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INTERNATIONAL LABOUR OFFICE
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Industrial and Labour Developments in March 1960.

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

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CHAPTER 1. INTERNATIONAL LABOUR ORGANISATION.

INDIA - MARCH 1960.

11. Political Situation and Administrative Action.

Madras: 10th Meeting of State Labour Advisory Board:
Minister's Address.

The question of preparing and maintaining a permanent panel of arbitrators to settle industrial disputes is under the consideration of the Government, said Shri R. Venkataraman, Minister for Industries, presiding over the tenth meeting of the Madras State Labour Advisory Board held on 12 February 1960.

Shri Venkataraman said that during the year 1959 as many as 824 disputes were settled by conciliation. Eight thousand seven hundred and sixty-nine complaints relating to reinstatement of discharged workers, increased wages, bonus, hours of work, leave facilities and retrenchment compensation were also investigated by the Labour Officers. During the last year, there were 216 strikes and lock-outs. One hundred and thirteen strikes were resolved by the intervention of the labour officers and in 40 cases the parties had mutual negotiations. In 61 cases, the workers voluntarily resumed work and the remaining two cases were referred for adjudication.

The principle of voluntary arbitration as a method of settlement of industrial disputes which was provided under the Industrial Disputes Act was also being commended to the parties in this State and the Labour Officers had been suitably instructed in this regard. In two cases, the parties were actually persuaded to accept arbitration to settle the pending disputes.

Government, the Minister said, had included in Part I of the Schedule to the Minimum Wages Act the following six employments, viz., employment in match and fire works manufacture; hosiery manufacture; cotton ginning and pressing; salt pans; coir manufacture and bricks and tiles manufacture. Minimum rates of wages for these employments would be fixed in due course. After considering the recommendations of the State Minimum Wages Advisory Board, the Government had issued a draft notification proposing the revision of minimum wages in mica works. The revised rates would be finalised after considering the objections received from the public.

Extension of E.S.I. Scheme.— Shri Venkataraman said that the Employees' State Insurance Scheme which had been in force in Madras City, Coimbatore, Madurai, Tuticorin, Ambasamudram, Tirupur, Udumalpet, Salem and Mettur covering about 183,000 workers, would be extended to the following new areas, viz., Perianaickenpalayam, Peelamedu, Sivakasi, Rajapalayam and Tiruchirappalli, covering 15,000 workers, during the current year. Further extension of the scheme to Dalmiapuram, Kovilpatti, Cauverynagar, Usilampatti and Ranipet, was also under the consideration of the Government. When this was done, the Madras State would be the first State which would have extended the Employees' State Insurance Act to all the insurable working population of the whole State.

The construction of a separate Employees' State Insurance Hospital at Madras with a bed strength of 175 (of which 25 beds have been reserved for T.B. patients) for the exclusive use of the Employees' State Insurance patients at an estimated cost of 2.7 million rupees had been sanctioned. The construction of an additional Employees' State Insurance dispensary in Choolai area with a view to relieving congestion at the existing dispensaries at Perambur had also been sanctioned. Another important protection given to the insured persons suffering from T.B., while under certified sickness was that they stood protected from dismissal, discharges, etc., by the employer for a period of one year instead of six months as in the case of other insured persons.

(The Hindu, 13 February 1960).

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Labour Policy in the Third Five Year Plan:
Standing Labour Committee's Recommendations.

The second meeting of the 18th session of the Standing Labour Committee (vide section 11, pp.5-28 of the report of this Office for February 1960) met at New Delhi on 10 and 11 March 1960, exclusively to discuss labour policy and programmes in the Third Five Year Plan. At this meeting, the Committee considered the proposals in respect of: (I) Approach to industrial relations; (II) Industrial relations machinery; (III) Trade unions; (IV) Rationalisation; and (V) Wages. The draft conclusions reached under these heads are set out below.

I. Approach to Industrial Relations.- It was considered that strong trade unions, and enlightened employers and minimum intervention by Government ~~employers and minimum intervention by Government~~ constituted the basic elements of sound industrial relations.

The policy as laid down in the Second Five Year Plan which leaves adequate scope for the parties to come together on their own initiative for settlement of their differences and empowers Government to refer disputes to adjudication in the event of a break-down, requires to be somewhat modified. The modification should envisage (a) strengthening the current emphasis on reaching bipartite agreements and tripartite conventions like the Code of Discipline on a voluntary basis and extending their coverage to both the public and private sectors, and (b) more intensive efforts at securing agreement, for reference of disputes to voluntary arbitration.

The principles of voluntary arbitration agreed to at the 17th Session of the Indian Labour Conference (Madras, July 1959) were reiterated. While noting the possible difficulties in operating these principles, the Committee recommended the following measures to secure increased recourse to voluntary arbitration:-

(i) Voluntary arbitration in its present form does not bind workers who do not belong to a trade union which enters into an agreement with the employer. There should be an amendment of the relevant Act which will provide that the decisions reached in voluntary arbitration should have the same status as awards of Industrial Tribunals. Specifically, these decisions should be binding on all employees, irrespective of whether they belong to the union or not. In this connection, the implications of the recent Supreme Court decision require to be examined while framing the proposed legislation.

(ii) There are certain restraints placed on the parties under the Industrial Disputes Act, 1947 when a dispute is referred to a tribunal. These should also apply to the parties if they take recourse to voluntary arbitration.

(iii) The Central and State Governments should prepare in consultation with the employers' and workers' organisations, lists of suitable persons who would accept the responsibility of acting as arbitrators. These lists should be compiled on a regional and industry-wise basis. The persons included in the lists should be such as would inspire confidence of the parties. It would, however, be open to parties to select an arbitrator out of these lists or even outside these lists.

(iv) The question whether persons who accept the responsibility to act as arbitrators should be paid or not, needed further consideration.

(v) Recognition of trade unions on the part of employers is a necessary prerequisite for the success of voluntary arbitration. While welcoming the progress made in this matter through the Code of Discipline, the Committee recognised the need to intensify efforts to secure a better working of the existing voluntary arrangements concerning recognition of unions.

II. Industrial Relations Machinery.- The machinery for Industrial Relations should consist of: (a) Conciliation Officers; (b) Arbitrators (Voluntary); (c) Industrial Tribunals.

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Some criticism was voiced by workers' representatives regarding the functioning of the conciliation machinery, particularly in regard to delays, calibre of conciliation officers, reluctance of employers to lay their cards on the table, and employers' tendency to send junior officers in their employ for conciliation proceedings with inadequate powers for entering into a settlement. Employers' representatives, however, did not accept the criticism against themselves. As regards the other difficulties, the Committee felt that the calibre of the conciliation officers needed improvement, that there should be a provision for training-on-the job as well as refresher training for conciliation officers, and that adequate strengthening of the conciliation machinery was necessary.

Another difficulty experienced in conciliation was the absence of 'norms' for settling disputes. Over the last 10 years, sufficient judicial and other pronouncements have been made on industrial matters which will enable the evolving of such norms by tripartite committees as has been done in some States. This is a task to which Governments at the Centre and the States should address themselves.

At present conciliation proceedings do not start unless there is a threat of strike. This association between threat to strike and conciliation ~~between~~ require to be removed in the interest of better functioning of the machinery. Conciliation in all cases should commence as soon as a dispute is referred to the officer concerned by either of the parties.

The adjudication machinery should be used sparingly in accordance with the principles agreed to at the 17th Session of the Indian Labour Conference.

The question of creation of a special cadre for industrial judges should be considered to secure higher status for judges appointed on tribunals.

Opinion was divided whether the Labour Appellate Tribunal should be revived at this stage or not.

Workers' representatives urged that the enforcement tribunal envisaged in paragraph 15 of the Chapter on Labour Policy and Programme in the Second Five Year Plan, should be set up.

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Workers' representatives pointed out that in some cases retired judges of industrial tribunals secured employment with employers and stressed that this should be discouraged. Employers' representatives said that such instances were extremely rare.

The Committee also felt that there was need to provide for a Mediation Service for dealing with disputes in the early stages. The mediators could be brought in at a stage before a dispute comes to the surface and could be approached by employers and workers informally in any situation which may lead to a dispute.

III. Trade Unions.- It was recognised that the conditions for the success of any industrial society were the existence of strong and healthy organisations of workers and employers. It was suggested that Government should consider the question of implementing the recommendation made in the Second Five Year Plan concerning certification of employers' associations as representatives of the industry in an area, where these associations seek such certification. In addition, the following steps for improvements in the trade unions were suggested ~~and~~ while reiterating the recommendations made in this regard in the Second Five Year Plan. These were:-

(i) The election of collective bargaining agent was not favoured; nor was the consensus of opinion in favour of any attempts being made for the present, to enlist in trade unions through systems comparable to 'union shop', persons who did not desire to join the union.

(ii) The present position in the Code of Discipline in securing recognition on a voluntary basis should be given a further trial before changes are made in favour of legislation.

(iii) Workers' representatives urged that special leave and other facilities should be given to employees for appearing before the industrial relations machinery and courts. The employers' representatives pointed out that reasonable facilities were already being given in such cases.

IV. Rationalisation.- While the policy on rationalisation outlined in the Second Five Year Plan and endorsed at the 15th Session of the Indian Labour Conference (New Delhi, July, 1957) was reiterated, it was suggested that Technical Committees should be set up at the Centre as well as in the States to ensure that rationalisation schemes were sound and were implemented according to agreed principles.

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V. Wages.— Workers' representatives made a reference to the comments made by the Pay Commission concerning the norms for fixation of minimum wages, evolved at the 15th Session of the Indian Labour Conference (New Delhi - July, 1957). A suggestion was made that the policy enunciated by this Conference, regarding the need-based minimum wage, should be embodied in the Third Five Year Plan. While noting the difficulties that stood in the way of full implementation at this stage of the norms recommended by the Conference, the Committee recommended that the question of nutritional requirements for a worker and his family and the composition of the diet which is to provide the requisite nutrition, needed further examination at the technical level.

A point was made that wage differentials between skilled and unskilled workers had narrowed ~~the~~ down. While reduction of wide disparities in wages was a desirable objective, the question required to be considered from the point of view of the need for adequate incentives also.

Referring to the policy set out in the Second Five Year Plan that the aim of wage policy should be to evolve a wage structure with rising real wages, workers' representatives pointed out that, compared to the year 1947, real earnings of the workers had come down in the case of the skilled workers. It was felt that the matter required detailed examination.

It was urged that steps should be taken to ensure a more effective enforcement of the 'Fair Wage Clause' to protect the interests of the workers concerned in the construction industry.

It was suggested that Government should consider the question of adding to the schedule to the Minimum Wages Act, other employments where working conditions were bad and the workers needed statutory protection.

A point was made that, whereas production had increased in recent years, real wages had not kept pace and that it was necessary that wages should rise with productivity. The existing knowledge in regard to (a) techniques for measurement of productivity, and (b) norms on the basis of which gains of productivity should be shared, was not adequate. It was, therefore, suggested that productivity studies should be undertaken in some selected industries to evolve such techniques, norms, etc. Securing of suitable technical assistance under the I.L.O. Technical Assistance Programme may also be explored in this connection. The programme of productivity studies should be drawn up in consultation with the National Productivity Council and a small Steering Committee, with which workers' and employers' representatives were to be associated, should be set up to deal with matters connected with the proposed studies.

Criteria should be evolved for ascertaining an industry's capacity to pay.

The employers' representatives suggested that bonus, which was an uncertain element in the wage cost, should be done away with. After some discussion, it was agreed that the question was one of evolving some suitable norms so that the uncertainty associated with it was minimised. It was agreed that for this purpose a Bonus Commission which should go into the question and evolve some suitable norms, should be appointed. The proposed Commission should also consider the question of making bonus payments to workers in the form of shares.

A number of Wage Boards had been set up in recent years and more were likely to be appointed soon. Some of the problems which the existing Wage Boards had to tackle were likely to be faced by Wage Boards which will be appointed in future. There was need to have co-ordination whereby the experience already gained and the essential data (which could be compiled in advance) could be made available to these Wage Boards.

Two general points mainly concerning employment but having a bearing on wages were also mentioned. These were (i) settlement of landless labour on lands available for distribution, and (ii) provision of additional employment opportunities to workers engaged in seasonal and casual employment.

(Main Conclusions / Suggestions of the Second Meeting of the 18th Session of the Standing Labour Committee (New Delhi, 16th-11th March 1960), received in this Office).

12. Activities of External Services.

India - March 1960.

Meetings and Conferences

(a) On 17 February 1960 the Director attended a meeting of the Technical Sub-Committee for Research on Labour Problems convened by the Planning Commission.

(b) On 8 and 9 March 1960 the Director attended a seminar on Labour-Management Co-operation convened by the Central Labour Ministry.

(c) On 10 and 11 March 1960 the Director attended 2nd meeting of the 18th Session of the Standing Labour Committee.

Visitors

Among visitors to the Office during the period under review were Mr. A. Vaidyanathan, Secretary, Advisory Committee on Administrative and Budgetary Questions, and Mr. Victor D Carlson, Regional Social Affairs Officer, U.N. Economic Commission for Asia and the Far East.

Contacts

On 23 March 1960 the Director attended a Reception given by His Excellency the Ambassador of the United Arab Republic in honour of the President of the U.A.R.

Chapter 2. International and National Organisations

25. Wage-Earners' Organisations.

India - March 1960.

Eighth Annual Convention of Hind Mazdoor Sabha,
19 - 21 February 1960: Revision of Wage Policy
Urged.

The Eighth Annual Convention of the Hind Mazdoor Sabha was held in Delhi from 19 - 21 February 1960. The session, which was attended by over 250 delegates from all parts of the country, was presided over by Shri S.C.C. Anthony Pillai, President of the H.M.S. Among others, Mr. Eric Peterson (AFL-CIO), Mr. Harry Goldberg (AFL-CIO), Mr. Meyer Bernstein (International Affairs Representative of the United Steel Workers of America), Shri G. Mapara (ICFTU) and Shri D. Mungat (ICFTU) also attended the inaugural session.

Presidential address.- Shri Anthony Pillai, in his presidential address, criticised the Central Pay Commission's Report and said that the labour movement was entering a crucial stage in the long drawn out struggle for a needs-based fair wage and adequate social security. He said that the Government ~~employees~~ had not redeemed the pledges made to labour. He urged all support to the Central Government employees in their protest against the recommendations of the Central Pay Commission and said that the recommendations of the Pay Commission should be treated as the basis for negotiating a settlement of the wage issue. He said that the Conference should consider the advisability of mobilising labour for the achievement of the following minimum targets in those industries where the capacity to pay is in doubt:

1. Immediate restoration of the 1948 or 1955 standards of living (whichever is higher) for all categories.
2. Increase in the Dearness Allowance rates for all categories which should fully neutralise the increased cost of living of whatever basic wage rates have been prescribed.
3. The Dearness Allowance to be linked with the cost of living index for all industries providing only for a rise pari passu with the rise in the index.
4. No reduction in the Dearness Allowance, because of any fall in the cost of living, till Fair Wage Standards are reached.
5. An annual increase of 5 per cent to 10 per cent of the wages to reach the Fair Wage Standards within a stipulated number of years.
6. In all industrial units where there has been an increase in labour productivity a further percentage increase, in wages, providing for an ~~equitable~~ equitable share of the saving in the cost of labour.
7. A minimum subsistence wage at current prices for industrial units, where capacity to pay is low.

He urged the Hind Mazdoor Sabha to exert pressure on the Government for a review of all wages prescribed under the Minimum Wages Act taking into consideration among other factors the increased cost of living and to convene a special meeting of the Indian Labour Conference to rediscuss the National Wage Policy. Finally, he drew attention to the need to strengthen the trade union organisation to be an effective instrument for achieving at least some of the limited goals which circumstances are forcing on it.

Resolutions.- The Conference, among others, adopted resolutions relating to the present economic situation, the Third Five Year Plan, industrial relations in public sector, wage boards for Railwaymen and other Government employees, the Pay Commission Report, Code of Discipline in Industry and wages.

Economic Situation.- The resolution on this subject expresses concern that though the overall targets of the Second Plan in respect of investment, industrial output and aggregate national income are expected to be substantially reached, the progress of the Second Plan so far has brought little or no improvement in the standard of living of the people. It refers to the rising price level, particularly of food grains and to the aggravation of the unemployment situation. It reiterates that not only in the interest of social justice but also for maximising national wealth, the task of creating greater job opportunities needs to be given highest priority.

The resolution while admitting that there has been some progress in industrial production, warns the Government that there is a widespread and well-founded feeling among the people and especially the workers today that while industrial and economic development is taking place at a steady pace, the fruits of such development are being monopolised by a small class and are not being shared by the people at large. This feeling, if allowed to grow, will undermine the people's faith in democratic planned progress towards a better life.

Third Five Year Plan.- The resolution on this subject, emphasises that the second Plan, so far, has failed in fulfilling the social objectives of reducing economic disparities, increasing employment opportunities and giving some immediate relief to the most impoverished sections in the society. Continued disregard of these objectives is breeding among the people and an apathy towards the Plan, which, if allowed to grow, will defeat the efforts and objectives of planning. The resolution urges that the Third Plan must, therefore, specifically and positively provide for the achievement of these social objectives and not leave them to chance on the assumption that the global targets of investment, output and rise in per capita income will automatically take care of unemployment, depressed living standards and economic disparities. A fair proportion of the increase in national income must accrue in a form that will be available for consumption not only to provide for the increased population but also to bring about some immediate improvement in the standard of living of the unprivileged. The pattern of investment and production planned will have to conform to these social objectives. The resolution adds that a definite minimum programme relating to labour must be accepted for immediate implementation at the very commencement of the Third Plan and that such programme must not be made dependent upon any other conditions. It suggests that such a minimum programme should include:

- (i) Immediate upgrading of all sub-subsistence wages everywhere and adequate protection of law to wages in such sectors;
- (ii) Immediate improvement in wages in organised industry;
 - (a) to make good ~~and~~ erosion in real earnings due to rising prices over ~~the~~ past five years, and
 - (b) to pass on to the workers the benefit of increased productivity of labour;
- (iii) Positive and unconditional programme of adequate industrial housing regardless of institutional considerations like efforts by co-operatives, employers or State Governments;
- (iv) Implementation of Social Security Scheme devised by the Labour Ministry's Study Team of experts;
- (v) Complete abolition of and ban on contract labour in regular operation of any service or production in any establishment.

The Third Plan should also accept a definite phased programme for raising wages at least in the public sector and in organised industry upto the standards of need-based minimum wage and fair wage.

Industrial Relations.— Noting the unsatisfactory and disorganised state of industrial relations in the public sector, particularly in Government Offices, the Convention by a resolution reiterates its view that it is ^{the} responsibility of Government ~~the~~ to act as a model employer and to set standards in the field of wages, conditions of work and industrial relations for employers in the private sector to follow. The resolution urges upon the Government the immediate adoption of the following five-point policy for the purpose of improving industrial relations in the public sector and placing them on a sound footing:

- (i) Accord full recognition to representative unions of the employees and remove all restrictions on legitimate trade union activities, the representative character of a union to be decided by a secret ballot;
- (ii) Provide opportunities to the unions and employees to represent grievances and demands ~~xxx~~ through the setting up of joint committees at various levels;

(iii) In the present administrative set up where all power is concentrated in the hands of the Ministry at the top even in the case of the so-called autonomous corporations, joint consultation and negotiations cannot be fruitful. Effective power must, therefore, be decentralised and administrative heads of departments and corporations vested with authority to take final decisions regarding the problems arising in their respective spheres;

(iv) Accept the principle of reference to voluntary arbitration of all issues in dispute between the unions and the administration and set up the necessary arbitration machinery;

(v) Abandon the practice of seeking exemptions from labour and social security laws and regulations and provide to the employees better terms and conditions of employment and work than are available to employees in comparable establishments in the private sector;

(vi) Develop methods and procedure for drawing workers closer to the enterprise and giving them a sense of participation in management.

The resolution also appeals to workers in the public sector to develop an attitude of co-operation and work jointly with the administration for the proper discharge of their obligations towards the community.

Wage Boards for Railwaymen and other Government Employees. - The resolution on this subject emphasises that the present practice of lumping together all Government employees and laying down for them uniform scales of pay and conditions of service is unscientific, unworkable and undesirable. The conditions of work, the skills required and the responsibilities discharged by employees belonging to various departments and services are so different from each other that it is unjust and improper to impose upon them the same terms and conditions of service. There is more particularly a wide gulf between the duties shouldered and work performed by employees in the production of goods and services. The resolution expresses the view that the time has now come to appoint separate wage boards for various sections of Government employees so that problems of each particular department or economic activity may be separately considered and scales of pay and terms and conditions of service appropriate to the department and economic activity may be fixed for the particular group of employees. The recommendations of the Pay Commission should be regarded as the minimum on the basis of which separate wage boards should fix fair wages and other conditions of work for various sections of employees. In particular it supports the demand of railway workers

for a separate wage board for consideration of their demands and for the fixation of their terms and conditions of service after taking into consideration the type of work they are required to do, the place of Railways in national economy and the contribution they make to the general revenue.

Pay Commission's Report.- The Conference by a resolution expressed dissatisfaction with the recommendations of the Second Pay Commission. Though the pay scales prescribed by it were higher than those recommended by the First Pay Commission, the real wages or wages in terms of purchasing power were much lower. The resolution pledged the support of the Hind Mazdoor Sabha in any agitation or struggle the Central Government employees' organisations may think fit to launch in this regard.

Code of Discipline.- The resolution on this subject says that the Code of Discipline in Industry has been in operation since July 1958, but an analysis of various cases reported to the Hind Mazdoor Sabha shows a "shocking disregard of the Code both by the employers and the Government in most cases". The resolution asserts that ^{the Code} cannot become a unilateral obligation on labour alone. It, therefore:

- (i) Directs the Working Committee to collect factual information and data about cases of violation of the Code and present a memorandum based on such data to the Government;
- (ii) Demands that the Implementation and Evaluation machinery everywhere be independent of the dictates of the Government and responsive directly to all complaint from the parties about violations of the Code;
- (iii) Urges all employers both in the public sector and private sector to live upto their obligations under the Code both in letter and spirit;
- (iv) Warns the Government and employers that unless positive, faithful and prompt implementation of the Code is ensured, the Sabha may have to seriously reconsider its own obligations to the Code; and
- (v) Directs all affiliated unions to mobilise their members on this issue.

Wages.- The resolution on this subject regrets that Government had not implemented the resolution on "needs-based" minimum wage adopted by the 15th Indian Labour Conference held in 1958. Resisting attempts that are being made to water down the resolution of the 15th Indian Labour Conference, the resolution puts forward on behalf of the Indian Working Class, the following additional claims:

1. That criteria be evolved and procedures laid down for assessment of an industry's capacity to pay the needs-based minimum wage.

2. That even in the event of an organised industry being found to have inadequate capacity to pay immediately the needs-based minimum wage, the wage-fixing authority shall be required to prescribe wages in a manner that:

- (a) the real wages of the different categories of workers in the concerned industry shall be restored to the highest level reached by them since 1947;
- (b) that real wage having been so restored, the Dearness Allowance rates shall be so fixed that whatever further increase in the cost of living there may be in the future, the real wage shall not be adversely affected nor the differentials for skilled, semi-skilled and clerical categories be narrowed;
- (c) having effected the restoration of the real wage and protected it against any future inflation, the level of wages for the concerned industry should be decided by the wage fixing authority taking into account the increased productivity of labour in the industry compared to its productivity in 1947; and
- (d) the wage fixing authority shall also prescribe the incremental steps by which the real wage shall be augmented such that within a stipulated number of years the wage rates for the industry will reach the level of the needs-based minimum wage.

Office bearers.- Shri Devan Sen was elected President of the H.M.S. and Shri Bagaram Tulpule, General Secretary.

("Hind Mazdoor", Vol. VII, No. 2-3, February-March, 1960;

The Times of India, Bombay, 24 February 1960).

28. Employers' Organisations.

India - March 1960.

Thirty-third Annual Meeting of the Federation of
Indian Chambers of Commerce and Industry, New Delhi,
27 March 1960: Quicker growth of Industries urged.

The 33rd annual session of the Federation of Indian Chambers of Commerce and Industry was held at New Delhi on 27 March 1960. The Conference was inaugurated by Shri Jawaharlal Nehru, Prime Minister of India and presided over by Shri Madan Mohan Ruia, the President of the Federation.

The Conference was of the view, that if certain changes and adjustments were made in the Government's economic policy, it would be possible to bring about "a more rapid industrial growth than envisaged by official planners". In a resolution adopted at the session, the FICCI urged that the fiscal policy of the Government ~~should~~ should be reorientated to ensure that "the savings of individuals fructify in their hands, for it is individual savings that can stimulate broad-based development even of the corporate sector".

Presidential address. - Reviewing the events of the past year, Shri Madan Mohan Ruia, in his presidential address said: "In the economic sphere, we do not seem to have done too badly, and any doubts which might have been expressed during the early years of the Second Plan regarding our economic goals seem to have been answered by events. Industrial and agricultural production has been encouraging, though not entirely out of the pale of precariousness. Even in the international field, the picture is brighter in terms of appreciation of our economic efforts and the adequacy of assistance which might be forthcoming from friendly countries."

Shri Ruia, referring ^{to} certain endemic features of the economy which needed attention stated that growing population was one of these and urged for an intensification of the programme to propagate and popularise family planning.

Speaking about the problem of unemployment Shri Ruia said: "Another matter of considerable economic import is the additional pressure of new entrants on employment opportunities, a pressure which is by no means small even now. The Second Plan expects to end up on the basis of old assumption with a backlog of 7 million unemployed persons. This is bound to prove an under-estimate. Now, productive employment has two aspects: one, the pattern of employment taking the population as a whole, and two, remunerative and productive employment from the viewpoint of the individual as well as the society. I am sure it will be agreed that the solution of the unemployment problem in the course of the Third Five Year Plan should involve a distinct shift in the pattern of employment in the country. Thus, it might be expected that proportionally speaking, agriculture may engage a smaller proportion of the population in the Third Plan than at present. Larger and diversified employment can only be achieved if industrial units of small and medium-scale are located in centres which are not so intensively industrialised so far. They should also be of such types as to offer work requiring different kinds of manual, mechanical and supervisory skills. In other words, a conscious attempt should be made to spread industrialisation to smaller towns and to invoke the enterprise of the local population, i.e., of the businessmen and artisans in all such places. By virtue of their nature, certain industries will necessarily have to be run as large units, so as to achieve optimum and economic outputs. Similarly, locational advantage will lead to certain concentration of industries in some parts of the country. Having regard to these basic factors and without violating them, it should be possible to facilitate a wide band of industrial growth."

Continuing Shri Ruia referred to remuneration to labour which had come frequently to the fore in recent discussions on labour policy and programmes during the third plan and said that on the basis of the recommendations of some Commissions and wage boards, wages and salaries had come to be increased. The common argument put forward for the increase was that the general level of prices had gone up, and, therefore, requisite upward adjustment needed to be made in wages and salaries. Shri Ruia said

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"It seems to me that this kind of solution is self-defeating and also does not take into account the empirical relationship between some price rise and a developing economy like ours and its anti-inflationary effect in the perspective of the entire demand-supply situation. I should not be misunderstood as opposing an increase in the emoluments of ~~these~~ salaried classes and workers, provided such increase follows or stimulates an improvement in productivity. The crux of the problem lies in increased production all round. Although this solution may seem trite, it is the only solution - the right solution. Again, it is through higher production that we can fight inflation. There is a school of thought which believes that the root cause of recent rise in prices in the country is monetary inflation resulting from deficit financing. No one can deny that deficit financing, if used indiscriminately, is bound to lead to ~~runaway~~ runaway inflation. In our country, however, this method of finance has so far been used with discrimination. I for one believe that in a situation where there are unused resources, and especially in an under-developed economy, controlled deficit financing has got to be resorted to. Otherwise, in fact the vicious circle of low savings and low investments cannot be pierced through. It is also urged sometimes that greater emphasis must be placed on savings rather than on consumption, and the protagonists of this theory find an inherent contradiction between increased investment and increased consumption taking place simultaneously. The seeming paradox is not as real as it is made out, particularly in cases where there are unused resources."

Prime Minister's speech.- Inaugurating the conference Shri Jawaharlal Nehru said that while India had to go ahead with her industrialisation, especially the development of heavy industry, one had to remember that behind it all lay the basic quality of the human being, of the individual, as well as the community. He said that the planned approach acquired utmost urgency in view of the objective of taking the people out of their present "low level". Things could not be left just to chance, of to individuals to better their lot themselves and in that process, perhaps, bettering in some way the life of the community.

Shri Nehru stressed the need of adopting new techniques. But what amazed him, he said, was that while talking of the latest techniques enthusiastically some people seemed to have in their minds in some age long past. Naturally, there was a lack of integration between thinking and action. It was necessary that a country entered the world of science with a full mind and a full heart. The country had to pull itself up to be in line with the rhythm of life in the world today - "the age of jets, space and atomic energy."

In such a world, planning was necessary. To say it was bad was quite an extraordinary confusion in thinking. The country had no alternative but to plan to the best of its ability and with certain objectives. The major factor was the peasant in India. How was the gap between the rich and the poor to be lessened? This gap was bad for the rich and the poor alike.

Shri Lal Bahadur's address.- In his address to the Conference Shri Lal Bahadur Shastri, Minister for Commerce and Industry, expressed concern over the rise in the price of certain varieties of cotton textiles manufactured in Bombay and Ahmedabad. He assured the industry that there would be no shortage of cotton. The Government would do its utmost to see that the requirements of cotton by the industry were met.

Stating that the textile industry faced "rather a difficult situation", Shri Shastri appealed to millowners and labour to see that strikes were avoided and production was maintained.

Emphasising the need to start ancillary or small industries in various parts to solve the unemployment problem in the country. Shri Shastri said that even in a highly industrialised country like the U.S.A. the requirements of big industries were met by small industries. Moreover, four million small industries in that country absorbed 65 per cent of the industrial workers. "If a country like the USA developed in that way, you can easily imagine what we have to do in our country where the position is precarious. Unless we do something in a big and bold way, we will not be able to solve our unemployment problem. If we do not solve that problem, I do not know how we can maintain peace in our country", he said.

Resolutions: Agricultural development.- The Federation adopted a resolution underlining the need to accelerate agricultural production which, it said, was essential for maintaining higher industrial production and achieving increased exports.

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The resolution said that to achieve self-sufficiency, specific responsibilities should be assigned to specific departments and officers at all levels of administration, and that steps should be taken to ensure that all assistance meant for increased production including fertilisers reached the farmer. Community development and allied programmes should concentrate on irrigation, road building and similar works and "considerable care should be exercised without ideological bias" while introducing changes like co-operative farming.

Third Plan and Economic Policy.- A resolution on Third Plan stated that the objectives of the economic policy must be borne in mind so that requisite modifications could be effected. Of these objectives, according to the Federation, the more important ones were: increased employment, increased ~~production~~ production through increased productivity of men and machinery, a growth in the savings of the community which should fructify in the hands of the individuals and, last but not least, a reasonable increase in and diversification of consumption which alone could sustain and improve all economic plans. Judged by reference to these objectives, in the opinion of the Federation, there must be a distinct modification of Government's economic policies and procedures. The Federation also believed that such modification in itself must follow a real change in the approach to the problem not only by the authorities, but also by all those who were connected with production and distribution in whatever capacity.

It is the view of the Federation that exports of not only traditional but also new items of India's manufactured products must be developed, for it is only through increased exports that it would be possible to import our additional requirements to sustain economic development. While thanking the friendly countries for the credit facilities made available and that may be placed at our disposal in the coming years, the Federation wishes to urge that the Indian nation must start relying on its own capacity to export and thus earn valuable foreign exchange. It is obvious that our exports will have to contend against the ~~growing competition in the~~ import policies of foreign countries and moreover the growing competition in the fast developing international buyers' market. Consequently, the prices of our exports must be such as to be competitive. Our commercial policy requires to be kept constantly under review to meet the situation arising out of disequilibrium in our trade with certain countries.

In this view of things, the Federation called upon the parties concerned to adopt measures on the following lines:

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(a) The fiscal policy of the Government should be reorientated to ensure that the savings of the individuals fructify in their hands, for it is individual savings that can stimulate broad-based development even of the corporate sector.

(b) The credit policy of the Reserve Bank and the commercial banks should be actively geared to our developmental requirements.

(c) A labour and wage policy which will lead to greater discipline and ensure that emoluments ~~are~~ are related to output so necessary in the interests of efficient production and that of the consumers.

(d) Every scope must be given to the building of houses by individuals and housing societies. The monetary policy and legislation in this behalf should be such as to stimulate building activity and easy transfer of real property.

(e) The Government at all levels must economise on non-developmental expenditure to the maximum by more efficient utilisation of their personnel and equipment, and such economy in Government's expenditure should be reflected in lowering the relative proportion of taxes.

(f) Effective steps should be taken to increase the productivity per acre of land.

(g) The management of industries should undertake promotion of the right kind of skill and efficiency within the industrial undertakings at all ~~exist~~ levels.

In the course of the discussion Shri S.P. Jain said he did not see why official planners should be hesitant about ensuring full employment. They should aim at a full utilisation of the available manpower as in China, and, he thought, it could be achieved by expanding building activities and schemes of afforestation, road, building, etc.

Referring to the credit squeeze by the Reserve Bank, he said that credit policy should not deter the growth of the monetized sector. Sufficient credits should be made available for productive investments.

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The Federation by another resolution, expressed concern at the "extension of the activities of the State Trading Corporation" and on the entry by manufacturers into the field of trade and urged the Government as well as industries to fully utilise the services of the traditional trade channels.

Office bearers.- Shri Karamchand Thapar was elected Vice-President of the Federation of Indian Chambers of Commerce and Industry at a meeting of the Committee held in Delhi on 29 March 1960 under the Chairmanship of the new President Shri A.M.M. Murugappa Chettiar, elected earlier.

(Text of the Presidential Address
and Resolutions, received in
this Office;

The Statesman, 28 March 1960,
29 March 1960 and 30 March 1960).

Twenty-seventh Annual Meeting of the Employers' Federation of India, Bombay, 17 March 1960:

Shri N.H. Tata's Address.

Presiding over the 27th annual general meeting of the Employers' Federation of India held at Bombay on 17 March 1960, Shri Naval H. Tata, emphasised the need for positive action to hold the price line which alone, according to him, could hold the wage-line to some extent so essential to redress economic imbalance and check inflation. Shri Tata, in his address said that it was but fair that, in a developing economy, all concerned, including the working classes, would like to have a fair share of the prosperity, but they should also see that production was not hampered. In formulating a wage policy based on social justice, there was a tendency to underestimate the impact of inflation on the liability of the employer to provide fair wages. When an inflationary trend had definitely set in, a mere mechanical adjustment through repeated wage increases would hardly be a remedy for bridging the gaps in the real income of the workers. Instead of accusing the employer for an alleged raw deal to the worker, Government and the tribunals should explore ways and means to correct the economic imbalance and check the inflation. Under such a situation, an automatic increase in wages and dearness allowance would merely accentuate the inflationary trend, and the vicious spiral would gather greater momentum.

Shri Tata said that while the Union Labour Ministry was understandably anxious to see that a fair deal was not denied to the working class, it was extremely important that there should be active and effective co-ordination between the Labour Ministry on one hand, and Food, Finance, Commerce and Industry and the employing Ministries on the other. If stability of real wages was the ultimate goal of the Labour Ministry, the impact of food and fiscal policies on the wage structure of the country should never be lost sight of.

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He also stressed that in evolving a wage policy, attention should not be concentrated on industrial workers alone, ignoring the prevailing level of wages in non-industrial and agricultural sectors. He did not deny that there would be some disparity between the earnings of industrial workers and those in other fields of activity. From such statistics as were available, however, it appeared that, during the last few years, the earnings of those engaged in agriculture had actually gone down, while those of industrial workers had gone up considerably. In an egalitarian society, which was the goal of the Government, further widening of disparities in the earnings of different sections of the working classes would give rise to acute discontent, apart from creating problems in respect of migratory labour.

Speaking on wage structure in the country Shri Tata said: "While on the subject of wages of industrial workers, I must confess my disappointment at our inability to eradicate the danger to industrial peace caused by the presence of an uncertain element in the form of bonus in the wage structure. Every year, this war-time legacy raises all kinds of hope in the minds of workers and confronts practically every industry with a fresh crop of industrial unrest, even though there may be perfect harmony between labour and management on all other issues. If we wish to spare the worker the feeling of frustration, with its attendant repercussions, we should make a concerted effort to eliminate this apple of discord by making suitable adjustments in our wage structure in the form of appropriate incentive bonus wherever possible, or through some method of payment ~~of~~ by results."

Productivity.— Urging the need to step up productivity, Shri Tata said that, in an automation, and a developing economy, India, should take serious note of the rapidly changing improvements in the techniques of production. If India wished to play its part as an exporting country in order to earn the foreign exchange which was urgently needed for her development plans, she will have to be highly competitive in her costs. If the philosophy of "rationalisation without tears" coupled with a dynamic wage policy, were to be the guiding postulates of wage policy, then the only way to produce at lower costs, was through higher productivity per man-hour. Although certain guiding principles were laid down in the matter of introducing rationalisation, the co-operation of trade union leaders was not forthcoming in several cases. Without apportioning blame to any one party, he suggested the setting up in each industry of a technical tripartite Committee, whose advice and direction must be binding on both management and labour in attaining higher productivity through various means. He felt that this was the only way to deal with a problem which was likely to assume very great importance in the years that lie ahead.

Labour Legislation.- Pleading for uniformity in labour legislation, Shri Tata said that the right of individual States to have laws of their own cannot be questioned, so long as such legislation was not repugnant to any Act of the Central Government. Of late, however, there had been a tendency on the part of certain States, to introduce new legislations which were quite different from the general pattern of labour laws prevailing in the country as a whole. "We have the institution of the tripartite Indian Labour Conference which, from time to time, deals with matters at the all-India level. Though the Union Labour Ministry keeps a vigilant eye on all the individual Bills, I would suggest that such measures, before they are introduced in the State Legislature, be brought up for discussion at the Indian Labour Conference, so that the State concerned is apprised of the general viewpoint of other Governments and of the employers and workers of the country as a whole. This would establish a healthy convention which, I hope, all States will agree to respect."

Pay Commission's Report.- Shri Tata referred to the report of the Pay Commission, which though it concerned primarily the employees in the ~~public~~ public sector, had enumerated a very important principle governing the fixation of wages. The Union Finance Ministry's stand that the recommendations of the Indian Labour Conference should not be regarded as decisions of Government and, therefore, not binding on them, will have ~~far~~ far-reaching repercussions in the functioning of the national tripartite machinery. The only logical conclusion one could draw from this attitude on the part of Government was mere standard-setting recommendations and were not to be treated as mandatory decisions. Non-acceptance by Government of the formula evolved at the Indian Labour Conference was obviously based on the consideration of "incapacity to pay" a need-based wage. He hoped this criterion would not be lost sight of when remunerations were fixed by industrial tribunals for undertakings in the private sector. There was no reason why Government, under whose executive authority these tribunals were established, should not give a clear directive to them that, in arriving at a decision the most important consideration should be the ability of an industry or an establishment to bear the cumulative financial burden of the demands made at any particular time. Employers, on their part, should leave no stone unturned in implementing all awards except those where there was an obvious miscarriage of justice. At the same time, they should bring to the notice of the appropriate Government all cases where workers, either on their own or on the advice of their leaders, flouted such awards as did not give them complete satisfaction.

Labour adjudication.- He referred to the proposal recently brought forward by the Union Labour Ministry to revive the Labour Appellate Tribunal which was abolished in 1956. It was well-known that, since the abolition of the Appellate Tribunal, the number of cases going in appeal to High Courts and the Supreme Court had gone up considerably. This could be substantially minimised by the restoration of the appellate authority. It was a great pity that, in deference to the wishes of a section of trade-unions and some of the State Governments, the Central Government had shelved the proposal. Employers, on their part, had stated categorically that it was a matter of urgent necessity to re-establish the Appellate Tribunal manned by sitting High Court judges, as far as possible. Unless such an appellate tribunal was set up, the complaint of delays in the disposal of cases could never be remedied.

Code of Discipline.- Continuing Shri Tata said that the Code of Discipline had caused many legitimate misgivings in the minds of employers. Despite such doubts, the policy of the Federation had been to urge on members to give it a fair trial. The Code was undoubtedly a double-edged weapon and, in the absence of reciprocal response, it could hurt both parties. On the other hand, respected by both, it had a definite value in maintaining industrial peace and deserved their support. Some of the trade unions had exploited it solely for the purpose of securing recognition, without fulfilling the obligations laid by the instrument. Having failed to get recognition from employers for reasons which were not justified, they had charged the latter with having violated the Code. In such an atmosphere, surcharged with suspicion, the best that they could say was that the working of the Code had mixed results. There was need for a longer period of trial before any definite verdict can be pronounced.

Workers' Participation in Management.- Similarly, the scheme of participation of labour in management had had a limited trial owing to lack of enthusiasm on both sides. This was an experiment which had to be handled cautiously and with great care. Unless both sides were in the right mood, its introduction against the wishes of either side might create more discord and friction and might defeat the very purpose for which it was intended. Workers should be able to select such representatives in whom they had complete confidence. The trade unions should not feel that the establishment of joint councils in a unit would amount to trespassing on their jurisdiction and would result in their losing their hold on the workers. This was an important factor to be taken into account, particularly when the leaders did not happen to be from the rank and file of employees. Through such fears, trade unions had sometimes come in the way of establishment of Joint Councils, and even when employers were willing to initiate the scheme. On the other hand, it must be frankly admitted that a number of employers doubted the value of this scheme and were reluctant to try it out, through fear of further industrial unrest and through misunderstanding of the functions of joint councils, as it happened in the case of works committees.

Shri Tata suggested that it was his belief that it would be more practical and useful to have unit-wise unions rather than industry-wise unions. There was no objection in principle to the setting up of industry-wise unions, where conditions were favourable for industry-wise bargaining and where industry-wise unions derived power and position from the unit-unions at the base. Some of the enactments, which gave recognition only to industry-wise unions as the bargaining agent for the industry, had created an anomalous situation, as such unions were unable to deliver the goods, for the simple reason that, in a number of units, their membership happened to be insignificantly small. The managements in such units found it impossible to have direct negotiations with their own workers: agreements reached with the certified industry-wise bargaining agent had no value as they could not be implemented. Shri Tata ~~appealing~~ appealed to the Central and State Governments to revise their ideas on the subject in the light of this experience, and take appropriate measures to give primary recognition to unit-wise unions, of course leaving them free to federate into a central union for the industry as a whole.

Inter-Union rivalry. - In seeking ^{to} analyse the causes of inter-union rivalry which had been responsible for many serious industrial disturbances, Shri Tata observed that one could not but notice the baneful effect of trade-unions being promoted and conducted on political party lines. They should do everything possible to ensure that trade unions were directed and controlled by their own workers, without any external political influence or interference. In this connection, the Workers' Education Scheme, which owed its origin to the Ford Foundation and which was recently introduced by the Government of India, was undoubtedly a step in the right direction. He had no doubt that all progressive employers will whole-heartedly co-operate with Government in making the scheme a complete success.

Speaking about strikes, Shri Tata said that the time had come when a special tripartite Seminar should be convened to discuss and lay down directive principles for a tribunal to enforce at least the minimum punishment laid down under the law for irresponsible and illegal strikes. It did not lie in the mouth of an employer to advocate fines by way of penalty to minimise illegal strikes, but he had no hesitation in suggesting that if fines could be levied, the amounts realised by way of fines and penalties recovered on account of any illegal and unlawful action on the part of workers could be credited to a fund which may be used for the benefit and social welfare of the working class as a whole. In a scheme of this kind, any inequity in penalising an innocent worker would be neutralised by the benefit which would accrue to the working class as a whole.

(Texts of the Presidential Address of Shri Naval H. Tata to the 27th Annual General Meeting of Employers' Federation of India, held at Bombay, received in this Office.)

CHAPTER 3. ECONOMIC QUESTIONS.

INDIA - MARCH 1960.

31. General Economic Situation.

Progress of Cotton Textile Industry in India and
Pakistan in 1958-1959: Annual Statement of
Millowners' Association, Bombay.

The following information regarding the progress of the cotton textile industry in India during the year ending 31 August 1959 is taken from the annual statement of Millowners' Association, Bombay.

Number of Mills.- The ~~total~~ total number of mills in India during the year under review was 516 of which 213 were situated in Bombay State. A comparative statement showing progress made during the last six years is given below:-

Years ending 31st August.	Number of Mills.	Number of Spindles installed.	Number of Looms installed.	Average Number of Workers employed daily all Shifts.
1954* --	461	11,888,165	207,763	764,506
1955* --	461	12,088,544	207,547	752,184
1956* --	465	12,375,805	206,580	789,024
1957* --	499	12,906,622	206,126	798,599
1958* --	511	13,271,890	205,598	775,865
1959*& --	516	13,534,540	205,973	747,856

* Does not include Pakistan. & Does not include the figures of 24 mills in course of erection and/or recently registered.

The following table shows the number of cotton textiles mills, spindles, and looms and the number of hands employed regionwise for the year ending 31 August 1959, in India:-

Where situated.	No. of mills.	No. of spindles installed.	No. of looms installed.	Average No. of workers employed. (all shifts).	Remarks.	
Bombay City and Island (a)	--	65	3,169,776	64,335	191,335 (a) 4 Mills not working.	
Ahmedabad (b)	--	71	2,091,834	41,720	150,916 (b) 1 Mill not working.	
Rest of Enlarged Bombay State (c).	--	77	1,781,498	33,713	97,204 (c) 10 Mills not working.	
Total: Bombay State.	--	213	7,043,108	139,768	419,455	
Rajasthan (d)	--	11	172,624	3,413	11,329 (d) 2 Mills not working.	
Punjab	--	6	128,560	1,621	7,025	
Delhi	--	7	188,356	3,960	18,002	
Uttar Pradesh (e)	--	29	873,324	13,960	47,113 (e) 7 Mills not working.	
Andhra Pradesh	--	15	208,380	1,437	11,671	
Madhya Pradesh (f)	--	20	513,872	12,466	41,907 (f) 1 Mill not working.	
Bihar	--	2	28,468	747	680	
Orissa	--	3	52,848	1,024	4,620	
West Bengal (g)	--	39	597,200	10,856	45,342 (g) 2 Mills not working.	
Madras (h)	--	135	2,995,312	7,753	110,158 (h) 1 Mill not working.	
Kerala	--	14	200,964	1,887	9,904	
Mysore (i)	--	19	456,860	4,965	25,743 (i) 5 Mills not working.	
Pondicherry	--	5	74,664	2,116	5,907	
GRAND TOTAL: INDIA.	--	*516	13,534,540	205,973	747,856	

*This number does not include 24 mills which have either been registered and/or in course of erection.

Quality of Cotton Consumed.— During the year the total amount of cotton consumed by the 516 mills in India was 17,837,561 cwts. or 5,096,446 bales of 392 lbs. The following statement shows the consumption position during the last six years:—

Year.	Number of Mills.	Approximate Quantity of Cotton Consumed	
		Cwts.	Bales of 392 lbs.
1954 --	461	16,411,031	4,688,866
1955 --	461	16,789,794	4,797,084
1956 --	465	17,429,615	4,979,890
1957 --	489	18,219,600	5,205,600
1958 --	511	17,681,041	5,051,726
1959 --	516	17,837,561	5,096,446

(The Millowners' Association of Bombay:
Mill Statement on 31 August 1959).

32. Public Finance and Fiscal Policy.

India - March 1960.

Central Budget for 1960-1961 presented:
Uncovered Deficit of 603.7 Million Rupees.

Shri Morarji Desai, Union Finance Minister, presented in the Lok Sabha on 29 February 1960, the Government of India's budget for 1960-1961.

The Finance Minister estimated, at the existing level of taxation, a revenue of 8964.5 million rupees. New taxation proposals were estimated to add 235.3 million rupees to the revenue. Total expenditure was estimated at 9803.5 million rupees, thus leaving a deficit of 603.7 million rupees.

Shri Desai proposed taxation measures include fresh excise duties on eight commodities, adjustments in the case of number of existing excise duties and an increase in the customs duty on liquor and wines.

The following statement shows the details of the budget:-

(In Million Rupees)

REVENUE	Budget 1959-60	Revised 1959-60	Budget 1960-61
Customs -----	1327.7	1600.0	1600.0) + 25.0)*
Union Excise Duties -----	3248.2	3508.2	- 3589.1) + 210.3)*
Corporation Tax -----	587.5	780.0	1350.0
Taxes on Income other than Corporation Tax. -----	876.3	726.8	529.4
Estate Duty -----	1.4	0.9	1.0
Taxes on Wealth -----	130.0	120.0	70.0
Taxes on Railway Fares -----	1.1	(-) 5.1	1.1
Tax on Expenditure -----	10.0	8.0	9.0
Tax on Gift -----	12.0	8.0	8.0
Opium -----	39.2	42.6	56.9
Interest -----	107.5	82.7	157.1
Civil Administration -----	358.0	475.4	531.9
Currency and Mint -----	556.0	558.7	572.2
Civil Works -----	30.0	31.8	30.4
Other Sources of Revenue -----	419.3	350.0	397.3
Posts & Telegraphs - Net contribution to General Revenues -----	42.0	41.6	4.7
Railways - Net contribution to General Revenues -----	59.8	57.5	56.4
TOTAL REVENUE	7801.0	8386.6	- 8964.5) + 235.3)*
EXPENDITURE			
Direct Demands on Revenue -----	1016.5	1035.4	1073.3
Irrigation -----	1.6	1.4	1.7
Debt Services -----	578.8	651.4	745.9
Civil Administration -----	2227.3	2333.5	2677.6
Currency and Mint -----	98.3	98.6	102.7
Civil Works and Miscellaneous Public Improvements -----	193.5	189.4	203.2
Pensions -----	96.5	100.0	101.1
Miscellaneous - Expenditure on Displaced Persons -----	196.9	251.7	202.8
Other Expenditure -----	713.0	730.2	1117.0
Grants to States etc. -----	490.2	489.8	518.1
Extraordinary Items -----	352.6	222.1	337.5
Defence Services (Net) -----	2426.8	2437.0	2722.6
TOTAL EXPENDITURE	8391.8	8540.5	9803.5
DEFICIT (-) -----	(-) 590.8	(-) 153.9	(-) 605.7

*Effect of budget proposals.

The Finance Minister's Budget Speech.- In the course of his speech presenting the budget, Shri Morarji Desai reviewed the economic conditions in the country which had a direct bearing on the budget. Agricultural production recorded a large increase in 1958-59 and there had been a marked recovery in industrial production in recent months. Despite these encouraging trends in production, both wholesale prices and the cost of living had shown a significant rise. The foreign exchange reserves held by the Reserve Bank had maintained a measure of stability during the year. There had been some improvement in export earnings and some reduction in imports, but the major factor in the stability of the foreign exchange position had been the larger availability of external assistance. The trends in money supply and credit indicate that the expansionary impulse in the economy had been fairly strong. The stock markets had been buoyant practically throughout the year. These pointers, taken together, indicated the need in the coming year for active vigilance in regard to domestic price trends and continued austerity in imports backed by accelerated effort to step up exports.*

Financial Year 1959-1960.- The budget for the current year estimated the revenue at 7801.0 million rupees and expenditure met from revenue at 8391.8 million rupees leaving a revenue deficit of 590.8 million rupees. On the trend of actuals the revenue was now estimated at 8386.6 million rupees and expenditure at 8540.5 million rupees, leaving a deficit of only 153.9 million rupees. The improvement of 586.6 million rupees in revenue is due mainly to better collections under Customs and Union Excises. With the progressive increase in production the revenue had shown an all round improvement, notably under steel ingots, cement and tyres and tubes. Civil Expenditure this year was now estimated at 6103.5 million rupees against the original budget of 5965.0 million rupees and Defence Expenditure at 2437.0 million rupees against the original estimate of 2426.8 million rupees. The increase of 138.5 million rupees in Civil Expenditure was the net effect of variations over a number of heads. Debt services were now estimated to cost 72.6 million rupees more due chiefly to larger payments for interest on external loans. Transfer to the Steel Equalisation Fund of the surcharge on iron and steel account for an increase of 90 million rupees. Expenditure on displaced persons was more by 54.8 million rupees due to the conversion of certain outstanding loans into grants and to larger provision for transfer of sale proceeds of evacuee property.

* For a review of economic conditions in 1959-60, please see Section 34, pp.60-64 of the report of this Office for February 1960, which contain a summary of the Economic Survey, 1959-60, present along with the budget.

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which were taken in reduction of the Capital expenditure on the payment of compensation to displaced persons. Payment of States' share of Union Excise Duties was now expected to exceed the budget provision by 23.0 million rupees following the expansion of revenue. Provision had also been made for payment to the States of a grant of 34.6 million rupees to compensate them for the loss in their share of income-tax following the ~~extra~~ changes in the company taxation this year. These increases would be partly counterbalanced by a drop of 130 million rupees in the grants from U.S.A. under P.L.480 programme to be transferred to the Special Development Fund.

Financial Year 1960-1961.— Before dealing with the estimates for 1960-61, Shri Desai referred to two matters which had a bearing on the budget. The first related to the decision to place the Posts and Telegraphs Department with effect from next year in the same position as the other great commercial department of Government, viz., Railways vis-a-vis General Revenues. The Department would in future pay a dividend to the General Revenues at the rate in force from time to time for the Indian Railways on the mean capital at charge during the year. The balance of the surplus, after payment of the dividend, will be retained by the Department for strengthening its Reserves, particularly the Renewals Reserve Fund. The second matter concerned the Central Pay Commission. The Commission which was appointed in August, 1957, to enquire into the structure of emoluments and conditions of service of Central Government employees submitted its Report in August, 1959. The decisions of Government on some of the major recommendations of the Commission were announced in Parliament on 30 November 1959. The other recommendations of the Commission are being examined and Government's decisions thereon will be announced as early as possible. The annual expenditure for Government as a whole, on the implementation of the recommendations of the Commission, including the interim relief already granted, was of the order of 440 million rupees, which was likely to rise ultimately to 550 million rupees roundly per annum. The recommendations of the Commission accepted by Government take effect from 1 July, 1959, but no provision was being made in the revised estimates for the current year on this account as the payments will all be made in 1960-61. The budget for that year thus included more than a year's provision for this expenditure.

For the next year, on the basis of existing taxation, the revenue was estimated at 8964.5 million rupees and expenditure at 9803.5 million rupees, leaving a deficit of 839.0 million rupees on revenue account.

The revenue from Customs had been assumed at the same level as the current year's revised estimates of 1600 million rupees. Union Excise Duties were estimated at 3589.1 million rupees, an increase of 80.9 million rupees over the revised estimate, which allows for the progressive increase in production and a full year's revenue from the increases levied ~~being~~ during the current year. The receipts from Income Tax and Corporation Tax were likely to improve by 100 million rupees. Revenue from Wealth Tax will decline by 50 million rupees due to the merger of the tax on companies in their income tax. Apart from the increase of 14.3 million rupees in the sale proceeds to differ materially from the current year's revised estimates. Interest receipts would go up by 74.4 million rupees ~~in~~ mainly due to the anticipated receipt from two steel companies and the Khadi and Village Industries Commission. Of the other major variations, mention may be made of an increase of 70 million rupees in the receipt from the surcharge on iron and steel and 80 million rupees in grant from the U.S. Government under the P.L.480 programme. But these increases will be partly set off by a drop of 40 million rupees in the contribution from the Posts and Telegraphs following the revised arrangements mentioned earlier. The share of income-tax payable to the States next year showed a decrease of 272.6 million rupees as a result of the merger of company income tax in Corporation Tax. The profits of the Reserve Bank had been taken at 400 million rupees, the same as in the current year.

Expenditure next year was estimated at 9803.5 million rupees of which 2722.6 million rupees will be on Defence Services and 7080.9 million rupees under the Civil heads. Civil Expenditure next year showed an increase of 977.4 million rupees over the revised estimates. Expenditure on Debt Services was likely to be 94.5 million rupees more on account of the progressive increase in the internal and external debt. Development and Social Services, including Community Development, were expected to cost 270 million rupees more in the terminal year of the current Five Year Plan. The two self-balancing items of surcharge on iron and steel and grants from the U.S.A. under P.L.480, for which corresponding credits were assumed in the revenue estimates, accounted for an increase of 150 million rupees. Ad hoc grants to the States to compensate them for the loss in their share of income tax next year would be 280 million rupees more. The rest of the increase was spread over a number of heads.

Capital Expenditure.- The current year's budget provided for a total capital outlay of 4201.4 million rupees, excluding the adjustment for the transfer of capital assistance from the United States to the Special Development Fund which was notionally treated as capital expenditure. The revised capital requirements were now estimated at 3628.5 million rupees, a decrease of 572.9 million rupees. The savings occurred mainly under two heads. The Railways now expected to spend only 850.3 million rupees against the original estimate of 1218.1 million rupees. Net expenditure on purchase of foodgrains showed a fall of 210.1 million rupees due mostly to larger sale proceeds and recoveries.

Against the revised estimate of 3628.5 million rupees for capital outlay this year, the next year's provision stood at 3708.4 million rupees. If the special item of 952.4 million rupees in the current year for payment of additional subscription to the International Monetary Fund was excluded, the capital requirements next year exceeded the current year's revised estimate by 1032.3 million rupees. This increase was spread over a number of heads and reflected the additional allotments to fulfil the Plan targets during the last year of the Plan. Outlay on industrial development, mainly on coal and oil development, would cost 305.6 million rupees more. The Railways and Posts and Telegraphs would also be spending 357.8 million rupees and 36.0 million rupees more respectively than in the current year. Foodgrains transactions would also involve an increase in the net outlay of 194.1 million rupees.

In addition to the direct capital outlay just mentioned the estimates provided 2831.8 million rupees this year and 3315.1 million rupees next year for loans to States and 2217.4 million rupees this year and 1767.4 million rupees next year for loans to other parties including Port Trusts, Government-owned Corporations and foreign Governments.

Outlay on Plan.- Next year's estimates included a total provision of 8890 million rupees for implementing the Plan, 1730 million rupees in the revenue budget and 7160 million rupees in the Capital budget. Out of this provision, 640 million rupees in the revenue budget and 1750 million rupees in the capital budget were for assistance to the States. In addition, the Railways will be spending 340 million rupees from its own resources and the States 2510 million rupees. Thus the total Plan outlay in 1960-61, including interest on loans on river valley projects which were added to capital during the period of construction and short-term loans, will amount to 11740 million rupees.

During the three years ending 1958-59, the total Plan outlay by the Central and State Governments together was of the order of 24500 million rupees. The budget provision on this account for the current year is 11210 million rupees and the next year's outlay as mentioned already was estimated at 11740 million rupees. After allowing for the usual shortfall in expenditure, the actual outlay in the public sector over the five-year period will be near about 46000 million rupees. Investment in the organised private sector was expected to reach the total envisaged in the Plan; it may even slightly exceed this. In irrigation, power, industry, mining and transport as also in the field of social services, the achievements will be impressive.

Ways and Means Position.- The current year's budget provided for a net expansion of treasury bills of 2370 million rupees of which 150 million rupees were expected to be issued to the public. On the latest trends, the net expansion was now estimated at 1900 million rupees. The improvement of 470 million rupees is due to several factors. The revenue deficit was now expected to be 440 million rupees less than estimated. Capital expenditure, as explained earlier, will show a saving of 570 million rupees and other debt heads an improvement of 320 million rupees. This improvement of 1330 million rupees will be partly counterbalanced by a decrease of 700 million rupees in external loans and additional provision of 150 million rupees required to raise the closing cash balance to the normal level of 500 million rupees.

The borrowing programme envisaged by the budget was carried through successfully. Last year's budget had taken credit for a market loan of 2250 million rupees; the actual receipts amounted to 2290 million rupees.

Small Savings had shown a steady improvement in recent years. The net collections of 780 million rupees during 1958-59 were the highest reached so far. This year they were expected to go up to 820 million rupees against the budget estimate of 850 million rupees. While the response had been encouraging, the collections were still far short of the average of 1000 million rupees a year envisaged in the Plan.

In this connection the Minister announced the Government's decision to issue prize bonds, in the form of bearer bonds in two denominations of Rs.100 and Rs.5. For the next year's budget, credit had been taken for a market borrowing of 2500 million rupees including the receipts from the prize bonds. The net credit from Small Savings had been taken at 900 million rupees allowing for a small increase of 80 million rupees over the likely receipts this year. According to the latest information available, foreign assistance next year was expected to amount to 3620 million rupees.

The overall budgetary position next year may now be summarized. At the existing level of taxation, there will be a revenue deficit of 840 million rupees. Capital outlay will amount to 3710 million rupees, loans to State Governments and others to 5310 million rupees and debt repayments to 1400 million rupees. This total disbursement of 11260 million rupees will be met to the extent of 2500 million rupees from market borrowing, 900 million rupees from small savings, 3620 million rupees from foreign assistance, 1280 million rupees from loan recoveries and 1190 million rupees from miscellaneous receipts, leaving a deficit of 1770 million rupees, which will be met by the expansion of treasury bills.

Development Planning.- The Minister stated that the essential objective of the plans was to lift the economy from staggation and to get it moving forward to higher levels of production and better standards of living. "We embarked on this task some ten years ago, and we shall be completing the Second Plan by the end of the next fiscal year. In this period, our economy has made notable advances in several directions. One has only to look at the major industrial projects which are coming up and see something of the varied programmes of rural development that have been and are being implemented to realise the growing dynamism of the economy. Economic development is not, for us, a vague or remote ideal; it has to be part of our daily thought and work. Undoubtedly, we have had our share of difficulties, and, I have no doubt, we shall continue to have some hereafter. These difficulties and stresses and strains are a part of the process of economic and social growth".

At the end of the Second Plan the country would have reached a level of development at which it can hardly afford to halt. It was vital that the pace of development was not merely maintained but accelerated. This was the essential task of the Third Five Year Plan. The first pre-requisite of success for this was increased agricultural production. This was axiomatic and the country cannot afford, even for a moment, to lose sight of it. But, other sectors of the economy, like industry, mining, power, transport and communications had also to be developed rapidly if the economy was to grow at a rapid enough pace over the next 10 or 15 years. The Third Five Year Plan had to keep this perspective in view.

"It is perhaps a platitude to say that in this country we face all the time a crisis of resources in developing our economy. But I would be failing in my duty if I do not stress the point that mobilising the resources required for this is not going to be easy and will entail progressively harder work and larger sacrifices by all sections of the community. There will be need also for substantial external assistance. We are anxious to make the period of dependence on special external assistance as short as possible. I am not referring here to the normal flow of external capital; this, I hope, will continue. Private capital is apt to flow in more readily when the foundations of development have been well laid out. The scope for foreign investment in India will thus grow. But, our aim is to get as early as possible to a stage where the bulk of our investment programmes is based on the domestic output of capital goods ~~xxxx~~ and equipment. How far we can advance in this direction depends upon a number of factors, of which the availability of sufficient foreign exchange in the next few years is the most crucial. I feel I am right in saying that the needs of developing economies are now increasingly appreciated in the more advanced countries, and I am confident that, provided we as a nation put in the best effort we can, the necessary support from abroad will be forthcoming. What is vital, at this stage, is a clear recognition of the urgency of economic development, for preserving and strengthening the democratic values we cherish and the realisation that such development is not possible unless some restraint is kept on consumption and we submit ourselves to a high degree of fiscal and monetary discipline."

Proposals for Taxation.— Shri Desai said that in framing the taxation proposals for the coming year, he had in mind something more than the immediate needs of that year. In the context of planned development, it was essential, in dealing with the budgetary needs of each year, to think in terms of broadening and adjusting the bases of taxation so that the revenue raised continues to expand with the years. The proposals for the coming year, particularly those widening the base of taxation, had been formulated with the needs of the Third Plan in view. While direct taxation will be kept under constant and continuous review so as to make it yield the maximum resources, the bulk of the expansion in taxation will have to come from indirect taxation.

The proposals for taxation made and the expected receipts are as follows:—

Indirect taxes.- Duty of 200 rupees per metric ton on tin plates and tinned sheets. Yield: 20.8 million rupees.

Duty of 10 rupees per metric ton on pig iron, except that used in steel manufacture. Yield: 6.0 million rupees.

Duty of 500 rupees per metric ton on aluminium sheets and circles and 300 rupees per metric ton on aluminium ingots. Yield: 8.6 million rupees.

Duty of 10 per cent ad valorem on all types of internal combustion engines for transport vehicles and 5 per cent ad valorem on stationary engines. Yield: 1.0 million rupees.

Tax on cycle parts (2 rupees on a free wheel and 4 rupees on a rim) - 10 rupees on each completed cycle. Yield: 10.0 million rupees.

Duty on electric motors and their parts from 5 per cent to 15 per cent ad valorem. Yield: 4.6 million rupees.

Duty on exposed cinematograph films, from 10 nP per metre to 50 nP per metre (a lower rate for newsreels and shorts). Yield: 7.5 million rupees.

Duty of 30 nP per square yard on silk fabrics, except those of handloom manufacture. Yield: 3.0 million rupees.

Revised Rates.- A duty of up to 15 per cent ad valorem on all types of motor vehicles. Yield: 62.5 million rupees.

Excise duty on refined diesel oil raised by 25 nP per imperial gallon. Yield: 50.4 million rupees.

Excise duty of 15 per cent ad valorem on machine-made soles and heels of footwear made of materials other than leather or wood. Yield: 2.0 million rupees.

The total exemption on fabrics produced from staple fibre yarn and cut-pieces of cotton textiles, called fents, to go and the former now to be on a par with artificial silk fabrics and the latter, redefined, to be dutiable at small rates. Yield: 19.5 million rupees of which 6.5 million rupees will accrue to the States.

Increase in the duties on electric fans, bulbs and batteries by 50 per cent with increase in the duty on components. Yield: 9.0 million rupees.

Limit of excise duty on tea raised from 19 nP to 30 nP per lb without change in the effective rates of duty, to enable the number of duties levied by different agencies to be reduced.

Minor adjustments to yield 2.7 million rupees, of which 0.5 million rupees will go to the States.

On the changes in excise duties, a countervailing import duty on wines and liquors to yield 25 million rupees.

Direct Taxes.- No change in the rate structure of personal income-tax. With regard to company taxation, steps are being taken to implement in its entirety the new scheme of company taxation introduced in the current year's budget. Formal action is being taken to abolish the Wealth Tax on companies and the tax relating to excess dividends with effect from the financial year commencing on 1 April 1960.

Net effect of proposals.- Summarising the net effect of the budget proposals, Shri Desai stated that the changes in the Union excise duties, exclusive of the revenue accruing to the States, were expected to bring in an additional revenue of 210.3 million rupees. Changes in the customs duties, largely consequential on the changes in Union excises, were expected to bring in 25 million rupees. The total additional revenue would thus stand at 235.3 million rupees, reducing revenue deficit from 839 million rupees to 603.7 million rupees and the overall deficit from 1770 million rupees to 1530 million rupees. He proposed to leave the revenue deficit uncovered; the overall deficit will be met by the expansion of treasury bills.

Conclusion.- In conclusion, the Minister recalled that at the end of the budget year, the total Plan outlay would have reached a figure of about 46,000 million rupees. During the current Plan period, the Centre had raised substantial sums of revenue for meeting Plan commitments including the assistance provided to the States from the revenue budget. Over the period of five years covered by the Plan, he expected that the Centre would have an accumulated revenue surplus of over 500 million rupees, after meeting all commitments for the Plan and providing very substantial assistance to the States for implementing their Plans. "I know that there has been some criticism about the extent to which we have had to resort to deficit financing for meeting the capital expenditure of the Plan. Even here, I venture to suggest that our record has not been as bad as some of our critics make out. In the first three years of the Plan, the total amount of deficit financing amounted to 8650 million rupees or so. In the current year, assuming that the State Governments do not contribute to this in any significant measure and they are unlikely to do so, the amount of deficit financing is likely to be 1900 million rupees.

Taking a figure of 1530 million rupees for the coming year, the total amount of deficit financing during the Plan period would have amounted to only a little over the sum of 12,000 million rupees envisaged in the Plan. Although our performance in the matter of savings has not been as good as we could wish, our record in the matter of raising resources and limiting deficit financing to the minimum amount possible and practicable, has, I think, been quite good.

"There is, however, no reason to take a complacent view of the situation. The end of the Second Plan merely marks the beginning of the Third Plan which will require greater efforts and larger sacrifices on the part of the community if the country has to sustain, as it inevitably must, a larger Plan. The ~~path~~ path of our progress is bound to be difficult until our economy gets over the hump and becomes self-generating. Until this position is reached, which one might hope may be at the end of the next Plan, we shall have to strain every nerve to mobilise the maximum resources, from both taxation and savings, to enable the country to make the progress that is imperative to our survival. It is perhaps a truism to say that no one, much less an under-developed country like ours, can stand still or stay stagnant. We have to move forward and make whatever sacrifices are necessary for this. I have no doubt that this will be done and I would ask the House to consider the budget, which I am placing before it, against this background."

(Text of the Finance Minister's Speech
on the Budget for 1960-1961, received
in this Office).

34. Economic Planning, Control and Development.

India - March 1960.

Reserve Bank Imposes Further Restrictions on Bank Credit.

The Reserve Bank of India announced in Bombay on 11 March 1960 a number of restrictions to tighten credit with a view to ensuring effective implementation of the already prevailing selective credit control measures.

Observing that the substantial liquidity of the banking system, the marked expansion of money supply and bank credit, and their impact on the price level have been causing concern to the bank, a Press communique issued by the Reserve Bank says that it has decided for the present to take the following steps:

(1) Impounding with the Reserve Bank, by way of additional deposits by all scheduled banks, 25 per cent of any addition to the demand and time liabilities after 11 March 1960. These are over and above the deposit required at present, namely, 5 per cent of demand liabilities and 2 per cent of time liabilities. The additional deposits will, however, be entitled to a reasonable rate of interest unlike in other countries.

(2) A directive to all banks to keep a minimum margin of 50 per cent in respect of all advances against shares (other than preference shares) above 5,000 rupees.

(3) Banks are forbidden to engage in direct financing of budla transactions (purchase of shares in their name for the current settlement and sale for the next settlement).

(4) A ceiling on the clean loans of scheduled banks, so that the proportion of such advances to total advances of each scheduled bank in any month may not exceed the proportion for the corresponding month in 1959.

(The Hindustan Times, 12 March 1960).

India signs Iron Ore and Mining Pact with Japan.

An agreement was signed in Delhi on 9 February 1960 between the Indian Iron Ore Negotiating Committee and the Japanese Steel Mission, for the supply of four million tons of iron ore every year from the middle of 1966 from the Bailadila Iron Ore Project in the Bastar district of Madhya Pradesh, with which Japan is collaborating. The agreement subject to ratification by the two Governments, will be for a period of 15 years in the first instance.

The Bailadila Project envisages the development of the iron ore mine, a railway line connecting the mine to the port of Visakhapatnam and the improvement of facilities at the port.

Japan is understood to have offered credit for the Bailadila Project of 21 million dollars (about 100 million rupees), to be mainly used for the purchase of mining machinery abroad. A clause in the agreement would enable the maximum utilisation of Indian ships for the carriage of iron ore.

(The Statesman, 10 February 1960).

21 per cent Rise in National Income by end of Second Five Year Plan: Provisional Estimates.

According to a Press report published on 2 March 1960, the rise in national income by the end of the current Plan period is estimated to be nearly 21 per cent compared to the target of 25 per cent according to the latest official assessment.

A provisional estimate places national income (at 1948-49 prices) in 1958-59 at 115,700 million rupees - an increase of 7,400 million rupees over the figure for the previous year. The national income was 86,500 million rupees in 1948-49, 91,000 million rupees in 1951-52, the first year of the first Plan, 110,000 million rupees in 1956-57, the first year of the current Plan. The figure of national income in 1958-59 at current prices is not yet available. In 1957-58 the national income at current prices was 113,600 million rupees.

The per capita income at 1948-49 prices is estimated at 290.7 rupees in 1958-59 compared to 275.6 rupees in 1957-58, 283.5 rupees in 1956-57, 250.1 rupees in 1951-52 and 246.9 rupees in 1948-49. The per capita income in 1958-59 at current prices has not yet been estimated. In 1957-58 it was 289.1 rupees.

(The Hindustan Times, 2 March 1960).

Broad Principles laid down to speed up sanction of
New Industrial Units.

The Union Ministry of Commerce and Industry has formulated broad principles for sanctioning new industrial undertakings in the country. These decisions, which have been communicated to commerce and trade bodies says an official Press release, have been taken in order to expedite disposal of cases requiring the Government's sanction. A number of measures have been taken to speed up disposal of applications seeking the Government's approval for capacity, location, etc., of new units.

Regarding agreements with overseas firms for technical collaboration or financial participation, the need to consider each case on its merit cannot be dispensed with. The broad principle, however, is that technical collaboration agreements should have a limited period of life, and, as a rule, not exceed 10 years. The agreement should not lay down any restriction on exports from India. Even if it is not possible to get freedom to export to all countries, permission for export to some countries should be ensured. The Government is also averse to approving any clause in the agreement which will restrict the freedom of the Indian firm to choose any source for the import of products.

Import of Machinery.- In view of the country's limited foreign exchange resources, possibilities of obtaining import licences for capital goods are limited to cases where either the applicant himself can make satisfactory arrangements for raising external finance or the Government has facilities in the shape of credits or payment arrangements with particular countries to finance such imports.

(The Statesman, 21 March 1960).

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National Development Council approves 99,500 Million
Rupees Third Five Year Plan Outline.

The total investment in the Third Five Year Plan will amount to 99,500 million rupees according to a decision taken by the National Development Council, the supreme policy-making organ for planning in the country, at its fourteenth meeting held in New Delhi on 19 and 20 March 1960.

Of this investment, 59,500 million rupees will be in the public sector and 40,000 million rupees in the private sector. There will be, additionally, current surity of 10,500 million rupees in the public sector, which takes the total public sector outlay to 70,000 million rupees.

Of the resources, the States will have to find 11,500 million rupees and the Centre 58,500 million rupees. But the States' share of the outlay will be 36,500 million rupees.

The National Development Council, which broadly endorsed the Planning Commission's memorandum which had submitted an outline of the investment pattern, financial resources, priorities and preconditions, was of the view that one of the most important requirements for the success of the Third Plan was that prices should not be allowed to rise.

The Chief Minister of the States will meet again on 19 April 1960 specially to discuss measures relating to price policy.

Balanced Growth.— The greater part of the second day's session was devoted to a review of the problems of balanced development in different parts of the country. The Council felt that as large a proportion of the benefits of the Plan as possible should reach out to rural areas and to small towns. The need for development on a larger scale of power and of roads, and for a larger outlay on rehabilitation was also stressed.

As compared to the anticipated outlays in the Second Plan, the allocations for preliminary planning for the Third Plan are as follows:-

Head of Development.	Outlay in Second Plan.	Allocation in Third Plan.
	(In Million Rupees).	
Agriculture and Community Development	5,300	10,000
Irrigation	4,000	6,500
Power	4,100	9,000
Village and Small Industries	1,800	2,500
Industry and Minerals	8,200	13,000
Transport and Communications	13,300	14,500
Social Services and Allied Heads	8,800	12,500
Inventories	-	2,000
	45,500	70,000

In the private sector, the total investment for the Third Plan has been estimated at 40,000 million rupees, of which industry and minerals are expected to account for 10,000 million rupees, transport, communications and power for 2,500 million rupees, agriculture and for 8,000 million rupees, village and small industries for 2,750 million rupees, urban and rural housing and construction for 10,750 million rupees and inventories for 6,000 million rupees.

The Prime Minister stressed the fact that all the magnitudes which the Planning Commission had suggested were at this stage quite tentative and that some aspects were being further examined between the Planning Commission and a Committee of Union Ministers who would go into the various changes which had been mentioned during recent discussions. The proposals were essentially a basis on which further work could now be undertaken by the Central Ministries and State Governments.

Price Policy

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Conceived as the "first phase" of a decade-long intensive development considered essential for the Indian economy's "take-off", the draft Plan-frame aims at an increase of 28 per cent in the national income and 14 per cent in per capita income. For this purpose, according to the rate of saving and investment from 8 per cent of the national income at the end of the second Plan to 12 per cent during the third.

This level of investment would be possible only with an additional tax effort of at least 14,500 million rupees. The tax effort will have to be higher, if the volume of deficit financing during the third Plan has to be lowered from the present estimate of 7,500 million rupees, considered excessive by many.

Physical targets, as at present prescribed, include 105 million tons of foodgrains; 19 million ~~km~~ acres of additional irrigation; 11.8 million ~~kw~~ kw. of power; 50 million tons of coal; 8.7 million tons of steel ingots and 1.5 million tons of pig iron; 1 million tons of nitrogenous fertilisers; 2,000 miles of new railway lines; 22,000 miles of surfaced roads; and 100,000 new commercial vehicles.

According to present discussions, the steel targets will be attained largely by the expansion of the existing units while some pig iron will be produced in low shaft blast furnaces in the decentralised sector.

There is no provision yet for the fourth steel plant at Bokaro, although this matter is still subject to discussions between the Planning Commission and the Union Steel Ministry. In addition to the proposed public sector plant for special steels and alloys, a private sector project for that purpose may also be considered.

In the field of oil also the proposed Plan allocation fall short of the Ministry's expectations. The Plan-frame provides enough expenditure for the production of 0.9 million tons of oil at Cambay and a little less at Sibsagar in Assam in the public sector. No resources have yet been allotted either for public sector refineries or for pipelines.

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Railways get the lion's share of the 14,500 million rupees allotted to transport. The target is to create enough railway capacity to carry 230 million tons of goods annually. Other allocations in this sphere include: 2,540 million rupees for road transport; 850 million rupees for ports; 700 million rupees for Posts and Telegraphs; and 550 million rupees for civil aviation.

Among the social services 3,700 million rupees has been allotted to general education and 1,300 million rupees to technical education. This allotment is considered grossly inadequate by the Education Ministry which is committed to the introduction of free and compulsory primary education throughout the country during the third Plan.

Other allocations in the realm of social services are: Health, 3,000 million rupees; Housing, including slum clearance, 1,200 million rupees; Welfare of Backward Classes, 1,000 million rupees; and Rehabilitation, 250 million rupees.

It however seems to be the view of both the Planning Commission and the Union Government that additional schemes for primary education as well as for agricultural production can be formulated in the hope of some additional resources being made available subsequently.

While heavy machine-building and allied projects, including doubling the production of Hindustan Machine-tools, have been given priority in the public sector, some of the private sector industrial targets are: 82,000 tons of aluminium; 15 million tons of cement; 3 million tons of sugar; 400,000 tons of caustic soda; 530,000 tons of soda ash; 1,500,000 tons of sulphuric acid; and 60,000 tons of newsprint.

Price Policy.— On the first day, in its discussion on price policy, the Council came to the unanimous conclusion that the Third Plan could be formulated only on the basis that the price line would be held. It was recognised that variations in prices, particularly food and agricultural prices, from year to year and fluctuations at shorter intervals not only affected the physical targets which could be realised but also led to reduction of resources available for the country.

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A number of factors were emphasised in this connection, particularly the need for maintaining the prices of food and essential consumer goods at steady and reasonable levels, for ensuring a proper relationship between the prices of food crops and cash crops and for securing the supply of the farmers' requirements of industrial goods at fair prices.

Referring to agricultural production, the Union Food and Agriculture Minister, Shri S.K. Patil, suggested that every deficit State should endeavour to become ~~self-sufficient~~ self-sufficient or nearly so and that all reasonable incentives should be given to the cultivator to produce more. With reference to the plea advanced by several Chief Ministers in favour of State trading in foodgrains, The Union Food and Agriculture Minister urged a ~~pragmatic~~ pragmatic view on the management aspects of the problem of food distribution.

Financial Resources.- The Council considered in detail the Planning Commission's estimates for resources in the Third Plan. The Working Group on Resources had proposed that for financing a total outlay of 70,000 million rupees in the public sector in the Third Plan, there should be a total additional taxation of about 16,500 million rupees of which about 11,500 million rupees might be raised by the Central Government and about 5,000 million rupees by the State Governments.

According to the proposals of the Working Group on Resources, out of the outlay of about 36,500 million rupees which was likely to fall within the plans of States, their total contribution was expected to amount to about 11,500 million rupees, including resources on revenue account, contribution of public enterprises and resources on capital account.

After considering generally the scope for rural taxation, betterment levies and electricity duties, the Council agreed that more detailed discussions between the Planning Commission and individual States should now proceed on the basis of the recommendations made by the Working Group on Resources. In the course of discussion, reference was also made to the prize bond scheme. The Union Finance Minister, Shri Morarji Desai, indicated that half the proceeds of prize bonds would be made available to the States.

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Third Plan Aims.- The Council was of the view that the main tasks to be undertaken during the Third Plan should be:

To secure during the Third Plan a rise in national income of at least 5 per cent per annum. The pattern of investment being designed also to sustain this rate of growth during subsequent plan periods;

To achieve self-sufficiency in food-grains, and increase agricultural production to meet the requirements of industry and exports;

To establish basic industries, like steel, fuel and power and, in particular, machine-building capacity, so that the requirements of further industrialisation can be met within a period of ten years or so mainly from the country's own resources;

To ensure a substantial expansion in employment opportunities; and

To bring about a reduction of inequalities in income and wealth and a more even distribution of economic power.

Population Rise.- The Council took note of the fact that according to the present tentative estimates of the likely increase in population, the annual rates of growth anticipated for the Third, Fourth and the Fifth Plans were 2.14 per cent, 1.9 per cent and 1.47 per cent. While rise in living standards and developments associated with industrialisation would operate in the direction of reducing the birth rate, it was agreed that during the Third Plan, family planning programmes should receive a great deal of attention.

In its discussion of priorities for the Third Plan, the Council agreed that the first priority should be given to agriculture. There had also to be necessarily considerable emphasis on the development of basic industries, specially steel, machine-building, fuel and power, on which the capacity of the economy to develop in future largely depended.

In the discussion on priorities, considerable emphasis was placed on technical education at all levels. Two suggestions were made: firstly, that extensive training facilities should be organised at all large industrial plants whether these were in the public sector or in the private sector, and secondly, that every effort should be made to provide larger funds for the expansion of technical education.

Conditions.- The Council emphasised the following as being the essential conditions for securing the successful implementation of a plan of large developments:

- (1) a rapid increase in agricultural production and fuller use of the country's manpower resources;
- (2) public enterprises being carried out with economy and efficiency and yielding the maximum returns feasible;
- (3) laying down and carrying out an integrated price policy;
- (4) construction programmes and costs being kept to the minimum;
- (5) high levels of administrative efficiency and determined efforts to raise standards in administration; and
- (6) realising the maximum employment potential inherent in the plans of the public and private sector.

Building Economies.- A ~~great~~ great deal of stress was laid ~~down~~ on the need for securing the utmost economy in construction programmes, specially through the adoption of austerity standards, and the proper planning of supplies of materials such as steel. The importance of extending power to rural areas and developing small industries through industrial estates and other means was emphasised by the Minister of Commerce and Industry, the Chief Minister of Madhya Pradesh and others. The Council generally agreed that in the development of village and small industries the emphasis should shift more and more from subsidies to positive measures, so that all these industries became self supporting. It was recognised, however, that in this respect khadi was on a special footing, but even in regard to khadi, future development should be organised on the basis of subsidies becoming a gradually diminishing element.

Figures Tentative.- In his inaugural address, the Prime Minister emphasised the fact that the proposals contained in the Planning Commission's draft memorandum were very tentative. What was finally determined was not the draft Plan, he said, but the conditions that had to be faced in implementing our Plans. Some of these conditions were of our own making.

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Planning, the Prime Minister said, was a continuous process and successive Five Year Plans were closely interrelated. The perspective of future planning was embodied in the Second Plan and we would have to keep in mind the fourth and even the fifth Plans in finalising the Third Plan. With the experience and the data gained in planning we were in a better position now to consider the various factors relevant to planning. The most important factor and the most difficult to evaluate, he said, was the factor of work, how much hard work we could put in.

Referring to arguments sometimes raised against the whole conception of planning itself, the Prime Minister said that planning was neither a listing of items nor a political ideology. It was an intelligent, logical and scientific approach for laying down certain objectives and indicating the way to achieve them.

Science was not governed by any ideology. There was no such thing as capitalist physics or communist chemistry. Raising standards of living today depended upon more production and better distribution. A solid foundation for a self-reliant and self-generating economy could not be laid without the fullest use of the modern techniques which science had placed at our disposal. Denial of planning, the Prime Minister emphasised, in a sense, implied the denial of technology.

The Prime Minister said that during the last few years India had made creditable, even remarkable progress in almost all directions. This did not mean that there had been no failures and no imbalances. These were a consequence of trying to do over a short period the work which would otherwise take much longer.

The Prime Minister emphasised that there was no conflict between agriculture and industry. Both were closely interrelated. There could be no industrial growth without agricultural progress. Similarly, industrial progress was required to meet the needs of agriculture and also to give that impetus required for getting out of the rut and creating the necessary conditions for good husbandry.

The Prime Minister reviewed the progress made in the basic industries like steel and machine building. If we did not expand in both the fields we would always have to rely on the outside world and also incur heavy expenditure in foreign exchange. Planning in basic industries also involved long-term planning because steel ~~plants~~ plants took a long time to build. The expansion of the basic industries stimulated greater demand for raw materials like coal. Shortage in these was itself an indication that we were advancing and required more raw material for that advance.

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Referring to the roles of the private and public sectors, the Prime Minister pointed out that our policy here was guided by the clear indications given in our Constitution, against the concentration of economic power in a few hands. He said that our approach in this field was pragmatic, the aim being to increase production. The Industrial Policy Resolution represented a broad approach and a flexible policy indicating directions along which it was advantageous for country now and in the future to develop.

The Prime Minister concluded his address by emphasizing the human factor in progress. Though we could introduce new techniques, ultimately the progress of our rural areas depended upon the peasant. Whatever could enthruse him to greater efforts should be the most important consideration. It was for this objective that the Community Development movement was started several years ago and the co-operative movement was sought to be strengthened. Recently, institutional changes like the revival of the Panchayat system and the establishment of Panchayat Samitis had been introduced.

The Prime Minister concluded by stressing that the lesson that we learned in the days of our struggle for freedom, the lesson of self-reliance, had to be remembered afresh in the light of the changed circumstances.

(Yojana (published by the Government of India), Vol.IV, No.6, 3 April 1960; The Statesman, 13 March 1960).

36. Wages.

India - March 1960.

Central Government Accepts Recommendations of
Textile Wage Board: Higher Rates fixed: National
Tribunal to go into Dearness Allowance Issues.

Shri Gulzari Lal Nanda, Union Minister for Labour and Employment, announced in the Lok Sabha on 3 March 1960, the Government's acceptance of the recommendations of the Central Wage Board for Textile Industry (vide Section 30, page 41 of the report of this Office for the month of April 1957).

National Tribunal for Dearness Allowance.- The decisions of Government of the Wage Board's report are embodied in a resolution, which has been published in a Gazette of India, Extraordinary, on 3 March 1960.

The resolution says: "After careful consideration, Government has decided to request the employers and workers and State Governments to take immediate steps to implement the unanimous recommendations of the Wage Board. Since the recommendations represent agreed conclusions between the representatives of employers and workers, Government expect that the parties concerned will show a spirit of accommodation in interpreting the recommendations and difficulties, if any, will be solved by direct discussions between them and, if necessary, with the assistance of the State Government concerned.

"The Board have drawn pointed attention to the importance of speedy rationalisation and stressed that the process of rationalisation and modernisation should be enforced, if necessary, even with the assistance of Government's intervention. It may be recalled here that several textile units have varying labour strength for similar units of machinery and plant in the country. The working conditions of different textile units also vary in degree. It is, therefore, very necessary that the work-loads and the working conditions should be rationalised as early as possible within the framework of the recommendations of the Indian Labour Conference. The Industry, labour unions and the Government have, therefore, to bring about the process of rationalisation with a determined effort.

"The Board have recommended that dearness allowance should be linked to the cost of living index in all centres, and if any centre has no such cost of living index, the index of the nearest centre should be taken for such linking. The Board have also recommended that where there is only a consolidated wage or a fixed dearness allowance, it should be made adequate and linked to the cost of living index by a suitable machinery. For facilitating the implementation of these recommendations in an expeditious manner, Government have decided to appoint a National Tribunal which will go into the issues raised, if any, by either of the parties.

"There have been certain increases in the wages which have taken place in different textile units since the industry made their submission to the Wage Board. All such increments or increases, excepting the increase awarded by an Industrial Tribunal or by any other statutory body, that have been so given by the textile units, will be considered a part of any increase that might take place as a result of the implementation of the Wage Board's recommendations in different aspects.

"There have been certain textile units which are at present closed down or which had been or are under enquiry under Section 15 of the Industries (Development and Regulation) Act. Government will consider separately the application of the Wage Board's recommendations to such units.

"Government hope that having regard to the need for building up a healthy industry and the necessity to maintain industrial peace which will assist in rehabilitation and modernisation of the industry, the industry and the employees will take necessary steps to implement the recommendations. Should, however, an occasion arise in which there is any serious difference of opinion in regard to interpretation of recommendations, or where there is any major difficulty in implementing the recommendations, Government may, if necessary, refer the matter to a suitable machinery."

Recommendations of the Board.- The following is a summary of the recommendations of the Board:

The decisions of the Board are unanimous and must be taken as an integral whole and any attempt to isolate them would be contrary to the scheme of recommendations.

For the good of the industry, of labour, and of the consumer, certain desirable minimum standards in workloads should be achieved throughout the industry as soon as possible.

For a period of five years from 1 January 1960, no claim for further revision of minimum wages should be made by either the employers or the workmen.

In the interests of all concerned, it is necessary that the process of rationalisation should continue and progress everywhere in the industry. The rationalisation of several occupations in Bombay, Ahmedabad and Coimbatore should be adopted as useful guides for the progressive rationalisation by mills which have not reached that standard of rationalisation, within the next five years.

As a result of rationalisation, there should be no retrenchment or loss of earnings of the existing employees, there should also be an equitable sharing of the gains of rationalisation as between the community, the employer and the worker, and there should be a proper assessment of workloads.

In order to avoid disputes arising out of rationalisation, there should be machinery at regional and national levels to settle questions of rationalisation.

The time has come for the active participation of the Government concerned for the speeding up of the process of rationalisation.

For the purposes of wages, the industry should be divided into two categories, mills in Bombay city and Island (including Kurla), Ahmedabad, Baroda, Billimora, Navsari, Nadiad, Surat, Phagwara, Hissar, Delhi, Modinagar, Calcutta City, the whole of Madras State and Bangalore, coming in the first Category, and mills in other centres in Category II.

An increase at the average rate of 8 rupees per month per worker shall be given to all workers in mills in Category I from 1 January 1960, and a further flat increase of 2 rupees per month per worker shall be given to them from 1 January 1962.

An increase at the average rate of 6 rupees per month per worker shall be given to all workers in mills of Category II from 1 January 1960, and a further flat increase of 2 rupees per month shall be given to them from 1 January 1962.

The increases in the basic wage are subject to the conditions that the said sums of 8 rupees and 6 rupees shall ensure not less than 7 rupees and 5 rupees, respectively, to the lowest paid, and that the increase of 2 rupees from 1 January 1962 shall be flat for all.

The dearness allowance should be linked to the cost of living index in all centres, and if any centre has no such cost of living index, the index of the nearest centre should be taken for that purpose.

In certain places, there is only a consolidated wage or a fixed dearness allowance. In both cases the total wages are comparatively lower. The dearness allowance in these places should be made adequate and linked to the cost of living index by a suitable machinery.

The dearness allowance in Madras State should be increased so as to give full neutralisation for the rise in the cost of living to the workers on minimum basis wage with 1936-39 as the base.

The dearness allowance should be consolidated with the basic wage at ~~the~~ an index which will yield an amount equal to three-fourths of the average dearness allowance of the first 6 months of 1959, and the remaining 25 per cent dearness allowance shall continue as dearness allowance and shall have a flexible character, and shall rise and fall according to the future cost of living; and the point at which the current index is merged shall be compensated according to existing method and at the existing scale.

The amount of gratuity, wherever calculated in terms of basic wages, shall be paid in terms of the existing basic wage upto 31 December 1959; but from 1 January 1960, the basic for such purpose will be that basic wage plus the increases given but excluding the dearness allowance consolidated.

The consequential adjustments in the emoluments of the rest of the workmen should be worked out by the employers and the workmen in accordance with the tenor of the Report.

The scales of pay of Junior and Semi-clerks shall be as follows:-

1. Junior clerks of mills in Category I. $\left\{ \begin{array}{l} \text{Rs. } 75-5-105-7\frac{1}{2}-150-\text{EB}-10-200- \\ 12\frac{1}{2}-250. \end{array} \right.$
2. Junior clerks of mills in Category II. $\left\{ \begin{array}{l} \text{Rs. } 60-5-90-5-120-\text{EB}-7\frac{1}{2}- \\ 150-10-200. \end{array} \right.$
3. Semi-clerks of mills of Category I. $\left\{ \begin{array}{l} \text{Rs. } 50-3-80-\text{EB}-5-125. \\ \end{array} \right.$
4. Semi-clerks of mills of Category II. $\left\{ \begin{array}{l} \text{Rs. } 40-3-70-\text{EB}-5-105. \\ \end{array} \right.$

A Junior clerk whose basic pay is already higher than the start of the new basic, shall first be fixed in the new scale in accordance with his present basic wage; if he falls within two stages of the new scale, he shall be given the higher stage, and he shall then be given two increments in the new scale. A Junior clerk whose present basic wage is less than the minimum of new scale, shall first be brought up to the minimum of the new scale, and he shall then be given one increment for each year of service with a maximum of two increments. The semi-clerk shall also be fixed in the same manner as the junior clerk in the new scale. Any semi-clerk or Junior clerk already in receipt of a higher scale or higher total emoluments than those recommended, shall retain the excess as special pay.

The pay scales of other clerks, stenographers, etc., shall be suitably fixed by the employers in consultation with the employees having regard to their respective duties and responsibilities in such a way that their emoluments are advanced to keep in step with the advances in the wages of the ~~junior~~ junior clerks.

The efficiency bar must be sparingly applied and only in cases of distinct fall in efficiency.

It is not feasible to consolidate the dearness allowance with basic wage of clerks, because of their time scales. The clerks shall receive monthly the amount of dearness allowance which is merged in the basic wage of the operatives, as a special higher cost allowance, plus the dearness allowance of the operatives plus.

For basic wage up to	-	
and including Rs.100/-	Rs.7 $\frac{1}{2}$ /-
Between 101-200	Rs.15/-
Between 201-300	Rs.22 $\frac{1}{2}$ /-
Beyond 301	Rs.25/-

The semi-clerks shall receive monthly the amount of dearness allowance which is merged with the basic wage of the operatives as a special higher cost allowance, plus the dearness allowance of the operatives.

The special high cost allowance shall be treated as an addition to basic wage and new entrants shall also be eligible for it. The special high cost allowance shall count for Provident Fund, and leave and holidays with pay, but not for gratuity where gratuity is expressed in terms of the basic wage.

There shall be no grade of a clerk below the grade of semi-clerk. Barring the semi-clerk, the lowest paid in the clerical staff should be deemed to be the Junior clerk and he must be fixed in the prescribed scale of the Junior clerk.

The recommendations relating to Junior clerks and semi-clerks shall take effect from 1 January 1960.

There shall be no discrimination between men and women doing the same work.

By the introduction of the Board's recommendations no existing amenities or benefits shall be affected, and higher emoluments wherever they are being paid, shall not be reduced.

In the present state of the industry it is not possible for financial considerations to go beyond what has been recommended but, nevertheless, the recommendations will on full implementation constitute a fresh landmark in the progress of the industry and in the improvement of the condition of service of the workers, who will find in the recommendations not only a present rise in earnings, but also fresh scope and initiative for the exercise of higher skills and consequent improvement of their standards.

The Board regrets that even after a century's existence the industry is unable to pay a need-based wage, and considers that the stage has been reached when both the employers and the workmen should foregather to life the industry as a whole to a higher level, each making his contribution in his own way. The employers must adjust themselves to the changing climate of their responsibilities; and the workmen for their part must have a broader view of their duties in India's social set up; and both must accept the inevitability of changes by rationalisation and modernisation if the industry is to flourish.

The Government should take timely steps for the implementation of the recommendations herein contained so that they might become effective from 1 January 1960.

The Central and State Governments should take steps to maintain correct cost of living indices of the several centres. It would also be an advantage if statistical information as to the state of the industry, including information ~~on prices, productivity and income~~ on prices, productivity and income in it could be suitably maintained by the Government of India so that the information may be readily available whenever required.

The recommendations of the Wage Board would apply to all clerical and manual workers in the composite and spinning mill sector of the industry.

(Press Note dated 3 March 1960, issued by the Government of India, New Delhi)

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Andhra Pradesh: Minimum Wages Act, 1948, extended to
Employment in Cinemas, Hotels and Restaurants.

In exercise of the powers conferred under the Minimum Wages Act, 1948, the Government of Andhra Pradesh has added the following employments to Part I of the Schedule to the said Act, namely,

1. Employment in any Cinemas;
2. Employment in any Hotels and Restaurants or tonning establishments;
3. Employment in any Hotels and Restaurants or eating houses."

(G.O. Ms. No. 333 Home (Labour II),
13 February, 1960, Andhra Pradesh
Gazette, Part I, 3 March 1960, p. 665).

37. Salaries.

India - March 1960.

Mysore: State Employees to get an increase of
5 Rupees in Dearness Allowance.

Shri T. Mariappa, Finance Minister of Mysore, announced in the Mysore Legislature on 9 March 1960, an interim relief of five rupees per month in the shape of an increase in the rate of dearness allowance to all Government employees drawing 300 rupees and below with effect from 1 January 1960. This interim relief will be allowed to be drawn in cash from 1 April 1960, and it has been decided to pay the arrears in either National Plan certificates or in the form of Prize Bonds, recently announced by the Government of India. This will cost the State Exchequer 15 million rupees per annum, inclusive of arrears.

The Finance Minister explained that the Government decided to pay an interim relief, in view of the fact that the committee ~~recommendations~~ required to go through the recommendations of the Central Pay Commission and the Madras Pay Commission due shortly, and to make recommendations having due regard to the financial resources of the State, would naturally take "some time".

(The Hindu, 9 March 1960;
The Deccan Herald, 9 March 1960).

National Tribunal's Award on Pay Scales of
Cantonment Employees.

The National Tribunal constituted by the Government of India for adjudication of the disputes between workmen of certain cantonments and their employers, viz., the Cantonment Boards, has given its award. The National Tribunal was set up in November 1958, with Shri F. Jeejeebhoy as Presiding Officer.

In its award, the tribunal has said that cantonment workers cannot be declared as Central Government employees in the face of the Cantonment Act of 1924. A cantonment is a corporate body and the rules framed under the Act clearly indicate that its workers are employees of the Cantonment Board.

The tribunal, likewise, has not accepted the demand that cantonment workers should be given the pay scales of Central Government employees. It has, however, awarded pay scales for each category of post in each of the 58 cantonments covered by the award.

As regards dearness allowance, the tribunal has awarded that a cantonment employee should get the same dearness allowance as given by the State Government (in whose area the Cantonment is located) to its employees. Also 50 per cent of the dearness allowance should be merged with the pay of all cantonment workers.

The tribunal has decided that Class III and IV employees of Cantonment Boards, who have not been provided with accommodation, free or otherwise, should be given the same house rent allowance as is given by the State Government to corresponding categories of employees.

As regards provident fund, the tribunal has stated that the contribution of the Cantonment Board should be equal to the contribution of the employee. For this purpose, the Cantonment Fund Servants' Rules, 1937, which provide for contribution at the rate of $3\frac{1}{8}$ per cent by the Board and at $6\frac{1}{4}$ per cent by the employee to the provident fund, will require ~~reconsideration~~ reconsideration.

On the question of bonus, the tribunal has stated that it should continue to be paid to workers as already provided under the rules.

The tribunal has not conceded the demand of the workers for provision of a gratuity scheme on the ground that its decisions relating to provident fund and bonus will provide adequate retirement benefit.

On the question of promotion, the tribunal has awarded that, all things being equal, promotion should be by seniority. Rules should be framed for recruitment of various categories of employees of each Board.

The award of the tribunal in regard to wages is to be given effect to retrospectively from 1 April 1959.

(Press Note dated 4 March 1960, issued
by the Government of India, New Delhi).

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39. International Economic Relations.

India - March 1960.

Indo-Pakistan Trade Agreement signed.

A trade agreement was signed between India and Pakistan at New Delhi on 21 March 1960, under which "the most favoured nation treatment" will be accorded to the commerce between the two countries. The agreement, which comes into force from 21 March 1960, will be valid for two years and may be extended for a year, unless either Government gives notice to the contrary.

Under the agreement Pakistan has agreed to supply to India jute cuttings to the extent of 10 million rupees and also to raise the ceiling for cotton from 10 million rupees to 15 million rupees. India, on its part, has agreed to supply to Pakistan iron and steel to the extent of 10 million rupees and to raise the ceiling ~~from~~ for cement and biri leaves from 7 million rupees to 15 million rupees .

The list of commodities to be exchanged has also been enlarged to cover items such as betel leaves, films, fish (dried and salted), drugs and medicines (Ayurvedic and Unani), rock salt, betel nuts, Kapok, etc., from Pakistan, and betel leaves, films spices, groundnut seeds, and stone boulders, etc., from India.

(The Hindustan Times, 22 March 1960).

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New Trade Pact signed between India and Chile.

A new trade agreement was signed on 10 March 1960 at Santiago between India and Chile, replacing the earlier agreement of 1955. The new agreement, which would be valid up to the end of 1962, envisages import by India of 75,000 tons of Chilean nitrate during the next three years. Chile is expected to take larger quantities of jute manufactures, tea and coir products. Other important items included in the schedule of imports from Chile are sulphur, copper (raw) lead and newsprint. The main items included in the schedule of Indian exports to Chile are tea, jute manufactures, coir products, shellac, light engineering goods, cotton textiles, paraffine wax, vegetable oils, sports goods and hosiery.

India's imports from Chile in 1958 amounted to 1.7 million rupees. Exports to Chile were valued at 9.7 million rupees.

(The Hindustan Times, 13 March 1960).

Indo-Bulgaria^a Trade Agreement Concluded.

A new trade and payments agreement between India and Bulgaria was signed at New Delhi on 3 March 1960 replacing the earlier agreement which expired on 31 December 1959. The new agreement will be valid from 1 January 1960, and will be in force for a period of three years.

Under the new agreement, payments for all commercial and non-commercial transactions will, be made in non-convertible Indian rupees and trade will be balanced on a higher level.

India will import from Bulgaria machinery of various kinds, electric generators and electric conducting equipment, diesel mine locomotives, electric motors, laboratory instruments, including electro-medical instruments, caustic soda, soda ash, antibiotics, chemicals, including tanning materials, raw silk, photographic paper, etc. Apart from traditional items like tea, coffee, spices, vegetable oils, shellac, processed and semi-processed hides and skins and cashewnuts, India will also export sewing machines, sports goods, plastic goods, light engineering goods, ropes for ships, medicinal drugs and herbs, pharmaceuticals, cotton textiles and hosiery, leather manufacturers, woollen textiles and woollen hosiery, jute and coir products, handicrafts and handlooms, films (exposed), etc.

Indian exports to Bulgaria during the 11 months ended November 1959, were valued at 2.4 million rupees. Imports from Bulgaria during the corresponding period were also of the same order. In 1958, imports from and exports to Bulgaria were of the order of 700,000 rupees each way.

(The Times of India, 5 March 1960).

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

INDIA - MARCH 1960.

41. Agriculture.

Tea Industry to Get Financial Assistance.

According to a press note issued by the Tea Board at Calcutta on 7 March 1960, the Government of India has approved of a 20 million rupees scheme to give financial assistance to the tea industry in the country, with a limit of 200,000 rupees on the supply of equipment and machinery to individual concerns.

It was stated that a section of the tea industry had been finding it difficult on account of financial stringency to introduce, renovate or replace much needed equipment and machinery at the tea estates or in the factories. The Tea Board had, therefore, prepared a scheme, after considering ways and means of affording relief to this section of the tea industry, which would enable them to buy the required equipment and machinery on suitable hire-purchase terms.

(The Hindustan Times, 8 March 1960).

43. Handicrafts.

India - March 1960.

Estimates Committee recommends Small Industries for Rural Areas.

The Estimates Committee of the Lok Sabha which presented its report to the Lok Sabha on 24 March 1960, has recommend, among other things, that the programme of small-scale industries should be made largely rural oriented so as to concentrate efforts towards developing industries in the rural areas as distinct from urban localities where the efforts have been primarily directed so far. The scheme prepared by Dr. M. Visvesvaraya for rural industrialisation, which has been adopted by the Mysore Government, might be considered in this connection.

The Committee observes that various schemes undertaken in the sphere are not co-ordinated enough to make for an integrated programme; nor are they linked with the overall programme of industrialisation. It recommends that the Government should consider the advisability of introducing legislative measures on various matters relating to small-scale industries such as their development in rural and backward areas, regulation of the relationship between the large and small sectors and organisation of industrial co-operatives.

The report has suggested that the Small-scale Industries Board at the Centre should be reorganised to provide adequate representation to small-scale industries. It has also suggested amalgamation of the office of the Development Commissioner and the National Small Industries Corporation. It has suggested the setting up of a committee to review the working of the several organisations relating to small-scale industries at the Central and State levels. This committee should be composed of representatives of Central and State Governments and of small industries.

The Committee recommends that a comprehensive survey of small industries should be carried out and the basic data needed for proper planning collected. The development schemes should be related to the objectives laid down in the Plan and targets should be prescribed scheme-wise as well as industry-wise. It is also recommended that in the future the Government should construct industrial estates on its own mainly in rural and backward areas. In other cases local bodies, co-operatives and other private agencies should be encouraged to construct them.

The Committee has also suggested that it is necessary to evolve a scheme for making equity capital available to small industries. Requirements of small industries for raw materials should be accorded due recognition and priority and licences for imported raw materials should be ~~substantially~~ given as far as possible to actual users only. Suitable steps should be taken to encourage the formation of trade associations of small-scale industries.

The Committee also observes that there has been "no conscious effort" on the part of the Government to fulfil the objective of a decentralised pattern of economy in the country. Beyond enunciating the principle "little else has been done to translate it into practice", according to the Committee.

(The Statesman, 25 March 1960).

Bombay Khadi and Village Industries Ordinance, 1960
(Ordinance No. III of 1960).

The Governor of Bombay promulgated on 26 February 1960 an Ordinance to provide for encouragement, organisation, development and regulation of Khadi and Village industries in the State of Bombay and to constitute one or more Boards to carry out the said objects. The Statement appended to the Ordinance declared that at present there are different Acts in force in different parts of the State of Bombay for the purpose of regulating village industries and khadi industry. Basically, the scheme of the Acts appears the same; nevertheless, there are divergent provisions in some matters in these Acts. There is no such corresponding Act in force in the Kutch area and the Act in force in the old Bombay State area does not provide for regulating the khadi industry. Moreover, in view of the impending bifurcation of the State, the Board functioning under the Bombay Act is again likely to be an inter-State corporation and go beyond the competence of the State Legislature. In the circumstances, it is considered necessary to take immediate action to consolidate the existing laws and replace them by a single law for developing and regulating village industries as well as the khadi industry and to take powers to form regional Board so that as from the day fixed for bifurcation the new Boards established may continue to function in the two States with full swing, without further legislative or other action.

(Bombay Government Gazette, Part IV,
3 March 1960, pp. 94-104).

A Bill to replace the Ordinance was published in the Official Gazette on 10 March 1960.

(Bombay Government Gazette, Part V,
10 March 1960, pp. 22-34).

CHAPTER 5. WORKING CONDITIONS AND LIVING STANDARDS.

INDIA - MARCH 1960.

50. General.

Andhra Pradesh: Madras Shops and Establishments
(Andhra Pradesh Extension and Amendment) Bill, 1960.

The Government of Andhra Pradesh published on 10 March 1960, a bill to extend the Madras Shops and Establishments Act, 1947 to the territories specified in sub-section 1 of section 3 of the States Reorganisation Act, 1956, and further to amend it in its application to the entire State of Andhra Pradesh.

According to the Statement of Objects and Reasons of the Bill, by virtue of section 119 of the States Reorganisation Act, 1956 (Central Act 37 of 1956), the Hyderabad Shops and Establishments Act, 1951 (Hyderabad Act X of 1951) and the Madras Shops and Establishments Act, 1947 (Madras Act XXXVI of 1947), are now in force in the Telangana and Andhra areas of the State of Andhra Pradesh, respectively. In order to have a uniform law on the subject throughout the State, the Government proposes to extend the provisions of the Madras Shops and Establishments Act, 1947, to the Telangana area after incorporating in it such of the provisions of the Hyderabad Act referred to above, as are considered necessary. Opportunity is taken to provide for the removal of certain difficulties experienced in the administration of the Madras Act and for this purpose, it is proposed to make certain amendments to the Act and also to insert a few new provisions therein. The Bill seeks to give effect to the above proposals.

Some of the salient features of the Bill are as follows:-

(1) The Bill seeks to make a provision requiring the owner of every establishment to get the establishment registered by the Inspector on payment of registration fee. This is mainly intended to have a proper control over establishments for the effective enforcement of the Act.- Vide clause 7.

(2) Shops opened on footpaths are a hindrance for the effective enforcement of the Act as the shop-owners are evading the provisions regarding opening and closing hours and weekly holidays by selling their goods on the foot-path instead of in the shop. The Bill seeks to prohibit such selling and to empower the Inspectors of the area to seize goods kept for such sale.- Vide amendment made by clause 8.

(3) Employment of women in any establishment during nights is also sought to be prohibited by the Bill.- Vide clause 16.

(4) Some more provisions regarding safety and health are provided in the Bill so as to secure better working conditions.- Vide clause 17.

(5) The Bill also seeks to provide for the grant of holidays with wages ~~was~~ as may be prescribed by the Government.- Vide clause 20.

(6) Double employment is intended to be prohibited as is done under the Factories Act.- Vide clause 26.

(7) Provision is made for the payment of terminal benefit to persons employed.- Vide clause 27.

(8) Provision is made for the appointment of a Chief Inspector to facilitate proper enforcement of the Act.- Vide clause 30.

(9) Provision is made for appointment of authority to hear and decide claims relating to wages, etc.- Vide clause 32.

(The Andhra Pradesh Gazette, Part IVA,
Extraordinary, 10 March 1960, pp.77-101).

West Bengal Shops and Establishments Bill, 1960.

The Government of West Bengal published on 15 March 1960, the West Bengal Shops and Establishments Bill, 1960, which seeks to regulate holidays, hours of work, payment of wages and leave of persons employed in shops and establishments.

According to the Statement of Objects and Reasons of the Bill, the Bengal Shops and Establishments Act, 1940, was enacted in pre-Independence days and in the context of the changed circumstances various difficulties were encountered in administering the Act. There has also been persistent demands by the employees of the shops and establishments for better service conditions. Government therefore seeks to repeal the existing Act and to introduce a new legislation. The West Bengal Shops and Establishments Bill seeks to remove the aforesaid difficulties and to provide the employees with additional benefits.

A summary of the salient provisions of the Bill is given below.

Clause 5 of the Bill provides that the provisions of the Bill or some of its provisions shall not apply to certain establishments, shops and persons e.g., offices of or under the Central or State Government, the Reserve Bank of India, railway service, institutions for the treatment or care of the sick, infirm, destitute or mentally unfit, public utility concerns or undertakings, etc.

Weekly holiday.- Every shop shall be entirely closed in each week on at least one day and a half day next preceding or next following such day. Every person employed shall be allowed in each week as holiday at least one day and a half day next preceding or next following such day.

Every person employed in a commercial establishment shall be allowed in each week as holiday a Sunday and a half day next preceding such Sunday.

Every person employed in an establishment for public entertainment or amusement shall be allowed in each week as holiday at least one day and a half day next preceding or next following such day. If two or more trades or businesses are conducted, any of which is of such a character that it ~~it~~ was the sole trade or business therein conducted the provision respecting holiday would not apply to that trade or business, such shops or establishment shall, so far as the conduct of that trade or business is concerned be exempt from the operation of the provision relating to holidays.

Hours of work.- Hours of work in shops as fixed at nine a day and 48 a week and in establishments for public entertainment or amusement at nine a day. No person employed in a shop or establishment shall be required or permitted to work in such shop - (a) for more than seven hours in any one day, unless he has been allowed an interval for rest of at least one hour during that day, or (b) for more than five hours in any one day, unless he has been allowed an interval for rest for at least half an hour during that day. The periods of work and intervals for rest of every person employed in a shop shall be arranged by the shopkeeper so that together they do not extend over more than twelve hours in any one day.

A person employed in an establishment for public entertainment or amusement may be required or permitted to work overtime in such establishment so however that - (i) the total number of hours of his work including overtime shall not exceed ten hours in any one day, and (ii) the total number of hours worked overtime by him shall not exceed one hundred and twenty hours in any one year.

Employment of Young Persons.- No child who has not completed the age of twelve shall be employed in any shop or establishment. No young person employed in a shop or an establishment shall be required or permitted to work in such shop or establishment for more than seven hours in any one day or for more than forty hours in any one week. The periods of work of young persons in a shop or an establishment during each day shall be so fixed that no period shall exceed four hours and that no such person shall work for more than four hours before he has had an interval for rest of at least one hour.

No woman or young person shall be required or allowed to work in any shop or an establishment after eight o' clock post meridiem.

Wages.- The provisions of the Payment of Wages Act, 1936, shall apply, mutatis mutandis, to the payment of wages of persons employed in a shop or an establishment.

Annual holidays.- A person employed in a shop or an establishment shall be entitled - (a) after every twelve months' continuous employment, to privilege leave on full pay for fourteen days, (b) in every year, to sick leave on half pay for fourteen days on medical certificate obtained from a medical practitioner registered under the Bengal Medical Act, 1914, (c) in every year, to casual leave on full pay for ten days, and (d) to maternity leave in accordance with such rules as may be prescribed: Privilege leave admissible under clause (a) may be accumulated up to a maximum of not more than twenty-eight days; sick leave admissible under clause (b) may be accumulated up to a maximum of not more than fifty-six days; and casual leave admissible under clause (c) shall not be accumulated.

Notice of termination.- No person shall, after continuous service for not less than twelve months in any shop or establishment, have his services terminated, without sufficient cause, unless he has been given one month's notice in writing or has been paid one month's wages in lieu of such notice.

Other provisions of the Bill deal with registration of shops and establishments, maintenance of records and registers by employers, powers of inspectors, and penalties.

(The Calcutta Gazette, Extraordinary,
15 March 1960, pp. 545-553).

Conditions of Work of Staff on Indian Railways:
Railway Board's Annual Report for 1958-1959 .

The following information regarding the conditions of work of railway employees in India during the year ending 31 March 1959, is taken from the Annual Report of the Railway Board on Indian Railways for 1958-1959*.

Number of Staff.- The total number of employees permanent and temporary, on all the railways (including non-government railways) and in the office of the Railway Board and other offices subordinate thereto, including staff employed on construction at the end of 1958-59 was 1,149,622 as compared with 1,118,848 at the end of 1957-58. Of this number the non-government railways accounted for 5,704 employees at the end of 1958-59 as against 5,852 at the end of the previous year.

As compared with the previous year, there has been an increase in the total number of staff employed on the Government Railways during 1958-59 of 29,157 on the open line and 1,765 on construction.

The total cost of staff including those on loan from the Indian Audit and Accounts service, increased by 94,393,000 rupees during the year as compared with the figures for the previous year. The increase in cost is chiefly due to the increase in the number of staff, interim relief in the shape of increase in the rate of dearness allowance for 12 months as against only 9 months in 1957-58 and net effect of annual increments.

* Government of India: Ministry of Railways(Railway Board):
Report by the Railway Board on Indian Railways for 1958-59.
Published by the Manager of Publications, Delhi, 1960. pp.162.

Recruitment and Promotion.- Two hundred and ninety seven appointments, temporary and permanent, were made in the gazetted railway service by direct recruitment during the year. Ninety-four Class II officers were promoted to Class I service during the year in the various departments. This include the ex-State Railway officers promoted against the 16-2/3 per cent special quota reserved for such officers.

The railway service commissions with headquarters at Allahabad, Bombay, Calcutta and Madras continued to conduct recruitments of Class III staff for the Indian Railways, (except North-east Frontier Railway) during the year under review. Some of the important statistics relating to the recruitment of staff are given below:

	<u>Non-technical categories.</u>	<u>Technical categories.</u>
(a) Number of indented by railways ==	25,257	2,590
(b) Number of applications received ==	421,152	19,686
(c) Number called for test/interview ==	200,967	5,867
(d) Number selected ==	21,140	2,010

The commissions experienced a general dearth of qualified technical staff, particularly recruits with degrees and diplomas in engineering (mechanical, civil and electrical). For senior higher grade supervisory posts in railway workshops and drawing offices, engineering graduates and for lower grades, diploma holders with appropriate practical experience were difficult to find. There was insufficient response for the category of nurses.

An approximate assessment of the Class III technical staff required by the Indian Railways (except Northeast Frontier Railway) during 1959-60 who will be appointed either by direct recruitment or training of apprentices is as follows:

	<u>Civil engineering.</u>	<u>Mechanical engineering.</u>	<u>Electrical engineering.</u>
Degree holders ----	25	11	14
Diploma holders ----	271	47	204

The recruitment position of scheduled castes, Anglo-Indians and scheduled tribes as a whole on all the Railways in regard to class III and class IV is given below:

Class.	Number of posts reserved-			Number actually appointed-		
	Scheduled Castes.	Scheduled Tribes.	Anglo-Indians.	Scheduled Castes.	Scheduled Tribes.	Anglo-Indians.
III	3,490	2,812	1,366	3,986	658	157
IV	6,251	3,716	3	8,019	1,713	1

Training.- The Railway Staff College at Baroda trained a large number of officers during the year. The capacity of the College remained at 110.

During the year, 25 sessions including a refresher course and a special course for bridge engineering, were held for training officers. In all 224 probationers and 225 temporary officers attended these sessions. In addition to this, 42 officers attended the refresher and special courses. A total of 492 officers completed their training in the college during the year. In addition, four officers from the Burma Railway (3 accounts officers and one stores officer) were given training in specially arranged short duration courses.

In the model room attached to the college a centralised traffic control plant controlling three model stations was installed and made use of for instructional purposes.

At the beginning of the year, the library had 8,015 books, 615 were added during the year. More commodious accommodation has also been provided for the library.

Nine new instructional films were added to the stock raising the number of from 36 to 45. An auditorium was also provided for exhibition of these instructional films.

Fifty-four lecturers from different railways gave lectures on subjects in which these officers had special experience. Such lectures were delivered particularly to officers coming for the second phase of training. The practice of university lecturers giving lectures on general subjects like general economics, the Indian constitution, the five-year plans, international organisations, etc., continued.

New instructional methods such as case study and group discussions were introduced during the year.

As officers have to deal with staff welfare and connected problems, arrangements were made in the college to give them training in these aspects of work also. The college had a consumer's co-operative society, a community centre and a social welfare league and the trainee officers were given opportunities to take part in social welfare work.

Sixteen instructional tours were arranged to show the trainees practical aspects of railway working, such as, new railway constructions, ~~and~~ remodelling works, operation of yards and loco sheds, etc.

Emphasis was laid on the physical fitness of the trainees by ~~compulsory~~ compulsory morning physical drill and sports in the evening, as these help to develop discipline, esprit de corps and other qualities of leadership.

There are 50 training schools. Some of them are traffic training schools where recruits are trained in the duties of station masters, signallers, guards, booking, parcel and goods clerks, etc., permanent way, signal and tele-communication engineering. In other schools loco running staff, apprentice mechanics (mechanical and electrical) train examiners and trade apprentices are trained. Separate schools also exist for training staff of the railway protection force. Refresher and promotion courses for staff already in service are also provided in a large number of these schools.

Suitable arrangements have been made by the railway administrations to provide initial training, refresher and promotion courses for certain categories of class IV staff either on a divisional basis or at important centres.

The three technical training centres, one each at Shahjahanpur, Mhow and Madhupur, continued to train apprentice Assistant Inspectors of Works, draftsmen and works mistries.

The All India Signal and Tele-communication school set up at Secunderabad for training signal inspectors continued to function. Temporary arrangements have also been made for a fuel training course at Jamalpur pending the setting up of a permanent school at Dhanbad.

The Uttar Pradesh Government technical training school at Jhansi has been taken over ~~the~~ by the Central Railway and facilities for training 50 candidates at a time have been provided.

Basic training centres started functioning during the year at Bhusawal, Secunderabad, Jubbulpore, Gorakhpur and Perambur.

Facilities for giving full course of training to all categories of apprentices, i.e., apprentice mechanics, trade apprentices and apprentice train examiners have been developed at Gorakhpur and it is no longer necessary for the North Eastern Railway to send these apprentices to Jamalpur or the Chittaranjan Locomotive Works.

A school for advanced training in permanent way has been started at Poona. This school will serve the ECAFE countries also.

The railways continued to maintain training schools for imparting theoretical training to their apprentices in the mechanical, electrical and signal and tele-communications departments and to the apprentice train examiners in the mechanical engineering department. Practical training facilities are available in the workshops.

Apprentice mechanics are selected from among candidates who have passed the matriculation examination or its equivalent. Diploma holders in mechanical/electrical engineering from recognised institutions are also recruited for a condensed course of training. A limited number of skilled workmen who are matriculates and have completed a full trade apprenticeship are also taken for further training as apprentice mechanics. The training of apprentice mechanics is designed to get trained personnel for the supervisory posts in railway workshops.

Trade apprentices are selected for training in various trades such as fitting carpentry, blacksmithy, moulding, machining, turning, millwright boiler-making, tin and copper-smithy welding, pattern making, painting, polishing, trimming and electrical wiring, etc. The candidates are required to have passed the VIII standard. Such of the artisans as have successfully completed a full course of basic training for a period of 1-1/2 years in one of the government technical training centres are also recruited for further training as trade apprentices for a reduced period of training. A number of basic training centres have been opened in the workshops and running sheds to meet the increased demand of trained men during the second five year plan. This training scheme is designed to get trained workmen for skilled categories of staff in the workshops.

Apprentice train examiners are selected from among candidates who have passed the matriculation examination or its equivalent. The training is designed to obtain trained personnel for supervisory posts in the train examining branch of the mechanical department.

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Relations with labour.- The relations between the railway administrations and the labour were generally cordial.

The working committee of the National Federation of Indian Railwaymen met four times during the period under review, i.e., on 4, 5 and 6 June 1958 at Lonavla, on 30 November and 1 December 1958 at New Delhi, on 7 February 1959 at Dibrugarh and on 5 to 8 March 1959 at Patna. At these meetings, resolutions covering a wide range of subjects were passed by that Federation.

A second federation, namely, the All India Railwaymen's Federation which was revived in the year 1957-58, consolidated their organisation and on two occasions held ad hoc discussions with the Railway Board on matters relating to railway staff.

Permanent negotiating machinery for settlement of disputes.- The permanent negotiating machinery set up on railways in 1952 with a view to maintaining contact with labour and resolving disputes and differences which may arise between them and the administration continued to function satisfactorily during the period under report. Fortythree meetings were held at the headquarters level and one thousand one hundred and seventy-nine meetings at district/divisional levels on the eight zonal railways. The discussions covered a wide range of subjects.

At the second tier of the machinery, there were two periodical meetings between the Railway Board and the National Federation of Indian Railwaymen - one in June 1958 and the other in September 1958. In addition, there were two ad hoc meetings between the Railway Board and the All India Railwaymen's Federation - one in August 1958 and another in December 1958 - to discuss the latter's demands.

At the third tier, the ad hoc tribunal held sittings to hear the parties on the issues coming under the two terms of reference which were pending before it and which could not be settled by negotiation. The tribunal submitted their recommendations to Government on 15 October 1958. The recommendations were under Government's consideration at the close of the year.

Working of Staff Councils, Staff Committees and Labour Advisory Committees.- The working of the staff councils on the railways was reviewed and the Government decided that besides the central and divisional/district staff councils, which by their constitution represent staff spread over wide areas, staff councils should also be established in every unit and station where a large number of staff, irrespective of the department in which they are working, are stationed. Accordingly, more staff councils were set up on some railways during the year under review. The deliberations of these bodies were useful in promoting better understanding between the administration and the staff.

Labour Welfare: Railway Schools.- As a result of the survey of railway colonies conducted by the railway administrations, for ascertaining whether suitable facilities for primary education already existed or not, sanction was issued early in the year for the opening of a number of new primary schools at various places on Indian Railways. The position was reviewed further and it was decided that the number of new primary schools to be provided should be increased to 510 in all and that these were to be opened by the time the next school session commenced, i.e., June 1959. These schools were to be single-teacher schools and built to austerity standards, each school accommodating 50 children.

During the year the railway high school at Bandikui on the Western Railway was converted into a multi-purpose higher secondary school.

There were 161 schools (including Intermediate, secondary/high, middle and primary) with 50,583 pupils on the roll functioning on the railways.

Subsidised hostels.- To mitigate the difficulties of staff who have to send their children away from their headquarters for the purpose of education through the medium of their own language it was decided during the year under review to set up 13 subsidised hostels in the major linguistic areas in the country where board and lodging were to be provided at subsidised rates for the children of railway employees drawing pay up to a specified limit.

Staff Benefit Fund.- With a view to affording greater scope for expansion of welfare activities within the objectives of the Staff Benefit Fund generally and to enable the Fund to meet the expenditure on the scheme of awarding technical scholarships to children of railway employees and vocational training centres in particular, the per capita rate of annual contribution from the railway revenues to the Staff Benefit Fund was increased from 2 rupees to 4 rupees from 1 April 1958.

The Staff Benefit Fund committees at the headquarters/divisional/district level consisting of representatives of recognised unions, staff and the administration are responsible for the management of the Fund. A majority of the members attended the meetings during the year under review.

Canteens.- Besides the canteens statutorily required to be provided under the Factories Act, 1948, the railways have provided, as a measure of staff welfare, canteens at places where there is a concentration of staff. During the year the number of canteens was 215 as against 205 in the previous year.

Sports activities.- This is one of the important activities financed partly from the railway revenues and partly from the Staff Benefit Fund. Divisional and inter-divisional tournaments were held as usual by the railways, while the Railway Sports Control Board conducted various inter-railway tournaments and meets at different centres.

Holiday homes.- The holiday homes for class III and class IV staff at various places proved to be popular, particularly among the class III staff. Three additional holiday homes, one each at Puri on the South Eastern Railway, Baidyanath Dham on the Eastern Railway and Mysore on the Southern Railway, were opened during the year.

Convalescent homes for the benefit of convalescing employees who have not the wherewithal to go for a change of place at their own expense and recuperate their health, were set up as a part of, or in addition to, the holiday homes.

Children's camps.- During the year under review, twenty-two camps were organised by the different railways for the benefit of the children of railway employees. These camps were very popular and a total number of about 2,000 children attended these camps. The expenditure on these camps was primarily met from the Staff Benefit Fund and the amount payable by parents was kept low so as to bring the benefit within the reach of the lower paid staff.

Scholarships for technical education of children of railway employees.- This scheme is financed from the Staff Benefit Fund and has been of considerable benefit to the staff. Nine hundred and eighty-four scholarships were awarded during 1958-59 in addition to 952 scholarships continued from previous year. An amount of ~~about~~ about 0.7 million rupees was spent in this connection.

Scouting.- The scouting activities on the railways gained further momentum and the strength of the associations showed an increase during the year. Staff training camps, service camps and rallies were held as usual during the year.

Labour welfare organisation.- The welfare organisation on the railways consisting of welfare inspectors functioned satisfactorily during the year. The welfare inspectors besides attending to the expeditious disposal of staff representations and grievances helped in organising various social and cultural activities.

Miscellaneous.- Vocational training centres for the benefit of staff and their children, handicraft centres for the benefit of the families of the staff and mobile libraries for the benefit of the staff at wayside stations, were opened during the year by some railways while similar schemes were under consideration by other railways.

Service conditions of Staff.(i) Promotion of Class IV Staff.- The railway class IV staff promotion committee appointed in May 1957 with Shri G.D. Tapase as chairman examined the existing channels of promotion and made several recommendations. The committee submitted its report on 31 March 1958. Orders have been issued to railways on the committee's recommendations accepted by Government laying down new channels of promotion and higher percentage of posts in class III which would now provide greater opportunities to class IV staff for promotion.

(ii) Leave reserve for class IV Staff.- In consequence of the Class IV staff having been brought on a par with other railway staff in the matter of earning leave, leave reserves for class IV staff have been provided at the percentages prescribed for the corresponding groups of staff in class III.

(iii) Leave Rules.- As a result of further liberalisation of the liberalised leave rules in regard to raising the limit of accumulation of leave on average pay, commuted leave, leave not due, etc., an opportunity was given to class I, II and III railway servants, who were governed by the railway fundamental rules, ex-company leave rules, etc., to opt for the liberalised leave rules with effect from 1 August 1958.

(iv) Pass rules.- The rules relating to issue of passes have been liberalised to make class III and Class IV staff eligible for privilege passes and privilege ticket order during the first year of service instead of from the second year as hitherto. In regard to post-retirement passes the minimum qualifying service for eligibility in the case of class IV staff was reduced from 40 to 25 years.

Co-operative Credit Societies and Banks.- There were 26 Co-operative Credit Societies of railway employees both at the beginning and at the end of the year. They had a membership of 583,823 at the end of the year as against 583,697 at the beginning. The paid up share capital of the societies rose during the same period from 38.258 million rupees to 38,901 million rupees. More than 50 per cent of the railwaymen are members of these societies, the average share capital subscribed by them amounting to about seventy rupees per head.

The following statement shows the loan transactions of the societies with members during the year:-

(Figures in Million of Rupees)	
Loans outstanding at the beginning of the year	213.400
Issued during the year	159.548
Repaid during the year	135.719
Outstanding at the end of the year	237.229

The loan transactions of the societies increased by about 11 per cent during the year as compared to the previous year.

The total liquid resources of the societies including cash and bank balances and investments in government securities amounted to 19.542 million rupees, or about 11 per cent of the deposits held by them.

Railwaymen's Consumer Co-operative Societies.- The working of railwaymen's consumer co-operative societies recorded an all round improvement during the year. The number of societies actively functioning on railways increased from 120 at the beginning to 143 at the end of the year. The following statement shows the comparative progress made by them in respect of share capital and business during the last two years:-

(Figures in Million of Rupees)		
	1957-58	1958-59
Paid up share capital	0.911	1.159
Reserve fund	0.301	0.315
Total working capital	2.145	2.131
Purchases	7.722	9.840
Sales	7.866	10.429

The membership of the societies increased to 66,807 during the year - an increase of about 8,500 as against an increase of 7,000 during the previous year. For the first time, the total annual sales of all the societies have exceeded a ten million rupees, the increase in sales during the year being about 2.5 million rupees as against 1.6 million rupees during the previous year.

One hundred two societies as against 85 in the previous year worked at a net profit amounting to 0.123 million rupees after meeting their establishment and administrative charges. The remaining 41 societies as against 35 in the previous year worked at a net loss of 61,183 rupees. Thirty societies declared a dividend on shares to the extent of 93,387 rupees and 8 societies gave in addition rebates to the shareholders on the purchases made by them. The societies had between them employed 783 staff and the total wage bill during the year amounted to 0.504 million rupees. Thirteen societies also gave bonus to their staff to the extent of 4,989 rupees.

While most of the societies had operated one store each, 14 societies were having 24 branches in addition, the chief among them being the societies at Tiruchirapalli and Mhow which had 5 and 5 branches respectively. The railways give assistance to the societies by granting subsidies to the extent of 50 per cent of the establishment charges incurred by them during the first three years of their working. The total amount of subsidy thus disbursed to societies during the year amounted to 67,200 rupees. Till 1 October 1958 the societies were also being charged a nominal rent of 1 rupee per month on railway buildings allotted to them for running their stores. With effect from 1 October 1958, however, the Railway Board decided to withdraw the concession of nominal rent and charge rent at a concessional rate.

Till the end of the year, 130 societies had been provided with railway buildings on a concessional rent, while 6 of them were permitted to hire private buildings, the difference in the actual rent paid by them and the concessional rent to which they were eligible being borne by the railways. Seven societies had their own buildings.

Besides 143 societies actively functioning at the end of the year, ten new societies were registered.

Other types of Co-operative Societies.- There were three co-operative ~~societies~~ housing societies of railwaymen at the end of the year. They had 470 members with a paid up share capital of 64,090 rupees. The total working capital of these societies including deposits from individuals and loans from Government and other bodies amounted to 1,073,000 rupees at the end of the year. One society issued loans to members to the extent of 17,200 rupees during the year, the total amount of loans outstanding at the end of the year being 36,299 rupees. Twenty-six houses were built by the members during the year and the total number built was 82 till the end of the year under this scheme. In addition, 16 houses were under construction. Two of the societies had invested a sum of 188,000 rupees in purchasing suitable plots of land for development as house sites and allotment to members.

It is the policy of the Railway Board to encourage the formation of housing co-operative societies of railwaymen wherever possible. Railway employees may either get loans under the low income group housing scheme through the state governments, or the advances sanctioned by the Ministry of Works, Housing and Supply to build their own homes. One great difficulty facing these societies, however, is the high cost and scarcity of land for building. The Central and State Governments are trying to arrange where possible to acquire suitable building land and allot it to intending builders at as low a price as possible.

Provision of Staff Quarters.- In pursuance of the policy of providing quarters for the essential staff who are required to live near the site of their work and for the non-essential staff at places where private accommodation is not readily available 11,481 quarters were constructed on Indian Railways during the year 1958-59, as compared to 15,006 quarters during 1957-58.

Medical Aids- During the year under review the medical organisation on railways continued to look after the health and provide medical aid to railway servants and their families. Seventy hospitals and 448 health units/dispensaries were maintained for their exclusive use at railway expense.

During the year under review, the following were added:

- (i) ~~Twelve~~ new health units/dispensaries bringing the total to 448.
- (ii) Three hundred and eighty-four additional beds comprising of 221 general beds, 54 maternity beds and 109 emergency beds in health units/dispensaries bringing the total to 4,404.
- (iii) Five mobile dispensary vans bringing the total to 11 for the benefit of railway staff at road side stations where there is no dispensary.
- (iv) Six additional chest clinics bringing the total to 51 for control and domiciliary treatment of tuberculosis.
- (v) Forty-nine midwives for providing domiciliary maternity services.
- (vi) The number of beds sanctioned for reservation in approved sanatoria was increased from 538 to 928 in addition to 228 beds maintained in railway hospitals and chest clinics for tuberculosis cases.

To increase the scope of facility for treatment of railway employees and their family members suffering from tuberculosis, instructions were issued to re-imburse medical expenses for treatment of tuberculosis cases, admitted in non-reserved accommodation in recognised tuberculosis institutions. Instructions were also issued for ensuring prompt financial assistance from the Staff Benefit Fund to railway employees suffering from tuberculosis.

As a part of family planning scheme on railways an annual expenditure to the extent of 5,000 rupees for each Zonal Railway and 1,000 rupees for the Chittaranjan Locomotive Works and the Integral Coach Factory was sanctioned towards the supply of contraceptives free of charge to married women railway employees and wives of railway employees.

Steps were taken during the year to implement the national malaria eradication scheme on railways. Railway colonies having a population of 500 and above were to remain under the control of railways and colonies of population below 500 were entrusted to the control of the concerned states for taking all measures recommended under the malaria eradication scheme.

The health of the staff and their families remained satisfactory.

Accidents.— The following table shows the number of passengers, railway servants and other persons killed and injured in accidents in Indian Railways excluding casualties in railway workshops, during 1957-58 and 1958-59:—

Classification.	Killed		Injured	
	1957-58.	1958-59.	1957-58.	1958-59.
A.— Passengers —				
(a) In accidents to trains, rolling-stock, permanent way, etc. ---	77	45	504	371
(b) In accidents caused by movement of trains and railway vehicles exclusive of train accidents. --	354	312	3,057	3,185
(c) In accidents on railway premises in which the movement of trains, vehicles, etc., was not concerned. --	4	8	122	67
Total.	435	365	3,683	3,623
B.— Railway servants —				
(a) In accidents to trains, rolling-stock, permanent way, etc. --	18	10	219	179
(b) In accidents caused by the movement of trains and railway vehicles exclusive of train accidents. --	222	226	7,133	6,761
(c) In accidents on railway premises in which the movement of trains, vehicles, etc., was not concerned. --	43	56	20,732	22,134
Total.	283	292	28,084	29,074
C.— Other than passengers and railway servants —				
(a) In accidents to trains, rolling-stock, permanent way, etc. --	49	37	184	159
(b) In accidents caused by movement of trains and railway vehicles exclusive of train accidents*. --	263	255	178	108
(c) In accidents on railway premises in which movement of trains, vehicles, etc., was not concerned. --	53	40	138	113
Total.	365	332	500	380
GRAND TOTAL.	1,083	989	32,267	33,077

*Excluding trespassers and suicides.

The main causes for the accidents to railway servants caused by the movement of trains and railway vehicles exclusive of train accidents, are analysed in the following table:-

Cause.	-Killed -		& Injured -	
	1957-58.	1958-59.	1957-58.	1958-59.
(1) Misadventure or accidental.	209	214	7,019	6,682
(2) Want of caution or misconduct on the part of the injured person.	11	8	83	56
(3) Want of caution or breach of rules, etc., on the part of railway servants other than the persons injured.	-	3	19	14
(4) Defective apparatus, etc., or want of sufficient appliances, safeguards, etc.	-	-	-	-
Total .	220	225	7,121	6,752

Safety Organisations.- In view of accidents, which occurred towards the close of 1957 and in early 1958, and most of which were attributable to the failure of human element, the Railway Board created a machinery exclusively and wholly entrusted with the task of counter-acting and eradicating these undesirable tendencies. Accordingly a 'safety organisation' was set up on each of the Indian Government Railways. At the headquarters office of each railway there is a safety officer, who is responsible for directing and co-ordinating the activities of the safety inspectors, attached to the Divisions/Districts and some of the major workshops. The organisation is under the administrative control of a head of department like the Chief Operating Superintendent or the Senior Deputy General Manager.

The safety organisation is designed for concentrating exclusively on measures for the promotion of safety and this serves as an aid to the existing supervisory machinery for dealing with the problems of accidents. It is principally concerned with carrying out intensive inspections of the line and stations with a view to ensuring strict observance, by all concerned, of safety rules and regulations in every sphere of railway operation; imparting instructions and guidance to staff by personal contact and issue of written circulars, etc.; checking up unsafe or irregular working in every field; eradicating negligence, carelessness and indiscipline among staff and generally instilling and developing safety-mindedness amongst ~~and~~ staff of all grades and categories.

Some of the railway administrations have also formed what is known as 'accident research cell' for the purpose of conducting research into, and making analytical studies of various categories of accidents, the results of which are made available to the safety officers and inspectors to enable them to initiate corrective action and also to concentrate particularly on those stations and sections of the railway which are known for their accident proneness.

(The report for the Year 1957-1958 was reviewed at pages 62-74 of the report of this Office for April 1959).

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56. Labour Administration.

India - March 1960.

Madras: Employment target achieved: Minister's
Statement in the Legislative Assembly.

Speaking in the State Legislative Assembly in Madras on 15 March 1960, during the course of the debate on the State Budget, Shri R. Venkataraman, Minister for Industries and Labour of Madras Government, said Government were always prominently keeping before them the question of creating adequate employment potential. Though he could not claim that the unemployment problem in the State had been completely solved, he would point out that Government had succeeded in providing the targeted employment opportunities. He said the figures collected upto 31 March 1959, showed that there were 151,878 persons in the Central Government offices (located in the State), 198,404 in the State Government establishments, 60,867 in quasi-Government institutions and 109,339 in local bodies. The total was 520,488 persons. This did not include those employed in the private sector. The Minister said this number showed an increase of about 45 per cent over the employment figure in the first year of the Second Plan. So, within the first three years of the Second Plan there had been an increase of 45 per cent in employment under the public sector. Shri Venkataraman expressed the hope that the State would achieve the target set under the Second Plan, by providing employment opportunities to over 100,000 persons more. He said he would not claim that they had eradicated unemployment in the State, but he would say that they had succeeded in reaching the target.

Dealing with a complaint, that Government had not taken any action in getting the Textile Wage Board's award implemented, Shri Venkataraman said Government were not for doing anything as soon as the Boards submitted their recommendations. They waited for the reactions of both labour and the managements and to see whether the two parties would themselves come to some amicable settlement. Government would interfere only when there was some difficulty in reaching a settlement. He informed the House that in the case of the Textile Wage Board's report, Government had convened a conference of representatives of workers and managements to discuss their reactions to the award and to explore the possibilities of having the recommendations implemented. The conference would be held some time in the first week of April.

(The Hindu, 16 March 1960)

Andhra Pradesh: Legislative Assembly adopts Labour Demand.

The Andhra Pradesh Legislative Assembly passed on 21 March 1960 the demand under the head "miscellaneous" which includes funds for the labour department for 12.25 million rupees.

Moving the demand, Shri N. Ramachandra Reddy, Labour Minister, stated that the Government proposed to set up an Institute of Industrial Safety and Productivity at Hyderabad, aimed at educating the workers in problems connected with industrial safety, health and welfare by means of practical demonstrations.

The Minister said that a sum of 0.950 million rupees would be spent during 1960-61 on labour welfare schemes. With the utilisation of conciliation machinery, every effort was being made to reduce the frequency of labour disputes and to resolve them through mutual agreement.

The Minister said an integrated Shops and Establishments Bill and a Maternity Bill were ready for introduction. All labour rules except the existing Factories Rules and the Minimum Wages Rules of Andhra and Telengana had been integrated. A proposal for initiating legislation for providing national and festival holidays to industrial workers on the model of similar legislation in Madras State was under the consideration of the Government. The Employees Insurance Scheme in force in the State was being extended to more and more areas. To render employment assistance district employment exchanges had been set up in all districts except Mahbubnagar and Medak, which would be covered during 1960-61.

The Minister said the extension of the application of the Central legislation making it obligatory on the part of private employers to notify all their vacancies to the employment exchanges was under the consideration of the Government.

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Minimum Wages.- The Minister said the minimum wages committees set up to report on wages of workers - employed in agriculture, oilmills, construction or maintenance of roads or building, stone breaking and stone crushing, carpet and shawl weaving establishments, rice, - flour and dhall mills, tanneries, tobacco industry including bid-making and under local authorities had sent their reports to the Government which were being considered. The wages of workers in the motor transport and mica industries were being revised. Employment in hotels and restaurants, wooden furniture manufacturing and cinema industries had been included in the schedule of the Act. The Government was also considering the question of including the employment in the salt, automobile engineering, printing press, including litho, offset printing and button manufacturing industries to the schedule of the Act.

The State Government, the Minister said, had sanctioned 100,000 rupees towards the cost of the building, to house the Safety and Productivity Centre. The total cost of the scheme was about 250,000 rupees.

Employment Service.- The Minister said that with a view to intensifying the activities of the National Employment Service, the following schemes were proposed to be implemented during 1960-61: Extension of coverage of employment service to Medak and Mahbubnagar district; alignment of the Regional Employment Exchanges at Hyderabad with the all-India organisation; occupational research and analysis; and the collection of employment market information. Three more units of youth employment service and employment counselling would be opened during 1960-61 at Kakinada, Visakhapatnam and Warangal.

Shri Ramchandra Reddy said that during 1960-61 it was proposed to expand the activities relating to the collection of employment market information by taking up a study of the private sector in the districts of Kurnool, West Godavary, Chittoor and Nalgonda. Every effort was being made to persuade independent industrial establishments and trade unions that were not affiliated to all-India organisations, to implement the code of discipline formulated by the Indian Labour Conference. A committee had been appointed at the State level to go into matters relating to the evaluation and implementation of labour enactments, agreements, awards, code of discipline, etc., and an officer of the status of Assistant Commissioner of Labour had been appointed as special officer and secretary of the committee.

Shri P. Venkateswarulu (Com.) said that there had been little improvement in the living standards of industrial labour. There was some enhancement of their wages but the cost of ~~their~~ living had gone up out of proportion to the wage increase. The member criticised that the Government had not implemented the labour policy and the code of discipline formulated by the Indian Labour Conference.

Shri Venkateswarulu said the Government did not publish the findings of the Industrial Tribunal unless they passed orders on them. In these matters the Labour Department seemed mostly to agree with the managements. The decisions were mostly against workers. He felt that the Government was not pursuing a proper labour policy. He suggested that the Government should set up three zonal adjudication boards to expedite the disposal of disputes.

Shri Venkateswarulu said the Government had not accepted the recommendation of the Minimum Wages Committee that 94 rupees should be the minimum wage in the State though it had been agreed to by the Labour Advisory Board. The Government had also not implemented the recommendations of the Wage Boards for Cement, Coal, and Textiles. He could not agree with the statement of the Minister that the time was not propitious for the participation of labour in the management of industries in the public sector.

Shri G. Venkataswami (Cong.), ~~and the Minister of Labour~~ ~~expressed~~ regretted that industrial awards had not been published in some cases. He criticised the policy of the Government to limit the number of rickshaws and pleaded that the health insurance scheme should be made applicable to rickshaw pullers.

Shri B.G.M.A. Narayana Rao (Cong.), said the Government had not enunciated a clear wage policy. The Government should honour the awards of their own tribunals and behave as model employers.

Replying to the debate, Shri Reddy, stated that labour problems should be settled by the workers and managements by negotiations.

~~Shri Reddy was replying to the debate for the grant of 12,250,000 rupees under "Miscellaneous" demands. The House voted the demands.~~

The policy of the Government, Shri Reddi said, was to see that as far as possible disputes were settled amicably between the parties and industrial peace was established. He said that efforts were being made by the Government to implement the recommendations of the 15th Indian Labour Conference. The problems of the labour should be settled between the management and workers by mutual negotiation and peaceful means. The Government was trying their best to provide all facilities to the labourers, who were responsible for increasing the production in agricultural and industrial sectors. Labour welfare centres for the benefit of labourers were established. The Government had constituted wage boards for major industries, such as textile, cement and sugar industries. The recommendations of the wage board for textile were under consideration of the Government.

Referring to the "occupational disease" of the workers in the cashewnut industry, the Minister said that the Government were trying their best to eradicate the disease.

(The Hindu, 20 and 22 March 1960)

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Chapter 6. General Rights of Workers

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

India - March 1960.

Madras: Payment of Wages Act to be extended to Employment in Motor and Transport Undertakings.

In exercise of the powers conferred under the Payment of Wages Act, 1936, the Government of Madras has given notice of its intention to extend the provisions of the said Act to the payment of wages to all classes of persons employed in motor and other transport undertakings. The proposal will be taken into consideration by the Government after 9 June 1960.

(The Fort St. George Gazette, Part I,
9 March 1960, page 349).

67. Conciliation and Arbitration.

India - March 1960.

The Mysore Industrial Disputes (Amendment and Repealing)
Act, 1959 (Mysore Act No. 1 of 1960).

The Mysore Industrial Disputes (Amendment and Repealing) Bill, 1959 (vide page 68 of the report of this Office for August 1959) as passed by the Mysore Legislature received the assent of the President on 10 January 1960 and has been gazetted as Mysore Act No. 1 of 1960. With a view to have uniformity in the law relating to industrial disputes in the State the Act repeals the Bombay Industrial Relations Act, 1946, the Industrial Disputes (Madras Amendment) Act, 1949 and the Industrial Disputes (Mysore Amendment) Act, 1953, which are applicable to certain areas in the State.

(The Mysore Gazette, Part IV-Section 2B,
21 January 1960, pp. 18-19).

TISCO Concludes Agreement with Mine Workers.

An agreement between the Tata Iron and Steel Company Limited and 10 INTUC-led mine workers' unions on several demands, including increases in basic wages, bonus, higher provident fund, retiring benefits, and ad hoc payment for immediate relief, was signed at the conclusion of the five-day conciliation proceedings at Jamshedpur on 12 March 1960. The agreement comes into force from 1 April 1960.

The present agreement involves an additional annual expenditure of about 2.8 million rupees. Besides 0.4 million rupees will be required to meet an ad hoc monthly payment of 5 rupees per head from December 1959 to March 1960.

The INTUC-led unions comprised Noamundi, Gorumahisani, Badampahar, Sulaipat, Joda, Hatibari, Panposh, Belpahar and Sangai mine workers numbering about 21,000.

(The Statesman, 15 March 1960).

Bank Disputes referred to National Tribunal for Adjudication.

In exercise of the powers conferred under the Industrial Disputes Act, 1947, the Central Government has, by a notification dated 21 March 1960, constituted a National Industrial Tribunal with headquarters at Bombay and has appointed Shri Justice Kantilal Thakordas Desai, Judge, Bombay High Court, as the presiding Officer of that Tribunal.

By another notification dated 21 March 1960, the Central Government has referred to the National Tribunal for adjudication the dispute between 67 banking companies and corporations ~~the~~ specified in a schedule to the order and their workmen in respect of the matters specified in the second schedule to the order. The terms of reference to the tribunal include the following:-

- (1) Categorisation of banks and areas for the purposes of this adjudication.
- (2) Scales of pay; method of adjustment in the scales of pay.
- (3) Dearness allowance with particular reference to the question whether any part of the existing dearness allowance should be absorbed in the basic pay.
- (4) House rent and other allowances, including travelling and halting allowances and leave fare concessions.
- (5) Provident Fund, including the rate of contribution and the rate of interest.
- (6) Pension and gratuity.
- (7) Leave rules.
- (8) Hours of work and overtime.
- (9) Medical aid and expenses.
- (10) Cash deposits, fidelity bonds and other securities to be furnished by the staff.
- (11) Uniforms and liveries.
- (12) Need for maintenance of seniority lists.
- (13) Age of retirement.
- (14) Categories of workmen to whom the award of the Tribunal should be applicable.
- (15) Subsistence allowance during period of suspension.
- (16) Procedure for termination of employment and taking other disciplinary actions.
- (17) Date of effect of the new award and option, if any, to be given to the existing employees to retain their present terms and conditions of service.
- (18) Need for interim relief.
- (19) Difficulties and anomalies in the operation of the existing award.
- (20) The need for the development of banking industry including banking facilities in rural areas.
- (21) Special needs of the State Bank of India and its subsidiaries, in respect of any of the foregoing items, having regard to their responsibility for the conduct of Government business.
- (22) Any other question connected with, or arising out of, the foregoing matters.

Another notification says that as the dispute between the employers in relation to certain banking companies and corporations including the State Bank of India and their workmen has been referred to a National Tribunal for adjudication, the continuance of the strike in the existence in the State Bank of India is prohibited.

By another notification the Government has referred the dispute between the Reserve Bank of India and their employees to the National Tribunal. The following terms of reference have been set out in two separate schedules, one relating to class II and class III staff and the other concerning class IV staff of the Reserve Bank of India.

Matters between the Reserve Bank of India and its workmen, being Class II and Class III staff: (1) Scales of pay, and method of adjustment in scales of pay. (2) Dearness Allowance. (3) Local, House Rent and other allowances including Family Allowance and Travelling and Halting Allowances. (4) Grant of advance increments to graduates and the grant of increments and honoraria to workmen completing the Institute of Bankers' Examination. (5) Payment of tax on professions by the Bank on behalf of its employees. (6) Leave Fare Concessions. (7) Introduction of Pension Scheme, and whether any changes and adjustments are necessary consequential to the introduction of the Pension Scheme or otherwise in the existing Provident Fund and Gratuity Schemes. (8) Need for maintenance of combined seniority list at each centre. (9) Medical aid and expenses. (10) Confirmation of temporary employees on completion of six months' service. (11) Fixation of pay on promotion to higher grades. (12) Rates of work in the Verification Sections and Note Examination Sections, including the Note Cancellation Sections. (13) Extent to which Staff Canteens should be subsidised. (14) Establishment of grainshops. (15) Hours of work and Overtime. (16) Cash deposits, guarantee bonds and other securities to be furnished by the staff. (17) Categorisation of workmen to whom the award of the Tribunal should be applicable. (18) Procedure for the termination of employment and taking other ~~disc~~ disciplinary action, including the claim of the Reserve Bank Employees' Associations to defend individual employees in disciplinary proceedings. (19) The claim of the Reserve Bank Employees' Associations to represent individual grievances of workmen. (20) Date of effect of the new Award and option, if any, to be given to the existing employees to retain their present terms and conditions of service. (21) Any other question connected with or arising out of the foregoing matters. (22) Special position of the Reserve Bank as the Central Bank of the country.

Matters between the Reserve Bank and its workmen, being Class IV Staff: (1) Scales of pay, and method of adjustment in scales of pay. (2) Local pay. (3) Dearness Allowance. (4) House Rent and ~~has~~ other allowances including Family Allowance and Travelling and Halting Allowances. (5) Leave Fare Concession. (6) Introduction of Pension Scheme and whether any changes and adjustments are necessary consequential to the introduction of the Pension Scheme or otherwise in the existing Provident Fund and Gratuity Schemes. (7) Medical aid and expenses. (8) Confirmation of temporary employees on completion of six months' service. (9) Fixation of pay on promotion to higher grades. (10) Hours of work and overtime. (11) Grant of sick leave, extraordinary leave and accident leave and notice required for grant of ordinary leave. (12) Age of retirement. (13) Conversion of part-time posts into full-time posts. (14) Provision for insurance against risk of injury or death. (15) Uniforms and Liveries. (16) Extent to which staff canteens should be subsidised, and the terms and conditions thereto. (17) Establishment of grainshops. (18) Suspension and allowance during suspension. (19) Procedure for the termination of employment and taking other disciplinary action, including the claim of the Reserve Bank Employees' ~~Associations~~ Unions to defend individual employees in disciplinary proceedings. (20) The claim of the Reserve Bank Employees' Unions to represent individual grievances of workmen. (21) Date of effect of the new Award and option, if any, to be given to the existing employees to retain their present terms and conditions of service. (22) Any other question connected with or arising out of the foregoing matters. (23) Special position of the Reserve Bank as the Central Bank of the country.

(Notifications Nos. SO 704, 705, 706 and 707 dated 21 March 1960; the Gazette of India, Extraordinary, Part II, Sec. 3, sub-sec. (ii), dated 21 March 1960, pp. 181-185)

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

India - March 1960.

Progress of the Scheme for Workers' Participation in
Management: Minister's Statement in Parliament.

Shri Gulzari Lal Nanda, Minister for Labour and Employment, stated in the Lok Sabha on 22 March 1960, that 20 out of 24 units in which the scheme of workers' participation in management had been introduced had reported "very good" results.

Shri Nanda made this statement while denying a suggestion of a member, Shri Kashinath Pande, that the experiment of labour participation in management did not seem to be working satisfactorily. Shri Pande suggested that training might be given especially to those working in factories so that the scheme could be operated successfully.

The Labour Minister said it was a very wrong impression that the scheme was not successful. The representatives of State Governments, employers and workers of 20 units had testified at the last labour conference to the success of the experiment.

Earlier, answering questions about the "failure" of the scheme in the Hindustan Machine Tools (vide section 69, pp. 62-68 of the report of this Office for October 1959) →

→ Shri L.N. Mishra, Parliamentary Secretary, said the scheme had suffered a temporary breakdown due to the fact that the relations between the union concerned and the management had deteriorated. Also the representative character of the trade union had not yet been established.

Shri Nanda told the House that he had taken up the matter personally and met the spokesman of all parties. The matter was now in the hands of the Labour Minister of Mysore who had been requested to look into the complaints of either side and recommend some kind of a settlement.

Shri Mishra said the relations between the management and the union deteriorated not because of rival unions but because of the demands of the H.M.T. Employees' Association involving a recurring cost of 3.2 million rupees and a non-recurring cost of 2 million rupees and the failure of subsequent negotiations.

(The Statesman, 23 March 1960).

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CHAPTER 8. MANPOWER PROBLEMS.

INDIA - MARCH 1960.

81. Employment Situation.

Recommendations of Calcutta Dock Labour Scheme being
Implemented: Minister's Statement in Lok Sabha.

Shri Abid Ali, Union Deputy Labour Minister, in reply to the criticism on the working of the Calcutta Dock Labour Scheme, said in the Lok Sabha on 17 March 1960 that the recommendations of the "Mehta Committee" (vide section 81, page 79 of the report of this Office for May 1959), were being fully implemented. Regarding the funds of the scheme, Shri Abid Ali stated that every pie had been made good by a levy on shippers and that there was now a surplus of 2.4 million rupees.

Replying to the question as to why the administrative body had not been abolished as recommended by the Mehta Committee, the Minister pointed out that under the rules the administrative body had to be asked for an explanation before any action that could be taken against it, and that naturally took time. Its explanation had now been received and a decision would be taken shortly, he added.

(The Statesman, 18 March 1960).

Punjab Compulsory Service Bill, 1960.

The Government of Punjab published on 31 March 1960, a Bill to authorise the imposition of compulsory service for a public purpose viz., for executing works connected with the development of drainage or the prevention or clearance of water logging.

According to the Statement of Objects and Reasons of the Bill, the menace of waterlogging has assumed alarming proportions in the State. It is proposed to adopt special measures to combat this menace by undertaking drainage and other anti-waterlogging works. For timely and effective execution of such works as also to inspire a feeling of self-reliance and co-operative effort in the people provision is being made in this Bill to require all persons in the affected areas to render compulsory service for public purposes aforesaid.

The Bill empowers the District Magistrate to declare any area as notified area if it appears to him that compulsory service for a public purpose is required in that area. After such declaration the District Magistrate may by a general order in writing require all persons in the notified area to render compulsory service and thereupon every person shall, without payment of any remuneration to him, become liable, for a period not exceeding five days within a total period, of three months to be determined by the Development Officer, to render compulsory service in such manner and according to such directions, not being inconsistent with the General Order, as the Development Officer may specify.

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A general order issued shall not remain in force for more than three months from the date of its issue unless it is extended by the District Magistrate from time to time for a further period not exceeding three months in the aggregate.

Any person liable to render compulsory service under this Act who refuses or neglects to render such service or fails to comply with any direction of the Development Officer for rendering such service, shall, on conviction by a Magistrate, be punishable with imprisonment of either description for a term which may extend to three months, or with fine which may extend to five hundred rupees, or with both.

No civil court shall entertain any suit instituted or application made to obtain a decision or order on the liability of any person to render compulsory service and no prosecution, suit or other proceeding shall lie against any officer or servant of the State Government for anything done, or intended to be done, in good faith under this Act or any rules made thereunder.

(Punjab Government Gazette, Extraordinary,
31 March 1960, pp. 683-686).

Employment Exchanges: Working during December 1959.

General employment situation.- According to the Review of the activities of the Directorate General of Resettlement and Employment during the month of December 1959, 220,310 registrations were effected which showed a rise of 8,897 as compared with the previous month. The Live Register also showed an upward trend and stood at 1,420,901 at the end of the December 1959 as against 1,413,215 in the month of November 1959 - showing a rise of more than 7,000. The number of employers who utilised the services of employment exchanges also showed a rise from 7,633 in November 1959 to 7,866 in December 1959. The number of vacancies notified was 35,553 which showed a fall of 78 as compared with the previous month. The number of submissions made during the month of December 1959 was 155,670 as against 142,406 in November 1959. The number of placements was 21,858 as against 22,327 in November 1959, showing a fall of 469.

Employment situation in general in various States.- An improvement was reported in the overall employment situation by the National Employment Service, in the States of Bihar, Madras, Orissa and Madhya Pradesh, while in the States of Andhra Pradesh, Assam, Kerala, Mysore and Punjab, there was a slight set back. The situation remained static in the States of Bombay and West Bengal.

Shortages and surpluses of manpower.- Shortage was reported in respect of fast typists, stenographers, midwives, nurses, compounders, draughtsmen, overseers, trained teachers, experienced civil engineers, skilled turners, electricians and physical training instructors. On the other hand widespread surpluses were persistent in respect of clerks, unskilled office workers, unskilled labourers, motor drivers, untrained teachers, carpenters and tailors.

Collection of Employment Market Information.- Collection of employment market information in respect of the private sector was started in December 1959 in 8 more areas namely Hazaribagh, Arrah, Daltonganj, Bhopal, Durg, Belgaum, Bhadravati and Mysore. This brings the total number of employment areas under study to 50 at the end of the month.

Vocational Guidance.- Two more Vocational Guidance sections were opened at Mysore and Muzaffarpur during the month thus bringing the total to 18.

Employment Assistance to Handicapped.- During the month under report the Special Employment Office for the handicapped at Bombay registered 10 candidates raising the number on the Live Register to 169 at the end of the month. Out of these 44 are blind, 21 are deaf and 104 are orthopaedically handicapped. One blind person was placed in employment during the month.

Deployment of retrenched persons.- During the month under review the Central Coordination Unit rendered employment assistance to retrenched workers in various projects as shown below:-

	<u>No.</u> <u>Retrenched.</u>	<u>No.</u> <u>Placed.</u>	<u>No.</u> Awaiting <u>Assistance.</u>
Damodar Valley Corporation.	32	61	854
Bhakra Nangal Project.	-	-	67
Special Cell of MHA.	289	15	281

Extension of the coverage of Employment Service.- Six new employment exchanges have been opened in the States of Punjab and Himachal Pradesh during the month bringing the total number of exchanges functioning in the country to 248.

(Review of the Work done by the Directorate-General of Resettlement and Employment during the month of December 1959, issued by the Directorate-General of Resettlement and Employment, Ministry of Labour and Employment, Government of India, New Delhi).

85. Vocational Training.

India - March 1960.

Labour Ministry's Training Scheme: Working during
December 1959.

According to the Review of the activities of the Directorate-General of Resettlement and Employment during the month of December 1959, under the displaced persons training scheme, 256 ~~additional~~ additional seats were sanctioned for Industrial Training Institute, Ulhasnagar.

National Apprenticeship Scheme.- A total of 50 additional seats in Rajasthan were sanctioned during December 1959, thus raising the number of seats from 1,886 to 1,936.

Evening Classes for Industrial Workers.- A total of 25 seats for Assam were sanctioned during the month thus bringing the total number to 1,827.

The following table gives the total number of training institutes and centres and the number of persons undergoing training as on 31 December 1959:-

<u>Number of Training Institutes and Centres.</u>	<u>Number of Seats available including work and Orientation Centres, National Apprenticeship Scheme and Evening Classes for Industrial Workers.</u>	<u>Number of Persons undergoing training including work and Orientation Centres, National Apprenticeship Scheme and Evening Classes for Industrial Workers.</u>
153	38,160	31,968

Stores and Equipment:- Under the United Nations Technical Assistance Programme, Russian equipment worth approximately 15,909.52 rupees was reported to have been received at the various Training Centres and Institutes during the month. Total amount of aid so far received under this comes to 1,331,578.44 rupees approximately.

(Review of the Work done by the Directorate-General of Resettlement and Employment during the month of December 1959; issued by the Directorate-General of Resettlement and Employment, Ministry of Labour and Employment, Government of India, New Delhi).

CHAPTER 9. SOCIAL SECURITY.

INDIA - MARCH 1960.

91. Pre-legislation Measures.

Mysore: Pensioners to receive more benefits.

Shri Mariappa, Finance Minister of Mysore told the State Legislature on 8 March 1960, that those who had retired from 1 January 1960 will get death-cum-retirement gratuity at 10/20ths of a year's emoluments for each year of completed qualifying service subject to the existing maximum limits at the existing rate of 9/20. Temporary service when followed by permanency, whether in the same post or in another post, should count for pension and when the total period of qualifying service exceeds completed years by six months or more, an additional benefit to make up the fraction to a full year's service will be allowed for purposes of determining the quantum of pension and gratuity.

(The Deccan Herald, 9 March 1960).

92. Legislation.

India - March 1960.

Employees' Provident Funds Act, 1952, extended to
Employment in Mica Industry.

In exercise of the powers conferred under the Employees' Provident Funds Act, 1952, the Central Government has ~~directed~~ directed that with effect from 31 May 1960, mica industry shall be added to Schedule I to the said Act.

By another notification the Central Government has directed that with effect from 31 May 1960, the Employees' Provident Funds Act, 1952, shall apply to every mica mine employing 50 or more persons.

(Notification Nos. GSR 312 and 313, dated 5 March 1960, the Gazette of India, Part II-Section 3, Sub-section 1, 12 March 1960, page 569).

Employees' State Insurance Scheme extended to certain Areas in Madras, Andhra Pradesh, Mysore and Bihar States.

In exercise of the powers conferred under the Employees' State Insurance Act, 1948, the Central Government has appointed the 27 March 1960, as the date on which the provisions of Chapter IV (except sections 44 and 45 which have already been brought into force), Chapter V and Chapter VI (except sub-section (1) of section 76 and sections 77, 78, 79 and 81 which have already been brought into force) of the said Act shall come into force in the following areas in the States of Madras, Andhra Pradesh, Mysore Bihar.

Madras.- The revenue village of Palanganatham in Udayarpalayam taluk in Thiruchirapalli district.

Andhra Pradesh.- The areas within the limits of revenue villages and survey numbers of:-

1. Kothapet village taluqa Sirpur district Adilabad.
2. Bareguda village taluqa Sirpur District Adilabad.
3. Chintaguda village, taluqa Sirpur district Adilabad.
4. Bhatpalli village taluqa Sirpur District Adilabad.
5. Andvelli village taluqa Sirpur district Adilabad.
6. Kosni village taluqa Sirpur district Adilabad.
7. Yampelli village taluqa Sirpur district Adilabad.

Mysore.- (1) The areas within the limits of Hubli Municipal Borough as constituted under the Bombay Municipal Boroughs Act, 1925 (Bombay Act No. XVIII of 1925) as in force in Bombay areas.

(2) The areas within the limits of certain revenue villages and Survey Numbers.

Bihar.- The areas within the limits of the following revenue villages in the district of Shahabad:-

- (a) Banjari.
- (b) Dehri.
- (c) Dalmianagar.

Makrain

Dilia

Pali

Part of Sidhauri

Mathuri.

The areas within the limits of the following revenue villages in the district of Paamau:-

- (a) Deori Kalan.
- (b) Saidabad.

(Notifications SO Nos. 752, 753 dated 21 March 1960, SO Nos. 754 and 755 dated 22 March 1960, the Gazette of India, Part II, Sec. 3, Sub-section ii, dated 26 March 1960, pp. 1099-1101).

Assam Tea Plantations Provident Fund Scheme (Amendment)
Bill, 1960.

The Government of Assam published on 2 March 1960, a Bill further to amend the Assam Tea Plantations Provident Fund Scheme Act, 1955. According to the Statement of Objects and Reasons of the Bill, the Assam Tea Plantations Provident Fund Scheme Act, 1955 was amended by the Assam Act XVIII of 1958. While amending the Principal Act of 1955, the term 'employee' substituting the word 'labourer' was so defined as to include non-resident labourers in the plantations as well as non-adults also. In view of the definition of 'employee' under the Amended Act, the word adult occurring in Section 5(1) is inconsistent with the purpose for which the term employee was enlarged. And the definition of adult occurring in the Principal Act has become redundant. As the intention of the State Government as well as Government of India was to give benefit of the Scheme to minor workers also, it has become necessary to bring a further amendment. And hence the Bill.

The Bill seeks to delete the definition of 'adult' in clause (a) of section 2 of the Act and to delete the word 'adult' occurring in section 3(1) of the Act.

(The Assam Gazette, Part V, 2 March 1960,
page 16).

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93. Application.

India - March 1960.

3-1/2 per cent Interest Recommended on Employees' Provident Fund Accumulations.

The Central Board of Trustees of the Employees' Provident Fund, which met in Delhi on 30 March 1960, has recommended to the Central Government that subscribers to the fund may be granted interest at the rate of 3-1/2 per cent on their accumulations for the year 1960-61.

The Board recommended that the question of financing a special reserve fund to help workers whose provident fund dues are not received, wholly or partially, from their employers might be considered by a tripartite conference.

The Board approved the budget estimates of the Employees' Provident Fund organisation for 1960-61. About 2,646,000 workers in about 7,200 establishments are getting the benefit of the fund at present.

(The Statesman, 31 March 1960).

E.S.I. Budget for 1960-1961 presented in Lok Sabha:
Increase in Employers' Contributions.

The budget estimates of the Employees' State Insurance Corporation were presented in Lok Sabha on 22 March 1960. The budget provides for an increase in the employers' contribution from $1\frac{1}{2}\%$ to $3\frac{1}{2}\%$ of the wages in "implemented areas" and from $\frac{3}{4}\%$ to $1\frac{1}{2}\%$ in "non-implemented areas" to be enforced from a date not later than 1 April 1961.

The budget estimates of the Corporation for 1960-61 show a revenue surplus of 1,063 million rupees. Receipts are estimated at 90,589 million rupees and expenditure at 89,526 million rupees.

The budget makes an ad hoc provision of 9.850 million rupees on capital expenditure for hospitals and dispensaries. Out of this 9.250 million rupees is for construction of hospitals and dispensaries, and 0.6 million rupees for equipment.

An appendix to the budget gives the number of employees and family units already covered by the scheme, and those to be covered up to 31 March 1961. The number of insured persons already covered is 1,451,000 and those to be covered 650,000.

(The Statesman, 23 March 1960).

CHAPTER 11. OCCUPATIONAL SAFETY AND HEALTH.

INDIA - MARCH 1960.

111. General.

Provision of Boots to Mine Workers: Committee's Recommendations.

The Miners' Boots Committee, set up by the Government of India, has recommended that workers in coal mines should be given the option to choose between boots and shoes for a preparatory period of two years, after which boots only should be issued. In order that workers may find it comparatively easy to change over from ~~shoes~~ shoes to boots, the Committee has suggested that both should be of the same material and made in the same manner, the shoes being in all respects a replica of the lower portion of boots.

The specifications suggested by the Committee provide for steel toe caps of prescribed strength and strongly constructed heels and soles which may be of leather or rubber, together with steel heel and toe plates and hob-nails in the case of leather.

The Committee, of which Shri K.N. Subramanian, Joint Secretary, Ministry of Labour and Employment, was the Chairman, says in its report that about one third of the serious accidents in coal mines cause injuries to the leg. About 60 per cent of leg injuries are injuries to the toes and the ankle. The Committee has also referred to a survey conducted in the Jharia coalfield, which revealed that about 55 percent of underground workers and 49 per cent of surface workers were infected by hookworm and that use of footwear had a significant effect in reducing the incidence of hookworm.

The Committee has suggested that each employers' organisation should, as far as possible, pool all requirements and place bulk orders for shoes and boots on competitive terms. A certain percentage of the bulk orders should be subjected to test at the expense of the manufacturer. Also, a joint purchase committee should be set up by each organisation or employer to take charge of all arrangements for the procurement and supply of footwear. The purchase committee should consist of an equal number of representatives of employers and workers, and also the Regional Labour Commissioner concerned.

The Committee has estimated that the approximate cost of shoes and boots, conforming to the specifications laid down by it, will be about 19 rupees and 22 rupees. The Committee feels that it will not be unreasonable to expect employers and workers to share the cost of the shoes and boots.

Finally, the Committee has suggested that the question whether the use of the approved pattern of footwear should be made compulsory may be examined at a future time after a substantial number of workers have got accustomed to the use of footwear.

(Press Note dated 29 January 1960, issued by the Government of India, New Delhi).

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

India - March 1960.

Indian Boilers (Amendment) Bill, 1960.

Shri K.C. Reddy, Union Minister for Works, Housing and Supply introduced in the Rajya Sabha on 10 March 1960, a bill further to amend the Indian Boilers Act, 1923.

According to the Statement of Objects and Reasons of the Bill, the Indian Boilers Act, 1923 (5 of 1923), provides mainly for the safety of life and property of persons from the dangers of explosion and the achievement of uniformity of practice in regard to the operation, inspection and maintenance of boilers. At the time of enactment, the Act was meant for the regulation of small capacity and low pressure boilers, as then the boiler industry had not then developed sufficiently. Experience of the working of the ~~working~~ Act has revealed certain practical difficulties. Apart from this, the progressively increasing industrialisation of the country in recent years has rendered the use of boilers of higher pressures and greater capacities inevitable and the existing Act and regulations are not quite adequate to meet present day ~~these~~ requirements, especially in the matter of inspection. In view of these considerations and of the importance of boiler operation and maintenance, it is proposed to amend the Act suitably.

The Central Boilers Board which has been constituted under section 27A of the existing Act deals mainly with matters concerning the registration and inspection of boilers. Boilers which were hitherto imported are also now being manufactured in India. When dealing with problems concerning the manufacture of boilers, the Board has to take into account, on the one hand, the limitations of indigenous manufacturers in the early stages of the industry, and on the other, the safety and efficiency of boilers. It is, therefore, considered necessary to associate with the Board the interests of manufacturers also. The association with the Board of other interests, such as the Indian Standards Institution and the coal industry, is also considered expedient. Further, it is desirable to ensure that this body consists of men with adequate technical knowledge of boilers and it is therefore proposed to lay down that the nominees of State Governments should be technical officers. The Bill accordingly provides for the revised composition of the Board (see clause 14).

Section 20 of the Act provides for an appeal against the decision of the Chief Inspector to an appellate authority which is to be constituted by each State Government. That authority can exercise its powers only subject to the provisions of the Act and the rules and regulations thereunder and it cannot accept any installation which does not conform to those regulations, i.e., the Indian Boiler Regulations. It often becomes necessary nowadays to admit and instal high pressure boilers at short notice, especially for big projects in the public sector, although such installations do not strictly conform to the Indian Boiler Regulations but are known to be technically sound and in actual use in other countries. If such new types of boilers are required to be admitted only after the regulations are amended, there will be delay, inconvenience and loss. It is, therefore, felt that the Central Government should have power to revise the decisions of the appellate authority in cases where that authority is not in a position to grant or renew certificates of registration in respect of such boilers; but this power will be exercised only in a few cases and that too after taking technical advice. The Bill confers such power on the Central Government (see clause 10).

The Notes on clauses of the Bill says under clause 2 sub-clause c that as the existing definition of "steam-pipe" does not take into account pipes of diameter of three inches and less and also the pressure at which steam passes through the pipe, the revised definition seeks to cover all pipes subjected to an internal steam pressure exceeding 3.5 kilograms per sq. centimetre above atmospheric pressure or pipes having an internal diameter exceeding 254 millimetres.

Clause 5.- New section 5 differs from existing section 5 in the following respects:-

(1) In the new section, provision has been made for enabling State Governments to appoint persons as Deputy Chief Inspectors, as and when they think fit, for the purpose of giving relief to the Chief Inspector and to define the local limits of their jurisdiction.

(2) It has also been provided that the Chief Inspector, Deputy Chief Inspectors and Inspectors may give advice to owners regarding the proper maintenance and safe working of boilers. This would enable technical advice being given on the proper maintenance and safe working of boilers to the owners thereof, as they may not invariably possess knowledge of the same.

Clause 6, Clause 9 and Clause 17, Sub-clause(b).- State Governments are now conducting examinations for testing the proficiency of boiler engineers and have also made rules for the grant of proficiency certificates to them. The amendments provide for the statutory recognition of such certificates.

Clause 7 and Clause 8, Sub-clauses (b),(c) and (d).- Under section 7(5) of the Act, the maximum period for which certificates of registration can be granted is 12 months; but under the proviso to this section, certificates in the case of economisers may be granted up to 24 months. Some of the Oil Refineries recently set up in the country have contrivances known as "heat exchangers" which come within the definition of "boiler" and are registered as such. These heat exchangers, unlike boilers normally used for generating steam, are unfired and much less dangerous than economisers. If heat exchangers are to be opened up for inspection annually, as in the case of ordinary boilers, work in the Refineries would have to be stopped for at least a month, thereby involving considerable loss of production.

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Again, under section 8(4), read with the second proviso thereto, the Inspector should fix the date for the examination of an economiser within 30 days of the receipt of the application and at the same time he has to give not less than 30 days' notice of the date fixed for its examination. This, however, is not practicable.

The amendments, therefore, provide (i) that as in the case of economisers, certificates in respect of these heat exchangers may be issued up to a maximum period of 24 months, and (ii) that the date fixed for the examination of an economiser need only be within 60 days from the date of receipt of the application.

Clause 12, sub-clause (b).- A regulation made by the Central Boilers Board prohibits a person being allowed to go inside a steam boiler unless it is effectively ~~and~~ disconnected and the maximum penalty for a breach of this regulation, which can be provided under section 30 of the Act, is a fine of rupees one hundred only. It is considered that the amount of fine should be increased to rupees five hundred and specified in the Act itself.

Clause 13.- Section 26 of the Act, as it now stands, precludes the institution of a prosecution for an offence after the expiry of six months from its commission and every such prosecution requires the previous sanction of the Chief Inspector. Boilers are inspected annually, but the interval between two inspections may sometimes be even 18 months. It has often happened that such offences come to the notice of the Chief Inspector only after the expiry of six months and in such cases the offenders escape prosecution on this ground. The period of limitation for the institution of prosecutions has accordingly been increased to twenty-four months.

Clause 18.- The amendment authorises the imposition of an enhanced penalty of fine up to rupees one thousand in cases of second or subsequent contraventions of regulations and rules made under sections 28 and 29 respectively.

(The Gazette of India, Extraordinary,
Part II, Sec. 2, 10 March 1960,
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INDIA - MARCH 1960.

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CHAPTER 6. GENERAL RIGHTS OF WORKERS.

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