demands. The participation of the workers in running the industries was prompted by a desire to give them stimulus to work. The workers should equip themselves adequately to be able to associate themselves with the management of the industries.

Shri Vasavada said that employers, both in the public and private sector, should give up their outmoded ideas of employer-employee relationship and consider themselves and the workers as servants of the people alike. He could not say that the public sector was free from the exploitation of the bureaucracy. Likewise, the private employer should abandon the practice of exploiting the workers. He assured that they would try to solve industrial disputes peacefully.

6

Resolutions.- The General Council adopted resolutions relating to wage increase, retrenchment compensation, and the coming general elections.

a) Wage Increase.- The General Council endorsed the resolution of the INTUC Working Committee (vide pp. 8-9 of the report of this Office for November 1956) demanding adequate increase in the wages of the workers employed in all the industries and undertakings in the country both in the public and private sector. The claim of working class for getting fair wages had remained unfulfilled till this day in spite of assurances of giving a fair deal including fair wages to the working class immediately after Independence through the acceptance of Industrial Truce and Industrial Policy resolutions. Even the first Five-Year Plan recommendations in respect of wages remained unimplemented.

The resolution also pointed out that the production had registered a substantial increase during the first Plan period. However, the wages had remained practically stationary at the pre-plan level, while the workers had given their best for augmenting national production. The basic aim in adopting the course of planned development was to improve conditions of life of the toiling masses. It was essential, therefore, that any increase in production and national wealth was utilised towards the fulfilment of this basic aim.

The Council urged, therefore, that there should be no delay in the appointment of National Wage Boards for the major organised industries in the country to revise and raise the wages of all classes of workers and for all classes of work at the present level of prices on the basis of the principles laid down in Fair Wages Committee report with a view to assuring them a fair wage, especially in view of the fact that the country has accepted a socialist pattern of society as the goal.

b) Retrenchment Compensation.- After considering the situation arising out of the decision of the Supreme Court in the case of the Barsi Light Railway nullifying the amendment of the Industrial Disputes Act which was intended to give retrenchment compensation to workers (vide pp. 96-97 of this Report), the Council urged the Government to take steps to set right the legal position with retrospective effect so that the original intention might not be defeated.

c) Working Class and General Elections.- The General Council noted that the important decision it took in its meeting in Bareilly on the eve of the first general elections, that of supporting the Indian National Congress, had been proved by the events to be quite correct and in the best interest of the country and the working class. The Council reiterated its conviction and faith in the same policy and called upon the working classes of the country to stand by the Indian National Congress in the coming general elections.

7

"This policy of supporting the Indian National Congress is based on the fundamental ideological unity between the Indian National Congress and the INTUC, both being inspired by the Gandhian principles of truth and non-violence. It is only natural therefore that the organisations, while making progress in their respective spheres, come closer and co-operated for their common basic objectives.

"The process has been helped by certain decisions and actions by the Indian National Congress and Congress Party Governments which are in keeping with the views expressed by the INTUC from time to time. The most important of course is the clear and categorical declaration of the national objective of socialist order of the society. After attainment of freedom and establishment of democratic government, the Congress had succeeded in restoring peace and stability in the country. Congress administrations have taken steps through planned and all-round development of a socialist order as the ultimate objective, the direction and aim of future progress is clearly and finally laid down to the satisfaction of the INTUC.

"It is evident that the INTUC has a role and that a decisive role to play in attaining this national objective. For the welfare and progress of the working classes it is essential for them to participate in this great national endeavour, of which political activity is but one aspect. As such it is their duty to take informed and active interest in the coming elections, and the INTUC has a responsibility to give them proper guidance on this issue.

"This meeting of the General Council of the INTUC therefore taking note of the consistent policy and actions of the Indian National Congress and the Congress Governments in the direction of establishing a socialist order, such as land reforms, community development movement, reform of the company law, taxation policy, uplift of rural population by promoting village and cottage industries, nationalisation of insurance, labour legislation, etc., recommends all the working classes in the country that they should whole-heartedly support the candidates of the Indian National Congress in the ensuing elections of the State Assemblies and the Parliament.

"It is needless to indicate in this context that any member of the INTUC desirous of contesting the elections, will do so only on the Congress ticket."

(The Indian Worker, Vol. 5, No. 13,
24 December 1956, pp. 1, 2, 11 and 14).

INTUC Demand for Increase in Wages: Shri Homi Mody's Criticism.

Shri Homi Mody, President, Employers' Federation of India, has, in a statement issued at Bombay on 27 November 1956, has criticised the INTUC demand for a rise in wages (vide pp. 8-9 of the report of this Office for November 1956), as "irresponsible" and the reasons adduced in favour as "unconvincing".

He said: "The President of the INTUC has issued a public statement in which he says that the increased wages which which may thus be secured "could not be regarded as static and would have to progressively go up along with the increase in national income and in productivity." In the face of this, it is difficult to understand the INTUC President's reference to the appointment of Wage Boards. Even before they are constituted, a blanket increase in wages has been demanded, and notices have been served on the Ahmedabad Millowners' Association and are about to be served on other employers.

"The demand for upgrading wages has been said to be made in order to "enthuse workers in fulfilling their onerous responsibilities in implementing the Second Plan and in the interest of industrial peace". Are we to understand that industrial peace can only be maintained by periodic demands of one sort or another, regardless of economic considerations and the substantial progress made in the improvement of the lot of industrial workers?

"During the last five or six years, labour has secured a number of benefits such as Provident Fund, retrenchment and lay-off compensation, sickness insurance and improved working conditions under the Factories Act, not to speak of some of the extraordinary concessions granted by Industrial Tribunals. Basic wages have also gone up during the period. Wage rates in a number of occupations have been improved and workers who contribute to increased productivity owing to the introduction of modern machinery have been suitably rewarded.

"Under recent agreements in the largest of our industries even concerns, making losses have to pay a fortnight's wages by way of bonus. In spite of all the insistence on a socialist pattern of society, the industrial workers' income is much higher than the national per capita income and, according to such figures as are available, factory labour gets many times the earnings of labour in the fields.

9

"What makes the present demand so much more unjustified is the fact that the whole question of wages is at present being studied by the Joint Consultative Board of Industry and Labour, on which the INTUC is adequately represented. The Union Ministry of Labour is also taking the first steps towards constituting Wage Boards for industries and is collecting all available data in regard to the wage structure in the different industries, the rate of production and the ratio of profit to the level of wages.

"No one denies that as productivity increases, profits rise and the general standard of living goes up, workers have a right to claim a fair share in the fruits of their labour, but that is something different from demanding a straight increase in wages unrelated to economic and other considerations, and I hope the time will arrive when both sides, instead of firing shots at each other from a distance, may come to realise that it is in the national interest that they sit down at a conference table and adjust their differences in a spirit of genuine understanding and respect for each other's rights and obligations."

(The Times of India, 29 November 1956).

10

Motor Workers of North-West India Meet:
Demand for Housing.

A two-day Conference of Punjab, Himachal Pradesh and Jammu and Kashmir Motor Workers' Federation was held at Jullundur recently. The Conference was attended, among others, by Shri Khandubhai K. Desai, Union Labour Minister and Shri Amarnath Vidyalankar, Punjab Labour Minister.

Shrimati Sita Devi, M.L.A., President of the Federation, in the course of her address dealt with the following important problems of workers:-

(a) Speedy implementation of Industrial Tribunal Award, and vesting Labour Inspectors and other officers with judicial powers in this respect.

(b) Building ~~up~~ a colony for Transport Workers and introducing a low-cost housing scheme for them.

(c) Security for workers employed by private operators. (By a recent agreement the State Government would ply 50 per cent routes while the other half would be shared by the private operators).

Inaugurating the Conference, Shri Khandubhai Desai, called upon the workers to get rid of "law-court mentality" and said they should keep people's interest before them. Strikes would not serve either their interest or the interest of the masses he added. Shri Desai suggested that a Conference of operators should be called for settlement of workers' grievances and to pave way for "substantial improvement all-round".

11

Several resolutions were adopted by the Conference. The Conference urged upon the Government to nationalise all transport in the State and in the existing circumstances all workers should be accommodated with the same term of conditions. No worker should be thrown out of employment.

By another resolution, separate colonies for transport workers were asked to be built under the low-income housing scheme.

The Conference called upon the State Government to amend the legislation relating to co-operative societies to check the splitting up of companies into various groups. It also urged upon the Government to amend the Industrial Disputes Act for quick disposal of disputes.

One resolution asked the Government to enforce the provident fund and health insurance scheme applicable to the transport workers of the State.

(The Indian Worker, Vol.5, No.11,
10 December 1956, page 11.)

12

Recognition of Trade Unions: Labour Minister
Justifies Non-enforcement.

The Lok Sabha had, on 10 December 1956, an half-hour discussion raised by Shri Sadan Chandra Gupta (Communist) on the non-enforcement of the Indian Trade Unions (Amendment) Act, 1947, which provided for the compulsory recognition of labour unions under certain circumstances and also for protection of labour against "unfair labour practices" by the employers.

Shri Sadan Chandra Gupta said recognition of unions was necessary for effective collective bargaining. Compulsory recognition of labour unions had, therefore, been long insisted upon by the Indian labour movement.

He added that Shri Jagjivan Ram, former Labour Minister, had said during the consideration of the Indian Trade Unions (Amendment) Bill in 1947 that the question of voluntary recognition had been given a fair trial and employers had been creating all sorts of difficulties in the way of recognizing trade unions. By not enforcing that Bill passed by Parliament, the Government had "flouted" the decision of the House.

Replying Shri Khandubhai Desai, Union Labour Minister, said that the non-enforcement of the Indian Trade Unions (Amendment) Act, 1947, had not weakened the trade union movement in the country. On the other hand, it had strengthened it.

He added that the Government had come to the conclusion that any compulsory recognition of unions would really weaken the trade union movement to a large extent.

As for the complaint that certain unions were not recognised on political considerations, Shri Desai said he had received complaints of non-recognition of unions would belonging to the Indian National Trade Union Congress, the Hind Mazdoor Sabha and the All-India Trade Union Congress. An inquiry made by him - though it was not yet complete - revealed that most of the unions which had a sound backing of the working class were recognised by the employers irrespective of their political affiliations.

Shri Desai feared if compulsory recognition was enforced, managements would sponsor their own unions and try to oust the genuine trade union movement.

(The Hindustan Times, 11 December 1956).

Minister's Assurances to Dock Workers: Strike Notice
Withdrawn.

Shri Lal Bahadur Shastri, Minister for Railways and Transport, stated in the Lok Sabha on 27 November 1956, that the threatened strike by the All-India Port and Dock Federation from 1 December 1956 has been called off, following a meeting with him last night.

A spokesman of the All-India Port and Dock Workers Federation told press on 29 November 1956, that the Federation had decided to call off the threatened strike of dock workers on 1 December 1956, following assurances given by the Union Transport Minister, Shri Lal Bahadur Shastri, in a written communication.

A resolution had been adopted by the Standing Committee of the Federation to this effect, advising affiliated unions not to go on strike as scheduled, he added.

The 12 main points of the assurances, as outlined in the resolution of the Standing Committee, cover a vast range of wage and service condition issues, including the most important assurance that the Officer on Special Duty will be asked to submit a report within six weeks on the questions of provident fund, gratuity, leave and holiday privileges, over-time pay, reduction of hours of work of night shifts and decasualization of shore workers.

Regarding local issues the Minister is reported to have assured the Federation that the port and dock employers concerned will be asked to submit their views by the end of December and the Government, after screening their reports, will refer the matter to an arbitrator or a tribunal within the first week of January 1957.

161

Among other things, the resolution points out, the Minister has conceded that the questions of arrears of pay will be decided expeditiously on merits and equity; that a joint committee of representatives of the Port Trust, stevedors, trade unions and labour inspectors will examine the piece rate complaints periodically; that the defects in the Dock Workers' Employment Act 1948, will be examined immediately; that the Calcutta dock workers, discharged under the emergency powers, will be reinstated within a month if the Chief Labour Commissioner finds that there has been miscarriage of justice, and that the question of evolving piece rates for the ports of Calcutta, Madras, Vishakapatnam and Cochin will be deferred till the defects in the Bombay scheme are removed through reference to a board of conciliation or a tribunal.

The resolution further calls upon the Government to reconsider its attitude on some other questions, such as the setting up of a wage board, granting of increased dearness allowance to the workers commensurate with the rise in prices; and stopping the Calcutta Port Commissioners from proceeding further with the draft service conduct rules.

(The Statesman, 30 November 1956).

15

27. Salaried Employees' Organisations.

India - December 1956.

Fifth Annual Session of the Indian Federation of
Working Journalists, Lucknow, 19-20 November 1956:
Delay in implementing Legislation deplored.

The fifth annual session of the Indian Federation of Working Journalists (IFWJ) was held at Lucknow on 19 and 20 November 1956; Shri S.A. Sastri, who had earlier been elected President was in the chair. The session adopted resolutions, inter alia, deploring the delay in the implementation of the Working Journalists (Conditions of Service) and Miscellaneous Provisions Act, 1956 (vide pp. 77-78 of the report of this Office for January 1956).

Inaugural address.- Inaugurating the conference, Shri K.M. Munshi, Governor of Uttar Pradesh, welcomed the efforts of the IFWJ to improve the lot of working journalists. At the same time he also noted, with gladness, that the Federation had set its face against converting the journalistic profession into a "closed shop". He said: "Though the economic aspect of your activities is as important as any other, it would be disastrous to the profession if you depart from the goal of being a voluntary institute of free journalists. In this profession, as in Napoleon's army every aspirant carries a marshal's baton. Every aspiring and brilliant journalist should therefore be left free to acquire the right to earn it".

Shri Munshi emphasised that the journalist world, unlike organised labour, could not be solely regulated by the trade union spirit. "The journalist is not a mere employee; his efforts cannot be measured by mechanical output. He is the member of a high and noble calling with a mission". He recalled the missionary role that the profession played during the struggle for freedom and added that the role had not ended. Since the country was at present engaged in the gigantic task of securing economic and social freedom of the masses.

16

Presidential address.- Shri Sastri, in the course of his presidential address, laid stress on the tragic position of the Indian newspapers, which had to depend almost entirely on the big international monopoly news agencies and which as such, were not always able to serve to their readers facts and events happening in different parts of the globe with accuracy and completeness - the more so on the occasion of a big crisis as had recently overtaken West Asia. To cure this state of affairs, Shri Sastri suggested the mobilisation of the resources of Indian press.

Referring to the state of domestic law and order in the newspaper industry, Shri Sastri said that the element of unhappiness here was unmistakable.

"I am not saying this in any mood of self-commiseration, and I am not selfishly forgetting the general level of happiness in the country as a whole. I would only plead, first, that in the economic sense, we are among the most vulnerable sections of the community, and second, that whatever depresses us depresses also the social and educative value of the newspaper we help to produce.

"Therefore, we have held that whatever affects us has peculiar social consequences, and for this reason we in the Federation have steadily worked to promote the internal health of the industry".

Stressing that time seemed to have stood still in the newspaper proprietors' world, Shri Sastri added that while the IFWJ was preparing the case to be presented to the Wage Board, it was told that the Board received half-hearted co-operation from the bigger newspapers and managements. Threats to close down newspapers were also heard.

Shri Sastri stated that from an early stage, the Federation had looked upon legislation as a part of the process of settlement by agreement, and as a way of avoiding those conflicts which had preceded agreements in other industries. "We have recognised that even the most comprehensive legislative protection leaves a large field in which employers and staff must come together and secure an agreed settlement on many issues. And so, we made an approach to the I.E.N.S. at least three years ago, and suggested a meeting to discuss problems of mutual concern and reach a settlement on them. As far as I can recall, the letter we wrote in this connection remained unacknowledged. Later, it was brought to the attention of members of the I.E.N.S. in a public statement made on behalf of our Federation. Still, there was no response. Recently, it was understood that neither the letter nor the public reminder was ever placed before the I.E.N.S. as a body.

17

"If this is true and if it implies that the I.E.N.S. is ready to meet the Federation, even a three-year old letter need not be considered obsolete. It could be made a starting point. The idea of a meeting could be easily revived and carried into effect. The Federation has left no doubt about its readiness to meet the proprietors for mutual adjustment of difficulties as they arise".

Resolutions.- The session adopted a number of resolutions; the more important of them are reviewed below.

Journalists' legislation.- The Federation welcomed the measures taken to implement the recommendations of the Press Commission and congratulated Parliament and the Government, in particular the enactment of the Working Journalists (Conditions of Service) and Miscellaneous Provisions Act, the Press and Registration of Books (Amendment) Act, the Newspapers (Price and Page) Schedule Act, even though in some details these laws do not come up to the expectations of the Press Commission.

Wage Board.- The session also welcomed the setting up of the Wage Board but deplored the obstructionist attitude of the employers to the successful functioning of the Board. It deeply regretted the attitude of the management of a journal newspaper in particular in refusing adequate facilities to one of its employees who represented working journalists on the Wage Board, even though the paper was a member of the Indian and Eastern Newspaper Society represented on the Board. In the absence of equal facilities for employers and working journalists on the Board the work of the Board was certain to be prejudiced.

Enforcement of Legislation.- The annual session regretted that though nearly a year had elapsed since the enactment of the Working Journalists (Conditions of Service) and Miscellaneous Provisions Act, rules under the Act had still not been framed with the result, employers had taken advantage of this delay and that grave hardship and denial of benefits had been caused to working journalists. It further pointed out that the provident fund scheme for newspaper establishments had still not been enforced by the Government, even though under the Working Journalists (Conditions of Service) and Miscellaneous Provisions Act, the Employees Provident Funds Act had been made applicable from 20 December 1955 to newspaper establishments and to all newspaper employees as if notifications had been issued under the original Act.

The conference also deplored the attitude of some State Governments which had been tardy in dealing with conciliation proceedings and taken shelter behind the questions of jurisdiction to shelve the responsibility in the matter of settlement of disputes of ~~working~~ working journalists.

Participation in Management.- The session, taking note of the Planning Commission's declared objective of promoting labour participation in the management of industrial units and noting with regret the unwillingness of newspaper managements to give a fair deal to their employees despite the continuing agitation of journalists, the Press Commission's findings, and Parliament's intervention to enact a law to protect working journalists; and in view of the fact that employers are taking undue advantage of the dependent position of their employees to hold out threats of retrenchment and even closure of units of the newspaper industry, called upon the Government of India to take earnest and immediate steps to secure effective participation of employees' representatives in the management of newspaper establishments, as recommended by the Press Commission.

Affiliation to International Organisations.- The Conference reiterated its firm resolve not to align itself with either of the two existing international organisations of journalists in view of its objective of solidarity among working journalists of the world.

Dual membership.- By another resolution, the IFWJ resolved that "No member of the IFWJ and its affiliated units shall be a member of any other trade union organisation of a composite nature connected with a newspaper establishment or a news agency"; and called upon those members of the organisation who were also members of other trade union bodies of the nature described heretofore to give up their dual membership and strengthen the IFWJ. Also, the conference directed members of the units of the Federation who had been associating themselves with employers' organisations like the Indian and Eastern Newspaper Society, the All India Newspaper Editors Conference, the Indian Language Papers' Association, and the Press Guild of India to sever their connections with these organisations forthwith in view of the activities of these bodies being inimical to the interests of working journalists and the contradiction in loyalties resulting from such association."

The session directed that this resolution be circulated to the units for opinion within 3 months. After this period the executive Committee of the Federation would, in the light of the views expressed, take decisions and make appropriate amendments to the Constitution.

Employment exchange.- The session directed its Secretary-General to take early steps to organise an employment exchange at the headquarters with sub-committees at the State level and a co-ordinating Committee at the centre in order to secure jobs for unemployed journalists. The conference requested employers to take advantage of this employment exchange when it was set up so as to secure for their establishments their respective requirements and to ensure the maintenance of a high standard.

Secretary-General for 1956-57.- The President of the IFWJ has nominated Shri M.K. Ramamurthy as Secretary-General of the Federation for 1956-57.

28. Employers' Organisations.

India - December 1956.

Annual General Meeting of Associated Chambers of Commerce,
Calcutta, 10 and 11 December 1956: Need for Private and
Public Sectors to be 'Good Neighbours' stressed.

The annual general meeting of the Associated Chambers of Commerce was held at Calcutta from 10 to 11 December 1956. Shri C.T. Jenkins, President of Associated Chambers, presided. Shri T.T. Krishnamachari, Union Minister for Finance, who addressed the meeting, said that the future of India was inextricably related to the Second Five-Year Plan and emphasised that the Government was determined to proceed with the Plan notwithstanding the difficulties that seemed visible at the present moment. He added that the Government had decided to reconstruct the basis and structure of the taxation system in the country and taxation would have to be linked with a broader investment policy. The Finance Minister emphasised that the Government welcomed foreign capital but the latter would have to make its own terms with indigenous capital and enterprise.

The meeting adopted resolutions, among others, on ports and transport, finance, labour, private enterprise and foreign investment in relation to the Second Five-Year Plan, the cotton textile industry and taxes on commodities.

Presidential address: Private and public sectors must work together.— In his presidential address Shri C.T. Jenkins emphasised that for the purpose of the Second Five-Year Plan a means must be found whereby private and public enterprise could work together at maximum efficiency. He pointed out that members of the Associated Chambers were fully and willingly committed to the immense effort involved in the plan. Once they had defined the limits within their mixed economy there was no reason why, he said, they should not all go forward most happily together. A large section of the heavier branches of Indian industry had always been in Government ownership and private business had always traded on amicable terms with "these good neighbours". There was no reason to suppose that the more newly-established projects would prove any less active contributors to "our mutual prosperity".

Personal taxation.— Shri Jenkins said that in the opinion of the Associated Chambers personal taxation at present rates was a major obstacle to advancement. This confiscatory taxation of earned income at the higher levels was a comparatively new thing and there had in consequence been no scientific assessment of its effect on society. Generally speaking public opinion had accepted high taxes on earned income with unwarranted complacency. By the time the suicidal nature of this confiscatory tax on productivity comes to be realised the damage might well have been done. Shri Jenkins said both in India and the United Kingdom the pressure on personal income was very great. Continuing Shri Jenkins pointed out that confiscatory taxation of earned income had only been in force for some 10 peacetime years, so that there had been little time for any social movement to gather momentum. Yet the movement was there. It had been authoritatively stated that between four and five hundred trained technicians and managers leave England every year for the lower taxed, more highly salaried, industrially expanding, Canada. An unspecified number, but stated to be a great deal larger, also leaves Britain for the U.S.A., New Zealand and Australia absorb their share. Because India was an equally high pressure tax area she receives no spontaneous flow of trained talent and it has been necessary to produce special short-term tax concessions to attract people with particular skills. He said that it was his belief that if these tax pressures continued there would be a world migration of "tax refugees" similar to those which took place during periods of religious intolerance and persecution. Continuing, Shri Jenkins added:

"There will be this difference - that the "tax refugees" is ex hypothesi a highly salaried and therefore a socially valued individual with a high rate of productivity. Any country wishing to develop which had the courage to make a substantial reduction in tax pressures would almost certainly benefit by a steady influx of highly productive immigrants."

"This world-wide tendency poses a more immediate problem from India's point of view. Unless the tax pressure in this country is eased, the same outward movement of productive people that is happening in Britain will happen here, if it is not happening already. Indians are not 'stay at home' people. They are among the world's most active emigrants and traders. Nowadays in the context of our planned industrialisation, hundreds of young men go overseas every year for training and the tendency to stay abroad when training is completed is already discernible. We can anticipate further defections of trained men as they come to realise on their return that their own country does not appreciate them and that their reward either now or in the future is less than they know from first hand experience they would get elsewhere."

Emphasising the need for an efficient system of tax collection Shri Jenkins said that no reduction in tax would be effective unless it was backed by improved measures of detection and by severe and more publicly bestowed punishments. If the reduction were so supported it was more than possible that the revenue would actually gain instead of losing.

Industrial labour.- Referring to industrial labour Shri Jenkins said, one of the deterrents to industrial expansion was the uncertain productivity of labour. He used the word "uncertain" because whereas originally it was accepted that the productivity of their workmen was low as their wages were low, they now had before them startling examples where the productivity of the Indian worker had risen by as much as 300 per cent. On the other hand, there were many factories in which productivity remained at its old level although wages had risen. This was perhaps the greatest of their problems and it was to this, and not the old game of wage claims that their union Leaders should apply themselves. Equipment and methods had a lot to do with it but they were not the deciding factor. The basic needs were mental and spiritual. Delegates to the conference on human relations recently convened at Oxford by the Duke of Edinburgh had returned with a message which could be condensed into two words - labour the world over required "leadership" and "fair play". One could perhaps define leadership as the art of giving men a sense of achievement. The modern factory gave little place for the pride of the craftsman and it therefore followed that one must substitute for this a pride in productivity. It would be found that those factories which were efficient in India today are those in which this awareness of the need for productivity had been inculcated and where the achievement of productivity was directly rewarded. "Fair play" in the shape of higher wages, he said, must follow immediately on the leadership that made labour more interested in the job and therefore more productive. This meant that

they must give considerable thought throughout industry to the institution of properly calculated scales of incentive pay based on production. Shri Jenkins pointed out that the Government, as the biggest employer of labour, must give the lead in this regard. Such incentive systems, he added, if not replace, would reduce the unhealthy interest in annual profit-sharing bonuses which had taken such a strong hold in this country in a manner without parallel elsewhere. The element of profit which resulted from the effort of the worker was always subordinate to innumerable factors over which he could have no control. Profit or loss could be influenced by anything from a convulsion of nature to a salesman's ingratiating smile. The profit-sharing bonus could give the workmen no sense of achievement, except possibly that of victory in a bargaining match with the boss. Conflict between management and labour was encouraged by bonuses and this conflict was exactly what in the context of the Plan one must avoid.

Shri Krishnamachari's address: taxation structure to be changed. - In his address, Shri T.T. Krishnamachari said that the Government had decided to reconstruct the basis and structure of the taxation system in the country. He added that the taxation would have to be linked with a broader investment policy. He said that both the public sector and the private sector would have to justify themselves by the results they achieved. They were likely to do this better if they supported and supplemented each other. To him private property was not sacrosanct. Private property and private enterprise would have to stand the test of social utility.

He hoped that the second Plan would lead to a better third Plan. Changes were being made in the Plan from time to time. The changes might seem to an outsider to have political implications. The outsider might think that these changes were merely attempts to play to the gallery. "The dividing line between carrying people with you in all that you do and playing to the gallery happens to be extremely faint.

"In a democracy we have to think of the ultimate verdict of the people at an election. We have to see that the people appreciate what we do, accept our bona fides and are willing to make sacrifices we ask them to make."

According to some, the Plan was highly ambitious, even utopian. It was intended to raise investment from 7 percent of the national income to 10 per cent at the end of the Plan period. A total investment of 62,000 million rupees had been envisaged - 38,000 million rupees in the public sector and 24,000 million rupees in the private sector. The central objective of policy was a steady enlargement of the investible pool.

Steel plants.- Shri Krishnamachari referred to the three steel plants now being set up at a cost of 4,500 million rupees, and asked if it would not be right for him to say that the creditworthiness of India should be judged from such investments and the increase in production resulting therefrom. The confidence of the people of other countries on India would depend upon its ability to produce basic materials itself from the money it was investing. India needed foreign investment because its internal resources were inadequate.

He said that the ratio of foreign capital to indigenous capital in an undertaking meant nothing, for sometimes a company could be controlled with only 20 per cent of its capital. The Government was not bound to any rigid formula in this connection. If a formula was there it would change according to the circumstances of each case.

The Government was not standing in the way of foreign capital. "Foreign capital has only one bar - acceptance of it by Indian private enterprise or, as you might prefer to say, free enterprise."

Taxation policy.- Referring to taxation policy, he said there was no such thing as optimum in this field. Taxes which were originally considered impracticable were in course of time not only accepted but even acquired respectability. Income-tax at the early stages was considered an unpardonable encroachment on the liberty of the individual. But today a country that did not impose income-tax was generally considered extremely backward. This did not, however, mean that there was no such thing as the "last straw." There was force in the argument that if the net return which enterprises got in one country was seriously out of line with the return they could get elsewhere there would be a tendency for them to migrate. But enterprises were also subject to civilizing and socialising influences and had become capable of responding to incentives other than monetary gain. The least taxed countries were not always the most developed.

The Taxation Inquiry Commission had indicated the direction in which the Government should proceed to augment the tax revenue. But there was still a wide gap in existing resources and the expenditure envisaged under the Plan. Some further attempts had therefore to be made to increase the revenue. More money could not be found by increasing the tax burden on the few but the Government could not tax the many, specially when they had so little to spare.

A large part of the Government's income came from the fixed salaried people where income-tax was deducted at source. It would not be an overestimate to say that about 95 per cent of these people paid taxes due from them. If only he could make 80 per cent of the people liable to pay taxes pay their dues, he could increase the size of the Plan by 25 per cent.

Taxation on earned income, he said, needed some overhauling. But this could not be tackled all by itself as it raised a whole lot of other questions, which must be sorted out and solved before any positive action could be taken.

The direct tax system must be on a broad basis if the revenue were to increase with as fair an incidence as possible. The taxation policy had to be linked to the broader investment policy which in turn had to be geared to the fulfilment of the Plan.

Why was it, he asked, that certain countries which were not much better off in the matter of living standards or the production potential than India but had a different socio-economic pattern were able to devote a larger part of their current output to investment? He was not, of course, thinking of copying the techniques of resource mobilisation from another socio-economic pattern but it would not do in this changing world to adopt the attitude of the ostrich.

If for his plans to reconstruct the taxation structure he was called an interventionist, he pleaded guilty to the charge. The structure could not be changed in a few months. But whatever the Government wanted to do in this connection had to be done fairly early in the Plan period.

Foreign exchange position.— Shri Krishnamachari said that the economy of the country was under various pressures and there was certain amount of incipient inflation. There was a large imbalance in the country's foreign trade and very large imports of goods had been made. This had been financed from the sterling balances. It was true that there had been an artificial contraction in the amount of money available ~~in~~ because of the State loans. It was also perhaps true that business had now expanded and wanted more finance. The contraction might also be partly due to banks not investing money for conventional purposes.

He said he had taken note of all this. Still he could not straightway go in for an expansion in the monetary area without checks and balances. In any event India could not afford to have a position similar to what obtained in West Germany and the United States of America where there was a cat and dog fight between the central banking institutions and the Government.

The foreign exchange position being what it was it had become necessary for the Government to take certain steps. But he said he would not harp on this very difficult foreign exchange position. Certain sections of the foreign Press had spoken of heavy imports of consumer goods. Those who had said this either wanted to spread the story or did not want to read the figures. India had not imported 1 per cent more of consumer goods than what was normal or necessary. The imbalance in foreign trade was being created by the imports of iron and steel, capital goods and some necessities.

Continuance of the Plan.- The Finance Minister said that if it was a question of the Plan being given up or belts being tightened he would prefer the latter. So long as inflation did not permeate the field of necessities, such as food and cloth, he would not be very much concerned.

Despite the difficult foreign exchange situation, there was no need for a scare. India had a large measure of assistance in holding the exchange position in reasonably stable conditions - not merely now but also in the near future - from the U.S.A. The assistance amounted to about 1,700 million rupees.

The country would also get substantial help in regard to the foreign exchange content of its need to develop public utilities, such as railways and ports, and also for the private sector which also needed large foreign assistance. This had made the situation somewhat easier than a month ago.

Nevertheless, there was need for careful watching and husbanding of the country's resources. The Minister was not unduly dismayed by the present international situation. The situation would not remain so for the entire Plan period.

On the question of personal taxation, Shri Krishnamachari said it was not possible for him at this stage to say much on this. This could be done only at the time of the presentation of the regular Finance Bill to Parliament in May.

He emphasised that the Plan could succeed only if the resources of the country were fully utilized. The distinction between the public and the private sectors was being overdrawn. In a country where large masses of people belonged to the category of have-nots there was a tendency of the charges against to criticise the private sector. Some of the charges against the private sector perhaps belonged to the category of witch-hunting. Nevertheless, he could not say that the private sector, except for certain sections, had realized its responsibility.

The Government's efforts to create the public sector were not merely to serve ideological ends. These ends could be served by having a private sector very rigidly controlled. The Prime Minister had often said that so long as there was a private sector there was no point in putting it in a straitjacket. They must be allowed to function freely.

The Finance Minister emphasised the importance of increasing food production. "If we are able to increase our agricultural production, more than three-fourths of our battle would have been won. Foreign exchange thus saved could be utilised to import capital goods for the Plan."

Appealing to business men to cooperate with the Government to implement the Plan, Shri Krishnamachari said: "It will not be an exaggeration to say that if the Plan failed the prospects of democracy in a large part of the world would perhaps be dimmed."

Resolutions.— The Associated Chambers of Commerce adopted, among others, resolutions on ports and transport, finance, the Companies Act, labour, private enterprise and foreign investment in relation to the second Five-Year Plan, the cotton textile industry and taxes on commodities.

Ports and transport.— The resolution on ports and transport expressed the Chamber's concern over the existing transport difficulties and re-asserted their conviction that a massive expansion of the country's transport system was a vital necessity for the success of the second Five-Year Plan. The resolution urged that greater weight should be attached to a speedy improvement and expansion of transport facilities, and in particular that:

Urgent efforts should be made to remove the present congestion at the major ports by the provision of additional mechanical equipment and the introduction of incentive schemes for labour. Since no improvement would be effective unless there were adequate facilities for clearing goods to internal destinations the communications serving the ports should be concurrently expanded to cope with a greater volume of incoming traffic.

To supplement the capacity of Bombay, the development of Kandla and Bhavnagar should be hastened, while the strain on Madras should be relieved by a more extensive use of the minor ports. To that end, the minor ports themselves, as also their internal communications, should be improved to enable them to play their full part.

Rail, road and inland waterway transport required even greater expansion than that already contemplated and required further a closer integration which would enable them effectively to supplement each other.

57

Finance.- The resolution the subject stated that the Associated Chambers of Commerce of India were concerned at the shortage of finance which was already being acutely felt in the country, both for working capital and for long-term development, and they earnestly commend to the Government the importance of adopting every sound financial measure for alleviating this shortage.

The Companies Act, 1956.- By a resolution the Associated Chambers drew attention to the difficulties which many companies had experienced in the working of the Companies Act, 1956. Although defects were inseparable from the introduction of a complicated piece of legislation of this nature, the resolution recommended that the Act having been in force for only a comparatively short time, the Government should avoid undue haste in effecting amendments, and should ensure that the experience of this and similar Associations was fully consulted before amendments were finally drafted. With this in mind, the Association was at present collecting detailed information from its constituents with regard to their experience of the Act and its working.

Labour.- The resolution on labour states: "In fulfilment of the general objects of labour policy laid down in the second Five-Year Plan, the Associated Chambers of Commerce of India are anxious to see the adoption of realistic and practical measures which will contribute materially towards achieving the economic targets set by the Plan and will at the same time reduce the possibility of large-scale dislocation caused by industrial strife. For these purposes, they consider that detailed and practical policies should be evolved in the following two main directions:

(1) "A realistic and progressive wage policy should be drawn up which, while ensuring a fair reward to labour and a fair share in the country's increasing prosperity, will provide, positive incentives by linking wages with productivity and will be consistent with the Government's overall financial policies and with the limitations of the economy as a whole. It is the responsibility of employers to provide a lead in the evolution of such a policy and the Government, as the largest employer in the country, should itself play a leading role.

(2) "With the disappearance of the revisionary power hitherto exercised by the Labour Appellate Tribunal, it has become urgently necessary to provide a code of fair labour practices and conventions for the guidance of Industrial Tribunals. Such a code of basic principles would assist in avoiding conflicting or arbitrary decisions by individual Tribunals and would at the same time go far to remove many issues, such as bonus, from the area of uncertainty and dispute."

The Second Five-Year Plan: Private enterprise and foreign investment.- The resolution on this subject stated that the Association, having already welcomed the second Five-Year Plan and having assured the Government of India of its full co-operation in the Plan, earnestly hoped that the Government for its part would find it possible to accept as vital the role that private enterprise and organised industry and commerce had to play in the fulfilment of the plan's targets, and would take all practical steps to assist these sectors of the economy in their appointed tasks.

"This Association, while realising the limitations imposed by the Government's policy statements, is encouraged by the Government's pragmatic approach to individual propositions and reasserts its belief that the Government of India will do all in its power to foster and accelerate sound plans of expansion and sound new industrial projects put forward by private enterprise.

"This Association holds that if this pragmatic approach becomes more widely demonstrated by decisions of the Government of India, it will have a profoundly good effect on the volume and variety of foreign investments likely to be offered on terms mutually acceptable to the Government of India and to the intending investors."

The cotton textile industry.- By a resolution the meeting urged the Government to allow a reasonable expansion in the productive capacity of the cotton mills sector, so as to counteract the present shortages of cloth in the hands of the consumer and also to ensure that sufficient cloth is available at economic prices to meet the increased demand expected by the end of the second Five-Year Plan period.

Taxes on commodities.- By another resolution the Chambers reiterated their opposition to taxes imposed on the movement of a number of economically important commodities by State Governments under the terms of the Assam Taxation (on goods carried by roads or inland waterways) Act and the West Bengal Taxes on Entry of Goods in Local Areas Act. The resolution recommended the withdrawal of these taxes on the ground that they constituted an unwarranted form of taxation which completely disregarded the economics of production and the incidence of other taxation, and, in particular, that at the present time they were contributing materially to a deterioration in the economy of the tea industry.

(The Amrita Bazar Patrika, 11 and 12 December 1956; 'Capital', Vol. CXXXVII-3438, 13 December 1956, page 801).

CHAPTER 3. ECONOMIC QUESTIONS.

INDIA - DECEMBER 1956.

31. General Economic Situation.

Planning Commission Research Programmes during
Second Five Year Plan.

The Research Programmes Committee of the Planning Commission has finalized the main lines of research programme to be sponsored and assisted during the Second Five Year Plan period.

The following six broad categories of subjects have been chosen by the Committee:

1. Analytical studies of macro-economic aspects of Indian economy that is, trends of national income, investment, savings, inter-sector balances, etc.

2. Studies in decentralization and industrial dispersal including problems of planning regional development, e.g., the minimum economic and social overheads necessary for ensuring decentralized development of cottage and small industries, small town development, etc.

3. Resources for development, e.g., capital formation, taxation and mobilization of small savings.

4. Analytical studies of cultural change in rural and tribal life.

5. Studies in changes in family structure - urban and rural.

6. Studies in social hierarchy and leadership (hereditary, elective, etc.).

Additional Subjects.- According to its usual procedure, the Committee will receive and examine research schemes on subjects coming under any one of the above categories. In addition to these subjects, schemes on such topics as were not covered by the studies undertaken under various categories of subjects selected for the first Plan period will be examined. Some further categories of subjects in addition to the six mentioned above for research into problems of political science and public administration will also be selected. Additions to the above list may also be made keeping in view the problems of planning as they arise.

(The Statesman, 24 November 1956).

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32. Public Finance and Fiscal Policy.

India - December 1956.

Sharing Income Tax and Other Revenues: Finance Commissioner's Interim Recommendations accepted by Government.

The Government of India has accepted the interim recommendations of the second Finance Commission headed by Shri K. Santhanam for the next financial year in regard to the distribution of income-tax, estate duty and Union excises and grants-in-aid to States for the welfare of scheduled tribes.

The Commission, which is now engaged in a reassessment of the financial position of the Central and State Governments as a result of the reorganisation of States, has made it clear that the interim recommendations should not be taken as giving any indication of its views in regard to its final recommendations. The Commission has also stated that the decisions taken by the Government on its final report should be given effect to from the next financial year and all payments made on the basis of the interim report be readjusted against the final payments.

In the interim recommendations the Commission as far as possible has sought to maintain the existing position for the various States.

According to the recommendations 55 per cent of the net proceeds of taxes on income other than corporation tax (exclusive of the proceeds attributable to Union territories or to taxes payable to Union emoluments) is to be distributed to the States by the Centre in the next financial year.

The interim recommendations and a memorandum on the action taken by the Government on the recommendations were placed on the table of the Lok Sabha on 13 December 1956 by the Finance Minister.

Income Tax.— Bombay State will get the maximum 18.91 per cent of the income-tax divisible pool. Uttar Pradesh comes second with 15.59 per cent and West Bengal third with 11.48 per cent.

Jammu and Kashmir will get the least 1.01 per cent. Other States will get as follows: (all percentage) Andhra Pradesh 8.01; Assam 2.23; Bihar 9.31; Kerala 3.67; Madhya Pradesh 5.09; Madras 7.95; Mysore 5.93; Orissa 3.46; Punjab 3.96 and Rajasthan 3.47.

The Commission has recommended that the proceeds attributable to Union territories may be taken at 1 per cent.

Estate Duty.- For the distribution of estate duty in respect of property other than agricultural land the Commission has stated that the same principle as in the case of distribution of income-tax should be followed.

Union Excises.- About the distribution of Union excises, the Commission has recommended that 40 per cent of the net proceeds of Union duties of excise on matches, tobacco and vegetable products be distributed among the States. In this distribution Uttar Pradesh will get the maximum 18 per cent following followed by Bombay 13.59 per cent and Bihar 11.04 per cent. Andhra 8.92; Assam 2.58; Kerala 3.86; Madhya Pradesh 6.17; Madras 8.54; Mysore 5.45; Orissa 4.17; Punjab 4.6; Rajasthan 4.34; West Bengal 7.49 and Jammu and Kashmir 1.25.

The Commission has also recommended that West Bengal should get 15.269 million rupees as grants-in-aid in lieu of a share of the export duty on jute and jute products. Other States will get as follows: Assam 7.500 million rupees; Bihar 7.231 million rupees and Orissa 1.500 million rupees.

Development Schemes.- In order to enable the States to meet the costs of development schemes for promoting the welfare of Scheduled Tribes the Commission has recommended grants-in-aid to be paid out of the Consolidated Fund of India as follows: Andhra 2.4 million rupees; Assam 10 million rupees; Bihar 8 million rupees; Bombay 13 million rupees; Kerala 4.1 million rupees; Madhya Pradesh 25.1 million rupees; Madras 0.5 million rupees; Mysore 4.6 million rupees; Orissa 10.7 million rupees; Bengal Punjab 16.3 million rupees; Rajasthan 11.8 million rupees; West Bengal 8.3 million rupees and Jammu and Kashmir 17.5 million rupees.

In regard to grants-in-aid to the States for the welfare of Scheduled Tribes the Commission has taken into account the assistance received by former Part C States from the Central revenues to meet their revenue deficits in the case of those States in which Part C States have been merged. For the time being without prejudice to its final recommendations, the Commission has treated the existing grants for the expansion of primary education as the existing grants for the expansion of primary education as general grants. Otherwise, the Commission has continued the existing grants with the modifications made by the State Reorganisation Act, 1956, and by the Order issued under Section 21 of the Bihar and West Bengal (Transfer of Territories) Act, 1956.

(The Statesman, 14 December 1956).

Parliament approves two Finance Bills: Super Tax and
Levy on Capital Gains imposed: Deficit Financing to
be reduced.

The Lok Sabha adopted on 12 December 1956, and the Rajya Sabha on 15 December 1956, two Finance Bills introduced by Shri T.T. Krishnamachari on 30 November 1956. The Bills provide for additional taxation measures, including super-tax and capital gains tax, estimated to yield 160 million rupees.

The Tax proposals.- The taxation proposals are contained in two Finance Bills, one amending the Indian Income-Tax Act and the other proposing a levy of excise and other duties on certain articles.

The Finance Minister announced imposition of tax on capital gains made on or after 1 April 1956. The changes which he has effected in the existing structure of the capital gains tax are as follows:- The minimum limit of 15,000 rupees which is now exempted from this tax in the case of individuals is to be reduced to 5,000 rupees. Concession is proposed to be given to persons in the lower income groups in that no capital gains tax would be chargeable if the total income including the capital gains, does not exceed 10,000 rupees.

The Finance Minister said he was also considering some concession for small people making gains by the sale of small and medium size houses.

It is also proposed that the rate of tax to be charged on capital gains should be the income tax rates applicable to the other taxable incomes of the assessee increased by one-third of the capital gains he makes in the relevant year. In the case of companies the rates of tax will be the usual income tax rate. Another important change is that the assessee has the option to have his gains worked out either on the basis of original cost or on the basis of its value on 1 January 1954.

The Finance Minister announced increase in the rates of super-tax payable by companies which declare dividends in excess of six per cent of paid-up capital.

34

For the financial year 1957-58 the rates of super-tax should be 2 annas per rupee per dividends between six per cent and ten per cent, 4 annas per rupee on dividends between 10 per cent and 18 per cent and 6 annas per rupee on dividends in excess of 18 per cent.

This third proposal related to a proper control over the depreciation and other reserves of companies. He proposed that in the case of companies, depreciation allowances and development rebates due will be added back in the computation of the income, unless a certain amount is deposited with the Government or with the Reserve Bank of India as Government might determine before 30 June of the relevant assessment year. The amount to be deposited will be partly a certain percentage of the excess of the available current profits after payment of taxes and of distribution of dividends over 100,000 rupees and partly a certain percentage of the past accumulated profits and reserves which are not represented by fixed assets in the business. It is provided that the percentages will be subject to the ceiling of 75 per cent as regards the current profits and 25 per cent as regards the past accumulated profits and reserves. It was, however, his present intention, the Finance Minister said, to fix the former at 50 per cent of the current profits only and the deposits would carry interest.

Another proposal was an increase in the rate of additional super-tax in the case of Section 23-A non-investment company from 4 annas to 6 annas in the rupee. However, to give encouragement to industrial companies to retain their profits for expansion and development the Finance Minister proposed reduction in the minimum distribution of dividends from 60 per cent to 50 per cent.

The Finance Minister announced a series of increases in customs duties. Notable among these are wines and spirits where the duties are being raised approximately from 25 to 50 per cent so as to produce about 7 million rupees annually. Another 5 million rupees are expected from increased duties on motor cycles and scooters and clocks and watches.

A second group of articles in which increases are proposed comprised items like coal tar dyes and certain types of machinery.

These changes along with withdrawal of certain concessions at present given by executive notification are expected to produce an annual yield of 18 million rupees.

The Finance Minister proposed an increase in the import duty of artificial silk yarn of 3 rupees per lb. but immediate effective rates will vary from 1 rupee 4 annas to 2 rupees per lb. according to deniers. This will yield 16 million rupees.

35

The Finance Minister also announced imposition of excise duty on indigenous art silk yarn. He proposed a ceiling rate of 1 rupee 8 annas per lb. which was being brought down by executive notification to 4 annas per lb. and 8 annas per lb., according to deniers. This is expected to yield 7 million rupees.

A low excise duty of 4 annas per lb. is being provided by notification for staple fibre and staple fibre yarn.

He proposed an excise duty of 3,000 rupees each on the more expensive types of motor cars made in India. Trucks and small cars are to be exempted from this duty. This will bring in about 8 million rupees.

It was proposed to make a substantial increase of stamp duties on the bills of exchange. This increase would be from the present flat rate of 2 annas per 1,000 rupees to 10 rupees per 1,000 rupees with proportionate reduction for bills of shorter duration. Proposals regarding customs and central excise duties will take effect immediately. Those relating to direct taxation were in respect of current profits and gains but could be assessed only in the next financial year.

Review of economic situation: Finance Minister's speech.- In the course of his speech introducing the Bills, the Finance Minister reviewed the economic situation. He recalled that when he reviewed the economic situation in September 1956, in connection with the debate on Second Five-Year Plan, his main conclusion was that while there were yet no signs of a general inflationary situation, there were vital points in the economy which were under pressure. That broadly is a correct characterisation of the present situation although the strain on the economy may well increase in the coming months because of the gathering tempo of the Plan and of the international situation. The price situation would have to be watched closely and every effort made to ensure that the pressure of demand on available supplies does not go too far. The money supply with the public and the level of bank credit outstanding are higher and it was necessary, in view of the price situation, to keep credit creation by the banking system within reasonable limits.

Foreign exchange.- Shri Krishnamachari stated: "There is, however, an aspect of the economic situation to which special attention is necessary - I mean the foreign exchange situation. Since the end of March 1956, the foreign exchange reserves held by the Reserve Bank have declined from 7,460 million rupees to 5,430 million rupees - a fall of over 2,000 million rupees. Although this decline has taken place as a result of the large imports required for the Plan, it is obvious that this rate of drawal cannot be sustained for any length of time.

"We are now fairly close to the minimum level of reserves we ought to maintain and I must tell the House and the public at large that a most determined effort to conserve and augment our foreign exchange resources is now called for. This consideration must, in my judgment, be given higher priority than the consideration regarding internal prices, although the latter is important.

"The requirements of foreign exchange for the second Five-Year Plan are proving even larger than we estimated, and it would be necessary not only to economise on imports and to increase our exports, but also, in addition, to take active steps to secure the necessary quantum of supplemental resources from abroad."

Taxation policy.- Turning to taxation policy, the Finance Minister said that it had to be determined in the light of two main considerations - (a) the requirements of the Plan, and (b) the general economic situation. As regards the former, the position needed only to be briefly stated. The Plan required mobilisation of financial resources on a scale not attempted hitherto. The Planning Commission had put forward a target of 8,500 million rupees by way of additional taxation over the five-year period. The outlay required for carrying through the development programmes incorporated in the Plan will, it was now estimated, require 4,000 million rupees to 5,000 million rupees more than the total of 48,000 million rupees envisaged in the Plan document. This was partly because some of the financial provisions in the Plan were inadequate; partly, the higher estimate reflected the increased cost on account of higher domestic or external prices. The domestic effort for raising resources would in consequence, have to be larger.

The general economic situation had also altered somewhat since the Plan was formulated. Prices had registered an almost continuous upward trend - the index was now 430 - and the danger of inflationary pressures getting the upper hand had to be safeguarded by taking steps to mop up a part of the purchasing power now with the public.

This was evidenced by the fact that the demand for food, for cloth, for steel and for cement had been rising rapidly. In a sense, the creation of new demands all along the line was of the very essence of developmental planning. An under-developed economy suffered from insufficient demand, insufficient investment opportunities and insufficient production. The vicious circle had to be broken at various points, that is, by a simultaneous expansion of demand and of production.

37

There was danger OF INFLATION when demands grew more rapidly than supplies. One part of economic policy for the Plan period was to increase production, in the short run, especially of articles of general consumption like food and cloth; the other part was an appropriate tax policy aimed at regulating the flow of purchasing power so as to ensure that development proceeds under conditions of economic stability.

In the last session of Parliament the excise duty on cloth was raised with a view to checking a situation of developing scarcity and consequent windfall profits for producers or traders. The time had now come for some increase in direct taxation which would on the one hand restrain non-priority spending and on the other afford some corrective to inequalities of income and wealth. This was the two-fold objective behind the proposals now being made.

Shri Krishnamachari, continuing said that the Indian tax system had got into a settled groove and if a development programme of the magnitude of the Second Five-Year Plan was to be carried out, the tax system had to be made more elastic. A straight forward increase in the rates of direct taxation would yield poor results. It was necessary, therefore, now to increase the coverage of taxation by reaching a class of incomes which had hitherto been kept out of the purview of income taxation - capital gains.

The Finance Minister then announced his taxation proposals.

Reduction in deficit financing.- Concluding the Finance Minister said that these measures had to be judged not only from the point of view of their immediate yield but also in the light of the requirements by way of financial resources for the period of the Plan. The budgets of the Central and the State Governments this year showed a deficit of over 4,000 million rupees for financing a Plan outlay of about 8,000 million rupees. The extent of deficit financing had from now on to be progressively reduced, if prices were to be prevented from going up further and creating fresh difficulties through increased pressures for higher wages and increased costs all round. The full yield of some of the measures mentioned above would accrue only gradually; but this only meant that the earlier the task was begun the better it was from the point of view of the overall stepping up of investment which was proposed not only during the second Plan period but for several plan periods to come.

Concession to middle classes.- While the Bills were being debated upon, the Finance Minister announced on 5 December 1956, that the Government would bring forward an amendment to the Finance Bill to grant concession in regard to capital gains tax in respect of middle-class people who sell one house they possessed or sell one of the two houses owned by them. He said: "If a person sells his house for which he realised 25,000 rupees, we shall not assess the capital gains tax earned thereon, provided he is a person who does not own probably more than two houses or does not, at any rate, have a house of the value of 50,000 rupees in the aggregate."

The Finance Minister made it clear in his replies to the debate in the Lok Sabha and the Rajya Sabha that it would be wrong to imagine that deficit financing was being given up. Some members seemed to think so. Deficit financing was now the sheet-anchor of the Plan though it was realised that it should be used with great care.

(The Hindustan Times, 1, 6, 13 and
16 December 1956;

The Gazette of India, Extraordinary,
Part II, Section 2, dated 30 November 1956,
pp. 1037-1055).

Central Government empowered to raise Excise Duties
by Notification: Lok Sabha adopts Bill.

The Lok Sabha adopted on 19 December 1956, the Central Excises and Salt (Second Amendment) Bill giving the Government the power to raise excise duties by notification upto a maximum of 50 per cent, for a period of one year.

According to the statement of objects and reasons appended to the Bill, in the present price situation, it may be necessary both for encouraging exports and for mopping off excessive profits to make quick changes in excise duties. Where excise duties are raised, the import duties will also be increased correspondingly. The notification so issued will be placed before Parliament for subsequent approval.

(The Gazette of India, Extraordinary,
Part II, Section 2, -17 December 1956,
pp. 1173-1195;

The Hindustan Times, 20 December 1956)

33. Full Employment Policy.

India - December 1956.

Lay-Off Compensation: Supreme Court Decision on
Application of Legislation.

The Constitution Bench of the Supreme Court on 27 November 1956, allowed two appeals preferred by the Barsi Light Railway Company Ltd., Bombay, and Shree Dinesh Mills Ltd., Baroda, and held that both the appellants were not liable to pay any compensation under the Industrial Disputes Act, 1947, to their erstwhile workmen, who were not retrenched within the meaning of that expression under Section 25-F of the Act.

(For details, please see pp. 96-97 of this Report).

141

Problems of Educated Unemployed: Pilot Projects
approved by Planning Commission.

The Planning Commission, at its meeting on 11 September 1956, approved a number of pilot projects for the educated unemployed, in the context of the report of the Study Group on Educated Unemployed (vide pp. 21-27 of the report of this Office for January 1956).

Training.- The main suggestion made by the Economic Secretaries was that the training programmes sponsored under the special schemes for the educated unemployed should be devetailed into the existing plans of the concerned Ministries. It would not be worthwhile to incur expenditure on training programmes without any relation to approved schemes. Even though it might not be practicable to provide jobs to all those who had undergone training, the objective of the absorption of trainees should always be kept in mind. In this connection it was suggested that training in building truck bodies and wagon building will be of immediate use.

The efficiency of the preliminary training was considered to be important. The training course might even extend over a period of 12 months, a portion of which would be spent in getting acquainted with the specific machines. The proportion of the periods of preliminary training and in-service training should be adjusted according to the schemes for which the persons were being trained.

It was considered that the most fruitful way of utilising the allocation of 50 million rupees would be to expand the existing training facilities for mechanics etc. Such training programmes were particularly necessary in view of the reported shortage of trained personnel for the bigger projects contemplated under the Plan. There were already some schemes in the Labour Ministry for this purpose. If after using the funds for these schemes, additional allocation were needed for stipends and to meet the cost of organising additional training facilities, the matter could be considered later. The aim should be to provide training for about 10,000 educated persons over and above the number already envisaged. Training could be arranged in existing training centres, Railway workshops, Private Industrial establishments etc. to the extent of their un-utilised training capacity.

Production centres for small scale industries.- It was considered that the Ministry of Commerce and Industry might proceed with the establishment of the production Centres from the allotment made for small scale industries. Two centres were proposed to be started in Travancore-Cochin; it was suggested that a third one might be started in West Bengal. The training of personnel for these production centres will be undertaken by the Ministry of Labour.

It was considered that some training and pilot schemes would be needed to facilitate the absorption of educated persons in small scale industries. This could be organised in cooperation with the Labour Ministry.

Co-operative Goods Transport Scheme.- The Co-operative Goods Transport Scheme was approved in principle as it was expected that the scheme would be useful in so far as it would relieve transport difficulties. In operating the scheme it was necessary to see that proper coordination was effected through the Ministry of Transport. The agency for implementing the schemes should be the State Governments. There was no need to insist on matching contribution from the State Governments but for better utilisation of available funds States should be asked to give preference to such Co-operative Transport Societies as could contribute a portion of the capital.

Allocation for Current Year.- It was agreed that for the current year, the following allocations might be made from the provision of 50 million rupees in the Plan for special schemes for educated unemployed:

	<u>Rupees.</u>
Expansion of existing training facilities and provision of fresh facilities in Railways workshops, private industrial establishments, etc.	3,000,000
Training and pilot schemes for small scale industries.	2,000,000
Co-operative Goods Transport.	5,000,000

It was agreed that the function of the Study Group which was set up in September 1955, was now over and that further study of the problem might be undertaken in the Ministry of Labour. In order to keep the problem of educated unemployed under constant study, the Ministry of Labour might set up a Committee with representatives of the Ministries of Labour, the employing Ministries, the Ministries of Finance and Education and the Planning Commission.

University Employment Bureau.- It was considered that the University Employment Bureaus should work independently of the National Employment Bureau. With this modification, the scheme might be forwarded to the University Grants Commission for obtaining the views of the Universities.

(Summary Record of the Meeting of the Planning Commission held on 11 September 1956, made available to this Office)

34. Economic Planning, Control and Development.

India - December 1956.

Central Assistance to Silk Industry: Loans and Grants to Four States.

The Government of India has approved schemes for the development of the silk industry in four States - West Bengal, Bihar, Assam and Orissa.

The schemes provide, among others, for the establishment of nursery and basic seed supply stations, training in improved methods of rearing and reeling and inter-State study tours.

The Union Ministry of Production has sanctioned loans and grants totalling over 0.563 million rupees to the four States for the implementation of the schemes.

A hill nursery is to be established at Kalimpong for rearing foreign races of silk worm. A sum of 107,500 rupees has been sanctioned for West Bengal for the purpose.

In addition to the existing unit in Malda district, two more units, one at Saktipur (Murshidabad) and the other at Hot-Dhantala (Malda) are to be set up during the current financial year to popularize improved methods of silk worm rearing. A scheme for proper storing and hiring of moutages is also to be implemented.

To enable sericulturists of one State to know the methods adopted in other States in mulberry cultivation, rearing, grainage and reeling, inter-State tours are to be organised. Fourteen sericulturists of West Bengal are to be deputed to tour Mysore and Madras for the study of mulberry cultivation and silk worm rearing. Grants have been provided to the West Bengal Government for implementing these schemes.

A loan of 50,000 rupees has also been sanctioned to the State for being distributed to mulberry cultivators for the purchase of manures and for providing irrigational facilities.

A sum of about 126,000 rupees has been sanctioned for Bihar for the establishment of a basic tassar seed supply station. A scheme to establish 20 eri-rearing demonstration centres and reorganize the present stations for the supply of eri silk-worm seeds in the State is to be implemented soon.

A sum of 161,685 rupees as grants and 20,000 rupees as loan have been sanctioned for Assam. The grants are to be utilized for the establishment of a muga seed farm, three sericultural farms, three eri seed grainages, extension of the existing ten sericultural farms and four grainages and expansion of the research station at Titabar. The station conducts research on eri and muga silk.

Orissa gets three grants amounting to about 30,000 rupees for establishing a tassar seed station and an eri seed station, for providing subsidy for improved appliances and for training of officers and study tours.

(The Hindustan Times, 4 December 1956).

Higher Target for additional Taxation for Second Five-Year Plan: National Development Council Decisions.

The National Development Council, composed of the Chief Ministers of States with the Prime Minister as Chairman, at its meeting at New Delhi on 8 and 9 December 1956, decided to raise the target for additional taxation during the Second Plan period and to lower the level of deficit contemplated earlier.

Although no figure was mentioned in the official release on the Council's decision, it was learnt that the increase proposed in additional taxation is 1,000 million rupees for the next year. Of this 500 million rupees will be raised by the Centre and the other 500 million rupees by the States. This is indirectly confirmed by the language in which the Council's decision to fix the outlay on the Plan during 1957-58 at 9,000 million rupees is announced.

The proposed outlay for the next year is 1,000 million rupees more than that in the current year and the release says: "The Council agreed that the Central and State Governments would undertake additional taxation" so as to make this outlay possible.

As regards deficit financing, whose limit was previously fixed at 12,000 million rupees, the view seems to be that deficit financing to the extent of 2,500 million rupees per year may be safe for the first three years, but subsequently there will be great inflationary pressures on the economy.

The Council laid the "greatest stress" on achieving an early and substantial increase in agriculture production, particularly the production of foodgrains. The importance of measures to increase exports, cut down non-essential imports and earn more foreign exchange was also emphasised.

A review of the development plans of 1956-57, revealed that mainly on account of States reorganisation the actual outlay was likely to fall short of the outlay of 4,000 million rupees in the States envisaged by the Plan.

In this connection, it was acknowledged that in some cases States found it difficult to mobilise the "matching contributions" required for certain schemes of assistance by the Central Ministries. The Planning Commission was asked to review the present position.

In the course of a discussion on the problem of manpower, it was generally agreed that the services of trained scientific and technical personnel should be utilised beyond the present retirement age, subject to fitness and health of the individual. The matter will be examined later.

The Council also decided that sales taxes levied in the States on mill-made textiles, tobacco and sugar should be replaced by a surcharge on Central Excise duties on these articles. The income derived from the surcharge will be distributed among the States on the basis of consumption, subject to the present income derived by the States being assured. The method of sharing and distribution will be referred to the Finance Commission.

It was also decided that a tax at a uniform rate should be levied on articles such as automobiles and radio sets. The Finance Minister has been asked to work out a suitable scheme.

A proposal to include foodgrains, fertilisers and edible oil in the list of goods to be declared of special importance in inter-State trade under the Central Sales Tax Bill was considered and the Council decided to examine it later.

Meanwhile, it was agreed that the prices of foodgrains being of utmost importance, any State desirous of altering the rates of sales tax on foodgrains should do so only in consultation with the Central Government and its zonal council.

The Council also considered suggestions made by the Finance Ministry for improving the emoluments of the low-paid Government servants in State cadres and in the employment of local bodies. Apart from increases in emoluments, attention was also drawn to the need for providing amenities for low-paid Government servants such as facilities for education and health. It was recognised that the possible effects of increase in non-development expenditure on the Plan and the fact that after reorganisation, in some cases, even within the same State, there were different levels of pay scales, were aspects which needed careful study. The subject would be considered further in consultation with the States.

The Council considered briefly the Finance Ministry's suggestions for providing insurance cover to class III and class IV employees of the Central and State Governments and agreed that the proposals should be studied further.

(The Statesman, 9 and 10 December 1956).

India to step up Uranium Production: Prime Minister's Statement in Parliament.

Shri Jawaharlal Nehru, Prime Minister of India, in a statement laid on the table of the Lok Sabha on 22 November 1956, on the activities of the Department of Atomic Energy in Bombay during 1956, said that the Government of India had finalised proposals to step up the pace of uranium development and mining in the country. The staff of the Raw Materials Division had been considerably augmented so as to bring the Division in line with the Geological Survey of India.

The Government, the statement said had taken note of the urgent need for India to be self-sufficient in uranium production in the context of the latest developments in the international field.

The statement added that considerable progress had been made in the work relating to the setting up of the Canada-India reactor at Trombay. This reactor was expected to go into operation by 1958. It would be a very powerful reactor tool and would enable India to undertake advanced engineering research and material testing connected with more advanced types of power reactors.

In order to meet the demand of thorium, the capacity of the monazite processing plant at Alwaye was being doubled.

Plant and machinery for the proposed uranium processing plant was being ordered and it was likely to go into operation in 18 months.

The capacity of the thorium-uranium plant at Trombay had been increased fivefold in order to fulfil commitments in respect of the supply of thorium nitrate and also to feed the proposed uranium processing plant.

The pilot plant for the extraction of uranium ore from the copper tailings of the Indian Copper Corporation being set up at Ghatsila in collaboration with the Corporation was nearing completion and was likely to go into operation by March 1957.

(The Statesman, 23 November 1956).

36. Wages.

India - December 1956.

Labour and Planning Ministers Support I.N.T.U.C .
Demand for Increase in Wages.

Speaking at Ahmedabad on 4 December 1956, at a workers' gathering to celebrate the founder's day of the Ahmedabad Textile Labour Association, Shri G.L. Nanda, Union Minister for Planning and Shri Khandubhai K. Desai, Union Labour Minister, supported the demand of the Indian National Trade Union Congress (INTUC) for increase in wages (vide pp. 8-9 of the report of this Office for November 1956).

For details, please see pp. 2 - 3 of this Report.

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49

U.P.: Working of the Minimum Wages Act, 1948, during
1955.

Employments covered.- Minimum rates of wages have been fixed in this State in the following employments:-

- (1) Employment in Rice, Flour and Dal Mills.
- (2) Employment in Tobacco (including bidi making) manufactories.
- (3) Employment in Plantation, i.e., estates maintained for the purpose of growing cinchona, rubber, tea and coffee in Dehra Dun District only.
- (4) Employment in Oil Mills.
- (5) Employment in Lac Manufactory.
- (6) Employment in Road Construction and Building Operation.
- (7) Employment in Stone Breaking and Stone Crushing.
- (8) Employment in Public Motor Transport.
- (9) Employment in Tanneries and Leather Manufactory.
- (10) Employment in local authority.
- (11) Employment in agricultural farms on all cultivations in the districts of Banda, Hamirpur, Jalaun, Bara Banki, Faizabad, Azamgarh, Balia, Ghazipur, Jaunpur, Sultanpur, Pratapgarh, and Rae Bareilly and on farms of 50 acres and above in the remaining districts of the State except Naini Tal, Almora, Garhwal and Tehri Garhwal.

Minimum rates of wages have not been fixed in the State in plantations in the districts of Almora, Garhwal and Naini Tal and in employment in woollen carpet making or shawl weaving establishments. Steps are being taken to fix the minimum rates of wages in these employments shortly. Mica works do not exist in the State and so the minimum wages have not been fixed in this industry also.

No new employments were added to the schedule during the year under review, and also no exemptions were granted under section 26 of the Act.

Wage Rates fixed.- Neither minimum rates of wages were fixed in any employment nor the minimum rates of wages were revised during the year under review. The prevalent minimum rates of wages fixed are as follows: Industrial employment except local authority - (1) For adult workers over 18 years of age - 26 rupees per month of 26 working days where payment is on monthly basis, and (2) Otherwise 1 rupee per day. Agricultural employment - (1) For adult workers over 18 years of age - 1 rupee per day or 26 rupees per mensem. (2) For a child i.e. a person below 18 years of age - Annas ten per day or 16 rupees 4 annas per mensem. Different minimum rates of wages have been fixed for different classes of local authorities. The minimum rates of wages can be paid in cash or in kind and partly in cash and partly in kind.

Enforcement.- There had been no change in the enforcement machinery during the first half of the year. Fifteen whole-time Wage Inspectors assisted by seven Wage Assistants, continued to look to the enforcement work in the industrial employments and three Junior Wage Inspectors in the agricultural side. With a view to obtain greater efficiency in the administration of the various labour Acts and to effect economy in the administration of labour laws the State Government enforced the scheme of pooling of inspectorate.

During the period under review the labour inspectors posted in different towns of the State made 10,979 inspections in the scheduled employments. One hundred and thirty-one Inspections were also made by the officers posted at the headquarters and 2,892 by the wage assistants. During these inspections 2,787 new employments employing 43,726 workers were covered.

The figures of contravention of the various provisions of the Act and Rules noted by the Inspectors are noted below:

Breaches of section 12 read with rule 21. -----	413
Breaches of section 13 read with rule 23. -----	1,805
Breaches of section 13 read with rule 24. -----	620
Breaches of section 18 read with rule 26. -----	4,379

The details of the prosecutions launched and decided during the year are given below:-

Cases brought forward from previous years. -----	11
Prosecutions launched during the year. -----	11
Total.	22
Cases decided by the Courts. -----	26
Convictions. -----	19
Acquittals. -----	6
Consigned to records. -----	1
Amount of fine realized. -----	Rs. 1,175
Pending at the close of the year. -----	2

Three hundred and six complaints were received and properly dealt with by the labour inspectors during the year under review.

(Labour Bulletin (Published by the Labour Department, Uttar Pradesh), Vol. XVI, No. 5, May 1956, pp. 12-14).

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1. For details of the Scheme, please see pp. 46-49 of this Report.

Madras Plantation Tribunal's Award: Wages Increases, Revised Scale of Dearness Allowance, Holidays with Wages and Gratuity awarded.

The Government of Madras published on 24 October 1956 the award of the Special Industrial Tribunal for Plantations, Coimbatore, in the dispute between the workers and the mangements in 228 plantation estates in the districts of Nilgiris, Malabar, Coimbatore, Salem, Madurai and Tirunelveli in Madras State. On 24 March 1952 the Government of Madras referred this dispute to the Industrial Tribunal for adjudication. Since then and up to the time of the award, there had been three changes in the Tribunal. On 25 March 1952, that is, the day after the reference of the dispute to the Tribunal, the State Gazette carried an order of the Madras Government fixing the daily wages of the labour employed on plantations as follows: Grade I, 1 rupee 5 annas; Grade II, 1 rupee; and child, 10 annas and 6 pies. Meanwhile, in January 1954, the Government had directed the then Industrial Tribunal to make an award on the issue of "payment of an interim wage increase", and this award was given on the 16 May 1954 in the following terms:

Grade I - increase from 1 rupee 5 annas to 1 rupee 9 annas; Grade II - increase from 1 rupee to 1 rupee 1 anna; and child - increase from 10 annas 6 pies to 11 annas.

The Special Industrial Tribunal who was appointed on 18 January 1955 and who has given the award now had the following main issues to deal with:

Issues in respect of the staff: (1) Fixation of scales of pay for all grades; (2) revision of dearness allowance and merging of a part of it with basic salary; (3) provident fund; (4) payment travelling allowance to staff.

Issues in respect of workers: (1) Fixation of wages for field workers, kole maistries, factory workers and pluckers; (2) way expenses; (3) supply of two cumblies every year to every worker; (4) supply of jute cloth to the pluckers; (5) confirmation of artisan workers such as carpenters, smiths, etc., and classifying them as workers in the factory check-roll; (6) holidays with wages and leave facilities; (7) work for six days in a week or fixation of minimum wages for the week; (8) supply of one-quarter lb. of manufactured tea per week to the workers; (9) terms of employment of the maistries.

Issues in respect of both workers and staff: (1) Gratuity; (2) payment of an interim wage increase.

The question whether retrospective effect should be given to the new rates of wages and new scales of pay, if any, and if so, from which date retrospective effect should be given in respect of the same, was framed later as an additional issue.

The vast majority of the managements under reference were members of the South India Estate Labour Relations Organisation (and later the United Planters' Association of Southern India) who represented them, and the vast majority of the workers and staff were members of various unions which were also represented.

Wage Increase to Labour.- The Tribunal elaborately details the contentions of the staff and workers in respect of the various issues, the contentions of the managements and the rejoinders of the former, and records the various evidence tendered in this connection. The issue regarding basic wage to workers is the first one taken up by the Tribunal. In this, the Tribunal deals with the profit position of the 42 companies representing the major part of the 228 estates under reference. After giving anxious consideration to the requirements of the worker and the paramount interests of the industry, the Tribunal fixes "a rate which is reasonable, namely, 12 annas above the rate of 1 rupee which the lowest-paid worker in the plantation is now receiving". The lowest paid worker (second grade) is already getting 1 rupee 1 anna under the interim award. Therefore, the fixation of 1 rupee 12 annas for this grade of worker represents an increase of 11 annas over the present wage. The first grade worker is awarded an increase of wage from 1 rupee 7 annas to 2 rupees 4 annas, or 13 annas. In making this award, the Tribunal refers to the monthly minimum wage of a worker in the sugar mills in the Bombay State, namely, 52 rupees, whether male or female. If the male worker in the sugar mills and his wife are both earning, they get a minimum monthly wage of 104 rupees. The monthly earnings of the plantation worker and his wife also comes to 104 rupees on this calculation; the Tribunal considers that this is a "fair wage".

Estate Staff Salary Scales.- The award next deals with some of the issues relating to estate staff. It says that it is common knowledge that the members of the staff are of middle-class families and the standard of living of this class is higher than the working class. It goes on to deal with the results of the various family income and expenditure surveys and the evidence of various witnesses examined in this connection. In 1948, the employers and the staff union had agreed on a set of scales of pay for estate staff. Staff were classified under junior, senior and selection grades. The scale of pay of the lowest grade junior staff is shown as Rs.30-35-3-50 and the scale for the highest selection grade staff is shown as Rs. 250-20-350.

The Tribunal, after dealing exhaustively with various awards and after recording the evidence before it, comes to the conclusion that the starting pay of the staff should be such as to provide for 2.25 consumption units at the rate of 31 rupees 1 anna and 3 pies for one consumption unit. This amounts to 60 rupees 14 annas and 10 pies. This would be the minimum, without providing for any allowance such as hill allowance or education allowance or the cost of warm clothing and without taking into account the cost of living index as the base. The Tribunal adds 5 rupees 1 anna and 2 pies to this figure as a minimum necessary allowance for meeting various expenditure, excluding hill allowance or education allowance. Then a further sum of 10 rupees is added, making the total 85 rupees, for meeting, to some extent, at least, the requirements of (1) education of children, (2) essential expenses such as special clothing, etc. Thus, the Tribunal fixes 85 rupees as the starting fair wage of the lowest grade staff junior staff.

From this point, the Tribunal fixes three new scales of pay, namely, 85 rupees rising to 235 rupees in the case of the junior grade staff, 110 rupees rising to 310 rupees in the case of the senior grade staff, and 260 rupees rising to 475 rupees for selection grades. The manner in which staff should be fitted into the new scales, having regard to the length of their service, is also laid down by the Tribunal.

Dearness Allowance.- The Tribunal has also revised the scale of dearness allowance to staff. The rates awarded are on the following slab basis:

For the first 100 rupees of pay, dearness allowance 70 rupees, thereafter in the slab between 100 rupees and 150 rupees, 65 per cent of basic pay, thereafter in the slab between 150 rupees and 200 rupees, 60 per cent of basic pay, and thereafter in the slab over 200 rupees, 50 per cent of the basic pay.

In awarding the increased rates, the Tribunal observes that the Dearness Allowance now paid by the employers has been pegged at 260 points in the cost of living index, with the result that there is no scope for increase.

The Tribunal also declared that it is just and equitable to grant retrospective effect to the new scales of pay and Dearness Allowance and also to the new rates of wages awarded to the workers from a date prior to passing this award. These are therefore awarded with retrospective effect from the date of reference to the dispute to the Tribunal, namely, the 24 March 1952. The payments of difference between the old and new scales of pay and the old and new scales of Dearness Allowance, respectively, to the staff shall be paid within a week from the date when the award comes into operation; and, in the case of workers, within two weeks after the date when the award comes into operation.

Retirement Age.- The Tribunal has fixed retirement age of staff at 55 years, subject to the right of the management to continue the services of any of the members of the staff beyond that limit. (At present, the normal retirement age is 55, but, in special circumstances, staff may be continued in service up to 58). The retirement age of workers is fixed at 60.

Provident Fund.- The Tribunal records that from figures available it is seen that only a very small number of estate staff is not covered by any provident fund scheme. Contributions to the existing funds range between 6 1/4 per cent and 15 per cent. The Tribunal has awarded that, where there is no provident fund scheme in force, the managements shall introduce a scheme to take effect from 1 April 1952. Both the employers' and the employees' contributions should take effect from 1 April 1952 whatever be the date when the provident fund scheme will be introduced after the passing of the award, but such estates shall introduce the scheme within one month from the date of publication of the award. In respect of those estates where a provident fund scheme has been introduced before this award but after the 1 April 1952 the employees and managements shall contribute such sums which they would have contributed if the same scheme had commenced in their estates from the 1 April 1952. An employee shall be at liberty to contribute up to a maximum of 10 per cent of his basic pay per month and the employer shall make an equal contribution.

Pre-Provident Fund Service Compensation.- Dealing with the case of employees who have put in long years of service prior to the introduction of the provident fund scheme in the estates under reference, the Tribunal has directed managements to pay compensation on the following basis:
(1) For every completed year of service by the employee, prior to 1 April 1952, compensation shall be paid at the rate of half of the monthly basic pay. That basic pay shall be the one which he would have normally drawn on 31 March 1952.
(2) So far as the period after 1 April 1952 is concerned, both the employer and the employee shall contribute such amounts which they would have contributed if the scheme had been in force on the 1 April 1952.

Gratuity.- The Tribunal considers that, taking into account the financial stability of the industry and other factors, the industry can easily bear the burden of a gratuity scheme. It awards the following schemes:-

(1) On the death of a worker while in the service of the estate or company, or on his other physical or mental disability to continue further in service - One month's wages for each year of continuous service subject to a maximum of 20 months' basic wages.

(2) On retirement or resignation of a worker, after 20 years of continuous service - 20 months' wages.

(3) On termination of services by the management after completion of 10 years of continuous service with the estate - One month's basic wage for each completed year of service but not exceeding 10 months' basic wages.

(4) On termination of service by the management after completion of five years' continuous service but less than 10 years' continuous service with the estate - Half month's basic wage for each completed year of service and for part of a year provided it exceeds six months.

(1) On the death of an employee in the estate, while in service of the estate or on his becoming physically or mentally incapable of further service in the estate - One month's basic salary for each completed year of service, subject to a maximum of 15 months' salary.

(2) On retirement or voluntary resignation of the employee after 15 years of continuous service in the estate - 15 months' basic salary.

(3) On the termination of service by the management or after 10 years of continuous service - Three-fourth of a month's salary for every completed year of service subject to a maximum of 15 months' salary.

(4) On termination of service by the management or the estate after completion of five years of continuous service in the estate but less than 10 years - Half of a month's basic salary for every completed year of service.

Holidays with Wages.- The Tribunal has also awarded five holidays with wages annually (May Day, Deepavali, Pongal, Christmas and Ramzan), as against two paid holidays granted at present. It has also awarded annual leave way expenses both ways not only for the workers but also for his wife and children. For the staff, the holiday travelling allowance will be at the rate of 16 pias per mile from the estate to his registered home address; a member will be entitled to this allowance not only for himself but also for his wife and children. Other benefits conferred on the workers include free tea at the rate of 1/4 lb. per week and two blankets per year per worker.

(Supplement to Part I of the Fort St. George Gazette, 24 October 1956, pp. 1-98).

INTUC Demand for Increase in Wages: Shri Homi Mody's
Criticism.

Shri Homi Mody, President, Employers' Federation of India, has, in a statement issued at Bombay on 27 November 1956, has criticised the INTUC demand for a rise in wages (vide pp. 8-9 of the report of this Office for November 1956), as "irresponsible" and the reasons adduced in favour as "unconvincing".

For details, please see pp. 8-9 of this Report.

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

Textile workers of Bombay will receive gratuity up to a maximum of 15 months' basic wages, according to a decision given by the Industrial Court on 29 November 1956.

The INTUC led Rashtriya Mill Mazdoor Sangh in their representation had demanded that every worker should get one month's wages, inclusive of dearness allowance and other allowances for every completed year of service without any conditions attached to the same.

The textile workers, according to the decision, would get the gratuity in case of being mentally or physically incapacitated for further service or on voluntary retirement or resignation of an employee after 15 years' continuous service.

On termination of service by the mill after ten years' continuous service, but less than 15 years, the employees would be entitled to receive three-fourths of a month's basic wages for each completed year before coming into force of the Provident Fund Act 1952, and half a month's basic wages for each completed year thereafter. They would receive the full gratuity if their services were to be terminated after 15 years' service.

According to the decision, the basic wages for calculation of gratuity would be the average of the basic wage payable to a worker during the last 12 months of service.

The court also decided that for purposes of reckoning continuous service breaks in service not exceeding six months should be condoned, but the period or periods of such breaks should not be included in calculating the number of years of continuous service. Service for the purpose of gratuity should include service under the previous management, whether in the particular mill or a sister concern under the same management, the court ruled.

The court ruled that no gratuity would be payable to an employee who was dismissed for misconduct. The award would have retrospective effect from 22 November 1954.

(The Times of India, 1 December 1956).

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

INDIA - DECEMBER 1956.

41. Agriculture.

Plantation Inquiry Commission's Report on Coffee:
Replanting Fund suggested.

The Plantation Inquiry Commission, in its Second report dealing with coffee industry, has recommended the creation of a coffee replanting fund to which each estate, of 25 acres and above, should be required to contribute a fixed amount of money. The fund should be used for the specific purpose of financing a programme of replanting.

The Commission has already submitted its report on tea (vide page 62 of the report of this Office for September 1956), while a third one on rubber is yet to be submitted.

Main recommendations.- The main suggestions of the Commission in respect of coffee are: (1) the creation of replanting fund to which every estate of 25 acres and above should contribute a fixed sum; (2) regulation of area under coffee according to the needs of production; (3) establishment of a warehousing corporation to take over from pool agents all functions connected with marketing of coffee, except the curing of coffee; (4) fixation by an independent expert body of the price to be paid to the producer; (5) the handling of export trade in coffee directly by the Coffee Board; (6) rational distribution of profit; (7) levy of countervailing export duty equal to the Central excise duty; (8) adjustment of excise duty on different types of coffee according to their market value; (9) collection of sales tax by the Centre; and (10) the formation of joint farming co-operative societies, with the State as a partner, by small holders.

Coffee, the report says, plays an important role in the economy of South India. The industry provides employment to over 200,000 persons with an annual production of coffee valued at about 100 million rupees. The industry contributes to the Central exchequer about 9 million rupees by way of excise duties and 1.1 million rupees in income-tax. The States which levy agricultural income-tax benefit from the levy on coffee estates.

27

The production of coffee in India is only one per cent of the total world production.

While the total production of coffee has increased considerably during the past 15 years, production per acre has not shown any significant increase. The Commission feels that the yield per acre would be higher if the large number of estates, which still use poor strains of seeds, maintain aged plants and use inadequate manuring and spraying against pest and diseases, adopt better methods to step up their production.

Pointing out that the yield in India is just about 60 per cent of the yield in most of the important coffee-growing countries the Commission says that one of the important problems before the coffee industry in India today is that of improving the standards of production so as to obtain a higher yield per acre.

Capital structure.— Regarding the capital structure of the industry, the Commission says the total capital invested in coffee estates of 100 acres and above is of the order of 145.7 million rupees, 24 million rupees by non-Indians and the rest by Indians. Between 1939 and 1954 there has been a marked shift in the investment from non-Indians to Indians and an increase in the share holding of managing agents and institutional investors. Even so the proportion of managing agents holdings to the total bears a much smaller ratio than in the case of the tea industry, being only about 1.2 per cent in 1954.

The Commission finds that the percentage of dividend has ranged between 20 and 30 on ordinary capital. It says: "The fact that this high dividend is declared on inflated capital (i.e. capital which has been increased by the issue of bonus shares) makes the fact of the larger distribution of profits as dividends". The Commission observes that although the industry has made large profits, the growth in internal resources has not been sufficient to meet present replacement costs.

The Commission hopes that coffee companies will adopt a more prudent policy in the distribution of dividends in future and put by larger funds for financing schemes of development.

Regulation of Area.— The Commission has recommended that powers should be conferred on the Coffee Board for regulating the extent of area under coffee in the relation to the needs of production. It has further recommended that necessary amendments in the Coffee Act should be made to vest powers in the Board for licensing coffee production.

80

Replanting Fund.- The Commission has laid great stress on the need for carrying out a programme of replanting coffee trees. Non-Indian companies and proprietors, the report says, would have about 75 per cent of their area due for replanting while Indian proprietors and companies have 29 per cent and 28 per cent respectively.

The Commission recommends that each coffee estate should be required to lay aside every year a certain sum of money for the specific purpose of financing programmes of replanting. The Government should take steps to ensure that estates make a provision for the replanting of the area allotted to them by the Coffee Board, before they declare dividends or repatriate profits.

The amount paid by each estate should be held to the credit of the estate concerned in a separate fund, called the "coffee replanting fund" by the Coffee Board. The estates may be allowed to withdraw from the fund such amounts as may be necessary for the purpose of replanting according to a programme approved by the Board.

The fund should be used only for replanting. Necessary legal powers will have to be taken by the Government to compel each estate to contribute to the fund.

The establishment of a co-operative organisation for distributing artificial fertilisers and mixtures has also been recommended.

The Commission has recommended that the cost of production of various types of coffee should be estimated in a most scientific manner by an independent expert agency. The agency should be brought into existence at an early date. The agency should standardise forms for cost of production returns by various estates. The Commission has stressed that the recent trends in cost of production of various types of coffee indicate the need for reduction in the cost wherever possible without loss of efficiency.

Productivity of labour.- On the question of higher productivity of labour the Commission says that the problem is one of right recruitment and right training not of one layer of staff alone but of all the managerial, the supervisory and the technical and manual workers.

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Plantation Labour Legislation.- The Commission says that it has not been possible for it to find out definitely whether the industry is in a position to implement all the provisions of the Plantation Labour Act within a short period of time. However, it observes that in view of the fact that income per acre in coffee is less than that of tea the phasing of the programme of capital expenditure may have to proceed at a slower rate. More funds, it says, will be available if dividends and managing agency commissions are reduced. The Commission is of the view that there is scope for reduction under these heads and that necessary reduction should be made.

The report says that the principles and policies referred to in the chapter on the Plantation Labour Act and Labour Welfare in the Commission's report on tea have an equal application to the coffee industry.

Financial needs of industry.- The Commission has recommended that the State Bank should supply full crop finance for short-term needs of the coffee industry. The Bank should also offer to extend the period of short-term loans by renewals when the former cannot be paid in time due to failure of crop or other unforeseen circumstances.

The Coffee Board should have a plantation finance committee to keep a close watch over the financial needs of the industry. If the committee finds as a result of experience of the working of the Finance Corporations and other institutions that they cannot meet the long-term needs of the industry it should make necessary recommendations for setting up a separate plantation finance corporation under the Coffee Board.

Marketing of Coffee.- In its analysis of the primary marketing of coffee, the Commission observes that the curers, having become the agents of the Coffee Board for the purpose of the many functions connected with coffee marketing, are holding a privileged position. All the functions except certain arrangements for auctions have been delegated to the agents without providing for adequate checks on their performance.

The Commission says that its study of the curing-cum-pool agency has shown that 65 per cent of the amount of coffee brought into the pool is handled by four agents.

The Commission is of the view that a system which provides scope for possibilities of such abuse is not a sound system and requires to be changed. The appointment of big private curing and trading houses as pool agents has deepened concentration of the processing and marketing activities in the coffee industry.

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The Commission is of the view that agency functions performed by pool agents should be taken over by a warehousing corporation which should be formed under the aegis of the Coffee Board for the warehousing of coffee.

The Commission has made separate recommendations regarding the curing and storing agency for small holders.

Fixation of Price.- Regarding the computation of costs and fixation of prices, the Commission suggests that an independent expert body should be constituted to fix the price to be paid to the producer. This body should not be under "a grower dominated Board" but should be appointed by the Government. This body should fix the basic price on the basis of cost plus return to the grower in consultation with representatives of the latter.

The Commission collected information ~~of~~ about the existence of speculative activities which showed some of the defects in the existing trade channels.

The basic price for different types of coffee need not be based on an integrated differential scale based on a basic price for Arabica. It could be based for each type of coffee on its cost plus return on investment. The price so arrived at, says the report, shall be the basic price for fair average quality of each type of coffee. Prices for grades and quality will be related to this price. The pool release price will be derived from this basic price for each type of coffee.

Exports.- The Commission suggests that for the purpose of distributing the sale proceeds, exports for each type of coffee should be valued at the prevailing internal auction price. This value and the amount realized on internal sales by each type of coffee shall be pooled together and distributed according to the points assessed for producers of each type of coffee on the basis of grades and quality.

The "surplus" in export realisation, i.e. the actual export value less the calculated value for exports on the basis of internal auction value, should be set apart in equal proportion for a "price assistance fund" and a "consumer subsidy fund". The price assistance fund should be drawn upon to make up the loss when the Board is at any time unable to pay the basic price based on cost plus return from the amount realized by sale of crop. The other fund should be available for helping the Indian consumer to get coffee on reasonable prices.

Towards the same end should be utilised another "surplus" income resulting from a gain in weight of coffee in storage which is the consequence of absorption of moisture during storing.

62

For promoting exports the Commission says that the high quality of coffee earmarked for export should be kept up. More of this quality coffee should be produced and made available for export. The Commission says that the export trade is at present concentrated in the hands of a few non-Indian firms. It recommends that the export trade should be undertaken directly by Coffee Board. The Board should have a separate department to deal with export sales.

Taxation.- Regarding taxation, the Commission has recommended that a countervailing export duty equal to the Central excise duty should be levied on coffee. It has suggested that the incidence of excise duty should be related as far as possible to the market value of the goods. It has, therefore, recommended that the excise duty on Arabica parchment should be increased to 5-1/4 annas per lb. The duty on Arabica cherry should be maintained at 3 annas and on Robusta reduced to 2-1/2 annas per lb. The Commission feels that an impediment in the coffee trade will be removed if sales tax on coffee is made a Central levy. The proceeds can be distributed to the States concerned.

Small Growers.- The Commission has said that an improvement in the economic condition of those falling in the categories of holdings less than 15 acres and who supplement their income by outside labour lies in the general schemes of State Governments for raising the level of employment and standard of living of agricultural landholders. A group of holdings of 10 acres and below, which should be considered uneconomic unless supported by holdings of other crops, is the largest in number.

The Commission has recommended the formation of primary multi-purpose coffee growers co-operatives with a whole-time manager. Such societies should be acceptable to the Reserve Bank as second signatories with a Central Bank when granting credits. The Reserve Bank, the Commission suggests, may also consider granting permission for the formation of a special Coffee Co-operative Bank for the coffee area which is located mainly in the region of the Western Ghats.

A co-operative processing organization of small growers is necessary to perform the functions of a "pool agent" as far as the members of the co-operative are concerned.

The Commission considers that there should be a separate committee in the Coffee Board to look after the interests of small growers.

Coffee lands prices have more than doubled between 1945 and 1955. If this trend is not checked or regulated it will result in overcapitalization in the industry. There should be stipulation in the transfer deed that the buyer takes the responsibility for the continued employment of all labour in the estates purchased.

(The Hindustan Times, 21 November 1956)

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West Bengal Plantations Labour Rules, 1956.

The Government of West Bengal published on 20 December 1956, the West Bengal Plantations Rules, 1956, made in exercise of the powers conferred under the Plantations Labour Act, 1951. The rules deal inter alia with powers and functions of the inspecting staff, provisions relating to health, medical facilities, welfare, housing accommodation, procedure relating to meetings of advisory board, hours and condition and limitation of employment, payment of sickness and maternity allowances and registers and returns.

(The Calcutta Gazette, Part I, 20 December 1956,
pp. 4689-4725).

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42. Co-operation.

India - December 1956.

Andhra: Annual Report on the Working of Co-operative
Societies for the Year 1954-1955*.

According to the annual report on the working of co-operative societies in the State of Andhra for the year ending 30 June 1955, the co-operative movement ~~has~~ had another year of satisfactory progress. On 30 June 1955 there were 11,045 co-operatives of all types, with 1.422 million members and working capital of 351.643 million rupees. The working capital consists of owned funds, deposits and borrowings of various kinds and the extent of stake as well as confidence in the movement of the general public and institutions may be measured by the fact that they have put in 52.579 million rupees and 37.088 million rupees by way of deposits and subscription to debentures respectively. Credit, particularly agricultural credit, occupies a major place in the scheme of co-operative development.

Co-operative Credit.- The working of the Andhra State Co-operative Bank, the apex bank, has shown good progress during the year. The bank had, on the 30 June 1955, fifteen central banks as its members with a paid-up share capital of 1.415 million rupees. The total deposits held by it amounted to 8.493 million rupees as against 2.577 million rupees held at the end of the previous year. The loans issued by it to central banks, societies and individuals during the year amounted to 108.182 million rupees while the loans outstanding against them stood at 29.642 million rupees. Its net profit for the year was 0.341 million rupees as against 0.200 million rupees for the previous year. It fully kept up its obligations to the Reserve Bank.

* Report on the Working of Co-operative Societies in the State of Andhra for the Co-operative Year ended 30th June 1955; Superintendent, Andhra Government Press, Kurnool, 1956; Price Rs.3/10/-; pp. 164 + 8.

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The fifteen co-operative central banks had, on the last day of the year, 10,349 members of whom 8,695 were co-operative societies. They had a paid-up share capital of 7.822 million rupees and working capital of 83.530 million rupees, of which 44.768 million rupees represented the deposits held by members and non-members and 6.065 million rupees their own reserves. They issued loans to co-operative societies of several types amounting to 71.206 million rupees. Loans issued to individuals during the year amounted to 1.827 million rupees. The overdues from their affiliated societies worked out to 17.90 per cent as against 17.96 per cent in the previous year. The total amount of loans due to central banks from all societies and individuals amounted to 61.736 million rupees and 0.983 million rupees respectively. All the central banks worked at profit. Their net profit for the year amounted to 0.732 million rupees.

Agricultural credit societies.- There were, on the 30 June 1955, 6,542 agricultural credit societies with 588,816 members and paid-up share capital of 8.627 million rupees. Their working capital stood at 59.165 million rupees. During the year they issued loans amounting to 38.885 million rupees as against 34.688 million rupees in the previous year. The bulk of the loans given (96.41 per cent) was for productive purposes. It is estimated that, based on statistical data, agricultural credit societies covered 8,006 villages and 2.944 million of rural population at the end of June 1955, as against 7,625 villages and 2.830 million of rural population at the end of the previous year including the agency areas in the State. The percentage of villages covered and the population served by agricultural credit cooperatives as on the 30 June 1955 works out to 55.5 and 17.3 respectively excluding the agency areas and 45.3 and 16.99 including the agency areas.

As against 588,816 members in rural credit cooperatives, as many as 388,323 members did not borrow from their respective societies during the year. The per capita loan issued to a member during the year was 66 rupees while the loan issued to a borrower was 194 rupees. The average loans outstanding at the end of the year per member and per borrower were 82 rupees and 240 rupees respectively. As many as 2,972 credit societies, as against a total number of 6,542, worked at a loss of 1.109 million rupees during the year while 3,364 societies constitute ~~64.9 per cent of the~~ worked at a profit of 0.907 million rupees.

During the year the scheme of reorganisation of credit co-operatives into large-sized credit co-operatives was launched. At the beginning of the year there were two rural banks in the State - one at Alamur in the East Godavari district and the other at Pasivedala in the West Godavari district. Both of them had on the 30 June 1955, 5,542 members *members* on their rolls with a paid-up share capital of 0.222 million rupees and deposits of 0.996 million rupees. They issued loans to their members amounting to 1.311 million rupees.

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During the year seven more rural banks were started. They had 3,911 members on rolls; their paid up share capital was 0.413 million rupees; their local deposits amounted to 0.362 million rupees and they issued loans amounting to 1.024 million rupees. They did not complete on a full year of their working, but these figures point to their potentialities.

Agricultural production.- The co-operatives have been playing their usual role in increasing agricultural production by bringing waste lands under cultivation, by providing credit for the installation of pumpsets for irrigation, by distribution of chemical fertilisers and agricultural implements, by providing credit facilities at reasonable rates of interest for seasonal agricultural operations and marketing of crops and by affording facilities for increased production of milk, salt, etc.

Cultivation of fallow lands.- The members of land colonisation societies for civilians and ex-servicemen have so far reclaimed 10,708 acres of fallow lands and brought under cultivation 10,280 acres. Eight hundred and ninety-nine tenants and field labourers co-operative societies constituting of Harijans and other backward classes who are landless labourers, secured on lease 67,083 acres of lands and waste lands from Government and sub-leased them to 47,973 members for cultivation. Food crops were raised on an extent of 53,580 acres.

Provision of irrigation facilities.- Eighteen irrigation societies provided facilities for irrigating 5,209 acres by pumping water; 1,543 members and 170 non-members were benefited during the year. Nine of the societies operate in the East Godavari district and they provided facilities to 889 members and irrigated over 1,620 acres of lands by pumping water.

Rural credit societies contributed to the provision of irrigation facilities by granting loans for purchase of pumpsets. Primary land mortgage banks issued loans to the extent of 3.186 million rupees for land improvement, such as sinking of wells, installation of pumpsets, filter point tube wells, etc.

Supply of seeds, manures, etc.- Village societies supplied improved paddy seed to their members valued at 0.053 million rupees by getting them from the depots of the agriculture department. The nine co-operative wholesale stores distributed to ryots 13,832 tons of chemical fertilisers valued at 4.772 million rupees. Marketing societies distributed chemical manures worth 2.765 million rupees and sold agricultural implements worth 0.307 million rupees. The co-operative wholesale stores in Nellore maintained six tractors and assisted in ploughing 684 acres during the year. Agricultural credit and non-agricultural credit societies advanced loans to members for agricultural operations to an extent of 36.580 million rupees during the year.

Production of other foodstuffs.- Milk supply unions (19) and milk supply societies (230) supplied milk and milk products to the value of 1.384 million rupees to individuals and institutions such as hospitals, jails, etc.

58

There are 192 fishermen co-operative societies which issued loans for 0.035 million rupees to their members and distributed yarn for making nets and fishing tackle valued at 0.025 million rupees. Thirty-four societies obtained lease of inland fisheries to the value of 0.043 million rupees.

There are four salt workers co-operative societies of which one society manufactured salt to the value of 0.021 million rupees and effected sales to the value of 0.026 million rupees during the year.

About 6,500 members of five sugarcane growers co-operatives raised sugarcane and supplied cane direct to sugar factories. The Etikoppaka Agricultural and Industrial Co-operative Society produced during the year 7,459 tons of sugar with the sugarcane supplied by its members. Palm jaggery co-operatives produced 0.498 millions of mannds of jaggery worth 1.094 million rupees.

Agricultural Marketing Societies.— There were 174 marketing societies. Of these 82 only issued loans and advances to their members on the pledge of produce while 10 societies arranged for the sale of their members' produce. They issued loans to the extent of 9.761 million rupees. The value of produce sold by them as agent during the year was 2.336 million rupees while the value of produce sold as owner was 2.27 million rupees. They distributed chemical fertilisers to the value of 2.765 million rupees.

Non-agricultural credit societies.— There were on 30 June 1955, 439 societies of this category as against 437 societies in the previous year. The deposits held by them amounted to ~~9.143~~ 14.3 million rupees and their working capital was 24.2 million rupees. Their borrowings from Central banks and others were 1.975 million rupees. The bulk of the funds required by them was derived from sources other than borrowings from Central Banks. During the year, they issued loans to their members amounting to 15.735 million rupees. The percentage of overdues to demand under principal was 29.12. The employees societies held thrift deposits amounting to 0.356 million rupees at the end of the year. / deposits

Industrial production: Handloom Cloth.— The Andhra State Handloom Weavers Co-operative Society, Limited, the apex institution for handloom weavers co-operatives, continues to play an important role. The Reserve Bank of India provides a credit limit of 1.5 million rupees for the purchase of yarn, while the State Bank of India has given it a cash credit of 1.5 million rupees on Government guarantee for yarn and cloth trade. To help by accumulated stocks of cloth from primary societies and to market it, the State Government gave the society a loan of 2 million rupees of which a sum of 1.9 million rupees was repaid by the end of the year 1955.

07

Six hundred and fifty-nine primary weavers co-operatives in the State had about 0.122 million of looms in their fold representing 39.4 per cent of the total looms in the State. All of them are affiliated to the Andhra State Handloom Weavers' Co-operative Society. During the year, they purchased yarn worth 0.943 million rupees and produced cloth to the value of 17.475 million rupees. Their sales amounted to 18.330 million rupees.

Cottage industrial goods.- The cottage industries societies of different types produced during the year, goods to the value of 0.860 million rupees, utensils, leather goods, khadi, cot-tape, toys, etc., and sold goods to the value of 0.547 million rupees. Thirty-two women cottage industries co-operatives produced 66,476 rupees worth of goods consisting of ready-made garments, cot-tape, plate-leaves, etc.

Societies for Harijans and backward communities.- Co-operatives have been organised for the welfare of Harijans, backward communities and hill tribes. They have been working for some years and have been, subject to all limitations natural in this field of endeavour, of some service to them. There were 1,728 societies of all types for Harijans and backward communities - 701 societies for Harijans and 1,027 for backward communities. They had on rolls 174,884 members with a paid up share capital of 0.550 million rupees. The total working capital of societies was 6,903 million rupees. The societies collected thrift deposits amounting to 0.078 million rupees. The total amount of deposits held by the societies at the end of the year was 0.312 million rupees, while loans due to Government and Co-operative Central Banks amounted to 0.199 million rupees and 1.275 million rupees respectively. A sum of 0.988 million rupees was outstanding against members at the end of the year. The value of joint purchases made by members during the year was 0.869 million rupees. The societies supplied raw materials to members to the extent of 3.220 million rupees and sold finished goods of members to the extent of 6.179 million rupees.

Co-operative housing.- The progress made by co-operative housing societies in the State is encouraging. Every endeavour is being made to make good the lost ground in the pre-partition period in this particular field of enterprise. During the year the societies disbursed to their members Government loans amounting to 2.34 million rupees, as against 1.89 million rupees in the previous year. During the year 451 new houses were completed and 724 houses are in different stages of construction.

170

Co-operative Laws to be Simplified: Minister's Statement
in Lok Sabha.

Replying to a question in the Lok Sabha on 10 December 1956, Dr. P.S. Deshmukh, Minister for Agriculture, stated that simplification of the co-operative laws was being actively considered by a committee. He also said although the State would provide 51 per cent of the share capital of reorganised co-operative institutions, it was proposed that Government nominees in such institutions would not exceed one-third of the total number of directors. The Government nominees were expected not to interfere in the day-to-day administration of such institutions.

In order to encourage poor farmers to take part in such institutions, it was proposed that their contribution to the share capital might be collected in easy instalments, he said.

(The Hindustan Times, 12 December 1956).

45. Handicrafts.

India - December 1956.

Mysore Khadi and Village Industries Bill, 1956.

The Government of Mysore published on 20 December 1956, the text of the Mysore Khadi and Village Industries Bill proposed to be introduced in the Legislative Assembly of the State. The Bill provides for the organising, developing and regulating of khadi and village industries in the State and for the constitution of a Board to carry out the said object. The term 'Village industry' has been defined to include (1) Bamboo industry, (2) bee-keeping, (3) blacksmithy, (4) carpentry, (5) cottage leather industry including tanning bark industry, (6) cottage oil industry, (7) cottage manufacture of matches, (8) fibre industry, (9) gur and khandasari, (10) handmade paper, (11) hand operated and bullock driven chakkis, (12) hand pounding of rice, (13) palm gur, (14) pottery, and (15) soapmaking with non-edible oils.

(The Mysore Gazette, Extraordinary,
20 December 1956, pp. 1-14).

CHAPTER 5. WORKING CONDITIONS AND LIVING STANDARDS.

INDIA - DECEMBER 1956.

50. General.

Problem of Incentive in Indian Industries.

An article* in a recent issue of the Indian Labour Gazette, examines the problem of incentives in Indian industries in the light of a common complaint of management of both governmental as well as private industries that in the post-war period a worker does about one-half (or even less), of the work he used to do during and before the war. Since a person's productivity depends, so far as he is concerned, on his skill and his application and as there is no reason to believe that the worker's skill has deteriorated, one is forced to conclude that it is his application to his job that is at fault. A review of the article is given below.

In industries in India, as in other countries, the problem of motivation was sought to be solved by means of fear and punishment on the one hand and reward and concessions on the other. Since there is no inherent relationship between these external sanctions and the activity required by the job, it is surprising that this carrot and stick type of incentives did not prove a marked success. In some of the best managed private industrial units today the philosophy is mostly paternalistic. 'Do as I say because I am good to you' type. But even in these the rewards given are frequently so unskillfully handed out that it totally fails to earn the gratitude of the worker (which anyway is always difficult to get), serves merely to raise his expectations and increases dissatisfaction if it is not as per that expectation.

* "On Motivation and Incentives in Indian Industries".
By H.C. Ganguli. Indian Labour Gazette, Vol.XIV, No.5,
November 1956, pp. 371-378.

This situation was, for example, found by the author in one of the best engineering concerns in Calcutta. The annual increment to the worker's daily wage which everytime was announced after a lot of bickering and even token strikes was having absolutely no positive influence on worker morale or satisfaction.

Percentage of High Morale and Low Morale Workers in Different Increment Groups in a Calcutta Engineering Factory:-

Increment to the daily wage.	High Morale Workers.	Low Morale Workers.	Total
2 annas and less	50.0	50.0	100
Above 2 annas	46.6	53.4	100

(χ^2 - 0.377; No significant relation between high increment and high morale).

Incentives are as 'natural' as human needs and essential for the effective functioning of any organisation. Persons contribute their efforts because of incentives and 'Inadequate incentives mean dissolution, or changes of organisation purpose, or failure of co-operation'. The type and nature of incentives offered depend to a large extent on the accepted values of the organisation. In India the public sector is expected to play an increasingly important role in the country's industrial life. Underlying these public concerns are the two basic objectives repeatedly emphasised - production of goods and services and satisfaction of the individuals manning these industries. Keeping these in view, a discussion of a few points regarding a policy for incentives may be pertinent.

Top executives of many concerns, including governmental concerns, think mostly, in terms of punishments. Fear of punishment and more especially of the extreme punishment of dismissal has been found to be effective from the production point of view under certain circumstances. But experimental results on the efficacy of what has been called negative and positive incentives are by no means always favourable to the former, except perhaps in the case of people of superior or above average abilities. Besides, this negative incentive goes against the values of a Welfare State and of organisations belonging to that State.

Another point of some importance is that incentives differ from employees at different levels. Whereas this fact has been recognised by practical people, in theoretical discussions of incentives no explicit recognition of this is seen. For example, a study of an university staff was conducted by the author which involved the ranking of ten incentive items in order of their importance by the subjects. Below are given five items and their mean ranks showing how their importance varies for the three groups of people, assistant professors, lecturers and assistant lecturers:

Item.	Mean ranks showing order of importance		
	Asst. Professor.	Lecturer.	Asst. Lecturer.
Adequate Income	2	1	4
Congenial Work Group	5	7	8
Opportunity for Advance Training.	4	6	2
Opportunity for Promotion.....	10	6	3
Competent and Sympathetic Superior.	6	2	7

Another railway study by the author (results not yet published) shows that out of eleven items, opportunities for promotion, for example, was ranked 3 by the first-line supervisors ('Mistries') and 7 by charge hands, whereas another item, adequate authority over the men, was ranked as 10 and 5 by these two groups respectively. This makes a solution of incentives rather complicated as the problem has to be tackled separately at different levels. It is an useful point to remember.

Monetary incentives.- Incentives are usually classified as financial and non-financial, amongst the latter being included opportunities for better status, higher prestige, more interesting work, etc. In recent times controversies have been going on regarding the relative importance of financial and non-financial incentives and existing literature seems to lay much more emphasis on the latter. This is a position which the author feels forced to contradict, at least so far as Indian workers are concerned. Studies in private industries as well as in governmental organisations (the railways), of workers as well as of supervisors, have brought out the very first place men give to remuneration. In the railway study referred to above, for example, it was found that low pay was mentioned as a cause of worker dissatisfaction by every supervisor. About themselves, 95 per cent of these supervisors wanted the investigator to make favourable recommendations regarding their pay.

Pay as an incentive and a source of satisfaction or dissatisfaction has reference to not only the total income, but also to wage differentials and method of payment. Not only pay should be adequate but also people with similar qualifications and doing similar work should have same or similar pay. There is also evidence that where rates are fixed fairly and assurance against rate-cutting exists, payment by results has better effect on employee morale and productivity than payment by time. And above all there is the income expectation of the worker. On the one hand, higher the income, greater the expectation; on the other, higher the expectation (or expectation-achievement discrepancy), lower the worker satisfaction or morale. Note, for example the following tables from a Calcutta Engineering Factory Study.

Income and Income Aspiration of Workers in a Calcutta Engineering Factory

Monthly income (In Rs.)	Aspiration of skilled Machine Operators. (in Rs.)	Aspiration of semi-skilled Craftsmen. (in Rs.)	Aspiration of skilled Helpers. (in Rs.)
Rs. 50 and less	70	93	..
Rs. 51 - 80	118	110	102
Rs. 81 - 110	144	150	123
Rs. 111 X	168	165	195

Percentage of High Morale and Low Morale Workers in Different Income Aspiration Groups

Monthly Expected Income.	High Morale Workers.	Low Morale Workers.	Total
Rs. 180 and less	54.6	45.4	100
Above 180 Rupees.	42.1	57.9	100

($\chi^2 = 9.38$; Relation between high expectation and low morale significant).

The relative importance of financial and non-financial incentives depend upon (1) how far the income is adequate for meeting the persons' physiological needs, (2) how far he has developed, as a result of cultural conditioning, social needs for status, prestige, etc., and (3) what is the accepted index of status, etc., in his group. The Indian workers attach value to money largely because of (1) above and the American worker most probably has reached the stage where he wants more money largely because it is an accepted index of his status and prestige. This seems to be a reasonable explanation of the recent strike for a wage rise of the highest paid worker in the world, the American steel worker.

76

This leads to another point of some practical importance. The problem of incentives in an Indian organisation is likely to be simple for the top group of officials and for the rank and file people. For the first group, already getting perhaps the maximum pay allowed by the Government, the main incentives will be power, prestige, and other values. Note how in the case of the State Bank and the nationalised insurance corporation the Government has been able to persuade, at least initially, some top officials to accept jobs at a much less salary than what they were getting prior to nationalisation. Lack of employment opportunities elsewhere may have been a factor, but there must have been some additional positive sources of satisfaction as well. For the bottom group which contains the majority of employed Indians, financial incentives are going to be predominant in the foreseeable future. It is the middle category, wedged between the top executives and the bottom workers who will offer the most stubborn problem for proper motivation and job satisfaction. They are (1) inadequately paid mostly, (2) have developed strong social values, and (3) do not regard money as the only index of one's social position. They will thus be open to incentives of all types. Actually most managements find it easier to ignore these groups of supervisors, of middle class intellectuals, etc., largely because of little progress of unionisation amongst them. On the other hand, as one highly placed production manager told the author, the success of the second plan will depend largely on this middle group who are the people to integrate and orient the activities of the lower group according to the directives of the upper one.

In conclusion it may be mentioned that the problem of incentives is closely related on the one hand to certain psychological truths concerning the individual worker and on the other to certain values under which the organisation is functioning. Culturally advanced countries, including India, feel that an organisation must be 'effective' (accomplish the objectives of the system) and 'efficient' (satisfy individual motives). An organisation is a way of working as well as a way of living for many people. Skill in human relations, or what has been called 'social technology', not only serves its own end of making possible a better living for those employed but has been found to be a necessary condition of production together with 'material technology'. On the other hand, the employment relationship should satisfy not only the economic needs of the worker, but his psychological needs for 'freedom of action, self expression and creative outlets' and his social needs that relate to "the ties and bonds of group relations and community life."

If the financial incentives have been emphasised in the above paragraphs, it is because for the large majority of rank and file workers in India this is even now the most important problem. An important result of the railway study has been to show that the workers' very great preoccupation with issues related to immediate personal benefits make them largely indifferent to problems of supervision or any other possible improvements in the organisational set-up. However such is not the case with the 'men in the middle' and they will present a tougher motivational problem.

It is true that there is a limit up to which an industry can go on increasing the material benefits of its employees and still retain its competitive character. Some sort of 'wage-truce' may be ultimately necessary but it has to be preceded by the 'method of persuasion' to change the attitudes of the worker and make them attach greater value to non-material benefits.

Finally, the problem of incentives, because it is related to the core of a man's personality, should not be tackled in a piecemeal fashion. Such questions as to what her incentive x is more effective than incentive y is useful only up to a certain point. The general objective of any management should be to create what has been called a 'psychological climate', a condition where people will 'want' to work for the organisational goal. And the most important of such conditions is creating a genuine emotional conviction in the worker that he will be able to satisfy his needs through the employment relationship.

(Indian Labour Gazette, Vol.XIV, No.5,
November 1956, pp. 371-378).

178

Stone Quarry declared to be a Mine within the
meaning of the Mines Act, 1952.

In exercise of the powers conferred by section 82 of the Mines Act, 1952, the Central Government has certified that a stone quarry is a mine within the meaning of the above Act.

(Notification No. SRO 3044 dated 5 December 1956;
the Gazette of India, Part II, Section 3,
15 December 1956, page 2146).

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Chapter 6 . general Rights of workers .

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

India - December 1956.

Payment of Wages Act, 1936, to be amended:
Minister's Statement in Lok Sabha.

The Government of India proposes to amend the Payment of Wages Act, permitting the withholding of increments and other such punishments as a disciplinary measure. This was stated in a reply given to a questioner who had asked whether the Labour Commissioner had held that withholding of increments of staff temporarily or permanently was illegal and ultra vires of the Payment of Wages Act and, if so, what action had been taken in this regard.

(The Statesman, 10 December 1956).

Payment of Wages (Mines) Rules, 1956.

The Central Government published on 8 December 1956, the Payment of Wages (Mines) Rules, 1956, made in exercise of the powers conferred under the Payment of Wages Act, 1936. The rules, which rescind the Payment of Wages (Mines) Rules issued in July 1949, apply in respect of the payment of wages to persons employed either by the owner or by a contractor engaged by the owner, in any mine to which the Mines Act, 1952, applies. The rules prescribe inter alia the forms of registers to be maintained by employers, method of display of notice of dates of payment, procedure in imposing fines and deductions, method of measurement of the amount of the work done by piece workers, maximum limit of advances to persons employed by an employer and procedure to be followed by courts and authorities.

(The Gazette of India, Part II, Section 3,
8 December 1956, pp. 2105-2115)

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66. Strike and Lockout Rights.

India - December 1956.

Andhra Pradesh: Air Transport Industry declared
to be a Public Utility Service.

In exercise of the powers conferred under the Industrial Disputes Act, 1947, the Government of Andhra Pradesh has declared the air transport industry in the State to be a public utility service for the purposes of the said Act for a period of six months from 2 December 1956.

(Andhra Pradesh Gazette, Part I,
29 November 1956, pp. 111-112).

82

Madras: Salt Industry declared to be a Public
Utility Service.

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In exercise of the powers conferred under the Industrial Disputes Act, 1947, the Government of Madras has declared salt industry in the State to be a public utility service for the purposes of the said Act for a period of six months from 1 October 1956.

(G.O.Ms. No.4176 Industries,
Labour and Co-operation dated
21 September 1956, the Fort St. George
Gazette, Part I, 26 September 1956,
page 1455).

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Madras: Air Transport Services declared to be
Public Utility Service.

In exercise of the powers conferred under the Industrial Disputes Act, 1947, the Government of Madras has declared the air transport services in the State to be public utility service for the purposes of the said Act for a period of six months from 23 December 1956.

(G.O.Ms. No.5044, Industries, Labour and Co-operation, dated 29 November 1956; the Fort St. George Gazette, Part I, 12 December 1956, pp. 1909-1910).

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84

67. Conciliation and Arbitration.

India - December 1956.

Draft Industrial Disputes (Mysore) Rules, 1956.

The Government of Mysore published on 17 December 1956, the draft of the Industrial Disputes (Mysore) Rules, 1956, proposed to be made in exercise of the powers conferred under the Industrial Disputes Act, 1947. The rules which repeal the Industrial Disputes (Mysore) Rules, 1951, prescribes inter alia the procedure for reference of industrial disputes to boards of conciliation, courts of enquiry, labour courts or industrial tribunals, form of arbitration agreement, powers, procedure and duties of conciliation officers, boards, courts, labour courts, tribunals and arbitrators, remuneration of arbitrators, chairman and members of courts, presiding officers of labour courts, tribunals, assessors, witness and staff, manner of service of notice of change, manner of constituting works committees, etc. The draft rules will be taken into consideration by the Government after 27 December 1956.

(The Mysore Gazette, Extraordinary,
17 December 1956, pp. 1-33).

85

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

India - December 1956.

Labour Participation in Industry: Councils of
Management to be set up.

Replying to a question in the Lok Sabha on 13 December 1956, Shri Khandubhai K. Desai, Union Labour Minister, stated that the report of the study group that visited France, Belgium, the United Kingdom, West Germany and Yugoslavia to study workers' participation in management in those countries (vide page 73 of the report of this Office for September 1956), was expected to be submitted to the Government shortly.

Shri Desai stated that to begin with a council of management was proposed to be created for each concern as recommended by the Planning Commission to look into "limited questions in regard to management" (labour will be represented in the council).

A member asked why no representative of the All-India Trade Union Congress was included in the study group.

Shri Desai replied that a representative of this organisation was not included deliberately because in the first stage of discussion, the organisation's representatives stated that they did not believe in the participation of workers in the management and even went to the extent of saying that such participation was "inimical to the interests of the working class".

Replying to supplementaries, Shri Desai said the question of workers holding part of the shares in industries would be considered by the Government.

(The Hindustan Times, 14 December 1956).

CHAPTER 7. PROBLEMS PECULIAR TO CERTAIN CATEGORIES
OF WORKERS.

INDIA - DECEMBER 1956.

71. Employees and Salaried Intellectual Workers.

Fifth Annual Session of the Indian Federation of
Working Journalists, Lucknow, 19-20 November 1956:
Delay in implementing Legislation deplored.

The fifth annual session of the Indian Federation of Working Journalists (IFWJ) was held at Lucknow on 19 and 20 November 1956; Shri S.A. Sastri, who had earlier been elected President was in the chair. The session adopted resolutions, inter alia, deploring the delay in the implementation of the Working Journalists (Conditions of Service) and Miscellaneous Provisions Act, 1956 (vide pp. 77-78 of the report of this Office for January 1956).

For details, please see pp. 15-16 of this report.

Draft Working Journalists (Conditions of Service) and
Miscellaneous Provisions Rules, 1956.

The Central Government published on 30 November 1956, the draft of the Working Journalists (Conditions of Service) and Miscellaneous Provisions Rules, 1956, proposed to be made in exercise of the powers conferred under the Working Journalists (Conditions of Service) and Miscellaneous Provisions Act, 1955. The rules deal inter alia with payment of gratuity to working journalists, hours of work constituting normal working day, interval for rest, compensation for overtime work, conditions governing night shifts, number of holidays in a year, compensatory holidays, conditions for the grant of earned leave, casual leave, leave on medical certificate, quarantine leave, extraordinary leave, leave not due and study leave. The rules will be taken into consideration by the Government after 20 December 1956.

(The Gazette of India, Extraordinary,
Part II, Section 3, 30 November 1956,
pp. 2579-2585).

U.P.: Working of the Shops and Commercial Establishments Act, 1947, for the Year 1955.

Application.- During the year the U.P. Shops and Commercial Establishments Act, 1947, was extended to the towns of Sitapur and Mirzapur, where only few sections were previously enforced. Some sections of the Act were enforced in 15 new towns in the State.

Administration .- With a view to obtain greater efficiency in the administration of various labour legislations and to effect economy in the administration of labour laws the State Government enforced a scheme of pooling of inspectorate. Under this scheme all the resident labour inspectors, shops inspectors, wage inspectors and labour inspectors for standing orders in the scale of 200 rupees - 15 rupees - 350 rupees were pooled together and were designated as labour inspectors. The three junior wage inspectors in the scale of 120 rupees - 8 rupees - 200 rupees - 10 rupees - 300 rupees were also included in the pool scheme and were designated as assistant labour inspectors, Deputy Labour Commissioners, 4 Assistant Labour Commissioners, one Deputy Chief Inspector of Shops, 7 Conciliation Officers, 16 Additional Regional Conciliation Officers and 2 Labour Officers were also notified as "Inspectors" and "Labour Officers" under the said Acts. The Deputy Labour Commissioner, has been given the charge of the pool scheme and also notified as Chief Inspector of Shops.

Inspections.- The total number of inspections carried out by the wholetime shops inspectors before the enforcement of the pool scheme and after the introduction of pool scheme is 47,426. Officers at the headquarters also visited several towns of the State in which the Shops Act is in force to check and supervise the work of the field staff. They also carried out 820 inspections during the year bringing the aggregate number of inspections to 48,246. The Chief Inspector of Shops also visited important towns of the State where the Act is in force to check the compliance of the various provisions of the Act.

Prosecutions.- The total number of prosecutions launched during the year under review is 958 as against 933 in the preceding year. The rise in the number of prosecutions is largely attributed to the efforts made by the inspectors of the department to secure rigid compliance of the law. There has been no change in the policy of the department and as usual educative and persuasive methods were adopted to secure the necessary compliance of the law.

The details of the prosecution brought forward from the preceding year and launched during the year are given below:-

Prosecutions pending at the close of the preceding year.	167
Number of prosecutions launched during the year. -----	958
Total.	<u>1,125</u>
Number of cases decided. -----	1,045
Number of convictions. -----	1,015
Number of acquittals. -----	13
Number of cases withdrawn. -----	1
Number of cases consigned to records by the courts	
under section 249, Cr.P.C. -----	16
Total of fine imposed. -----	Rs. 17,260
Number of cases pending at the close of the year.	80

The total fine imposed in 1,015 cases convicted by the courts was 17,260 rupees which gives an average of 17 rupees per case. The courts have generally taken a lenient view and in most of the prosecutions the punishment imposed by the different courts have not been of a deterrent nature. Even in subsequent offences in many instances the amount of fines imposed have been meagre.

Complaints.- The total number of complaints received by the inspectors of the department during the year under review was 1,703. Complaints in which action could not be completed in 1954 numbering 102 were also brought forward, thus bringing the aggregate to 1,805. Out of these 1,660 complaints were disposed off and 145 were under investigation at the close of the year.

Exemptions.- Four permanent and 23 temporary exemptions were granted by the Government under section 34 of the Act to overcome the genuine difficulties of the employers and the general public on certain important fairs and festivals.

CHAPTER 8. MANPOWER PROBLEMS.

INDIA - DECEMBER 1956.

81. Employment Situation.

Employment Exchanges: Working during October 1956.

General employment situation.- According to the review of the work done by the Directorate General of Resettlement and Employment during October 1956, for two months the live register of the unemployed has remained more or less static and for three months the number of fresh registrations has declined. This is a seasonal trend. The number of vacancies notified to exchanges from both the public and private sector were below the corresponding monthly figures for the year 1955. Placements during the month remained at the rather low level of last month (September). The impact of the Second Five Year Plan on employment is not yet visible at employment exchanges.

Widespread shortage persisted during the month in respect of overseers, draughtsmen, trained teachers, nurses, stenographers and typists. A number of exchange areas experienced a shortage of qualified doctors, experienced engineers, compounders and surveyors. A number of exchanges also reported that boiler attendants, tracers, accountants, sanitary inspectors, electricians and turners were not available.

Widespread surpluses persisted in respect of clerks, freshers from schools and colleges, unskilled office workers, unskilled labourers, motor drivers and untrained teachers. Surplus was equally widespread in case of carpenters, sweepers and motor mechanics. Supply of showkidars, Ayahs, tailors and semi-skilled fitters was in excess of demand.

Registrations and placings.- The following table shows registrations for employment and placings during September and October 1956:-

		<u>October 1956.</u>	<u>September 1956.</u>
Registrations.	-----	120,683	143,158
Placings.	-----	14,168	14,750

Fresh registrations at the employment exchanges recorded a fall of 22,475. The decrease in registrations was marked in the States of West Bengal (6,270), Bihar (2,805), Bombay (2,305), Uttar Pradesh (2,102), Madras (1,799), Punjab (1,466), Andhra (1,314) and Assam(1,071).

During the month 84,932 applicants were submitted to employers for selection as against 86,573 during the preceding month. The number of placements recorded a fall of 582. The decrease in placements was marked in the States of Madras (513), West Bengal (338) and Uttar Pradesh (224), while a notable increase occurred in the State of Bombay (892). Of the total placements, 4,569 were secured under the Central Government, 6,018 under State Governments, 1,405 under quasi-Government establishments and local bodies and the remaining 2,176 with other employers.

Vacancies notified.- During the month under review 4,964 employers utilised the services of the exchanges as against 5,440 during the month of September 1956. The number of vacancies notified by these employers were 22,663 which was 711 less than the corresponding figure for September 1956. The decrease in the number of vacancies notified was particularly noticeable in the States of West Bengal (535), Saurashtra (482), Madras (461), Punjab (354) and Uttar Pradesh (324). On the other hand an increase in the number of vacancies notified occurred in the State of Bombay (829). Of the vacancies notified 7,390 were by the Central Government, 9,266 by State Governments, 1,784 by quasi-Government, 9,266 by establishments and local bodies and the remaining 4,223 by other employers. There was thus an increase of 84 in the public sector and a decrease of 795 in the private sector.

Register of unemployed.- At the end of the month under report, 776,757 applicants were borne on the live register of employment exchanges, as against 799,533 at end of the preceding month. The live register, therefore, stepped down by 22,776. Included in the total Live Register were 8,681 employed and self-employed persons, of whom 225 were women, who were seeking further employment assistance. The composition of the live register occupation-wise is shown below:-

<u>Occupations.</u>	<u>Number on Live Register as on 31 October 1956.</u>
1. Industrial supervisory.	5,271
2. Skilled and semi-skilled.	61,593
3. Clerical.	221,668
4. Educational.	28,415
5. Domestic service.	25,611
6. Unskilled.	394,701
7. Others.	39,498
Total.	<u>776,757</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. ---	3,210	625	43,214
2. Ex-Servicemen. ---	5,137	913	26,772
3. Scheduled Caste applicants.	13,477	2,267	75,443
4. Scheduled Tribe applicants.	3,883	485	15,820
5. Women. ---	6,395	799	39,160

Anglo-Indian applicants.- The employment exchanges effected 209 registrations and secured 32 placements in respect of Anglo-Indian applicants, during the quarter July-September 1956. The corresponding figures for the last quarter were 285 and 34 respectively.

Educated applicants.- During the quarter-July-September 1956, 133,699 registrations and 15,670 placements were effected by the employment exchanges in respect of persons who had passed matriculation or higher examinations, as against 135,757 and 15,221 respectively during the preceding quarter. Of the total number of registrations registered 117,708 were matriculates (including 17,072 intermediates) and 15,991 graduates. Among the graduates 441 were engineers, 121 doctors and 15,429 had degrees in various other subjects. Of the total number of placements secured in respect of educated applicants 12,994 were in respect of matriculates (including 1,894 intermediates) and 2,676 in respect of graduates, of whom 128 were engineers and 9 doctors.

At the end of September 1956, as many as 263,417 educated employment seekers were borne on the live registers of exchanges as against 250,197 at the end of the previous quarter. The corresponding figure for the quarter ended September 1955 was 230,142. Of those on the live register 233,344 were matriculates (including 31,315 intermediates) and 30,073 were graduates. Among the graduates 690 were engineers, 219 doctors and 29,164 had obtained degrees in other subjects. The major concentration of such registrants was in the States of Uttar Pradesh (46,194), West Bengal (40,120), Bombay (35,997), Madras (26,409) and Delhi (24,950). In all there were 15,200 educated women on the live registers at end of September 1956; of whom 13,413 were matriculates (including 990 intermediates) and 1,787 graduates.

Special investigation: I. Employment position of engineering graduates and diploma holders.- The number of engineering graduates on the live register decreased from 804, as on 30 June 1956, to 690 at the end of September 1956. Among the graduates 16 were, according to their own declaration, employed persons and had registered themselves in search of better prospects. In addition 20 graduates were undergoing on-the-job training on the date of registration and, therefore, could not strictly be termed as unemployed. A total of 582 or 84 per cent of the engineering graduates were concentrated in the States of Bombay (183), Delhi (164), West Bengal (95), Madras (72) and Mysore (68). A total of 607 or 88 per cent of them had obtained their degree in the three popular branches of engineering, i.e., electrical, mechanical and civil.

A total of 566 or 82 per cent of the engineering graduates had been in search of jobs for less than a year whereas 20 or 3 per cent were unemployed for 2 years or more.

At the end of September 718 diploma holders were on the live register of employment exchanges as against 577 at the end of June, 1956. Of them 13 had declared themselves to be employed persons and had registered themselves with a view to bettering their prospects. Only 6 diploma holders were undergoing some sort of on-the-job training on the date of registration. A total of 596 or 83 per cent of the total number of diploma holders was accounted for by the exchanges in the States of Mysore (279), Bombay (104), West Bengal (78), Delhi (74) and Madras (61). A total of 607 or 85 per cent of them had taken their diploma in electrical, mechanical or civil engineering.

A total of 512 or 71 per cent of the total number of diploma holders were unemployed for less than a year and 86 or 12 per cent were seeking jobs for 2 years or more.

II. Employment position of medical graduates and licentiates.- As against 227 medical graduates seeking employment assistance at the end of June, 1956, 219 such applicants were on the live registers at the end of September 1956. Of them 149 or 68 per cent were on the live register of the exchanges in West Bengal alone; 103 being at the Calcutta exchange. Eighty-six of the graduates were fresh from colleges having no experience to their credit, while 68 had an experience of less than 2 years. These two categories together accounted for 70 per cent of the total number of medical graduates on live registers at the end of September 1956. Twenty-three such graduates were over 45 years of age. Eighteen or 8 per cent of the total number of graduates expected a minimum salary of less than 200 rupees per month. Seventeen out of the 219 medical graduates were employed persons according to their own declaration and had registered at the exchanges with a view to bettering their prospect.

94

As against 227 medical licentiates who were on the live register of employment exchanges as on 30 June 1956, 203 such licentiates were seeking employment assistance as at the end of September 1956. One hundred forty-one or 68 per cent of them were of the live registers of the exchanges in West Bengal of whom as many as 38 were accounted for by the Calcutta exchange. Eighty-six licentiates were freshers, while 35 had an experience of less than two years, which together comprised 58 per cent of the total number of medical graduate licentiates on live register. Forty-five licentiates were over 45 years of age. One hundred-fifteen or 56 per cent of the licentiates were willing to accept post carrying a salary of less than 200 rupees per month. Eight out of the 203 licentiates were registered as employed persons and were seeking better paid jobs.

III. Employment assistance to scheduled caste and scheduled tribe applicants.— The average monthly registrations at the employment exchanges of members of the various scheduled castes have risen from 10,961 during the quarter January-March 1953 to 16,689 during July-September 1956. On the other hand the number of placements effected per month relating to this category of applicants has recorded a fall from 2,695 in the quarter ended March 1953 to 2,119 during July-September 1956. In consequence the percentage of placements to registrations has levelled down from 24.6 in the first quarter of 1953 to 15.7 in the corresponding quarter of 1955 and finally to 12.7 in the third quarter of 1956. The number of Scheduled Caste applicants on the live register increased almost steadily from 37,191 at the end of March 1953 to 70,454 at the end of September 1955 and after showing a tendency towards a fall upto the middle of 1956 against increased to 76,170 at the end of September 1956.

An analysis of the data in respect of vacancies specifically notified as reserved for Scheduled Castes, which is available only with effect from October 1954, shows that there has been an increase in their number from the close of 1954 to the middle of 1956. The increase in the number of reserved vacancies filled was, however, more rapid than the one in case of the number of vacancies notified with the result that the percentage of vacancies filled to notified was steadily on the rise after the second quarter of 1955 and stood as high as 60.9 during July-September 1956.

95

Innagard to scheduled tribes the increase in monthly registrations was more conspicuous during the period under review; the rise being from 974 in the quarter ended March 1953 to 1,440 in the corresponding quarter of 1955 and to 4,633 during July-September 1956. However, the rise in the number of placements during the same period was comparatively negligible which resulted in a marked fall in the percentage of placements to registrations from 32.8 during April-June 1953 to 8.8 in the corresponding quarter of 1956. The live register in respect of scheduled tribes rose almost continuously from 2,623 in March 1953 to 5,519 at the end of September 1954. This number again showed a steady rise after March 1955 and finally shot up to the figure of 15,588 at the end of September 1956.

An analysis of the reserved vacancies notified for Scheduled Tribe candidates during the period October 1954 to September 1956, the period for which figures are available, shows that the average monthly number of reserved vacancies notified which was 166 in the quarter ended December 1954 fell to 121 in the quarter ended March 1955 and thereafter the number of reserved vacancies notified established an almost continuously rising trend and reached the figure of 471 in the second quarter of 1956. The number of vacancies filled, however, did not increase at the same pace with the result that the percentage of vacancies filled to notified fell from 28.5 in the first quarter of 1955 to 13.4 during April-June 1956.

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

96

Lay-Off Compensation: Supreme Court Decision on
Application of Legislation.

The Constitution Bench of the Supreme Court on 27 November 1956, allowed two appeals preferred by the Bharsi Light Railway Company Ltd., Bombay, and Shree Dinesh Mills Ltd., Baroda, and held that both the appellants were not liable to pay any compensation under the Industrial Disputes Act, 1947, to their erstwhile workmen, who were not retrenched within the meaning of that expression under Section 25-F of the Act.

Both the appeals came against the decision of the Bombay High Court and raised a common question of law - whether the claim of the erstwhile workmen of both the Railway Company and of Shree Dinesh Mills to compensation under Clause (B) of Section 25-F of the Industrial Disputes Act is a valid claim in law.

History of the case. The facts of the cases were that on 11 November 1953, the Railway Company served a notice on its workmen intimating that as a result of the Government of India's decision to terminate the contract of the Railway Company and take over the railway from 1 January 1954, the services of all the workmen of the Railway Company would be terminated with effect from the afternoon of 31 December 1953. Subsequently the Railway Board re-employed almost all the staff of the Railway Company. The terms and conditions of employment were that the service of the staff employed by the Government would be treated as continuous for all purposes except for counting seniority. Soon after 61 workmen of the Railway Company filed applications before the civil judge, Madha, who was the relevant authority under the Payment of Wages Act, claiming payment of retrenchment compensation.

The civil judge decided in favour of the workmen on the main issue, namely, that they were entitled to compensation. On appeal to the Bombay High Court it held that the Railway Company was liable to pay compensation to the workmen.

Similar issue was also raised in the appeal preferred by Shree Dinesh Mills who terminated the services of 450 workmen and 20 clerks as a result of the closure of the mill. The appellant company claimed that the closure of its business was bona fide, being due to heavy losses sustained by the Company. In this appeal also the Bombay High Court accepted its earlier decision given in the appeal of the Railway Company.

Section 25-F of the Industrial Disputes Act reads:

"No workman employed in any industry who has been in continuous service for not less than one year under an employer shall be retrenched by that employer until :

"(a) The workman has been given one month's notice in writing indicating the reasons for retrenchment,

"(b) The workman has been paid, at the time of retrenchment, compensation which shall be equivalent to fifteen days' average pay for every completed year of service or any part thereof in excess of six months, and

"(c) Notice in the prescribed manner is served on the appropriate Government."

Judgment.- After elaborately dealing with some of the court decisions, the judgment delivered by Shri Justice S.K.Das, held, contrary to the view expressed by the Bombay High Court, that the word 'retrenchment' meant "discharge of surplus labour or staff by the employer for any reason whatsoever, otherwise than as a punishment inflicted by way of disciplinary action, and it has no application where the services of all workmen have been terminated by the employer on a real and bona fide closure of business as in the case of Shree Dinesh Mills Ltd., or where the services of all workmen have been terminated by the employer on the business or undertaking being taken over by another employer in circumstances like those of the Railway Company."

Shri Justice Das said: "On our construction, Section 25-F has no application to a closed or dead industry and the constitutional arguments based on a different construction need not be considered) or continuing industry is concerned an obvious answer may be that unemployment relief is not the only purpose or object of Section 25-F."

in these appeals. So far as a running

Government studying decision.- Shri Abid Ali, Deputy Labour Minister, replying a question in the Lok Sabha on 7 December 1956, said that the implications of the Supreme Court judgment were being studied by the Government with a view to determining what action was necessary.

(The Hindustan Times, 28 November 1956;
The Statesman, 8 December 1956)

Manpower Directorate to be set up in Government of India.

Replying a question in the Lok Sabha on 17 December 1956, Shri B.N. Datar, Minister for Home Affairs, said that the Government has decided to set up a manpower directorate. Shri Datar said the directorate would provide the Secretariat for the committee of the Cabinet which had been set up to consider the problem of planning and organisation of manpower both to meet the requirements of the immediate future and on a long-term basis. The directorate would also be concerned with the implementation by the Ministries and other agencies concerned of the decisions of the Cabinet committee and would maintain liaison with the various Ministries and other agencies at the Centre which had manpower problems and with State Governments.

(The Statesman, 18 December 1956).

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Problems of Educated Unemployed: Pilot Projects
approved by Planning Commission.

The Planning Commission, at its meeting on 11 September 1956, approved a number of pilot projects for the educated unemployed, in the context of the report of the Study Group on Educated Unemployed (vide pp. 21-27 of the report of this Office for January 1956).

(For details, please see pp. 41-42 of this Report).

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150

Draft Calcutta/Bombay/Madras Unregistered Dock Workers
(Regulation of Employment) Scheme, 1956.

The Central Government published on 24 December 1956, the drafts of schemes for the ports of Calcutta, Bombay and Madras proposed to be made in exercise of the powers conferred under the Dock Workers (Regulation of Employment) Act, 1948. The object of the schemes is to regulate the employment of dock workers to whom the schemes apply.

The Calcutta Unregistered Dock Workers (Regulation of Employment) Scheme applies to chipping and painting workers, stitcher and baggar, salt workers and coal workers and the employers of such workers. The Bombay Scheme applies to chipping and painting workers, stitcher and baggar, and coal workers and their employers while the Madras scheme applies to shore labour employed in handling chemical manure (including rock phosphate) in bulk, labour employed in handling coal (including bunker coal), shore labour employed in handling ores, shore labour employed in handling scrap iron and sulphur and stitçhers.

The scheme deals inter alia with functions of Dock Labour Board, listing of employers of dock workers and dock workers, obligations of listed employers and listed workers, disciplinary procedure, and appeals and penalties.

(The Gazette of India, Extraordinary,
Part II, Section 3, 24 December 1956,
pp. 2699-2712.)

83. Vocational Training.

India - December 1956.

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

Training of craftsmen.- According to the review of the work of the Directorate General of Resettlement and Employment during the month of October 1956, the number of trainees on the roll of various training institutes and centres on 31 October 1956 was 5,896. There were 4,065 (including 3 women) in technical trades and 1,831 (including 548 women) in vocational trades.

Training of displaced persons.- The total number of displaced persons undergoing training at the end of October 1956, was 1,933. There were 1,546 persons undergoing training in technical trades and 387 in vocational trades.

Apprenticeship training for displaced persons.- A total of 1,019 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 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.- Eighty-nine trainees were undergoing training at the end of the month under report at the hobby centre, attached to the industrial training institute, Allahabad, as against 71 last month.

Short term course of training in sheet metal work trade.- In the second short term course of training in sheet metal work at the industrial training institute, Bangalore, under the craftsmen training scheme 101 trainees were undergoing training in this trade against a sanctioned capacity of 96 at the end of the month under review.

Trade tests.- The trade tests in technical trades on an all-India basis and of the instructor and supervisor trainees at the women training centre, New Delhi and central training institute, Koni-Bilaspur, were held during the month.

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

CHAPTER 9. SOCIAL SECURITY.

INDIA - DECEMBER 1956.

92. Legislation.

Employees' State Insurance Scheme extended to certain areas in Rajasthan.

In exercise of the powers conferred under the Employees' State Insurance Act, 1948, the Central Government has with effect from 2 December 1956 extended the Employees' State Insurance Scheme to the following areas of the State of Rajasthan, namely: The areas within the limits of:-

1. Jaipur Municipality.
2. Jodhpur Municipality, and Masgoria Industrial Area bounded on the north east by Railway Line to Soorsagar, on the north west by Pal Road, on the south west by Sumer Samand Water Supply Channel and on the south east by Railway Line - Jodhpur to Looni.
3. Bikaner Municipality.
4. Pali Municipality.
5. Bhilwana Municipality.
6. Lakheri Municipality and the Lakheri Cement Factory area.

Shri Mohanlal Sukhadia, Chief Minister of Rajasthan, inaugurating the scheme at a function on 1 December 1956, said, labour, whether it was factory labour or any other labour, should have social security.

The scheme, would now cover 1,100,000 employees in the country.

Shri Brij Mohan Lal Sharma, State Labour Minister, who presided, said the scheme would be applied to factories which employed 20 workers or more.

(Notification No. SRO 2857, dated 23 November 1956; The Gazette of India, Part II, Section 3, 1 December 1956, page 2064; The Hindustan Times, 3 December 1956).

VIII. Maternity Benefits.

Orissa Maternity Benefit Rules, 1956.

The Government of Orissa published on 30 November 1956, the Orissa Maternity Benefit Rules, 1956, made in exercise of the powers conferred under the Orissa Maternity Benefit Act, 1953. The rules prescribe inter alia the method of payment of maternity benefit, powers and duties of inspectors, forms of muster roll, notice of confinement and annual return showing payment of maternity benefit during the year.

(Orissa Gazette, Part III, dated
30 November 1956, pp. 1353-1357).

105

Provident Fund for Plantation Labour: Amending Bill
passed by Parliament.

A Bill to amend the Employees' Provident Funds Act, 1952, was introduced in the Lok Sabha on 23 November 1956 by Shri Abid Ali, Deputy Minister for Labour. The Bill enables the Government to extend the Employees Provident Funds Act, 1952 to non-factory establishments particularly to shop assistants and white collared workers in commercial establishments and also to labour in plantations and mines.

The Bill was passed by the Lok Sabha on 8 December 1956 and by the Rajya Sabha on 19 December 1956.

Moving the Bill in the Lok Sabha, Shri Khandubhai Desai, Labour Minister, said that the Assam Government had already passed legislation for a provident fund scheme for plantation labour. Shri Desai said the Employees' Provident Funds Act came into force on 1 November 1952, and the average contribution annually had been 174 million rupees. The total amount of contribution annually to the fund till the end of September was 690 million rupees and all this amount had been invested in Government of India securities and earmarked for financing development projects under the Second Plan.

Shri K.P. Tripathi (Congress - Assam) said that the rate of provident fund should be increased from 6 1/4 per cent to 8-1/3 per cent. This would help in building up a sizeable amount of available funds for the second Five-Year Plan.

Shri T.B. Vittal Rao (Communist - Andhra) said it was a good thing that the Bill was being extended to tea and coffee plantations. He also wanted the rate to be increased.

Shri Tushar Chatterjee (Communist - West Bengal) said it was a welcome measure so far as it would cover a larger number of workers. But the Government should have taken steps to remove the defects in the working of this Act.

Shrimati Kamalendu Mati Shah (Congress - Uttar Pradesh) said the Act should apply to teachers and other workers in the hilly areas.

Replying to the debate the Minister said the recommendations made by the Central Board of Trustees for administering the Provident Fund trusts were under the consideration of the Government. "I hope ~~the~~ to publish in the Gazette very early the conclusions of the Government in this regard."

Shri Desai said he was glad to know that as far as labour was concerned, it would be willing and anxious to increase the rate of provident fund from 6 $\frac{1}{4}$ per cent to 8- $\frac{1}{3}$ per cent. "This will be taken into consideration by the Government. But it will require further amendment of the Act."

He was against further liberalising the rules for taking loans on the strength of the provident funds.

The House passed the Bill.

During the debate in Rajya Sabha Shri Khandubhai Desai, Labour Minister, explained the main objective of the legislation and said it was the Government's intention to extend gradually the scope of the Act in the Second Five-Year Plan, so that a substantially large majority of industrial workers, including even commercial employees, might be covered.

The Communist members, Shri P. Narayanan Nair and S.N. Majumdar, supported the Bill so far as it went, but complained that the pace of extension of provident fund benefits was very slow. They also suggested liberalisation of the provisions in the Act relating to accrual of the employer's contribution in the case of premature termination of service.

Another suggestion made by them was that the rate of employer's contribution should be increased from 6- $\frac{1}{4}$ per cent to 8- $\frac{1}{3}$ per cent.

The Bill was warmly supported by the Congress members, Shri H.P. Saksona and Shri B.K. Mukerjee. Shri Mukerjee said the agitation in regard to the demand for increase in the employers' contribution should be aimed at convincing the Labour Minister of the rightness of the demand. He was sure that proper persuasion would prove fruitful.

In his reply, Shri Desai refuted the charge of slow pace in regard to application of the Act. He pointed out that out of three million workers in the country covered by the Factory Act, 2.1 million had been covered by the Act since its enactment in 1952.

Apart from this, ~~two to three~~ 0.2 to 0.3 million workers in the public sector were covered by separate provisions regarding provident fund.

Shri Desai announced that it had been decided to liberalise provisions in regard to payment of employers' contribution to workers on premature termination of service. The effect of such liberalisation would be that those who had put in 15 years of service would be entitled to full share of the employers' contribution; those who had served 10 to 15 years would get 85 per cent; those who had served five to ten years 75 per cent; those who had served three to five years 50 per cent; and workers of less than three years of service would be entitled to 25 per cent.

The Sabha passed the Bill.

(The Hindustan Times, 9 and 20 December 1956).

Employees' Provident Fund Scheme extended to
Newspaper Establishments.

The Ministry of Labour in a Press note on 6 December 1956 said: "Section 15 of the Working Journalists' (Conditions of Service) and Miscellaneous Provisions Act, 1955, provides that the Employees' Provident Funds Act, 1952, will apply to every newspaper establishment in which 20 or more persons are employed on any day as if such newspaper establishment were a factory and as if a newspaper employee were an employee within the meaning of that Act.

"The Government of India have now decided to apply, mutatis mutandis, with effect from 31 December 1956, the Employees' Provident Funds Act Scheme, 1952, framed under the Employees' Provident Funds Act to newspaper establishments.

(The Hindustan Times, 7 December 1956).

CHAPTER 11. OCCUPATIONAL SAFETY AND HEALTH.

INDIA - DECEMBER 1956.

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

Uttar Pradesh Boiler Attendants' Rules, 1956.

The Government of Uttar Pradesh gazetted on 22 December 1956, the Uttar Pradesh Boiler Attendants' Rules, 1956, made in exercise of the powers conferred under the Indian Boilers Act, 1923. The rules require that the owner of a boiler shall not use it or permit it to be used unless it is placed under the charge of a person holding a certificate of competency under the rules and prescribe inter alia the mode of examination for the grant of certificate of competency, age and training of candidates for certificate of competency, etc.

(Uttar Pradesh Gazette, Part IA,
22 December 1956, pp. 1933-1943).

Uttar Pradesh Economiser Rules, 1956.

The Government of Uttar Pradesh published on 22 December 1956 the Uttar Pradesh Economiser Rules, 1956, made in exercise of the powers conferred under the Indian Boilers Act, 1923. The rules prescribe inter alia the procedure for registration of economisers, investigation of accidents to economisers and appeals.

(Uttar Pradesh Gazette, Part-IA,
22 December 1956, pp. 1944-1951).

111

Draft Coal Mines Regulations, 1956.

The Central Government published on 29 November 1956, the draft of the Coal Mines Regulations, 1956, proposed to be made in exercise of the powers conferred under the Mines Act, 1952 and in supersession of the Indian Coal Mines Regulations, 1926. The regulations deal inter alia with returns, notices and records, certificates of competency and of fitness and examinations, powers and duties of inspection staff, duties and responsibilities of workmen, competent persons and officials, submission of mine plans, means of access and egress to mines, safety precautions to be observed in transportation of men and materials in winding in shafts and haulage, precautions to be observed in mine workings, precautions against dangers from fire, dust, gas and water, standard of ventilation in mines, lighting and safety lamps, types of explosives to be used in mines and precautions to be observed in shotfiring, general provisions about construction and maintenance of machinery, etc.

The regulations will be taken into consideration by the Government after 1 March 1957.

(The Gazette of India, Extraordinary, Part II,
Section 3, 29 November 1956, pp. 2477-2571).

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