

*Rural*

INTERNATIONAL LABOUR OFFICE  
INDIA BRANCH

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From: The Director of the New Delhi Office.

To: The Director-General, I.L.O., Geneva.  
(Rural and Indigenous Workers' Division)

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As desired in your minute C 33-2-236(A) dated 19 January 1961, I have sent you today by surface mail Volume I and Volume II of the following Report:

REPORT OF THE WORKING GROUP ON  
CO-OPERATIVE FARMING: Ministry  
of Community Development and  
Co-operation (Department of Co-  
operation) Government of India,  
1959.



for Director

CS.

FILE COPY

ZA/JB

C 33-2-236(A)



From: The Director-General, GENEVA.

To: The Director of the Branch Office in NEW DELHI.

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I should appreciate obtaining a copy of the Report of the Working Group on Co-operative Farming, mentioned on page 93 of the I.L.O. India Branch Office Report for February 1960.

For the Director-General:

Mukdim Osmay,  
Chief of the Rural and  
Indigenous Workers Division.

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INTERNATIONAL LABOUR OFFICE  
INDIA BRANCH

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| I.L.O. REPORT |
| 24 MARCH 1960 |
| 68633-2-236   |
| With:         |
| on;           |

Industrial and Labour Developments in February 1960.

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

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## CHAPTER 1. INTERNATIONAL LABOUR ORGANISATION.

INDIA - FEBRUARY 1960.

### 11. Political Situation and Administrative Action.

#### President Inaugurates Budget Session of Parliament: Objectives of Third Plan Outlined.

Inaugurating the Budget Session of the Parliament on 8 February 1960, the President, Dr. Rajendra Prasad said that the objective of the third Five Year Plan "is to seek almost to double the national income, taking 1950-51 as the basic level, and to pay much greater attention to agricultural production and to our food requirements, to heavy machine building and to the development of basic resources such as steel, fuel and power, small-scale and rural industries, the speedier and healthy development of the rural economy, and the healthy relationship between rural areas and industrial centres are among the main aims of the Plan."

The third Five Year Plan represented a critical period in national development. It aimed at making the economy more self-reliant and capable of increasing and generating resources for its further and larger development. It called for sustained efforts and endurance of the people. Thus, the third Plan will keep well in view, both its own developmental aspects ~~and the~~ as well as the requirements and the perspective of the fourth Plan to follow.

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"The country's foreign exchange position while it shows no deterioration, remains more or less unchanged. My Government, therefore, pursue a policy to create a more favourable balance of trade and to earn more foreign exchange by strict control over imports and efforts to increase exports. It will be the endeavour of my Government to conserve our foreign resources and add to the volume of our invisible exports in which there still exists unutilised a vast and increasing field."

"The three steel plants at Rourkela, Bhilai and Durgapur have gone into production in 1959. There has been a 50 per cent increase in the production of pig iron and a somewhat lower, though considerable, increase in the output of steel. My Government have already sanctioned a number of machine building and other projects for the third Five Year Plan. These include the doubling of the heavy machinery project at Ranchi and the steel production at Bhilai, the expansion of the heavy electrical project at Bhopal, a number of new projects for power, fertilizer plants and heavy machine tools.

"The chemical industry has also witnessed appreciable advance. An intermediates plant to provide the basic raw materials for the manufacture of dye stuffs, drugs, explosives and plastics is being established.

"The endeavours of our Railway organisation to attain self-sufficiency in regard to essential equipment have enabled it not only to meet all the requirements of steam locomotives, coaches, wagons, signalling and lighting equipment, but also to yield a surplus for export.

"Mining activities in the public sector have increased considerably. The Geological Survey of India has been expanded to undertake search and intensive investigation in virgin areas in minerals essential to our expanding economy."

The President, in his address, also mentioned the steps taken and progress made in the search for and discovery of oil in different parts of the country.

Industrial Relations- Speaking of industrial relations the President said: "The Code of Discipline evolved in 1958 has improved the climate of industrial relations in the country and created more favourable conditions for the maintenance of industrial peace and increase of efficiency. Compared to the previous year, there has been an appreciable reduction in the loss of man-days of work in 1959.

"The Employees State Insurance Scheme has been extended to further areas and now covers about 1.45 million factory workers, while medical care under the scheme has been extended to about 1.2 million members of the workers' families."

(The Statesman , 9 February 1960).

Congress-PSP Coalition in Kerala on the basis of  
General Elections: New Cabinet Sworn in .

On the basis of the interim general elections held in Kerala in February 1960, in which the United Front, consisting of the Congress, the Praja Socialist Party and the Muslim League, won 94 seats and the Communist secured 24 seats. The formation of Congress-PSP Coalition Ministry was announced at Trivandrum on 22 February 1960 with Shri Pattom Thanu Pillai as Chief Minister. The following is an analysis of the final position in the elections:

Seats 126: Electorate 8,038,262: Votes Polled 8,193,127.

| Party                        | Seats contested. | Seats Won. | Votes polled. |
|------------------------------|------------------|------------|---------------|
| Congress                     | 80               | 63         | 2,791,294     |
| P.S.P.                       | 33               | 20         | 1,146,029     |
| Muslim League                | 12               | 11         | 399,925       |
| Communist                    | 102              | 26         | 2,975,259     |
| Com.-Sponsored Independents. | 23               | 3          | 574,877       |
| R.S.P.                       | 18               | 1          | 106,137       |
| K.S.P.                       | 14               | Nil        | 5,938         |
| Lohia Socialist              | 4                | Nil        | 21,297        |
| Jan Sangh                    | 3                | Nil        | 5,277         |
| Independents                 | 19               | 2          | 77,725        |

Simultaneously with the swearing in of the Ministers the President revoked the proclamation which had imposed President's rule in Kerala on 31 July 1959 ( vide page 1 of the report of this Office for August 1959).

Shri K.T. Achutham is in charge of the portfolios of Transport and Labour in the new cabinet.

(The Hindu Weekly, 8 February 1960;  
The Hindu, 23 February 1960 ).

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XVIIIth Session of Standing Labour Committee, New Delhi,  
5-7 January 1960.

The eighteenth session of the Standing Labour Committee was held at New Delhi from 5 to 7 January 1960, Shri Gulzari Lal Nanda, Union Minister for Labour and Employment presiding.

Agenda.- The following agenda were before the meeting:

1. Action taken on the conclusions of the 17th session of the Standing Labour Committee;
2. Proposed Legislation for setting up Wage Boards;
3. Draft Proposals on Labour Policy for inclusion in the Third Five Year Plan;
4. Amendment of Section 24(3) of the Industrial Disputes Act regarding illegal strikes and lockouts;
5. Revival of Labour Appellate Tribunal; and
6. Notice for strikes and lockouts - Amendment of Clause II(iii) of the Code of Discipline.

Memoranda prepared by the Ministry of Labour and Employment on the more important items of the agenda are briefly reviewed, below:

1) Proposed Legislation on Wage Boards.- Tripartite wage boards presided over by an independent chairman and including, besides independent members, representatives of both the employers and workers, have already been set up for cotton textiles, sugar and cement industries. Similar wage boards for some other major industries are expected to be set up in due course. The State Governments may also appoint wage boards in respect of certain industries. A recommendation was made at the 14th session of the Labour Ministers' Conference in 1957 that wage boards should be placed on a statutory footing to make their recommendations binding on the parties. Tentative proposals were accordingly drawn up for a self-contained and comprehensive legislation providing for appointment of wage boards and enforcement of their recommendations. The proposals were circulated to State Governments, and later to the all India organisations of employers and workers for their comments.

The State Governments have generally accepted the principle of placing wage boards on a statutory footing. The employers' organisations have stated that they are not in favour of statutory wage boards. They are of the view that any statutory regulation of wages would amount to a negation of the principle of collective bargaining, and that discussions before statutory wage boards will revert to the type of adjudication proceedings before tribunals set up under the Industrial Disputes Act. The employers' organisations have suggested that Government should await the final outcome of the deliberations of the three wage boards that are functioning and assess the effectiveness of this machinery for the settlement of wage disputes in a manner acceptable to the parties concerned before taking any other action.

As regards workers' organisations, a reply has been received only from the Hind Mazdoor Sabha and replies from other organisations are still awaited. The Sabha is also not in favour of any separate or elaborate legislation concerning wage boards mainly for the reasons that this will create one more forum in addition to those provided under the Industrial Disputes Act, and that it may undermine collective bargaining. The Sabha considers that instead of an elaborate piece of legislation, it would suffice if the recommendations of the wage boards were themselves given statutory status for a limited term.

Non-statutory wage boards have an advantage in as much as they permit a flexible and a comparatively friendly approach being made to the matters referred to them. Difficulty can however, arise if either of the parties fails to act on the recommendations made by the wage boards. Such a situation will result in widespread industrial disputes. In the circumstances there should either be an agreed code for implementing the recommendations of wage boards in letter as well as in spirit, or alternatively some statutory provision should be made empowering Government to enforce the recommendations. This may be done by inserting suitable provisions in the Industrial Disputes Act, 1947 or by bringing out an altogether new piece of legislation.

2) Labour policy and programmes in the Third Five Year Plan.— Labour policies and programmes in the First Five Year Plan were mainly directed towards achieving the aspirations of labour and providing concrete shape to the assurances given to them since the advent of independence. In the Second Five Year Plan, labour policies were suitably adjusted to the attainment of the new objective of establishing a socialist pattern of society. Employers and workers have, now, come to be considered as partners working together in an industrial democracy with well-defined mutual rights and responsibilities. There is also a consensus of opinion that industrial disputes act as a great damper in an economy geared to the attainment ~~disputes~~ ~~not~~ of rapid economic development and, as such, every effort has to be made not only to reduce the frequency with which



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such disputes occur, but also to resolve them through mutual agreement, collective bargaining, conciliation and voluntary arbitration rather than through wasteful processes involving a 'trial of strength'. Considerable head-way has already been made in achieving these objectives and judged by the latest trends in industrial relations, particularly since the adoption of 'Code of Discipline' which has been voluntarily accepted by the parties concerned, there is not doubt that the new labour policies have started yielding the desired results.

It is upon these firm foundations that labour policies in the Third Five Year Plan will have to be based. The guiding principles having already been laid down with the co-operation of the parties concerned, the task ahead involves reviewing the experience gained so far and plugging the loop-holes in order to make these policies even more effective. Periodic tripartite conferences have also indicated the need for increased emphasis in a number of directions. The progress made so far in implementing various labour policies and programmes and tentative suggestions for the Third Five Year Plan are discussed below.

a) Industrial Relations.— While the ultimate objective is and should be to develop collective bargaining and self-reliance amongst the parties and to reduce government interference to the minimum the fact that a strong, well-organised and responsible Trade Union Movement is still lacking in the country and that the adverse effects which unrestrained freedom to the parties to come or not to come to agreement might have on the implementation of the plan should not be lost sight of. A cautious approach in placing sole reliance on collective bargaining processes for settlement of industrial disputes, has therefore, to be followed. The present policy which allows adequate scope for the parties to come together at their own initiative for settlement of their differences and only in the event of breakdown of such joint efforts, empowers the State to maintain industrial peace through compulsory adjudication therefore needs to be continued during the Third Five Year Plan.

Recognition of trade unions is important in collective bargaining. The question of evolving an accepted procedure for recognition of trade unions has been discussed quite often. The consensus of opinion in the 15th Session of the Indian Labour Conference was that the time was not opportune to introduce an element of compulsion in this respect and that emphasis should be placed on the development of certain conventions for voluntary recognition of unions by employers.

With this end in view, the Conference approved certain criteria for voluntary recognition of unions by employers, embodied in the 'Code of Discipline', which has already been ratified by the employers' and workers' organisations. The impact of the Code is already discernible and though it is too early to evaluate its full results, the measure of success achieved so far inspires confidence in its efficiency. As these arrangements have been evolved as a result of agreement between the parties, and are not in the nature of an imposed solution, it is desirable to give them a fair trial in the Third Five Year Plan.

In regards to the question <sup>of</sup> reduction of outsiders in the executives of trade unions, emphasised in the Second Plan, the available data indicate that as compared with 1947, the proportion of outsiders is showing a decline in Assam, West Bengal, Punjab, Orissa, Kerala, Mysore and Tripura. In other States, the trend has been in the reverse direction. The data on which this assessment is made, however, are not complete. These trends were reviewed in the last Session of the Indian Labour Conference. The consensus of opinion in the Conference was that though there is a need for taking all possible measures to reduce the dependence of trade unions on outside leadership, this should not be achieved by imposing any legal obligations on trade unions. In other words, there should not be any change in the existing legal provisions. In order, however, to encourage the rank and file to handle their affairs themselves, measures suggested by the Indian Labour Conference include: (a) expansion of educational activity for the benefit of workers through award of increasing number of scholarships and a developed system of evening classes and extension courses and (b) re-examination of the existing legal provisions on the subject of victimization. These suggestions require to be implemented in the Third Five Year Plan so that the reform comes from within and not without.

An unhealthy feature of the present day trade union movement is inter-union rivalry which makes negotiations rather infructuous. This rivalry can be traced to affiliation of trade unions to various political parties. This practice of affiliation of trade unions to political parties is not something unknown in other democratic countries. There is, however, one fundamental difference that in the case of these countries, strong trade union movement has been able to exert its influence on various political parties, while in this country the trend has been in the reverse direction.

The remedy in our case evidently rests with the trade union organisations themselves. Pending proper awareness on the part of trade unions of their own interests, Government's efforts have been mainly directed towards bringing the trade unions together and making them voluntarily agree to a code of conduct to regulate their mutual behaviour. This Code has already been ratified by all the Central organisations of workers. In addition, steps have also been taken to promote workers' education programmes in order that trade union leadership may become in-built. The task ahead will therefore include utmost efforts on our part in securing faithful observance of the 'Code of Conduct' and sizeable expansion of workers' education programmes.

Continuance of adjudication.- The two main aspects of Government's approach to labour-management relations are: emphasis on collective bargaining and retention of provisions relating to compulsory adjudication with a view to enabling the government to intervene ~~with authority~~ wherever parties fail to come to an agreement. This approach has been criticised in certain quarters. It is, argued that compulsory adjudication has not only stood in the way of healthy development of collective bargaining processes but has also led to undue litigation by the parties concerned. A suggestion has therefore been made that compulsory adjudication should be taken out of the statute book. It is further argued that in case complete suspension of compulsory adjudication is not feasible at this stage, we should try such suspensions at least for a specified period either on the basis of selected industries or particular areas and see how its absence affected employer-employee relations. The view held by a large section of workers and employers however, is that neither of the alternatives will work and that Government will be taking a grave risk in divesting themselves of the authority to step in with adjudication when all other methods of settlement have failed. In the circumstances, it would be advisable that the existing arrangements should be allowed to continue to operate in the Third Five Year Plan.

One of the measures envisaged by the Industrial Disputes Act for securing and preserving good relations between employers and their workmen is establishment of Works Committees at the plant level. Studies undertaken by Government on the functioning of these committees in the public as well as private sector undertakings indicate that these committees have not been as ineffective as is generally made out. They have an important part to play in our scheme of industrial relations.

The Tripartite Committee which met recently to discuss the question has endorsed this view. The Committee has demarcated the functions of the Works Committees vis-a-vis those of trade unions and it is hoped that such demarcation will make for a healthy growth of unions and the Works Committees as well.

There has been some criticism in recent years regarding delays caused in the disposal of cases through the existing conciliation and adjudication machinery. It has been further contended on behalf of working class that the mere abolition of the Labour Appellate Tribunal and the introduction of three tier system of original tribunals has failed to contribute to speedy settlement of disputes. A number of steps have recently been taken to eliminate these delays as far as possible. Rules framed under the Industrial Disputes Act 1947 have, for instance, been suitably amended. The amended rules reduce the interval between the filing of statement and the submission of rejoinders by the opposite parties to two weeks, lay down that the date for the first hearing by a labour court or tribunal shall be within six weeks of the date of reference for adjudication and that hearing shall therefore be continued from day-to-day and that adjournments shall not be granted for more than a week at a time and more than thrice in all. Amendment of Section 29 of the Industrial Disputes Act with a view to securing speedy and effective implementation of awards by providing penalties for a continuing offence has also been taken up. As regards resort to law courts through writs and special leave to appeal, on examination it appears that these rights cannot be taken away under our Constitution. Attempts are, however, being made on a voluntary basis to ensure that appeals are filed in higher Courts only on substantial grounds. The central organisations of employers and workers have been persuaded to screen cases of industrial disputes before an appeal against tribunal's or lower court's awards is filed in higher courts. Legal possibilities of removing the present difficulties in the way of speedy disposal of industrial disputes apart, it is felt that the effective solution of this problem lies in the hands of employers and workers themselves. The Code of Discipline enjoins on the employers and workers to avoid litigation and if the parties adhere to the Code faithfully, the existing cause for complaint would be removed.

One of the causes of friction between labour and management is inadequate implementation and enforcement of labour laws, awards and agreements. There is no effective provision in the law for enforcing directions contained in various awards other than those relating to financial recoveries, re-instatement of workers etc. The only penal provision against defaulting employers in these cases is to prosecute them under the Industrial Disputes Act 1947. But this remedy has proved unavailing as the maximum punishment is only imposition of fine of 200 rupees for the first offence and 500 rupees for the ~~second~~ subsequent ones. It is evident that the existing provisions are not sufficiently deterrent on employers to ensure that they carry out directions particularly those which involve considerable expense. The Second Five Year Plan had suggested that the penalties should be made deterrent and that while the responsibility for implementation should be mainly of the employer, an appropriate tribunal should be constituted for enforcing compliance. Apart from the constitution of such courts, in pursuance of a recent tripartite recommendation, Implementation and Evaluation Committees have already been set up at the centre and in almost all the States. The cases of non-implementation of awards in industries falling under central sphere are being dealt with by the Central Committee and those relating to undertakings under States' jurisdiction are being looked into by the corresponding committees at the State level. These arrangements have already started yielding results and it is hoped that as the work of these committees develops both at the Central and the State levels, complaints of non-implementation of awards and agreements will be considerably reduced if not eliminated altogether.

Grievance procedure.- Steps have been taken by employers, in accordance with the recommendations of the tripartite labour conference, to set up a grievance machinery, where it does not exist.

Labour Participation in Management.- The schemes of workers' participation in management have been introduced in 25 selected undertakings. In view of the radical change in the outlook of the parties which the scheme demands, a certain time-lag in fuller implementation of this recommendation is inevitable. It is proposed to assess the results of the experiment in a seminar and to settle the further steps that are needed to popularise the idea in the Third Five Year Plan.

Workers' Education.- Under the Central Government's workers' education scheme, the first few batches of teacher-administrators, after the completion of their training, have already been posted to different regional centres for training worker-teachers. According to present indications, by the end of the Second Five Year Plan about 150,000 workers would have received benefits of this scheme. In view of the vital role which enlightened and responsible trade union movement can play in the implementation of our Plans, it is essential that the programme of workers' education should be considerably intensified in the Third Five Year Plan.

In view of the fact that public sector is likely to expand in future, the Second Five Year Plan emphasised that the manner in which industrial relations are regulated in public undertakings was of great consequence for the workers of such enterprises and fulfilment of the aspirations of labour. The Plan therefore, suggested that the State should endeavour to become a model employer and avoid any discriminatory treatment between public and private sector undertakings in the matter of implementation of various labour laws. Action has been taken to implement this recommendation. A Standing Committee of representatives of Ministries of Government of India have been set up to consider steps to settle disputes arising in the public sector undertaking and to advise on the desirability of resorting to adjudication under the Industrial Disputes Act. The position will continue to be reviewed in the Third Five Year Plan and steps taken from time to time in order to achieve this objective of state acting as a model employer in its relation with its employees.

b) Rationalisation.- The Government's approach to rationalisation as contained in the Plans has been one of caution for the reason that though it holds promise of increase in productivity, its immediate effects are unsettling. In industrially advanced countries with abundance of availability of technical know-how, rationalisation is perhaps more acceptable; but in an economy like ours with labour surpluses, scarcity of capital and paucity of technical know-how rationalisation becomes difficult. At the same time, the essence of development has to be increased productivity. On the balance, therefore, the need for technological change cannot be denied. The Indian Labour Conference has already evolved broad principles for this purpose. According to these principles, rationalisation programmes have to be so drawn up as not to result in unemployment of the existing labour force.

In cotton textile industry, where rationalisation has assumed greater importance, the Government has already set up a machinery for ensuring smooth change-over to new techniques. The existing policies envisaging proper balance between the need for maintaining employment at existing level on the one hand and securing higher productivity on the other without in any way jeopardizing the interests of the working class will, therefore, have to be continued in the Third Five Year Plan.

c) Wages.- In regard to wages, during the first two five year plans, emphasis has been laid on mutual agreements between the parties in the settlement of disputes. Considerable work by way of evolving general principles for the guidance of wage-fixing authorities has also been done by different agencies. Standardisation of wage structure has been secured in almost all major industries and minimum wages prescribed in many employments. Fairly satisfactory principles have also been evolved for the determination of bonus which is now regarded as an integral part of the pay-packet of workers. In ~~some~~ certain cases, wage boards have also been requested to examine the existing practice and lay down principles for the determination of bonus to be paid to workers. An appreciable upward revision of wage-structure has also been achieved in mining, plantation industry etc., either through adjudication or as a result of mutual agreements between the parties. Wage-structure in some other industries has also been subjected to considerable analysis, particularly banking and services sector. The system of payment by results, as recommended in the Plan, has also come to be introduced over a fairly wide range of economic activity. A wage census on national basis has also been conducted.

In the context of what has been stated above, it has now to be examined what further changes, if any, are required in the Third Five Year Plan. The facts do not appear to be materially different from those which had to be reckoned with when the First and Second Five Year Plans were drawn up. There is a need for securing higher real earnings for workers not only with a view to neutralizing the increase in the cost of living but also to enable them to share fully the fruits of economic development. The goal of establishing a socialist pattern of society will also lose significance if it fails to guarantee rising standards of living to workers consequent on higher productivity. At the same time, there is no denying the fact that the workingclass has to bear its part of the sacrifice needed for rapid economic development. The circumstances, therefore, demand a cautious approach in the sense that in selected industries or areas where wage levels are comparatively low, steps may have to be taken to raise wages but any increase in wages for the industrial sector as a whole will have to await surpluses in the industry which will guarantee a higher rate of development.

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In making wage adjustments, preference should continue to be shown to voluntary agreements between the parties, failing which wage boards and adjudication machinery will have to be pressed into action. The system of wage boards, as already stated, has definite advantages over the ordinary adjudication machinery. It is felt, therefore, that existing policies relating to wage boards as well as the role assigned to adjudication machinery for determining wages will have to be continued during the Third Five Year Plan. There is also a need for great efforts in the direction of making objective periodic assessment of wage trends and laying down principles which could be followed by the adjudicators and other wage fixing authorities. The extent to which labour policy succeeds in solving wage problems will also depend upon our ability to hold the price level within reasonable limits during the Third Five Year Plan.

A view has been expressed quite frequently that the Plans have failed to indicate a national wage policy. Some have gone even further and have claimed that there is no wage policy at all except what has been evolved by the adjudicators in their awards. If a national wage policy implies the laying down of a national minimum there is an obvious difficulty in laying down such a minimum. If, on the other hand, only the principles which should govern payment of wages are required, the elements of such an approach are discernible in the minimum wage legislation and even in the awards given by the adjudicators. If it is implied that emphasis is lacking in terms of proper wage differentials and standardisation of wage-structure in all its components, such complaints though well founded create difficulties in practice. A considerable measure of standardisation of wages has of course already been achieved in respect of a number of major industries. With the appointment of wage boards in different industries, such problems are once again being fully examined. In case it is meant that wage-structure is faulty in the sense that it has mainly been based on working of individual units rather than industry-wise bargaining, efforts made in securing uniform wage-structure in mining, plantations, banking, newspaper industry and the industries likely to be covered by ~~time~~ wage boards provide an adequate answer. It is at times even asserted that the integrated wage policy would be that which is linked with the level of national income rather than on the working of industry as a whole or its individual units. Those who express this view would like to see raising of workers' wages in proportion with the rise in national income during the period of each Plan. Whatever may be the merits of such an approach, it can hardly be disputed that the latter can be given some practical shape only on the basis of complete regimentation of economy envisaging control on profits, prices, cost of raw materials and so on. Obviously under democratic planning, apart from strategic controls here and there, such devices are generally ruled out. A rigid wage-structure is also likely to stand very much in the way of evolving an effective export policy which would be necessary during the Third Plan period. In the circumstances the current approach in the settlement of wage problems appears to be the most appropriate.



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Then there is the larger question of improving conditions of a large mass of unorganised labour including agricultural workers. The enactment of minimum wage legislation is generally considered as one of the major steps taken to protect the interests of such workers. A study of the actual working of the Minimum Wages Act 1947 however indicates a number of loopholes which have in several cases frustrated the intention behind this legislation. Statutory wages under the Act have been fixed for the whole state only by the State Governments of Orissa, Rajasthan, Punjab, Kerala and the Union Territories of Delhi and Tripura in respect of agricultural workers. In respect of other States, State Governments have fixed statutory wages in certain parts of their territory only. The difficulties do not end with partial coverage alone. There are a number of other shortcomings such as absence of any scientific methods evolved for the fixation of such wages, their inadequate revision in the light of changes in cost of living, frequent exemptions granted and lack of effective enforcement. There is therefore, a feeling that this legislation has largely failed to achieve the objectives for which it was enacted. The matter needs serious re-thinking. There are no doubt innumerable difficulties in the enforcement of minimum wages in agriculture; but if it is considered that the condition of agricultural workers can be improved through this legislation, serious attempts will have to be made to overcome difficulties which have been experienced in the past. It is for the State Governments to take adequate steps with a view to ensuring that during the Third Plan period, the benefits of this legislation are effectively made available to all agricultural workers.

Apart from the Minimum Wages Act and its application to agriculture, it would be advisable to deal here itself with other Plan recommendations concerning agricultural workers. One of these relates to emphasis on creation of adequate employment opportunities for such workers. Instead of recording any improvement, there appears to have been some set-back in this field during the operation of the current Plan. It is obvious, therefore, that added steps will have to be thought of in case more employment opportunities have to reach these classes. These steps will no doubt involve much more organisational effort than has been put in the Second Plan.

The next important step suggested in the Plan relates to re-settlement of such workers on land. Adequate information about the progress of such programmes is not available. On the basis of whatever data have come to our notice the pace of progress appears to have been so slow that these programmes might not have touched even the fringe of the problem. It is suggested, therefore that in addition to 'Bhoodan' promotion of rural industries etc., whose scope will have to be considerably widened, uniform legislation in all States should be enacted which may put statutory obligation on authorities to allot on a preferential basis to these families all waste fallows or any other land which may from time to time be acquired by the Government. In fact certain State Governments have already taken some such measures for allotment of government lands to agricultural workers but these steps seem to be lacking in necessary drive and authority behind them. In case these are given the legal form as suggested above it will then perhaps be possible to secure much better results in the Third Five Year Plan.

d) Social Security.- At the commencement of the Second Five Year Plan, the Employees' State Insurance Scheme had been extended to 1.09 million workers - representing nearly half of the total insurable population in the country. During the Plan, it was proposed (i) to extend the scheme to remaining coverable employees in centres where concentration of workers was over 1,500; (ii) to provide medical benefits to families of insured persons covered during the First Five Year Plan as well as those to be covered for the first time during the current Plan; (iii) to provide hospitalisation facilities to insured workers and their families by constructing separate hospitals for State Insurance dispensaries. According to the targets laid down, it was thus estimated that about 2.2 million factory employees would be covered by the end of the Second Five Year Plan. For the purpose of medical care, the total number of persons covered by the scheme was expected to be about 8.6 millions.

Judging from the overall progress made so far, it appears difficult that the targets mentioned in the preceding paragraph will be achieved by the end of the current Plan. According to information furnished by the Employees State Insurance Corporation, spill over to the Third Plan will include: (i) extension of the scheme to 600,000 employees including their families which are not likely to be covered during the current Plan; (ii) extension of the scheme to 300,000 families of insured persons in the implemented areas; and (iii) construction of hospitals and dispensaries which are not likely to be completed during the current Plan.

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A review of the tentative proposals with regard to future development of the scheme in addition to the spill over mentioned above shows that the Employees State Insurance Corporation would be in a position to undertake the following activities in the Third Five Year Plan; (i) in-patient treatment for families of insured workers - 2.4 millions; (ii) extension of the scheme to insured persons and their families in centres with coverable population ranging between 500 to 1,500 - 0.2 millions; (iii) coverage of 0.6 million insured workers and their families on account of additional employment which is likely to be generated in the organised sector in the Third Five Year Plan; and (iv) construction of hospitals and dispensaries and administrative offices of the Corporation.

In the mining industry, medical facilities are already being provided to workers employed in coalfields through Coal Mines Welfare Fund Organisation. Similar facilities are also being provided to those engaged in Mica mining. It may be possible during the remaining period of the current Plan to constitute a statutory welfare fund for manganese workers. With the help of this Fund, medical facilities will begin to be provided to such workers as well. As regards plantations, the Plantations Labour Act 1951, places statutory responsibility on employers to provide adequate medical facilities for their workers. It is evident, therefore, that since medical facilities in case of mines and plantations are already being provided to workers without the latter having to contribute anything for the provision of such services, it is unnecessary to extend the coverage of the contributory Employees' State Insurance Scheme to such workers.

A unified and integrated social security scheme, as recommended by the Study Group on Social Security, has considerable advantages from all angles. It requires to be implemented during the Third Five Year Plan subject to whatever modifications are suggested by the employers and workers organisations.

e) Industrial Housing.- A review of the difficulties encountered in the progress of industrial housing shows that, besides other factors, employers, continue to hold that provision of housing for their workers is not their responsibility. This view has been endorsed by the Supreme Court as well in one of its recent judgements. It would, therefore, appear that a major part of the responsibility in regard to housing will have to be taken up by Government - Central and State and local bodies. A major handicap has been non-availability of adequate land for the construction of houses for such workers.

In order to over-come this difficulty, it was suggested in the current Plan that the existing legislation relating to land acquisition in different States should be suitably modified with a view to eliminating, as far as possible, procedural delays in acquiring land and freezing its value at reasonable level. The information obtained from State Governments indicates that while some of them have taken necessary action, others have yet to fall in line. Apart from legislative measures, it was considered necessary that separate funds may be provided for acquisition and development of land to be made available to various constructing agencies on 'no profit no loss basis'. Although a beginning has been made in this field in the current Plan, a comprehensive scheme of this nature is called for in the Third Five Year Plan.

The housing programmes are invariably time-consuming. In the circumstances, an element of time-lag in achieving Plan targets is inevitable. The results achieved have, therefore, to be judged with a measure of understanding. In order, ~~to be judged with a measure of understanding~~ however, to avoid considerable short-falls as experienced in the past, it is necessary that long-term detailed planning should be done in this field instead of taking up ad hoc projects without sufficient advance information as has been the practice with the State Governments. This may mean evolving Master Plans for those industrial areas where the problem is particularly acute. Such an approach is also essential in case we have to avoid non-fulfilment of the targets on the one hand and non-utilisation of housing facilities which are provided under the scheme on the other. The latter element is not without substance, because of actual instances where workers on account of some reason or the other have not been coming forward to occupy the houses constructed for them.

f) Working Conditions.— Experience indicates that while large and medium-scale industries, barring few exceptions, are progressively coming up to the statutory standards laid down for this purpose, there was still a need for putting in greater effort to accelerate this process of change in respect of smaller factories. The defaulting ones under large and medium-scale industries are generally those which find themselves unable to secure land for making necessary changes in the lay-out of their plants or where amenities could not be provided without the active assistance of local bodies within whose jurisdiction these are located. In such cases, State Governments should be ready to offer whatever assistance is possible. Instances of wide-spread failure of factories to deal effectively with trade-wastes which are detrimental to the health of workers also continued to be reported. It is, therefore, evident that in the Third Five Year Plan emphasis should continue to be laid on effective enforcement in order to plug various loop-holes where these still exist and to ensure that improvements already recorded will continue to be maintained in future. In addition, the question of safety has been assuming great importance since the past few years. With rapid industrialisation, the hazards are likely to go on increasing.

Intensive study of the safety problem in different industries is therefore called for. This programme can form part of the activities of the Central Labour Institute.

As regards enactment of suitable legislation for regulating working conditions, in construction, transport and shops and commercial establishments, it appears that in the latter case most of the State Governments have already taken action by enacting suitable legislation. It is hoped, however, that other proposals which are in an advanced stage of consideration will be finalised before the beginning of the Third Five Year Plan.

Appreciable progress has already been made in the establishment of welfare centres for catering to the recreational needs of the workers outside working hours. As such activity is beneficial from the point of view of its impact on the general personality of workers, it is evident that such measures should continue to be reinforced in the Third Five Year Plan. Experience indicates that while this proposal has always found considerable support from the State Governments, there is at the same time resistance from adhering to reasonable standards in formulating their schemes. This is evident from the fact that the cost of such centres as given by different State Governments varies widely. Again, there are welfare centres which continue to be housed in rented buildings which were never designed for this purpose. During the Third Five Year Plan, emphasis needs to be given not only to augmenting such welfare facilities but also for improving the standard of the services provided.

g) Productivity.— The need for increasing productivity has been considerably emphasised in the two Plans. It was pointed out in the current Plan that the drive for increase in productivity does not necessarily involve installation of new machinery or greater exertion on the part of labour. Steps like better lay-out of plants, improvement in working conditions and training of workers could ensure increase in output without correspondingly increasing the strain on workers. It was further suggested that the principle of payment by results should be increasingly adopted as well as case studies of individual undertakings should be conducted with a view to finding out ways and means to increase productivity in industry. National Productivity Council has been set up with a view to promoting productivity in all its aspects. Similar bodies are also being set up at the State level. The National Productivity Council has already started ~~immedi~~ implementing its eight point programme for launching a productivity drive in the country such as conducting of productivity studies in selected undertakings, dissemination of information relating to productivity, promoting the setting up of Local Productivity Council, sponsoring productivity teams to advanced countries, the training of productivity personnel and inviting foreign technicians and specialists in productivity etc.

Guiding principles for launching an efficiency drive are also being formulated by a tripartite study group to serve as a basis for the productivity drive at the plant level. Obviously, these efforts will have to be considerably intensified in the Third Five Year Plan.

h) Training.- Since the beginning of the First Five Year Plan, training of craftsmen has always been assigned an important place in the development programmes sponsored by the Ministry of Labour and Employment. In the Second Five Year Plan, for instance, out of a total of 280 million rupees earmarked for labour and labour welfare schemes of the Central and State Governments, more than 180 million rupees were allocated for training programmes alone. Information relating to progress made in the implementation of training schemes indicates that seating capacity of training institutes is likely to increase from 10,500 to about 47,000 during the current Plan period.

The Advani Committee estimated the requirements of craftsmen for the Second Five Year Plan as 0.635 million rupees. Accordingly, it was suggested by them that the physical target for craftsmen training programmes of the Ministry of Labour and Employment should at least be doubled. As it was not possible to implement this suggestion within the overall provision made in the Plan, further expansion of the programme had to be deferred to the Third Five Year Plan. The tentative requirements of craftsmen for the Third Plan as estimated by the Working Group on Technical Education come to about 1.2 millions to 1.4 millions. It is therefore being proposed that the physical target for craftsmen training programme for the Third Five Year Plan should be fixed at ~~xxx~~ 100,000 additional seats above the level likely to be reached by the end of the current Plan. In case this target is implemented, it will be possible to meet the requirements of at least 390,000 craftsmen against an estimated demand for 1,200,000 to 1,400,000 craftsmen for the Third Five Year Plan. The financial and administrative implications of this programme are being worked out.

The other measures contemplated during the Third Plan include the establishment of a Central pool of equipment, to remove the difficulties of State Governments in procuring equipment for craftsmen's training schemes, assessment of existing training facilities with a view to bringing about uniformity in the various training programmes and adoption of legislation on apprenticeship in order that the apprenticeship scheme can be implemented right from the beginning of the Third Five Year Plan.

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Programmes.- The salient features of the programmes suggested for inclusion in the Third Five Year Plan are: considerable extension of craftsmen training facilities in order to ensure adequate supply of skilled man-power for the development of industries, extension of man-power and employment service scheme, sizeable expansion of programme of workers' education, extension of benefits of Employees State Insurance Scheme to the entire factory labour including their families and a few research projects in addition to completion of a number of schemes undertaken during the current Plan. The tentative proposals in the programme are briefly reviewed below:-

a) Craftsmen's Training Scheme.- The tentative requirements for craftsmen have been estimated at about 1,200,000 to 1,400,000 for the Third Five Year Plan against 635,000 estimated for the current Plan. A number of employing Ministries such as Defence, Railways and Iron and Steel have their own arrangements for training of such personnel. In the private sector also especially in medium and small-scale industries, fair proportion of craftsmen will continue to be trained according to traditional practices. In the circumstances, the programme drawn up by the Ministry of Labour and Employment envisages provision of ~~xxx~~ 100,000 additional seats. The financial implications of the scheme are being worked out. A scheme of training of rural artisans has also been accepted in principle although the decision regarding linking of this scheme with craftsmen training programme of the Directorate General of Resettlement and Employment, or its independent implementation has not yet been taken.

b) Manpower and Employment Service Scheme.- The proposals for the Third Five Year Plan envisages further extension of the current activities in relation to this subject as for instance, provision of exchanges on the basis of one exchange in each district and also making a beginning in rural areas, coverage of entire private sector as far as employment market studies are concerned, strengthening of employment counselling etc. The total outlay, as estimated for these schemes, is 18.8 million rupees.

c) Employees State Insurance Scheme.- The proposals for the Third Five Year Plan, aim at complete coverage of factory workers and their families which could not be covered during the current Plan as well as those who will be added to the working force in this sector during the Third Plan period. The emphasis has been laid not only on complete coverage of the factory workers and their families but also provision of better Benefits especially in-patient treatment to families of insured workers. The total amount needed for this programme which has to be included in the State Plans has been estimated at 44.5 million rupees.

d) Workers' Education Scheme.- In view of the importance of this programme, it is proposed to give it a high priority in the Third Five Year Plan. The proposals of the Central Board for Workers' Education, therefore, envisage considerable extension of such activities - establishment of 30 full-fledged workers' education centres of which 14 will be residential and about 720 primary centres at the unit level. The number of ordinary workers who would have the benefit of the scheme will not be less than 420,000. The overall expenditure has been estimated at 20 million rupees.

e) Establishment of Central Labour Institute and Three Regional Institutes.- The proposals for the Third Five Year Plan, therefore, include completing the balance of the building programme, if any, the purchase of necessary equipment, recruitment of staff and starting research investigations particularly on the subjects of productivity and safety in industries. It is proposed to make an overall provision of 10 million rupees for this scheme in the Third Five Year Plan.

f) Barrier Survey Scheme.- The current Plan provides 507,000 rupees for conducting a survey for determining the nature and extent of barriers between adjacent mines and on the basis of data collected, prepare plans in order to avoid accidents which have frequently occurred in the past due to inadequate barriers in mining areas. It has not been possible to make any progress in respect of this scheme due to non-availability of technical personnel required for this purpose. These difficulties are now being over-come but the entire contingent technical staff is likely to be in position only by the end of the current Plan. The scheme, will, therefore, be mainly implemented in the Third Five Year Plan. The expenditure for this scheme has been estimated at 1,035,000 rupees.

g) Survey of Labour Conditions.-In the Third Five Year Plan, the coverage of this scheme is intended to be considerably extended. The results thrown up by these surveys will prove to be of considerable assistance in formulating labour policies in future as well as in judging the extent to which labour has actually been benefited during the period of two Plans. The expenditure for this scheme has been estimated at 1 million rupees during the Third Five Year Plan.

h) Family Living Surveys and Further Operational Research and Studies.- The current surveys of family living studies scheme will be continued in the Third Five Year Plan in order to cover the remaining industrial centres as well as for compilation of reports on the basis of data collected and tabulated in the current Plan. The expenditure for this scheme has been estimated at 1.7 million rupees.



i) Agricultural Labour Survey.- The main objective of this inquiry has been to collect data on a continuing basis in order to judge the extent to which various development programmes and changes in the agrarian economy are benefiting this class of workers which forms the largest single element of our labour force and take remedial action in the light of data collected. It is, therefore, proposed to conduct a Third All India Agricultural Labour Inquiry during the next Plan. The expenditure for this scheme has been estimated at 2.10 million rupees.

j) Industrial Relations Machinery.- These schemes aim at strengthening of industrial relations machinery and training of staff in the light of changing requirements. The emphasis in the Third Five Year Plan would be on increasing training facilities in order to make governmental machinery more effective than before. The expenditure for this scheme has been estimated at 1.10 million rupees.

k) Welfare Facilities for Coal Miners.- The scheme includes establishment of a centre for training and rehabilitation of disabled workers, establishment of an artificial limb centre and training of welfare personnel. In the current Plan, it is only the training programme which has been taken up; the remaining two aspects constitute proposals for implementation in the Third Five Year Plan. As the funds for this scheme are to be provided by the Coal Mines Labour Welfare Organisation out of the cess levied under the Coal Mines Labour Welfare Act, no provision requires to be made in the Third Plan. The tentative estimates for this scheme are being worked out and the programme will be implemented in case it is approved by the Fund's Advisory Board.

l) Evaluation Studies.- The scheme aims at strengthening of the Implementation and Evaluation Machinery at the central level with a view to conducting studies concerning non-implementation of awards, agreements, labour laws and various Codes agreed to by the employers and workers' organisations. The expenditure on this scheme has been estimated at 700,000 rupees during the Third Five Year Plan.

3. Amendment of the Industrial Disputes Act, 1947.- The proposal of amending section 24(3) of the Industrial Disputes Act, 1947, so as to provide that a lockout declared in consequence of an illegal strike or a strike declared in consequence of an illegal action of the employer shall not be deemed to be illegal, was discussed at the sixteenth session of the Indian Labour Conference held at Nainital in May 1958. The Conference did not, however, arrive at any conclusions in the matter but desired that the proposal should be examined by Government. The Ministry of Labour and Employment thereupon requested the State Governments and the all-India Organisations of employers and workers for their comments on the proposal.

An examination of the comments show that while there is some force in the standpoint of the trade unions, there is difficulty in accepting the proposal legalising strikes for non-implementation of awards or settlements. The question whether an award or settlement has been properly implemented or not can itself be a matter of bona-fide dispute between parties sometimes calling for judicial decision. To leave the matter to the decision of the parties with the option to resort to direct action if they feel that ~~the~~ an award is not being implemented properly appears to go against the scheme of the Industrial Disputes Act. A number of steps have of late been taken towards the achievement of industrial peace. With the introduction of the Code of Discipline and with the formation of the Evaluation and Implementation Division, the implementation of awards <sup>and</sup> settlements will, it is hoped, be effected expeditiously by all concerned.

4. Revival of Labour Appellate Tribunal.- The abolition of the Labour Appellate Tribunal in 1956 has resulted in a large increase in the number of cases going up in appeal to the Supreme Court as will be seen from the following figures:-

| Year                       | Number of petitions for special leave to Appeal : |                     |
|----------------------------|---------------------------------------------------|---------------------|
|                            | <u>No. Registered.</u>                            | <u>No. granted.</u> |
| 1950                       | 19                                                | 18                  |
| 1951                       | 20                                                | 11                  |
| 1952                       | 9                                                 | 3                   |
| 1953                       | 50                                                | 23                  |
| 1954                       | 51                                                | 21                  |
| 1955                       | 57                                                | 37                  |
| 1956                       | 291                                               | 257                 |
| 1957 (upto<br>31 October). | 189                                               | 148                 |

In the view of the Law Commission, some steps have to be taken to reduce the number of appeals going before the Supreme Court. The remedy lay in providing for an adequate right of appeal in industrial matters. Such a right of appeal could be provided either by constituting tribunals under the labour legislation itself or by conferring a right of appeal to the High Courts in suitable cases.

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The question of the revival of the Labour Appellate Tribunal was discussed in some detail by the 17th session of the Indian Labour Conference at Madras. The Conference however did not arrive at any definite conclusion but recommended that the suggestions made during the course of discussions should be examined by Government and the matter once again placed before the Standing Labour Committee. The suggestions in question were:-

- (1) The Supreme Court may be requested to set up a special bench from time to time so that special leave appeals entertained are disposed of expeditiously;
- (2) The powers of the Supreme Court may be curtailed so that special leave appeals are entertained only in cases where either important questions of law are involved or where the parties to the industrial dispute suffer grave injustice;
- (3) The High Courts may be empowered to hear appeals as Appellate Authorities;
- (4) The High Courts may be empowered to hear revisions as Revisional Authorities on the lines of section 115 of Civil Procedure Code;
- (5) The Labour Appellate Tribunal may be revived. No appeal should lie to the Appellate Tribunal unless an important point of law or principle or a large sum of money is involved or unless the tribunal certifies that the case is a fit one for an appeal.

The pros and cons of these five alternatives are discussed and the conclusion is drawn that the balance of advantage is in favour of the revival of the Labour Appellate Tribunal. A recent study undertaken by the Evaluation and Implementation Unit of the Ministry also revealed that:-

- (i) During the six years of its existence the Labour Appellate Tribunal disposed of as many as 2,095 appeals which works out to 349 appeals per year. During this period only about 41 appeals per year were taken to High Courts and 39 appeals per year to the Supreme Court. This implies that a useful purpose was served by the Labour Appellate Tribunal in as much as its decisions were not contested in about 84 per cent of the cases.

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(ii) After the abolition of the Labour Appellate Tribunal, the number of appeals rose from 41 to 225 ( a rise of 45 per cent) in the case of High Courts and from 39 to 189 ( a rise of 385 per cent) in the case of Supreme Court. This rise was partly due to an increase in the number of awards by about 50 per cent. The rise in the number of appeals was remarkably high in West Bengal, Kerala, Madras and Uttar Pradesh.

(iii) Appeals to High Courts and Supreme Court are being made under Articles 226 and 136 of the Constitution respectively. Under Article 226 the High Court can quash an award of a Tribunal on ground of excess of jurisdiction or error of law but it cannot substitute its own decision for that of the tribunal. Under Article 136 anyone can ask for Special leave to appeal to the Supreme Court which can review any decision given by any Court, or Tribunal in India. The large number of appeals to Supreme Court is partly due to the restricted scope of Article 226 and the wide scope of Article 136.

The Standing Labour Committee is requested to consider the desirability of the revival of the Labour Appellate Tribunal. In case the proposal of revival of the Labour Appellate Tribunal is accepted the following points regarding which appeals may lie to the Appellate Tribunal which are based on the provisions of the Appellate Tribunal Act may also be considered:-

"An appeal shall lie to the Appellate Tribunal from any award or decision of Labour Court, Industrial Tribunal or a National Tribunal if -

- (a) the appeal involves any substantial question of law; or
- (b) the award or decision is in respect of any of the following matters, namely:-
  - (i) wages,
  - (ii) bonus or travelling allowance,
  - (iii) any contribution paid or payable by employer to any pension fund or provident fund,
  - (iv) any sum paid or payable to or on behalf of the workman to defray special expenses entailed on him by the nature of his employment,
  - (v) gratuity payable on discharge,
  - (vi) classification by grades,
  - (vii) retrenchment of workmen, and
  - (viii) such other matter as may be prescribed".

In the case of consent awards, however, no appeals might lie to the Labour Appellate Tribunal.

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5. Amendment of Code of Discipline in regard to Notice for Strikes and Lockouts.- It is suggested that the Code of Discipline in Industry be amended to provide for seven days notice period before a strike or a lockout is launched.

Labour in the Third Plan: Minister's Address.- In the course of his address inaugurating the meeting, Shri Nanda made a pointed reference to the "exigencies of defence" and emphasised the Government's determination to make a "massive effort" to quicken the pace of economic growth in the next few years.

He said the third Plan would have to be considered in terms of hard work and self-denial rather than any large gains for individuals or groups. They had to plan for defence as well as development and the two aspects were interdependent.

Taking of the labour plan, the Minister said it had to be conceived as an integral part of the total plan for the country. The proposals on behalf of labour had to aim at securing the successful implementation of the Plan - a most important ingredient, which labour alone could supply in sufficient quantity and needed a quality.

Shri Nanda also spoke of the role of trade unions as "sentinels of national interest and as an important agency of the planned progress of the community". He wanted greater attention to be paid to the development of a strong and sound trade union structure in the country.

He expressed the hope that the Committee would consider ways to carve out for the trade unions in the country a positive and constructive role, and that sectional considerations would not come in the way of this approach.

The Minister visualized the growing acceptance of the principle of workers' participation in management, both in the private and public sectors, during the Third Plan. This required an intensive programme of workers' education, which could be undertaken only with the full collaboration of workers, employers and the Government.

Shri Handa was not satisfied with the attention paid so far to the problems of welfare of the working class, particularly the problems of workers' housing, and their safety from occupational diseases. He also emphasised the need for research in the field of labour as a co-operative programme.

Decisions.- The decisions of the Committee were reviewed at Section 11, pp. 4-5 of the report of this Office for January 1960.

(Documents of the Meeting received in this Office; The Statesman, 6 January 1960 ).

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The XVith Labour Ministers' Conference, New Delhi,  
3 and 4 January 1960.

The XVith session of the Labour Ministers' Conference was held at New Delhi on 3 and 4 January 1960, Shri Gulzari Lal Nanda, Union Minister for Labour and Employment presided and Labour Ministers from the various States attended.

Need for Peaceful Industrial Relations: Shri Nanda's address.- Addressing the Conference, Shri Nanda deplored the use of force as a means of settling labour-management disputes. Any kind of violence should be curbed and should not be tolerated, he said.

The Minister said that unrest in any part of the country was bound to have wide repercussions. The Union Government was endeavouring to evolve a uniform approach and a common basis for action.

Referring to the complaints of workers that in many cases strike was forced on them because of the persistent violation of existing awards and agreements by the employers, Shri Nanda urged the conference to find adequate remedies for enforcing the awards. "Such powers as we have in the law now should be used to the full, and, if need be, steps may be taken to enhance penalties."

"But it cannot be urged", he said, "that a strike became inevitable or inescapable till full use has been made of the implementation organisations in the States and at the Centre".

The Labour Minister said a fundamental change in attitude towards the Code of Discipline, evolved after tripartite discussions between representatives of labour, employers and the Government, was required. The aims of the Code were preventing stoppage of work, elimination of go-slow tactics and recourse to intimidation and coercion and other provocative and unfair practices.

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Shri Nanda said the essence of the Code lay not in the penalties, but in the growth of a sense of responsibility as well as the basic self-interest of all parties in the successful operation of the Code. The Code did not set aside laws in force.

"When transgression of the Code is also a contravention of a legal provision, a rigorous application of the sanctions of law becomes easier as well as more imperative duty", he said.

Regarding the administration of the Code, Shri Nanda said it should be the whole-time responsibility of an able and experienced officer in every State. It would greatly add to the weight and authority of the implementation organisations, he added, if the Labour Ministers could be chairmen of the State Implementation Committees.

Shri Nanda stressed the need of greater vigilance to prevent accidents in factories. There should be a competent inspectorate to deal with this problem.

Labour laws in respect of conditions of work and employment in the private sector should also apply fully to the public sector, he said. Any exemptions that may be asked for in public interest, he said, should have special justification. The workers in the public sector should have adequate means of redress of grievances. The machinery for industrial justice should be available to them in the normal way.

Referring to the concern expressed about the working of the Employees' State Insurance Scheme, Shri Nanda said: "Deficiencies exist and we are all aware of them. But it appears that the faults are being exaggerated and there is not enough appreciation of the improvement that has occurred and the progress made in the last few years.

"The major obstacle in the way of the rapid extension and proper operation of the scheme was the lack of suitable hospital accommodation. In many places dispensaries were also not satisfactorily housed. The remedy is a programme of speedy construction to which I have been giving personal attention for some time."

The well-being of the working class, Shri Nanda said, "will depend on the scale of effort and the achievements secured in the course of the third Plan period, especially in the development of our industries". A major factor in the speed of progress in that direction, he added, would be the extent of our success in the field of industrial relations.

Decisions.- The decisions of the Conference were reviewed at Section 11, pp.2-3 of the report of this Office for January 1960.

(Text of the Speech of the Minister  
received in this Office )



12. Activities of External Services.

India - February 1960.

Contacts

(a) On 22 February 1960 the Director attended a luncheon given by the Government of India in honour of Mr. C.V. Narasimhan, Under Secretary, United Nations.

(b) On 27 February 1960 the Director attended a luncheon given by the Government of India to meet Mr. Paul Hoffman, Managing Director, U.N. Special Projects Fund.

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## Chapter 2. International and National Organisations

### 24. Non-Governmental Organisations (International, Regional and National) Other than Employers' and Workers' Trade Organisations.

India - February 1960.

#### Sixty-fourth Session of Indian National Congress, Sadasivanagar (Bangalore), 16 - 17 January 1960: Need for Speedy Execution of Plan Projects urged.

The Sixty-fourth Session of the Indian National Congress was held at Sadasivanagar (Bangalore) from 16 - 17 January 1960. Shri N. Sanjeeva Reddy, the newly elected President of Congress, presided. The meeting was attended by delegates from all over India including most of the Union and State Ministers.

The meeting among others, adopted a resolution on "implementation of programmes of planned development". The resolution inter alia called for immediate steps to ensure speedy progress of planned development by eliminating delays. It also recognised the imperative need to have "speed, efficiency and integrity in the administrative set-up at all levels". It also made it clear that the "broad policies and programmes laid down are adequate and what is necessary is to concentrate their implementation and to make such institutional changes as may be required."

The objective, the resolution pointed out, was to aim at in the near future "a self-sustaining and self-governing economy both in agriculture and industry". It also emphasised that the "defence of a nation ultimately depends on its economic strength", and that the Third Plan should co-ordinate between administration and the Party Organisation.

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Presidential Address: Welfare State Ideal:- Shri N. Sanjeeva Reddy, in the course of his presidential address said that in order to build up a welfare State, bring about social justice and lessen the great inequalities of wealth, India, with her limited resources must have a comprehensive integrated plan. In the context of existing conditions the fight against poverty and unemployment, and the attempt at the economic betterment of the people, become therefore major objectives. These could be realised by rapid growth in production and by equitable distribution.

Role of public and private sectors.- Shri Reddy said that within the terms of India's national policy and planned development there was not only room but also necessity for both the public sector and the private sector. The public sector necessarily dealt with basic and strategic industries, as was laid down as long ago as the Karachi Resolution of the Congress in 1931. In any civilised society, there was nothing exclusively private which did not act and react on some public activity. What was generally meant when a distinction was made between the private and public sectors was that, in the private sector, the profit and the economic power ~~were~~ <sup>went</sup> to the private individual and not to the general public, and because of this the institutional pattern was different. It was clear, therefore, that there had to be a major sector of the economy which was in the public sector controlled by the State, and that this should include basic and strategic industries. Even these industries need not to be run by governmental departments, but, as was now often done, by autonomous corporations, etc. This left a vast field for the private sector, provided this fitted in with the planned development of the country. There need be no conflict between the two, and both should be encouraged. Indeed, in the conditions existing in India today, there could be no rapid growth of the major and basic industries except through the State.

Implementation of plans.- The Congress President said that ~~within the terms of the plans~~ the real difficulty facing India today was not how to plan but how best to implement the plans. The Second Five-Year Plan was, in spite of many difficulties, was today well on the way of fulfilment. The great problem before them was how to draw up the Third Plan so as to increase the speed of progress and to lead rapidly to the stage when India's economy becomes self-generating. In every country where this had been attempted, heavy burdens had to be shouldered, and there was no escape from them during this period. The sooner one realised this fact and acted up to it, the sooner would one get over this difficult period and reach the stage when they could march to their goal rapidly.

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In this connection, he stressed the importance of making simultaneous progress on both the agricultural and industrial fronts and said there was some justification in the criticism that the progress in agriculture was slow. But he had no fear of the future because, knowing the farmers as he did, he saw the basic changes that were coming in various parts of the country and how new methods were being adopted which were bound to yield good results.

He, therefore, thought that the criticisms were much exaggerated and had missed the new conditions that were emerging as a result of the community development movement, the co-operatives and the new development in favour of a decentralised rural economy.

Importance of Co-operation.- The Congress President told critics of the Nagpur resolution on co-operation that it was well recognised in every agricultural community in the world that the co-operative system was essential for agriculture. For India, with its small holdings, it was even more important. There could be no progress in agricultural production without co-operation. The Nagpur Congress laid stress on this, and "we must spread this co-operative movement to every village in India".

In attacking co-operation and more particularly joint cultivation some people had not hesitated to make statements which were totally untrue, he said. The Nagpur Congress had made it clear that joint cultivation could only be on a voluntary basis and further that the ownership of land would continue as before. How anyone could oppose this was beyond his comprehension.

The main point, he said, was that the old and rather primitive methods of agriculture were quite out of date and could not yield the results that were aimed at. Modern methods had to be applied, but the individual farmer had not got the resources. A number of them working together could get these resources which could not only be applied for better farming but also for community development in many ways. Individual freedom was not limited in any way. Freedom came from greater resources not from poverty.

He added: "Co-operation is not only a technique for greater production and better living but is also a way of life which is opposed to many of the conflicts that exist today. It is this basic change in life's outlook that we are aiming at. The Congress constitution long ago laid down that our objective should be a co-operative Commonwealth."

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Food production.- Shri Reddy was sure that given the effort, food production could increase at a much faster rate. This would undoubtedly require a great effort and it would need the willing co-operation of the farmers. Indeed, ultimately it was the farmer who would decide this issue by his own work and competence.

Unfortunately, he said, there was far too much dependence on the Government; and State Governments looked to the Centre for help. According to the Constitution, agriculture was the main concern of States. It was for State Governments, therefore, to apply themselves with all their energy, vigour, enthusiasm and determination to this vital task and not to continue sending SOS signals to the Centre or to imagine that foodgrains would flow in from other countries.

Shri Reddy pleaded that for greater devolution of responsibility on the people. "We must realise," he said, "that great social changes cannot come about by orders from above. The official has an important part to play. But he must remain in the background, advising and helping people, and not be a boss."

Resolutions: Implementation of Planned development.- The plenary session of the Congress adopted the resolution on implementation of planned development as approved by the Subjects Committee.

Prime Minister's call to Congressmen.- Intervening in the debate in the Subjects Committee on the resolution, Shri Jawaharlal Nehru, the Prime Minister of India said: "It is a resolution of implementation. It is a resolution of fixing the responsibility on individuals. Our present manner of work does not fix responsibility and the result is you can praise or blame anybody for what had been done. But still I think we should be able to advance pretty fast if many of the checks in the way are removed and it would be better for us to take risks than to have this fear of doing anything lest it should be criticised."

"Today we have a parliamentary system of Government, which I think is a very good system and which I think need not necessarily cause delay. But the fact remains that a great deal of apprehension has grown in our good workers, our civil servants and engineers. They dare not take initiative lest they should be hauled over the coals in Parliament. Of course, Parliament cannot give up its right and it should do so. But if it results in putting a stop to initiative, it is not a good thing."

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The problem before them, Shri Nehru continued was one of modernising India without loosening its roots in the cultural past. He did not think there was any conflict between these two though there was bound to be a conflict in respect of some of their social customs. They would have to choose between progress and some of these social customs.

The Prime Minister said that while there could be minor differences about the Plan and the programmes there could be no major difference over the premises which was accepted by the vast majority of the intelligent people of the country. If they looked at planning, not from the ideological approach, but the scientific, technological and statistical approach, there could not be much difference of opinion. In the ultimate analysis the country could advance, whatever be its system of economy, only through the hard work of its people. It could not be done through some sleight of hand.

Socialist Society.- "We in the Congress", Shri Nehru continued, "broadly believe in the ideals of a socialist society - broad equality, egalitarian society and equal opportunities to everyone apart from the dogma of Socialism. We believe this broad approach applies to every country but more particularly to India. We hold that in the conditions prevailing here planning with any speed can only be done by keeping these socialist objectives in front of us and keeping certain bias in our planning. A big or developed country may have other alternatives of approach but a country like India has no other alternative."

"Those people who imagine there is an alternative delude themselves or are merely tied up in some cobweb of the past or are influenced by other factors".

Continuing Shri Nehru added that the real difficulty in regard to their planning came from the resources position. No doubt they could get some help from abroad but the greatest burdens would have to be borne by the people. It was not worth while if they advanced entirely or largely with the help of others. "The only way for a country to develop is to go through hardship, through hard work. Soft living does not make a nation or an individual great."

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The Prime Minister said that the draft resolution reaffirmed the Nagpur economic policies. Though there was no need to do so, it had been done in view of the arguments that had been going on in the country. The policies laid down at Nagpur were completely right and considerable progress had been made on the lines laid down. As they had laid down at Nagpur they believed that service co-operatives should be set up to enable agriculturists to progress. They also believed that if agriculturists in a village voluntarily desired to change their service co-operative into joint farming they could do so with Government's blessing and support. It should be noted that such a step would be voluntary and the peasant would not give up his ownership rights. This was the right, profitable and scientific approach, not only for the country but for the peasant too.

Co-operation required training and hence the resolution had laid emphasis on the training part, he said. Shri Nehru said that if there was joint co-operative farming it would inevitably lead to the establishment of small industries too. While no doubt they could ask some rich person to set up a small industry here or there, it could never be done on a large scale except when agriculture was organised on co-operative lines.

The Prime Minister paid a tribute in this connection to the inquiry and survey work being done by the Reserve Bank in the field of co-operative and other social inquiries.

The Prime Minister stressed the need for farmers being equipped with iron ploughs instead of their traditional ones and said even now iron ploughs were available at prices ranging from 25 rupees to 75 rupees. He, however, regretted that the States had largely left it to the farmers to acquire them instead of themselves producing them and supplying to the farmers by hire purchase system or some such method. He hoped that steps would now be taken towards this end and within two or three years there would be no old plough left in India.

Shri Nehru also agreed with the criticism about matching grants and the inevitable difficulties ~~and~~ of the under-developed areas but pointed out that this was almost the law of nature - "unto those that have more is given" - and to some extent was inevitable in the beginning when they wanted to achieve results. He, however, hoped that some attention would be paid to this aspect.

The Prime Minister in this connection referred to the desire of the States to have big projects and said that actually some of the States like Orissa and Uttar Pradesh which were predominantly agricultural would be benefited much more by having a large number of small industries.

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The Resolution.- The resolution, inter alia stresses that: "The objective to be aimed at in the near-future is for the country to attain a self-sustaining and self-generating economy, both in agriculture and industry. It is only by the achievement of such an economy that the country can advance rapidly towards a Welfare State and the socialist pattern. The pace of progress has to be rapid enough; not only to keep well ahead of the increasing population and provide basic necessities for the mass of our people who are in such dire need of them, but also to create an adequate surplus for investment for future growth. The advance already made has brought the country nearer the stage of a higher economy. Further quickening of the progress would call for a more intensive and rapid effort. The challenges and difficulties which have arisen on our north and north-eastern frontiers, further necessitate such intensification and concentration on economic development. The defence of a nation ultimately depends on its economic strength. The Second Five-Year Plan must, therefore, be proceeded with to a successful completion, and the Third Plan should be of a magnitude which should ensure the country reaching the stage of a changeover to a self-generating economy."

It adds that: "Such growth necessitates rapid development of agriculture as well as of industry. Progress in agricultural production is vital and must take place at a much more rapid pace than hitherto. There can be no doubt that this can be done, as had been demonstrated whenever the effort has been made. The steps that should be taken to this end are well-known; what is now necessary is to carry them out with vigour and spread them all over the rural areas. Full utilisation of available irrigation facilities, better agricultural tools, use of good seeds, soil conservation and particularly contour-bunding, use of fertilisers, green manure and compost and reclamation of water-logged areas and saline and usar lands through methods which are now established can all be done without any considerable expenditure of public funds and only an organised effort is needed. While major irrigation schemes are necessary, there is greater need to concentrate on small schemes which are cheaper and bring quick results. All this should be reflected in progressive increase in the yield per acre. This can be effectively achieved through the co-operation of the entire peasantry who should be made to realise the extent of benefit which they can derive for themselves from these measures. Such co-operation would become real only when the peasants themselves participate in the laying down of the programmes and targets of production. It is essential that officers of all grades in the rural areas should keep in intimate touch with the peasantry, take them into their confidence and learn from them what their problems and difficulties ~~must~~ are. More particularly, the village level workers must maintain this intimate touch. Their work must be judged by their achievements."



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Pointing out that there is an enormous potential and unutilised productive power in the vast rural population of India, and effort should be made to release the productive forces, the resolution says that this should be achieved largely by the exercise of the peasants' own initiative and not by mere reliance on directions from above. Properly approached, the peasantry of India reacts favourably; if that reaction is not adequate, the approach has not been proper. What is needed is good husbandry and modernisation of agricultural methods; the peasant takes to them as soon as he is convinced and facilities are given to them ~~as soon as he is convinced and facilities are given to him~~ for this purpose.

It emphasise that the Community Development movement has done great good to our rural areas. Recent criticisms of it, though often exaggerated, have, however, considerable truth in them. Every effort should be made to revitalise this movement and, more particularly, to make the workers in it individually responsible for the tasks that are allotted to them. They must not function as officers from above, but as colleagues of the people they serve.

Affirming the resolution adopted at the last session of the Congress at Nagpur on agrarian organisational pattern, the resolution:

"Notes with appreciation the progress made in land reforms as well as in cooperatives. It would stress, however, that the pace should be speeded up until every village has an efficient service cooperative which should not only help in agriculture, but also play an ever-increasing part in the development of animal husbandry, and in processing, marketing, consumer industries and in consumer trade. The development of such industries and is of major importance for strengthening the rural economy and expanding employment opportunities for the people in rural areas. While service cooperatives are the immediate programme for every village, cooperative farming should be developed wherever it is desired by the farmer concerned and is considered feasible. It should be realised that cooperation in all its forms is a voluntary movement.

"The Congress welcomes the movement for decentralising rural economy and establishing a "panchayat raj". Some States have already implemented this programme while some others are proceeding to do so. This development is of high importance as it gives the people greater scope for the exercise of responsibilities and makes them self-reliant. The National Plan should provide for such programmes that would ensure people's initiative and participation. In this way the foundations of democracy are strengthened.

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"Real industrial advance depends upon the development of heavy industries, more especially of iron and steel and machine-building, oil, chemicals and power. It is on this base that other industries grow. Part of this base is being laid by the great steel and power plants that are nearing completion and the efforts now in progress for installing plants for heavy machine-building. This process will have to continue throughout the Third Plan. At the same time smaller industries as well as village industries should be encouraged and helped for the production of consumer goods. It is through these smaller industries that employment will be provided for many of those who are today unemployed or under-employed. In addition to this, the manpower resources of the country should be utilised with the help of special programmes, particularly where the incidence of unemployment is high.

"Agricultural and industrial workers are the basic and vital element in the community. They have to play the most important role in building up the economic strength of the country. Their welfare, therefore, should be properly looked after, and they must discharge their responsibilities by achieving a rising level of productivity for which sufficient incentives should be provided. The nation cannot afford any interruption of production on account of strikes and lock-outs.

"The Congress organisation has a crucial role in the effective implementation of these policies and programmes. It has a special part to play in bringing about the desired social and economic changes in the country. Congressmen should shoulder this responsibility and discharge ~~their~~ this role more effectively. Congressmen should concentrate during the coming year on the formation of ~~the~~ service cooperatives and organisation of village panchayats. Further, every Congressman must associate himself with at least one specific activity connected with development, and in rural areas especially, with some definite programme connected with agriculture.

"At this critical period in India's history, timing and achievement are vital. The best of policies and programmes prove ineffective if there is delay or slowness in their implementation. The strength of the nation is great if it is properly applied with discipline and unity. Factions and disruptive tendencies weaken national cohesion. They are particularly injurious to the nation's progress at this juncture, when the future of our country is at stake in many ways. Any step which comes in the way of productive effort or of national unity, is harmful. The Congress, therefore, earnestly hopes that the people of the country will bend their mighty energies to these great tasks and work with unity and strength of purpose for the achievement of the national objective."

(The Hindu, 16 and 17 January 1960;  
"AICC Economic Review", Vol. XI, No. 19,  
dated 1 February 1960).

CHAPTER 3. ECONOMIC QUESTIONS.

INDIA - FEBRUARY 1960.

31. General Economic Situation.

42nd Session of All-India Economic Conference,  
Annamalainagar, 30 December 1959.

The 42nd session of the All-India Economic Conference was inaugurated at Annamalainagar on 30 December 1959 by Shri M.A. Muthia Chettiar, Pro-Chancellor of Annamalai University. The Conference which was attended by ~~more~~ over 200 delegates, including eminent economists, representatives of Chambers of Commerce, banks, industrial and commercial establishments, lasted for 3 days. The meeting was presided over by Prof. J.J. Anjaria, Chief Economic Adviser to the Union Ministry of Finance.

Prof. Anjaria's speech.- In his presidential address, Shri Anjaria said that Indian economy had begun to "respond well" to the expansionary 'stimuli' of Government's Five-Year Plans.

He said "while one cannot give any precise estimates of private investment, it would appear that the rate of investment in the economy as a whole is at present about 11 per cent of national income, as compared with 5 per cent or so at the commencement of the first Plan."

He said that national income had, over the last few years, risen at an average rate of 3.5 per cent. The rise in 1958-59 was as much as 6.8 percent - a fact "which ought to warm up those who were inclined to draw pessimistic conclusions from the previous year's figures."

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Prof. Anjaria said "the socialist pattern which is described as the objective of our Plans is not a rigid ~~an~~ or clear-cut pattern. It implies rather special stress on certain values like reduction of inequalities, wide diffusion of economic power and organisation of local resources, especially the skills and capabilities of the small man on a co-operative basis in certain fields".

He declared: "India's plans do not seek to build up a system resting solely on private enterprise, but private enterprise has ~~and~~ an important part to play in initiating and carrying through the process of development". He added: "Nor is the State to be the ultimate owner or dispenser of the means of production."

Prof. Anjaria said: "The objective is to utilise the State as a principal agency for promoting rapid and balanced development".

The entrepreneurial class in India, he said, was too small to be left entirely to free enterprise. It was the State, acting for the community as a whole, that can prevent class conflicts or clashes of group interests which might make orderly development impossible.

Speaking on the Plan strategy, he added: "A steady increase in public investment, coupled with an economic policy which encourages investment elsewhere in the system, while spreading out at the same time the costs and gains of development, fairly equitably, is a major part of the strategy of India's plans. Developmental planning has inevitably a social philosophy - some would call it ideology - besides an economic strategy. For democratic planning to succeed, it is essential that the underlying social philosophy as well as the economic strategy involved are accepted by all sections."

According to Prof. Anjaria, the only thing that stood in the way of quicker advance was the inability of the economy to find sufficient surplus for investment, not the proverbial conservatism of farmers or the reluctance of small industrialists or handicrafts men to adopt improved methods.

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Prof. Anjaria said the big stepup in investment had not been accompanied by serious inflationary pressures. He added: "The index of wholesale prices is now about 20 per cent higher than in 1952-53; so is the cost of living. However, much one might regret this, especially for those whose incomes are fixed, it is essential to see this problem in some perspective. A plan of development necessarily aims at pushing the rate of investment. It must, therefore, press on the resources available for consumption. The rise in prices and in the cost of living is by no means larger than in other countries."

He said: "per capita national income has increased in real terms. It is possible to be misled as to the degree of hardship caused if one goes merely by price indices". It was in the nature of the development process that the poorer sections stood to gain more from expansion of employment opportunities than by way of increases in income of those already employed, he said stated.

(The Hindustan Times, 31 December 1959;  
The Statesman, 31 December 1959 ).

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32. Public Finance and Fiscal Policy.

India - February 1960.

Railway Budget for 1960-1961: Surplus of 184.3  
Million Rupees estimated: Increased amenities  
for Railway Workers.

On 19 February 1960, Shri Jagjivan Ram, Union Minister for Railways and Transport, presented in the Lok Sabha the Railway Budget for 1960-61, dealing among other things, with the working of the railways during 1959-60, financial results for 1958-59, revised estimates for 1959-60 and budget estimates for 1960-61.

The table below shows the details of the Railway Budget for 1960-1961:-

(In Million Rupees)

|                                                     | Actuals<br>1958-59. | Revised<br>Estimate<br>1959-60. | Estimate<br>Budget<br>1960-61. |
|-----------------------------------------------------|---------------------|---------------------------------|--------------------------------|
| Gross Traffic Receipts -----                        | 3902.1              | 4220.3                          | 4645.0                         |
| Ordinary Working Expenses -----                     | 2763.3              | 2919.2                          | 3269.0*                        |
| Net Miscellaneous Expenditure-----                  | 94.5                | 157.8                           | 168.2                          |
| Appropriation to Depreciation<br>Reserve Fund ----- | 450.0               | 450.0                           | 450.0                          |
| Payments to Worked Lines -----                      | 1.1                 | 0.7                             | 0.8                            |
| Total:                                              | 3308.9              | 3527.7                          | 3888.0                         |
| Net Railway Revenues -----                          | 593.2               | 692.6                           | 757.0                          |
| Dividend to General Revenues-----                   | 503.9               | 545.1                           | 572.7                          |
| Net Surplus -----                                   | 89.3                | 147.5                           | 184.3                          |

\*Including about 200 million rupees on account of the effect of the Pay Commission's recommendations from 1 July 1959 to 31 March 1961.

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Presenting the Budget the Railway Minister said that the revenue surplus for the coming year, after meeting the large commitments arising from the Pay Commission's recommendations would be about 45 million rupees on the basis of existing fares and freights.

For the current year, he said, the revised estimate of surplus had been placed at 147.5 million rupees, as against the Budget figure of 211.9 million rupees. A provision of about 200 million rupees had been made in the Budget year for the implementation of the Pay Commission's recommendations from 1 July 1959 to 31 March 1961.

"The railways' increasing commitments", he said, "make it imperative that suitable adjustments be made in freight rates".

He announced that with effect from 1 April this year a supplementary charge of five naya Paise per rupee would be levied on freight of goods and coal traffic, excluding export ores, military, postal and the railways' own traffic. The anticipated yield would be about 140 million rupees per year.

The Railway Minister placed the Budget estimate of passenger earnings for 1960-61 at 1255.0 million rupees, an increase of 14.2 million rupees over the current year's revised estimate. The estimate of goods earnings was placed at 2910 million rupees on existing freights, 270 million rupees over the revised estimates for the current year. Gross traffic receipts for 1960-61 were placed at 4505 million rupees on existing rates and freights, and at 4645 million rupees with the proposed adjustments in freight rates.

Higher working expenses.- The Budget estimate of ordinary working expenses was placed at 3269 million rupees, an increase of 349.8 million rupees over the revised estimate for the current year. This increase included 201.2 million rupees for implementation of the Pay Commission's recommendations from 1 July 1959 to 31 March 1961 and 10 million rupees for the initial effect of assumption of liability as "carriers" by the Railways, as recommended by the Railway Freight Structure Inquiry Committee.

The Railway Minister said that the gross traffic receipts during 1958-59 came to 3902.1 million rupees and fell short of the revised estimate by 41.7 million rupees. The drop was mainly under goods traffic and to a minor extent under other coaching earnings. Economic factors principally, and road competition partially, were the contributory factors.

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The net surplus was about 89.3 million rupees, as against the revised estimate of 130 million rupees, the shortfall of 40.7 million rupees practically corresponding to the drop in earnings. The entire surplus ~~is~~ was credited to the Development Fund as in the preceding year.

Development plans.- Shri Jagjivan Ram said that during the first four years of the second Plan up to March 1960, the railways would have spent 8720 million rupees out of the total allotment of 11,215 million rupees. "We hopethat we would cover the balance by the end of the second Plan period".

Reviewing the achievement of physical targets during the first four years of the Plan, the Minister said that the doubling of nearly 700 milies would have been completed and about 600 milies of new lines opened with similar additional mileages in various stages of execution. In the planning of these works, he said, the priorities given to the requirements of the steel plants had conformed to their varying needs. A number of new lines in the steel and coal belts had been completed in time to feed the raw products into the steel plants.

~~The~~ Final location surveys for nearly 900 miles were in progress as a preliminary to construction.

The electrification of the Durgapur-Gaya, Asansol-Sini-Tatanagar-Rourkela sections and the Rajkharwan-Dongoaposi section on the Eastern and South-Eastern Railways was expected to be completed during the second Plan period.

Contracts for the supply and erection of overhead equipment for the Gaya-Moghalsarai and ~~Khargpur~~ Tatanagar sections were likely to be placed soon. Civil engineering works were in progress on Sealdah-Ranaghat and Dum Dum-Bongaon sections. On the Igatpuri-Bhusawal section also, the civil engineering survey was proceeding. On the Madras-Tambaram - Villupuram section, 80 per cent of the civil engineering works were complete, and the technical details were being worked out to undertake the electrification.

Increase in traffic.- During the third year of the Plan, the Minister said, there was some setback in the economic development in the country. Subsequent trends, however, indicated a revival of vigour in the national economy. "The current and the future outlook seems much brighter", the Minister stated. He referred in this connection to the progressive development of steel production, the opening of the Rajendra Pul, near Mokameh, and the setting up of two new refineries at Gauhati, and Barauni.



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The Minister observed: "Having regard to these prospects, it is anticipated that the railways may be called upon to carry 17 million tons of additional traffic in the ensuing year, this concluding the Plan by the achievement of the target of 162 million tons."

The increase in passenger traffic at the end of the first three years of the Plan was nearly 12 per cent. During the current year, the increase might be higher than the average for the three earlier years. "It seems evident", the Minister remarked, "that the anticipated increase of 15 per cent by the end of the Plan will be exceeded".

A saving of 900 million rupees in foreign exchange in the railways' second Plan allocation was expected.

Developments in the third Five Year Plan of the railways, the Minister said, hinged upon the transport needs which will emerge out of the agricultural and industrial growth. Until a complete picture of these developments had been finalised, the Railways' Plan would remain undefined. The matter was under the consideration of the Planning Commission.

The Minister said: "We are aiming at a rapid advance with a view to the development of self-generating economy and in this endeavour the heavy industries will have a prominent share. There is, therefore, little doubt that the dominant role of rail transport in this expanding economy will continue". The railways, he said, would not shrink from added responsibilities or greater burdens.

The Minister reviewed the transportation position and said that, during 1958-59, the depressed economic climate led to a shortfall in the anticipated increase in traffic. The trends in the current year, however, were refreshing, and the indications were that the year will end up with an increased tonnage of a little over 10 million. This would still be less than the estimated figure of 14 million tons, the difference being mainly due to a drop in the output of coal production.

Considerable churning had been done to improve the turn-round of wagons, and about 10 per cent more traffic than in 1958-59 was now being carried with only 3 per cent increase in wagon supply.

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The Minister referred to the introduction of longer and heavier freight trains as an effective solution to the railways' problems in the steel and coal belts, and said that with growing industrialisation, this solution would equally apply to some other areas as well.

Dealing with the current year's revised estimates, the Minister said that passenger traffic which showed signs of revival towards the end of the last year had maintained this trend. ~~This~~ The revised estimate of passenger earnings was now placed at 1240.8 million rupees, an increase of 57.8 million rupees on the budget figure. An increase of 12 million rupees was anticipated under other coaching earnings, and about 16 million rupees under "sundries", partly accountable to an increased turnover in departmental catering.

Fall in goods earnings.- Goods earnings had been assessed at 2640 million rupees, registering a shortfall of 85.8 million rupees against the budget amount of 2725.8 million rupees. In view, however, of the anticipated increase under passenger, other coaching and sundries, it was not proposed to alter the overall budget figure of 4220.3 million rupees for gross traffic receipts.

The ordinary working expenses for the current year were estimated in the net to exceed the budget figure of 2837.1 million rupees by about 82.1 million rupees. The bulk of this increase amounting to about 60 million rupees was due to unavoidable or unforeseen items of expenditure, such as expenditure on repairs to track, bridges and other assets damaged by abnormal floods on a number of railways, increase in the price of coal and in the excise duty on coal and fuel, increase in the price of other supplies, increased consumption of coal due to supplies of greater proportion of inferior quality, etc. The Minister said that as a result of continued strict control over expenditure increases had been limited largely to unavoidable items.

The contribution to the Depreciation Reserve Fund had been maintained at 450 million rupees. The surplus was now expected to be 147.5 million rupees. This would be credited to the Development Fund.

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The revised estimate of expenditure on works, machinery and rolling stock during the current year had now been placed at 1961 million rupees, or a reduction of 390.8 million rupees from the Budget grant. The shortfall was mainly under rolling stock and electrification; difficulty in the availability of matching steel had led to a drop in wagon manufacture, while some delay in the delivery of electric locomotives and in the procurement of overhead equipment was responsible for the shortfall of expenditure under electrification. It was expected to overtake these shortfalls in the Budget year.

The Minister said that it was anticipated that the balances at the end of 1960-61 in the Depreciation Reserve Fund and the Revenue Reserve Fund together would be about 710 million rupees. The Depreciation Reserve Fund opened at the beginning of the second Plan with a balance of 980 million rupees, but with the extensive rehabilitation programmes under way there had been substantial inroads into the Fund which was likely to close with a balance of about 180 million rupees. The Minister said that he was alive to the need of building up an adequate amount in the Depreciation Reserve Fund. This matter, among others, would be specifically remitted to the next Convention Committee.

Revenue Reserve Fund.- The Revenue Reserve Fund remained undisturbed and the balances would stand at about 530 million rupees.

The Minister said that the temporary loan of 108.8 million rupees from General Revenues for the Development Fund, asked for in the 1959-60 Budget, would not be sufficient now because of the lower surplus anticipated in the revised estimate of the current year. Consequently the loan would have to be stepped up to 148.5 million rupees. In the ensuing year, a loan would again be necessary, but of a smaller amount.

Budget estimates.- Dealing with the budget estimates for 1960-61, the Minister said that the upward trend in passenger traffic during the current year might taper off and the budget estimate of passenger earnings for 1960-61 had been placed at 1255 million rupees, providing a small increase of 14.2 million rupees over the current year's revised estimate. The estimate of other coaching earnings had been placed at 250 million rupees, or practically at the same level as during the current year.

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The estimate of goods earnings provided an increase of 270 million rupees and had been placed at 2910 million rupees at existing freight rates on the basis of anticipation of about 17 million tons of additional goods traffic. Sundry earnings were estimated at 100 million rupees, at the same level as the revised estimate. After allowing for a small variation in traffic suspense the gross traffic receipts for 1960-61 were estimated at 4505 million rupees on the existing fares and freights. The budget estimate of ordinary working expenses for 1960-61 had been placed at 5269 million rupees, providing an increase of 349.8 million rupees over the revised estimate of 2919.2 million rupees for the current year. This increase included a sum of 202.1 million rupees for implementation of the recommendations of the Pay Commission in respect of the period from 1 July 1959 to 31 March 1961. Ten million rupees was provided to cover the initial effect of the proposed assumption of carrier liability by the railways in the course of 1960-61. The balance of the increase of 138.6 million rupees had to be viewed in relation to the anticipated additional traffic receipts of 284.7 million rupees. There would be increase in expenditure necessitated by the requirements of additional traffic as well as by other factors.

Capital Works outlay.- The Minister said that provision for Open Line Works chargeable to Revenue in 1960-61 had been placed at 140 million rupees. With further outlay on capital works an increase of about 27.5 million rupees was anticipated in the dividend payable to the general revenues.

Allowing for minor variations, the likely revenue surplus for the budget year for credit ~~mk~~ to the Development Fund after meeting the large commitments arising from the Pay Commission's Recommendations, etc., would work out to the very small figure of about 45 million rupees only. He said that the Budget estimate for works, machinery and rolling stock had been placed at 2228.1 million rupees, of which rolling stock accounted for 790.6 million rupees, ~~put~~ plant and machinery 46.4 million rupees, construction of new lines and restoration of dismantled lines 558.6 million rupees, track renewals 272 million rupees, other open line works, etc., 543 million rupees and investment in road services 17.5 million rupees.

The provision for railway users had been kept at about 22 million rupees while that for staff amenities and staff quarters at about 90 million rupees.

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External assistance.- Dealing with the external assistance, the Railway Minister disclosed that negotiations in respect of a further loan of 30 million dollars from the U.S. Development Loan Fund had been practically finalised.

The loan of 85 million dollars from the World Bank received in September 1958, had been fully utilised. In July 1959, a further loan of 50 million dollars was negotiated with the World Bank.

The Railway Minister said that self-sufficiency had been the keynote of the policy pursued by the railways. He reviewed the progress made in various directions, and said that a steel foundry of 7,000-ton capacity was being set up at the Chittaranjan Locomotive Works with a provision for expansion to 10,000 tons.

The Chittaranjan Locomotive Works were expected to turn out 173 locomotives during the current year and 168 in the following year. TELCO was likely to deliver 100 locomotives in the current year and the same number in the following year.

Dealing with self-sufficiency in steam locomotives, the Minister said: "A stage has been reached when we can enter the export market. The standard of manufacture is high and our costs are competitive. Similarly, in respect of wagons and coaches, we are self-sufficient, and here again we can build for export."

An analysis of purchases made by the railways during 1958-59 showed that excluding raw materials and basic steel, imports accounted for only 10 per cent of the total purchases. Railway administrations had been instructed to purchase a limited number of specified items exclusively from small-scale industries and they had been authorised to give a price preference up to a maximum of 15 per cent to those recognised by the National Small Industries Corporation.

The Railway Minister also stated that a special drive had been instituted for the reclamation and utilisation of the ferrous scrap to the maximum extent possible for railways' own use instead of disposing of it as waste material. A significant effort ~~made~~ on the utilisation of scrap by the railways was the conversion of worn out broad-gauge axles and steel sleepers for use on metre gauge. A "Material Economy Display" had been set up at Delhi where items manufactured in railway workshops from scrap had been exhibited to demonstrate what could be done.

Productivity Cell.- Shri Jagjivan Ram said that in consultation with labour federations a productivity cell had been set up to improve productivity in railway workshops by the introduction of incentive bonus. The workers had assured their full support in this regard.

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Staff Welfare.- As regards staff welfare the Minister affirmed that the Government was committed to follow a progressive policy in relation to its workers. He said that medical facilities have been substantially expanded and improved. A beginning has been made in setting up family planning centres. Steps have also been taken during the current year to implement the National Malaria Eradication ~~Scheme~~ Scheme in collaboration with the States.

During the first three years of the Second Plan, 36,000 quarters have been constructed and 9,000 are expected to be added during the current year. Provision for some 10,000 quarters has been made in 1960-61, bringing the total number of quarters to 55,000 during the entire plan period.

Four hundred and thirty one primary schools have been opened ~~for~~ recently, to augment the education facilities provided for the children and wards of Railway employees. Five high schools were being converted into multi-purpose schools, and discussions with the State Governments were in progress for similar conversion of some more. Subsidised hostels have been started in the major linguistic areas in ~~the~~ suitable rented houses or other available buildings, to accommodate the children of the employees who were posted outside their own linguistic area. Steps for providing free primary education to children of railway employees, *were taken.*

The Minister added that the provision of facilities for imparting adequate training to the recruits to the various Railway Services and refresher and promotion courses for serving employees had continued to receive attention. A number of basic training centres had been set up, and more were being put up in the various workshops and running sheds as recommended by the Estimates Committee. It had also been decided to expand the ~~existing~~ existing facilities in the workshops to a small extent, to give "in-plant training" to nominees of other departments, State Governments and semi-Government bodies at their cost.

Railway Co-operatives.- Shri Jagjivan Ram said that co-operative activities have continued to advance. The total working capital of the 26 co-operative societies on the Railways amounted to 244.2 million rupees on 31-March 1959. Besides these, there were about 143 consumer co-operative societies, with a turn-over of about 10.4 millions. These societies were becoming increasingly popular.

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Labour Relations.- The Minister said that the negotiating machinery established to deal with labour organisations functioned satisfactorily at the centre and on the Railways.

The Relations with railwaymen throughout the year remained cordial. Unfortunately the Railway authorities' efforts to combine the two Railway Federations did not succeed and it was decided that the All-India Railwaymen's Federation should be accorded the same privileges and facilities as the National Federation of Indian Railwaymen. Shri Jagjivan Ram added that it was his hope that the two Federations would unite as he has convinced that this would prove more beneficial to the employees.

(Text of the Budget Speech and  
other documents received in this  
Office ).

34. Economic Planning, Control and Development.

India - February 1960.

Report on the Sample Survey of Manufacturing Industries, 1949 and 1950 Published: Study by the Indian Statistical Institute.

The Sample Survey of Manufacturing Industries, 1949 and 1950\* was conducted to collect certain statistics for the use of the National Income Committee and make them available within a very short period. The work of planning the survey began in December 1950. As the National Income Committee wanted estimates by April 1951 for their preliminary report it was decided to divide the samples roughly into two equal parts. The field work in respect of the first part started by the middle of January 1951 and was completed by the third week of March. Preliminary estimates of the contribution of manufacturing industries to national income were furnished to the National Income Committee by April 1951.

An inquiry on a random sampling basis to cover all the 63 industries in all States was planned and arrangements were made to obtain the analysed results quickly. The Government of India, at the instance of the Chairman of the National Income Committee, sanctioned a scheme for this sample survey as an experiment. The Director of Industrial Statistics was made responsible for the organisation of the survey. The questionnaire included the following groups of items and altogether there were 37 different items for each of the years in respect of each establishment:

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\* The National Sample Survey Number 11; Report on the Sample Survey of Manufacturing Industries, 1949 and 1950; Issued by the Cabinet Secretariat, Government of India, 1958, New Delhi; pp.36.



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- (i) value of fixed capital which included land and building, plant and machinery and other fixed assets;
  - (ii) value of working capital which included stocks of fuel and raw materials, stocks of products and by-products and partly finished products and cash in hand and at banks;
  - (iii) rent of fixed assets secured on lease;
  - (iv) duration of working period;
  - (v) labour employed with various breakdowns, and wages and salaries paid to them;
  - (vi) value and quantity of input which included value of fuels, electricity, raw materials, chemicals and work done by other concerns; and
  - (vii) value and quantity of output which included the value of products and by-products, and work done by the factory for customers.

As in the case of Census of Manufactures this survey was limited to manufacturing establishments employing 20 or more workers and using power. But the scope of the survey was extended to all States of the Indian Union and to all factories which come under Section 2(j) of the Factories Act, 1934 except two Government-run industries. The aggregate of all such manufacturing establishments was 17,377.

For convenience, a few of the 61 industries actually surveyed were further sub-divided and the total number, taking account of the sub-divisions, came to 69. Within each of these 69 industries, the establishments were classified into a number of groups according to the number of workers employed. For a number of industries which showed marked concentration in particular areas, establishments falling under any size-class were further grouped according to States. Thus, there were altogether 589 strata into which the establishments were classified. Sample establishments were selected at random with equal probability from each of these strata and the total of samples was 1,885.

The budget estimate of the cost of this sample survey was just below 100,000 rupees. Round figures of the actual cost under different broad headings are given below:-

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|                         |        |                    |
|-------------------------|--------|--------------------|
| Planning                | -----  | Rs. 10,000         |
| Field Work              | -----  | Rs. 80,000         |
| Processing and analysis | -----  | Rs. 25,000         |
|                         | Total. | <u>Rs. 115,000</u> |

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According to the Report the total number of working days of all manufacturing establishments was estimated at 3.4 million for 1949 and 3.5 million for 1950. The total number of workers employed per day was estimated at 2.4 million in 1949 and 2.3 in 1950. When the employees other than the workers are taken into consideration the total of labour employed amounted to 2.7 million in 1949 and 2.6 million in 1950. The total quantity of electricity in kwh consumed by the manufacturing establishments was estimated to be 1,980 million and 2,030 million in 1949 and 1950 respectively.

The Survey concluded that the six industry groups in order of their importance were (1) manufacture of textiles, (2) manufacture of food and beverage, (3) manufacture of chemicals and chemical products, (4) manufacture of basic metals, (5) ginning, pressing, decorticating and similar services to agricultural products, and (6) manufacture of machinery excluding electrical machinery and appliances. The lighter industries have thus much predominance in the pattern of our manufacturing activities.

The value of output per worker was, however, highest in the chemical and chemical products industries. In order of ranking, the other industries are food and beverage, basic metals, textile, ginning, pressing and similar servicing, and lastly manufacture of machinery. The productivity of workers of all industries taken together was roughly of the same order as that of the first six industry groups.

When compared between the two years, the value of fixed capital per worker increased to some extent from 1949 to 1950 in all the groups except in ginning, pressing and similar industries. The value of output per worker also increased in varying extent from 1949 to 1950.

The ten major industries for selective review were cotton textile, jute, iron and steel, tea, sugar, chemicals, paper and paper board, tobacco, cement, and paints and varnishes. The number of factories covered by these ten industries was about 18 per cent of the total number of factories in all the industries, but accounted for 55.14 per cent and 54.68 per cent of the total invested capital in all industries in 1949 and 1950 respectively.

**Labour and their earnings.**- According to the Census of 1951 the total population of India was 361.5 million for the year 1951. The Census Report observes that there is a recurring net annual increase in our population of 1.3 per cent of 4.4 million. Applying this annual rate of increase to the population figure for 1951, we arrive at a population figure of 352.5 million for the year 1949, the corresponding figure being 356.9 million for the year 1950. The following table gives the figures of total population, aggregate self-supporting working population, and the self-supporting working population in industries:-

(In Millions)

| Year   | Total Population. | Working population |            |                           |                       |
|--------|-------------------|--------------------|------------|---------------------------|-----------------------|
|        |                   | Total              | Industries | Manufacturing Industries. | Ten Major Industries. |
| 1949 = | 352.5             | 100.9              | 8.9        | 2.7                       | 1.6                   |
| 1950 = | 356.9             | 102.1              | 9.1        | 2.6                       | 1.5                   |

The 1951 Census enumerated the total working population in the country at 194.4 million of persons or 28.62 per cent of the total population. Out of this, 33.4 million persons or 9.24 per cent were reported to be engaged in non-agricultural occupations. The workers engaged in industries of all types and sizes (i.e., in processing and manufacturing) including such establishments as are covered by the Factories Act were, however, returned at 9.2 million in 1951 or 2.54 per cent of the total population. Applying the percentage of working population to total population in 1951 to the total population figures for 1949 and 1950, ~~we~~ we arrive at the figures of total working population for these years as shown in the table above. Similarly, the workers engaged in industries during the years 1949 and 1950 have been arrived at by applying the percentage of workers engaged in industries in 1951, i.e., 2.54 per cent to the total population figures of the years 1949 and 1950.

Taking the proportion of self-supporting working population to total population and that of the self-supporting working population in industries to the total population as obtained in the Census figures for 1951, the working population works out to be 100.9 million in 1949 and 102.1 million in 1950. The working population in industries, on the same basis of calculation, comes to 8.9 million in 1949 and 9.1 million in 1950. These figures are broadly comparable to the figures of persons employed in all industries, as well as in the ten major industries, as estimated in our survey.

The figures of total working population in the 61 organised industries as given by our survey were 2.7 million or 30 per cent in 1949 and 2.6 million or 29 per cent in 1950. The working population in the ten major industries was 1.6 million in 1949 and 1.5 million in 1950. When compared to the working population in organised industries alone, the figures of persons employed in the ten major industries comprised 58 per cent and 57 per cent in 1949 and 1950 respectively. Coming to individual industries we find that iron and steel, cotton textile and jute between them employed 45 per cent of the total workers in all the industries.

Out of the total working days for all industries, those in the ten major industries formed broadly 20 per cent during both the years. Total man-hours worked for all the industries stood at 5,196.6 million and 4,933.6 million in 1949 and 1950 respectively. Out of these, the man-hours worked in the ten major industries accounted for 62 and 59 per cent in 1949 and 1950 respectively. The maximum man-hours worked during the two years were in cotton textile, jute and iron and steel industries in the descending order.

Wage earners and wages. Wage earners in manufacturing plants are, generally speaking, those who perform manual work using tools, operating machines, handling materials and products and care for plant and its equipment. They comprise of both time-workers and piece-workers. Workers does not include a person solely employed in a clerical capacity in any room or place where no manufacturing process is carried on.

The total amount of wages paid to workers in all industries inclusive of other benefits stood at 2,134 million rupees in 1949 and 1,996.4 million in 1950 thus recording a decrease of approximately 6.0 per cent in the latter year. This is shown in the following table:-

|                                                                             | (In Million Rupees) |        |
|-----------------------------------------------------------------------------|---------------------|--------|
|                                                                             | 1949                | 1950   |
| 1. Wages (inclusive of benefits for workers) -----                          | 2134.0              | 1996.4 |
| 2. Salaries (inclusive of benefits for persons<br>other than workers) ----- | 512.0               | 537.2  |

The average earnings per worker per working day in all industries were 4.45 rupees in 1949 and 4.25 rupees in 1950 whereas for persons other than workers the corresponding figures were 8.91 rupees in 1949 and 9.22 rupees in 1950. Thus in all industries the average earnings for workers per working day dropped in 1950 by about 5 per cent whereas the earnings increased by 3 per cent for persons other than workers. The overall average earnings per working day for all employed persons recorded, however, a nominal fall in 1950 of the order of 2 per cent.

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In the ten major industries the average wages per worker per working day were 4.37 rupees in 1949 and 4.16 rupees in 1950. The average earnings per worker per day in the ten major industries as compared to those in all industries were of the order of 98 per cent the maximum average earning per worker being in iron and steel, sugar, cotton textile and jute textile industries in descending order.

The rate of earnings for workers and for persons other than workers in all industries were 4.92 rupees in 1949 and 4.80 rupees in 1950. The comparative average earnings in the ten major industries were 4.68 rupees in 1949 and 4.53 rupees in 1950.

The total number of workers in all industries comprised 2424 and 2337 thousand during 1949 and 1950 respectively. The amount received by workers in these two years stood for all industries at 2134.0 million rupees and 1996.4 million rupees. The total value of input was 10728.2 million rupees in 1949 and 11286.9 million rupees in 1950, where as the respective values of output were 15713.9 million rupees and 16421.8 million rupees. Corresponding to that in all industries for the years 1949 and 1950, the number of workers in the ten major industries formed respectively 60 and 58 per cent and the value of output 53 and 54 per cent. Per capita labour earnings in all industries were 975 rupees in 1949 and 964 rupees in 1950, the corresponding figures in the ten major industries being 1053 rupees in 1949 and 1027 rupees in 1950. Thus in the ten major industries the rate of earnings was low and the average annual earning high compared to all industries because the number of working days in the former case was 228 and 200 in the latter case.

An investment in the ten major industries of the order of 55.14 and 54.68 per cent during 1949 and 1950 respectively of the total invested capital in all the industries went towards providing employment broadly to 60 per cent of the total employed persons in all industries. The fixed capital per employed person formed 87 per cent in 1949 and 90 per cent in 1950 of that in all industries. The average cost providing employment to one person in these ten industries varied on an average from 3700 rupees to 4000 rupees. The corresponding output per employed person lay in the range of 5400 rupees to 5900 rupees. In the order of capital-intensity per employed person, the ten major industries can be arranged as follows: iron and steel, cement, paper and paper board, tobacco, paints and varnishes, tea, sugar, cotton textile and jute. The highest fixed capital investment among the ten industries was in iron and steel, followed by cement, paper and paper board, chemicals, tea, tobacco, sugar, paints and varnishes, cotton and jute.

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Substantial Increases in Production during 1958-1959:  
Results of an Economic Survey.

According to the Economic Survey, 1959-1960<sup>\*</sup>, published by the Government of India, as part of the Budget papers for 1960-1961, in contrast to 1957-58 which was characterised by a large decrease in agricultural production, there was in 1958-59 a substantial increase which raised the index of agricultural production from 114.6 in 1957-58 to 131.0. The production of cereals went up from 53.0 million tons in 1957-58 to 51.3 million tons in 1958-59. The output of rice was larger by nearly 5 million tons, of wheat by about 2 million tons and other cereals by 1.5 million tons as compared to 1957-58. The output of pulses also rose from 9.5 million tons in 1957-58 to 12.2 million tons in 1958-59. Altogether, the output of foodgrains in 1958-59 was larger by about 11 million tons as compared to the previous year, the index of production of foodgrains (1949 = 1950 = 100) moving up from 108.0 to 128.2. Industrial production in 1959 increased at a faster rate than in the previous two years. For the first ten months of 1959 the average index of production (1951 = 100) was 149.4 i.e., an increase of 7.4 per cent over the corresponding period of 1958. In 1957 the index had increased by 3.5 per cent and in 1958 by only 1.7 per cent. Despite these favourable trends in production, wholesale prices moved upward through the major part of 1959-60, the index for December 1959 being 117.9 as compared to 111.4 for December 1958. The index was relatively steady up to April, but it rose from 112.0 in that month to 119.3 in October. There was a small fall in November and December, but the indices for the first few weeks of 1960 show again an upward movement. The all-India cost of living index recorded a rise of about 5 per cent over the year. There was a larger increase in money supply in 1959 as compared to 1958 and 1957, although the scale of government borrowing from the banking system was much smaller in 1959 than in the two previous years. A major element in the change in the relative situation is that the large drawals on the foreign exchange reserves that occurred in 1957 and 1958 ceased in 1959. It would appear also that part of the increased production of foodgrains in 1958-59 was absorbed in the replenishing of stocks with producers which had been depleted in the previous years because of the poor harvest.

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<sup>\*</sup> Economic Survey, 1959-69, General Manager, Government of India Press, New Delhi, 1960, pp. 16 plus charts and tables.

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The balance of payments position in 1959-60 was comparatively better than in 1958-59. There was an increase in exports as also a reduction in imports. The foreign assets held by the Reserve Bank declined at an average rate of 16 million rupees a week in the quarter April-June 1959. The ~~rate~~ rate of drawals fell to 90 million rupees in the second quarter. In the third quarter, there was an addition of 25 million rupees a week on an average to ~~of~~ the Reserve Bank's foreign assets. Thus, for the period April-December 1959, there was little change in the Reserve Bank's foreign assets, which had shown a fall of 780 million rupees for the corresponding period of 1958-59. There has been a reduction in these assets subsequently, and they stood at 2,030 million rupees on the 19 February 1960 as against 2,110 million rupees a year earlier. The aggregate fall in foreign exchange reserves since the beginning of the Second Plan amounts to 5,430 million rupees. Since the present balance leaves little scope for any further drawing down, enlargement of export earnings to the maximum extent possible and continued rigour in import policy will for long have to be the basis of foreign exchange policy.

The pressure on resources since the beginning of the Second Plan has been aggravated by the sharp fluctuations in agricultural output. Although agricultural production in 1958-59 was the highest so far on record, the rise over 1956-57 was only about 6 per cent. National income in real terms declined by 1.5 per cent in 1957-58; it went up by 6.8 per cent in 1958-59. Taking the three years of the Second Plan, the rise has been of the order of only 10.4 per cent. The rise in aggregate investment occurred in the first two years of the Plan; thereafter the trends have been somewhat uncertain. Investment by the public sector has been going up but the step up has been moderate. Private investment in organised industry slowed down in 1958-59, and the improvement in 1959-60, if any, is likely to be small. The imports of capital goods on private account came down from a level of about 2,100 million rupees annually for the first two years of the Plan to 1,420 million rupees in 1958-59; they were 650 million rupees for the first half of 1959-60. Even allowing for the increase in the output of capital goods within the economy, it would seem legitimate to infer that the step up in aggregate investment in 1959-60 would be small. The fact that prices and cost of living have, nevertheless, continued to show an upward trend indicates the low margins on which the economy has been operating. This margin can be enlarged only by increasing production more rapidly and by strengthening simultaneously the facilities for savings on the part of the wide sections of the community not yet accustomed to save.

5

Employment.- At the end of 1959 the number of applicants registered with the employment exchanges was 1.42 millions as compared to 1.18 millions at the end of 1958, an increase of 0.24 millions as compared to 0.26 millions in the previous year. The vacancies notified went up from 0.365 millions in 1958 to 0.424 millions in 1959 and placements increased from 0.233 millions in 1958 to 0.271 millions in 1959. Part of the increase in the number of applicants on the live register is, as mentioned in the earlier Economic Surveys, a consequence of the opening of new exchanges and the increasing use of this agency by those seeking employment. A considerable number of applicants represents those having some employment but seeking better jobs. Of the total increase of 0.24 millions in employment seekers during the year, as many as 0.13 millions or more than 50 per cent were unskilled workers. Another 48,000 were seeking clerical jobs. There have been increases in the supervisory and semi-skilled categories as well. On the other hand, there are reports of shortages of technically qualified personnel. Undoubtedly, the number of educated persons seeking employment through the exchanges has been increasing. But, here again, most of the increase is accounted for by the large number of matriculates and intermediates entering the labour force.

Average daily employment in cotton mills declined from 769.8 thousand in January 1959 to 731.7 thousand in June; there has been an increase since then, the average for October being 768.1 thousand. The available data in respect of the first eight months of 1959 regarding employment in coal mines show an increase from 363.9 thousand in 1958 to 366.3 thousand in 1959. Employment in industries like aluminium, paper, bicycles and cement has shown an increase and there is little doubt that small scale industries, road building, residential construction and the expansion of education and health services have been adding steadily to employment opportunities. Taking the economy as a whole, it is evident that increasing levels of investment and output cannot but be reflected in an increased demand for labour and a growth in employment opportunities. There is, at the same time, a steady - and progressive - increase in the labour force as a result of population growth so that the problem is, at bottom, one of increasing the rate of growth of the economy.



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Monetary Trends.- Over the twelve months of 1959, money supply in the hands of the public increased by 1,700 million rupees; the increase in the previous ~~year~~ two years was lower - 750 million rupees in 1958 and 960 million rupees in 1957. The major expansionary factor in 1959 was an increase in the net indebtedness of Government to the banking system amounting to 2,470 million rupees. This was offset by a decrease of 1,070 million rupees in the net indebtedness of the private ~~sector~~ sector to banks. On the other hand, the increase of 240 million rupees in the foreign exchange assets held by the Reserve Bank during this period added to the money supply.

There was a further increase of 2,540 million rupees in the net deposit liabilities of scheduled banks which amounted to 18,270 million rupees at the end of 1959. The increase in demand liabilities was 230 million rupees and in time liabilities 2,310 million rupees. The rise in deposit resources enabled the banks to end the year with a credit-deposit ratio of 52.79 per cent as compared to 55.01 per cent at the end of 1958 and the peak level of 76.82 per cent in mid-May 1957. If P.L. 480 deposits, which are a special category, are taken out from these calculations, the credit-deposit ratio works out to about the same level as in 1954-55 and 1955-56.

Economic Policy and Measures.- The main aim of economic policy in a country seeking rapid and balanced development is to maximise the resources available for investment without causing excessive stresses and strains in the system. The accepted developmental programmes have to be implemented, taking care at the same time to see that domestic inflationary pressures are held in check and external payments conform to the resources available. With the emergence of difficulties in regard to foreign exchange resources in the early stage of the Second Plan, various corrective measures were taken to restore balance in the system. Since 1957-58, the broad lines of policy appropriate in this context have been clearly set and the measures taken in the fiscal, monetary and other fields in 1959-60 represent a continuation of this line.

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The Reserve Bank continued its policy of general restraint while permitting expansion of credit in keeping with the needs of expanding production. While there was no change in the Reserve Bank's lending rates, the policy of selective credit control was tightened at various points and the banks were advised to rely less on accommodation from the Reserve Bank. The policy of open market sales was also continued.

The stringent import policy adopted since 1957 was continued during the year. In order to obviate a further drawing down of reserves, allocations of foreign exchange were made, to the extent possible, on the basis of the loans and credits that were already available or were forthcoming.

The various steps to promote exports taken during 1958-59, were continued - and intensified - during this year. Export duties on the few items still subject to such duties were reduced and drawbacks of import duties and excise duties on raw materials used in the manufacture of exports were granted. Special licences for imports of raw materials, components and spare parts are granted for a number of commodities on the basis of export performances; in a few cases this facility ~~restrictions on exports was~~ ~~maintained.~~ ~~The policy of removing quantitative restrictions~~ ~~on exports~~ is extended to the imports of capital goods also. The policy of removing quantitative restrictions on exports was continued and export quotas on items like certain oilseeds and oils were liberalised. The search for new markets has continued and agreements designed to raise the level of trade with several East European countries have been concluded.

Outlook.- From the indications of emerging trends, it follows that it will be essential in the coming year to hold inflationary pressures firmly in check and to accelerate the effort to increase production and savings. The level of prices is already high, and the demands both for consumption and for investment are steadily on the increase. With the scope for additional imports strictly limited because of the low level of reserves, continuance or resurgence of inflationary pressures is a positive hindrance to the pursuit of development with stability. A high degree of discipline with both in fiscal and in monetary policies is essential not only for averting further increases in prices in the immediate future but also for maintaining conditions in which the larger tasks of resources mobilisation connected with the Third Plan can confidently be taken in hand.

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Report of Study Team on Industrial Projects in  
Community Development Areas Published: Dispersal  
of Industries Recommended.

A Study Team, headed by Shri S.D. Misra, Parliamentary Secretary to the Union Minister for Community Development and Co-operation, was appointed in July 1959 to study the working, achievements and failures of the pilot projects. The report of the Team which was recently published has recommended, among other things that further concentration of industries in cities should be discouraged and a wide dispersal with complete delegation of authority at the operational level ensured. Migration to cities will continue unless employment opportunities are provided in the rural areas, the report adds.

The projects have highlighted the need for integration of the rural industries programme with village development and the general industrialisation programmes.

The team has recommended financial, organisational and technical assistance to 300 traditional artisans and the setting up of at least five industrial co-operative societies in each block during the third Five Year Plan period. The Industries Extension Officer at the block level, it adds, should be supported by craft specialists.

Villages where commercial and industrial activity has tended to grow should have a "common facility unit".

Twenty-five pilot projects were functioning in March last year and an expenditure of 23 million rupees was incurred on them.

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The reported production of goods worth 40 million rupees and sales totalling 35 million rupees for the three-year period ending March 1959, related mostly to the organised sectors of the village industries such as co-operatives and Government production centres. Over 1,000 industrial co-operative societies with a membership of 37,000 and a paid-up share capital of 1.4 million rupees have been set up. Small industrial estates were sanctioned for 10 projects and seven of these ~~new~~ have been completed.

(The Statesman, 22 February 1960).

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Economic Agreement between India and Russia signed.

The economic agreement reached between India and the Soviet Union in September 1959 (vide Section 34, pp.11-12 of the report of this Office for September 1959) according to which the Soviet Union offered to India a credit of 1500 million roubles for its projects during the Third Plan, was formally signed at New Delhi, on 12 February 1960.

(The Statesman, 13 February 1960).

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Objectives of Third Five Year Plan Outlined:  
5 Per Cent Rise in National Income Every Year  
estimated.

Shri Jawaharlal Nehru replying to the debate on the President's Address to planning in the Lok Sabha on 1 February 1960 announced that the tentative approach to the third Five Year Plan would be for a rise in national income at 5 per cent per annum. He said, the total investment on the third Plan would be of the order of 99,500 million rupees. Investment in the public sector would be about 59,500 million rupees, with a total development outlay of 70,000 million rupees.

Shri Nehru said that in the third Plan, investment in the private sector including agriculture, small industry, housing as well as organised industry, was expected to be 40,000 million rupees.

Shri Nehru said that at this stage the Plan for industry was being drawn up from the point of view of the economy as a whole, not in the terms of private and public sectors. The distribution between the two sectors would come later.

He emphasised that the Government's approach would be pragmatic. They wanted to do the job quickly - the sooner the better.

The Government, Shri Nehru said, was also considering the lines on which the general public should be asked to contribute capital to State enterprises.

Shri Nehru said that as had been pointed out by the Planning Commission, they had to ensure that there was an increase in agricultural production and that the public sector enterprises were carried on with economy and efficiency, yielding the maximum results. Other things to be ensured were keeping down the cost of construction programmes to the minimum, administrative efficiency and speed ~~xxx~~ and maintenance of prices at reasonable levels.

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Shri Nehru ~~said~~ said that in the working of the first two Plans, the Government had faced problems in a number of contexts for which there was no parallel. Combination of a measure of planning with the democratic apparatus, as they had done in India, always created certain difficulties.

He stressed that the mobilisation of manpower was among the problems to be faced. He dwelt on the danger to a planned economy from the spiral of wages and prices and said: "We can only deal with these matters by evolving social policies. ~~As~~ A free market that is talked about is just a primitive way of dealing with a complicated situation."

Shri Lal Bahadur Shastri, Union Minister for Commerce and Industry, informed the Rajya Sabha on 23 February 1960 that the total allocation to industry in the third Five Year Plan might be around 15,000 million rupees. He also listed the "vital" industries which the Government proposed to set up in the next Plan period. They included a heavy machine building plant, a foundry forge project, coal mining machinery plant, heavy structural plant, heavy plate and vessel shops, high pressure boiler plant, heavy machine tool factory and ball and roller bearings plant.

Shri Shastri agreed that the country should concentrate on the small and medium industries. But this field would have to be kept open to new entrepreneurs. The plants he had mentioned would cost about 13,000 million rupees to 15,000 million rupees and if the Government were to enter into the small and medium scale sectors it would perforce have to out down the big industry. It was, therefore, necessary that they should be left to the private entrepreneurs.

Location of Industries.- Shri Shastri said that when a number of industries were set up in different parts of the country in the first and second Plan periods, their location was decided more or less on expert advice. The Government had asked officials to bring to the notice of development in various States and the need for developing backward areas. But the experts did not have them as primary considerations in recommending a particular place. The main consideration that weighed with the experts was the advantage to the project as a whole and its production.

Shri Shastri said that he had a feeling that cement, paper and even machine tools could be manufactured by small-scale or medium sized units. He was having the matter examined by his experts. The work of designing machine tools for them could be entrusted to a common organisation.

(The Statesman, 23 February 1960;  
The Statesman, 27 February 1960).

36. Wages.India - February 1960.Government accepts Recommendations of Wage Board for  
Cement Industry: Minimum Income Rs.94 provided for.

The Government of India announcing<sup>ed</sup> its acceptance of the recommendations of the Central Wage Board for cement industry (vide Section 36, pp. 14-15 of the report of this Office for April 1958), on 1 March 1960, in a resolution published in a Gazette of India, Extraordinary. It, however, states that a study of workloads in the industry will be desirable. While implementation of the recommendations of the Wage Board need not be delayed on this account, Government feels that such a study should be undertaken as early as possible.

The resolution says: "After careful consideration of the Board's Report and the Minutes of dissent appended by the employers and the workers, Government have decided to accept the recommendations of the Board subject to the following:

"Government consider that a study of workloads in the industry would be desirable, and that while the implementation of the recommendations of the Wage Board, as referred to in the Report, need not be delayed on this account, Government feels that such a study should be undertaken as early as possible, and the recommendation regarding wage increase in the second phase wherever applicable may be implemented after this study is completed.

"Subject to the above, the Government request employers, workers and State Governments to take immediate steps to implement the recommendations of the Wage Board in letter as well as in spirit. Government expect that the parties concerned will show a spirit of accommodation in interpreting the recommendations and difficulties, if any, will be solved by direct discussions between them.



"Government note the view of the Wage Board that, prima facie, the industry does not have the capacity to pay the wages recommended on the existing retention prices. Government propose to determine the extent of the increases in the ex-works price payable to the producers consequent on the implementation of the recommendations of the Wage Board, and to grant such increases, with effect from the date when such recommendations are implemented. Any such increase in the ex-works price is proposed to be accommodated within the existing F.O.R. destination price and without any increase in the price to the consumer."

A brief review of the recommendations is given below:

Extent and Scope of Recommendations.- The recommendations apply to workers employed at (1) the cement factories and (2) the ~~the~~ lime stone quarries (except gypsum quarries) owned by ~~the~~ the cement producers, and (3) places where calcareous sand or shells are collected and clay is excavated, and (4) to workers employed in cement companies in the transport of lime stone, sand, shells and clay from the quarries to the factory. The recommendations also apply to the workmen in the lime stone quarries of the Parshva Properties Ltd., and of the Agricultural Farms Ltd., who supply the bulk of their output to the cement factories at Dalmianagar and Talaiyuthu respectively, and to the employees of the United Shippers Ltd., whether engaged in their own barges or barges lent to them by Shree Digvijay Cement Company Limited, at Sikka.

Thererecommendations do not apply to employees engaged in other industries at the same place or elsewhere owned by the cement companies e.g. the vanaspati, paper and other factories of Rohtas Industries Limited, at Dalmianagar, the refractories and pottery works of Dalmia Cement (Bharat)Ltd., and the refractory works of Orissa Cement Ltd. The convict labour employed in the quarries which supply lime stone to the Uttar Pradesh Government Cement Factory at Churk is excluded from the scope of recommendations. Similarly, the recommendations do not apply to the staff employed at the Head Offices and Branches and to apprentices and learners.

Contract Labour.- The contract labour employed on construction work or on purely temporary jobs not connected with manufacturing processes (which have been excluded by the Tripartite Industrial Committee on Cement at Hyderabad in 1954) are excluded from the purview of the Board's recommendations. Other contract labour has been covered by the recommendations and it is proposed that they should get the same wages, dearness allowance, leave, medical facilities, hours of work, overtime and bonus as departmental labour.

The employers have been enjoined to carry more direct responsibility to ensure that the contractors make payment to their labour on the employer's premises and in the presence of a representative deputed by the employer to check and supervise such payments. The Board has, however, suggested that the recommendation of the Tripartite Industrial Committee on Cement at Hyderabad, referred to above, about abolition of contract labour in all operations connected with the manufacturing processes (including quarry operations), except loading and unloading operations, should be given effect to within six months of the coming into force of the recommendations of the Wage Board in those Cement Companies where it has not already been done. Contract labour may be permitted to be employed in loading and unloading operations.

Total Minimum Wage.- The Board has recommended a total minimum wage of Rs.94/- for an unskilled worker whose family is deemed to consist of three consumption units. This is estimated on the need-based formula adopted at the 15th Tripartite Labour Conference. The Board has taken into consideration the "improved diet" recommended by Dr. Aykroyd, after collecting family budgets of employees at the various cement centres during the period of the inquiry. The cash wage is arrived at Rs.91/- after deducting Rs.3/- as value of the amenities provided by the employers. The split-up of the total minimum wage is as follows:-

|                      |       |                  |
|----------------------|-------|------------------|
| Basic minimum wage   | ..... | Rs. 52.00        |
| Dearness Allowance   | ..... | Rs. 31.50        |
| House Rent Allowance | ..... | Rs. 7.50         |
|                      |       | <u>Rs. 91.00</u> |

However, for centres in Gujerat and Saurashtra where the cost of living is estimated to be higher than at other centres, the total minimum wage is fixed at Rs.101/- and the cash wage at Rs.98/- after deducting Rs.3/- for amenities. The split-up of Rs.98/- is as follows:-

|                      |       |                  |
|----------------------|-------|------------------|
| Basic Minimum Wage   | ..... | Rs. 52.00        |
| Dearness Allowance   | ----- | Rs. 38.50        |
| House Rent Allowance | ----- | Rs. 7.50         |
|                      |       | <u>Rs. 98.00</u> |

The Board has fixed the wage scales and dearness allowance for unskilled, semi-skilled, skilled and highly skilled employees as below:-

|                                                                                     | Basic Wage       |                   | Dearness Allowance |                                                     | House Rent Allowance.                        |
|-------------------------------------------------------------------------------------|------------------|-------------------|--------------------|-----------------------------------------------------|----------------------------------------------|
|                                                                                     | Minimum.         | Annual increment. | Maximum.           | For workers covered by paragraph 13.2.1 of Report*. |                                              |
|                                                                                     | <u>Rs.</u>       | <u>Rs.</u>        | <u>Rs.</u>         | <u>Rs.</u>                                          | <u>Rs.</u>                                   |
| <b>(a) Where operatives are monthly rated</b>                                       |                  |                   |                    |                                                     |                                              |
|                                                                                     | <u>Per month</u> |                   |                    |                                                     |                                              |
| E (Unskilled)                                                                       | 52.00            | 1.30              | 62.40              | 31.50                                               | 38.50 - 7.50                                 |
| D (Semi-skilled)                                                                    | 57.20            | 2.08              | 73.84              | 31.50 + 5% of basic wage.                           | 38.50 + 5% of basic wage. - 7.50             |
| C (Skilled, lower)                                                                  | 62.40            | 3.90              | 93.60              | 31.50 + 10% of basic wage.                          | 38.50 + 10% of basic wage. - 7.50 (Minimum). |
| B (Skilled, upper)                                                                  | 83.20            | 5.20              | 124.80             | -do-                                                | -do- 7.50 (Min.)                             |
| A (Skilled, highly)                                                                 | 110.50           | 6.50              | 169.00             | -do-                                                | -do- 7.50 (Min.)                             |
| <b>(b) Where operatives are daily rated the equivalent daily wage rates will be</b> |                  |                   |                    |                                                     |                                              |
|                                                                                     | <u>Per day</u>   |                   |                    |                                                     |                                              |
| E (Unskilled)                                                                       | 2.00             | 0.05              | 2.40               | 1.21 -                                              | 1.48 - 0.29                                  |
| D (Semi-skilled)                                                                    | 2.20             | 0.08              | 2.84               | 1.21 + 5% of basic wage.                            | 1.48 + 5% of basic wage. - 0.29              |
| C (Skilled, lower)                                                                  | 2.40             | 0.15              | 3.60               | 1.21 + 10% of basic wage.                           | 1.48 + 10% of basic wage. - 0.29 (Min.)      |
| B (Skilled, upper)                                                                  | 3.20             | 0.20              | 4.80               | -do-                                                | -do- -do-                                    |
| A (Skilled, highly)                                                                 | 4.25             | 0.25              | 6.50               | -do-                                                | -do- -do-                                    |

\* For workers at centres other than those in Gujarat and Saurashtra.  
 \*\* For workers at centres in Gujarat and Saurashtra.

The grades recommended for operatives should also apply to peons, watchmen, motor drivers, bungalow servants, bearers, cooks, malis, sweepers, ayahs, dressers, club boys, ward boys, laboratory boys, etc. Similarly the grades of pay fixed for clerical and lower technical and supervisory staff are as under:-

- I. Rs. 70-5-110/E.B./5/150(Lowest clerical grade)
- II. Rs. 80-5-140/E.B./7-196
- III. Rs. 90-8-170/E.B./10-250
- IV. Rs.100-10-180-12-204/E.B./12-300
- V. Rs.110-12-170-14-240/E.B./15-360
- VI. Rs.120-13-185-15-260/E.B./15-320-20-400
- VII. Rs.150-15-300/E.B./20-460

Non-matriculantes who are engaged in Grade I (the lowest clerical grade) may be started at Rs.5/- lower than the minimum of the grade, i.e., Rs.65/- per month. Tally checkers (described as tally clerks) should be put in the grade of Rs.60-4-80/E.B./4-100. The grades for the clerical and lower technical and supervisory staff should also apply to nurses, compounders, health visitors, sanitary inspectors, school teachers, etc., who should be appropriately fitted into those grades.

Dearness Allowance.- The dearness allowance of Rs.31.50 and Rs.38.50 as stated above is linked to the figures 123 for July 1959 of the All India Consumer Price General Index (base - 1949) and it is provided that the dearness allowance in the case of the former (i.e. the employees of the factories situated in regions other than Gujerat or Saurashtra will rise or fall at the rate of Rs.1.47 for every two points in the index, and in the case of the later (i.e. for factories in Gujerat and Saurashtra) at Rs.1.59 for every two points.

The wages and dearness allowance are to come into force with effect from 1 January 1960, but in order to stabilise wages for an initial period of six months it is recommended that the dearness allowance should not vary with the rise or fall in the All India Consumer Price General Index number. Thereafter the dearness allowance would vary according to the rise or fall in the index number as stated above. The clerical and lower technical and supervisory staff should be paid dearness allowance at 10 per cent of their basic salary plus Rs.40/- per month in the factories and quarries situated in regions other than Gujerat and Saurashtra; and in the regions of Gujerat and Saurashtra the dearness allowance for these categories has been fixed at 10 per cent of the basic salary plus Rs.47/- per month.

House Rent Allowance.- A minimum house rent allowance of Rs.7.50 per month should be paid to every employee. This will be deductible in its entirety in the case of employees who are allotted by the employers pucca quarters provided with electric lighting. The deductions in respect of quarters below this standard should be as follows:-

|                                                                 |          |
|-----------------------------------------------------------------|----------|
| Pucca quarters without electricity                              | Rs. 6.00 |
| Quarters with pucca walls but kutcha roofs, with electricity    | Rs. 5.50 |
| Quarters with pucca walls but kutcha roofs, without electricity | Rs. 4.00 |
| Kutcha quarters with electricity                                | Rs. 4.00 |
| Kutcha quarters without electricity                             | Rs. 2.00 |

These rates of deduction should apply to unskilled and semi-skilled operatives who are housed. Where skilled operatives or clerical and lowertechnical and supervisory staff are entitled to better type of quarters than unskilled and semi-skilled operatives, employers may pay such skilled operatives or staff higher scales of house rent allowance than the minimum of Rs.7.50 per month. If employers pay higher house rent allowance to these employees and if they are provided with better type of quarters, such higher house rent allowance paid will be deductible in its entirety.

Piece Rates.- The existing piece-rates should be so adjusted as to enable the piece-rate operatives to earn not less than the wage recommended for unskilled operatives on the basis of the existing work-loads and other existing conditions. If an employer considers the present work-loads on the basis of which existing wages are fixed is inadequate, he may alter them with the agreement with the union. If there is no agreement, the machinery provided under the Industrial Disputes Act would be available to the employer. Where piece-rates are introduced for a new job, e.g., to replace the contract system which will be abolished in quarry working (where it still exists), such piece-rates should be fixed by agreement between the parties. Where no agreement is reached, the employer may fix the piece-rates. If the union is dissatisfied, the matter may be settled by arbitration provided that the two parties agree on the joint nomination of an arbitrator. Failing this, the machinery provided by the Industrial Disputes Act would be available.

As regards the question of fall-back wage, the Board has recommended that whenever as a result of reduced output due to causes beyond the control of the workers, the basic earnings of piece-rated operatives fall below Rs.52/- per month if the work-load is fixed on monthly basis or Rs.2/- per day if the work-load is fixed on daily basis, their basic earnings in respect of the period of question, should be brought upto Rs.52/- or Rs.2/- per day as the case may be, and they may be paid the dearness allowance and house rent allowance as provided for unskilled workers. However, where output and earnings are affected due to causes within the control of workers (such as strike or go-slow in any part of the establishment) operatives should be paid for the actual output given. Where no work is provided and operatives are laid off, compensation will be paid in accordance with the Industrial Disputes Act.

Women Workers.- The Board has recommended that women workers should be paid the same wage as men ~~work~~ wherever they are employed on the same type of work. In the few occupations where women are exclusively employed, no distinction in the wage appears necessary in view of the small number involved.

Adjustments.- As regards fitting the existing operatives and clerks into their appropriate grades, the Report contains directions in detail. The classification of the operatives should be done on the basis of the skill, suitability and experience. This is to be done by the employer, after consulting the unions, within three months of the recommendations coming into effect. If the union is dissatisfied, the matter may be settled by arbitration provided that the two parties agree on the joint nomination of an arbitrator. Failing this, the machinery provided by the Industrial Disputes Act would be available. Care has been taken to see that most of the employees will get some increase in their existing salaries by way of adjustment and none will suffer adversely. As regards the unskilled operatives, those who have put in 12 months' service when the recommendations come into effect, should be given an increase of Rs.5/- per month. Operatives in the skilled and semi-skilled grades i.e. A, B, C, and D grades will get also an increase of Rs.7, Rs.5.50, Rs.4 or Rs.2.50 respectively. Similarly an increase of Rs.8/- has been recommended to all clerical, lower technical and supervisory staff drawing a basic salary upto Rs.250/- who have put in at least 12 months' service when the recommendations come into effect. The allocation of employees in the clerical and lower supervisory and technical grades is to be done by the employer after consulting the union concerned, within two months of the recommendations coming into effect, and with retrospective effect from that date. However, employees have been given the option to remain in their existing grades or to accept the grade and pay-step indicated by the employer. The option is to be exercised within 10 days of the employer indicating the appropriate grade and pay step. Once the option is exercised, it should be irrevocable.

Phasing.- Where the lowest total minimum wage recommended by the Board will result in a very big increase over the present wage, the increased wage should not be given in "one jump" but should be so fixed that the full incidence comes into effect one year after the initial increase is given. Accordingly, at all such factories where there will be an increase of Rs.25/- or more over the existing wage for the unskilled worker (comprising basic wage, dearness allowance, house rent allowance, if any, money value of grain concessions, if any, and any other cash allowances of cash payments given to the generality of unskilled operatives at any particular factory) the increase should be phased for all the employees for a period of 12 months in the following manner: (a) In the case of unskilled and semi-skilled workers, dearness allowance should be Rs.10/- less than Rs.31.50 or Rs.38.50 as the case may be and the reduced dearness allowance will be variable with the All India Consumer Price General Index Number six months after coming into effect of the recommendations, and the dearness allowance will be restored to the full after one year. (b) So far as the skilled operatives and clerical and lower technical and supervisory staff are concerned, the dearness allowance should be phased by 50 per cent for a period of one year and the remaining half would be restored after one year. (c) The phasing should not, however, prevent the payment of the amount of annual increment due after one year.

New Factories.- New cement factories whether owned by the existing cement factories or otherwise (and the quarries, etc.) should be exempted for a period of 18 months from the month the factory goes into production from paying in full the wages and salaries recommended by the Board for the various categories of employees. During this period of 18 months the new units should pay the basic wages/salaries, dearness allowance, house rent allowance at 75 per cent in respect of each component. The variation in dearness allowance with rise or fall of the All India Consumer Price General Index number should also be at 75 per cent of the variation in dearness allowance recommended above for employees of old factories. Any factories already paying more than 75 per cent of the wages recommended should, however, continue to pay the higher wages/salaries, dearness allowance, etc.

Bonus.- The Board has observed that at present the Full Bench formula of the Labour Appellate Tribunal holds the field. It has been approved by the Supreme Court and some points regarding it cleared up. Various suggestions for modification of the formula were made to the Board, but the modifications suggested by the employers were not acceptable to the Unions and vice versa. Therefore, the Board is of the view that no useful purpose will be served in making any recommendations.

Gratuity.- As the increase recommended in the basic wages would multiply the burden in respect of gratuity schemes, the Board has recommended that where gratuity is payable in terms of basic wages, gratuity schemes for operatives in the A,B,C,D and E grades should be modified. The service period of the employee should, for the purpose of gratuity be broken into two periods, the first period commencing from the date of appointment till the date immediately prior to the date from which the recommendations come into operation. In respect of the first period gratuity should be calculated in terms of the average basic wage earned in the last month or year of the first period, as required under the gratuity rules. In respect of the second period, gratuity should be calculated in terms of the average basic wage earned in the last month or year of service. Where gratuity is payable in terms of consolidated wages the gratuity schemes should be suitably revised so as to lessen the burden.

Incidence of Cost.- The industry has made out a prima facie case that it has not the capacity to pay the wages recommended by the Board, on the existing retention prices of cement. It is, therefore, necessary for Government to examine this question and revise the retention prices paid to the producers if it is satisfied that the industry has not the capacity or has not sufficient capacity to meet the incidence of the increase in wages recommended by the Board. The Board has suggested three possible ways of meeting the incidence of increased wages: (a) by increasing the price to the consumer (b) by reducing the State Trading Corporation's profit or (c) by reducing the excise duty. There appears to be justification for tapping sources (b) and (c) above. However, in the last analysis, it is for the Government to decide as a matter of policy and overall considerations of the country from which source the funds should be found.

(Press Note, dated 1 March 1960,  
issued by the Government of India,  
New Delhi ).



Fixation of Grades and Time Scales for Mine Workers:  
Arbitrator's Award.

Shri A. Das Gupta, former member of the Labour Appellate Tribunal and an Arbitrator, appointed to arbitrate on 31-point demand of trade unions in the coalfields, has given his award on 30 December 1959. Following is the summary of the award:

Lead and Lift Wages.- Regarding revival of the practice of granting 150 per cent dearness allowance over 'lead and lift' wages the award states: "There would be no difference whether the payment for 'lead and lift' in this case is separately treated for dearness allowance or not. The percentage rate will be the same whether it is treated separately or is consolidated with the basic wages. Where the 'lead and lift' tends to increase the normal basic earnings of a piece-rated worker either entirely or partially, the worker shall be paid dearness allowance at the percentage rate for both the normal basic wages and for the excess at the percentage rate admissible to him on his normal basic wages. In such cases, the payments for 'lead and lift' ~~has~~ have got to be separately treated for the purpose of dearness allowance which shall be on such payments at the percentage rate admissible to the piece-rated worker on their normal basic wages.

"In fact, the existing practice at collieries whether dearness allowance is paid separately on lead and lift or whether lead and lift is converted into basic wages for the purpose of dearness allowance will continue."

As regards the neutralised rate the award says:

Certain calculations have been given in the award and the Arbitrator has directed that if in any case the payments have not been made at the tub rates applicable to the protected workmen under the decision of the Labour Appellate Tribunal the deficiency should be made good from the date when the Mazumdar Award came into operation.

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Detailed calculations indicate that the increase in tub rates of the C.P. miners and machine-out-loaders whose wages are protected cannot definitely be worked out in all cases without knowing the rates paid before the Mazumdar Award. Details will be available when the calculations given in the Award are circulated.

Piece-rated Trammers.- Regarding piece-rated trammers the award ~~states~~ provides: (a) Where the total average earnings basic and dearness allowance with As.10 as equivalent compensation for the cash and food concession in the particular colliery or section are higher than the total emoluments, basic and dearness allowance, under the award as modified in appeal, the excess shall be deemed to be due to generosity of the employers, in such cases, no increase in the unit rates or in the wages of the workers who give higher outputs and get higher emoluments is called for. The average earnings divided by the average output determines the rate per unit output.

(b) Where the total average earnings, basic and dearness allowance, with As.10 as equivalent compensation for cash and food concession in a particular colliery or section are equal to the total emoluments basic and dearness allowance under the award as modified in appeal, the average wages must be deemed to have had an element of generosity of the employers in the past. The average earnings divided by the average output determines the rate per unit output. In such cases also on increase in the unit rates and wages of the piece-rated trammer who gives higher output and earns higher emoluments is called for.

(c) Where the total average earnings, basic and dearness allowance with As.10 as equivalent compensation for cash and food concession in a particular colliery or section are less than the total emoluments under the award as modified in appeal, the rate per unit output shall be the total ~~emoluments~~ emoluments under the award divided by the average output per shift.

(d) It must be understood that in all cases, all workers shall be paid on their actual outputs at the rates to be determined as indicated above. In all these cases if the total emoluments for a piece-rated trammer for a day's work is less than that of the time-rated trammer, he shall not get for a day's work less than the wages prescribed by the Appellate Tribunal for a time-rated trammer as directed in paragraph 152 of its decision. This special direction appears to have been made for the piece-rated trammers on account of ~~their~~ their particular working condition.

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Most of the managements have already complied in the implementation of the Mazumdar Award with the directions given by the Arbitrator. A point will, however, arise with regard to the Arbitrator's comments in respect of the direction given in paragraph (a) above as to whether the piece-rated trammer can get a wage less than Category IV for a full day's work. While the Arbitrator has not distinctly indicated that the piece-rated trammers should not earn less than Rs.1-4-0 per day, the unions may raise this dispute at a later date, particularly in view of a recent award given by Shri Salim Merchant which is in appeal.

Loading rate of Coke.- For the rate of loading soft-coke and hard coke the Arbitrator had laid down the following rates for loading:

Coal - 28 nP per ton (fixed by the Labour Appellate Tribunal - Decision not altered).

Soft Coke - 35 nP per ton.

Hard Coke - 37 nP per ton.

The dearness allowance in respect of these workers shall be at the rate of Rs.45 per month or Rs.1.33nP. per day. The directive has effect on and from the date when the Award comes into force.

The rate for stacking, screening truck-loading etc., the award says, should not be less than wagon loading rate.

Dearness Allowance.- The Arbitrator has also directed that dearness allowance shall be paid under the sliding scale subject to the condition that the percentage rates at which dearness allowance is being paid to wagon loaders in the collieries concerned. Where there are higher rates for truck loading, trucking and screening, such higher rates shall continue. This decision comes into effect as from the date when the Award comes into force.

The demand for increase in Sardari rates for miners, sirdars, trammers' sirdars and loading sirdars has been rejected.

With regard to another issue the Arbitrator has directed that since the basic wage of Miners has been revised, the calculations should be made on the basis of the Coal Mines Provident Fund Commissioner's Circular No. CPF 12 dated 7 May 1951 on the average basic wage of a miner in a gang on the basis of the revised rates. The direction in this connection has no retrospective effect.

Time-scale.- Regarding time-scales for chaprasis, night-guards and creche-ayahs the following have been fixed:

Chaprasis and Office Peons - Rs.28.50-nP.-30-1-50.

Night Watchmen - Rs.30-1.42.

Creche Ayahs - Rs.28-1-30.

The Arbitrator has further stated that the adjustment shall be made on the date on which this Award comes into effect according to the directions under paragraph 316 of the decision of the Labour Appellate Tribunal, as if there had been no previous adjustment.

Grade and time-scales of (a) Doctors (b) Senior Overmen, (c) Teachers (d) Employees in Beehive Ovens, and (e) Canteen Employees, have been fixed as follows:-

Doctors-

Medical Graduates - 200-20-300-EB.-25-400.

Medical Licentiate - 100-10-150-EB.-25-210.

Senior Overmen.- The scale prescribed is Rs.85-5-150-EB.-5-200.

Teachers.- The scales directed to be paid are:

Trained Matriculates - 48-3-57-EB.-4-93.

Untrained Matriculates or trained non-Matriculates - Rs.43-3-81.

Untrained non-Matriculates or trained UPs - 40-2-52.

Employees in Beehive Ovens.- Slack suppliers, who stack coal near the screening machine - Category I Wages.

Ghani-men, who feed the crushing machine, receive the crushed coal and charge the ovens - Category III wages.

Dragger mazdoors, who take out the hard coke from the Bhatta, quench the fire and seal the Bhattas for the next operation - Category IV wages.

Hard coke stackers, who stack hard coke after separating different qualities of coal - Category IV wages.

Trammers, firemen, pump khalasis, haulage khalasis, crusher khalasis - They shall be at par with their counterpart in the collieries.

Canteen Employees.- Manager or Supervisors - Clerical Grade II.

Assistants(if any)- Clerical Grade III.

Caterers - Category II wages.

Mazdoors - Category I wages.

Cooks - Category III wages.

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The Arbitrator has stated that the above pay scales are the minimum pay scales for the several categories of workmen covered by this issue. Where there are better scales or rates, the workmen shall continue in their existing rates subject to the option exercised by them within two months from the date on which this award comes into force. None of the scales have retrospective effect.

Length of Service.- For calculating the length of service for the purpose of increments, the Arbitrator has stated:

"It was contended on behalf of labour that sometimes a worker on a lower job was put on a higher job. In such cases the grade corresponding to the job to which he was substantively appointed and for which he was paid shall be <sup>the</sup> grade to which he is to be fitted in. If his substantive appointment was for the lower job and if he is to be fitted into the grade corresponding to it, his total service from the date of appointment to the higher ~~grade~~ job shall be reckoned in accordance with the subparagraph (2) of paragraph 316 of the Labour Appellate Tribunal Decision. Any anomalies should be settled by negotiation at unit level."

Regarding Re-definition of continuous service etc., the Arbitrator has directed that for the purpose of computing uninterrupted work for 3 months in Clause (2) of Paragraph 822 of the Mazumdar Award ~~in paragraph 316~~ as confirmed by the Labour Appellate Tribunal in paragraph 348 of its decision, any interruption merely on account of the sickness or accident certified by the Company's doctor or a strike which is not illegal, or a lockout or a cessation of work which is not due to any fault on the part of the workmen or any absence on unavoidable and good and reasonable grounds not exceeding 7 days in the entire period of 3 months exclusive of weekly rest days and paid or unpaid holidays shall not be considered as interruption.

The Arbitrator has directed that the benefits should be extended to all employees who are workmen under the amended Act provided they are not governed in this respect by any statutory provisions.

Sick Khoraki.- The Arbitrator has directed that sick khoraki shall be available to workmen at half their wages (basic plus Dearness Allowance) for a period of 14 days in a year. Where sick khoraki is being paid for more than 14 days in a year, it shall continue to be paid in excess of 14 days at the rate at which it is being paid at present. Where the workmen are enjoying better facilities such facilities shall continue. The grant of sick khoraki is dependant on the issue of a medical certificate by the colliery doctor.

The Arbitrator has directed that paid holidays must be treated for the purpose of bonus and privilege leave according to the relative statutory provisions which were placed before him by the employers. The issue has therefore, not been arbitrated upon.

The Arbitrator has further directed that the incremental scales which he has awarded shall be deemed to have been introduced on the 1 June 1959 so that the first increment shall be due to the workers under the scales on and from the 1 June 1960, payable on the following wage day.

The following grades and time-scales of pay have been laid down by the Arbitrator for all categories of workmen:-

|               |         | Starting Basic wage in rupees. | Rates of annual increment in rupees. | Length of the scales. |
|---------------|---------|--------------------------------|--------------------------------------|-----------------------|
| Category I    | Daily   | 1.03                           | .03                                  | 6 years in all cases. |
|               | Monthly | 27.62                          | .78                                  |                       |
| Category II   | Daily   | 1.09                           | .05                                  |                       |
|               | Monthly | 28.44                          | 1.30                                 |                       |
| Category III  | Daily   | 1.19                           | .08                                  |                       |
|               | Monthly | 30.87                          | 2.08                                 |                       |
| Category IV   | Daily   | 1.25                           | .09                                  |                       |
|               | Monthly | 32.50                          | 2.34                                 |                       |
| Category V    | Daily   | 1.31                           | .09                                  |                       |
|               | Monthly | 34.12                          | 2.34                                 |                       |
| Category VI   | Daily   | 1.37                           | .10                                  |                       |
|               | Monthly | 35.75                          | 2.60                                 |                       |
| Category VII  | Daily   | 1.87                           | .14                                  |                       |
|               | Monthly | 48.75                          | 3.64                                 |                       |
| Category VIII | Daily   | 2.25                           | .14                                  |                       |
|               | Monthly | 58.50                          | 3.64                                 |                       |
| Category IX   | Daily   | 2.75                           | .14                                  |                       |
|               | Monthly | 71.50                          | 3.64                                 |                       |

Gratuity and Pension.- Regarding gratuity and old age pension, the Arbitrator after discussing this issue in great detail has declined to increase existing retiral benefits to colliery workers industry-wise.

The Arbitrator has suggested that the matter regarding difficulty allowance should be solved by negotiation at colliery level.

The Arbitrator has directed that maternity benefits shall be paid to a female workers in the coal mining industry at the rate of average daily wage of the worker subject to a minimum of As.-/12/- per day. The decision is prospective in effect.

(The Indian Worker, Vol.VIII, No.15,  
11 January 1960, pages 9 and 11 ).

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37. Salaries.

India - February 1960.

Bihar: Government Employees to Get More Dearness Allowance.

The Chief Minister of Bihar, Dr. Sri Krishna Sinha announced on 9 February 1960, in the Bihar Legislative Assembly, that the State Government had decided on a flat increase of 10 rupees per month in the dearness allowance of all Government employees drawing up to 250 rupees a basic salary. It had also decided ~~to~~ to allow a flat increase of 5 rupees per month in the dearness allowance of the employees of local bodies and 2 rupees in the case of chaukidars; Gram Sevaks would receive a fixed dearness allowance of 12 rupees each.

The Chief Minister said that the Government had decided to raise the salaries of members of the Legislature from 200 rupees to 250 rupees and the halting allowance from 10 rupees to 15 rupees per day. The increase in the case of the members of the Legislature will be effective from the commencement of the current budget session and in the case of others from April next.

The annual liability for the Government from this ~~increase~~ increase in emoluments would be in the neighbourhood of 25 million rupees. He expressed the hope that the Union Government would share a part of this additional expenditure.

(The Times of India, 10 February 1960).



D.A. Formula Modified in Bank Award.

The Union Government has modified the formula recommended by the Bank Award Commission for adjustment of dearness allowance for bank employees. The decision which has been notified in a Gazette of India, Extraordinary, says: "If the average all-India cost-of-living index for any quarter after 31 March 1959, should rise or fall by more than five points as compared to 144 (1944 = 100), the Dearness Allowance payable for the succeeding quarter shall be raised or lowered, in the case of clerical staff by one-fourteenth, and the case of subordinate staff by one-twentieth, of the Dearness Allowance admissible at the index level of 144 for each variation of five points."

The formula, suggested by the Commission, was modified in December 1957, by an agreement between the State Bank of India and its employees to provide for adjustments in the Dearness Allowance, if the average all-India cost of living index rose or fell by five points during any quarter as against ten during a half-year period under the formula.

It was represented by the employees of other banks that the interval of half year was too long a period, and that considerable hardship was caused to the employees when the average cost-of-living index rose considerably but did not actually reach ten points.

The Industrial Disputes (Banking Companies) Decision Act, 1955, by which the Commission's recommendations were implemented, was, therefore, amended in 1958, empowering the Government to make necessary adjustments in the Dearness Allowance formula for any period subsequent to December 31, 1957, within the ratio laid down in the formula.

(The Hindustan Times, 21 February 1960).

38. Housing.

India - February 1960.

Bombay: 25,000 Two-room Tenements to be constructed.

Shri S.G. Kazi, State Minister for Housing in Bombay disclosed on 18 February 1960, that the construction of 25,000 two-room tenements under a 90 million rupees Government housing scheme for the benefit of those living in unauthorised hutments in Greater Bombay is expected to start in a few weeks. The tenements, all ground floor structures, will be made available at a monthly rental of 13 rupees, believed to be the cheapest under any Government housing scheme so far undertaken in India.

The Bombay Housing Board will be entrusted with the execution of the scheme. The Board has already invited tenders for the work. Among the amenities to be provided are gardens, playgrounds, dispensaries, assembly halls, and shopping centres.

Of the 5,966 tenements in the first part of the housing programme, called the "Hutment Dwellers' Scheme", 2,966 tenements will be constructed at Goregaon on a 100-acre plot, and the rest (3,000) at Vikroli. The total cost of the 5,966 tenements has been estimated at 20,881,000 rupees.

This construction is being undertaken under the Slum Clearance Scheme drawn up by the Union Government.

(The Times of India, 22 January 1960).

Madras: Review of Progress of Government Schemes  
regarding Slum Clearance.

According to a press report issued on 27 February 1960, by the Government of Madras clarifying the position regarding progress of slum clearance work: "The provision of a few amenities, like lights and tap without reducing the density of population in the slums will not lead to any improvement of the slums at all. Government feel that improvements should be carried out as a permanent measure with adequate roads, amenities, and space for the slum dwellers".

The survey conducted has revealed that about 50 to 200 families reside in an acre. According to town-planning, housing and health experts, a density of 20 to 25 families per acre in single-storeyed tenements and 30 to 35 families per acre in double-storeyed tenements is the maximum permissible for healthy and hygienic life. Where, instead of tenements, open developed plot is provided to the slum-dweller, it should not be less than one thousand square feet per family. There can be no improvement in the slums, so long as the density of population per acre is not reduced. It is not possible to lay proper roads and pathways in the existing slums without shifting some of the slum-dwellers.

"The slum-dwellers in their ignorance of their real interest, resist moving to better surroundings in neighbouring areas and thus hamper the progress of slum improvement schemes."

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"Government have programmed to provide 4,677 open developed plots and 1,822 tenements during the Second Five-Year Plan. Out of the sanctioned number, 1,482 plots have been developed with all amenities till now, and 1,110 tenements are nearing completion. The rest are under several stages of development at present.

"Government provide hut-dwellers taking open developed plots with 125 rupees worth of building materials such as bamboos, thatches, rope, R.C. ventilators, etc., and 25 rupees. The lease rent charged for each plot is only three rupees per month. Yet ~~these~~ the slum-dwellers are misled to insist upon living in their present highly insanitary and over-crowded slum areas."

(The Hindu, 29 February 1960).

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

INDIA - FEBRUARY 1960.

41. General.

Plantations Labour (Amendment) Bill, 1960.

Shri Gulzarilal Nanda, Minister for Labour, Planning and Employment, Government of India, introduced in the Lok Sabha on 15 February 1960 a Bill further to amend the Plantations Labour Act, 1951.

According to the Statement of Objects and Reasons appended to the Bill, the Plantations Labour Act, 1951, which provides for the welfare of labour and regulates the conditions of work in plantations has been in operation since the 1 April 1954. The Act is applicable to gardens admeasuring twenty-five acres of more and whereon thirty or more persons are employed. Some employers are fragmenting their plantations into small units with a view to evading their liabilities under the Act. The amendments mentioned in the Bill are proposed to check fragmentation of plantations and to ensure more effective working of the Act.

A new sub-section (5) is being added to section 1 to empower the State Governments to apply all or any of the provisions of the Act to any plantations less than 10.117 hectares in area or employing less than 30 workers, subject to the condition that such of these plantations as were in existence before the commencement of the Act will not be brought within its scope. This sub-section thus seeks to check the fragmentation of plantations by employers into small units and to prevent the establishment of such small units in future with a view to by-passing the Act.

Clause 3.- (1) It is considered necessary to define the term 'family' for the purposes of the Act. A new clause (ee) is, therefore, being added in section 2.

(ii) The present definition to the term "plantation" in section 2(f) is restricted to land where tea, coffee, etc., are grown and does not cover other places such as offices, hospitals, dispensaries and schools where persons are employed in work connected with the plantations in one form or another. The ~~modified~~ modified section 2(f) read with the amendments proposed in clause 2 will ensure that the benefits under the Act will be available to all workers except those employed in factories which come within the purview of the Factories Act, 1948.

(iii) Clause (k) of section 2 is being amended to clarify that members of the medical staff (other than medical officers) whose wages are less than 300 rupees per month are covered by the Act, while persons who are temporarily employed in any work relating to the construction and maintenance of buildings, roads, etc., are not.

Clause 4.- Employers are already providing medical facilities for families of workers. The proposed amendment merely gives this a statutory effect.

Clause 6.- (1) It is clear whether the expression "work performed" appearing in sub-section (1) of section 30 includes days on which less than the normal day's work is performed or on which only attendance is put in. The proposed ~~Explanation~~ <sup>not</sup> "Explanation" clarifies the position in this regard.

(ii) The existing section 30 ~~does~~ does not provide for grant of leave due to a worker or wages in lieu of such leave in case his services are terminated by the employer. The new sub-section (4) makes necessary provision on this account.

Clause 7.- The period over which the average daily wage should be calculated has not been specified in section 31(1). This has been causing difficulty in the calculation of wages for the leave period. The proposed amendment seeks to remove this difficulty.

Clause 8.- Under section 42, previous approval of the Central Government is necessary before State Governments can exempt employers from any provision of the Act. Section 19 restricts weekly hours of work to 54 for adults. Employers are finding it difficult to observe a 54-hour week in a rush period when tea leaves have to be plucked while in heavy flush and coffee berries have to be picked before torrential rains can bring down the whole of the ripening crop. The restriction of weekly hours of work to 54 in such cases results in loss of crop to estates and loss of earnings to workers paid on piece rates. The proposed amendment empowers State Governments to exempt employers from section 19 in suitable cases without prior reference to the Central Government, which takes time.

(The Gazette of India, Extraordinary,  
Part II, Sec 2, 15-February 1960,  
pp. 5-11 ).

42. Co-operation.

India - February 1960.

Recommendations of Working Group on Co-operative Farming published: Programme for Joint Co-operatives Outlined.

The Working Group on Co-operative Farming, which was headed by Shri S. Nijalingappa, former Chief Minister of Mysore, released the first volume of its report at New Delhi on 15 February 1960, which contains the major recommendations of the Group. The Group is of the view that "cooperative farming in India can be a success and it is an effective method and agency for improving the economic and social conditions, particularly of small and medium cultivators."

The Group has outlined a programme indicating the preparatory work and other requirements regarding composition, size, managements, technical guidance, ~~managements~~ finance, training, education and research for the formation of co-operative farming societies.

A decision on the recommendations will be taken by the Government of India after consulting State Governments and others concerned.

The development of co-operative farming, the Group points out, cannot be regarded as a series of isolated experiments or projects. A radical change in the structure of society and the organisation of economic activity on co-operative lines can be brought about only by generating correspondingly powerful social forces; the preparatory steps for the development of co-operative farming include preparing the people by the process of education for undertaking joint ~~activity~~ activity through self-governing institutions like village panchayats and through the widening of co-operative effort in general.

As the village panchayats gain in power and effectiveness and as the coverage and scope of service co-operatives are progressively increased, a suitable atmosphere will be created for transition to co-operative joint farming on a large scale. As a result of the programme, favourable conditions will be created ~~for~~ and the movement will gain momentum and co-operative farming will emerge as a pattern of agriculture in the country.

The total outlay of the programme envisaged by the group would be about 352.6 million rupees comprising 286.5 million rupees for assistance to societies; 42.4 million rupees for training and education and 23.7 million rupees for technical staff.

The group is against any form of compulsion. In its opinion, existing legislation in some States under which a minority of cultivators can be forced to join a co-operative farming society is contrary to the basic principles of voluntariness and undesirable on practical grounds. Such laws, even though not enforced so far, should be repealed.

In the absence of a co-ordinated policy, the development of co-operative farming in the country so far has been somewhat sporadic and haphazard. As a result, the advantages of systematic co-operative farming could not be adequately demonstrated. Difficulties in the expansion of co-operative farming arise from a lack of proper appreciation of the subject in all quarters. The average farmer is afraid of a reduction in his income, majority of official functionaries are not particularly helpful; administrative arrangements, laws and procedures governing financial assistance are often unsuited to the needs and financial agencies are hesitant in advancing loans to such societies.

The Group has suggested that 320 pilot projects, at the rate of one in every district, be carried out during the next four years in selected NES(CD) blocks where co-operation has made good progress. To start with, 40 projects may be set up during the current year. Ten co-operative farming societies should be organised in each project. By the end of 1963-64, as a result of the success achieved in these 3,200 societies, another 20,000 societies, it is expected, would come into being in other areas.

To avoid frustration and subsequent disintegration, no society, the report cautions, should be organised by raising exaggerated hopes.



Pooling of land, according to the Group, should ordinarily be for a period of five years. Ownership rights of the members contributing land should not only be respected but also duly rewarded. A retiring member, who has pooled his land, should get land of equal productivity in return and not necessarily the same piece.

Management and operation, in the opinion of the Group, should vest in an elected committee of members. The present practice of some State Governments nominating chairman or members of the committee should be discarded. It also suggests the formation of an independent assessment committee for the society.

Manpower for operation of the farm should be organised in accordance with available skill, number of working members and area covered. In the interest of better supervision and greater incentive, members may be organised into groups either on an ad hoc or seasonal basis. The produce of the groups should, however, be harvested and pooled jointly. Absentees should not normally be admitted as members. Instead, their land should be taken on lease. The system of providing substitute labour should be discouraged.

Village and cottage industries, which afford greater employment opportunities, should form an integral part of the scheme of co-operative farming. For fuller utilisation of manpower, societies should ordinarily undertake labour intensive schemes.

Bonus for Work.- Performance of a society should be judged by the total income earned by members and not by the daily rates of wages. Differences in skill and ability of workers should be evaluated and rewarded. A substantial part of the profits, after deduction for contribution to the reserve, development and share redemption, should go to members as bonus for work done. Payment of bonus on the basis of land pooled is also favoured by the Group.

In respect of mechanisation, the Group draws a distinction between the machinery which causes displacement of labour and which increases efficiency and employment. The use of the latter, such as pumps and engines for lifting water, is not ruled out.

The group recommends the formation of advisory boards by the Government both at the Centre and the States for planning and promotion of co-operative farming. For speedy and efficient implementation of the programme recommended by the boards, Central and States departments of co-operation should be strengthened by association of public workers having firm conviction in co-operative movement as well as devotion to constructive work. Addition of a special officer to the block team in each project to provide technical guidance has also been suggested.

The Group lays great stress on the need for education and training in basic issues and techniques of co-operative farming for existing as well as prospective members and workers. It suggests a two-week training course for promising young farmers in batches at a residential institute having a farm attached to it. Two hundred thousands farmers ~~should~~ should thus be educated to ensure at least two trained workers in a group of five villages.

The Group recommends that the Government should provide long and medium-term loans not exceeding 4,000 rupees to each society on the basis of production programmes. Short-term credit should be made available from central co-operative banks without demanding a Government guarantee. Government participation in the share capital not exceeding 2,000 rupees per society has also been suggested as a method of increasing the societies' borrowing capacity.

Where necessary, financial aid to a maximum of 5,000 rupees for the construction of a godown-cum-cattle shed should be given in the form of loan and subsidy. A managerial subsidy of 1,800 rupees on a tapering scale for a period of three years has also been recommended. The societies should, the Group feels, receive preference in the allotment of assistance under different schemes of various boards and the Government.

(The Hindustan Times, 15 February 1960).

Punjab: Annual Report on the Working of the Co-operative Societies for the Year 1958-1959.

The Government of Punjab published on 19 February 1960 its review of the report on the working of the co-operative societies in the State for the year ended 30 June 1959. According to the review during the year ending June 1959, the movement recorded progress all-round and maintained its tempo of expansion. The year was marked by several significant event. A regional conference of the ~~junior co-operative~~ junior co-operative officers training centres in the zone comprising the States of Punjab, Uttar Pradesh, Jammu and Kashmir, Madhya Pradesh, Rajasthan, Himachal Pradesh and Delhi, was held at the central public library hall at Patiala in July 1958. The Conference was inaugurated by Shri Partap Singh Kairon, Chief Minister of Punjab. Professor D.G. Karve, chairman of the standing sub-committee of the central committee for co-operative training presided over the conference. A State co-operative industrial conference and State labour conference were held and proved a useful forum for the formulation of progressive policies.

General.- The total number of co-operative Institutions in the beginning of the year under report was 25,327, which number rose to 27,401 at the end of the year. The Punjab leads all other States in India so far as the number of Societies is concerned. The total membership increased from 1,405,192 to 1,572,169 and the working capital increased from 471,872,807 rupees to 570,850,114 rupees. The working capital of the co-operative institutions increased and there was also a corresponding increase in the owned capital of the institutions during the year under report. At the commencement of the year, the total owned funds amounted to 140,380,603 rupees. By the end of the year, the owned funds had increased to 161,650,023 rupees. This increase is due to the substantial contributions by the State Government to the share capital of the various institutions under the Second-Five Year Plan Schemes.

The Jullundur division was found to be much more co-operative than the other divisions. This is mainly due to the fact that the movement had emanated in this division much earlier. It may generally be stated that the Plan year 1958-59 marked an accelerated activity towards the fulfilment of the plan targets.

During the year under report, the field staff detected 74 cases of embezzlement involving a total amount of 197,994 rupees. In 15 cases, prosecution proceedings were started while in other cases efforts were made to recover the embezzled amounts by a normal process of law.

The training of the personnel of the co-operative department continued to receive attention at high priority. The co-operative training institutes at Jullundur and Patiala continued to function. In the year 1958-59, the Punjab co-operative union opened 18 additional centres for the training of office-bearers, committee members and members of societies, while in previous years only 4 centres were working. The Punjab co-operative union continued to publish the Punjab co-operative journal, a quarterly in English.

In order to acquaint the field staff with the recent trends in respect of service co-operatives and co-operative farming, a seminar of Jullundur division staff and co-operative officers was held at Dalhousie from 12 June to 14 June 1959. The following subjects were discussed in this seminar:-

- (i) Functions to be undertaken by the service co-operatives.
- (ii) Service co-operatives: Programme for conversion of other co-operatives.
- (iii) Essential policy matters connected with the future registration of primary credit societies.
- (iv) Benefits from joint farming and collective farming.
- (v) Factors necessary for the success of joint farming societies.
- (vi) How the farmer can be made to realise the advantages of farming societies.

The Punjab State Co-operative Bank, which emerged last year as a result of the amalgamation of the Punjab and PEPSU State co-operative banks, made satisfactory progress during the year. During the year under report, the total owned funds of the Apex co-operative bank increased from 6,440,909 rupees to 6,662,493 rupees. The substantial increase of 117,000 rupees in share-capital and sizeable allocations from profits to the reserve funds were responsible for the increase in owned funds. The working capital of the State co-operative bank increased remarkably from 49,318,495 rupees to 79,781,778 rupees, i.e., by 30,463,283 rupees during the year under report. This was due to enhanced borrowings of the bank as a result of increase in its borrowing capacity and increasing demands for advance on it. On the whole the bank has shown improvement in its working during the year under report.

In pursuance of the resolution of the National Development Council, the future objective of the agricultural credit societies is to perform multi-functions as a service co-operative and play a major role in the increase of agricultural production.

In pursuance of above, steps were taken to frame a phased programme relating to conversion of existing primary credit societies into service co-operatives. Model by-laws have been framed for the registration of Service Co-operatives.

A total of 14,000 Primary Credit Co-operatives are envisaged to be converted into service co-operatives in three years. The target for the three years are:-

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|                                |       |
|--------------------------------|-------|
| Year ending 30 June 1960 ----- | 4,000 |
| Year ending 30 June 1961 ----- | 5,000 |
| Year ending 30 June 1962 ----- | 5,000 |

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It is expected that by the close of June 1962, 20,000 service co-operatives including fresh registered service co-operative societies will be functioning in the State. Quite a number of primary credit societies are already taking up supply and marketing in the State. It is proposed to expand their programmes so as to make them full-fledged Service Co-operatives.

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One of the unique features of the agricultural credit movement of the Punjab has been the existence of agricultural credit societies exclusively of Harijans. At the end of the year their number stood at 619.

In pursuance of the recommendations of the All-India Credit Survey Report, large-sized agricultural credit societies were organised. At the end of the year under report, the number of such societies stood at 410 with a membership of 138,327. These societies covered 1,443 villages. These co-operatives will not be organised in future.

During the year under report, the Punjab State Co-operative Supply and Marketing Federation Limited, made the supply of the following articles:-

|                                    | Rs.        |
|------------------------------------|------------|
| (i) Fertilizers (34,322 tons)      | 13,178,749 |
| (ii) Insecticides                  | 173,392    |
| (iii) Seeds                        | 181,574    |
| (iv) Other fertilizers and manures | 124,773    |
| (v) Consumer Goods                 | 16,966     |
| (vi) Salt                          | 79,490     |
| (vii) Sprayers                     | 13,096     |
| (viii) Miscellaneous items         | 2,605      |

Co-operative Sugar Mills.- The number of registered co-operative sugar mills is eight out of which the following three are functioning:-

Rohtak Sugar Mills.- The factory went into production for the first time on 31 January 1957, during the trial season which terminated on 11 April 1957. Subsequently the mill has had two seasons of which the following are the results:-

|                                  | 1957-58         | 1958-59         |
|----------------------------------|-----------------|-----------------|
| (1) Duration of crushing days    | 107             | 88              |
| (2) Total cane crushed           | 1,836,855 Mds.  | 1,696,694 Mds.  |
| (3) Crushing capacity            | 3,500,000 Mds.  | 3,500,000 Mds.  |
| (4) Recovery per cent            | 9.30            | 7.37            |
| (5) Unutilized crushing capacity | 48 % approx.    | 51 % approx.    |
| (6) Loss (excluding cane-cess)   | 0.218 millions. | 0.373 millions. |

The above will indicate that the mill had an unsatisfactory working mainly due to not utilizing its full capacity and low recovery. The position is capable of being redeemed. Rohtak is a gur producing area.

Bhogpur Mill.- The factory went into production for the first time in January 1957. After this trial season, the factory has had two seasons of which the results are tabulated below:-

|                                     | <u>1957-58</u>     | <u>1958-59</u> |
|-------------------------------------|--------------------|----------------|
| (1) Duration of crushing days       | --- 152            | 137            |
| (2) Cane-crushed                    | --- 3,579,544 Mds. | 3,171,635 Mds. |
| (3) Crushing capacity               | --- 3,500,000 Mds. | 3,500,000 Mds. |
| (4) Recovery per cent               | --- 8.98           | 8.0            |
| (5) Unutilized crushing capacity    | --- 6 %            | 11 %           |
| (6) Profit/Loss excluding cane-cess | --- 0.663 millions | 0.134 millions |
|                                     | Profit.            | Loss.          |

Panipat Sugar Mills.- The factory went into production on 21 March 1956, for a brief trial season. The results of its working are tabulated as under:-

|                                                | <u>1957-58</u>     | <u>1958-59</u>  |
|------------------------------------------------|--------------------|-----------------|
| (1) Duration of crushing days                  | --- 126 days       | 128 days        |
| (2) Cane-crushed                               | --- 2,950,385      | 3,186,355       |
| (3) Crushing capacity                          | --- 4,000,000 Mds. | 4,000,000 Mds.  |
| (4) Recovery per cent                          | --- 9.05           | 8.88            |
| (5) Percentage of unutilized crushing capacity | --- 26 %           | 20 %            |
| (6) Profit excluding cane-cess                 | --- 0.387 million. | 0.620 millions. |

The mill had a satisfactory working for the year under report. It should be in a position to declare dividend to growers and win their confidence. It will appear that by and large the quality of sugarcane determines the efficiency of a mill. A long ~~xxx~~ range programme of cane-development ensuring early, mid season and late-maturing varieties will help the Mills substantially.

The Union Government has announced certain incentives to boost sugar out-put. Cane prices have been raised from 1.44 rupees to 1.62 rupees per maund for gate delivery and from ~~1.31~~ 1.31 rupees to 1.50 rupees for supplies at rail-heads. As a measure of raising out-put, 50 per cent rebate in the basic excise duty has been announced for production in excess of the year 1957-58 and 1958-59 average. These incentives will substantially help the co-operative sugar mills. The Batala and Morinda Sugar Mills hope to get the machinery by October 1961. It is anticipated that these Mills will go into operation in the crushing season of 1962.

The establishment of co-operative cold stores is a unique feature in the co-operative movement in Punjab State. The number of cold stores, as on 30 June 1959, was 10. At the end of the year under report their membership stood at 1,229. During the year under report 115,352 maunds of agricultural produce was stored in these stores.

The development of khadi and village industrial co-operatives assumed considerable prominence during the year under report, as the All-India Khadi and Village Industries Commission had appointed one special officer exclusively for this work. The number of all types of khadi and villages industrial societies which stood at 485 in the beginning of the year rose to 635 at the end of the year under report. The increase in the number of non-edible oil soap, gur khandisari and ghani oil industrial societies is worth mentioning which rose from 32 to 55, 3 to 20 and 36 to 85, respectively in the case of each industry. These societies produced goods of the value of 2,025,165 rupees and marketed of the value of 1,966,089 rupees.

Labour and Construction Societies.- Another co-operative activity in which Punjab needs a special mention relates to labour co-operatives. Several labour co-operatives have given a good account of themselves in the execution of P.W.D. works against odds. These societies were called upon about the middle of June 1959, to undertake construction of Dhussi Bund of River Beas over a length of 8,000 feet. It was a race against time as the work had to be completed before the on-set of the monsoons. No contractor was willing to take up the work at this stage. The societies, however, realising the importance and emergent nature of the work agreed to execute it. They had to face many difficulties in the mobilisation of labour and also to contend against extremely adverse weather conditions but they kept up their morale and persevered and were able to accomplish the allotted task before the river was inundated and thus a large area in Kapurthala District was afforded protection from recurring floods.



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Co-operative Farming Societies.- After the integration of Punjab and PEPSU, the enlarged State of Punjab has come to occupy the foremost position in the country in regard to co-operative farming societies. At the commencement of the year under report, there were 678 societies and this number rose to 736 at the end of the year. Eighty-two new societies were registered during the year under report. The voluntary registration of 82 societies is an index of their popularity.

During the same period, the membership of these societies rose from 11,892 to 13,110. Their owned funds increased from 3.549 million rupees to 3.9 million rupees. Co-operative farming was the most widely discussed subject during the year. Government gave aid to these Societies for managerial staff, construction of godowns, agricultural machinery and fertilisers.

There was a large increase in the number of transport co-operative societies because of Government's policy to give preference to the co-operative societies in the grant of kacha route permits. The number of societies rose from 278 to 307.

Co-operation and Women.- Punjab leads other States in the sphere of Women's Co-operative Societies. The total number of Societies is 659.

(Supplement II of Punjab Government Gazette, 19 February 1960, pp.31-35).

43. Handicrafts.

India - February 1960.

Financial Assistance to Small Industries: Recommendations  
of Japanese Study Team Published.

The Japanese team of experts, which visited India last year at the instance of the Government of India to study the working of small industrial enterprises, has expressed the view that despite the various steps taken by the Government, a cautious and conservative policy is still being followed by Government financial agencies. The steps suggested by the delegation to overcome the handicaps experienced by small-scale units include:

Adoption of a credit guarantee system whereby a credit guarantee fund, under each State Financial Corporation, should be created for guaranteeing the obligations of small-scale units to financing institutions;

Creation of a credit insurance system whereby a credit insurance fund, mainly contributed by the Central Government, should be established in the Reserve Bank of India. Under this scheme, the sole insurer of the credit insurance scheme would be the credit guarantee fund and the scheme would become applicable only when the credit guarantee fund, after repaying the money on behalf of the borrower, cannot collect it from him;

The establishment of a State Co-operative Bank or an apex Co-operative Bank in each State for providing finance to small-scale industrial co-operatives;

Routing of Government loans through State financial corporations;

Utilisation of the branch offices of the State Bank of India as agencies of the State Financial Corporation.

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According to the report of the Japanese team, the Union Government's policy in regard to the development of small industries has been worked out with thoroughness and that the steps taken by them compared favourably with those of the Japanese Government.

The delegation has praised the industrial estates scheme adopted in India as unique and observed that the estates have an important role to play not only in the promotion of specialised industries, but also in the decentralisation of industries and encouragement of local ones.

The delegation has recommended the strengthening of the National Small Industries Corporation both in personnel and organisation. It has also suggested the establishment of a "State small industries corporation" in each State which will deal with the hire-purchase of ~~st~~ indigenous machinery; purchase of stores by State Government Departments and running of raw material depots for the benefit of small-scale units, the simplification and liberalisation of the hire-purchase procedure and increase in the number of items now purchased by some departments of Government exclusively from small-scale units and their extension to departments like railways, defence, printing, etc., have also been recommended.

The ~~de~~ delegation has suggested that there is need for strengthening industrial co-operatives and the organisation of new co-operatives consisting of proprietors of small firms.

It has also been suggested that trade associations for each industry in a State, which shall have among its principal functions matters of common interest like research on products, collection and dissemination of technical information, guidance in business administration, public relations activities and liaison with the Government should be organised.

(The Hindustan Times, 4 February 1960).

#### 44. Merchant Marine and Fisheries.

India - February 1960.

##### Madras: Progress of Fishermen's Co-operatives.

An article in the All India Co-operative Review, January 1960, describes the progress of co-operative movement among fishermen in Madras State\*.

Fishing industry in India received a great impetus with the inauguration of the Second Five Year Plan. In Madras State, specially, fishermen's co-operative societies were organised only with the starting of the second Plan. In Madras, on the model of the rural credit co-operative societies for agriculturists, co-operative societies for fishermen, inland and marine, have been organised on the limited liability basis. The objectives of these societies are to acquire and hold water courses such as rivers and tanks by purchase or lease for catching fish by members jointly or individually; to purchase or hire modern craft or tackle for increasing the catches by deep sea fishing, and to purchase or hire quick transport vans for better marketing of fish and ~~joint~~ for joint sale of their products.

With these objects in view several co-operative societies have been registered and continue to be registered in the State. Before the implementation of the second Five-Year Plan there were only a few societies scattered along the 620-mile coast line of the Madras State. These fishermen co-operative societies were then a by-word for dormancy and inertia, whereas now there are over 200 societies in the State, and more are springing up, full of life and vigour. New blood has, so to say, been pumped by the Fisheries Department into the veins of the old societies also.

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\* "Fishermen Co-operatives in Madras" by A.P. Jegaraj (Co-operative Sub-Registrar, Fisheries, Madras State).

The fishermen in the State are mostly poor and many of them are indebted to money-lenders, net-owners, merchants and middlemen either within or outside their community. In their poverty and indebtedness many fishermen are unable to even to own a country-craft or tackle, not speak of any modern equipment for fishing. Quite naturally, therefore, the proceeds of the major portion of their catches go to enrich the net-owners and other middlemen. It is with a view to providing them with craft and tackles that several fishermen co-operatives have been formed and several more revitalised. Through these societies a scheme for the grant of long term loans is being implemented, for clearing prior debts, for purchasing fishing equipment such as craft and tackles, for purchasing motor ~~xxxx~~ vehicles for the transport of fish etc. Only fishermen who are members of registered co-operative societies are eligible for the loans.

It has now been recognised that unless the fishermen who are in the clutches of the middlemen are released from such bondage by the provision of long term loans and enabled to get a fair price for their catches, schemes for the development of the fishing industry will not go a long way to better their lot. Co-operation has thus once again stepped in to smooth out the social inequalities by assisting the weaklings of society to achieve economic strength through co-ordination and association.

Loans amounting to 600,000 rupees have been distributed to 66 fishermen societies during 1956-57 and 1957-58. Nearly 2,500 fishermen have so far benefited by these loans. Also, twelve fishermen co-operative societies have constructed godowns and curing sheds with a subsidy each of 2,000 rupees and a long term loan of 2,000 rupees.

For the third year of the second Five Year Plan, i.e., 1958-59, the State Government had set apart the following loans and subsidies: (1) Long-term loans repayable in ten years; 580,000 rupees; (2) medium-term loans repayable in five years; 40,000 rupees; (3) loans for the construction of godowns and fish curing yards; 20,000 rupees; and a subsidy of 28,000 rupees. Out of these the actual allotments were: 580,000 rupees as long-term loans; 40,000 rupees as medium-term loan; and 42,000 rupees for the construction of godowns.

Mechanized Boats and Nylon Nets.- Experts in the fishing industry are unanimous in their opinion that fishing crafts in India which are antiquated should be fully motorized if the fishing industry is to be remunerative. Introduction of motorized craft is an urgent necessity as a first step in the development of a fully mechanised fishing industry. Having an engine in the craft will not only reduce dependence upon nature's ~~force~~ forces like wind, currents and tides but will also save the arduous labour and the prolonged time which are at present wasted in trips to fishing grounds and back. The time could very profitably <sup>be</sup> used for increasing the effort put into actual fishing operations. Similarly, in all countries which have advanced in the fishing industry, nets made of synthetic fibre are used. These are found by experience to be more effective in fishing operations, leading to a substantial increase in catches. These nets are three times as strong and last six times as long as cotton nets. Mechanised boats called Pablo boats are now supplied by co-operative societies at subsidised rates on hire-purchase. By the end of 1958, some dozen fishermen co-operative societies had been given 39 Pablo boats at a total cost of 415,000 rupees (subsidised cost). It has been calculated that the average earning of a fisherman using ~~Pablo~~ a catamaran is Rs.3.87; with a country craft it is Rs.2.50; and with a Pablo boat about Rs.9.37 per day. As the fishermen get more and more accustomed to working the mechanized crafts and improved gear, the per capita income is also bound to increase in due course.

Quick Transport Vehicles.- The peculiar nature of fish as a foodstuff is that it quickly deteriorates in quality. It must be rushed to the market as soon as it is taken out of water. Only then does it have the right taste when cooked. Otherwise it decomposes and is useless as food. In this respect, it strongly differs from meat and vegetables. The fish must be cooked within four hours of its having been taken out of water. Therefore, to enable the co-operatives to bring the catches to the markets quickly, ~~taxable~~ motor vans have also been provided to these societies on hire purchase basis as well as on hire. The Ennore Fishermen Co-operative Society has, for instance, taken a van worth 35,000 rupees on hire-purchase. Similarly, nine other co-operatives have taken advantage of the vans hired out by the Fisheries Department.

District Co-operative Federations.- To develop the activities of the fishermen co-operative societies, attend to matters of common interest such as purchasing of yarn, logs, bats, etc., and in general act as agents of the societies, central organisations called District Fishermen Co-operative Federations have also been started at Madras, Tanjore, Ramanathapuram, Tuticorin, Kanyakumari and Cuddalore. A federation of inland societies is being organised in Chingleput and North Arcot Districts also.

One of the main objects of the Federation is to provide facilities for modern methods of marketing which will include quick handling, quick transport, preservation of fresh fish etc. The affiliated societies contribute shares to the federation. The Government also helps the federations by giving loans towards share capital and by ~~granting~~ granting subsidies for the purchase of furniture, etc.

To co-ordinate the activities of the federation an apex institution called the State Co-operative Fishermen Federation is also under contemplation.

Housing for Fishermen.- A sum of 14,000 rupees has been sanctioned for constructing 28 houses in Kasikoilkuppam in Chingleput District; most of these houses have already been built by the Kasikoilkuppam Fishermen Co-operative Society. Likewise, the Colachel Fishermen Co-operative Society in Kanyakumari District has implemented a housing scheme and has constructed 68 houses for fishermen in the erstwhile Travancore State. A scheme for the construction of 100 houses each year, on a well phased programme, for the fishermen of the State is a vital necessity and proposals in this regard are under consideration.

Central Banks and Fishermen Co-operatives.- The fishermen, being poor, have neither silver or gold nor houses or lands to offer as tangible security for the loans required by them. The Co-operative Central Banks in the State were at first, therefore, not willing to lend money to these societies. That was why the Government had to step in to aid these fishermen.

From the experience gained out of the working of the long term loan scheme and from a study of the overdue position it is found that the fishermen are as creditworthy as the agriculturists, if not more. Some of the Central Banks have of late thrust aside their lurking fear and have come forward to ~~the~~ help the fishermen co-operatives. The honesty, uprightmess and earning capacity of the fishermen have been found to be as sound a security as silver or gold. The progressive attitude adopted by the Madras District Co-operative Central Bank and the Tinnevely District Central Bank in this direction is particularly praiseworthy.

CHAPTER 5. WORKING CONDITIONS AND LIVING STANDARDS.

INDIA - FEBRUARY 1960.

50. General.

Bihar Shops and Establishments (Amendment) Bill, 1960.

The Government of Bihar published on 6 February 1960 the Bihar Shops and Establishments (Amendment) Bill, 1960, proposed to be introduced in the Legislative Assembly of the State.

According to the Statement of Objects and Reasons of the Bill, while returning an authentic copy of the Bihar Shops and Establishments Act, 1953 (Bihar Act VIII of 1954) with the assent of the President, the Government of India ~~six~~ desired that the State Government would either amend their Act so as to bring it in conformity with any Central legislation that may be passed or come under the provisions thereof. In the year 1956 the Government of India forwarded a copy of a tentative draft of the Shops and Commercial Establishments Bill to this State Government for consideration and suitable amendments in the State Act. Accordingly, a proposal for suitable amendments in the Bihar Shops and Establishments Act, 1953 so as to bring it in conformity with the draft Central Bill was placed before the Committee constituted for the purpose on the recommendation of the Bihar Central Labour Advisory Board. The Committee went into the question in great detail and the provisions of the Central Draft Bill which were more beneficial to the workers were accepted.

The definition of the term "wages" is being made more comprehensive. To ensure better chances of employment to children, young persons and women, their hours of work have been adjusted. The provisions with regard to leave of the employees and their wages during that period are being liberalised. It is also proposed to apply the provisions of the Bihar Maternity Benefit Act, 1947 to every establishment. Certain defects experienced in the working of the Act have also been removed. The Bill seeks to achieve these objects.



The more important of the amendments proposed are summarised below.

(1) The existing record proviso to section 9 of the Bihar Shops and Establishments Act provides that the total number of hours of work including overtime shall not exceed 10 hours a day and 60 per week. A new amendment fixes the above limits of 10 hours in any day except on days of stock-taking and preparation of accounts and 60 hours per week.

(2) A new section 14 provides that no child, young person or woman shall be required or allowed to work whether as an employee or otherwise in any establishment to which the Act applies before 7 a.m. or after 10 p.m.

(3) Another amendment changes the qualifying service for leave from 200 days to 240 days and provides in the case of female employees, maternity leave for any number of days not exceeding 12 weeks. The total number of days of leave that may be carried forward under the new provision may not exceed 40 in the case of a child and 30 in any other case.

(4) The provisions of the Bihar Maternity Benefit Act, 1947, and the rules made thereunder are to be made applicable to every establishment under the Act.

(The Bihar Gazette, Extraordinary,  
6 February 1960, pp. 1-7 ).

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## Chapter 6: General Rights of Workers

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

India - February 1960.

#### Payment of Wages (Bombay Amendment and Validation) Act, 1959 (Bombay Act No. VIII of 1960).

The Payment of Wages (Bombay Amendment and Validation) Bill, 1959 (vide pp.133-134 of the report of this Office for November-December 1959) as passed by the Bombay Legislature received the assent of the President on 22 January 1960 and has been gazetted as Bombay Act No.VIII of 1960.

The Act substitutes a new proviso to the existing proviso to section 6 of the Payment of Wages Act, 1936, in its application to the State of Bombay. The ~~xx~~ clause provides that when the amount of any bonus payable to an employed person under the terms of employment or under any award or settlement or order of a court, exceeds an amount equal to one-fourth of his earnings (exclusive dearness allowance) for the year to which the bonus relates, such excess shall be paid or invested in the prescribed manner. The Act also validates the payment of bonus in a manner other than in current coins or currency notes or both during the period commencing on 1 April 1958 and ending on the date of commencement of the Act.

(Bombay Government Gazette, Part IV,  
4 February 1960, pp. 54-55 ).

67. Conciliation and Arbitration.

India - February 1960.

Assam Industrial Disputes Rules, 1958.

The Government of Assam published on 3 February 1960 the text of the Assam Industrial Disputes Rules, 1958, made in exercise of the powers conferred under the Industrial Disputes Act, 1947. The rules deal inter alia with the procedure for reference of industrial disputes to boards of conciliation, courts of enquiry, labour courts and industrial tribunals, the form of arbitration agreement, powers, procedure and duties of conciliation officers, boards, courts, labour courts, tribunals and arbitrators, remuneration of chairman and members of courts, presiding officers of labour courts, tribunals, assessors and witnesses, constitution of works committees, procedure for complaints regarding change of conditions of service, notice of retrenchment and re-employment of retrenched workmen.

(Notification No. GLR.176/58 dated 27 January 1960, the Assam Gazette, Part IIA, 3 February 1960, pp. 251-281 )

CHAPTER 7. PROBLEMS PECULIAR TO CERTAIN CATEGORIES  
OF WORKERS.

INDIA - FEBRUARY 1960.

71. Employees and Salaried Intellectual Workers.

Ban on Recruitment to Central Services.

In reply to a question in the Rajya Sabha, Shri B.N. Dattar, Minister of State in the Ministry of Home Affairs told the house that the Union Government had decided to ban any further recruitment to its "administrative, executive, ministerial, skilled and unskilled" posts forthwith.

For details please see Section 81, page 118 of this Report. ~~xxx~~

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Bihar: Pension Rules Liberalised.

According to a press report, the Bihar Government has liberalised pension and family benefit rules under which pension would be admissible to the family of a Government servant who dies after completing 20 years of service, instead of 25 years as at present.

For details please see Section 91, page 135 of this Report.

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CHAPTER 8. MANPOWER PROBLEMS.

INDIA - FEBRUARY 1960.

81. Employment Situation.

Employment Exchanges: Working during November 1959.

General employment situation.- According to the Review of work done by the Directorate-General of Resettlement and Employment during the month of November 1959, there was an allround improvement in the activities of the employment exchanges. The number of registrations increased to 211,413 showing an increase of 30,151 over the figures of October 1959. The Live Register also increased by 11,278 and stood at 1,413,215. The number of employers utilised the services of employment exchanges ~~was~~ also rose from 7,256 to 7,633. The number of vacancies notified was 55,631 which were 4,851 more than the vacancies notified during the previous month. The placements also increased from 21,343 to 22,327 during the month under review.

Shortages and surpluses.- The pattern of shortages and surpluses as reported by Exchanges remained more or less the same during this month as well. Shortages were reported in respect of fast typists, stenographers, trained teachers, nurses, midwives, overseers and compounders, electricians and draughtsmen, etc.

Collection of Employment Market Information.- Employment Market Reports indicating changes in employment in the private and the public sectors in respect of Kanpur areas for the quarter ending March 1959 and in respect of Coimbatore area for the quarter ending June 1959 were distributed to those concerned during the month under review.

Employment assistance to ex-service personnel.- The question of stepping up employment assistance to ex-servicemen was further discussed with the Ministry of Defence. It has been agreed servicemen would be allowed to get themselves registered at an employment exchange six months (or less) before the date of their actual release. Defence establishments may send their recruiting teams to employment exchanges to examine all the Index Cards of registered ex-service personnel and make selections.

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

|                                    | Number<br>Retrench-<br>ed. | Number<br>Placed. | Number<br>Left Voluntari-<br>ly. |
|------------------------------------|----------------------------|-------------------|----------------------------------|
| Damodar Valley Corporation ---     | 344                        | 46                | -                                |
| Hirakud ---                        | -                          | 18                | 113                              |
| B.N. Project ---                   | -                          | 1                 | -                                |
| Central Government Establishments. | 4                          | 2                 | -                                |

Opening of Employment Exchanges.- During the month under review two employment exchanges - one in North Madras and another in Delhi for Domestic Servants - were opened, thus bringing the total number of employment exchanges to 242.

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

Ban on Recruitment to Central Services.

In reply to a question in the Rajya Sabha, Shri B.N. Dattar, Minister of State in the Ministry of Home Affairs told the house that the Union Government had decided to ban any further recruitment to its "administrative, executive, ministerial, skilled and unskilled" posts forthwith. The only exception was to be made in cases of two categories of employment - those concerning execution of plan projects and those needed for security purposes. Even in regard to the plan posts, an effort was to be made to have the work done by redistribution of work in preference to fresh appointment. To begin with, the ban on new recruitment will last for a year. These directives were issued by the Union Home Ministry in a circular, dated 2 January 1960, to all Secretaries and heads of departments of the Union Government.

The circular has further directed the Ministries and departments to create a central pool of surplus officials by furnishing the Directorate-General of Employment and Resettlement, with the names of surplus officials in their offices.

Clarifying certain doubts about normal recruitment by competitive examinations, Shri Dattar said: "It is not the intention", "that normal recruitment by competitive examination ~~is~~ for maintaining the strength of cadres of various organised services should be stopped, unless there is already in force an order banning further recruitment to a specified category of posts."

(The Hindustan Times, 18 February 1960).

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Compulsory National Service by Students: Recommendations  
accepted by Central Advisory Board of Education .

The Central Advisory Board of Education at its meeting held in New Delhi on 6 and 7 February 1960, unanimously accepted the recommendations of the National Service Committee and suggested that a workable formula should be evolved for their speedy implementation.

The Committee, headed by Shri C.D. Deshmukh, Chairman of the University Grants Commission, has among other things recommended that all the students passing out of higher secondary schools or ~~pre-university~~ pre-university classes should be required to do compulsory national service for nine months to one year.

The concensus of opinion among the members of the board was that the scheme should be implemented by the University Grants Commission or through a national board which should be set up for this purpose.

While the board was in full agreement with the Deshmukh Committee that a year's national service would greatly broaden students' outlook and make them more mature and disciplined and prepare them for future responsibilities, reference was, however, made to some practical difficulties that might arise in implementing the scheme. It was accordingly suggested that all the minute details should be carefully worked out before they embarked upon what Shri Deshmukh described as a truly nation-building programme and investment in human material.

Shri Deshmukh, who presented the report of the Committee to the board, said that there was urgent need for improving not only the manpower in the country but also removing the deficiencies in the education system. The scheme, which was educationally motivated, would go a long way in achieving the object. While the difficulties during the transitional period had not been under-rated, a workable programme could be evolved and carried out.

The main points raised during the discussion related to financial implications, the nature of agency and training of required personnel for the execution of the scheme and the drafting of girls into it. It was agreed that a group should be set up immediately to work out the financial implications.

Shrimathi Durgabai Deshmukh, chairman of the National Council for Women Education, apprised the board with some of the practical difficulties that were likely to be experienced in drafting the girl students. She said that the intake of girls colleges was already low and if an additional year was insisted upon after the higher secondary stage, it might come in the way of expanding the girls' education. It was, therefore, necessary to examine carefully the conditions under which the girls would be working.

Another point on which members laid stress was that the results of the work done by the students should be of tangible value to the community.

Recommendations of the Committee.- The National Service Committee appointed by the Union Ministry of Education, recommended that all students passing out of higher secondary schools or pre-university classes should be required to do nine months to one year of compulsory national service.

The Committee, headed by Shri C.D. Deshmukh, says in its report that a year's national service at this stage would greatly fill the gap left by the present secondary education and equip the students better both for life and for the university.

"Those entering life would be more mature, more disciplined and better prepared for the responsibilities of their work. Those who go to the university would be more self-reliant, more disciplined and better equipped for benefiting from university education," it says.

The Education Ministers' Conference, had considered the draft outline of a scheme for national service prepared by the Union Education Ministry on a suggestion from the Prime Minister. The Deshmukh Committee was appointed to work out details of pilot projects for the purpose.

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The Committee says that the scheme of national service must be compulsory "if it is to be effective and make a real impact to improve the quality of manpower needed by the country". It adds: "There can be no objection, in principle or otherwise, to compulsory as it is the right of the State to ask its citizens for a period of service in return for what it does for them."

The Committee has expressed itself against allowing exemptions on any ground. Students who are not physically fit for manual work can be asked to do other suitable work. There should be absolutely no opportunity for the rich and influential to manipulate exemptions for their children.

The Committee has suggested the appointment of a national board to plan, implement and evaluate the programme of national service. This should be preceded by careful preparation of a detailed plan of work for youth, for which it would be desirable to set up a representative working group of educationists, administration, defence experts and other interests.

About the content of the national service scheme, the Committee says that while there need be no dead uniformity, the following ingredients should be dovetailed in any overall programme for the service.

1. Military Discipline.— The students should lead a disciplined life for nine months to one year comparable to that of the armed forces. No breach of discipline should be tolerated. Adequate sanctions should be provided to deter any breach of discipline.

2. Social service and manual labour.— Social service and manual labour should be rendered for at least four hours every day in the areas selected for work under the national service. Manual labour would be essential part of the work for every student. The labour and social service may take diverse forms, depending upon the locale and the needs of the community. Work should be so organised that the community derives tangible and lasting benefit. This will inspire confidence in youth and also give them a pride of achievement.

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3. General education.- So as not to lead to a gap in the education of adolescents, the national service scheme should also provide for broad general education by laying stress on the improvement of English, learning of Hindi and other regional languages, improvement of general knowledge, acquaintance with India's cultural heritage and programmes of social and economic planning, etc.

The period of national service should, the report says, also be fully utilised for the emotional integration of the youth with the country and the ideals it is working for. The service should provide opportunities for self-expression in cultural activities like music, dance, drama, but care should be taken to ensure that they do not distract from the main purposes of the service. The youth should be enabled to acquire habits of self-study, critical inquiry and love of scholarship and knowledge.

(The Hindustan Times, 7 and 8  
February 1960 ).

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Utilisation of Manpower in Rural Areas: Planning  
Commission's Memorandum.

In response to a question on 15 February 1960 as to whether it had been decided by the Planning Commission to have voluntary labour of 100 hours in the service of the nation from every citizen of the country, the Union Minister for Planning stated that the Planning Commission had forwarded its tentative suggestions to the State Governments for the utilisation of man-power in rural areas. The State Governments had also been requested to consider whether the number of days or hours of work which village panchayats prescribed for contributing to the building up of community assets could be increased and how best, with the maximum consent of the community, this system could be brought into operation on a large scale.

A copy of the Commission's memorandum on this subject was laid on the table of the House.

"The Planning Commission has been considering the question of harnessing the manpower resources available in the rural areas for building up community assets through increased employment. It is well recognised that in the present conditions the rural economy does not offer work enough throughout the year for large numbers of unskilled workers and that this problem becomes further accentuated on account of the rapid growth of population. The two main aims to be achieved are firstly, that much more work should become available to all who are willing to work and, secondly, that the available manpower should be used to the greatest extent possible in increasing agricultural production and creating community assets capital formation in this manner is essential in underdeveloped economies.

"Over large parts of the country, on account of dependence on rainfall and the holdings being small and scattered, the agricultural economy, by itself, is not remunerative and does not provide adequate opportunities for continuous work throughout the year. A lasting solution of the problem of using the available manpower has, therefore, to be sought through the universal adoption of scientific agriculture and the diversification and strengthening of the rural economic structure. The principal measures for the expansion of employment opportunities in rural areas on a permanent basis, which have to be undertaken through our Five-Year Plans are:

(a) The intensification of agricultural operations through the introduction of irrigation and improved practices, including mixed farming.

(b) The linking up of the economy of villages with the growing requirements of the neighbouring urban centres, and

(c) Diversification of the occupational structure of rural areas through the rapid development of a wide range of processing and other industries.

Works Programme.- "For the better utilisation of manpower resources, it is envisaged that there should be a comprehensive works programme in each rural area. The preparation of the works programme of every development block is a vital part of its Five-Year Plan. The block plan, which, in turn, will be split up into village plans, include all the works to be undertaken by different agencies, such as the programmes included in the schematic budgets under the community development scheme, programmes falling within the general plan of the State under agriculture, animal husbandry, co-operation, etc., the programme of minor irrigation included in GMP agricultural and revenue plans, and also such programmes of development as large and medium irrigation projects, road development, etc. Such a block programme should be available in every village and made widely known to all families in it.

"The works programmes will ordinarily comprise five categories of works: 1) Works projects included in the plans of States and local bodies which involve the use of unskilled and semi-skilled labour; 2) works undertaken by the community or by the beneficiaries in accordance with the obligations laid down by law; 3) local development works towards which local people contribute labour while some measure of assistance is given by the Government; 4) schemes to enable village communities to build up remunerative assets; and 5) supplementary works programmes to be organised in areas in which there is high incidence of unemployment."

The lines along which programmes under each of these heads may be organised are explained below:

Works in Category I.- "Many projects calling for considerable amount of unskilled and semi-skilled labour are included in the plans of States, e.g., irrigation and flood control projects, land reclamation schemes, including water-logging and drainage and the reclamation of saline lands (as at the Banthra Farm near Lucknow), afforestation and soil conservation schemes, roads, etc."

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Public Co-operation.- "It will be recalled that in the draft outline of the First Five-Year Plan (July 1951), the Planning Commission emphasised the importance of securing public co-operation in relation to such projects. "Projects of such significance to the economy of the country and involving financial outlays of such magnitude as are now contemplated cannot be implemented successfully unless the States can arouse mass enthusiasm and secure public support for the projects on a nation-wide scale. What is essential is that the people should consider these projects as their own and should be willing to make special sacrifices for their completion".

"In October 1951, the Planning Commission addressed a letter to the State Governments suggesting that work on irrigation canals and other similar projects should be done on the basis that in each village or group of villages the villagers will be organised into co-operatives for taking up the work in their own areas. The following advantages under this system were emphasised:

(i) The villages will benefit by the large sums spent on the canal system which will come into the co-operative movement and will be available for agricultural improvements. It would be possible for States to organise in such areas administrative arrangements for inculcating thrift and the habit of investment.

(ii) Co-operation among villagers over large areas in executing works of such magnitude will lead to co-operation in other spheres and assist in raising their level of life. These areas will serve as an example to other parts of the State.

(iii) The organisation set up during the execution of the canal system will be useful in its maintenance, in the distribution of water and in measures for effecting economy in the use of water. "

Irrigation Projects.- "In the case of multi-purpose, large and medium irrigation projects, it is essential that delays which generally occur in preparing estimates, obtaining sanctions, the planning of distributaries and field channels and their survey and alignment, and in acquisition of land should be eliminated and the various procedures speeded up. The estimated cost of such projects taken up in the First and the Second Five-Year Plans is about 14,000 million rupees. When completed, they are expected to irrigate 38 million acres, as compared to 22 million acres at the beginning of the First Plan. Over the first two Plans about 8,000 million rupees will have been spent on these projects.

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"With expenditure on this scale, it is in any case imperative to ensure that the maximum results, in the way of full utilisation of the facilities provided, accrue at every state. The traditional view that once the works are completed the agriculturists should be left to use the facilities gradually is totally out of date in the present conditions.

"There are four processes connected with planning for such works which are interlinked and there should be no time-lag between them. These are: (1) construction of the dam or barrage for storing water, (2) construction of the canal and distributary system by the Government agency ending with definite and convenient points at every village, (3) construction, according to a time schedule fitting into them, (i) by the beneficiaries of field channels in every village so as to irrigate every acre that could be served by the project as soon as water is available in the canals, and (4) improvement of agricultural techniques so that before adoption the maximum agricultural output can be secured. Careful co-ordination in planning and execution between these stages will ensure that phase by phase under each project effective results are obtained."

Co-ordination of Activities.- "If the different groups of projects listed above are to provide the maximum employment possible to the people of each area, certain changes in the existing methods of executing works are necessary. Since financial provision for such works is made in the budgets of different departments, they are often taken up through contractors and without co-ordination with the local block organisation. It is proposed that as far as possible they should be carried out in close co-operation with the local block organisation, which includes the panchayats. Where possible, one or more labour co-operatives may be formed. Such labour co-operatives can maintain supplies of tools, obtain contracts from the departments concerned and arrange for the execution of works to enable batches of persons from different villages to work at convenient distance from their homes.

"With a view to giving effect to this part of the works programme, the following further suggestions are offered:

(i) Such works should be planned for execution during the slack seasons. Their planning should be taken in hand well in advance so as to ensure the necessary co-ordination with the block development organisations concerned.



(ii) In all cases of works to be undertaken by villagers, wages should be paid at village rates ;

(iii) The services of voluntary organisations like the Bharat Sevak Samaj and popular bodies such as panchayats and co-operatives should be fully utilised;

(iv) Within the block the responsibility for carrying out the works programmes should be placed on the Block Development Officer and the block team;

(v) Where villagers have to do the work in place of contractors, they should be allowed more time than is commonly done, and payment and measurement of work should be prompt;

(vi) If it is found that certain types of labour required for these works will not be locally available in sufficient number, arrangements should be made for importing such labour before ~~commencing~~ commencing construction; and

(vii) The possibility of organising a small task force of trained workers for giving a push to the works programmes at the block level should be investigated."

Works in Category II.- "In most parts of India, obligations such as those relating to the maintenance of field channels have long been recognised and entered in revenue records. To give greater definiteness to such obligations and assist in their enforcement by local communities, the Planning Commission has been suggesting that State Governments should undertake legislation prescribing the obligations of beneficiaries under irrigation and contour-bunding and soil conservation schemes. In Bombay, Madras, Andhra Pradesh and Mysore legislation already exists making it obligatory on the part of beneficiaries to maintain minor irrigation works. In the event of default the works may be carried out by the Government and the cost recovered from the beneficiaries."

Construction of Field Channels.- "In regard to the construction of field channels, Bombay has had the necessary legislation since 1879. In Kerala, Madras, Andhra Pradesh and Mysore, while no legislation exists, beneficiaries are expected to construct field channels. Orissa has recently introduced legislation on the subject and in ~~Mysore~~ Mysore also a Bill has been prepared. So far as contour-bunding is concerned, the necessary legislation exists in Bombay. Madras has had legislation since 1949 (which also applies to Andhra Pradesh), and an amended Bill, which has been recently passed, is now awaiting the President's assent. In Mysore, legislation on the subject has been already introduced.

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The obligations to be undertaken in respect of irrigation works are as follows:

Major and medium irrigation works: (a) Construction stage: construction of field channels within a specified time by those whose lands will receive irrigation; (b) Maintenance: the annual maintenance in an efficient condition of the field channels by the beneficiaries.

(ii) Minor irrigation: (a) desilting and maintenance of canals, (b) maintenance of bunds of tanks, and (c) desilting the beds of tanks (unless they have been long neglected and must be taken up by the Government directly).

"It is proposed that by legislation village panchayats should be empowered to enforce these obligations on the part of beneficiaries. If the latter fail to carry out the works in time, the panchayat should carry them out and realise the cost. In the event of the panchayat failing to carry out the works, the Government, or, on its behalf, the Panchayat samiti for the block may arrange for their execution, the cost being recovered eventually from the beneficiaries."

Soil conservation and contour-bunding.- In respect of contour-bunding and soil conservation the Planning Commission suggests action along the following lines:

(a) The Government should have power under the legislation to frame a scheme of contour-bunding for the basin of a river or a stream or for a group of villages and notify it for objections. After the receipt of objections the scheme should be confirmed;

(b) In any approved scheme the Government should bear the cost of (i) afforestation of the catchment area, and (ii) ~~works~~ works common to more than one village;

(c) Within a village, for works common to the village as a whole, the cost should be levied from the beneficiaries in proportion to their holdings. The beneficiaries may be given loans by the Government of the co-operative, repayment being spread over a period of 5 to 10 years; and

(d) Works in individual holdings should be carried out by the beneficiaries.

Under (c) and (d) above there should be provision for carrying out the works and recovering the cost in the same way as suggested in paragraph 7 for irrigation schemes.

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Works in Category III.- "In this group, those schemes are included which would enable village communities to build up remunerative economic assets. It should be the objective of Government policies and their administration from day to day to facilitate the building up of community assets which would belong to the village as a whole, such as village tanks, fisheries, fuel plantations and common pastures. All these assets should accrue to the community as a whole. There should also be suitable schemes for enabling the village community to build up other remunerative economic assets in the shape of subsidiary activities such as poultry farming, village industries, etc. Programmes for building up such assets should be planned in terms of the requirements of the development block as a whole, as well as for individual villages, execution being arranged through the latter. The Departments concerned should provide the necessary technical assistance and such supplies in kind as seedings for fuel plantations or fingerlings for fisheries schemes. The general aim should be that every village panchayat should secure through such action a minimum annual income of, say 1,000 rupees."

Works in Category IV.- "In April 1959, the National Development Council approved the proposal that a minimum programme for amenities should be provided for rural areas during the Third Five-Year Plan. The amenities in question are: (a) adequate supply of drinking water; (b) roads linking each village to the nearest main road or railway station; and (c) the village school building which may also serve as a community centre and provide facilities for the village library.

"The object of this programme is to enable each village to provide itself with these ~~amenities~~ amenities, contribution being made by the local people mainly in the form of labour (Sharamdan) and, to the extent necessary, in the form of money.

"The local development programmes included in the First and the Second Plans have been appreciated and, speaking generally, have elicited participation from local communities. It is proposed to provide increased allocations under this head in the Third Plan. It is envisaged that the grants to be made by the Central and the State Governments will be allotted to various blocks on the basis of their rural population. The State Government may, however, reserve a proportion say, up to 10 per cent for giving additional help to the more backward blocks.

"The local development works programme is intended to be undertaken in all rural areas. However, during an interim period, until all the villages are covered by the community development programme, it is suggested that a relatively larger proportion of the funds may be reserved by State Governments for, (a) backward areas, (b) areas not covered by the community development programme, (c) pre-extension blocks and (d) blocks which have completed the first and second stage of the community development programme.

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"The question may arise whether the local development works programme should be limited only to the three amenities mentioned above. It is suggested that these amenities should constitute the first charge on the amounts made available for a development block and that any other item should be taken into consideration only when the basic requirements have been met for all the villages in the block."

"Works in Category V.- In April 1959, the National Development Council approved the proposal that in areas which have a high incidence of unemployment there should be special works projects which should be organised by the local authorities and the State Governments, wages being paid at village rates. In the districts to be selected for intensive agricultural development, an attempt should be made to gain practical experience in organising special works projects which will supplement other efforts. In some other rural areas, which have a heavy pressure of population, pilot projects for carrying out works programmes to utilise the rural manpower more fully than at present may also be drawn up.

"In preparing the State plans special care should be taken to see that there are programmes of the character indicated in categories I to IV on an adequate scale, taking into account the special needs of the backward areas. The State Governments should ensure that any special machinery needed to carry out these programmes is brought into existence sufficiently in advance.

"In some States, legislation relating to panchayats permits the village panchayats to prescribe, within a limit laid down by law, the number of days in the year for which free labour should be given by each male adult in the community. State Governments are requested to consider (1) whether the number of days or hours of work prescribed may be increased so that community assets of appreciable value can be built up, and (2) how best, with the maximum consent of the community this system can be brought into operation on a large enough scale.

"The contribution may be linked with the provision of village services and amenities and the building up of community assets and may take the form of labour and/or money. It should be mentioned ~~also~~ that legislation on the lines mentioned above is consistent with Article 23 of the Constitution."

"It has been the custom from time immemorial for villages to combine together to deal with emergencies such as floods, waterlogging, drainage, etc. In areas where such natural calamities are liable to occur, the community development organisation should see that this community responsibility is understood and that the leadership needed is available at the right time, and that the necessary equipment is also available in the area.

"The need to build up a large number of non-agricultural activities in rural areas has already been stressed. Without these it is not possible to bring about the balanced village economy which will use all its resources and specially manpower effectively and provide for rising levels of income and standards of living. For this reason rural industries have always been regarded as the most important element in all our national and local plans. They include a large group of activities - subsidiary occupations such as manufacture of gur, poultry and bee-keeping, the traditional village industries in which the techniques of village artisans are being progressively improved, ~~industries for processing~~ industries for processing the agricultural products of each area, which should be organised, as far as possible on co-operative lines, and also small-scale industries using power which are closely integrated with large-scale industries.

"Undoubtedly, at this stage in the development of our rural areas the highest priority must be given to the promotion of activities which directly meet local village needs and to processing industries based on agriculture. Experience gained in the areas selected for pilot projects in villages and small industries and elsewhere in the country will suggest the lines along which this programme may be implemented with the greatest advantage to the economy of each rural area."

(The ~~Star~~ Hindu, 22 February 1960).

83. Vocational Training.

India - February 1960.

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

According to the Review of the Work done by the Directorate-General of Resettlement and Employment during the month of November 1959, under the Craftsmen Training Scheme 1,112 additional seats in Andhra Pradesh, Bombay, Delhi, Orissa and Punjab were sanctioned during the month under report raising the total to 27,970.

National Apprenticeship Scheme.- The sanction for 18 seats in Bombay, 21 seats in Uttar Pradesh, 31 seats in West Bengal was issued thus bringing the total number of seats to 1,886 at the end of the month.

Work and Orientation Centres for Educated Unemployed.- Sanction for 100 seats in Madhya Pradesh and 300 seats in Mysore was issued, thus bringing the total number of seats to 1,600 at the end of the month under report.

The following table gives the total number of training institutes and centres and the number of persons undergoing training as on 30 November 1959:-

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| <u>Number of Training Institutes and Centres.</u> | <u>Number of Seats Available.</u> | <u>Number of persons Undergoing Training.</u> |
|---------------------------------------------------|-----------------------------------|-----------------------------------------------|
| 151                                               | 34479                             | 27,421                                        |

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Stores and Equipment.- Under the U.N. Technical Assistance Programme, T.C.M. equipment worth 210,185 rupees and Russian equipment worth approximately 10,147.20 rupees were received at the Training Centres and Institutes concerned during the month of November 1959, raising the total value of the aid received upto 30 November 1959 to approximately 3.0418 million rupees and 131,568.892 million rupees respectively.

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

84. Vocational Rehabilitation of Disabled Persons.

India - February 1960.

Employment Offices for Handicapped in Each State:  
National Council's Recommendation.

The National Advisory Council for the Education of the Handicapped at its fourth meeting in New Delhi on 7 December and 8 December 1959, under the chairmanship of Shri R.P. Naik, Joint Secretary in the Union Ministry of Education, has recommended that every major State should have a special employment office for the physically handicapped by the end of the Third Plan period, five of which should be established by the end of the Second Plan.

The Council has suggested the appointment of four committees to deal with the reorganisation of training, the training of personnel, the facilities for the adult deaf and the education of mentally retarded children. It has also recommended expansion of educational and training facilities.

(Indian Information, Vol. 2, No. 23,  
1 January 1960, pp. 856-857).



CHAPTER 9. SOCIAL SECURITY.

INDIA - FEBRUARY 1960.

91. Pre-legislation Measures.

Bihar: Pension Rules Liberalised.

According to a press report, the Bihar Government has liberalised pension and family benefit rules under which pension would be admissible to the family of a Government servant who dies after completing 20 years of service, instead of 25 years as at present.

Family pension on the existing scale will be payable for ten years, provided that payment does not extend beyond five years from the date on which the deceased Government servant retired or would have retired in the normal course.

The minimum family pension admissible will be 30 rupees a month, provided it does not exceed the pension which the Government servant would have been entitled to on superannuation. ~~pension~~ The maximum superannuation pension has been increased from 6,750 rupees to 8,100 rupees a year. Proportionate increase will be made in the amount of such pension admissible for 10 to 30 years service.

The maximum limit of emoluments for determining death-cum-retirement gratuity has also been raised from 1500 rupees to 1800 rupees a month and the maximum gratuity has been fixed at 24,000 rupees.

These orders will have retrospective effect from 1 April 1959.

(The Hindustan Times, 21 February 1960).

92. Legislation.

India - February 1960.

Mysore Maternity Benefits Act, 1959 (Mysore Act No. 4 of 1960).

The Government of Mysore published on 18 February 1960 the text of the Mysore Maternity Benefit Act, 1959, as passed by the Mysore Legislature. The Act which received the assent of the President on 2 February 1960 consolidates and amends the law relating to the prevention of employment of women in factories, plantations and other establishments for some time before and some time after confinement and provides for the payment of maternity benefit and medical benefit to them. A summary of the salient provisions of the Act is given below.

The Act applies in the first instance to all factories and plantations and the State Government may, after giving one month's notice of its intention of so doing, by notification apply the provisions of this Act to any other establishment or class of establishments, industrial, commercial or otherwise.

The Act prohibits the employment of any woman in any factory, plantation or other establishment during the eight weeks immediately following the day of confinement.

Every woman in a factory, plantation or an establishment shall be entitled to, and her employer shall be liable for -  
(i) the payment of maternity benefit at the rate of seventy-five naye paise a day or calculated at a rate of 7/12th of the average daily wage multiplied by seven for a week, whichever is higher, and (ii) the grant of maternity leave; during the period of ~~four~~ four weeks immediately preceding and including the day of her confinement and for eight weeks immediately following her confinement.

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A woman shall not be entitled to maternity benefit unless she has been employed in a factory, plantation or an establishment of the employer from whom she claims maternity benefit for at least one hundred and fifty days whether continuously or intermittently during the period of twelve months, or if she has been on the rolls of the said factory, plantation or establishment for a period of nine months immediately preceding the date on which she gives notice of claim of maternity benefit.

The maximum period for which any woman shall be entitled to the payment of maternity benefit and the grant of maternity leave shall be twelve weeks, that is to say, four weeks up to and including the day of her confinement and eight weeks immediately following that day.

In case of miscarriage, a woman shall on production of a certificate signed by the certifying surgeon or any other qualified medical practitioner or on production of such other proof of miscarriage as may be prescribed, be entitled to three weeks leave from the date of her miscarriage with wages at the rate of seventy-five naye paise a day or calculated at a rate of  $\frac{7}{12}$ th of the average daily wage multiplied by seven for a week, whichever is higher, during the period of her absence.

Every woman entitled to maternity benefit under section 4 shall also be entitled to receive from her employer a medical bonus of ten rupees if the employer has not made provision for pre-natal care, confinement, and post-natal care free of charge.

Provision also is made for leave with wages for a maximum period not exceeding 30 days in cases of illness arising out of pregnancy or confinement. A woman returning to duty after confinement is allowed to the course of her daily work, intervals of a duration of half an hour after an continuous period of work for three hours to feed the child till the child attains the age of two.

Other provisions of the Act deal inter alia with prohibition of dismissal of woman worker during pregnancy or absence in accordance with the provisions of the Act, powers and duties of inspectors, penalties for contravention of provisions of the Act, and jurisdiction of courts to try offences against the Act.

The Act repeals the Bombay Maternity Benefit Act, 1929 (Bombay Act VII of 1929) as in force in the Bombay Area; the Hyderabad Maternity Benefit Act, 1349F. (Hyderabad Act No. VII of 1349F.) as in force in the Hyderabad Area; the Madras Maternity Benefit Act, 1934 (Madras Act No. VI of 1935) as in force in the Madras Area; and the Mysore Maternity Benefit Act, 1937 (Mysore Act III of 1937) as in force in the Mysore Area.

(The Mysore Gazette, Part IV,  
Section 2B, 18-February 1960,  
pp. 43-51 )

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Andhra Pradesh Maternity Benefit Bill, 1960.

The Government of Andhra Pradesh published on 28 January 1960 the Andhra Pradesh Maternity Benefit Bill, 1960, to be introduced in the Legislative Assembly of the State. The Bill seeks to consolidate and amend the Law relating to the regulation of employment of women in factories and certain other establishments for a certain period before and after confinement and the payment of maternity benefit to them.

According to the Statement of Objects and Reasons to the Bill, the Madras Maternity Benefit Act, 1934 (Madras Act VI of 1935), which is in force in the Andhra area and the Hyderabad Maternity Benefit Act, 1349 Fasli (Hyderabad Act VII of 1349 F.) which is in force in the Telangana area, provide for the prevention of employment of women in factories only, for certain period before and after confinement and for payment of maternity benefit to them in the respective areas. Besides, the Government of India have recommended to the State Governments certain minimum standards for maternity benefit for adoption either by enactment of fresh legislation or by revision of law ~~in the~~ ~~subject~~ ~~applicable~~ ~~to~~ ~~them~~ where necessary. With a view to have a single unified law on the subject applicable to the entire State of Andhra Pradesh and to make provision therein for the prevention of employment of women not only in factories but also in establishments, the Government has decided to consolidate and amend the two Acts aforesaid having due regard to the minimum standards recommended by the Government of India and to repeal the said Acts. The Bill gives effect to the above decision.

The Bill seeks to prohibit the employment of women in any factory or establishment during the six weeks immediately following the day of her confinement. Provision is made for the payment of maternity benefit at the rate of 75 nP. a day or 7/12th of the average wage whichever is higher for the actual days of absence of a woman worker during the period immediately preceding and including the day of her confinement and for the six weeks immediately following her confinement. In addition to maternity benefit every employed woman is entitled to a bonus of ten rupees if she has utilised the services of a registered medical practitioner or a qualified midwife or other trained person in connection with her pre-natal confinement or post-natal care.

In addition to permissible absence during confinement every woman is entitled to leave with wages for a maximum period of thirty days in case of illness arising out of pregnancy or confinement.

Other provisions of the Bill deal inter alia with prohibition of dismissal during or on account of absence from work owing to confinement, leave with wages in case of miscarriage, appointment of inspectors and their powers, penalties, cognizance of offences against the provisions, power to make rules and power of Government to exempt certain factories from the operation of the provisions of the Bill.

(Andhra Pradesh Gazette, Part IVA,  
28 January 1960, pp. 5-12 )

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CHAPTER 11. OCCUPATIONAL SAFETY AND HEALTH.

INDIA - FEBRUARY 1960.

111. General.

Miners' Emergency Relief Fund set up.

A Press Note issued on 6 December 1959, by the Ministry of Labour and Employment says that the Government of India has created a "Miners' Emergency Relief Fund" for the benefit of miners involved in accidents and their dependants.

The Fund has been created by converting the ~~sum~~ remaining part of the donations received by the Government from various quarters for the benefit of the dependants of the workers killed and disabled in the Chinakuri colliery in the Asansol sub-division of Burdwan District on 19 February 1958. A sum of 52,660 rupees was received as donations which was credited to the Miners' Relief Fund, operated by the Union Minister for Labour and Employment.

The Fund will be utilised for purposes such as: (i) a lump sum grant for initial expenditure; (ii) a monthly grant to particular dependants for fixed periods; (iii) scholarships to school-going children; (iv) assistance for vocational and similar training; (v) purchase of sewing machines, implements, etc., to set up the dependants in business.

(Indian Information, Vol.2, No.23,  
1 January 1960, p.858 ).

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

India - February 1960.

Andaman and Nicobar Islands Economiser Rules, 1959.

The Central Government published on 20 ~~February~~  
February 1960 the Andaman and Nicobar Islands Economiser  
Rules, 1959, made in exercise of the powers conferred under  
the Indian Boilers Act, 1923. The rules prescribe inter alia  
the procedure for registration of economisers, investigation  
of accidents to economisers and procedure for appeals.

(Ministry of Home Affairs Notification  
No.GSR 175 dated 9 February 1960;  
the Gazette of India, Part II, Sec.3-Sub-Section(i),  
20 February 1960, pp. 284-288 ).



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LIST OF PRINCIPAL LAWS PROMULGATED DURING THE  
PERIOD COVERED BY THE REPORT FOR FEBRUARY 1960.

INDIA - FEBRUARY 1960.

CHAPTER 6. GENERAL RIGHTS OF WORKERS.

Payment of Wages (Bombay Amendment and Validation) Act, 1959  
(Bombay Act No. VIII of 1960) (Bombay Government Gazette,  
Part IV, 4 February 1960, pp. 54-55).

CHAPTER 9. SOCIAL SECURITY.

Mysore Maternity Benefit Act, 1959 (Mysore Act No. 4 of 1960)  
(The Mysore Gazette, Part IV, Sec. 2B, 18 February 1960,  
pp. 43-51 ).

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