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PAPERS FOR THE  
WORKING COMMITTEE  
MEETING

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*Delhi*  
*8-9 August 1959*

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ALL-INDIA TRADE UNION CONGRESS  
4, Ashok Road  
New Delhi

A.I.T.U.C.

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WORKING COMMITTEE MEETING

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Delhi - August 8-9, 1959

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AIFUC'S VIEWS ON GOVERNMENT'S PERFORMANCE  
ON INDUSTRIAL MATTERS

Note circulated to  
17th Indian Labour Conference

1. The papers prepared by Government for this conference (17th ILC) completely shut their eyes to certain pressing problems affecting the workers, though these problems dominated the National Conference and continue to remain acute as before. At National every delegation raised the question of closures, retrenchments and unemployment. We discussed these problems and Government and employers promised to do certain things. But situation has not improved.

2. True, one textile mill in Bombay has been taken over since then. But many more units in Bombay and elsewhere remain closed. Large-scale retrenchment and rationalisation in textiles, engineering etc., are taking place. Even the employers declare have the consent of the recognised union of the IITC as in Bombay and Madhya Pradesh.

3. Several strikes have been taking place on these questions of retrenchment and victimisation of trade union workers. Court judgements permitting dismissals at the sweet pleasure of the employers are evoking present strikers to defend the rights of the working class. Strikes in the Grindlays Bank, the Hindustan concern in Calcutta, Remington Rand, The National Electric and New Era Silk in Bombay, the lockout in the Airways, the failure to take over Kaleeswarar Mills in Coimbatore, show that the Governments of India and the State Governments, after having debated the question at National, have gone back to their usual position of leaving the workers alone to fight the superior weight of the employers.

4. In this period some wage agreements have been negotiated. The Jamshedpur wage agreement has come out. But even there, the problem of work loads is still unresolved and unless wages and workloads are resolved together, it is useless to expect the workers to settle down to calm work. Overloads and retrenchment in Jamshedpur, the failure to evolve proper wage scheme in Bharuwar and elsewhere, disturb the iron and steel sphere, the most vital one for our economy. The bonus is still unsettled and a Wage Board for Metal and Engineering as a whole is an urgent necessity.

The promises made to appoint the wage boards for industries have been frozen. Even the Pay Commission and the Central Wage Board have been unable to report though a long period, enough to exhaust the patience of the workers, has passed since their appointment.

The Labour Minister Mr. Sardar has personally intervened in the coal disputes and in the Banking dispute. But such interventions while securing temporary relief, do not make up for a policy as a whole. They become only benevolent exceptions to a bad labour policy, which does not allow urgent questions of life of the workers to be resolved in their favour as a natural result of a correct policy.

The promises made at F. I. I. and perspectives held before the workers have been belied for the most part. Where small fulfillments have been shown they had to be extracted by prolonged suffering and struggles of the workers.

5. This not only shows the labour policy of the Government in actual practice, it also shows that what is called PLANNED DEVELOPMENT has no plan, unless all these retrenchments, closures, victimisations, and lockouts are a part of the "Plan" of the Government and the employees for better Development of the profits of the gentlemen of enterprise.

#### OFFENSIVE ON L.A. RIGHTS

6. Not content with the position in which the employees, aided by the Government machinery, are launching offensives against the workers, it seems in this conference, the Government has put forward an agenda on industrial relations, which is calculated to hamstring still further the freedom of the workers and their trade unions.

The proposal to give unheard of powers to the Registrar of Trade Unions, that is Government officials, over the organisations of trade unions, is the most reactionary proposal on the agenda. He is no more a mere Registrar. He is to be the Supreme Maker and Unmaker of trade unions. He is to judge how many and where the workers should have unions or not. In one State, he is even given the power to dismiss and decide the office-bearers of the union. Very soon it will not be the workers, who will be running the unions, but the nominees of the Government or its party. So long it was done behind the back of the workers. Now it is proposed to be done with the sanction of the law. We refuse to accept this position. All these proposals of enhancing the powers of the Registrar or keeping his veto on the unions must be scrapped in toto.

#### CODE OF DISCIPLINE

7. The Government of India has not been able to compel observance of the Code of Discipline by the employers, by the State Government or by its own Ministries. The Unions of the AITUC particularly have not reaped a single benefit under the code. Not one union of the AITUC has been recognized under the Code. And there is the most flagrant case on record, where the Secretary of the Union of Employees of Audit and Accounts has been dismissed on charges, one of which is that he submitted a memo to the Pay-Commission of the Government of India, and suggested curtailment of the authority of his employer (immediate boss). We need not cite further facts which are too numerous to be quoted here.

8. The experience of the working of the code shows that the majority of the employers and the State Governments as also Ministries of the Government of India are not prepared to honour the Code. Hence the AITUC thinks that the Code of discipline be suspended until the employers and Governments come in the proper mood to work it and that the AITUC be allowed to withdraw from its obligations, where the employers and States do not reciprocate and follow a policy of special discrimination against AITUC. To begin with the AITUC will like to opt out of the code in Bihar, Madhya Pradesh and Bombay.

9. The Government of India compels the workers to subscribe Crores of Rupees to ESI. In spite of the promises, it has failed to provide hospitalisation, care of the families of the injured and enhancement of the employer's contributions. Provident fund monies of the workers are known to have been swindled by them. In Madhya Pradesh alone about 14,000 have been swindled.

So is the position in Bombay and elsewhere. Several Governments can be said to have been abetting this position as they took no effective action and workers in need do not get relief. This open daylight fraud is not nulled down by confiscating the concerns involved in it.

Where is Morality, Democracy and observance of law and the Code of Discipline in all this?

#### RECOGNITION OF TUs

10. The AITUC has always held that compulsory recognition of trade unions is a vital necessity in India, and that in order to decide which union has the workers' support and is representative, a secret ballot of the workers is the only correct method. Both these demands have been refused by the Government. Ballot is regarded as the most democratic method in the political field. Then why is it denied in the trade union field?

The verification method is one sided and is heavily loaded on the side of the Government, and the employers and their supporters. The very fact that unions of the INTUC or those recognised by the employers alone can collect subscription money in the factory, handicaps the others in making rolls and registering fully paid membership. Over and above this some of the verifying officers are subjected to influences hostile to the AITUC. Compulsory recognition of trade unions and ballot to decide their representative character are the absolute preconditions for peace in industry and better industrial relations. These two measures will bring about a fundamental change in the situation and help the economy and the working class to go forward.

#### FOR A CLEAR-CUT SOCIALIST POLICY OF LABOUR

11. We have made the above remarks on some of the problems before us in general, because they embrace the most important aspects of any progressive labour policy.

For over 40 years, since the workers began to act in defence of their interests and formed mass unions, the Government and the employers have been avoiding direct collective bargaining between the unions and the employers. There has been a consistent attempt to interpose some other agencies between the workers' right to collective bargaining and the employers who, as a class the world over, have always resisted direct negotiations with and recognition of trade unions. The Congress Ministries with their avowed adherence to Socialism have not followed a different path. Even where they agreed to give bargaining right and recognition it is offered in exchange for surrender of some fundamental rights as shown in that new breed of unions called 'approved unions'. Hence for the last ten years there has been continuous arguments about all kinds of tribunals, arbitration boards, conciliation machineries, appeals and so on. The present tripartite has again placed all these questions on the agenda. We hold that unless a clear cut socialist policy of labour is adopted and unless compulsory recognition of trade unions, collective bargaining and ballot are introduced, no amount of tribunals, boards, and bans on this and that will lead to a satisfactory solution.

However, we will give our views on the various proposals in a general way.

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Para 3.3 of Government Memo:

We endorse the provisions for the ballot in the Kerala Industrial Relations Bill.

Para 4.3: Since only a committee is to be appointed to once more discuss the work committee, nothing need be said. The employers do not want the works committee, nor do the Government concur. We want works committees to have more powers and we want them as elected committees. The works committee, in principle, must so evolve as to be the basis of Socialist Management in the future set up.

Para 5.2: Agreements, negotiated and signed by any union must be submitted for ratification, in the first instance, to the executive committee of the Union and, in case of sharp differences, to the general body of the union. Where 15% of the workers affected by an agreement negotiated by a union object to or demand amendment of the agreement, which must in all cases be publicised before the workers in all suitable ways, the union shall take steps to call the general meeting of the workers affected, if it is an establishment, and an elected delegates meeting or the elected works committees of all the establishments in the industry if the agreement covers whole industry, to ratify, amend or reject the agreement and the union, thereupon, shall carry out the decision of such a meeting. In the absence of such ratifications the agreements will not be binding on the workers, for the mere fact that it has been negotiated and signed by the union whether representative or not.

Para 6.2: Arbitration boards may be instituted to which recourse may be had, by either party to dispute, of their own free will. The Government should have no discretion to judge the merits of the case and then grant or withhold reference to arbitration.

Para 7.3: We do not want to adopt any "Model Ordinances" as such to predetermine the reference of disputes to adjudication. If the adjudication machinery is to exist, it must be available fully and freely to the trade unions. The present veto exercised by the Government on such reference and its tampering with the issues framed by the workers must be done away with. The Government are known to exercise their veto and powers to the detriment of Unions whom they dislike and to the benefit of employers whom they favour.

Para 8.4.: The Labour Appellate Tribunal as such need not be revived because that would be no cure to the appeals sent up to the Supreme Court unless industrial disputes are banned from the purview of the Supreme Court. The element of delay and costs also affected the L.A.T. when it existed. We would suggest that all High Courts institute an Industrial Bench in their jurisdiction in which the judges should make themselves versed in all questions affecting industrial disputes as such, besides common law and industrial law.

Para 9.3: The Madras Government proposal be endorsed. All the three fears expressed in para 9.2 are groundless.

Para 10.2: If the Central Government acts quickly and takes over the disputes to a national tribunal, the difficulty can be overcome. But in the absence of such a decision by the Central Government, the present power of reference to

local tribunal .....

local tribunal should remain.

#### ON P. U. ORGANISATION

Para 11.4: The AITUC is of the opinion that we have come to a stage where unions, in certain sectors of our economy, can find enough cadres and leadership to manage all their affairs, provided the union leadership is guaranteed protection from the victimisation in any form. No union functionary should be dismissed, discharged or transferred during his occupancy of the union post. Secondly, no dismissed or discharged worker shall be considered as an outsider for the unions of his industry or trade. Thirdly one-fourth of his working time shall be available to the office-bearer for his trade union work. Only unions in an industry like coal mining, plantations and Class IV employees are not yet in a position to contribute suitable cadres for specialised sides of Trade Union work, such as correspondence, drafting of agreements, court work etc., for which outsiders are required by them. Hence the AITUC is prepared to discuss which industry or trades can even now be urged to accept a total elimination of outsiders, if the other national trade union centres would agree, and the employers and the Government would provide the above guarantees.

Para 11.5: Yes; annas four may be made the minimum.

Para 11.6: Registrars' powers be curtailed even as at present and some decentralisation may be done.

Para 11.7: No powers of this type be given.

Para 11.8: No power of this type be given.

Para 11.9: The power exists and may be continued.

Para 11.10: Even the suggestion is preposterous.

As the Government is aware and frankly shows it in its memorandum, all these powers, existing or proposed are against the spirit of the freedom of organisation guaranteed under the Constitution.

The failure of the Government to ratify the ILO convention No.87 on this subject is a serious breach of democratic behaviour and the Government's duties to the Constitution. That the Government of India did not consult the Tripartite Conference on the question of its refusal to ratify the convention should be taken note of by this conference. Curtailment of the freedom of association even with the concurrence of representative organisations is impermissible. And this is specially so when the Government's criteria to determine the representative character of an organisation, is of a judicial type and is worked by itself with partiality and extraneous considerations. The latest verifications of membership and representative character of national trade union organisations carried out by the Government Officers is full of instances to prove the above statement. Even if verification were genuine and valid, no organisation has the right to curtail the freedom of association of others and the Government has no moral or constitutional justification to undertake curtailment of that freedom. It is undemocratic and unconstitutional.

(Note: The Government's Memoranda on Industrial Relations were published as supplements to Trade Union Record, dated May 20 and July 20, 1959. These supplements are also being circulated herewith.)

CENTRAL COMMITTEE ON EMPLOYMENT

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Extracts from Summary Record  
of proceedings relating to important  
recommendations  
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The first meeting of the Central Committee on Employment was held in Delhi on May 25 and 26, 1959, under the chairmanship of the Union Labour Minister, Shri Nanda. The Committee consists of representatives of Central and State Governments, employers' and workers' central organisations as well as a few Members of Parliament. Com.S.G.Parkar, M.L.A., represented the AITUC on the Committee.

Shri G.L.Nanda who inaugurated the session said that the Central Committee on Employment had been formed to reckon with some special needs in relation to the economic and social life of the country. Employment was a matter of deep and abiding interest to the members of any community and, in our country, the solution of unemployment and under-employment which were of a large magnitude was a major task of planning. In this direction, the Chairman admitted, the plans had so far not met with conspicuous success. He, therefore, urged that the Committee should, in addition to other functions assigned to it, devote the greatest attention to the approach to the Third Plan in relation to employment generation. The Committee will have to recommend measures in this regard and advise the Planning Commission.

The Committee later split up into three sub-committees to deal with (a) General Employment Policy (Items 1, 2 and 3 of the Agenda), (b) Employment Service (item 4) and (c) Current employment problems (items 5a and 5b).

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The following is the report of the sub-committee on "General Employment Policy":

The Sub-Committee on "General Policy" met under the chairmanship of Shri T.Subramaniam, Mysore Labour Minister. The Union Minister for Labour and Employment guided the deliberations of the sub-committee in its early stages.

2. The sub-committee considered the first three items on the agenda, viz., (1) a general review of the present employment situation, (2) the outlook on employment in the Third Plan, and (3) strengthening the sources of employment information.

3. The sub-committee underlined the following observations of the Union Labour Minister in his opening address:

"I feel that it is incumbent on us to explore unorthodox ways of enlarging the scope of productive employment in the country for the many who cannot be absorbed in the normal pattern of employment opportunities created through plan investments and the regular agency of the market. There are enough tasks of economic utility to be performed and plenty of natural resources remaining to be utilised for this purpose.....

"Today, the rural boys and girls who get education in towns are practically lost to the rural areas as these areas do not have modern amenities and attractions for the educated youths. The consequence is that the rural areas are deprived of that stimulus and leadership which the presence of educated persons in the village community can provide. We are apt to lose sight of the fact that the tasks of economic development in rural areas and the mobilisation of efforts there, on the requisite scale, calls for the service of a much larger proportion of educated persons than are available now. But to bring this about, organized effort on new lines is called for."

. . . A summary of the conclusions



A summary of the conclusions reached is given below:

(See  
page 4  
re.  
amend-  
ment.)

4.1 While the various development projects under the plan have created employment and raised income levels all round, there were large sections of the people who were hardly affected by the projects that are being implemented. One of the aims should be to pay special attention to ameliorate the conditions of such persons. Any scheme of giving work to unemployed is no effective solution of the problem of unemployment. The solution lies in the direction of a more rapid pace of development.

4.2 The extent of employment opportunities that can be provided under the Third Plan will depend on the size and pattern of investment. The experience in regard to employment generation in various sectors of the economy vis-a-vis investment actually undertaken during the Second Plan period will provide guidance in determining the size and the structure of the Third Five Year Plan.

4.3 Where alternative techniques are available for a particular line of production, the one that provides maximum employment opportunities should be chosen. This, however, is subject to local and regional factors.  
(Action: Planning Commission).

5.1 The dearth of statistics and information regarding the creation of employment opportunities and the unemployment position was noted. It was considered that the Central and State Governments should give priority to the collection of such information. The current programme of employment market information should be strengthened. (Action: DG R&S)

5.2 It was noted that some studies were already in progress regarding the indirect employment effects of investments. Similar studies should be undertaken for other sectors of the economy. (Action: Ministry of Lab. & Emp.)

6.1 It was noted that the supply of trained craftsmen and other skilled technicians was not adequate to meet the requirements. There was need to train craftsmen and production process workers in large numbers so that as industrialisation progressed, there would be an adequate supply of the right type of skilled personnel. For this purpose, apprentice training schemes should be organised on sound lines, by resorting to legislation if necessary. (Action: DG R&S).

6.2 A procedure should be evolved for diverting young persons in schools into technical training institutions in accordance with their aptitudes. Extensive vocational guidance programmes should be undertaken for this purpose. (Action: DG R&S)

7.1 Emphasis should be given to the creation of employment opportunities in rural areas. One method suggested was to encourage the location of new factories in rural areas. For this purpose, it will be essential that rural areas be supplied with the necessary overheads, such as power, transport facilities, etc., at reasonable cost. (Action: Ministry of Commerce & Industry).

7.2 The importance of a strong agricultural base in planning was emphasised. With improvement in techniques and better organisation, agriculture could provide fuller employment for a somewhat larger number of persons. (Action: Planning Com.)

7.3 Both from the angle of increased industrial production as well as employment, it is important to develop rural industrial estates. (Action: Ministry of Commerce and Industry).

8.1 Another source of employment which could be developed is small-scale and cottage industries. This should be planned on a regional basis. Properly organised, they would be able to meet the requirements of consumer goods and provide increasing employment. In organising these industries, we should also aim at developing them as feeders to large-scale industries. (Action: C&I Min.)

8.2 In the field of small-scale industries, the main problems are the provision of (a) Credit and (b) Organisation. While noting the work done by the Small Scale Industries Board in this regard, it was considered necessary that Panchayats and other local bodies should be given greater responsibilities. (Action: Min. of C&I)

9. Construction programmes

9. Construction programmes generated large-scale employment for a limited period but only a small fraction of it was of a permanent character. In considering priorities in terms of employment, therefore, this limitation of construction as an employment generator should be kept in mind. (Action: Planning Commission).

The Report of the Sub-Committee on Current Employment Problems is the following:

The sub-committee considered the following two items of the Account: Item 5(a): Workers rendered surplus from projects nearing completion; and Item 5(b): Employment of workers in manufacturing and other establishments threatened with closures:

Item 5(a): The sub-committee discussed and approved of the existing arrangements and procedure followed by the Central Coordinating Unit, in the Ministry of Labour and Employment, for deployment of large number of workers thrown out of employment from construction projects nearing completion. As the Unit is doing useful work and the problem is likely to continue, it recommended that the Unit should continue its work on regular basis. It was, however, felt that the work of the Central Unit will be facilitated only when the State Coordinating Units, which have by now been set up in all States in pursuance of the recommendations of the National Development Council, function effectively and supply advance information to the Central Unit about the number and categories of workers to be rendered surplus and avenues of employment in the States. The Central Unit will get in touch with different State Units, which in turn will consider the extent of local absorption. Though there will be no obligation on the State Coordinating Units with regard to the number of persons to be absorbed in a State or with regard to priorities to be given to surplus workers vis-a-vis the local unemployed personnel, every effort will be made by them to help the Central Unit to solve the problem by as much local absorption as possible. The sub-committee suggested that the State Units while reporting likely retrenchment to the Central Unit should simultaneously initiate action to get the surplus workers absorbed locally to the extent possible. Questions regarding wages and seniority of surplus workers absorbed in alternative employment vis-a-vis the existing employees will be settled individually by the employers and the workers concerned; ordinarily, seniority of the existing employees will not be disturbed. It was also felt that the Central and State Coordinating Units should so organize themselves as to be able to collect advance information on likely retrenchment of workers and suggest suitable phasing or other measures to avoid large-scale displacement at a time. (Action: DG R&E)

Item 5(b): Realising the gravity of the situation caused as a result of closure of units in textile and other industries, the sub-committee felt that the problem, which has direct bearing on the level of employment and unemployment in the country, should be dealt with on a regular basis in collaboration with all concerned. There are two aspects of the problem: (a) avoiding closures and retrenchments of workers by taking preventive measures and (b) providing alternative employment to workers rendered surplus to closure of units which are uneconomic and cannot be revived.

Insofar as the second aspect of the problem is concerned, the sub-committee would lay emphasis on providing alternative employment to workers rendered surplus to closure of units which are uneconomic and cannot be revived. It would also suggest measures for providing alternative employment to workers rendered surplus to closure of units which are uneconomic and cannot be revived. In order to improve the employability of workers rendered surplus to closure of units which are uneconomic and cannot be revived, training and vocational guidance are essential.

2. For avoiding closures and consequent unemployment, the sub-committee made the following recommendations:

(i) It was necessary for Government to take steps to avoid closure of a unit and as decided at the Sixteenth Meeting of the Planning Commission, India, objected to the proposal as proposed in the Bill and pointed out that this Bill would be examined by the Finance Commission.

India, objected to the proposal as proposed in the Bill and pointed out that this Bill would be examined by the Finance Commission.

Conference, three months notice should be given in advance of closure by the Management to Central/State Governments. (Action: Min. of L&E).

(ii) The requests of State Governments for investigation of units under the Industries (Development and Regulation) Act may, as far as possible, be met. (Action: Min. of L&E)

(iii) Where, on investigation, it is found that the unit was closed due either to lack of finances, mismanagement, etc., and can be run economically, efforts should be made to revive and run it. The question as to who should run such a Unit - whether the State Government, or an independent Corporation or any other agency - should be examined. (Action: Min. of L&E)

(iv) The question of obtaining necessary finances to meet the requirements of (a) working capital (b) capital investments and (c) to cover losses, of the concerns taken over, either from the State Government or from a Special Fund to be created for this purpose, should be examined. (Action: Min. of L&E).

(v) When a concern has to be taken over and for this purpose, some readjustment in the basis of remuneration of workers becomes inescapable, this may be considered in consultation with the concerned workers so that the units start working and losses are avoided, as far as possible. (Action: Min. of L&E). (Refer amendment on page 5, last para)

(vi) The desirability of expanding the Schedule to the Industries (Development and Regulation) Act so as to include other industries may be examined. (Action: Min. of L&E).

(vii) The right of Central/State Governments to intervene in all liquidation proceedings with a view to safeguarding production and employment may be examined. (Action: Min. of L&E).

(viii) In winding up proceedings, a wider view of maintenance of production and safeguarding of employment situation in the overall interest of the country should be taken. (Action: Ministry of L&E)

(ix) When a concern is taken over under the Industries (Development and Regulation) Act, the liquidation proceedings may be allowed to be initiated and continued, if Government so desires. For this purpose, any modification of the Act, if necessary, may be considered. (Action: Min. of L&E)

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The above two reports of the sub-committees were considered by the Central Committee on 26th May, 1959. The official Summary Record of proceedings states:

"Shri T.Subramanyan, Labour Minister, Mysore, who was the Chairman of this (Sub-Committee on General Employment Policy) sub-committee, introduced the report. There was some discussion regarding the reference in para 4.1 of the conclusions of the sub-committee to the question of unemployment doles. The sub-committee was of opinion that giving doles to unemployed persons in the present economic set up of the country was not a practical proposition. Shri Vankataraman, Labour Minister, Madras, however, felt that there should be no prohibition for a State Government to give some relief to unemployed persons if it could do so. He said that even providing relief work on road construction, etc., might, in the ultimate analysis, amount to giving a dole. There was a general discussion and the consensus of opinion was that it would be more desirable to provide jobs to the unemployed than to keep them on doles. The Committee therefore adopted the following amendment to the concluding portion of para 4.1:

"Any scheme of giving doles to the unemployed is no effective solution of the problem of unemployment. The solution lies in the direction of a more rapid pace of development."

"Dr.N.Das, representing the Employers' Federation of India, objected to the recommendation for legislation on apprenticeship training as proposed in para 6.1 of the report. He said that his Federation was opposed to legislation being resorted to for this purpose. Shri Qadir, DG R&E, pointed out that this

. . . matter was examined

matter was examined by a special committee appointed by the Small Scale Industries Board which recommended legislation for compelling the employers to train apprentices. The National Council for Vocational Trades had also recommended legislation in this respect."

The Central Committee discussed the report of the Sub-Committee on "Current Employment Problems" dated: (extracts from Summary Record)

"Shri R. Venkataraman, Labour Minister, Madras, who was the Chairman of the Sub-Committee, presented its report. Shri Shantilal Shah, Labour Minister, Bombay, while expressing disagreement with the recommendation that three months' advance notice of impending closure should be given to Government, stated that no management would like to inform the Government or workers three months in advance about their intention to close, or about their financial difficulties. The stipulation of three months' advance notice would do considerable harm to the credit-worthiness of a firm and might even precipitate its closure. He felt, therefore, that only one month's advance notice be called for. Dr. N. Das of the Employers Federation of India and Shri S. D. Patil, M.P., also associated themselves with these views.

"Shri Venkataraman, Labour Minister, Madras, on the other hand, felt that three months' advance notice was absolutely necessary as otherwise the Government would not have adequate time to arrange for alternative employment, re-training and other facilities for workers likely to be retrenched. Shri Amarnath Vidyalkar, Labour Minister, Punjab, and Shri Bahugana, Deputy Minister of Industries and Labour, Uttar Pradesh, while agreeing with Shri Venkataraman, drew the attention of the Committee to the decisions already taken by the Indian Labour Conference on the subject, and, therefore, considered it unnecessary to reopen the subject. Shri Patkar of the IITUC also expressed the same view.

"After a brief discussion it was decided that since the Indian Labour Conference had decided that three months' advance notice should be given, this recommendation of the sub-committee should be accepted.

"Dr. N. Das of the Employers' Federation of India then referred to the recommendation of the sub-committee regarding the creation of a Special Fund for providing finances to help the units that are taken over to revive and said that his Federation was against the idea of creating such a Fund through the levy of a cess. If such a cess were levied, he argued, it would amount in effect to penalising the more efficient and progressive units for the faults of the less efficient ones in the industry. He, however, had no objection to the question being examined and placed for further consideration before the next meeting of the Committee. Shri Shantilal Shah was also of the same view.

"Shri Venkataraman, Labour Minister, Madras and Shri Vidyalkar, Labour Minister, Punjab, were however of the view that a Special Fund for the purpose of providing working capital and capital investment was essential if employment was to be provided to workers threatened with retrenchment as a result of closures of units. The consensus of opinion was that even if the creation of Fund meant a strain on some efficient units, it should not be grudged as the prices of the product are determined largely with reference to the cost of production of the marginal units and this itself meant an advantage to efficient units. After a general discussion, it agreed that the question of creating a Special Fund for the purpose of helping weaker units should be examined in all its aspects, viz., its need, desirability, practicability, etc. and a note on the subject put before the Committee at its next meeting. (Action: Ministry of I&C)

"Referring to the recommendation (c) of the sub-committee on the subject of appropriate wages to workers, Shri Patkar of the IITUC said that it would not be possible for workers to accept this recommendation as it would imply that whenever a concern was taken over by Government there would have to be a cut in the wages. The Chairman and other members of the Committee felt that the recommendation did not give the desired impression as if a cut in wages should be effected only as a last resort and to avoid losses and that too, after consultation with the workers. After discussion, it was agreed that the recommendation (c)

on other recommendations of the sub-committee, a general discussion was held....."

During the general discussion, the Chairman, Shri Bhandu, said that the members of the Committee had done a good job of work in indicating directions in which further studies should be made and action taken. In order that results may be achieved, it would be advantageous to work in Committees or Study Groups.

The Chairman suggested that two Study Groups may be formed; the first to examine the employment aspects of planning in general and the second to study, in particular, the employment opportunities in the village industrial sector. The latter Study Group would deal with problems of creating productive employment in rural areas through what the Chairman described as 'unorthodox' ways. It was proposed that the two Study Groups should be constituted as follows:

I. STUDY GROUP ON EMPLOYMENT PLANNING - Shri Shantilal Shah, Shri T. Subramanyam, Shri R. Venkataranga, Shri Amarnath Vidyalerkar, Shri H. Ramana, Shri D.C. Sharma, Shri K. Sivaram, Shri N. Das, Shri S.G. Patkar and Shri B. Datta.

II. STUDY GROUP ON EMPLOYMENT OPPORTUNITIES IN VILLAGE INDUSTRIAL SECTOR - Shri Shantilal Shah, Shri K.R. Dave, Shri S.D. Patil, Shri Jhaverbhai Patel, Shri Nirmal Kumar Sen, Shri N. Ling, Shri P.N. Sheth.

The Study Groups would also be invited to co-opt experts and representatives from Central Ministries.

It was tentatively agreed that the next meeting of the Committee may be held some time in October, 1954.

AN ANALYSIS OF INDUSTRIAL AWARDS

ON

BONUS

(The following analysis was made by the Labour & Employment Division of the Planning Commission and circulated to members of the Steering Group on Wages.)

The Labour Appellate Tribunal in the case of a dispute between the Mill Owners Association Bombay and the Rashtryia Mill Mazdoor Sangh Bombay (L.I.S.2 - 1950 page 1247) laid down, for the first time, comprehensive principles regarding award of bonus to workers. These principles designated as 'Full Bench Formula' have been further elaborated in a number of subsequent awards given by the same tribunal in its different sittings. The study of industrial awards made by adjudicators for the period the Labour Appellate Tribunal continued to function, indicates that the principles enunciated by it were more or less uniformly followed by lower tribunals as well as higher courts. The purpose of this note is to examine whether there have been any substantial departures on the part of judiciary from the principles laid down by the Labour Appellate Tribunal since the time the latter was abolished.

2. Any comparison of the broad principles followed by adjudicators since the abolition of the L.A.T. in 1956, demands first of all restatement of the principles laid down by the said tribunal. These principles are as under :-

- (a) Bonus is a cash payment made to employees in addition to their wages. It differs from wages in that it does not rest on contract but payments for bonus are made because legally due but which parties do not contemplate to continue indefinitely;
- (b) where industry has capacity to pay and has been so established that its capacity to pay may be counted upon continuously, payment of 'living wage' is desirable but where industry has not that capacity or its capacity varies or is expected to vary from year to year so that the industry cannot afford to pay 'living wage', bonus must be looked upon as a temporary satisfaction wholly or in part of the needs of 'the employees';
- (c) both capital and labour contribute to the earnings of an industrial concern and it is fair that labour should derive some benefit when there is surplus left after meeting prior necessary charges;
- (d) as regards prior charges it was laid down that the first charge on gross profits should, therefore, be the amount of money that would be necessary, for rehabilitation, replacement and modernization of machinery and corporation taxes to be paid to the exchequer. As depreciation allowed by income-tax authorities is only a percentage of the written down value, the fund set apart for depreciation and designated under that head would <sup>not</sup> be sufficient for the purpose. An extra amount would have to be set apart under the heading of 'Reserves' to make

up that deficit. Further as initial and additional depreciations are allowed by authorities with a specific purpose of helping the industry, these cannot be included as items under prior charges particularly if these tend to diminish unduly the gross profits and thus jeopardise the chances of granting bonus to labour. The general rule, therefore, should be that only normal depreciation has to be allowed as an item of necessary expenditure for determining the balance left for awarding bonus to workers;

- (e) As regards returns on invested capital, it was laid down that interest at the rate of 6 per cent should be considered to be a fair return on paid-up capital and somewhat lesser return on working capital. In a number of subsequent awards made by the same tribunal 4 per cent on working capital was allowed;
- (f) The claim of the employees for bonus would arise only if there should be a residuum left after making provision for (a) prior charges; (b) a fair return on paid up capital; and (c) a fair return on reserves employed as working capital; and
- (g) As regards quantum of bonus, it was laid down that it would essentially depend upon the relative prosperity of the concern during the year under review; that prosperity may be best reflected in the amount of residuary surplus; the level of labour's existing wages is also a consideration of importance. Further there cannot be any rigidity about these principles; for instance, no scheme of allocation of bonus could be complete if the amount out of which bonus is paid is unrelated to employees efforts and so on.

3. An analysis of industrial awards of tribunals inclusive of those given by High Courts and Supreme Court since the abolition of the L.A.T., indicates that the disputed points which have been adjudicated upon, could generally be termed as 'matters of detail' rather than 'principles'. There is no doubt that judgments have been reported which have sometimes reversed the previous decisions of the L.A.T. or the principles have been so interpreted as sound a note of conservatism resulting in narrowing down the benefits awarded to workers in the matter of granting bonus but an objective evaluation of awards as a whole does indicate that the tribunals have kept themselves more or less within the broad principles laid down by the L.A.T. In fact as will be seen from Appendix 'A' the number of principles which have been adhered to are far greater than cases where departures have been noticed. The awards which form the basis for our above mentioned observations are those which have been reported in various issues of the Labour Law Journal and Labour Gazette. These are discussed below. These awards have been grouped in two parts; first part deals with cases in which the generally accepted rules have either come to be reversed or some conservative opinions expressed in interpreting them and the second part relates to cases in which principles laid down by the L.A.T. have either been closely followed or have even been liberally interpreted than before. Part III brings out the main principles emerging out of the awards studied.

4. Before Supreme Court of India: Between Baroda Municipality and their workmen (LLJ - 1 page 9 - 1957). This case relates to an appeal filed by the Baroda Municipality against an award of the L.A.T. which allowed bonus to workers of Electricity Department which had made profits during the year of dispute. The L.A.T. held in this case that the Electricity Department was

a profit making concern; the concern was run separately and as it was a trading concern from its very nature, the balance of earnings derived from it after allowing for all out-goings was pecuniary gain and it made no material difference to the actual nature of the gain whether it was called surplus or profit. Further in case, all conditions for awarding of bonus were present, such a claim on behalf of workers could not be ignored. As to the payment of bonus to members of one department only when adequate amount was not available to meet the demand of all workers, L.A.T. observed that in case profits were found to be adequate it was permissible to treat profit-making department as a separate unit unless there was some nexus between the profit-making department and other departments. These points were considered by the Supreme Court which reversed the decision of the L.A.T. According to the Supreme Court, Electricity Department could neither be considered as a separate department nor a trading concern as understood in the ordinary sense of the term. Property and income of the Electricity Department belonged to the Municipality as a whole and could not be utilised for purposes other than mentioned in the Municipal Act. It was held, therefore, that under these circumstances, there was no case for bonus being awarded to workers of the Electricity Department.

5. Before Industrial Tribunal Madras: Standard Vacuum Employees Union and Standard Vacuum Oil Co. Ltd. (LLJ-1 p.105 - 1957)  
 In spite of fairly huge surplus available for determining the amount of bonus to be awarded to workers, the Tribunal awarded only 3½ months' basic wages as bonus on the plea that (a) there has been recently narrowing of the gap between existing wages and living wages in the industry and (b) care has to be taken to see that bonus which is given is not so excessive as to create fresh problems in the vicinity. This decision represents in our view undue rigid interpretation of the theory of creating fresh problems and bonus meant only for partly bridging the gap between existing wages and the living wages.

6. Before the Supreme Court of India: Iern & Co. Ltd., and their Employees (LLJ-1 page 226 - 1957). This case relates to an appeal filed against the decision of the L.A.T. which had awarded bonus to workers involved in this dispute. The L.A.T. while awarding bonus to workers had stated that no doubt in this case profits were not sufficient for awarding bonus to all workers but as other workers had not demanded it, members of the union claiming bonus should be awarded the same. The Supreme Court rejecting the above decision of the L.A.T. held that in law, claim for bonus will be admissible only if there are sufficient profits which mean sufficient for paying bonus to all workers.

7. Before the High Court of Madras: Between Mysore City Hotels' Association and LAF and other (LLJ-1 page 282 - 1957). A claim for bonus had been made 17 months after the year had ended and after the profits of the partnership for that year had been ascertained and distributed. The LAF in its award conceded the demand for bonus on the plea that although the claim was belated, it was not a lack of organization among workers were sufficient to condone the principle of belatedness. It was this decision which was appealed against before the High Court which rejected the findings of the Tribunal on the ground that a belated claim could not be conceded no matter whether labour was or was not conscious of its rights at the appropriate time.

8. Before Labour Court, Madras: Basic Foundry Madras and its workmen (LLJ-1 1957). This is one of the cases in which courts have allowed a higher return on paid-up capital than allowed by the LAT in its 'Full Bench awards'. The specific reason given by the tribunal in awarding 7 per cent interest on paid up capital was that the concern was a proprietary one in which



profits of the past years have been ploughed back justifying a higher return.

9. Before Industrial Tribunal Madras: Tea & Coffee Workers' Union and others and Brook Bond India Private Ltd. (LLJ 1 page 645 - 1958). The tribunal rejected the claim for bonus on the ground that the balance left was not sufficient for awarding bonus to all workers.

10. Before the High Court Calcutta: National Carbon Co. India Ltd. and LAT and others (LLJ 1 page 472 - 1958). This case again relates to an appeal filed against the decision of the LAT. The facts of the case are that at the time of hearing before the LAT, the company refused to produce the necessary documents like balance-sheets for ascertaining the amount of surplus available for granting bonus to workers. The LAT took the view that the only legal inference which could be drawn from company's non-production of documents was that in case these are made available, these will disclose sufficient surplus for awarding bonus to workers. On this basis, the L.A.T. conceded in full the workers' demand for bonus amounting to six months basic wages. The High Court rejected the findings of the lower tribunal on the plea that in order to award bonus, it was necessary first to ascertain gross profits and surplus available after meeting prior charges. It further stated that the claim for bonus could be granted only on a legal basis and computed in a particular manner. As regards quantum of bonus awarded, it was stated that the lower tribunal had not taken into consideration the adverse effects of granting six months' bonus on other industries in the same area. Under the circumstances, the decision of the LAT was completely reversed and the demand for bonus rejected.

11. Before the Supreme Court of India: The Assam Co. Ltd., and its workmen (LLJ 1 page 770 - 1958). The disputed point which came for adjudication in this case was the amount of return to be allowed on paid-up capital and working capital. The Supreme Court allowed 7 per cent on paid-up capital and 5 per cent on reserves used as working capital against the accepted returns of 6 per cent and 4 per cent respectively on the plea that an industry connected with agriculture like the tea industry had to face additional risks such as weather, pests and general deterioration of the soil, necessitating thereby a higher return on investment as compared with other industries.

12. Before the Supreme Court of India: Mathura Das and others and LAT (LLJ 1 - II page 265 - 1958). This case relates to an appeal filed against the decision of the LAT which had awarded bonus to workers. The facts of the case were that there was an agreement entered into between Government and the appellants; the former allowing an incentive bonus of four annas per ton to the latter on certain conditions of the contract being fulfilled. The workers employed by the appellants claimed a share of incentive bonus which employers received from the Government. The tribunal which heard the case came to the conclusion that although there was no legal stipulation in the agreement that the incentive bonus either whole or in part was meant to be passed on to labour but keeping in view all the circumstances, social justice demanded that 45 to 50 per cent of the incentive bonus which employers received from the Government as additional remuneration should be distributed between workers because without their cooperation no such claim would have arisen. The Supreme Court rejected the above findings of the tribunal on the ground that neither it formed a part of the contract nor it was awarded on the basis of available surplus profits of the concern.

13. Before the Industrial Tribunal Bombay: Vakil & Sons and their workmen .....

their workmen (LLJ 1 page 146 - 1957). The point in dispute related to the nature of depreciation to be allowed before arriving at the surplus available for determining the amount of bonus to be granted to workers. The tribunal allowed full statutory depreciation in accordance with the decision of the L.A.T. as given in the case of workmen in Deccan Sugar Co. Ltd., Madras State and Deccan Co. (LLJ II page 567 - 1952) in which it was stated that the usual amount of depreciation as allowed by Income-tax authorities was to be deducted as a prior charge. As regards initial depreciation, the tribunal again followed the decision of the LAT in the case of Dalmia Cement Co. Ltd. and their workmen (LLJ II page 461 - 1952). The LAT had decided in this case that full initial depreciation could not be allowed as it tended to cause adverse effect on the surplus available for determining bonus for workers.

14. Before the Industrial Court Madras: Standard Vacuum Oil Co. Ltd. (LLJ 1 page 165 - 1957). On the question as to whether bonus awarded in terms of wages should also include over-time wages earned by workmen, it was held that the full bench decision of the L.A.T. in the Grooves Cotton Co. case (LLJ 2 page 185 1954) did not seem to include it on principle. The tribunal's view, therefore, was that the prevalent practice of excluding overtime allowance should be followed as such a course was undoubtedly just, equitable and proper. The tribunal accordingly awarded bonus equivalent to 3½ months basic wages. The principle of linking bonus to basic wages only, is in accord with the LAT's decisions given on this subject in a number of awards.

15. Before Industrial Tribunal, West Bengal: Burn & Co. Ltd., and their Workmen (LLJ 1 page 401 - 1957). The disputed point which came up for adjudication related to the return to be allowed on paid-up capital. The tribunal expressed the view that 6 per cent return on paid-up capital as laid down by LAT was fair and therefore, there was no reason why a departure should be made in this case. In addition, the tribunal also allowed similar return on bonus shares.

16. Before the Industrial Court Bombay: B.E.S.T. Workers' Union and Bombay Suburban Electric Supply Company (LLJ 2 - page 112 - 1957). The tribunal rejected the claim for deducting initial and additional depreciation as items of prior charges for estimating the surplus available for grant of bonus to workers.

17. Before Industrial Tribunal Ernakulam: Cannanore Spinning & Weaving Mills Ltd. and its Workmen (LLJ 2 page 199 - 1957). This is an important case in which the Industrial tribunal seems to have rather liberally interpreted the principles laid down by the LAT. The tribunal observed that the LAT in its 'Full Bench' decision had applied 2.7 as multiplier to the cost of machinery because in that case, practically the whole of the machinery employed which required replacement in future had

been destroyed during the summer months of the World War II. The tribunal observed that the LAT in its 'Full Bench' decision had applied 2.7 as multiplier to the cost of machinery because in that case, practically the whole of the machinery employed which required replacement in future had

failed to prove it, the claim for return must be negatived. According to the tribunal, the company in this case could not adduce adequate evidence and hence no return was allowed. Applying these principles, the tribunal allowed 3½ months' basic wages as bonus to workers.

18. Before Industrial Tribunal Madras: Soundararaja Mills Ltd. and their Workmen (LLJ page 128 - 1957). In this case the tribunal held that the bonus paid by other units in the same industry in the same area should be taken into consideration in fixing bonus to be paid in a particular unit, but it could not be taken as a deciding factor. According to this tribunal, therefore, when the available surplus for the year in question was admittedly very large and where the wage of the workmen was moderate, bonus equivalent to six months' basic wages was considered to be reasonable and proper.

19. Industrial Tribunal Bombay: Imperial Chemical Industries Private Ltd. Bombay and its Workmen (LLJ II page 331 - 1957). The tribunal held that the prevailing tendency of time emphasises that industrialists and investors should be contented with a moderate return on capital as long as workmen are not getting a living wage. In the circumstances, the tribunal held that 6 per cent return on paid-up capital and 4 per cent on working capital were reasonable and just.

20. Industrial Tribunal Madras: Gorden Co. and their workmen (LLJ 2 page 604 - 1957). The tribunal held that only normal depreciation and not the initial and additional depreciation should rank as prior charges in applying the 'Full Bench Formula'.

21. Industrial Tribunal Ernakulam: Piercclesle & Mercantile Employees' Association (LLJ 1 page 628 - 1958). The tribunal held in this case that the amount to be allocated for rehabilitation and modernization is a question of fact depending upon proof in each case. The tribunal allowed the usual return of 6 per cent on paid-up capital and 4 per cent on working capital. As surplus left after deducting all prior charges was found to be fairly large, the tribunal awarded 3 months' basic wages as bonus.

22. Before the Supreme Court of India: Shri Meenakashi Mills Ltd. and their workmen (LLJ 1 page 239 - 1958). In this case the Supreme Court followed the principles laid down by the LAF - initial and additional depreciation as prior charges for determining the surplus available for granting bonus to workers was disallowed.

23. Labour Court Madras: Press Labour Union and Hindi Parchar Press (LLJ 2 page 358 - 1958). The tribunal held in this case that even in respect of charitable institutions like the above mentioned undertaking, if all the conditions for the grant of bonus are present, workers will be entitled to the same both legally as well as on ethical grounds because charity must begin at home.

24. Before Industrial Tribunal Bombay: Britiania Biscuit Co. and its workmen (LLJ 2 page 371 - 1958). The tribunal held that it was always open to adjudicators to reduce the allocation for rehabilitation, replacement and modernization if the estimated costs far exceed the amount that should be reasonably provided.

25. Before Industrial Court Hyderabad: D.B.R. Mills and their workmen (LLJ 2 page 507 - 1958). The tribunal allowed only normal depreciation as a prior charge on gross profits. Further, according to the tribunal's view when employer could not prove the cost of the machinery or of the construction of buildings, full claim for rehabilitation could not be allowed. Under the circumstances, only a reasonable amount for rehabilitation for both buildings and machinery could be provided.

26. Before Industrial Tribunal, Madras: National Textile Employees' Union, Mettur and Management Mettur Industries: (Indian Labour Gazette). The Tribunal held that in estimating the available surplus for the purposes of determining bonus to be paid to workers, an unduly high dividend tax to be paid on dividends declared during the previous year but due during the year of dispute, cannot be allowed to pass as one of the prior charges. Only that much amount which would be needed to pay taxes on the dividend declared during the year of dispute could be allowed. This is in line with the general policy laid down by the Labour Appellate Tribunal from time to time that bonus should be determined on the basis of results of working of the concern during the year of dispute only.

27. Writ Petition No. 378/1957:- The Court held that in a proprietary or partnership concern, an added consideration by way of allowing a portion of the profits to be retained by the proprietor has to be kept in view while determining the available surplus for granting bonus to workers.

28. The principles laid down in the course of various awards of adjudicators have been analysed above. A reference also requires to be made to the quantum of bonus awarded and the balance left with the management. There are no rigid principles evolved by the Courts to meet the requirements of all cases. The amount of bonus awarded invariably depended on the facts of each case. The only uniform trend which was observed in such cases was that the available surplus after deducting all prior charges was divided more or less in the ratio of 60:40 between management and labour. In case there was some surplus left but which was found to be insufficient to meet the demand for bonus for all workers, the demand for bonus was generally rejected.

### III

29. The general principles which emerge from an analysis of industrial awards cited above can now be summed up as follows:-

- (i) The original as well as the appellate courts have, more or less, continued to follow the principles enunciated by the Labour Appellate Tribunal in its 'Full Bench' decision as well as rulings given in its divisional sittings.
- (ii) Judgements have been reported which are sometimes contrary to the decisions of the Labour Appellate Tribunal or have resulted in narrowing down the benefit accruing to workers. Closer scrutiny of these judgements, however, indicates that divergence of opinion is round 'matters of detail' rather than 'principles'.
- (iii) The demand for bonus is generally disallowed unless profits for a particular year are adequate for payment of bonus to all workers. In case these are found to be inadequate, courts have generally held that neither law nor equity demands that bonus should be paid to workers.
- (iv) The claim for bonus cannot be recognised on any arbitrary ground; it has a legal basis and has to be computed according to accepted legal procedure. The claim for bonus fails where the legal procedure for calculating the available surplus has not been followed.
- (v) The onus proving that there is a surplus left for granting bonus lies on workers.
- (vi) In the matter of reserves courts have generally seen that only reasonable amounts are provided and not necessarily those amounts which are indicated by management.

The amount.....

- (vii) The amount of dividend declared on paid-up capital and bonus shares is of no consequence so long as accepted rates of return are allowed on these investments while calculating the available surplus for determining the amount of bonus to be paid to the workers.
- (viii) A return of 6% on paid-up capital and 4% on working capital are to be normally considered as adequate except in industries which are of a wasting character like plantations or in concerns where profits for the past years have been ploughed back with a view to expanding business. The maximum returns which have been allowed in such cases range from 6 to 9% on paid-up capital and 4 to 6% on working capital. In respect of working capital, courts also generally insist on submission of adequate proof not only regarding the amounts so used but also the period for which the funds were so utilised.
- (ix) Bad debts which have accumulated during past years or reserves towards gratuity fund have been allowed as prior charges for the purposes of determining available surplus left for payment of bonus to workers. In respect of amounts earmarked towards gratuity fund, however, courts have generally held that only reasonable amount could be allowed as prior charges.
- (x) Whole of depreciation admissible under the Incom-Tax Act is not allowable in determining the available surplus on the ground that initial and additional depreciations are allowed by Incom-Tax authorities on an altogether different consideration of assisting the industry which has installed new machinery. In other words, the concept of depreciation as used by Incom-tax authorities and for the purposes of determining available surplus according to the formula laid down by the Labour Appellate Tribunal are different and as such in the latter case, only normal depreciation can be allowed.
- (xi) In determining the amounts to be earmarked for rehabilitation, courts generally insist upon adequate proof of the cost of the machinery and the period after which it needs replacement. These are questions of facts and wherever adequate evidence is not led on these issues, courts have generally allowed only reasonable amounts and not the amounts indicated by the management. In a number of cases, the courts have also rejected the use of 2.7 as the multiplier as indicated by the Labour Appellate Tribunal in its 'Full Bench' decision in determining the amount needed for rehabilitation on the plea that the particular figure suited only those cases where the machinery to be replaced was purchased before the Second World War.
- (xii) It is a well-settled law that if the workers put forward a claim for bonus long after accounts are settled and after the profits have been appropriated, their claim cannot be considered. In cases where a claim is made and pending settlement such a bar will not be attracted.
- (xiii) There is no rigid formula evolved by the courts for determining the actual amount of bonus to be awarded. This depends upon the facts of each case. Instances have been noticed in which bonus awarded has varied from one month to 9 months of the basic monthly earnings. Wherever, the surplus has been found to be very large, tendencies have been noted on the part of adjudicators to keep bonus within limits on the plea of adverse effectation unduly large bonus is likely to cause on less prosperous concerns in the same area and the theory of bridging the gap between existing wages and living wages only in part and not in full. Bonus thus continues to assume the nature of profit-sharing in industry.
- (xiv) Courts separate extraneous profits which have been earned by the management independently of any efforts made by the workers. In such cases, these amounts have been treated on par with other items of prior charges.

STATEMENT INDICATING THE EXTENT TO WHICH COURTS HAVE FOLLOWED THE PRINCIPLES LAID DOWN BY THE L.A.T. IN THE MATTER OF AWARDING BONUS AFTER ITS ABOLITION IN 1956.

S.No.	Principles laid down by the L.A.T.	Changes, if any	Reasons for divergence from accepted principles
(1)	(2)	(3)	(4)
		No change	
1.	The claim of employees for bonus would arise only if there should be a residue left after making provision for prior charges, fair return on paid-up capital and a fair return on reserves employed as working capital.		
2.	As regards prior charges, the first charge on gross profits should be the amount of money that would be necessary for rehabilitation, replacement and modernisation of machinery and corporation taxes to be paid to the Exchequer.	No change. Courts, however, generally insist on providing only reasonable amounts to be calculated on the basis of legal evidence being led regarding the original cost of machinery, the period after which it will require replacement, etc. In a number of cases, the use of 2.7 as a multiplier adopted by LAT has been rejected.	Rulings imply only logical extension of the principles laid down by the LAT.
3.	Depreciation allowed by the income-tax authorities is only a percentage of the written down value. The fund set apart for that purpose would not be sufficient. An extra amount would have, thus, to be set apart under the heading of 'Reserve to make up that deficit.	No change.	
4.	Initial and additional depreciation allowed by the income-tax authorities cannot be included as prior charges for the purposes of determining surplus available for bonus. Only normal depreciation is allowed.	No change	
5.	Interest at the rate of 6% on paid-up capital and somewhat lesser return on working capital should be considered as adequate.	No change with the exception of industries which are of a wasting character like plantations, mines or where profits of the past years have been ploughed back. 9% on paid-up capital and 6% on working capital represent the maximum limits set by the courts in such cases. Additional rulings given by the courts include submission of adequate proof regarding	According to courts, such industries are exposed to additional risks; hence the need for somewhat greater return on investment. Similarly profits of the past years ploughed back in business with a view to its expansion deserve a higher return.
	the amount of working capital actually used and the period for which it was so used.		

Principle laid down by LAT	Changes, if any	Reason
6. The quantum of actual bonus to be awarded will be determined by the relative prosperity of the concern, gap between the existing and the living wage, relationship between the contribution made by workers and the profits earned and the effect that it is likely to cause on other smaller concerns in the same area.	No change.	Surplus left dividend more or less on equitable grounds between labour and management.
7. In the matter of reserves, it has to be seen that only reasonable amounts are to be provided.	No change.	
8. Bad debts accumulated during past years and reserves towards Gratuity Fund rank as prior charges.	No change	
9. In the calculation of gross profits, bonus, if any paid to supervisory or administrative staff has to be included.	No change	
10. The amount of dividend declared on paid-up capital and bonus shares is of no consequence so long as accepted returns are allowed on these investments for the purpose of calculating available surplus.	No change	
11. The claim for bonus will arise only if there is adequate surplus left for grant of bonus to all workers	No change	
12. In case where surplus left was found to be insufficient and some of the workers claimed bonus but others did not, those claiming bonus are entitled to the same.	Uniformly rejected in all cases.	It has been held by the Supreme Court that the claim for bonus can be sustained only in case profits are sufficient for grant of bonus to all workers. Any other criteria is likely to result in discrimination and added industrial unrest.
13. In a dispute where the management refused to produce necessary documents, the only legal inference to be drawn by the management's attitude was that in case these are made available, these will disclose sufficient surplus for the award of bonus to workers.	Uniformly rejected in all cases	It has been held by the Supreme Court that bonus not be awarded on any such ground; it has to be calculated according to accepted legal procedure and where no such procedure is followed, the claim for bonus cannot be sustained. It has to be noted in this regard that the LAT's ruling has been reversed on procedural grounds and not on any matter concerned with substantive law.

Principle laid down by LAT	Changes, if any	Reason
Extraneous profits which have been earned by the management independently of any efforts made by the workers are to be treated on par with other prior charges.	No change	-
Workers' claim for bonus made long after the accounts are settled and after the profits have been appropriated, cannot be considered. In case, however, where claim is made and pends settlement, such a bar is not attracted.	No change	-
In suitable cases, ignorance and lack of organisation among workers are sufficient reasons to condone the principle of belatedness.	Uniformly rejected	Whatever may be the reasons, settled accounts cannot be reopened.
Bonus has to be granted on the basis of basic earnings only	No change	-
In case all conditions for the granting of bonus are present, the same has to be granted no matter if the concern is primarily of charitable character.	No change	Charity must begin at home so long as existing wage falls short of the living wage.
Despite the fact that there was no agreement that incentive bonus either whole or in part which the employers received from the Government as a result of fulfilling certain terms of the contract, was to be passed on to the labour. Social injustice demanded that 45 to 50 per cent of the additional amounts received should be distributed between workers because without their cooperation, no such claim would have arisen.	Uniformly rejected.	There cannot be any social justice apart from what is embodied in the 'Full Bench Formula'.



STUDY OF LABOUR COSTS

(Note prepared by the Labour & Employment Unit, Central Statistical Organisation and circulated to members of the Steering Group on Wages)

The question of 'Labour Costs' in relation to 'Costs of Production' is often raised in discussions regarding (a) the export policy (b) surpluses required for financing further development and (c) the cost of manufactured articles to the consumer. But often the term 'wage costs' or 'labour costs' which are used as synonyms, are not always properly defined or understood.

2. At the third meeting of the Steering Group on Wages held on 19.9.58, with Labour Minister as Chairman, it was recommended that a Study Group might be formed to go into the contents of the controversial term 'wage costs' and define them in a precise manner. The Chairman of the Steering Group on Wages desired that the study should proceed so as to secure estimates of the following indicators:

- i) for wage costs per unit of production allowing for changes in the character of production;
- ii) for changes in the wage bill in relation to the value added by manufacture and/or wages in proportion to the value of ex-factory sales;
- iii) for relation of wages to depreciation and other reserves built up by industry;
- iv) for international comparison in regard to (i), (ii) and (iii) above.

3. Before convening a meeting of the Working Group for considering the study of labour costs, informal discussions were held between the Ministry of Labour and Employment and the Central Statistical Organisation (CSO). The CSO prepared a preliminary memorandum covering the different aspects of the problem including the concepts and definitions, the difficulties involved in getting the estimates of the suggested indicators, and the availability of the information relating to the wage costs at present. Decisions of the Working Group on the proposed study are summarised in the following paragraphs.

4. The term 'labour costs' is a wider concept than the term 'wage costs' and actually the former includes the latter. The 'labour costs' besides 'wage costs' (cash and non-cash) includes the cost of group benefits and social security charges. The components of 'labour costs' as given in Appendix I, have been itemised more or less on the lines recommended by the ILO vide "Report on Wages and related elements of labour cost," International Labour Review, December, 1957. It may be emphasised here that wage costs incurred either through statutory obligations or otherwise should be evaluated in terms of what they cost to the employer and not what has actually accrued as benefits to the labour. Furthermore, wage costs should also not include contributions by the Government or labour.

5. Having finalised as to what items constitute 'Labour Costs', the next important question to be considered is...

basis of remuneration. At present, however, information on 'wages' and 'salaries' is being collected for the group of workers as defined in the Factories Act. The definition of worker as given in the Factories Act, 1948, is:

"'worker' means a person employed, directly or through any agency, whether for wages or not, in any manufacturing process, or in cleaning any part of the machinery or premises used for a manufacturing process, or in any other kind of work incidental to, or connected with, the manufacturing process, or the subject of the manufacturing process."

Information on wages and salaries will also be made available under the Payment of Wages Act (1936) as amended in 1957, for all workers coming under the Factories Act and receiving wages below Rs.400/- per month. It was, therefore, decided to include only this category of workers for the determination of 'wage costs'. The different indicators that are to be obtained for providing answers to the three questions raised in the beginning were then considered by the Study Group.

6. It is difficult to work out the indicator "Wage costs per unit of production allowing for changes in the character of production", due to the production of different products and by-products of varying costs in the same industry in most cases. However, the 'labour costs' entering into each rupee of output could be estimated and the labour costs per unit of production of each product could then be estimated on the basis of valuation of the products in a fixed proportion to each other.

7. It was agreed that the indicator, viz., "changes in wage bill in relation to the value added by the manufacture and/or wages in proportion to the value of ex-factory sales", will be useful for the study of 'wage costs'. The ratio of changes in wage bill to the value of ex-factory sales, however, suffers from one disadvantage, viz., that it is not comparable from factory to factory because it depends to a large extent on the precise nature of the manufacturing activity undertaken by the factory. The type of difficulty pointed to does not arise in the case of the ratio of wage costs to the value added by manufacture.

8. The Study Group recommended that the indicator, viz., "relation of wages, to depreciation and other reserves, built up by industries" be changed to "relation of labour costs to (dividends plus undistributed profits), relating to the year under study", as the term depreciation is not uniformly understood and applied by the various firms. It is, however, felt that it will not be possible to make useful international comparisons for these indicators.

9. The two main sources of information that provide us some data for the study of 'labour costs' are the Census of Manufacturing Industries (CMI) and the Sample Survey of Manufacturing Industries (SSMI). The CMI as well as the SSMI collect information on "total salaries, wages, bonus and other cash benefits" and "workers" and "persons other than workers". This category of workers does not coincide with the one envisaged by the Study Group for the study of labour costs, in that it includes workers receiving more than Rs.400.

10. Information on the different items constituting 'labour costs' is not collected either in the SSMI or CMI in the manner and detail envisaged by the Study Group. The CMI collects information on wages as defined in the Section 2(vi) of the Payment of Wages Act separately for workers and persons other than workers. The term 'wages' mean "all remuneration capable of being expressed in terms of money, which would, if the terms of contract of employment, express or implied, were fulfilled, be payable, whether conditionally upon the regular attendance, good work or conduct or other behaviour of the person employed or otherwise, to a person employed, in respect of his employment or of work done in such employment."

- a) the value of any house accommodation, supply of light, water, medical attendance or other amenities or if any service included by general or special order of the State Government;
- b) any contribution paid by the employer to any pension fund or provident fund;
- c) any travelling allowance or the value of any travelling concession;
- d) any sum paid to the person employed to defray special expenses entailed on him by the nature of his employment; or
- e) any gratuity payable on discharge.

Besides information on wages, the CMI collects data on "monetary value of any privileges, benefits, etc." grouped together under one item for all employees. This item includes various benefits such as free or subsidized housing, foodgrain on concessional rates, etc. It is not, however, clear whether the various items included in wages, amenities and Social Security charges as envisaged are included in the CMI returns.

11. SSMI schedules use the same definition of wages as in the CMI returns and the information on wages is also classified for workers and non-workers separately. As regards items other than wages, SSMI also does not cover the various items in the manner or detail required, although a more detailed break-up of these items is adopted in the SSMI than in CMI. Besides wages, information on:

- i) individual benefits in kind;
- ii) group benefits; and
- iii) contributions to funds (provident fund, social insurance, etc.);

is collected in the SSMI schedule. It is also observed that neither CMI nor SSMI collect any information on dividends and undistributed profits. However, CMI provides data on depreciation.

12. Reliable estimates of the indicators required for the study of labour costs cannot thus easily be obtained from the available CMI returns in view of the limitations pointed above. Details of the items on labour costs as given in the SSMI schedule broadly conform to the Study Group's recommendations. However, the definition of work used in SSMI is not the same as the one proposed by the Study Group. Hence the data of SSMI cannot be readily used for getting those desired indicators. With slight changes in the concepts adopted either in the SSMI or CMI, it may be possible to meet requirements for the study of wage costs as recommended by the Study Group.

APPENDIX I

CLASSIFICATION OF WAGES

A. WAGE COSTS - CASH

- 1. Basic Wages
- 2. Dearness allowances
- 3. Overtime payments
- 4. Shift allowances
- 5. Leave Wages
- 6. Bonuses - (a) annual or periodic (i.e., profit-sharing);  
(b) paid for extra work pay period (i.e., production, incentive and attendance).
- 7. Other cash payments - (a) contractual and (b) non-contractual.

B. WAGE COSTS - NON-CASH

8. Cost of free or concessional supplies (a) food articles  
(b) other articles
9. Cost of housing accommodation supplied free or at concession - (a) housing  
(b) electricity  
(c) water  
(d) sanitary services.
10. Cost of transport services provided free or at concession.

C. GROUP BENEFITS

11. Cost of running medical facilities - (a) hospitals  
(b) dispensaries  
(c) first aid equipment.
12. Cost of educational facilities - (a) schools  
(b) adult education centres  
(c) libraries and reading rooms.
13. Cost of running recreational entertainment and other services - (a) theatres, cinema  
(b) clubs, sports  
(c) radio, etc.  
(d) games  
(e) canteen  
(f) recreation  
(g) drinking water facilities, etc.
14. Cost of running clubs and welfare centres.

D. SOCIAL SECURITY CHARGES

15. Contributions to State Insurance
16. Contributions to Provident Funds
17. Contributions to Pension Funds
18. Contributions to Welfare Funds
19. Compensation for work injuries and occupational diseases
20. Compensation for lay-off and retrenchment.
21. Maternity benefits.
22. Payments of gratuity.

- E. OTHERS (specify such as cost on vocational training, apprenticeship and training for foreign employment, etc.)

NOTE: C. includes also employer's contribution.

REPLACEMENT COSTS IN INDUSTRY

Tentative conclusions on appropriate

Methods of Replacement Finance

(Note prepared by National Council of Applied Economic Research for the Steering Group on Wages).

The National Council makes the following recommendations on appropriate methods of financing replacement needs of companies in general:

DEPRECIATION IS THE APPROPRIATE METHOD FOR REPLACEMENT FINANCE

(a) An adequate charge on current revenue for the depreciation of assets should be considered by all companies as the only sound method of financing their replacement needs. The public, the company managements, as well as the Government need to be reminded of this basic tenet of corporate financing policy. In order to meet short-term liabilities such as dividends, bonus or tax revenue they are often prone to ignore the significance of an annual depreciation charge as the means by which a corporation may set aside enough internal saving to finance its replacement needs and to keep its capital intact.

DEPRECIATION SHOULD BE MADE COMPULSORY

(b) We find from our study of annual balance sheets that there are companies which in some years do not charge depreciation on their fixed assets. The need to provide for depreciation is obvious if the soundness of a company is to be maintained. After money is invested in fixed assets, such as machinery and buildings, it becomes important that they be maintained properly. This can be done only if enough money is saved out of current earnings for meeting replacement costs. Even if a depreciation provision means declaration of a dividend, a company should show its true position to its share-holders and the public. There is at present no legal obligation on the part of a company to provide depreciation. This clause in the Indian Companies Act, 1956 should be removed by making depreciation a compulsory charge for every company.

MINIMUM RATES OF DEPRECIATION SHOULD BE FIXED

(c) We find, on the basis of information collected from the replies to our questionnaire, that on factory buildings and rates of depreciation charged by companies vary from 2% to 10% and on plant and machinery from 5% to 15%. Such diverse rates on the same kind of asset in the same industry employing the same depreciation formula indicate that they are influenced not only by technical considerations such as the life of the asset, but also by managerial policy. <sup>on this basis, in the present context of</sup> In India, the rates of depreciation charged in company accounts form an important instrument for raising the internal savings of

corporations required for financing replacement. Therefore, in the national interest, we cannot afford to leave the fixation of these rates entirely to the corporate management. What is required today is the fixation of certain minimum rates of depreciation for the assets (on the basis of their technical life and adequacy of depreciation to meet the financial needs of future replacement); and the companies should not be allowed to charge rates of depreciation lower than the minimum rates fixed. The income tax rates of depreciation calculated on purely technical aspects of the asset, might conveniently be fixed as the minimum rates for this purpose.

PRESENT DEPRECIATION FORMULA IS UNSOUND AND SHOULD BE DISCARDED

(d) The depreciation formula followed by most of the companies in India is : a fixed percentage of the written down value of an asset (or 'reduced balance method'). If the original cost of an asset is Rs.100 and if the rate of depreciation adopted by a company is 10%, then the depreciation charged in the first year is one tenth of 100 (i.e. Rs.10), in the second year it is one-tenth of the remaining value, 100-10 (i.e. Rs.9); in the third year one-tenth of 90-9 (i.e. Rs.8.1); and so on. It is easy to show that by this method a company with a given rate of depreciation would require far more number of years to recover the original cost than under the straight-line method where depreciation forms a fixed percentage of the original cost instead of the written-down value of the asset. It should not be surprising therefore if a company in India complains that its accumulated depreciation is not sufficient to finance its replacement needs. The sooner this method is discarded the better for the companies and the country. The minimum reform that the National Council can recommend for the present formula is that depreciation should be calculated as a fixed percentage of the 'original cost' instead of the 'written-down value' of an asset. If this simple modification is made in the present formula, the original cost of an asset can be recovered during the technical life of the asset. In the above example, if the technical life is 10 years, the original cost is recovered by way of an annual depreciation charge of Rs.10 at the end of 10 years, and the company will be in a better position to finance replacement of the asset.

There is also another important reason for which the present 'written-down value' method needs to be discarded. It is natural that repairs as a percentage of the original cost of an asset should increase year after year, particularly after the expiry of its technical life when its part space deteriorates more rapidly. Under the 'written-down value' method, the depreciation continues to be charged even after the expiry of the technical life, in consequence of which the variable costs of a firm (which include the cost of repairs and maintenance, and also a depreciation charge) would be higher than under the straight-line method where no depreciation is charged after the lapse of the technical life. It is not surprising therefore if the directors demand an increase for an industry as a result of this practice.

COMPULSORY REHABILITATION PROVISIONS FOR EVERY COMPANY TO PROVIDE FOR THE FUTURE COSTS OF REPLACEMENT

(e) The insufficiency of especially the provisions under the present practice is further aggravated by the ever rising costs of replacement particularly after World War II. The present depreciation rates so well as the provisions fail to cover the original cost of an asset which is recovered even lower than the present

replacement cost of the same asset. Consequently the corporate savings from depreciation provisions each year have become grossly inadequate to finance the current replacement needs. For reasons of inadequate finance, corporations are holding on to the old assets even after their technically useful life and postponing the replacement of old machines. If export industries were to stick to their old machines for this reason, then the export of India would run the risk of losing foreign markets. Therefore, in the larger interest of the country, it should be made obligatory (and not optional as it is now) on the part of every company to create a price rehabilitation fund by means of a compulsory deduction of a prescribed amount, in addition to depreciation, from the gross profits before any appropriations are made for dividends to share-holders or bonus to workers.

It is found from our survey that many Indian companies do not make a provision for the rising market prices of replacement of their assets, in consequence of which depreciation (which is the annual loss in the value of fixed capital such as machinery and buildings) is underestimated, and the net profits overestimated. In order to work out the real net profit available for appropriations to dividends and workers' bonus, a deduction from gross profits should be made for the rehabilitation fund, in addition to normal depreciation. In many wage disputes, though the necessity for such a deduction and creation of a rehabilitation fund is realised by both labour and management, the controversy generally centres on the mode of calculating the amount which should be allowed under this head. The Labour Tribunal and Courts have generally adopted the following mode of calculation to ascertain the amount of the rehabilitation fund required in any year: expected annual depreciation multiplied by the expected rise in prices of replacement, where

$$\frac{\text{Exp. annual depreciation} \times \text{present value of the asset (i.e. written-down value)}}{\text{Number of years the present assets are expected to last}}$$

A company might accept this mode of calculation for the purpose of bonus payment, but as it is not obligatory on the part of a company to make such a deduction and create a rehabilitation fund.

In the interest of more sound financial policy, the National Council considers that in a period of rising replacement costs, a deduction from gross profits towards this end must be made compulsory for all companies. The Council, however, envisages some practical difficulty in employing the above method to calculate the amount each year for the rehabilitation fund. Several convenient methods could be devised for this purpose, one of which is given below for general consideration:

$$\frac{\text{(Amount of annual rehabilitation charge)}}{\text{Annual depreciation}} \times \text{(Annual percentage change in the market price of replacement)}$$

Under this formula if the annual depreciation charged by a company is Rs.100 and if the market price of replacement has risen by 10% over last year's, the rehabilitation charge in the year will be Rs.10/-

What is required in this mode of calculation is the availability of a suitable index of prices of investment goods for each industry or for all India acceptable to labour, management and the Government. It is a less complicated,

though not accurate, to have all India indices of prices of building material and machinery for the use of companies.

Today, more than ever, an annual rehabilitation charge has become necessary for the following reasons:

- (a) To secure the internal savings required by corporate enterprises (private or government) for financing replacement needs.
- (b) To avoid the present over-estimation of capital formation in the corporate enterprises. For reasons such as the ever rising market prices of replacement in the post-war period, the actual amounts set for depreciation in the corporate enterprises are under-estimated: they do not reflect the real capital consumption during the process of production. Consequently, our estimates of net capital formation in the corporate sector are likely to become over-estimated.



WAGE REVISION OF

ANDHRA PRADESH GOVERNMENT EMPLOYEES

(Following is the text of a press communique issued by the Andhra Pradesh Government on June 22, 1959 announcing the decision of the State Government on the recommendations of the Pay Committee set up to consider the wage demands of State Government Employees. The Statement issued by the Employees' Associations on the announced pay revisions is also appended.)

On the 10th of July, 1958, the Government announced the appointment of the Pay Committee to make an enquiry into the living conditions of its low-paid employees and to recommend appropriate action as speedily as possible in regard to their grievances. This committee, under the Chairmanship of the Finance Minister and which included the Leader of the opposition and others, submitted an unanimous report on the 16th November, 1958. The report was accepted by the Government in December, 1958 and orders were issued in implementation of the report on the 9th January 1959. Some representations were made immediately afterwards by various service associations pointing out that some features of the report had militated against the intention of Government there-upon appointed a sub-committee of the Cabinet to examine the report and make due recommendations to the Government. This Committee reported to the Cabinet on 30th May, 1959. Government have re-examined the report of the Pay Committee and reviewed the orders already passed by them in the light of the report of this Sub-Committee and on such review are pleased to issue the following orders.

PAY SCALES.

As regards scales of pay, the following modifications have been made.

Revised grade.

- |  |   |
|--|---|
| 1) Assistant Secretaries to Government and the State Legislature.  | Being considered separately till which time existing scales will continue.                                  |
| 2) Superintendents, Governor's Secretariat, Superintendent of the Secretariat and Superintendents and Reporters of the Legislature Secretariat.                        | Rs. 200-20-400.<br>Existing scale will continue; but to be treated as revised scale for purpose of upgrade) |
| 3) Upper Division Clerks of the Secretariat, the State Legislature and the Governor's Secretariat.   | Rs. 100-5-120-10-200  |
| 4) The posts of Tahasildars in the Revenue and Settlement Departments, Huzur Sharistadars and the Block Development Officers (These posts have been declared Gazetted) | Rs. 200-20-400.   |

Revised grade.

- |     |  |  |
|-----|--|--|
| 5)  | Deputy Tahsildars (Scale originally fixed by Pay Committee Rs.150-250)   | Rs.180-250   |
| 6)  | Superintendents (Pohangana Collectorates)- (item 6, page 97 of the Pay Committee Report)   | Rs. 150-7½-210-10-250.<br>(Fresh appointments will be made by promotion on merit since the posts are upgraded) |
| 7)  | Assistant Treasury Officers (item 3 on page 104 of the Report)   | Rs.180-7½-210-10-300.  |
| 8)  | District and Divisional Accountants at present in the grade of Rs.154-190  | Rs.150-7½-210-10-250.  |
| 9)  | 2nd Accountants and Huzur Treasurers (item 3, page 104 of the Report).   | Rs.120-5-140-7½-200  |
| 10) | Senior Statistical Assistants, Economic Research Assistants and the Economic and Statistical Investigators of the Bureau of Economics and Statistics. (items 7, 8, and 9 on page 105 of the Report). | Rs. 150-300 and Rs.150-250.  |
| 11) | 2 posts of Technicians of the Bureau of Economics and Statistics. (page 109 of the Report)   | Rs. 90-4-110-5-150-7½-180  |
| 12) | Field Investigators of the Statistics Department   | Rs. 75-3-105-4-125-5-150.  |
| 13) | Junior Statistical Inspectors (item 10 on page 108 of the Report)  | Rs. 50-120   |
| 14) | Sub-Registrars (Grade-II) of the Registration & Stamp Department (item 3 on page 113 of the Report)  | Rs. 100-5-140-7½-200.  |
| 15) | Superintendents of the District and Sessions Courts (item 6, page 120 of the Report)   | Rs. 150-7½-210-10-300  |
| 16) | Inspectors of Police   | Rs.200-10-290-15-350   |
| 17) | Sub-Inspectors of Police   | Rs.100-7½-130-10-200   |
| 18) | Havaldars A.P.S.P. of the Police Department.<br><br>Co. Havaldars Major A.P.S.P.   | Rs.50-2-64-3-85<br><br>Rs.50-85 plus Rs.10/- special pay.  |
| 19) | Head Constables and Barks of the Police Department and Reserve Head Warders, Jambhri   | Rs.45-2-65   |

Contd.....

Revised grade

- Chauffers and Police Jamedars of the Prisons Department. Rs.45-2-65
- 20) Police Constables and Followers including Armed Reserves and Lance Naiks of the Police Department and 2nd grade Warders, (grade-II), Home Assistants and the Police Defedars of the Prisons Department. Rs. 32-1-50
- 21) Accountants (item 2 Ministerial staff on page 141 of the Report) Whether in the city or in the Districts. Rs.90-4-110-5-150-7½-180
- 22) Head Clerks of Divisional Forest Offices. (item 12 on page 152 of the Report). Rs.90-4-110-5-150 (Fresh appointments will be made by promotion on merit since the posts are upgraded.)
- 23) Accountants of the Forest Department. (item 9 on page 152 of the Report) Rs.120-5-150-7½-210-10-250.
- 24) Supervisors in the Co-operative Department (item 22 on page 151 of the Report) Rs. 50---120
- 25) Propogandists (item 24 on page 151 of the Report) Rs.62----120
- 26) Nursing Tutor (Grade-I) in the Medical Department Rs.180-300
- 27) Mission Trained Nurses in the Andhra Nursing Service. Rs. 50-2-64-3-85
- 28) Clinical and Non-clinical Lecturers. Rs.250-500
- 29) Pharmacist (item 35 page 171 of the Report (in the grade of Rs.125-175). Rs. 120-5-150-7½-210-10-250
- 30) Health Sub.Inspectors in Telengana area and Vaccinators (Agency) and the Health Assistants in Andhra area (items 49 and 50 on page 181 of the Report) Rs. 50-3-92-4-100
- 31) Junior Engineers, F.W.D. Rs.200-10-300
- 32) Radio Assistant Engineers (item 1 on page 200 of the Report) Rs.250-10-300-20-500
- 33) Radio Supervisors with Diploma qualifications (items 4 and 5 on page 200 of the Report) ( Certificate holders will continue to be in the grade of Rs.100-200 recommended by the Pay Committee). Rs, 120--- 250
- 34) Veterinary Assistant Surgeons. (item 1 on page 162 of the report). (Both for Diploma and Degree holders). Rs. 180---350

- 35) Veterinary Assistants and live-stock Inspectors. (item 6 and 7 on page 162 of the Report) } } Rs. 90-4-110-5-150-72-180
- 36) Marketing Assistant (item 52 on page 156 of the report) of the Agriculture Department. } } Rs. 150---300
- 37) Tracers (item 70 on page 156 of the Report) and Surveyors in Agriculture Department (item 90 on page 152 of the Report) } } Rs. 50---100 if Matriculates, other Rs. 50---85
- 38) Attenders (item III on page 161 of the Report). } }  
 Laboratory Attenders (48) } } Rs. 30-1-50  
 Attenders, (14) } } Rs. 30-1-45
- 39) Special posts of the Education Department.
- i) Statistical Officer } }  
 ii) Special Officer for Basic education } }  
 iii) Hindi-Education Officer } }  
 iv) Special Officer for Nationalisation of Text Books. } }  
 v) Senior Officer, Peria-Fabetic Scheme } }  
 vi) Assistant Secretary for Text Book } }  
 vii) Special Officer for Implementation of Three Year Degree Course. } } Rs. 250---500.  
 viii) Assistant Commissioner for Government Examinations. } }  
 iv) Gazetted Assistant Office of the C.G.E. } }  
 x) Counsellors State Bureau of Educational & Vocational Guidance. } }  
 xi) Joint District Educational Officers. } }
- 40) 1st Grade Telugu Pandits -(item 32 on page 209 of the Report) } } Rs. 90---200
- 41) Manager, Office of the Director of Stationery Department (item 2 on page 228 of the report) } } Rs. 150---300
- 42) The Upper Division Auditors of the Local Fund Audit Department will remain in their Existing scale of Rs.80---125.
- 43) The revised scales of pay of the staff of the Hyderabad Water Works, Public Works Workshop, Hyderabad, Jubilee Hall, and the Government Guest Houses at New Delhi, Bombay and Kurnool are given the scales applicable to similar categories of employees in other Departments.

COMPENSATORY ALLOWANCES.

Government are of the view that there is no sufficient reason for differentiating between Hyderabad City and other large comparable cities in the State where the cost of living is higher than elsewhere. In lieu of the existing City and House Rent Allowances applicable to Hyderabad and other cities and towns in the State, they have decided that the following compensatory allowances shall be admissible to all cities which, at the last census, had a population of one lakh and above, and such other towns as may be prescribed for the purpose from time to time.

. . . . Contd.

<u>Pay range</u>	<u>rate of allowance</u>
Rs- 1 to 49	Rs. 4/-
Rs.50 to 100	Rs.8/-
and Rs.101 to 200	Rs.10/-

with marginal adjustments upto Rs.210/-. This allowance will not be admissible to those who are provided with free quarters. Those provided with Government quarters at concessional rates of rent will draw the allowance at only half the above rates.

#### TEACHERS

The ad hoc increase of Rs.5/- allowed to teachers in 1958 will now be merged with their basic pay in the course of re-fixation of pay in the revised scales and they will be eligible to compensatory allowance mentioned above. The allowance will, however, be continued as such to teachers eligible to it who prefer to opt for the old scales of pay.

#### DEARNESS ALLOWANCE.

<sup>was</sup> The rate of D.A.recommended by the Pay Committee in the pay range of Rs.60/- to Rs.149/-/ It has been represented that this range, which covers Rs.35. a large number of employees, is too wide and needs revision. Government have decided that the following rates of D.A. should be fixed for the pay range as follows:-

Rs 60 to Rs.99	..	Rs.26/-
Rs.100 to 149	..	Rs.28/-

The other rates of dearness allowance recommended by the Pay Committee will remain unchanged except that the ceiling of Rs.75/- fixed by the Pay Committee for pay scales of Rs.500/- and over will be removed and the rates previously admissible will be restored.

#### HIGHER STARTS

Various representations have been made that higher starts should be made available for various categories of posts either on account of extra qualifications or employment risks and so forth. Government have decided that the following higher starts and allowances should be sanctioned. These also include such higher starts as have already been recommended by the Pay Committee.

(i) The allowance paid to Motor Drivers serving under the Ministers has been raised from Rs.15 to Rs.25 per mensem.

(ii) The allowances of Rs.4 now paid to peons and Rs.5 to Jamedars working under the Ministers have been raised to Rs.6 and Rs.7 respectively.

(iii) Graduates and persons with higher qualifications appointed as Lower Division Clerks or Typists will start at Rs.62/- in the grade of Rs.50-120 and holders of recognised certificates or Diploma in Commerce at Rs.56 in that grade. The initial pay of Graduates already in service and drawing less than Rs.62 will also be fixed at Rs.62/-.

(iv) Stenographers possessing the certificate of Lower Shorthand examination will draw a shorthand special pay of Rs.15 per mensem and persons who have passed the shorthand examination in the Higher Grade will draw a special pay of Rs.25 per mensem.

(v) Medical Graduates with B.M. qualification will start at the stage of Rs.300/- in the scale of Rs.250-500.

(vi) Resident Medical Officers in hospitals, non-clinical tutors and Public Health Officers who are debarred from private practice, will draw a non-private practice allowance of Rs.75 per mensem. Assistant Surgeons in charge of Primary Health Centres will draw non-private practice allowance of Rs.100

per mensem.

(vii) Student Nurses undergoing training will draw a stipend Rs.75 in the first year, Rs.75 in the second year and Rs.80 in the third and fourth years of training without any allowance such as Dearness Allowance, Ration allowance, Dhobi allowance, etc.

(viii) Radiographers in the Medical Department will draw a risk allowance of Rs.25 per mensem instead of Rs.15.

(ix) D.C.E., D.M.E., or D.E.E. Diploma-holders in P.W.D. will start at the stage of Rs.140/-. Similarly, persons possessing B.E.E., B.S.E. or L.P.E. qualifications appointed as overseers in the grade of Rs.120-150 will start at Rs.117 in that grade.

(x) Degree-holders - B.E. (tele-Communications) or B.Sc. (Wireless) of the State Broadcasting Department appointed as Radio Supervisors will start at Rs.150 in the grade of Rs.120-250.

(xi) Accountants in the Police Department will start at the stage of Rs.110 in the revised grade of Rs.90-180.

#### WEIGHTAGE

The Pay Committee had recommended that an increment in the revised scale should be given for all those with service of more than 5 years in the grade and two increments for those with service of more than 10 years. On a reconsideration, Government have decided that weightage of one increment shall be given for service upto five years, two increments for service between 5 and ten years and three increments for service over ten years in an employee's present grade, subject, however, to the condition, that he has put in a minimum total service of at least two years altogether in any grade upto 1.11.1958 or the date on which he enters the revised scale, as the case may be, according to his option in regard to the new scales.

Where the weightage, as calculated above, exceeds the total pay beyond the maximum of the new scale, the difference between the maximum and the pay so fixed shall be treated as personal pay. An employee will be allowed the benefit of F.R.23 to come into the revised grade from the date on which he earns his next increment in the old scale.

#### OPTION

Employees are given a period of two months up to the 31st of August 1959, for the exercise of option either to the new or old scales. This option will be given to all employees, including temporary emergency employees and also to reverted probationers.

Those who opt for the existing scales will continue to draw House Rent Allowance and Dearness Allowance at the existing rates, provided the sanction for the continuance exists.

The revised scales and allowances as well as options and fixation of pay will also apply to teachers of aided schools and schools administered by District Boards, but not to employees of local bodies other than school teachers, whose case is separately under consideration, nor to work-charged establishments nor establishments chargeable to contingencies.

The revised scales will take effect from 1-11-1958.

These changes are expected to cost the Government a sum of Rs. one crore approximately per annum immediately in excess of the financial effects of the recommendations of the Pay Committee which are estimated at Rs.2.65 Crores to start with and Rs.4.50 Crores eventually.

As illustrations of the increase which will accrue as a result of the present decisions of the Government, the following may be mentioned.

The total emoluments of a peon with just over 50 years of service will go up from Rs. 54 to 61 per mensem in the City and from Rs. 48 to 57 p.m. in some of the mofussil towns. Similar figures for a Lower Divisional Clerk over two years service are from Rs. 92 to 98 and from Rs. 86 to 90 p.m. Graduates appointed as L.D.Cs. will get an additional benefit of Rs. 5 to 10. In the case of an upper division clerk, the increase would be from Rs. 131 to 156 in the Secretariat and Rs. 125 to 138 p.m. in the Directorates, and in the mofussil offices from Rs. 119 to 138. The differences are larger for those with over 5 years service.

Government would recapitulate that these present increases are in addition to various increases given to N.G.Os. and other employees of Government before the appointment of the Pay Committee which involve an additional cost of over Rs. 2.5 Crores per annum to the Government. They hope, therefore, that the present orders will be received with satisfaction.

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#### EMPLOYEES' ASSOCIATIONS' STATEMENT

(The following resolution was adopted by a joint meeting of the Employees' Associations held on 28.6.1959)

This joint meeting of the Executive of the A.P.N.G.O's Association, the Government Teachers Union, A.P. Secretariat Association, the A.P. Elementary Teachers Union and the All A.P. Class IV Employees Association, after a careful review of the position that has emerged from the Government's decisions on the Cabinet Sub-Committee's recommendations feels constrained to express its deep-felt disappointment and regret that the Government's decisions have far from removing the numerous anomalies inherent in the Pay Committee's recommendations, brought forth in their wake the most inequitable and uneven benefits to the various sections of the low paid employees. The following are but the most important among them:

1. The re-grouping of scales as demanded by Government Teachers Union has been left completely untouched.
2. Peons, L.D.Cs., U.D.Cs., Typists and Stenographers, Primary School Headmasters and several other categories have not been afforded the relief deserved, and practically there has been no improvement in the benefits to be derived by them when compared to the recommendations of the Pay Committee.
3. The financial commitments owing to the Government's decisions on the Cabinet Sub-Committee's recommendations are again not entirely correct, as in the case of the estimates of the Pay Committee.

In spite of the treatment, which is certainly less than just, meted out to this chronic problem by the Government's decisions, the noble sentiments expressed by the Chief Minister at the time of announcing the Government's decisions, have weighed with us to pause and follow our most earnest and serious consideration in deciding the future course to achieve our rightful due. This Joint Meeting has sufficient reasons to believe firmly that by some adjustments in the decisions taken will really help to afford satisfaction to all the sections of the employees and we hope the Government in justification of their noble gesture will give their earnest attention to the minimum changes necessary.

This meeting hereby resolves to authorise the joint council of action to set up a Negotiating Committee to meet the Government in the matter and in the event of their efforts not bearing fruit, to go ahead with the action programme contemplated. ....

A NOTE ON STATUS DISCRIMINATION

AGAINST THE A.I.T.U.C.

The discriminatory policy of the Government of India against the AITUC and its unions has been the subject matter of discussion in our Working Committee, General Council and the General Session and we have lodged several protests on this account. On the grant of passports to AITUC delegates to participate in international conferences down to the most ordinary question of registering a trade union sponsored by persons sympathetic to the AITUC, the participation of the Government in favour of the INTUC and its anxiety to crush the AITUC by means fair or foul, this policy of the Government is very much evident.

To cite more recent instances:

1. Ever since the inception of the Employees State Insurance Corporation (ESIC), the AITUC has been a member of the Corporation but when it comes to election of the Standing Committee, all through the years, the AITUC has been deliberately kept out. At the last meeting of the ESIC, our representative, Com. Kolhatkar, walked out of the meeting as a protest against this discrimination. After this walk out, the authorities agreed to "invite" the AITUC representative to every meeting of the Standing Committee - but formally we have no place on the Standing Committee as yet.
2. The National Productivity Council sponsors a great many delegations to study productivity techniques abroad and trade union representatives are also nominated on the delegation. The AITUC has sent so far four nominations, and recently the Council condescended to consider one for the Productivity Team on Building Construction - the nomination of Com. M.N. Manna. However, shortly after the nomination was accepted unanimously by the Council, the Secretary of the NPC wrote to the AITUC that the Technical Co-operation Mission of the USA which provides the funds for the productivity team for its tour abroad has vetoed the inclusion of Com. Manna in the delegation. At this shameful interference of the TOM in the matter of selection of delegation of a national organisation and the equally shameful attitude of the NPC authorities in succumbing to such blackmail on the part of the TOM, our representative on the Governing Body of the NPC had to walk out of the recent meeting of the Governing Body.
3. In the matter of passports for AITUC delegations, the situation is extremely deplorable. Strange reasons are now being adduced for denial of passports. For instance, in the case of the International Conference of Miners held in Poland in July, Com. Kalyan Roy, General Secretary of the Indian Mine Workers Federation was denied passport on the ground that the "invitation" to participate in the conference did not come "through the Ministry of External Affairs." It is common knowledge that hardly few invitations are "routed" through the Government's External Affairs Ministry, in order that passports may be granted to the invitees. Not, more than anything else, such a demand for "routing" the invitations is a downright interference in the rights of trade unions in this country to have international affiliation of its choice and once affiliated, to exercise their right to send their delegations to participate in the conferences of the international body. From the mere fact that INTUC leaders readily get their passports and participate in international gatherings, it is crystal clear that the demand for "routing the invitation is only meant for the AITUC.
4. The much-publicised 'implementation committees' which are supposed to be forums for bringing about amicable settlements of disputes have become another scandalous instance of how the policy of discrimination against the AITUC is continued by the Government. For instance, in the case of the



State Committee of the AITUC has no representative on the SWI Committee. In other centres, it has been found that the weightage given to the INTUC is much more and in addition to the representation given to the INTUC as the national TU centre, its affiliates in the State are given representation on the Committee separately. This practice automatically puts the AITUC to a disadvantage vis-a-vis the INTUC in such tripartite committees.

5. The discrimination against the AITUC and the patronage of the INTUC was clear in the Government's nomination of the workers' group in the Indian delegation to the ILO this year too. While at the 10th Indian Labour Conference, a revised procedure for verification was adopted for determining the representative character of the national TU centres, the Government of India without waiting for the findings of this verification, nominated the INTUC to the Workers' Group of the Indian Delegation. This, the Government did, when the AITUC claimed a larger membership than the INTUC in the returns submitted for the period ending 31.3.48.

6. The most heinous method of discrimination against the AITUC - the one that cuts at the root of the fundamental right to organise workers in trade unions - is the practice of outright denial of registration to trade unions sponsored by persons sympathetic to the AITUC or unions affiliated to the AITUC. This practice is mostly in Bihar. Unions commanding the support of thousands of workers as in the iron and steel, and unions which have been in active existence for over five years have been refused registration and these unions had to move the High Court through writ petitions. In the case of the A.C.C. Bajanka Unions - Mazdoor Union, Chaibasa, Jharkhand, after a writ of mandamus was issued, the union was told that the Registrar cannot register the union. No reasons were given for this refusal. A few of the unions which have not yet got registration for over two years now in Bihar are: (1) United Mineral Workers Union, Jharkhand, (2) Subhakar Copper Workers Union, Chatshila, (3) Bihar Bridge Railway Mazdoor Union, Sasaram, (4) Dhanbad District Firebrick and Ceramic Workers Union, Dhanbad, (5) Phulwarisharif Suti Mill Mazdoor Union, Phulwarisharif, Patna, (6) Hindusthan Vehicle Mazdoor Union, Phulwarisharif, Patna, (7) The Kuri Shop and Establishments Workers Union, Patna, (8) Patna Engineering Workers' Union, Patna.

7. In Madras, in the City transport services, ballot was held to determine the representative character of the union and the AITUC union won the ballot. The union was not however recognised on the plea that the margin of victory was not substantial and the Government stated that both the unions will be recognised. But as against this promise, what the Government did was to recognise the rival union and the recognition of the AITUC union, in spite of its having won the ballot, has been denied.

8. There are numerous instances of such discrimination, especially in the States of Bombay, Madhya Pradesh, Punjab, etc. Even in the matter of workers' education, several State Governments have been trying to exclude the AITUC from such schemes.

AITUC WORKING COMMITTEE MEETING  
(Dshl, August 2-9, 1959)

W. B. ENGLAND

DIARY

(January - June, 1959)

On January 6, all the 1300 workers of AID Ltd., Shyamanagar, W.Bengal, struck work as a protest against the management's recruiting policy. The management, later on, declared a lock-out on January 19, which was lifted only in March, thus causing a total time loss of 80,600 mandays.

241 workers in Woodbriar Estates Ltd., Devarshola (Madras State) went on strike from January 12 to 19, demanding reinstatement of two workers victimised by the management.

On January 15, 1200 workers of Simon Carves Ltd., P.O. Darzapur Steel Project, Burdwan, struck work demanding increase in wages. The strike was called off on January 31, pending adjudication. The strike caused a total time loss of 27,000 mandays.

Following a strike by 47 workers in the Nundydroon Mine (Kolar Goldfields), Mysore from January 16, demanding lay-off compensation, the management declared a lock-out from January 24, affecting 4,349 workers. The lock-out was lifted on January 27 as a result of mutual discussions. The dispute caused a time loss of approximately 30,000 mandays.

On January 22, more than 2,000 employees in 21 different hospitals in W.Bengal observed a 6-hour token strike to press for their demands of increased wages, revision of pay scales, etc. During the month, 600 workers of R.G.Kar Medical College and Hospital were also on strike.

More than 1000 workers of Balmain Cement Factory, Dalnadiapuram (Madras State) struck work from January 23. The strike was called off on January 31, on the advice of the Madras Labour Minister. The workers had demanded bonus and increase in wages. 10,200 mandays were lost due to the strike.

44,200 mandays were lost in the strike of 3,400 workers engaged in the Ganga Bridge Project, Hathidih, Jaina, which began on January 31. The workers were demanding alternate work for surplus workers after the completion of the project.

On FEBRUARY 2, 1,180 workers of Nam Sugar Co., Ltd., Rampur and 1,682 workers of Buland Sugar Co. Ltd., Rampur, struck work, demanding among others, the withdrawal of the cut in holidays which the IFTUC union had agreed to by a backdoor agreement with the employers. On February 4, the managements declared lock-out. The lock-out was lifted on February 26, but the strike continued till March. The time loss is estimated at 35,712 and 37,492 mandays respectively.

Nearly 4,500 tannery workers in Hanipit (Madras State) went on strike on February 8, in sympathy with the Union President who was convicted.

On February 27, sections of Government employees of Andhra Pradesh observed "Quit Work Day", as a protest against the Pay Committee's Report. The token strike which was called by the trade unions of the employees on the same day was called off following last-minute negotiations but some sections of the employees who did not receive information of the settlement in time observed the "Quit Work Day".

On MARCH 2, more than 1300 class III and class IV employees working in the Madhya Pradesh Government Secretariat refused to take their pay for the month of February as a protest against the indifference of the Government to their demands, which included grant of interim relief and appointment of a Pay Commission.

The Post and Telegraph employees all over India observed "Pay Strike" on Mar. 2, by refusing to accept their pay, protesting against the failure of the Government to award a second instalment of interim relief, early publication of Pay Commission's Report and withdrawal of Rules 4(a) and (b) of Service Conduct Rules.

On March 4, over 8,000 workers in 14 beedi manufacturing establishments in North Arcot Dt., Madras State struck work demanding increased wages. The strike continued for three days when it was called off on intervention of the Government.

Dock workers in Calcutta employed by the Dock Labour Board Stevedors, Shipping Companies and contractors went on a token strike for eight hours on March 5, as a protest against assumption of "special powers" by the Chairman of the Dock Labour Board.

On March 11, motor transport workers of Ajmer District in Rajasthan observed a token strike, as a protest against the ill-treatment and harassment of workers by the police and owners as well as to protest against the delay in granting increased wages, DA, etc.

1600 workers of Bhagaband colliery, Kusunda, Dhanbad, struck work on March 16, demanding that assurances should be given against deduction of tubs at the pit top. The strike was called off on March 31, when the dispute was referred to adjudication. The time-loss is estimated at 22,400 mandays.

About 3,000 domestic workers of Delhi observed a token strike on March 19, to press their demand for legislation regarding working hours, minimum wage, etc.

On March 19, more than 600 workers of Braiburu and Bichalkar mines in Barajamda, Bihar, went on strike demanding increase in wages and profit-sharing bonus, reinstatement of victimised workers, etc. The strike was called off on May 24, following a settlement.

On March 19, 472 trained and skilled technicians of Hindustan Steel, Rourkela, went on strike demanding revision of pay scales.

On March 20, 1959, over 20,000 employees of 86 municipalities throughout West Bengal observed a one-day token strike as a protest against the non-implementation of the recommendations of the Minimum Wage Advisory Committee.

On March 20, nearly 1300 workers of the Andhra Cement Company, Vijayawada, went on strike protesting against retrenchment of 314 workers. The strike was called off on April 16, when the dispute was referred to adjudication.

On March 23, workers of Kirkend Colliery and New Marine Colliery in Dhanbad Dt., Bihar, went on strike protesting against violation of statutory provisions, victimisation of workers and against victimisation of workers. The strike in New Marine colliery was called off on May 6. The strike in Kirkend colliery continued during the months of May and June.

770 workers in Venesta Ltd., Kamarhatti, W. Bengal, struck work from March 26, on the victimisation of two workers. On April 2, the management declared a lockout which continued for about a month. When the lock-out was lifted, the management agreed to make a relief payment of 50% of four weeks' basic wage and D.A.

On March 30, over 1000 workers in Sanyo Engineering works, Madras went on strike demanding bonus for 1957. The strike which was called off on April 3 was resumed for one day on April 15 and later on from April 18 onwards.

From APRIL 4 to 10, employees of Shell oil company at Ernakulam (Kerala) went on strike to press their claim for arrears of overtime dues. The strike was called off following a settlement.

969 workers of the Bank of India, Bombay, went on a token strike for 2 hours to press<sup>for</sup> their outstanding demands. Similar strikes were also resorted to on the same day by the employees of the Bank at its branches in Ahmedabad and Poona.

About 1300 workers in Century Wagon Mills, Stabed (Madras) went on strike from April 6, demanding reinstatement of 8 workers victimised by the management. The strike was called off on April 16.

2,150 workers in Mahalakshmi Mills, Bhavnagar, went on strike from April 7 to 9, demanding festival pay of 1d. to all the workers.

543 workers of Jaifatic Rayon Industries, Bombay, went on strike from April 10, demanding reinstatement of 13 discharged workers. 120 workers were arrested by the police for demonstration in front of the mill. On April 24, the management declared a lock-out.

On April 18, 160 workers in Jakkandam Sultar estate, Kattankulathur (Madras State) went on a one-day strike, protesting against introduction of contract system in field work.

Workers in Asbestos-Cement Co., Agnew, B.P., went on strike from April 18, demanding increase in O.T. rate.

313 workers in Indra Cotton Mill, Coimbatore, Madras State, went on strike from April 19, protesting against changes in working conditions. Subsequently, management declared a lock-out.

1030 workers employed by the Self-Motors and Dealers' Association, Morwa (Bombay) went on strike from April 20, demanding increase in pay and bonus for the years 1956-57 and 1957-58.

On April 21, about 3,000 workers of Chinese Tanneries, Dhapa and Tangara, Calcutta, struck work over non-implementation of minimum wages. The strike terminated on April 28, through direct negotiations.

650 workers of the National Chemical Industries, Bombay, went on strike from April 24, protesting against changes made by the management in the wage-structure and retrenchment of over 20 workers. The strike was called off on June 10, following mediation by the President of the AIUC, but since the management went back on its assurances, the workers resumed strike from June 20. On June 26, the management declared a lock-out.

700 employees of Express Newspapers (P) Ltd., Madras, went on strike from April 27, protesting against transfer of printing and publication of the Daily "Andhra Prabha" from Madras to Vijayawada and move to shift machinery. The management declared a lock-out the same day.

On April 30, about 90,000 teachers in W.Bengal went on a one-day token strike, in response to the call by the Education Movement Coordination Committee. The strike was to press the demand for wage increase and improvement in service conditions.

On MAY 2, 800 workers of the Hindustan Lubricants Private Ltd., Bombay, went on strike demanding reinstatement of two workers who were Strike Committee members. The strike prolonged and was on in June and July.

On May 18, 1959, 22,000 workers were locked out in the four textile mills run by the Harveys at Mahabal, Tuticorin and Vikramasinghapuram in Madras State, when the workers refused to accept the arbitrarily increased work-loads. The lock-out was lifted on July 21, following a settlement.

On JUNE 4, nearly 3000 clerks working in the Bombay Municipal Corporation went on strike demanding higher wages, housing facilities, etc. The strike was called off on June 9, following a settlement.

From June 7 to 19, workers of 101 textile mills, Jodhpur, went on strike to press for their outstanding demands.

On June 14, 2500 workers in the rubber Template Company, Jamshedpur, went on a token strike protesting against the management's attitude of not paying any heed to workers' demands.

From June 20 onwards, over a thousand workers of the Machinery Manufacturers Corporation Ltd., Calcutta, went on strike demanding reinstatement of 249 retrenched workers. The factory was closed by the management, since then.

Employees of the National and Grindlays Bank Ltd., at its offices throughout India went on strike protesting against dismissal of six employees. The strike continued till July 20, when the union and the management agreed to mediation.

On June 26 and 27, the bank employees in Delhi went on a sympathetic token strike for 2 hours on each day. Similar token stoppages were also organised by the bank employees' trade unions in Calcutta and other centres.

On June 25, over a million workers in W.BENGA observed a GENERAL STRIKE in response to the call given by the Famine Resistance Committee and the Trade Union Action Committee. The general strike was called to protest against the food policy of the Government which landed the people of W.Bengal to near-famine conditions.

PWD Workers in Dabri-on-Sone (Uttar) went on strike from June 29, to press for their outstanding demands relative to service conditions. The strike was called off on July 2, following a settlement.

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(NOTE: The Strike Diary does not claim to be a complete account of all actions during the period Jan-June, 1959. It would be helpful if additions or corrections are suggested for inclusion in the Diary.)

ALL INDIA CONSUMER PRICE INDEX      413

Year	<u>GENERAL INDEX</u>		<u>FOOD &amp; DR.</u>
	1949 base	1954 base	1949 base
1950	101	134	101
1951	105	144	101
1952	103	141	102
1953	100	141	103
1954	101	138	101
1955	96	132	96
1956	103	134	105
1957	111	137	112
1958	116	137	118
1959			
Jan.	117	134	119
Feb.	112	133	106
March	117	131	114
April	117	133	119

RICE WORKING COMMITTEE MEETING  
(Delhi August 8-9, 1959)

RISE IN PRICES OF WOODGRAINS

(The following statement was laid on the Table of the House in the Lok Sabha by the Union Food Minister on August 4, 1959)

RICE PRICES

(Prices in Rs. per Maund)

STATE/CENTRE	VARIETY	AS ON 1.4.59	AS ON 29.7.59
<u>ANDHRA PRADESH</u>			
Kakinada	Akkulu	18.75	21.50
Nellore	Ist Sort	20.75	23.50
Mizamabad	Akkulu	17.31	20.91
Vijayawada	II Sort	18.50	21.08
<u>A S S A M</u>			
Haikandi	Sali	19.25	25.00
Tehu	Coarse	18.50	19.00
<u>B O M B A Y</u>			
Chiplun,	Coarse	24.00	30.00
Kalyan	Inferior	22.00	27.00 (27.7.59)
Nagpur	Gurmatia	23.00	27.00
<u>B I H A R</u>			
Dumka	Coarse	21.00	22.50
Gaya	Common	19.00	21.87
Jayanagar	Coarse	19.75	22.00
Ranchi	Coarse	19.88	23.50
<u>K E R A L A</u>			
Kozhikode	II Sort	18.50	24.50
Trivandrum	Pasanki	20.82	23.07
<u>MADHYA PRADESH</u>			
Kotma	Gurmatia	14.50	13.50 (coarse)
Akaltara	Coarse	14.50	14.62
Raipur	Coarse	14.50	16.00
<u>M A D R A S</u>			
Kumbakonam	Kurvai	17.00	22.87 (Katthai Samba)
Tirunelveli	Anakomani	20.77	19.77
Tiruchirapalli	Katthai Samba	19.07	23.00
<u>M Y S O R E</u>			
Nandgarh	Inferior	16.00	18.00
<u>O R I S S A</u>			
Jaipur	Rasu	14.33	14.75
Cuttack	Coarse	12.19	15.12
<u>P U N J A B</u>			
Amritsar	Coarse	23.00	26.00
<u>UTTAR PRADESH</u>			
Nowgarh	III Sela	17.00	17.50 R
Gorakhpur	IV Sort	21.25	22.00 R
Etawah	Safed Sela	21.12	23.25 R
Bahraich	III Arwa	19.50	25.00 R
D E L H I	Punjab Sela	25.00	27.50

WHEAT PRICES

(Rs. Per Maund.)

States/Centre	Variety	1.4.1959	29.7.1959
<u>B I H A R</u>			
Khagalia	white	22.30	19.00
Patna	white	24.00	21.00
<u>B O M B A Y</u>			
Bombay	Nasik Yellow	22.77	23.88
Dhandika	Red	18.00	19.00
Rajkot	Red	19.74	21.50
<u>MADHYA PRADESH</u>			
Sagar	Pissi	14.37	14.75
Rewa	Ordinary	15.00	14.56
Hoshangabad	White	15.00	15.50
Bhopal	White	15.00	15.25
<u>P U N J A B</u>			
Abohar	Dara	11.02	14.19
Moga	591	13.25	15.25
Barnala	FAQ	20.50	14.75
Karnal	Dara	20.42	13.00
<u>RAJASTHAN</u>			
Ganganagar	Dara	24.00	14.75
Kotah	Red	16.50	16.50
<u>UTTAR PRADESH</u>			
Hapur	FAQ	22.00	19.00 R
Bahraich	FAQ	20.00	18.50 R
Chandausi	Sarbati	19.00	17.57 R
DELHI	Dara	17.50	14.50

R. Transaction of less than 10 maunds.

NOTE: The Food Minister has entered the State of W.Bengal in the above Statement. As is well-known, prices of foodgrains in W.Bengal have shot up very sharply during this period.



INDUSTRIAL DISPUTES

Year	No. of disputes	No. of Workers involved	No. of Man-days lost
1954	1,166	5,27,767	56,97,848
1955	1,203	7,15,130	69,92,040
1956	1,248	6,40,871	49,82,229
1957	1,630	8,59,371	64,29,319
1958	1,248	9,28,566	77,97,585
1959 Jan.	160	62,147	3,19,885
Feb.	128	39,850	2,91,294
March	134	55,078	2,79,346
April	143	34,365	3,21,261

EMPLOYMENT IN COTTON MILL INDUSTRY

Year	Total No. of Workers on Roll	Average No. of Workers Employed daily	No. of Mills remained closed	No. of mills worked one shift only	Total number of mills
1954	7,97,483	7,41,169	25	27	392
1955	8,55,726	7,52,644	26	34	399
1956	9,32,873	8,06,721	21	21	405
1957	9,43,417	8,18,948	21	22	487
1958	9,00,166	7,67,150	41	33	441
1959 Jan.	8,85,958	7,59,804	46	21	481
Feb.	8,83,823	7,66,470	47	24	482
March	8,90,113	7,62,083	43	24	483

No. of mills remained closed during March 1959 according to States is as follows: Andhra 2, Bihar 1, Bombay 16, Madhya Pradesh 1, Madras 4, Mysore 3, Orissa 2, Punjab 1, Rajasthan 4, Uttar Pradesh 7, West Bengal 2.

TEXTILE SECTOR

General Minister's Statement in Parliament

The following statement was made in the Chamber of the House on August 3, by Shri Nityanand Kanungo, Minister of Commerce, in reply to a question by Shri S.M.Banerjee, Shri Nagabhai Wasthi, Shri Hari Raddi and others in the Lok Sabha:

(a) Figures regarding closures of cotton textile mills are available upto 30.6.1959. As on that date, 33 mills are closed down completely. State-wise distribution of the same is as follows:

Andhra Pradesh	1
Bihar	1
Bombay	15
Kerala	-
Madhya Pradesh	1
Madras	5
Orissa	2
Mysore	3
Punjab	-
Rajasthan	4
Uttar Pradesh	5
West Bengal	1
Delhi	1
Pondicherry	-
Total	39

There are 33 mills working partially as on June 30, 1959 -- 23 in Bombay, 3 in West Bengal, 2 each in Madras and Pondicherry and 1 each in Mysore, Kerala and Uttar Pradesh.

(b) 3 mills which remained totally closed at the commencement of 1959 have reopened subsequently. The mills are:

1. Aurangabad Cotton Mills, Aurangabad
2. Pollachi Bagyalakshmi (re-named as Kwality Textiles), Pollachi
3. John Princess of Wales Spinning Mill No.4, Agra

- Under Section 18-A of the Industries (Development & Regulation) Act, 1951, Government have recently taken over M/s. Attraction West Mills, Kampur and M/s. Model Mills, Nagpur.

- As a result of the closure of 8 mills in 1959, the estimated monthly loss is 4,382 bales of cloth and 11,495 bales of yarn.

EMPLOYMENT REGISTRATIONS AND BUSINESS

Year	No. of registrations during the period	No. of applicants placed in employment	No. of applicants on the live registers at the end of the period
1954	14,65,497	1,12,451	6,09,780
1955	15,84,024	1,59,735	6,91,958
1956	16,69,895	1,85,855	7,58,503
1957	17,74,668	1,92,832	9,22,999
1958	22,03,388	2,13,320	11,83,299
1959			
Jan.	1,87,924	19,355	11,95,926
Feb.	1,73,513	19,966	12,10,523
March	1,63,386	17,860	12,17,580
April	1,94,390	22,575	12,30,988

Occupational distribution of applicants on live registers in April 1959 is as follows:

Industrial Supervisory services	-	9,178
Skilled & Semi-skilled services	-	96,660
Clerical Services	-	3,14,829
Educational Services	-	55,660
Domestic Services	-	49,382
Unskilled Services	-	6,52,971
Others	-	58,308

INDEX NUMBERS OF INDUSTRIAL PRODUCTION

Item	(1951 = 100)							1959	
	1952	1953	1954	1955	1956	1957	1958	Jan.	Feb.
1. General Index	103.6	105.8	117.9	122.4	132.6	137.3	139.4	155.0	-
2. Coal	105.6	104.8	107.2	111.4	114.9	126.8	132.1	142.9	137.8
3. Iron Ore	106.3	99.9	107.8	116.7	116.1	126.3	156.3	196.7	194.2
4. Sugar	134.0	115.8	97.4	143.0	166.5	185.5	175.5	478.6	442.6
5. Tea	98.6	96.7	102.0	106.2	106.0	106.9	112.0	19.7	17.0
6. Vegetable oil products	110.7	111.2	133.9	151.3	148.3	174.9	171.3	173.5	171.6
7. Cigarettes	102.3	109.1	118.9	111.9	117.5	115.5	108.9	114.8	104.7
8. Cotton Textiles (Cloth)	102.0	109.5	109.5	109.2	115.2	109.7	131.8	106.3	96.7
9. Jute Textiles	107.6	101.1	107.3	114.9	127.3	120.5	123.9	129.3	119.7
10. Matches	107.1	106.9	111.9	106.6	106.6	103.1	106.3	98.5	106.8
11. Soap	103.5	98.5	105.5	118.7	132.1	133.8	147.2	131.8	-
12. Cement	110.7	118.3	177.6	140.4	154.3	175.3	189.9	187.6	183.8
13. Iron & Steel	102.2	95.7	113.2	113.3	119.4	119.3	119.2	129.9	135.1
14. Non-ferrous Metals	80.7	85.2	106.5	123.7	124.7	152.7	165.4	161.2	-

(Source: RESERVE BANK BULLETIN, June 59)

NATIONAL INCOME (1948-49 - 1957-58)

Year	In Constant Prices (Factor Incomes)			(In Rs. 100 Crores)	
	Net Output of Govt. Administration***	Net output of Govt. Enterprises	Net Output of private Sector	Net earned Income from abroad	NET NATIONAL PRODUCT
1948-49	4.0	2.4	80.3	-0.2	86.5
1949-50	4.1	2.7	83.5	-0.2	90.1
1950-51	4.3	2.9	88.3	-0.2	95.3
1951-52	4.5	3.2	92.2	-0.2	99.7
1952-53	4.6	3.1	90.6	-0.1	98.2
1953-54	4.9	3.2	96.7	-	104.8
1954-55	5.2	3.6	87.3	-	96.1
1955-56	5.7	4.2	89.9	0.2	99.8
1956-57	6.1	4.8	102.1	-	113.1
1957-58 <sup>b</sup>	6.6	5.4	107.0	-	119.0

\*\*\*Includes Central, State and Local Governments

<sup>b</sup> Preliminary