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INTERNATIONAL LABOUR OFFICE
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Industrial and Labour Developments in September 1960.

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

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CHAPTER 1. INTERNATIONAL LABOUR ORGANISATION.

INDIA - SEPTEMBER 1960.

11. Political Situation and Administrative Action.

18th Session of Indian Labour Conference, New Delhi,
24 and 25 September 1960; Discussion on Industrial
Relations in the Public Sector.

The 18th Session of the Indian Labour Conference met at New Delhi on 24 and 25 September 1960, with Shri G.L. Nanda, Union Minister for Labour and Employment presiding. The following was the agenda before the meeting:-

1. Action taken on the main conclusions/recommendations of the 17th Session of the Indian Labour Conference;
2. Industrial Relations in Public Sector;
3. Industrial accidents;
4. Sanctions under the Code of Discipline;
5. Extension of the Scheme of Joint Management Councils; and
6. The extent to which tripartite decisions would be binding on the parties concerned.

A brief review of the memorandum prepared by the Ministry on the items of the agenda is given below:-

Industrial Accidents.- During the World War II the rapid development of certain industries required for the war effort created substandard working conditions. After the advent of Independence, the number of factories of all types has rapidly increased. During the last thirty years the trend of accidents in factories in India has been steadily on the increase. While employment has increased by 50 per cent, accidents increased by 123.3 per cent during the 12 years between 1947 and 1959. In other industrially advanced countries, however, though the accident rate during the World War II shot up above normal, during the subsequent years the rates were gradually brought down by concerted efforts of all concerned.

The majority of accidents in Indian industry^{due} to machinery, falling bodies and stopping or striking against objects. Accidents due to "persons falling" can be attributed largely to the personal factor and those due to "stepping on or striking against objects" and "falling bodies" are mainly due to lack of good house-keeping. It may be noted that in the U.K. the percentage of accidents due to "persons falling" is considerably higher than due to "stepping on or striking against objects" whereas in this country the position is just the reverse. It may also be seen that "machinery", "falling bodies", "stepping on or striking against objects" and "handling of goods" have been responsible for over 60 per cent of the total number of accidents in 1957 and 56 per cent in 1958.

The industries responsible for the largest number of accidents are textiles, transport equipment, basic metal industries and machinery manufacture (except electrical machinery). The industries with the highest rates are Transport Equipment, Products of Petroleum and Coal, Basic Metal Industries and Machinery Manufacture. In 1958 there appears to be a slight increase in the accident rate of basic metal industry while in others there is a decrease. The increase in accidents has been attributed hitherto to better reporting but recently another belief is gaining momentum that the increase in accidents is due to the rapid expansion of Small-Scale Industries. The latter theory can easily be discarded if accident figures in certain industries are carefully analysed. Textile industry covers cotton, jute and wool and of this only a small part i.e., handloom industry which is not fully mechanised, is covered by Small-Scale Industry sector. The total number of textile accidents during the year 1956 was 50,148; of these 23,360 accidents in the cotton and silk industry and 4,852 accidents in jute industry were due to machinery alone. This means that in 1956 a total of 28,212 accidents were due to machinery which represents 56 per cent of all accidents in the textile industry. In 1956 cement industry employed 24,773 workers in 28 factories and the rate of accidents per 1000 workers was 74.5. Similarly during the same year in the three Iron and Steel plants there were 2,129 accidents among the 39,399 workers employed and the rate of accidents per 1000 workers was 54. It may be observed that the overall rate for all industries during the same year was 44.56 as compared with 42.5 for textiles, 74.5 for cement and 54 for Iron and Steel. There should therefore be no apprehension that the increase of accidents is due to the increase of employment in the Small-Scale ~~and~~ Sector. ~~This is also evident from the figures given in~~

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The first Factories Act came into force in 1881 and the present Factory Legislation contained in the Factories Act 1948 can be considered as a progressive piece of social legislation for the protection of the industrial worker. Accident prevention work is essentially a teamwork in which employers, workers and Factory Departments have their own roles to play. Functions of the Factory Departments are to ensure that reasonable working conditions are provided. The primary responsibility for maintaining safe physical conditions in the workplace is that of the management. Work in factories is associated with various kinds of hazards and if they are not controlled they will eventually result in accidents. Proper attention to safety is therefore very necessary and must be exercised by the management.

Provision of safe plant and tools, guarding of dangerous machinery, layout of plant with due care to safety, maintenance of an effective inspection system to discover and correct hazards, appointment of safety-minded supervisors, training in safety of all ~~work~~ workers, investigation of accidents and suggesting measures for their prevention are essentially the main functions of the management with regard to safety.

Accident prevention cannot be ~~task~~ tackled by official government agencies alone. In industrially advanced countries, voluntary organisations dealing with the problems of safety have played an important part in the field of accident prevention in industry.

In 1955 a Council of Industrial Hygiene, Health and Safety was set up with the support of the Government of Bombay by some prominent industrialists with a view to promoting interest in Occupational Safety and Health in Industry in the State of Bombay. As the Council did not make much headway, the Government of India made available to them the services of an expert under the T.C.M. Programme of the U.S.A. to vitalise the activities of the Council. The expert spent nearly six months with the Council but no tangible results could be achieved on account of lack of enthusiasm.

As the trend of accident is on the increase, the time has now come for the managements to actively organise campaigns against industrial accidents, as, only with their lead and active participation and with co-operation of workers, Factory Inspection services and voluntary bodies the toll of yearly industrial accidents can be reduced.

Sanctions under the Code of Discipline.- In addition to the steps suggested at the 16th Session of the Standing Labour Committee and the 17th Session of the Indian Labour Conference, the Labour Ministers' Conference had suggested in January 1960 the following sanctions:-

- i) The employers/unions which refuse to accept the Code may be ~~denied~~ denied the benefits of recognition and Government may, unless it is compulsory under law, withhold assistance from such recalcitrant unions and employers in the settlement of disputes. This denial may also be exercised in the case of parties which having accepted the Code are found guilty by the Implementation Machinery of infringing it.
- ii) At the time of registering a trade union under the Indian Trade Unions Act, it may be persuaded to accept the Code.
- iii) Fullest use of law should be made wherever it provides prosecution of parties for breaches of the Code and labour enactments.

These suggestions were placed before the Central Implementation and Evaluation Committee at its third meeting held in April 1960 for consideration. The Committee while recommending that the sanctions so far laid down by the Standing Labour Committee and the Indian Labour Conference should be applied stringently by the central organisations against erring members suggested that the question of applying additional sanctions, to make the Code more effective, may be referred to the Central Employers' and Workers' Organisations and their views placed before a tripartite conference.

Of the seven central employers' and workers' organisations which were requested to offer their views in the matter, only five (i.e. E.F.I., A.I.M.O., A.I.T.U.C., H.M.S. and U.T.U.C.) have replied. A.I.T.U.C. is opposed to the sanctions proposed under the Code as, according to it, these are being applied against the workers only. In its view, 'the so-called sanctions against employers are totally ineffective and are never taken...the stage has not yet reached for considering sanction under the Code and the decisions of the Labour Ministers' Conference in this respect should be rescinded'. H.M.S. also feels that additional sanctions are neither necessary nor desirable for more effective implementation of the Code. It is of the view 'that the Code has suffered in the past not because the sanctions against the breach of the Code were inadequate or ineffective but because in most cases implementation machinery has been ineffective and also because the existing sanctions have not been invoked'. Most of the sanctions, H.M.S. feels, are likely to prove heavily weighted against workers as there are no effective sanctions against employers. It has, therefore suggested that instead of diverting attention towards further multiplication of sanctions, it is more urgent to pay adequate attention to the positive aspects of implementation. U.T.U.C. also considers that time has not yet arrived to apply the sanctions stringently and the sanctions suggested by the Labour Ministers' Conference are too premature.

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Of the central employers' organisations, while E.F.I. has no objection to the adoption of the three additional sanctions, recommended by the Labour Ministers' Conference, A.I.M.O. considers that no additional sanction is necessary as enough experience has not yet been gained and that even the existing sanctions have not been enforced in the case of workers' organisations.

Extension of the Scheme of Joint Management Councils.- The experience gained as a result of the working of the scheme for workers' participation in management during the past three years has shown that the idea of Joint Management Councils has generally taken root, and that though there is growing recognition of its importance, the scheme has not made much headway so far. It is true that in the case of a new scheme of this type, certain time-lag is almost inevitable for overcoming initial hesitations and completion of essential preliminaries. But even after making allowance for these considerations, the progress of the scheme had not been such as to give satisfaction, and it was being felt that there was need for considering the whole question in a comprehensive manner with a view to evolving measures for overcoming the difficulties that stood in the way of the implementation of the Scheme on a wider scale. The position was accordingly reviewed at the Second Seminar on Labour-Management Co-operation held in New Delhi on the 8th-9th March, 1960.

At that Seminar, the participants shared their experience in the matter of functioning of Joint-Management Councils, brought out the difficulties they had to face at the initial stages and how these difficulties were met. The discussions at the Seminar revealed a wide measure of agreement on the point that the stage had now been reached when the Scheme could be taken out of the pilot stage and extended to as many establishments as possible. The main recommendations made by the Seminar for intensifying the drive for the extension of the Scheme were as follows:-

- (i) The existing arrangements at the Centre for promoting the Scheme should be strengthened, and suitable machinery should also be created at the State level.
- (ii) Suitable arrangements should be made for collection and dissemination of information on the working of Joint-Management Councils in various undertakings.
- (iii) A small tripartite committee should be constituted at the Centre, which should review the progress of the scheme from time to time, sort out difficulties that might have arisen in the functioning of Joint-Management Councils, and suggest measures for over-coming these difficulties.

- (iv) The recommendation made by the Indian Labour Conference at its 15th Session that it was not necessary to undertake legislation for the present for implementing the Scheme, was endorsed by the Seminar and it was agreed that it should continue to be operated on a voluntary basis.

In pursuance of the recommendations made by the Seminar, the Government of India has already set up a small cell in the Ministry of Labour and Employment to deal with all matters connected with the Scheme. The Ministry has addressed the Central organisations of employers and workers requesting them to suggest names of suitable units from amongst their affiliates where Joint-Management Councils could be set up. Assistance of the National Productivity Council has also been sought for the selection of units where the Scheme could be introduced. State Governments have been requested to set up suitable machinery at the State level to look after matters connected with the implementation and extension of the Scheme. It is also proposed to reconstitute the existing Sub-Committee on Workers Participation in Management, set up by the Indian Labour Conference as an independent body.

While Government would do doubt continue to take all necessary steps for promoting the Scheme, the ultimate responsibility for the implementation of a voluntary scheme of this nature rests with the parties concerned, namely, the employers and the workers. It is on the full and effective co-operation received from their organisations that the success of the Scheme would depend.

Tripartite Decisions.- Both the Indian Labour Conference and the Standing Labour Committee have, all these years, functioned without any clear decision as to the extent to which agreed conclusions reached therein will be binding on the parties attending and/or their constituents. This position, undefined though it was, has contributed towards more friendly and informal discussions resulting in helpful conclusions. It is recognised, however, that with the growing responsibilities cast on these bodies, the time is appropriate for a more definite understanding for the future. At the same time, any attempt at rigidity may well reduce the usefulness of these bodies.

In so far as the conclusions reached at the Conference/Committee cannot be legally binding, they can be treated only as recommendations. But where these are accepted by the parties, this will be treated as a commitment to implement the conclusions. Where a representative of the parties feels that a reference to his constituents is needed before final commitment, a reservation will be made to this effect. In such cases, the final views should be communicated to the Ministry of Labour and Employment not later than say three months from the date of which the conclusions are circulated.

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As acceptance with reservations will, to that extent, reduce the effectiveness of the conclusions reached, the representatives at the Conference/Committee will, as far as possible, obtain the views of their constituents in advance. To enable this, the specific matters for discussion will be communicated to all representatives sufficiently in advance and every note or memorandum circulated for discussion at the Conference/Committee will, in its concluding portion, clearly state the points on which decisions are sought.

If real and substantial difficulties come to light which a party could not foresee at the time of accepting a recommendation, it could bring up the question again before the Conference/Committee for reconsideration.

Proceedings: Labour Minister's Address.- Inaugurating the Conference, Shri Nanda referred to the recent strike by Central Government employees, and asked the representatives of workers to make a correct appraisal of the "dangerous trends and elements" in the situation which led to those deplorable events.

"In any circumstances, in any country", he said, "such developments might have created a grave threat to economic and political stability. In the prevailing conditions in our country, the terrible hazards to which the Indian community was exposed must be obvious to every citizen."

"It has, therefore to be the first care of the nation that it should not be faced with such a crisis again", Shri Nanda added. On its side, the Government would be prepared to set right any deficiencies which might have come to light as a result of the recent experience.

Urging the conference to discuss the issues from the standpoint of the larger national interest as well as the well-being of the employees and not to be swayed by narrow considerations of sectional claims or interests, Shri Nanda said the approach towards the remedial measures that might have to be adopted should secure the most beneficial arrangements for the employees, consistent with the requirements of social peace and economic progress.

Shri Nanda said that through the remedial measures that were contemplated all the legitimate interests of the employees must be safeguarded along with the good of the whole people. "This is what is intended ~~to be done~~ to be done".

The Labour Minister described the acceptance by the Government of the principle of arbitration in the settlement of disputes between the Government and its employees and the setting up of joint negotiating machinery at various levels as "a remarkable advance" in employer-employees relations in the public sector.

Turning to a "somewhat brighter side" of the labour situation in the country, Shri Nanda said labour unrest as symbolized by the number of man-days lost on account of strikes and lock-outs had been steadily and slowly abating since the adoption of the Code of Discipline at the Naini Tal session of the Conference in May 1958. The man-days lost from January to June 1960 were 2.89 millions as against 4.701 millions in the same period in 1958 and 3.201 millions in the first six months of 1959.

Shri Nanda said that there were signs that the forces that were working for harmony in industrial relations were gradually being strengthened. However, the ~~ix~~ country could not afford the damage that was being caused ~~that~~ to its economy by the ~~stoppages~~ stoppages that were still occurring. Every effort, he added, had to be put into the task of avoidance of interruptions of work so that they might approach as nearly as possible the state of total peace in industry.

"As I see the record, the faults are not confined to one side only. Some of the employers as well as the workers are prone to do wrong things. I claim no perfection for the part which the Government are called upon to play either. In spite of murmurs and protests from all directions, the performance all directions, the performance all round has been improving. But we cannot be content with the pace of progress, as it is, I suggest that we make a new resolve in this session.

"We can now advance to a stage when every unit in industry - the workers as well as the management - will be called upon to observe meticulously the accepted norms of conduct, and we ~~make~~ ^{mixe} up our minds that in case of lapses there will be strict application of the sanctions under the Code and there will be rigorous enforcement by the Government in cases which involve breaches of the law.

"It is still my faith that as we proceed, more and more firmly on the basis of voluntarily accepted obligations, and the influence of conventions grows, the occasions for the Government to have recourse to the penal provisions of law will diminish progressively. But, if the necessity for action arises, the Code may have to be strengthened by some more self-imposed and effective sanctions.

"The question arises and will probably be raised now as to how far the Government itself is bound by the recommendations of the Conferences. The issue came up in this form in connection with the implementation of the recommendation of the 15th Indian Labour Conference regarding the provision of a need-based minimum wage. This was the first time such a situation was encountered. The ~~answer~~ answer is now embodied in the conclusions of the Standing Labour Committee on this subject and these are now before you.

"The Third Five Year Plan of India is in the making. On the success of the Plan will depend the workers' levels of living and the extent of employment opportunities available to them. They can themselves make a massive contribution towards the successful implementation of the Plans by the quality of their work and by their effort in raising the levels of productivity. It should be obvious that any deficiencies in these directions are going to hurt the working class itself more than anybody else.

"In the draft outline there is a section of Labour Policy. This is based on the deliberations of the Standing Labour Committee. Detailed recommendations regarding labour and labour welfare will be formulated for adoption in the final document of the third Five-Year Plan with the help of the same body.

"The schemes launched in the current Plan will still constitute the major programmes for the third Plan, although it is hoped that some new directions of advance will also be chalked out for this period. I wish to make a special mention of the innovation which under the name of Joint Management Councils has attempted to bring about a measure of association of workers with management, at a very elementary level.

"A seminar of representatives of the managements and workers of the units in which joint management councils have been functioning for some time was convened in March 1960. The discussions revealed that significant results have been achieved and the experience so far is of a promising character. In some places the record has not been quite satisfactory.

"The fact remains that so far progress in quantitative terms has been meagre and one reason for it is probably insufficient enthusiasm for the new approach both among the ranks of the employers and the organisations of the workers. I regard this as a measure of the risks we are incurring in this country in relation to the orderly development of our social system. To the extent there is this lack of enthusiasm or preparedness on the side of the workers they are missing the most valuable opportunity for an advance towards the larger aims of the labour movement.

"The risks for the management, whether in the public sector or the private sector, are much greater still. The operation of workers participation will be a convincing sign and proof of the fact that ~~in~~ the public sector does not represent the growth of State capitalism and the spread of bureaucratic control over the economic life of the country.

"The private sector has to meet the challenge that it should justify its existence in a socialist pattern by acquiring new attributes and assimilating itself as a part of the new social order which must emerge and develop in this country.

"The concept of Wage Boards as the mechanism for giving effect to our accepted principles of wage policy and for creating a sound wage structure in the country faced its first test, a very severe test, in the publication of the recommendations of the Cement and Textile Wage Boards. In view of the broad-based composition of these Boards and the fact that their recommendations were of a unanimous character, I was totally unprepared for the nerve-racking struggle which ensued to secure the acceptance and implementation of these recommendations. The resistance was wholly undesirable and unnecessary and brought to light the gaps in the authority exercised by organisations of ~~attention~~ employers, which should receive attention. There are still some minor pockets of these industries where the implementation is still incomplete. I hope this residue will also be cleared soon without the necessity of recourse to legislation.

"I may add ~~that there~~ here that it has been decided to set up a Bonus Commission on the pattern of a Wage Board to determine the principles and work out norms for settlement of bonus claims in different industries."

Discussions.- Shri S.R. Vasavada (INTUC) in his speech prescribed arbitration as the panacea for all labour ills. There was no need to bring in fresh legislation. The present labour laws had ample provisions. What was required was their proper implementation. A statutory ban on strikes would be unavailing. What was needed was a proper machinery for redress of grievances of the employees. To debar outsiders from the unions would only drive away the law-abiding.

Shri Naval Tata, of the Employers' Federation of India, said power politics and economic factors were responsible for the recent strike. He suggested that there should be a trade union council at the highest level to co-ordinate the activities of the various labour organisations in the field. Let them all be ~~tr~~ tried to the code of discipline.

The Government departments did not seem to have realised the repercussions of the labour policies evolved by the Union Labour Ministry. They were now "sharing our sorrows and facing something which we have faced for years."

Warning against rushing through quick remedies, Shri Tata said: "Your ~~may~~ ban strikes. The same strike, which dislocates the public sector, dislocates other industries. There are essential industries in the private sector too."

The remedy was to search for the economic factors responsible for the strike.

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In his view, much of the trouble in the private sector was due to the fact that "our industrial tribunals were of a very poor order". The implementation of the two Wage Board recommendations was delayed because some of the units were not in a position to implement them. He proposed appointment of a tripartite committee to go into the question of rationalisation.

Shri Tata was opposed to elimination of outsiders from the unions, though he favoured gradual reduction in their strength. "A good outsider has a good influence. A bad insider creates greater trouble."

Shri P. Ramamurty (A-ITUC) said the Government had to examine whether the measures they contemplated would ensure a sense of justice among employees.

He blamed the Government for not implementing the decisions which they had solemnly taken. Had the first Pay Commission's recommendations been treated as an award, the need for a second Pay Commission which would not have arisen. Why were not the demands raised by the joint council of action referred to conciliation or adjudication? Why had not an inquiry been ordered to find out whether there had been a breach of the code of discipline? "You cannot preach sanctity of the code if you yourself are not prepared to submit yourself to the implementation machinery."

In conclusion, Shri Ramamurty said the trade unions would have to consider whether they should be a party to the code, if there ~~was a party~~ "are no corresponding obligations on the part of the Government."

Shri Deven Sen (Hind Mazdoor Sabha) said, that the Government had never tried to go deep into the reasons for the discontent of their employees. It was a tragedy to be seen only in India that amidst mounting national income the real wages had fallen.

He added that the workers could not be expected to agree to the "wretched" recommendations of the Pay Commission, which had not accepted the norms decided by the Indian Labour Conference. "You brought into the Commission men who were not competent to judge the issues", he said. He was particularly critical of the inclusion of a vice-chancellor in the Commission.

He described the proposed Bill to ban strikes in Government offices as "retrograde", because, he said, it went against the I.L.O. Conventions and democratic traditions. "We are going to resist this move with all the strength at our command; we will not accept it meekly", he added.

Shri Sen said that no legislation touching labour which was not approved by the Indian Labour Conference should be enacted.

Shri Sen suggested that the conference should appoint a committee to go into the cause of discontent among Government employees which led to the strike and to review the pattern of industrial relations in the public sector.

Shri Shantilal Shah, Labour Minister of Maharashtra, said that the Central Government should firmly deal with any attempt to subvert the Government or the economy of the country.

No party should be allowed to exploit labour for its political ends.

Shri Shah said that strikes should be made superfluous by providing for compulsory arbitration.

Shri S.P. Hutheesing, representing the All-India Organisation of Industrial Employers, said that strikes should be prohibited in essential services. Any dispute should be resolved by negotiation or other means.

Shri A.P. Sharma (INTUC) said that his organisation had discouraged outside leadership from controlling its unions. Most of the INTUC unions were managed by the workers themselves.

Shri S.M. Banerjee (~~INTUC~~) (AITUC) said that outside leadership was necessary as long as workers did not enjoy immunity from victimisation.

Shri Bharat Ram (All-India Organisation of Industrial Employers) said that a strike in the actual running of the Government was in the nature of an attempt to overthrow the Government and should, therefore, be banned in all circumstances. That did not mean that there should be no suitable machinery to see that there was no occasion for a strike.

In regard to the industrial sector, he said, they should create such a machinery as would ensure that strikes became redundant.

Shri H.P. Merchant (All-India Manufacturers' Organisation) said that no strike should be allowed in defence, essential services and administrative civil services, but a standing machinery for the settlement of disputes must be made available. In industrial services, a special code or a code of discipline which was applicable to the private sector might be applied.

Shri B.N. Jha, Labour Minister, Bihar, said that he did not think there was any need to ban strikes in the public sector. In his opinion the failure of the recent Central Government employees' strike would not encourage any trade union to give a strike call again for another five years. Even if it was given, he was sure, employees would not respond to it.

On the question of banning strikes, Shri Jha said that he did not think anyone would venture to call for another strike of Government employees for another five years as any such call would not be respected. Any strike in the Central Government sector was, therefore, out of question. In that context thinking in terms of having a law to ban strike would only produce more controversy and "put the Government in the docks in the coming months".

For speedy redressal of the grievances of Government employees, he suggested the formation of civil service associations to conduct negotiations. Arbitration should be resorted to only in exceptional circumstances, he said, adding that there was need for "outside leadership" in certain industries and to ban it completely was not advisable.

The Madhya Pradesh Labour Minister, Shri V.V. Dravid, on the other hand, said that if strikes could not be prevented by understanding then necessarily recourse should be taken to legislation.

Shri Tridib Kumar Chaudhuri (United Trade Union Congress) said that except the railways and the Posts and Telegraphs Departments, the Labour Ministry had lost its initiative in regulating labour relations in other departments. It was the Home Ministry which had wrested the initiative. The Home Ministry was functioning with a "police mind" and was bent on following a policy of "withh-hunting". He wanted every public sector industry to have a Labour Relations Department managed by the Labour Ministry.

Shri Chaudhuri said the Government had not yet made up its mind on the type of machinery to be set up to deal with its staff problems. Pending final decision on the question, he suggested it should restore recognition to unions in the Government sector.

Shri G. Ramanujam (INTUC) attacked the parties which had "precipitated" a "political strike" among Government employees. He was surprised that instead of resigning their leadership following the failure of the strike engineered by them some labour leaders had suggested that the Labour Minister ought to have resigned on the strike issue.

He said that if strikes were to be avoided "superior means" should be provided for dealing with labour grievances ^{fairly}, promptly and finally. "There is no use of banning strikes but we have to abolish the need for strikes", he declared.

Shri Naval Tata, who spoke again, said that he did not want to see a situation where the entire community would be held to ransom by a few people. At the same time, he did not want the sacred right of strike to be trampled upon.

He suggested that top trade union leaders should sign a "truce" with the Government that for two or three years to come they would not be parties to any move to paralyse the administration.

Shri Tata said that recently a general strike was called for the sake of a dispute in a small automobile firm. He did not think it was proper to do so. He wanted the penalties for illegal strikes to be stringent. The employers too would subject themselves to any penalties prescribed for illegal lockouts, he added.

Shri K.P. Tripathi, Assam's Labour Minister, extended his support to the proposed legislation to ban strikes in Government services. If strikes by Government servants were to be banned, he said, the present time was the most opportune because the public reaction was against such strikes.

He agreed that if there was compulsory arbitration there would be no need for banning strikes. But he believed that if there was legislation, no political leader would be able to beguile workers into a strike.

Shri P. Ramamurthy (AITUC) said that before talking about a code for trade union leadership, he would like to know if the Central Government and the employing Ministries were bound by the Code of Discipline or not.

The Labour Minister, Shri Nanda, said that it was a question of process of time and conversion and it applied both to the private and public sectors. He had never held that the public sector was an "angel". Every employer had an employer bias and the workers had a union bias. It was an "occupational disease", he added.

Shri Nanda said he had been told by the Railway Minister that railwaymen did not want the code as they had their own code. The Labour Ministry's position, either in the case of the private sector or the public sector, was "not to poke its ~~good offices~~ nose ~~here~~ everywhere" but where its good offices were required they were made available. The Defence Ministry had accepted the position about adopting the code but there was delay.

The question of implementation of the code, Shri Nanda added, opened a wide field but he was fairly satisfied with the attitude of all concerned. A genuine interest in the code had been shown by all sides and it had been taken seriously by the employers and the States also.

Shri Vasavada (INTUC) said that he would give a categorical assurance that if a code of conduct for "outside" and "inside" leadership in the trade unions was evolved, "we will subscribe to it and will follow it".

Shri Ramamurthy said a code could be adopted provided the right of collective bargaining by an organisation which represented a majority of workers was safeguarded.

His suggestion that a committee could go into the question did not find favour with some delegates, including Shri Vasavada.

Shri B.N. Jha, suggested that memoranda should be drawn up on the questions of banning strikes, code of conduct for trade union leadership, etc., and circulated, particularly to State Labour Ministers. Nothing could be done in a general discussion, he said. He was supported by Shri Deven Sen (HMS).

Shri S.S. Mirajkar (AITUC) said that a code must be evolved for employers also. It was well known that they tried to make use of trade union leaders. The Code of Discipline had not been accepted in some quarters and by some employers.

Shri Nanda said the Code of Discipline was a "sizeable" success, and he thought that a code for trade union leadership would be "a great step".

The Labour Minister told Shri Tripathi that "outsiders" would not be permitted in the proposed Whiteley Councils. He could not, however, prevent them from taking advice from outsiders.

Shri G.S. Ambekar (INTUC) said his organisation did not object to rationalisation but it was opposed to "irrational things" done in the name of rationalisation.

Shri V. Mehrotra (Hind Mazdoor Sabha) denied the allegations made by an INTUC representative that those who organised the Central Government employees' strike were not guided by patriotism. "If, during the strike, national security was ~~endangered~~ endangered workers would have returned to duty immediately", he said.

Shri M. Kalayansunduram (AITUC) complained that the Code of Discipline was not being followed by the State Governments. He alleged that the Madras Government had refused to recognise an AITUC union in the State Transport Undertaking in spite of the fact that it enjoyed majority support of the workers.

Shri Ram Singh Bhai Verma (INTUC) said there would be no need to ban strikes if the principle of arbitration was conceded.

Shri Nanda's Reply.- Replying to the debate, Shri Nanda said the strike was not a question of the past but it was a question of the future. A lesson had to be derived from it and should not be lost on the Government or the employers or the employees.

Referring to the proposal to ban strikes in Government offices, Shri Nanda said that whatever action was intended was not to protect the public sector leaving the private sector alone to face strikes. It was not as if the Government was going to insulate the public sector. It was not a question of public or private sectors.

The Minister said there was no desire on the part of the Government to put any restraint on strikes as such. It was only thinking in terms of coping with a situation that might arise in the country. It was only in that context that the Government was contemplating the proposed move and not because of the strength of the Government.

What the Government proposed to do was in the context of national security and the vital interests of national economy, Shri Nanda said. The question whether a situation similar to the one which resulted in the strike was to be dealt with in a special manner was not for the Conference to decide. It was the responsibility of the Government. "It is on that footing and level that this question has to be considered.

"Personally, I would not be a party at all to undermining in any way the privileges of the working class or taking away their rights and liberties. On the other hand, I will give them all that they need in order to promote their wellbeing."

Shri Nanda disagreed with the view of Bihar's Labour Minister that no ban was needed because for the next five years there would be no strike. It was a wrong approach, he said. It was not possible to say now that the situation would remain stationary for five years. If there was a situation which called for some action the Government had to arm itself properly for that and could not afford to leave it to chance or risk.

The Minister said the Government wanted to create conditions in which no strike would take place. "We want to make strikes superfluous. That is all what we propose to do".

The right to strike was not being taken away, Shri Nanda asserted. The proposed move was no new innovation but only an extension of the existing law. It was a consequential arrangement. It was not something which was being ~~imposed~~ imposed.

The meeting ended without taking any decisions.

(Documents of the Meeting received in this Office;
The Statesman, 25 and 26 September, 1960;
The Hindustan Times, 25 and 26 September, 1960).

Informal Meeting of Labour Ministers: Shri Nanda's
Address.

Addressing an informal meeting of State Labour Ministers at New Delhi on 23 September 1960, the eve of the 18th Session of the Indian Labour Conference, Shri G.L. Nanda, Union Minister for Labour and Employment, said that there should be "no distinction in the application of labour laws to the public and private sectors."

"If the public sector wanted to have some kind of advantage in regard to this matter, it would place itself in a totally untenable position", he added.

The meeting discussed three main questions - rationalisation in industry, should registration be withdrawn from trade unions if they do not submit returns, and amendment of the Industrial Disputes Act in the light of the Supreme Court's judgment that minority unions can repudiate an agreement reached by a majority union.

Shri Nanda stated: "The fact that the Government are the employer does not materially change the accepted pattern of employer-employee relations."

"The public sector, which is rapidly expanding, should so manage itself that its distinctive feature will be the absence of disputes and transgressions of law and a higher degree of mutual goodwill and collaboration. And for this it is necessary to have various types of machinery which will help bring about the best possible conditions and relations in public sector undertakings."

Pleading for a common approach and a common basis in the evolution of labour policy between the Centre and the States, Shri Nanda referred to the Central Government employees' strike and said: "Where would the Central administration have been if at all points and in every possible manner the States had not given their utmost".

Evolution of a common labour policy, he said, was also necessary because the industries as well as the labour movement were organised on an all-India basis.

Referring to the proposal to restrict the right to strike of Government employees, the Labour Minister said it would be a definite good to the people to have a proper machinery for consultation and negotiation, culminating in compulsory arbitration where necessary, instead of an "illusory latitude for strike".

The machinery for joint consultation which the Government had decided to set up would be very much on the pattern of Whitley Councils, "as close an approximation to them as possible, not simply an eyewash or make-believe".

In conclusion, Shri Nanda referred to the scheme of joint management councils and emphasised the need for expanding it. "Not merely should workers' participation be introduced on a large scale, but the content of participation has also to be increased", he said.

(The Hindustan Times, 24 September 1960).

Chapter 2. International and National organisations

25. Wage-Earners' Organisations.

India - September 1960.

Lok Sabha adopts Trade Unions (Amendment) Bill.

The Lok Sabha adopted on 30 August 1960, the Bill to amend the Trade Unions Act (vide Section 25, pp. 9-10 of the report of this Office for July-August 1960).

Among the other things, the Bill provides for a minimum membership fee of 25 nP. a month and empowers the Registrars of Trade Unions to inspect the account books, membership registers and other documents of unions.

Moving the Bill, the Deputy Labour Minister, Shri Abid Ali, said it was intended to strengthen the unions, check their "mushroom growth" and safeguard the interests of the workers.

Shri S.M. Banerji (Ind-U.P.) said the clause relating to a minimum membership fee should not be applicable to organisations of agricultural workers and those engaged in seasonal factories. The Registrar should not be empowered to inspect such documents as would help the employers in labour disputes.

Shri Ramsingh Bhai Verma (C-M.P.) said the powers sought to be given to the Registrar were salutary, but they would be ineffective if there were no penal provisions.

Shri G.L. Oza (C-Bombay) said that in the absence of a provision of the recognition of unions, the payment of subscriptions should remain voluntary.

Shri Rajinder Singh (PSP-Bihar) said the Bill did not go far enough to promote the growth of a healthy trade union movement. He opposed the wide powers being given to the Registrars.

Shrimathi Parvathi Krishnan (Com.-Madras) supported the demand for regulations concerning recognition of unions. She thought the new powers conferred on the Registrars might lead to interference with the working of the unions.

Shri Ram Krishna Gupta (C-Punjab) said the Bill would help in ending the rivalry among trade unions. As far as possible the unions should be reorganised on the basis of "one union for the one trade".

Shri Naushir Bharucha (Ind-Maharashtra) said the Trade Union Act was "outdated and outmoded" and required comprehensive amendments. He wanted the Registrar to be given powers not only to inspect documents and accounts but to launch prosecutions and order special audits of accounts.

Shri Kashi Nath Pandey (C-U.P.) said the question of checking the growth of "mushroom trade unions" should be taken up by the Government.

Shri Aurobindo Ghosal (Forward Bloc Marxist-West Bengal) said leniency should be shown in regard to payment of subscription by casual labourers.

Shri Prabhat Kar (Com-West Bengal) said the powers being conferred on the Registrar were too wide.

Replying to the debate, Shri Abid Ali said the documents which the Registrar could inspect could not be specified in the Bill as they were too many. He assured the members that the Government would, through rules or instructions to the State Governments, see that no documents were called for which were not relevant to the investigations. It was far from the ~~investigation~~ Government's intention to compel the unions to submit confidential documents for inspection.

(The Hindustan Times, 31 August 1960).

Chapter 3. Economic Questions

33. Full Employment Policy.

India - September 1960.

Second Meeting of the Central Committee on Employment,
New Delhi, 26 September 1960.

The problem of finding employment for both urban and rural population could be solved satisfactorily only as a result of economic development and no short-term remedies were possible, Shri G.L. Nanda stated, addressing the Second Meeting of the Central Committee on Employment at New Delhi on 26 September 1960. He added that this was the experience of all developed countries. Another lesson which India had to note from the experience of other countries was that a long-term, steady rise in the levels of employment could be achieved only as a result of improvement and progress in technology and methods of production.

He suggested that the problem of unemployment be tackled in a new way - apart from the "normal and orthodox" way which, he said, could not make a big impression on the problem. A "big job" could be done, he said, to harness the vast manpower available in the country for useful productive activity as the scope for exploiting the natural resources was immense. "Simple tools, some training and some organisation" were needed, he added.

To do this, the Minister said, it was necessary to create a climate for social action so that the community was "energized" and made responsible to prevent any wastage of human resources. No Government would be able to undertake this work which had to be done at the level of community organisation. This provided scope for voluntary agencies. He did not think this was an "utopian ideal".

Shri Nanda said the incidence of unemployment in "some pockets" in the country was so great that it became an economic and human problem and something had to be done about it. Facilities had to be created so that industries could move to these places. This would also stem the exodus from the rural areas.

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The effects of planning, he continued, should benefit the rural population equally, if not more than the urban population, and there should be no reason for increasing urban migration which created its own social, housing and other problems.

The Minister said it was proposed that various works programmes, which would ~~help~~ help build community assets, should be given attention. They had to think in terms of local resources and local means and build up a large number of agricultural activities. This was necessary not only to provide employment but also to bring about a balanced village economy which would use its resources, and especially its manpower resources, effectively to provide for rising levels of income and standards of income.

About the educated unemployed, Shri Nanda said the problem continued to present difficulty. While it was true that salaried non-manual jobs could not be found for all those who had a school or college education, it was nevertheless necessary to equip educated persons for employment in the various occupations that were arising as a result of industrialisation and economic development. This had to be done by encouraging them to undergo vocational training and take up employment in industry. Vocational guidance had to be provided at various levels through schools and colleges and after entering the employment market.

Shri Nanda announced a proposal to establish a number of employment information and assistance bureaux attached to selected community development blocks. These bureaux would act primarily as cells for the dissemination of employment market information and provide assistance to the rural employment seekers. This would prevent unnecessary movement of workers from place to place in search of employment.

The Minister told the committee that estimates showed that the progress made during the first four years of the second Plan had been such that the target of employment of 6.5 million jobs in the non-agricultural sector would be reached by the end of the Plan period. The endeavour in the third Plan was to provide employment for at least the new entrants into the labour force whose number was estimated to be 15 million, a third of them being in the urban areas.

He said that suggestions had been made to the State Governments for utilising fully the man-power resources in the rural areas with a view to increasing employment.

Decisions.- The committee generally agreed that funds should be made available in the third Plan to restart mills which might close down because of bad management, so as to prevent unemployment.

It set up a sub-committee to go into the question of employment of women in industry and suggest measures for providing suitable employment opportunities for them.

The Committee felt that State Governments should start pilot projects in one district in each State this year to study the problem of rural unemployment and utilisation of rural manpower. It was generally of the view that matriculates, or those ~~which~~ with equivalent educational qualifications, should be recruited for skilled and semi-skilled jobs.

(The Statesman, 27 September, 1960).

34. Economic Planning, Control and Development.

India - September 1960.

Expert Committee appointed to Study Income Trends.

Shri Jawaharlal Nehru, Prime Minister, announced at the meeting of the National Development Council on 13 September 1960 that an expert committee would be set up shortly by the Planning Commission to study recent trends in the distribution of income and wealth.

The committee, which is to be headed by Prof. P.C. Mahalanobis, Honorary Statistical Adviser to the Commission, will "ascertain the extent to which the operation of the economic system has resulted in concentration of wealth and means of production."

The committee will also review the changes in the standards of living in the first and second Plans. It will collect the necessary statistical and economic data.

Prof. D.R. Gadgil, Dr. V.K.R.V. Rao, Dr. B.K. Madan and Mr. Vishnu Sahay, Cabinet Secretary, are ~~likely~~ likely to be appointed members of the committee.

(The Hindustan Times, 14 September 1960).

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Parliament Debates Draft Third Plan Outline:
Goal of Socialist Society Reaffirmed.

Both the Houses of the Parliament - the Lok Sabha on 22, 23, 24, 25 and 26 August 1960 and the Rajya Sabha on 5 and 6 September 1960 - debated the draft outline of the Third Five Year Plan (vide section 34, pp. 12-24 of the Report of this Office for July-August 1960) during August-September 1960.

Prime Minister's speech. - Initiating the debate in the Lok Sabha, Shri Jawaharlal Nehru, Prime Minister, reiterated India's determination to build a socialist society. He said that the accumulation of wealth and economic power in the hands of a few must be prevented. "I do not want to encourage acquisitiveness in India beyond certain limits", he declared. While Government did not adopt a rigid approach to the Plan there must certainly be a sense or rigidity about the ideals the nation aimed at. "That is that we want India to progress, prosper and raise the standards of living of the people, or, in other words, build a socialist society in India. We are strong in that and there is no vagueness or lack of firmness".

Shri Nehru said that ~~the~~ he did not mean to suggest that he wanted to impose the idea on those who did not like the word "socialism". "But we do aim on a certain thing which could be described in many ways, but broadly we aim at socialism in this country. Let there be no doubt about it", he added.

The third Plan, he said, ~~flowed~~ followed from the second. It was a projection of that Plan. Most of the objectives mentioned in it would be found in the second Plan.

The objectives were, broadly, a rise in the national income by 5 per cent per annum, achievement of self-sufficiency in foodgrains, increased agricultural production for industry and export, development of basic industries like steel, fuel power and machine building, utilisation of manpower resources, proper checks on prices, reduction of inequalities in income and wealth and more even distribution of economic power.

In the present world, Shri Nehru said, everything was more and more governed by developments in science and technology. The development of science and technology represented the tremendous revolutionary phase of human history. Life changed at a rapid pace with changes in the field of science and technology, sometimes for the good and sometimes for the bad.

Shri Nehru said that spread of mass education had become essential for industrialising the country. "The countries which have had an industrial revolution had perforce to go in for free and compulsory education - not that they liked it although we like it - because they were forced to do so to support their structure of industrialisation".

Shri Nehru said that there was an argument that India must not go in for heavy industry but for lighter industries. "The lighter industries, of course, we have to get, but I venture to suggest that it is not possible - and I rule that out absolutely - to industrialise India rapidly without concentration on heavy industry, that is to say, basic industries that produce industrial machines which are utilised in industrial development. That must be borne in mind and I am free to confess here as perhaps I have confessed before, that we lost a good deal by not putting up a steel plant or not trying to put it up in the first Plan; it was a heavy thing and we did not have the courage to take it up. If we had shown some courage it would have been better for us. Therefore in the second Plan we decided to set up three steel plants which was a tremendous burden for us, one or two have been completed and the other is nearing completion. So also in regard to some other heavy plants that we have put up, more particularly machine building plants, which are gradually taking shape."

Rapid advance, he continued, was not possible if some small industries here and there had been put up. That would have meant dependence on outside sources.

"So we have to start from the base. The strategy governing planning in a country like India has to be industrialisation that leads to basic and heavy industries being given the first place".

Unless India became self-sufficient in agriculture, he pointed out, it could not get the wherewithal to advance in industry.

"If we are to import food, we are doomed, absolutely doomed, so far as progress is concerned. We cannot import both machinery and food and everything. We just cannot get it. So both, agriculture and industry, are allied to each other, helping each other".

Turning to the increase in national income, Shri Nehru said the national income over the second Plan had gone up by the 42 per cent and the per capita income by 20 per cent. "Now a legitimate inquiry is made; where has this gone? One may say in the whole country, but exactly where has it gone? It is a very legitimate inquiry. To some extent you can see where it has gone. Apart from statistics I can see when I address meetings in villages, that the people are better fed, better clothed, they are building brick houses and are generally better. Nevertheless it does not apply to everybody in India. Some people have hardly benefited. Some people may have been facing greater difficulties. The fact remains, however, that this advance in our national income and per capita income is taking place".

Shri Nehru continued: "I think it is desirable, and I am sure it will meet with the pleasure of the House, that we should inquire more deeply as to where this (additional national income) has gone and appoint some expert committee to inquire as to how exactly this additional income that has come to the country has spread out."

"The point is that we have to avoid and prevent any large accumulation of wealth, because ~~accumulation of wealth~~ ~~is~~ all this additional income that has come to us - additional national income and increase in per capita income - only benefited, let us say, 5 per cent or 10 per cent of the population and not the 90 per cent, then it is not a good result".

Dealing with the question of resources, the Prime Minister said that the nation's objective was to arrive at a stage when they did not have to depend on outside countries for help, whether financially or technically. That was broadly speaking the take-off stage. "But at this stage (now) it is almost inevitable to have to depend somewhat on supplies from outside, whether for machines or financial help, loans or credits".

The Prime Minister expressed his gratefulness for the foreign aid so far received.

Shri A.K. Hopalan, acting leader of the Communist group, speaking after the Prime Minister, said the second Plan had failed to achieve the targets in various sectors, including agricultural production, national income, employment and industrial output. An investigation had to be made to find out the reasons for the shortfall. One of the main reasons, he thought, was the bad implementation of policies.

In the field of land reforms, he said, the country was not moving in the right direction. The trend was one of transformation of large estates into large modern farms with the gradual elimination of the small peasants. The chapter of the land reforms in the draft outline was the "most barren" one.

He warned the Government that agricultural production would never increase unless land and tenancy reforms were carried out in a proper way.

Dr. Ram Subhag Singh (C-Bihar) said the paramount aim of the third Plan should be to provide work for every citizen of the country. It was a "matter of shame" that in a society aiming at socialism, after the implementation of two five-year Plans there should be eight million unemployed men. In his view, this situation had arisen because the Plan was not being properly implemented. This was due to the fact that the administration was not "quite competent".

He favoured selective controls for checking the rise in prices of essential commodities. He said an investment capacity of 50,000 million rupees to 60,000 million rupees could be created by tapping the country's gold resources.

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Shri Asoka Mehta (PSP-Bihar) said the success of the third Plan largely depended on the fiscal policies the Government would adopt. Above all, there was need for a sense of awareness, alertness, determination and dedication, for which the Government had not distinguished itself so far. The performance of the Government during the last 10 years had not inspired the confidence of even members of the ruling party.

Shri Mehta said the achievements of the first two Plans shone sharply against the conditions in the past. He welcomed the size of the investment envisaged in the third Plan, but said that, with a 20 per cent erosion in the money value during the past years the actuals would be smaller than anticipated.

Shri Mehta welcomed the stress on industrialisation and said it was necessary to reduce the country's dependence on foreign assistance. He justified the increased investment in the public sector. He pleaded for greater administrative controls over the increase in money supply in the hands of people and expansion of bank credits through proper monetary and fiscal policies.

Describing the performance on the agricultural front as "sluggish" he referred to the increase in the prices of food articles, industrial raw materials and manufactured articles and said there had been something radically wrong with the farm activity. The success of the next Plan depended on how far the mistakes could be corrected.

Shri N.G. Ranga (Swatantra - Andhra) declared that his party would have no truck with the present Plan. The Government did not have the money to implement the Plan, he said.

He criticised the Prime Minister for inconsistency, and, in an attack on joint co-operative farming, charged him with "disguising" his aim of collectivisation "in the midst of ifs and buts".

He said his party agreed that there should be no accumulation ~~there~~ of wealth. "At the same time, we have to be careful to see that power is not concentrated in a few hands. They can be capitalists, they can be industrialists, they can be Ministers here", he said.

The PSP leader, Shri Kripalani said that before taking the next step in planned development, the gains made till now should be consolidated. That itself would require a Plan costing not less than 8,000 million rupees. The "soldiers" engaged in the economic advance of the nation should have some respite if they were to make added effort. They had been given no relief from increased prices, taxes and inflation.

He said the task of reforming the administrative and educational set-up should be tackled in a big way to bring about the integration of India and consolidate its unity, "which is so seriously threatened today by communal, provincial, linguistic and caste strife, which shame us before the world".

Shri Kripalani said the Plan outline was vague on many vital points. An ironical feature was that the unemployment situation was worse at the end than at the beginning of each Plan period. He was of the view that the present administrative set-up, inherited from a colonial Government, should be radically changed if the Plan was to succeed. The steel plants, employed nearly 1,000 foreign technicians. Most of them were mis-called technicians; they were only fitters.

Shri Braj Raj Singh (Soc-U.P.) said the country could not bear any fresh taxation. He asked the Government to nationalise foreign trade and take over all foreign concerns that had made more than their investment through profits. The Government should take courage and declare that there would be no compensation in case any concern was nationalised.

He doubted whether it would be possible to achieve self-sufficiency in food by the end of the third Plan. Efforts should be made to extend irrigation facilities. This would provide employment to about five to six million people. There should be greater emphasis on small-scale industries and the allocation for them should be doubled.

Shri Singh urged the need for giving priority to construction of roads over that of railways. He described the Government's attitude towards higher education as "reactionary". It was very unwise to restrict higher education, especially when there were not adequate facilities for vocational training.

Shri M.R. Masani (Swatantra-Bihar) said his party was not at all opposed to the principle of co-operation. In fact it stood for "genuine co-operation". It was opposed to collective farming of the Soviet pattern which was being "mis-called joint or co-operative farming". His party also did not stand for laissez faire as stated by the Prime Minister. Nor was it opposed to State controls and regulations.

Shri Masani said that the Swatantra Party stood for maximum freedom to the individual and minimum State interference. It believed in mixed economy, but wanted the State to restrict itself to heavy industries and to new enterprises which were difficult for private capital to establish. The emphasis on heavy industry in India followed the Soviet pattern. A fourth steel plant, as envisaged in the Plan, would be superfluous.

Shri Masani said that two-thirds of the investment envisaged in the third Plan was being diverted to the public sector. Over three-quarters of this was being invested in the non-agricultural sector. If the same capital was employed on agriculture and light industries the national income would go up faster than anticipated at present in view of higher returns in these fields. He thought the 5 per cent annual rise in national income was a "gross over-estimate".

He opposed the proposal to increase taxes during the third Plan as it would mean that every person in the country would have to forgo 25 per cent of his income for the sake of the Plan.

Pandit Thakurdas Bhargava (C-Punjab) said there could not be any difference of opinion so far as the basic objectives of the Plan were concerned. He refuted Shri Masani's remark that the Planning Commission was a superbody. The Commission's reports were considered by the Cabinet and Parliament before the final draft was prepared.

Pandit Bhargava said self-sufficiency in food could never be achieved without proper land reforms and sufficient attention to animal husbandry. In some States land reforms were being carried out in such a manner that the intermediaries remained. He charged the Government with "criminal neglect" of animal husbandry.

Finance Minister's Reply to certain criticisms.- Intervening in the debate on 25 August 1960, Shri Morarji Desai, Finance Minister, rejected Shri Kripalani's suggestion that the country should consolidate the gains of the second Plan before embarking on the third. He said that the country was not in a position to sit down satisfied with the progress already made. While consolidating, expansion should also go on, he added. "To say that the Planning Commission is a super-Cabinet is to exhibit complete ignorance of its working", the Finance Minister said. Perhaps its critics expressed in these terms the view that they did not want a Planning Commission. He added: "The policy that should govern the Plan is made by the Cabinet. It is a policy which is accepted by this House. It is within that policy that the Planning Commission thinks and works".

It was not the Commission which decided on the resources, he said. A group consisting of experts from the Finance Ministry and the Commission and others considered this matter first. Unless the Finance Minister and the Cabinet accepted the targets and the resources, the Commission could not incorporate them in the Plan.

Stating that raising additional taxes to the extent of 16,500 million rupees during the third Plan period was by no means easy. Shri Desai said: "It will certainly be a burden on the country. But the burden is not such as cannot be borne. People who have to develop cannot rest to enjoy all that they have earned".

If development works could be undertaken by taxing the rich alone, the Government would have done, that, he said. Even if the rich people were deprived of all that they had, the Government would still not be able to carry on even for a year. Therefore, everybody had to share the burden in order to go ahead.

The Minister said it had not been stated in the third Plan that all the additional revenues would be realised from indirect taxes. But more would have to be found from indirect than from direct taxes. Indirect taxes were paid according to consumption. The rich consumed more and they paid more taxes also.

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Shri Desai agreed that prices should be kept within reasonable limits. But he could not agree with the contention of some members that something abnormal had taken place in India. He cited the cost of living indices of various countries to show that the rise in India had not been as great as some had sought to make out.

Referring to the criticism that the second Plan targets had not been achieved, Shri Desai said: "It is certainly the claim of this Government that we tried to do as much as we can with the capacity that we have. I have no quarrel with those people who may say that our capacity is little. But to say that this Government is complacent or it is unmindful of certain things will not be in keeping with the facts".

To justify his contention that the achievements were not insignificant, Shri Desai gave figures of ~~production~~ production in the agricultural and industrial fields. "It is true that we want a socialist form of society in this country", Shri Desai said. "There are many disparities. Is it the expectation of anybody that these disparities will be removed immediately or even after five or ten years? If anybody imagines that, then his conception is different from mine and from that of the Government. I do not think that can be done".

The private and the public sectors, the Minister said, were complementary to each other. He was not one of those who were prejudiced against one or the other.

The Minister admitted that the second Plan targets for steel output had not been achieved. The reason was that steel was a new line of investment for the Government. The achievement in this field should not therefore be "so severely judged".

In the field of coal also, Shri Desai said, lot of preliminary work had to be done which had not been foreseen due to lack of experience. There had been shortfalls and these had been taken into consideration in the drafting of the third Plan. He was sure the achievements of the third Plan would be much better than those of the second.

He did not agree with Shri Masani that a fourth steel plant was unnecessary. In fact, he said, even after the fourth steel plant was set up, the country would experience shortage of steel as more steel was required. For the next 20 years India would not be surplus in steel.

The textile and jute industries, Shri Desai said, were now being rejuvenated with the help of Government loans. If only the parts required by these industries had been manufactured in India earlier, they would now have been producing cheaper goods. He added: "If we do not have the base - steel and electricity - how can our industries go forward? The private sector, will be nowhere if those industries are not there."

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Shri RamSingh Bhai Varma (C-Madhya Pradesh) said the rivalry between the private and public sectors should be checked and emphasis laid on greater production. The labour policy was good, but its implementation in the public sector was bad, because the employing Ministries had a "reactionary attitude". The Government should assure the workers that they would not be allowed to become unemployed.

Dr. A. Krishnaswami (Ind-Madras) quoting official figures, said inflationary pressures were now making themselves felt on a much wider front than before and it would be ~~unwise~~ foolish to ignore them. Budgetary deficits should be minimized.

The "great defect" of the Plan was that it did not concentrate its attention on proper priorities. It was more than essential to concentrate attention on wage goods and consumption goods. Otherwise the cost of living would mount up.

Dr. Krishnaswami said agricultural production, and animal husbandry should get higher priorities. Organisation of agriculture had not been taken up seriously. The district administration was relatively weak. No member of the IAS wanted to remain in the district long enough to know the needs and aspirations of the people. To remedy this, he suggested incentive payments to IAS officers to ~~serve in~~ serve in the districts, just as the British used to pay overseas allowances.

He criticised the spending of foreign exchange on the "risky" ventures like oil drilling.

Shri Nanda's reply to debate.- Shri G.L. Nanda, Minister for Planning, replying to the debate on 26 August 1960, declared that only a Plan of the type drafted by the Government, could solve the problems before the country and raise the people's living standards.

Shri Nanda added: "The third Plan is not going to fail. We say it cannot fail because of our confidence in the capacity of our people and from what we have seen about the performance in this country".

He did not mean that every target in the Plan would be achieved, Shri Nanda said. What he meant was that the people of India would march along the lines indicated in the Plan.

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The Minister devoted a major portion of his speech to reply to the criticisms levelled by Shri M.R. Masani (Swatantra) and Shri Kripalani (PSP). Judging by the speeches made in the House and the representative capacity of those who took part in the debate, Shri Nanda said, it was obvious that there was practically unanimous support for the draft outline. A few members might be opposed to it, but it was a negligible opposition.

Shri Nanda asserted that only a plan of the type proposed by the Government would solve the problems facing the country. The plan suggested by Shri Masani - the starting of a few light industries and the production of consumer goods - would mean little progress. He added that Shri Masani's plan could not fail because it was no plan at all.

While admitting that there had been defects in the execution of the Plan, Shri Nanda said the achievements in certain sectors were phenomenal. Critics should not forget that the country had developed the capacity for growth and had started moving.

The Minister said Shri Masani had objected to the public sector on the ground that with its development, there would be less of freedom and more of bureaucracy and waste. He had seen the private sector at close quarters and he knew what happened there. Though there were good people in the private sector, there was waste, nepotism, speculation, blackmarketing and other antisocial things in it. When there was scarcity, some people in the private sector tried to exploit it for their own ends.

There might be defects in the public sector, Shri Nanda said, but it was bound to improve. In fact, it had already improved in certain cases.

Shri Nanda said he could not understand the fear of some people that with the development of the public sector, individual freedom would be lost. They seemed to forget that India was a democracy and that the people would not allow the economic power in the hands of the Government to be misused. Having the economic power in the hands of the Government would, far from depriving an individual of his freedom, strengthen democracy.

The Minister asked the champions of the private sector to remember that the private sector had grown to the present dimensions because of the two Plans. If the Plans had not been there, it would not have expanded to the extent it had.

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Dealing with Shri Kripalani's suggestion that India should not industrialise on the lines of the Western countries or the Soviet Union, Shri Nanda said he was also a staunch advocate of cottage industries. But with its growing population the country could not advance with these alone. Today the village industries' products were subsidised. The subsidy came from the surpluses created by the modern industries. If that surplus was not there, how could they be subsidised?

The Minister said that having allowed the private sector to function, it should be given adequate incentives. But the underhand incomes of that sector (black money) would have to be tackled effectively and vigorously. Every person should be assured a basic minimum so that his requirements of food, clothing, shelter, education and health were met. Some steps had been taken in the Plan towards that end, but more would have to be done.

Shri Nanda agreed that every region of the country should have its due. But it should be remembered that one could not choose sites for projects merely on the basis of regions. The many regions were not all equal. They had different potentialities.

Shri Nanda said rural areas and hilly regions were being developed. Stress was being laid on village industries. It was wrong to say that all the big projects were located in cities. The amount given to the States for regional development was quite large. There was no ground for thinking that there was a conflict between the development of urban and rural areas.

Regarding unemployment, Shri Nanda said the implementation of the third Plan would enable them to cover "some ~~percentage~~ of ~~that would~~ the backlog (of the earlier Plans) also". The Government, was improving the position regarding "land records". That would facilitate better administration of land legislation.

He said it was not right to say that investment and development should inevitably lead to a rise in prices. In the third Plan, it was proposed to tackle the problem of rising prices by having targets for consumer goods. These targets were based on measurements of elasticity of demand in relation to income and "if we can achieve these targets, there should be no difficulty basically in holding the price line".

Regarding the controls, he said that selective controls did not necessarily mean rationing. "There can be various kinds of controls, fiscal, monetary and the like". The country was in a very good position today with the good buffer stocks of wheat and rice.

Even if the prices were controlled at the wholesale stage, what could be done about the retail business, Shri Nanda asked. Were they to open fair-price shops and the like? There was only one thing to do and that was to develop consumers' co-operatives. That had to be done by the people themselves.

Debate in the Rajya Sabha.- Initiating the debate in the Rajya Sabha on 5 September 1960, Shri Nanda reiterated his assurance that everything possible would be done to stabilise prices so that the third Five Year Plan could be successfully implemented. The size of the projected investment had a direct bearing on the price level and any considerable increase in it was something which could not be considered with equanimity.

The Government, he said, was determined to stabilise prices. The measures to be adopted in this connection depended upon the situations and circumstances. However it was evident that attention had to be directed mainly to see that prices of articles of mass consumption did not rise.

"Maybe" he added, "certain other commodities which may be called semi-luxury articles may have to bear certain other imposts for the sake of raising resources. That may not cause so much worry to us".

Shri Nanda said deficit financing in the second Plan was out of relation to the increase in production to some extent. Now very precise calculations had been made to determine the extent to which deficit financing could be resorted to. Any increase in money supply as a result of deficit financing would not be of such an order as to add to inflation.

The Minister stressed the significance of the development of co-operative organisations in connection with the measures to stabilise prices. Even if 30 per cent of distribution of goods was in the hands of co-operative organisations it would have a sufficient effect on the price level.

Shri Nanda said the Government was giving close attention to the question of ensuring efficient implementation of the Plan. There was now a network of extension service in the villages. Improvements had been effected in the running of public enterprises. Good progress had been made in the training of personnel.

But a big factor in implementation was the people's co-operation, he said. The administration was being streamlined. It had been found possible to reduce the cost of construction by 15 per cent to 20 per cent. To some extent efficiency audit had already been applied.

Shri Nanda said attempts would be made to see that all new entrants to the labour force in the third Plan period were absorbed. The Government would try to find out where in the rural areas certain types of work remained to be done and where there was idle manpower.

The reduction of social disparities was receiving attention, he said. In this connection he drew the members' attention to the proposal to conduct an inquiry to find out how the additional national income of the last two Plan periods, had spread over the population. The inquiry was not meant to be some kind of witchhunting.

Though a spectacular change had not yet come about in the living conditions of the common man, he said it should not be forgotten that great improvements had been made in educational and health facilities. Welfare work among the backward classes had also been progressing. One evidence of the general improvement in the people's position was the pressure on supply of goods.

Shri Nanda said competent people had observed that the whole pattern of resources in the draft Plan was reasonable and that the resources could be realised. If circumstances were more favourable than now, better results would be obtained. Broadly, the position was that it should not be difficult for the community to raise the resources.

Dr. H.N. Kunzru (Ind-U.P.) laid considerable emphasis on the development of agriculture and said: "If we are to succeed in our Plans, agriculture must receive high priority not merely in theory but in practice. We must put in every ounce of effort into this task day and night throughout the year. The State Governments have the primary responsibility for agricultural development. I hope the Central Government, which has neglected its responsibility, the results of which are known, would go on continuously urging the States to fulfil the task entrusted to them".

Dr. Kunzru referred to the size of the Plan and said he wondered whether, taking into account the difficulties in connection with internal and external resources, it was wise to put forward the maximum demand at a time like the present. He did not share Shri Nanda's optimism about raising the national income by 20 per cent at the end of the second Plan. He doubted whether the railways would be able to contribute 1,500 million rupees, as envisaged in the outline.

He was afraid that the attempt to raise additional revenue mainly by way of indirect taxes would lead to a rise in prices. Control of prices, which had risen by 25 per cent in the last four years, had become very important. He cautioned the Commission against the effects of deficit financing.

Shri Khandubhai Desai (C-Gujarat) said while the country's achievements in industrial production, and to a certain extent in agriculture, were praiseworthy, the shortcomings also stood in bold relief. They had not been able to keep the price line in check. Planned economy and completely free internal trade did not go well together. In his view, the high prices were due to an unbalanced economy. In order to create balance, the planners must now give more attention to rural areas.

If the third Plan was to be kept on an even keel, he said, prices should be controlled. He wanted forward marketing and speculation to be made illegal.

Shri Desai said that from available figures one got the impression, rightly or wrongly, that there had been concentration and maldistribution of the wealth produced. The Central statistical department ought to look into the matter from time to time so that the approach of the Plan did not become a "leap in the dark".

On taxation, Shri Desai said the burden had fallen during the second Plan mainly on the middle classes and the rural people through indirect taxation. He was afraid that the bulk of the additional revenue to be raised under the Third Plan would again come from the common man. Private enterprise had had a "golden period" in the last five years and the Finance Minister should make it bear a larger share of the burden.

Shri K. Santhanam (C-Madras) said the cardinal principle of planning should be not concentration of resources but dispersal of scarce resources. He wanted the planning machinery to ~~take~~ be ~~replanning~~ decentralised. Every State could have a planning commission to take charge of detailed planning within the overall limitations set by the Centre. He supported the package plan for agriculture, but said that without crop insurance it would not succeed.

The Prime Minister, intervening in the debate, reiterated the Government's determination to increasingly restrict the "freedom to exploit and make vast sums of money" and hoped the time would soon come when even the "existing freedoms" in this regard would be taken away. He referred also to State trading and said: "We must progressively investigate more and more avenues of State trading".

The Government, he said, was adhering to the industrial policy it had laid down. A relaxation had been made in respect of fertilisers only to enable the country to have more fertilisers. Public sector plants were going to be set up to the limit of their capacity.

Shri Nehru said they could not judge the third Plan in isolation; it could only be judged as part of "the continuous process of economic regeneration of India". In the ultimate analysis, the success of the Plans would depend on the 400 million people of the country.

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Denying that the Planning Commission was functioning as a super-Cabinet or a fifth wheel in the coach, the Prime Minister said its functions were purely advisory and recommendatory. Those who opposed planning, had no real grasp of the problems before the country. Planning in some form or other, was essential for every country in the world today and certainly was so far an underdeveloped country like India. They could progress only through planning and hard work.

Some people who were isolated from modern thoughts complained that planning took away the freedom of the people, he said. "What freedom does it take away? Certainly it takes away the freedom to exploit others and to make vast sums of money. It does ~~not~~ take away that freedom and we intend to take that freedom away increasingly".

"I appreciate", Shri Nehru added, "that in our planning we have not seen far enough in that direction". One of the functions of the Planning Commission was to look at the implementation of the Plan and review the results. But it had not devoted sufficient attention to this aspect in the past.

The objectives before them were clear enough, he said. Broadly speaking, they wanted higher and higher standards of life for everyone, an objective with which few would disagree. They also wanted to put an end to exploitation of individuals and groups by other individuals and groups. They wanted every individual to have equal opportunity. These inevitably led them to the conclusion that they should have a socialist structure of society in the widest sense of that term.

This, he said, would mean that the principal means of production should be owned by the State or the people and not by a few individuals or groups. If they led to a ownership by a few individuals or groups it would lead to exploitation and private monopolies, which the Constitution had laid down should be actively discouraged. In fact, planning concerned itself with the proper production of wealth and its distribution. There were also other important factors, moral and ethical.

He talked about socialism, Shri Nehru said, not only because he believed that was the only way to solve their problems, but because it was the ethical and moral way. "I believe a society which is entirely an acquisitive society is an immoral society".

The Prime Minister said Indian intelligence was attached to moral and ethical values and so when they talked of a socialist pattern of society they were talking not of something artificial but of something deep down in their hearts. "We believe in a socialist society, we have always believed in it, we shall continue to believe in it and work for it", he added, amidst cheers.

There was no doubt, he said, that sometimes there was frustration because they had not been able to implement all their desires. They had to get over the obstacles - the traditional ways of thinking - and become modern society employing science and technology. It did not mean setting up a few factories here and there. In the final analysis, it meant modern thinking. It meant raising 400 million people out of their past roots and traditions and making them think and act in the modern way.

He said they had to modernise their agriculture and their industry. The agriculturists were demanding even today more and more iron and more and more fertilisers. Merely supplying them these things would not make them modern. They should raise the 60 million farming families from their past and make them adopt modern scientific techniques.

The community development scheme had made some progress initially, he said, but gradually it had lost its shine and had become officialised and things had begun to slow down.

Now, Shri Nehru said, they had launched the Panchayati Raj scheme. It meant throwing the burden on the panchayats and making available to them the resources and authority. "They can go to God or to the devil. But unless they have the freedom to go to the devil they cannot go to God either". From the limited experience they already had about this, he had no doubt that this new change was a revolutionary change.

People in the rural areas, the panches and the sarpanches, increasingly thought about and discussed new problems and attempted solutions, he said. This very process of thinking was bringing about a great change in society. Foreigners were surprised "at the new receptiveness of the Indian farmer". More than their willingness to use fertilisers, improved seeds and tools, it was their willingness to listen to new ideas that was very encouraging.

He observed that provincial, caste and linguistic conflicts came in the way of planning and development and made one feel despondent. "Planning is essentially a problem of united approach," he said. "It is not a party or governmental approach. It was a problem in which broadly speaking, there should be unity in the country. So I have often enough felt dejected (seeing this disunity)".

Yet, looking at the changing face of India, one did not feel dejected or despondent.

The Prime Minister said the country had made spectacular progress on the industrial front. On the one side they had laid the firm foundations of heavy industry and on the other innumerable small industries were growing up. Indian statistics was now universally recognised to be understatement. They had two sets of statistics, both based on scientific methods. They differed so much (about food production) that he dared not tell the House how much they differed. In the industrial sector too, Indian statisticians paid too much attention to their traditional items like textiles, tea, jute, etc., and too little to the expanding field of small industries.

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What he had said about statisticians also applied to the Ministry of Commerce and Industry, the Prime Minister stated. It was finding it difficult to get out of the past rut of thinking about tea, jute and so on. It should explore new avenues and seek export markets for engineering products and the like.

Shri Nehru said recent estimates had shown that life expectancy in India was now about 40 or 42. This showed that the health of the country had improved, that the general conditions had improved. They had now 45 million boys and girls going to schools and colleges and by the end of the third Plan that number was likely to be 65 million. They found shops full of goods and people buying them.

All these, Shri Nehru said, were signs of economic growth and prosperity. This did not mean that everyone had a share of it. There were on the one hand people living "on the verge of lack of the primary necessities of life". On the other side there were a small group of really affluent people.

The Prime Minister drew the attention of members in this connection to the company flotations and the amounts subscribed. In one instance, he said, a company had floated shares for 16.5 million rupees and they had applications for 980 million rupees. The cash subscribed was 250 million rupees. This showed that the money was not in a limited number of hands but was fairly widespread.

This picture, he continued, might be a lopsided one. It might be that the new wealth was flowing in a particular direction and was not spreading out properly. To some extent it was unavoidable in a growing society. But they had to take steps to see that the wealth spread out properly.

The Strategy.- The Prime Minister said the strategy of planning required that they should build up a strong foundation of heavy industry. The sooner they did this the earlier they would be independent of others. He did not agree with "some of the captains of industry here" that they need not build another steel plant. Even if they increased steel production 50 times they would be able to find use for all that steel. ~~From~~ From the point of ~~view~~ view of defence also it was essential to have heavy industries.

In giving effect to the Plans they had to take note of other factors like resources and the capacity of the people to work hard, Shri Nehru observed. There was also the question of trained manpower. They had also to take into account the economic consequences of all these on prices.

"I feel we must be in a position to control the prices of basic commodities like food, cloth etc.", he said. He added that though there were some inflationary tendencies, they were not as serious as in many other countries.

Shri Nehru referred to State trading in foodgrains and expressed the hope that the difficulties it had encountered would be overcome. He said the development of the co-operative movement would facilitate the process of distribution.

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Replying to the debate, the Planning Minister, Shri G.L. Nanda, referred to the criticism that the rise in national income shown in the draft was illusory because of the rise in prices, and said it showed a complete misunderstanding of the issue. The statistics given in the draft related to income at constant prices. It was stated that agriculturists were now worse off because the proportion of national income from agriculture had shown a fall and that from industry had risen. But the change in the proportion only meant that relatively industrial activity was progressing faster and that was what was aimed at.

Shri Nanda agreed that housing was one of the unsolved problems. That was a direction in which "we have not done well enough". In certain cities which were expanding, the provision of civic amenities was lagging behind. "These are things to which we would like to give more thought; in what period we will be able to cope with those problems. I cannot say. They will take more time than we feel they should".

Shri Nanda said it was nowhere stated in the draft that the backlog of unemployment was going to increase. There would be 15 million new entrants to the labour force. About 14 million would be provided for on the basis of the investment envisaged. Some proposals for increasing the investment here and there might create more employment.

It should not be forgotten, he added, that during the first Plan seven million were provided with employment, and during the second Plan 8.1 million. That meant the country had been able to enlarge the capacity to give increasing employment. He was, however, not satisfied with it. But what were the suggestions which members had on the point? One idea was that more funds should be allotted to village industries. How would that solve the problem? Maybe, by spending a few more millions, as was proposed, another million would be provided for, but that was not going to solve the problem.

As for economic disparities, Shri Nanda said they were not going to be eliminated for a long time. But were they being narrowed down? He did not know. The inquiry into the dispersal of increased national income would reveal what had happened. Disparities had grown in other countries even where there was total planning. In Soviet Russia there were enormous disparities.

Shri Nanda said it was true that the agricultural worker was not in a good condition. It was a thing which caused him great concern. But it was wrong to exaggerate and say that their condition had deteriorated to the extent of 30 per cent as a member had done.

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It might be that the progress of land reform had not been according to expectations, he said. But already great changes had been brought about by the measures taken. Landlords and intermediaries had been abolished. That had brought about big social changes in its wake. In three-fourths of the country, rents had been reduced to a level envisaged in the second Plan. It might be said that legislation on the subject was not being fully implemented, but it was a transitional stage. One thing would follow another.

Shri Nanda said "land to the tiller" was a good slogan. That was the country's aim. But when security of tenancy was given, rents had been brought down and the workers had been enabled to acquire land on fairly favourable terms. "We have the way for the tiller to become the owner of the land. Maybe, there are difficulties and vested interests are coming in the way. But to ask us to go on pushing things in the face of objective conditions and to do much more than is possible is not going to do any good".

He assured the House that the Government was alive to the need to reduce regional disparities. Some members had said that the matching grants being provided by the States should be done away with. How could it be argued that everything should be done and provided by the Centre?

Shri Nanda agreed that one should not make light of the problem of resources and implementation. "I think we have pitched our hopes very high. The raising of resources will need very great effort. All these things will have to be done. Everywhere savings has to be effected. There should be people's participation which will not come unless they are made to feel that they are a part of a big process. The small man should not suffer delays at the hands of administrators. It is said that even for small things to be done by officials the small man had to pay. I do not know ~~that~~ to what extent this is there, but it will have to be removed."

(The Statesman, 23-27 August 1960;
and 6 and 7 September 1960).

Reserve Bank Measures to Curb Credit: Penal Bank Rate.

The Reserve Bank of India announced on 21 September 1960 its decision to launch a dearer money policy, without actually raising the Bank Rate, which will continue to remain at 4 per cent.

From 1 October 1960, borrowing by banks from the Reserve Bank at the Bank Rate will be limited to certain quotas. Further borrowing will be permitted only on payment of certain penal rates of interest.

Each scheduled bank will be allotted a borrowing quota equal to 50 per cent of the reserves statutorily required to be maintained by it with the Reserve Bank.

An official spokesman said in an interview that the deposits of banks impounded by the Reserve Bank recently will not be taken into consideration while determining the borrowing quota.

The schedule of borrowing from the Reserve Bank will be as follows: Bank rate for scheduled bank borrowings (against Government securities and bills) up to 100 per cent of the quota; 1 per cent above the Bank Rate for borrowings over 100 per cent but not more than 200 per cent of the quota; 2 per cent above the Bank Rate for borrowings over 200 per cent of the quota.

The Reserve Bank also announced that in view of the new decision the ceiling for borrowing from the Reserve Bank, fixed for individual banks under the Bill Market Scheme, will not be operative for the time being.

The Reserve Bank has also directed banks to charge from 1 October a minimum lending rate of 5 per cent on all advances, whether existing or new, clean or secured, with the exception of advances to other banks, including co-operative banks. The Reserve Bank also asked banks to raise the structure of their interest rates further so as to ensure an increase of at least 1/2 per cent in their average lending rate. It said that no bank ~~will~~ shall pay interest at more than 2 per cent below the Bank Rate on any deposit (other than inter-bank deposit) from 1 October.

According to leading financial experts the object behind the Reserve Bank's new move was to have ~~to~~ a limited extent the same effect as a rise in the Bank Rate. An increase in the Bank Rate has an all-pervading effect on Government securities and share values.

However, the new move, said to be based on the Japanese system of credit control, will not impair the value of Government securities, but will secure an "abatement of the pressure of monetary demand which has been a contributory factor to the rise in commodity prices".

(The Statesman, 22 September 1960).

36. Wages.

India - September 1960.

Kerala: Gratuity Scheme for Industrial Workers
in Government-owned Concerns.

The Government of Kerala has introduced a gratuity scheme for the daily-rated workers of the Government owned industrial concerns. The scheme came into force with effect from 18 December 1957 and applies to all the daily-rated workers who are in continuous service of the Government owned industrial concerns. A daily-rated worker also includes a person who is employed on piece-rate basis. A worker becomes entitled to gratuity after putting in five years' continuous service. No gratuity is payable if the worker is dismissed or removed from service for official irregularities or misconduct. The date of commencement of service for the purpose of calculation of qualifying service of a worker will be the date on which he was first enrolled as a worker and began to draw wages. Gratuity is payable to the worker on the termination of his service in the concern according to the scale mentioned below:-

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|--|--|
| 1. On the death of a worker while in service of the concern or on his physical or mental disability to continue further in service or on voluntary retirement or resignation or on termination of his services on account of retrenchment or in retirement or on superannuation. | Gratuity calculated at the rate of 15 days' wages for every completed year of service provided he completed the minimum period of continuous service. |
| 2. Workers who retire after 2 years but within four years from 18 December 1957, completing 58 years of age. | In addition to the gratuity payable under (1) above they will be paid extra gratuity equal to one month's wages. The wages in this case will be calculated on the average of daily rate of basic wage earned by him during the period he has been on duty or on leave with wages in the month preceding the month in which he retires, multiplied by 25. |
| 3. These who have retired within 2 years from 18 December 1957, completing 58 years. | Extra gratuity of 2 months' wages as calculated above. |

Effect of Wages on Agricultural Prices: Results of Study.

A large increase in the wage costs of a large-scale manufacturing industry has little direct effect on the prices of agricultural commodities while any increase in prices of agricultural products plays an important part in determining price levels in other sectors. This is the conclusion reached by an official paper on the "Effect of wages on agricultural prices", prepared for the steering committee on wages, meeting in Delhi recently. The paper has been prepared on the basis of statistical surveys by the Central Statistical Organisation and the Indian Statistical Institute.

According to the paper, a 20 per cent increase in the wages of workers employed in large-scale manufacturing industry will result directly in increasing the price level in agriculture by .05 per cent, in mining by .17 per cent, in large-scale manufacturing sector itself by 3.71 per cent, in small-scale manufactures by .61 per cent, and in the tertiary sectors by .28 per cent.

The calculations of likely price increases are confined only to the effect of a wage increase in large-scale industry on the increased purchasing power of the workers relative to agricultural commodities, and the increase in prices of industrial commodities going into agriculture, thus raising the production costs of agriculture.

The survey shows that industrial workers and workers likely to get wage or salary increase because of their organisational form only five per cent of the total working force.

It could be argued that increased income in the hands of the working class would be spent more on agricultural items than others and thus tend to operate more adversely on agricultural prices than elsewhere.

Consumption Pattern.- Recent studies by the Central Statistical Organisation has, however, shown that the argument is not valid. Data collected by the Indian Statistical Institute also go to show that even if the entire increase of 20 per cent in industrial wages goes for consumption of agricultural products, the increase in price levels will only be about 1.5 per cent.

Nearly 60 per cent of the output of the agricultural sector goes for household consumption while 26 per cent of its output is utilised in the agricultural sector itself in the process of production. Only seven per cent of the agricultural output flows into the large-scale manufacturing sector.

The outlay on the large-scale and small-scale manufacturing sectors taken together is hardly two per cent of the total output of agriculture. While the outlays of the agricultural sector on large-scale manufacturers and small-scale manufactures is only 521.2 million rupees and 996.7 million rupees respectively, the outflows of the agricultural output to these sectors are respectively 4,915.8 million rupees and 3,612.3 million rupees.

Thus the large-scale and small-scale sectors are much more dependent on agriculture than vice versa and hence fluctuations in agricultural prices are likely to have a greater impact on prices of manufactured commodities than vice versa.

In the mining sector (including petroleum products), the entire output is utilised in the process of production of goods and services. The amount consumed in households is not much.

The major elements that enter into the cost structure of the small-scale manufacturing sector consist of agricultural products and products of large-scale manufactures. Price fluctuations in this sector are likely to be influenced more by fluctuations in the price level of products of agriculture and large-scale manufacturing sector.

Tertiary Sector.- Next to agriculture it is the tertiary sector that makes the greatest contribution to household consumption. Maximum investment in the economy is also made by only this sector by way of construction.

In the economy as a whole, labour output or wage income forms only about 16.7 per cent of the total value at market price of goods and services produced in the economy while the corresponding percentage of material inputs to produce that output is 31.9. Thus material costs form a greater portion of the total cost than labour cost. As a percentage of the gross domestic product at factor cost, the share of labour or wage income is only 25.7. This is significantly lower than the corresponding percentage in the case of large-scale manufacturing (48.2 per cent) and tertiary (41.6 per cent) sectors.

In calculating the effect of an increase in wage levels on prices, both the direct or initial effect and the spiralling effect have to be taken into account. Thus an increase in price of large-scale manufacturers by 'x' per cent might cause price rises in other sectors also.

Besides this initial effect, when the increased prices of products of other sectors enter the large-scale manufacturing sector, they push up the prices of the latter and thus a spiral effect is brought about.

The ultimate increase would thus be something more than the initial increase. However, as the subsequent increase in the price level go on diminishing, the overall increase may not be very much more than the initial increase.

Making allowance for all these factors, it has been found that a 20 per cent increase in the wage cost in the large-scale manufacturing sector will increase price levels in agriculture, mining, large-scale manufactures small-scale manufactures and tertiary sectors by 0.05 per cent, 0.17 per cent, 3.17 per cent, 0.61 per cent and 0.28 per cent, respectively. It has also been found that the percentage rises in the price levels in the different sectors diminish, so that the ultimate increases in price levels of different sectors are not far different from those mentioned above.

(The Hindustan Times, 19 September 1960).

10/10/60

Nadras: Agreement on Bonus for Plantation Workers
in 1959.

An agreement was reached on 19 August 1960, between the workers and managements of plantations in Madras State on the question of payment of bonus for 1959.

The agreement was reached through the good offices of Shri R. Venkataraman, Minister for Industries and Labour and Shri T.N. Lakshminarayanan, Labour Commissioner, who conducted negotiations in this regard.

An official note issued by the Labour Commissioner says: "According to the agreement which was signed this evening before the Commissioner of Labour tea plantation workers will receive a bonus of eight and a half per cent of their earnings during 1959 less the amount already paid and the coffee plantation workers with an acreage of 150 acres and above will receive a bonus of six and one fourth per cent of their earnings during 1959 less the amounts already paid. The coffee estates with less than 150 acres will pay a bonus to their workers of four and a half per cent of the earnings during 1959 less the amounts already paid."

"The payment of bonus under this agreement", the note states, "will be in final settlement of the claims for bonus up to and inclusive of 1959 and this payment will be made along with the wages for September 1960 payable in October 1960. This agreement will benefit about 62,000 workers in the State."

(The Hindu, 20 August 1960).

Wage Board set up for Jute Industry.

The setting up of a central wage board for the jute industry was announced by the Deputy Minister of Labour, Shri Abid Ali, in the Lok Sabha on 25 August 1960.

The chairman of the board will be Shri L.P. Dave. It will have two independent members, Shri G. Oza, M.P., and Dr. Parmanand Prasad. The members representing employers are Shri D.C.B. Pilkington and Shri D.P. Goenka, and the members representing workers Shri Indrajit Gupta, M.P. and Shri Kali Mukherjee.

Within two months from the date the board starts its work, it will submit its recommendations regarding the demands of labour in respect of interim relief, pending submission of the final report.

The terms of reference of the board will be to determine the categories of employees (manual, clerical, supervisory, etc.) who should be brought within the scope of the proposed wage fixation and to work out a wage structure based on the principles of fair wages set forth in the report of the committee on fair wages.

The board will also be required to work out the principles that should govern the grant of bonus, if any, to workers in the jute industry.

(Press Note dated 25 August 1960;
issued by the Government of India).

39. International Economic Relations.

India - September 1960.

Division of Indus Waters: Indo-Pakistan Agreement
Concluded.

On 18 September 1960, the Indo-Pakistan Canal Waters Treaty was signed at Karachi by Shri Jawaharlal Nehru, Prime Minister of India, and President Ayub Khan of Pakistan. On behalf of the World Bank, Mr. Illiff, Vice-President, signed the treaty for the purposes specified therein.

The Indus Basin Development Fund agreement was also signed on the occasion by Pakistan's Finance Minister and the diplomatic representatives of the six countries offering financial assistance for Pakistan's development programme.

Some salient features of the Treaty are:

The Waters of the Indus, Jhelum and Chenab, except for essential uses in their own basins while they flow in India, are allotted to Pakistan; and the waters of the Ravi, Beas and Sutlej, except for a Transition Period during which Pakistan will build works to replace the waters received by it from these rivers, are allotted to India.

Works in Pakistan.- Pakistan is undertaking on the Western Rivers a comprehensive system of replacement-cum-development works comprising storage reservoirs, barrages, link canals, tubewells, drainage and hydro-electric installations. As the purpose of part of this system of works is the replacement from the Western Rivers of water supplies for irrigation canals in Pakistan which were dependent on water supplies from the Eastern Rivers, India has agreed to make a fixed contribution of 833,000,000 rupees (£ 62,500,000) towards the cost of the replacement element of these works. The United States of America, United Kingdom, Canada, West Germany, Australia and New Zealand and the Bank are financing the remaining cost of this large plan of works. Their aid to Pakistan will be worth 3,333,000,000 rupees (£ 250,000,000).

Apart from making the fixed contribution mentioned above, India is not concerned in any way with the planning, construction and financing of the replacement-cum-development plan in Pakistan. The detailed arrangements for the financing and construction, etc., of these works are the subject of a separate Agreement between the Bank, Pakistan and the participating countries mentioned above.

The Treaty provides for a Permanent Indus Commission consisting of an Indian and Pakistani Commissioner. Each Commissioner will be representative of his Government for all matters arising out of the Treaty and will serve as a regular channel of communication on all matters relating to the implementation of the Treaty. The Permanent Indus Commission will first iron out any differences between the two sides, in the implementation of this Treaty.

The Treaty also provides for calling in a neutral expert, when necessary, to whom differences of a technical nature would be submitted for decision. A Court of Arbitration will deal with major disputes, if any, on the interpretation of the Treaty.

The signing of the treaty brings to an end the 12-year old dispute on the sharing and distribution of the Indus basin waters. The division endorsed by the treaty is based on the proposal made by the World Bank in 1954 and divides the total waters of the Indus system in the proportion of 80:20 between Pakistan and India.

(The Statesman, 19 and 20 September, 1960).

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

INDIA - SEPTEMBER 1960.

41. Agriculture.

Plantations Labour (Amendment) Act, 1960(No.34 of 1960).

The Plantations Labour (Amendment) Bill (vide pages 91-92 of the report of this Office for February 1960 and page 60 of the report of this Office for July-August 1960) as passed by Parliament received the assent of the President on 13 September 1960 and has been gazetted as Act No.34 of 1960.

The Act as amended by Act 34 of 1960 applies to the following plantations viz.-

(a) to any land used or intended to be used for growing tea, coffee, rubber or cinchona which admeasures 10.117 hectares or more and in which thirty or more persons are employed or were employed on any day of the preceding twelve months;

(b) to any land used or intended to be used for growing any other plant, which admeasures 10.117 hectataes or more and in which thirty or more persons are employed or were employed on any day of the preceding twelve months, if, after obtaining the approval of the Central Government, the State Government, by notification in the Official Gazette, so directs.

A new sub-section(5) is added to section 1 to empower the State Governments to apply all or any of the provisions of the Act to any plantation less than 10.117 hectares in area or employing less than 30 workers, subject to the condition that such of those plantations as were in existence before the commencement of the Act will not be brought within its scope.

The term 'plantation' is defined to mean any plantation to which this Act, whether wholly or in part, applies and includes offices, hospitals, dispensaries, schools, and any other premises used for any purpose connected with such plantation, but does not include any factory on the premises to which the provisions of the Factories Act, 1948, apply.

The term 'worker' is defined to mean a person employed in a plantation for hire or reward, whether directly or through any agency, to do any work, skilled, unskilled, manual or clerical, but does not include -

- (i) a medical officer employed in the plantation;
- (ii) any person employed in the plantation (including any member of the medical staff) whose monthly wages exceed rupees three hundred;
- (iii) any person employed in the plantation primarily in a managerial capacity, notwithstanding that his monthly wages do not exceed rupees three hundred; or
- (iv) any person temporarily employed in the plantation in any work relating to the construction, development or maintenance of buildings, roads, bridges, drains or canals.

The existing section 30 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.

The period over which the average daily wage should be calculated has not been specified in section 31(1). The new section 31(1) provides that for the leave allowed to a worker, he shall be paid, -

- (a) if employed wholly on a time-rate basis, at a rate equal to the daily wage payable to him immediately before the commencement of such leave under any law or under the terms of any award, agreement or contract of service, and
- (b) in other cases, including cases where he is, during the preceding twelve ~~man~~ calendar months, paid partly on a time-rate and partly on a piece-rate basis, at the rate of the average daily wage calculated over the preceding twelve calendar months.

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For the purposes of clause (b) of sub-section (1), the average daily wage shall be computed on the basis of his total full-time earnings during the preceding twelve calendar months, exclusive of any over-time earnings or bonus, if any, but inclusive of dearness allowance.

In addition to the wages for the leave period at the rates specified in sub-section(1), a worker shall also be paid the cash value of food and other concessions, if any, allowed to him by the employer in addition to his daily wages unless these concessions are continued during the leave period.

Another amendment to section 42 empowers State Governments to exempt employers from section 19 (weekly hours of work) in suitable cases without previous reference to the Central Government.

(The Gazette of India, Extraordinary,
Part II, Sec. 1, 14 September 1960,
pp. 483-487).

Delhi Land Holdings (Ceiling) Act, 1960 (No. 24 of 1960).

The Delhi Land Holdings (Ceiling) Bill (vide pages 96-97 of the report of this Office for November-December 1959) as passed by Parliament received the assent of the President on 26 August 1960 and has been gazetted as Act No. 24 of 1960. The Act provides that in the Union territory of Delhi except certain specified areas no person either by himself or, if he has a family, together with any other member of his family shall, whether as a Bhumidhar or an Asami or partly in one capacity and partly in another, hold land in excess of thirty standard acres in the aggregate. Where the number of members of the family of such person exceeds five, he may hold five additional standard acres for each member in excess of five, so however, as not to exceed sixty standard acres in the aggregate. In the case of a company, an association or any other body of individuals, the ceiling limit shall be thirty standard acres.

Other provisions of the Act deal inter alia with submission of returns by persons holding land in excess of the ceiling limit, procedure for determination of excess land, vesting of excess land in Government, compensation for surrender of excess land, manner of payment of compensation, limit of future acquisition of land, allotment of excess land, power to make rules, offences and penalties.

(The Gazette of India, Extraordinary,
Part II, Section 1, 27 August 1960,
pp. 380-392).

Manipur Land Revenue and Land Reforms Act, 1960 (No. 33 of 1960).

The Manipur Land Revenue and Land Reforms Bill (vide page 100 of the report of this Office for November-December 1959) as passed by Parliament received the assent of the President on 13 September 1960 and has been gazetted as Act No. 33 of 1960. The Act consolidates and amends the Law relating to land revenue in the Union territory of Manipur and provides for certain measures of land reform.

Part III, Chapter IX of the Act deals with rights of landholders. Section 99 provides that every person who, at the commencement of this Act, holds any land from the Government for agricultural purposes, whether as a settlement-holder or as a pattadar and his successors-in-interest shall, subject to the provisions of sub-section(2), become the owner thereof as and from such commencement.

Every person who has become a landowner under sub-section (1) of section 99 shall - (a) have permanent, heritable and transferable rights in the land; and (b) be entitled by himself, his servants, tenants, agents or other representatives to erect farm buildings, construct wells or tanks or make any other improvements thereon for the better cultivation of the land or its convenient use. Other provisions of the chapter deal inter alia with reservation of land for personal cultivation, procedure for reservation of land, right to lease land and relinquishment of landlords' rights in respect of any land in favour of Government.

Chapter X deals with rights of tenants. Section 109 provides that the interest of a tenant in any land held by him as such shall be heritable but, save as otherwise provided in this Act, shall not be transferable. No tenant shall be evicted from his land except as provided in this Act.

The rent payable by a tenant in respect of any land held by him shall not exceed, - (a) where the rent is payable in kind as a share of the produce, one-fourth of the produce of such land or its value estimated in the prescribed manner if plough cattle for the cultivation of such land is supplied by the landowner and one-fifth of such produce or its value as so estimated if plough cattle is not supplied by the landowner; (b) in any other case, four times the land revenue payable in respect of the land.

The competent authority may, on application made to it in this behalf by the landowner or the tenant, determine the reasonable rent for any land.

Other provisions of the Chapter deal inter alia with commutation of rent payable in kind, suspension or remission of rent, procedure for eviction of tenant, compensation for improvements on land, surrender of land by tenant, transfer of ownership of land to tenant and compensation to landowner, mode of payment of compensation to landowner, first option to purchase of land to tenant, etc.

Chapter XI of Part IV of the Act deals with ceiling on land holdings. Section 136 provides that no person either by himself, or, if he has a family, together with any other member of his family shall, whether as a landowner or as a tenant or as a mortgagee with possession or otherwise, or partly in one capacity and partly in another, hold land in excess of twenty-five acres in the aggregate. Where the number of members of the family of such person exceeds five, he may hold five additional acres for each members in excess of five, so howdver as not to exceed fifty acres in the aggregate. In the case of a company, an association or any other body of individuals, the ceiling limit shall be twenty-five acres.

Other provisions of the chapter deal inter alia with submission of returns, procedure for determination of excess land, compensation for surrender of excess land and manner of payment of compensation, limit of future acquisition of land, offences and penalties, etc.

Chapter XII deals with prevention of fragmentation of land holdings.

(The Gazette of India, Extraordinary,
Part II, Sec.1, 14 September 1960,
pp. 425-481).

42. Co-operation.

India - September 1960.

Progress of Co-operative Movement during 1958-1959: Reserve Bank's Survey.

Nearly 124 million people - a little over 30 per cent of India's population - were served by co-operatives at the end of 1958-1959. This information is contained in "Statistical Statements relating to the Co-operative Movement in India, 1958-1959" published by the Reserve Bank of India today.

The estimate is based on the assumption that an average family in India comprises five members. The estimate compares favourably with that of 1957-1958, when about 107 million people (about 27 per cent of the population) were served by co-operatives. Allowances will, however, have to be made for individuals who are members of more than one society.

The survey says that the allround progress made by the co-operative movement since partition was maintained during the year under review. The number of co-operative societies rose from 258,000 at the beginning of the year to 284,000 at the end of the June 1959. While their funds increased during the year by 17.7 per cent from 1,870.3 million rupees to 2,201.6 million rupees, their working capital rose from 6,961.7 million rupees to 8,795.9 million rupees. The membership of primary societies increased by 15 per cent from 21.4 million to 24.8 million. The increase was contributed largely by agricultural credit societies.

The programme of rationalisation of central co-operative banks and banking unions in various States continued during the year, reducing their number from 418 to 402. Their membership stood at 341,000 and working capital at 1,896.2 million rupees at the end of 1958-1959. Loans advanced during 1958-1959 amounted to 2,101.6 million rupees, representing an increase of 31.5 per cent over the previous year's figure.

"The outstandings on account of loans advanced to individuals at the end of 1958-1959 stood, however, at 33.7 million rupees compared to 36 million rupees at the end of 1957-1958. At the end of 1958-1959 the overdues amounted to 149.3 million rupees compared to 120.8 million rupees at the beginning of the year and constituted ~~at~~ a little more than 11 per cent of outstanding loans compared to 12 per cent in the previous year. The position of the overdues was not happy in the case of banks in Bihar where they constituted 50 per cent of the outstandings on 30 June 1959. The position did not also appear to be satisfactory in the case of banks in Assam and West Bengal where they constituted over 40 per cent of the outstandings", the survey said.

Agricultural credit societies constituted the most important sector of the co-operative movement in the country. At the end of 1958-1959 there were 182,905 societies with a working capital of 1,709.4 million rupees, while the deposits held by these societies stood at 98.8 million rupees.

Loans advanced by agricultural credit societies during the year amounted to 1,255 million rupees as against 960.8 million rupees in the previous year.

The non-agricultural credit societies also showed progress, their number rising from 430 to 11,084 and their membership rising by 348,000 to 4,022,000. Their working capital amounted to 1,214.7 million rupees at the end of 1958-1959 and loans advanced by them during the year amounted to 1,101.8 million rupees.

There were 19 State and 454 Central marketing societies with a membership of 3,954 and 1,63,064 respectively. Their working capital amounted to 64.9 million rupees and 91.8 million rupees respectively.

There were 15 Central land mortgage banks, their paid-up share capital and reserves amounting to 29.1 million rupees and 8.2 million rupees respectively. Their working capital rose from 2588.8 million rupees on 30 June 1959 to 313.5 million rupees at the end of 1958-1959.

At the end of June 1959 the total contribution of the State Governments towards the share capital of co-operative societies of all types amounted to 248.6 million rupees.

(The Statesman, 30 August, 1960)

3200 Pilot Co-operative Farming Projects in Third Five Year
Plan: National Development Council's Decision.

The National Development Council, which met in New Delhi on 12 and 13 September 1960, inter alia, proposed that co-operative farming should cover a substantial portion of agricultural lands in the next ten years or so. The Council adopted the Nijalingappa working group's proposal that 3200 pilot projects for co-operative farming should be started in addition to the development programmes to be decided by the State Governments for the next Plan.

The National Development Council reaffirmed the principle that compulsion should not be used in organising joint farming.

Another decision taken by the National Development Council was that the State Governments might participate in the share capital (subject to a ceiling of 2,000 rupees to be retired over a period of 10 years) of societies composed predominantly of landless cultivators and marginal and sub-marginal farmers and taken up under the pilot projects programme.

This was considered necessary because co-operative farming societies would take up comprehensive production programmes and would need credit on a larger scale than individual cultivators.

The National Development Council emphasised that policies for promoting co-operative farming and service co-operatives at the primary level should not cut across one another.

At all stages co-operative farming should be visualised as a stage in co-operative development and not as a programme isolated from the normal pattern of growth of the rural economy to be achieved through community development. Where a group of cultivators in the village formed a co-operative farming society, the society should be a member of the local service co-operative.

A proposal for special assistance being given to co-operative farming societies was accepted. This would include grants not exceeding 1,200 rupees towards managerial expenses spread over a period of three to five years, assistance for the construction of godowns and cattle sheds and medium and longterm loans.

The National Development Council reaffirmed the principle that co-operatives should be organised on the basis of the village community as the primary unit, but that where villages were too small, the number of villages to be covered by a society might be increased to the ~~min~~ minimum extent necessary in the interest of viability.

(The Hindustan Times, 14 September 1960).

44. Merchant Marine and Fisheries.

India - September 1960.

Unemployment among Indian Seamen on Foreign Ships:
Minister's Statement.

About 8,500 Indian seamen employed on foreign ships have lost their jobs. Announcing this in the Rajya Sabha on ~~7th~~ September 1960, Shri Raj Bahadur, Minister in the Transport and Communications Ministry, said in reply to a question that India had taken up this issue with foreign shipowners. While they had given no assurances on maintaining the existing volume of employment at Indian ports, the shipowners were "quite sympathetic", he added.

Shri Raj Bahadur said that a general depression in the shipping trade was responsible for the present plight of Indian seamen, 90 per cent of whom were employed on foreign ships.

The Minister said the Government was watching the results of its intercession with the foreign shipowners.

(The Statesman, 8 September 1960).

Chapter 5. Working Conditions and Living Standards.

56. Labour Administration.

India - September 1960.

Working of Shops and Commercial Establishments Legislation during 1958.

The Indian Labour Journal, Vol.I, No.8, for August 1960, contains a review of the working of the Shops and Commercial Establishments Acts and the Weekly Holidays Act in the States and Union Territories where these are applicable. The working conditions of employees in Shops and Commercial Establishments in India are regulated largely by Acts passed and Rules framed thereunder by the State Governments. During the year 1958, all the States and three Centrally Administered Areas, viz., Delhi, Himachal Pradesh and Tripura had either their own Act or had adopted or applied the Acts passed by other States. These Acts which apply to only specified areas in each State/Area regulate, inter alia, the daily and weekly hours of work, rest intervals, opening and closing hours of establishments, payment of wages, overtime pay, holiday with pay, annual leave, employment of children and young persons, etc. Besides the State Acts, there is also a Central Act known as the Weekly Holidays Act, 1942, which provides only for the grant of weekly holidays to persons employed in Shops, Commercial Establishments, etc. This Act is permissive in character and is operative in only such States as notify its application to their areas. During the year under review, the Central Act had been applied in Bihar, Bombay, Mysore, Rajasthan, Telengana Region of Andhra Pradesh, the town of Bhopal in Madhya Pradesh, certain areas in West Bengal and Andaman and Nicobar Islands.

Number of establishments and workers covered.- Data regarding the number of Shops, Commercial Establishments, etc., covered by the Acts and the workers employed therein as furnished by the States are presented in the table below:-

State/Centrally Administered Area.	Shops		Commercial Establishments		Hotels, Theatres Restaurants, Cinemas etc.		Total	
	Number	Employment	Number	Employment	Number	Employment	Number of Establishments	Employment
Andhra Pradesh.	98,582	49,509	3,127	10,120	8,402	24,026	108,111	83,655
Assam	5,357	7,318	368	1,600	211	895	5,936	9,813
Bihar	6,098	3,561	1,193	1,748	670	696	7,961	6,005
Bombay	348,989	307,153	56,655	208,441	27,999	136,742	433,643	652,336
Kerala	19,546	26,121	1,831	9,376	3,574	12,853	24,951	48,350
Madhya Pradesh.	57,340	26,409	3,901	8,063	4,435	10,613	65,676	45,085
Madras	152,767	141,329	5,948	31,107	17,306	46,574	176,021	219,010
Mysore	59,504	42,675	6,284	14,745	5,533	23,136	71,321	80,556
Orissa	1,202	3,598	327	2,068	223	1,090	1,752	6,756
Punjab	103,602	30,039	31,580	38,422	4,379	6,707	139,561	75,168
Rajasthan.....	10,396	5,435	607	1,192	576	672	11,579	7,299
West Bengal.....	166,732	161,415	9,471	191,820	8,370	26,601	184,573	379,836
Andaman & Nicobar Islands.....	193	154	-	-	26	107	219	261
Delhi	37,916	38,884	7,614	38,753	1,837	8,332	47,367	85,969
Himachal Pradesh.	2,040	473	156	713	157	249	2,353	1,435
Tripura	1,039	1,318	17	240	227	458	1,283	2,016

not

No.B. - Information received from Jammu and Kashmir and Manipur. For Uttar Pradesh similar information not available.

It may be noted that in most of the States, no statutory annual returns from the covered establishments are called for and the employment data are based on figures furnished by the employers at the time of registration of the units and in other cases, they are based on information collected specially by the Inspectorate. In view of the absence of arrangements for collection of employment data on a uniform and continuing basis, they cannot be taken to be accurate.

Enforcement.- In the total registered establishments i.e., 12,82,307 as many as 1,822,254 inspections were made. Maximum number of inspections (658,928) were made in the State of Madras followed by Andhra Pradesh (366,905) and Bombay (283,450). The number of prosecutions launched was the highest in Bombay (15,366). The amount of fines realised was the highest in Bombay (326,738 rupees) among all the States. As in the previous years, the administering authorities continued to follow the policy of persuasion for obtaining compliance with the provisions of the Acts and instituted prosecutions only as a last resort. Most of the irregularities detected during the year related to non-closure of establishments on weekly holidays, non-payment of wages, opening of shops beyond prescribed hours, wrongful dismissals, rest intervals, overtime, leave, etc. Some of the difficulties experienced by the administering authorities in the proper implementation of the Acts were long delays in the disposal of cases and imposition of low fines by the courts, reluctance of the employees to give evidence against their employers, etc.

(A similar review for 1957 was made at Section 56, pp. 50-55 of the report of this Office for September 1959).

(Indian Labour Journal, Vol.I, No.8, August 1960, pp. 838-843).

59. Social Research.

India - September 1960.

Labour Research Body to set up: Tripartite Conference
Decision.

A decision to form a central committee on labour research was taken at a tripartite Conference convened by the Ministry of Labour and Employment on 22 September 1960. The committee will survey the work that has been done by the existing agencies in the field and help them in intensifying their activities. Special efforts would be made to stimulate research and lay down priorities for future research programmes.

Addressing the meeting Shri G.L. Nanda, Union Minister for Labour and Employment said that such a body should be on an independent footing, free from party interests, and should consist of persons who were not spokesmen or representatives of any section of workers or employers.

The conference was attended by representatives of the Central employees' and workers' organisations, some of the Central Ministries and State Governments and research institutions and university teachers.

(The Hindustan Times, 23 September 1960;
The Statesman, 23 September 1960).

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Chapter 6. General Rights of Workers.

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

India - September 1960.

Madras: Payment of Wages Act, 1936, extended to Persons
employed in Motor and Other Transport Undertakings.

In exercise of the powers conferred under the Payment of Wages Act, 1936, and by a notification dated 1 September 1960 the Government of Madras has extended the provisions of the said Act to the payment of wages to all classes of persons employed in motor and other transport undertakings.

(G.O.Ms.No.4211 Industries, Labour and
Co-operation(Labour) dated 1 September
1960; the Fort St. George Gazette,
Part II, Sec.1, 21 September 1960,
page 398).

CHAPTER 8. MANPOWER PROBLEMS.

INDIA - SEPTEMBER 1960.

81. Employment Situation.

Employment Exchanges: Working during June 1960.

General Employment situation.- According to the Review of the activities of the Directorate General of Resettlement and Employment for the month of June 1960, the number of registrations effected during the month under report was 260,270 which was 45,742 more than the figures for May 1960. The number of employers who utilised the services of the employment exchanges also showed a rise from 8,527 in May 1960 to 8,953 in June 1960. The number of vacancies made available to the exchanges by these employers was 41,456 during the month under review. This marked a decrease of 6,648 from the previous ~~year's~~ month. The number of placements during June 1960 was 28,422 which exceeded the previous month's figure by 2,309. The number of applicants on the Live Register recorded an increase of 38,225 and stood at 1,461,925 at the end of June 1960.

Improvement was reported in the overall employment situation by the Employment Service in the States of Andhra Pradesh, Jammu and Kashmir, Kerala, Madras, Madhya Pradesh, Orissa, Rajasthan, while in the States of Mysore, Maharashtra, Uttar Pradesh and West Bengal it remained static. There was a slight set back in the State of Bihar.

Shortage and Surpluses.- Widespread shortages continued to persist in respect of fast typists, stenographers, nurses, and midwives. A number of exchanges reported shortage in respect of trained teachers, and compounders. Widespread surpluses continued to exist in respect of clerks, unskilled office workers and unskilled labourers. A number of exchanges reported excess of supply in respect of untrained teachers, chowkidars and peons.

Collection of Employment Market Information.- Employment Market Reports relating to Patna, Allahabad, Kanpur, Lucknow and Meerut for the quarter ended June 1959, reports for the quarter ended December 1959 in respect of Jaipur and Delhi and a report on the Public Sector in Madras State for the quarter ended December 1959 were issued during the month.

Vocational Guidance and Employment Counselling.- Two more Vocational Guidance Sections at Indore and Bhopal were opened during the month bringing the total to 45. The fourth meeting of the Working Group on Vocational Guidance and Employment Counselling was held on 16 June 1960.

Ford Foundation Projects: (i) Educational and Technical requirements of Production Process Workers.- The reports on the assessment of educational and technical training requirements of production process workers in the Sugar and the Plastic Industries have been completed.

(ii) All-India Survey of Graduate Employment.- Out of a sample of about 22,500 graduates chosen for the all-India survey, questionnaires have so far been issued to 16,000. Replies have been received from 4,500. Work is proceeding.

Opening of New Employment Exchanges.- One employment exchange was opened during the month in the State of Bihar bringing the total number to 280 at the end of the month.

Assistance rendered by the Employment Officer at Bombay for the Handicapped during the quarter April-June 1960.-

Item	Blind	Deaf & Dumb	Ortho- & paedically Handicapped	Total
1. No. of fresh registrations effected during the quarter. -----	11	8	27	46
2. No. placed in employment during the quarter. -----	1	10	12	23
3. No. on Live Register at the end of the quarter. -----	57	21	114	192
4. No. of vacancies specifically notified for the disabled during the quarter. 2		8	11	21

Deployment of retrenched workers.- During the month the Central Coordinating Unit rendered employment assistance to retrenched workers in various projects and establishments as below:-

	No. Retrenched during the month.	No. Placed including earlier retrenches.	No. Awaiting assistance.
Damodar Valley Corporation. ---	80	284	354
Special Cell of the Ministry of Home Affairs:- ---			
Delhi -----	30	170	191
Outside -----	808	140	668

Employment Exchange Procedure.- Instructions on the under mentioned subjects connected with Employment Exchanges policy and procedure were issued during the month under report:-

1. Recruitment of staff under the Comptroller and Auditor General of India.- It was decided that the Employment Exchanges would be utilised to a greater extent for recruiting the staff in the various offices under the Comptroller and Auditor General of India. In the advertisements calling for applications, it would be clearly stated that other things being equal, preference would be given to candidates registered at employment exchanges.

2. Recruitment in the Employees State Insurance Corporation.- As early as June 1956, a procedure had been agreed upon for the purpose of recruitment to Ministerial posts in the Employees State Insurance Corporation through employment exchanges. The Corporation has now given a categorical assurance that the procedure evolved in 1956 will be strictly observed and that only in cases where employment exchanges are not in a position to meet the demand resort will be made to advertisements. In advertisements thus issued candidates will be definitely asked to register themselves with employment exchanges and quote their registration number etc., in their applications.

(Review of the Activities of the Directorate-General of Resettlement and Employment for the Month of June 1960; Ministry of Labour and Employment, Government of India, New Delhi).

Employers in Private Sector required to notify
Vacancies to Employment Exchanges.

In exercise of the powers conferred under the Employment Exchanges (Compulsory Notification of Vacancies) Act, 1951, the Central Government has required that from 1 October 1960 the employer in every establishment in any railway, manor port, mine or oil field in the private sector, shall, before filling up any vacancy in any employment, notify that vacancy to the ~~in any~~ employment exchange prescribed for the purpose in the Employment Exchange (Compulsory Notification of Vacancies) Rules, 1960.

(Notification G.S.R. 1152 dated 22 September 1960; the Gazette of India, Part II, Sec. 3, Sub-sec (i), 10 October 1960, pp. 1534-1535).

Second Meeting of the Central Committee on Employment,
New Delhi, 26 September 1960.

For ~~details~~ a review of the Second meeting of the Central Committee on Employment held at New Delhi on 26 September 1960, please see ~~at~~ pp. 21-23 of this Report.

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D.G.R.E. Renamed as Directorate-General of Employment
and Training.

The Directorate-General of Resettlement and Employment, Ministry of Labour and Employment has been renamed the Directorate-General of Employment and Training.

The post of Director-General of Resettlement and Employment has accordingly been re-designated.

The Estimates Committee of Parliament had recommended that the DGRE should be ~~now~~ renamed so as to indicate correctly the work handled by it at present.

(Press Release dated 7 Setpber 1960,
issued by the Government of India)

83. Vocational Training.

India - September 1960.

Labour Ministry's Training Scheme: Working during
June, 1960.

According to the Review of the activities of the Directorate General of Resettlement and Employment during the month of June 1960, there were 155 institutes for the training of craftsmen, 5 orientation centres for educated unemployed, 68 undertakings imparting apprenticeship training, and 11 centres holding evening classes for industrial workers. The total number of seats in all these centres and undertakings was 40,637 whereas the total number of persons undergoing training stood at 34,190.

Stores and Equipment.- Russian equipment worth Rs.1,800.00nP. was reported to have been received under the UNTAA(ILO) Aid Programme till the end of June,1960. The total value of aid received under the TCA aid programme upto June 1960 is 154,880 rupees.

(Review of the activities of the Directorate-General of Resettlement and Employment for the Month of June 1960; Ministry of Labour and Employment, Government of India, New Delhi)

CHAPTER 9. SOCIAL SECURITY.

INDIA - SEPTEMBER 1960.

92. Legislation.

Employees' Provident Funds (Amendment) Bill, 1960.

Shri Gulzarilal Nanda, Minister for Labour and Employment, Government of India, introduced in the Lok Sabha on 9 September 1960 a Bill further to amend the Employees' Provident Funds Act, 1952. According to the Statement of Objects and Reasons of the Bill, the Employees' Provident Funds Act, 1952, which initially applied to six industries at present applies to 43 industries and establishments and provides the benefit of compulsory contributory provident fund to over 2,600,000 workers in such industries and establishments. But as the Act is applicable only to establishments employing 50 or more persons, it has not been possible to extend its benefit to employees in establishments employing less than 50 persons. There has been a persistent demand for reduction of the coverage limit to 20 or more persons. It is accordingly proposed to reduce the limit of 50 or more to 20 or more persons. This will considerably widen the scope of the Act.

In order to ensure that the establishments once covered under the Act do not go out of the purview of the Act merely due to a small reduction in their strength, provision is being made that an establishment once covered under the Act will continue to be so covered despite a reduction in the employment strength, except where the employment strength is reduced to less than 15 and remains so for a period of one year continuously.

It has also been represented that the "retaining allowance" paid to employees in sugar factories during off season is in the nature of wages. It is proposed to make this allowance liable for provident fund contributions in the case of sugar factories and other seasonal establishments to which this Act applies.

It is also proposed to exclude registered co-operative societies employing less than 50 persons and working without the aid of power.

It is further proposed to grant initial exemption to small-scale and cottage industries employing between 20 and 50 persons for a period of five years.

~~The~~ The Bill seeks to achieve these objects.

(The Gazette of India, Extraordinary,
Part II, Sec. 2, 9 September 1960,
pp. 691-695).

93. Application.

India - September 1960.

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

Working of the Workmen's Compensation Act, 1923, during the Year 1958.

A review of the working of the Workmen's Compensation Act, 1923, in India, based on annual reports of the various States and Union Territories and the Central undertakings covered by the Act, has been published in the Indian Labour Journal, Vol. I, No. 9, September 1960.

A. Compensated Accidents and Occupational Diseases.- The statistics regarding accidents and occupational diseases are based on data supplied by employers. It must be noted these statistics, however, do not reflect the true position regarding industrial accidents in a year because of the (i) exclusion of a large number of minor accidents in which disability lasts for less than 7 days and as such no compensation becomes payable under the Act; (ii) exclusion of those cases in which, though the compensation is payable, the employer evades payment; and (iii) notwithstanding the statutory obligations, failure of many of the establishments covered under the Act to submit returns to the State Governments. For instance, in Bombay and Madras, returns were received from 6,581 (out of 10,112 ~~establishments~~ ~~return~~ returns issued to employers) and 5,577 (out of 14,737 factories and establishments covered under the Act) respectively.

Data regarding the number of compensated accidents and the amount of compensation paid during the years 1957 and 1958 are given below:-

Year	Average daily No. of workers covered.	Number of Compensated accidents causing*				Amount of Compensation paid**			
		Death	Perma- nent dis- able- ment.	Tempo- rary disable- ment.	Total	Death	Perma- nent dis- able- ment.	Tempo- rary dis- able- ment.	Total
1957-4,123,610		1,032 (0.25)	6,661 (1.62)	64,215 (15.57)	71,908 (17.44)	2,275,026 (2,204)	1978525 (297)	1933195 (30)	6,186,746 (86)
1958-4,388,343		1,903 (0.43)	4,887 (1.11)	76,548 (17.45)	83,338 (18.99)	3,700,225 ⁿ (2,298)	2661492 (545)	2126078 (28)	8,487,795 (102)

* Figures in brackets shows rate per 1,000 workers covered.

** Figures in brackets show average compensation paid per case.

ⁿ Amount of compensation paid in respect of 293 cases of Death not available.

It will be seen from the table that notwithstanding the extended coverage of the Employees' State Insurance Scheme, the number of compensated accidents increased from 71,908 in 1957 to 83,338 in 1958. The upward trend in the number of accidents may be due to timely reporting of accidents, industrial development and growing consciousness among workmen about the provisions of the Act. The increase was mostly in respect of factories, mines, Railways and building and construction. The number of accidents increased from 35,902 in 1957 to 36,788 in 1958 in factories, from 14,191 in 1957 to 18,121 in 1958 in mines, from 11,977 in 1957 to 17,501 in 1958 in Railways and from 1,547 in 1957 to 2,415 in 1958 in building and construction. However, the number of compensated accidents in Docks and Ports declined from 1,604 in 1957 to 1,108 in 1958.

The accident rate per thousand workers increased from 17.44 in 1957 to 18.99 in 1958 alongwith an increase in the number of workers covered under the Act from 4,123,610 in 1957 to 4,388,343 in 1958.

An analysis of the compensated accidents during 1958 shows that 91.86 per cent resulted in temporary disablement, 5.86 per cent in permanent disablement and 2.28 per cent (as compared to 1.5 per cent in 1957) were fatal. The total number of fatal cases (1,903) as also the accident rate per thousand workers covered (0.43) during the year were the highest during period 1957-1958. The number of permanent disablement cases, however, declined from 6,661 in 1957 to 4,887 in 1958.

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The total amount of compensation paid for all the accidents occurring in 1958 was 8,487,795 rupees as compared to 6,186,746 rupees in 1957. This increase was mainly due to the increase in the amount of compensation paid for permanent disablement and fatal cases occurring during the year. The total amount of compensation paid for fatal cases increased from 2,275,026 rupees in 1957 to 3,700,225 rupees in 1958; and for permanent disablement cases from 1,978,525 rupees in 1957 to 2,661,492 rupees in 1958. The average amount of compensation paid per accident during 1958 was the highest (102 rupees) during the period 1957-1958. The increase was mainly due to a considerable increase in the average amount of compensation paid per case of permanent disablement, i.e., from 297 rupees in 1957 to 545 rupees in 1958.

Data regarding the number of compensated cases, the rate of accidents per thousand workers, the amount of compensation paid, and the average compensation paid per case in 1958 by main industry groups shows that the rate of compensated accidents per thousand workers was the highest in Mines (49.39), followed by Docks and Ports (45.55). It was, however, quite low in Posts and Telegraphs (0.72), Plantations (2.06), Central Public Works Department (2.29) and Municipalities (3.09). The rate of fatal accidents per thousand workers was the highest (1.94) in Mines followed by Buildings and Construction industry (1.88). Similar rate in cases of permanent disablement was quite high in Docks and Ports (4.32) and in Mines (2.24).

The average amount of compensation paid per accident was quite high in Central Public Works Department (981 rupees). This figure was 239 rupees in Buildings and Construction, 202 rupees in Municipalities, 131 rupees in Docks and Ports, 119 rupees in Posts and Telegraphs and 110 rupees in Mines. The amount of compensation paid per case of fatal accident was invariably much higher than the compensation paid for permanent disablement cases in the various industry groups. For one fatal accident in Central Public Works Department, an amount of 3,500 rupees was paid which is higher than the average paid in any other industry group. Similarly, the amount of compensation paid per case of permanent disablement in the various industry groups was always higher than the amount paid per case of temporary disablement. The average amount of compensation paid for ~~temporary~~ temporary disablement cases was quite high (141 rupees) in Central Public Works Department as compared to the all Industries average of 28 rupees only.

The comparative accident rates per thousand workers and the average compensation paid in the various industry groups during 1957 and 1958 are given in the table below. It will be seen from the table that there was a marked increase in accident rate in the case of Tramways, Buildings and Construction and Municipalities. On the other hand, there was a marked decline in the case of Mines and Miscellaneous group. The accident rate on the whole increased from 17.44 in 1957 to 18.99 in 1958. The average amount of compensation paid per case showed a marked increase in the case of Plantations, Mines and Central Public Works Department; whereas, it declined considerably in Docks and Ports, Posts and Telegraphs and Municipalities. Taking the overall picture, the average amount of compensation paid per accident increased from 86 rupees in 1957 to 102 rupees in 1958.

Industry	1957		1958	
	Accident rate per thousand workers.	Average compensation paid per case. Rs.	Accident rate per thousand workers.	Average compensation paid per case. Rs.
1. Factories -----	16.84	72	18.51	57
2. Plantations -----	1.64	63	2.06	100
3. Mines -----	58.54	67	49.39	110
4. Railways -----	18.54	100	20.35	92
5. Docks and Ports --	49.44	225	45.55	131
6. Tramways -----	16.27	75	26.16	80
7. Posts and Telegraphs.	0.94	160	0.72	119
8. C.P.W.D. -----	4.02	130	2.29	981
9. Building & Constructions. ----	15.14	208	22.21	230
10. Municipalities -----	0.30	810	3.09	202
11. Miscellaneous -----	23.15	109	17.01	120
Total.	17.44	86	18.99	102

The incidence of cost of compensated accidents per worker by important industry groups has been obtained by dividing the amount of compensation paid by the corresponding figures of average daily employment, and the data are given in the following statement:-

Industry-Group.	1957	1958
	Rs.	Rs.
Factories -----	1.2	1.6
Plantations -----	0.1	0.2
Mines -----	3.9	5.3
Railways -----	1.9	1.9
Docks and Ports -----	11.1	6.0
Posts and Telegraphs -----	0.2	0.9
Buildings and Construction -----	3.2	5.3
Municipalities -----	0.2	0.6
Average	1.5	1.9

It will be seen from the above statement that the average cost of compensated accidents per worker increased from Rs.1.5 in 1957 to Rs.1.9 in 1958. The cost was quite high in Docks and Ports (6.0), in Mines (5.3) and Buildings and Construction (5.3). The average cost of compensated accidents per worker increased from Rs.3.9 in 1957 to Rs.5.3 in 1958 in the case of Mines and from Rs.3.2 in 1957 to Rs.5.3 in 1958 in Buildings and Construction. The cost per accident in the case of Docks and Ports, however, declined from Rs.11.1 in 1957 to Rs.6.0 in 1958.

An analysis of figures relating to the number of compensated accidents and the amount of compensation paid therefor in 1958 in the various States and Union Territories (excluding Railways, Posts and Telegraphs and the C.P.W.D.) showed that the rate of accidents per thousand workers covered under the Act was the highest (57.34) in Punjab, followed by Orissa (37.68) and Bihar (24.36). The rate of fatal accidents per thousand workers was as high as 2.86 in Punjab and 2.15 in Andhra Pradesh as compared to the All-India rate of 0.39. The rates for permanent disablement and temporary disablement cases in Punjab were as high as 4.22 and 50.26 respectively as compared to the All-India average of 1.22 and 15.97 respectively.

The average amount of compensation paid per accident was quite high in Himachal Pradesh (Rs.1,620), Delhi (Rs.1,386), Uttar Pradesh (Rs.546) and Andaman and Nicobar Islands (Rs.515) as compared to the All-India average of Rs.105 per accident. The average compensation per fatal accident was the highest (Rs.3,250) in Madhya Pradesh and the lowest (Rs.1,537) in Madras. The average amount of compensation paid per case of permanent disablement was Rs.1,512 in Himachal Pradesh and Rs.911 in Madras as compared to the All-India average of Rs.530. In case of accidents involving temporary disablement, average compensation paid was exceptionally high (Rs.777) in Himachal Pradesh as compared to the All-India average of Rs.28 only.

The Workmen's Compensation Act, 1923 also provides for payment of compensation in case of certain occupational diseases listed in Schedule III to the Act. Mysore and Andhra Pradesh have furnished information for 1958 in respect of occupational diseases. In Mysore, two fatal and 155 permanent disablement cases occurred as a result of occupational diseases and compensation amounting to Rs.4,620 and Rs.204,974 respectively was paid to the claimants. In Andhra Pradesh, there were 9 cases of permanent disablement and 6 of temporary disablement for which compensation of Rs.14,710 and Rs.6 respectively was paid.

B. Proceedings before the Commissioners for Workmen's Compensation.— 24.9 per cent of the accidents during 1958 involved workers getting less than Rs.50 per month as against 26.8 per cent during 1957. The percentage of accidents involving workers getting between Rs.50 and Rs.100 was 60.0 in 1958 as compared to 58.7 per cent during 1957. Workers getting between Rs.100 and Rs. 200 accounted for 6.9 in 1958 as compared to 7.1 per cent in 1957, and those getting above Rs.200 accounted for 8.2 in 1958 as compared to 7.3 per cent in 1957. Of the 11,672 cases dealt with the Commissioners, 7,264, i.e., about 62.2 per cent related to temporary disablement, 2,908 (24.9 per cent) related to permanent disablement and the remaining 1,500 (12.8 per cent) to fatal cases. The incidence of accidents among women was 2.6 per cent in 1958, as compared to 3 per cent during 1957.

The percentage distribution into wage groups of cases of adult workers coming up before the Commissioners for legal proceedings for the period 1957 to 1958 shows that the percentage of cases relating to workers getting Rs.60 and above was the highest (70.0) during the year under review since 1951. The percentage for workers getting below Rs.30, however, declined from 16.3 in 1957 to 13.8 in 1958.

Of the 5,616 cases relating to notices of claims disposed of under section 10 or transferred to other Commissioners for disposal, 986 related to fatal, 3,781 to permanent disablement and the remaining 849 to temporary disablement cases. The Commissioners also disposed of 3,826 cases under Section 8 pertaining to deposits. Of these, 1,479 related to fatal accidents.

At the beginning of the year under review, 61 appeals were pending in these States and during the year, 45 fresh appeals were filed. Of these, only 26 were disposed of during the year. In the case of West Bengal, 17 appeals were pending at the beginning of the year and 11 appeals were filed during the year. As no appeal was disposed of during the year, 28 appeals were pending at the close of the year, which is the highest figure among the five States. In no State was the pendency at the end of the year less than that at the beginning of the year.

There has been a wider consciousness among the workers about the benefits conferred by the Workmen's Compensation Act. The better knowledge of the working of the Act on the part of workers has been made possible by the trade unions continued to help the industries. In West Bengal, some trade unions continued to help the injured workmen to take advantage of the benefits provided by the Act. In Bombay, the office of the Commissioner for Workmen's Compensation rendered assistance, as usual, to the workers, who were not represented, in drafting applications for compensation. Besides, the Insurance Companies representing employers in workmen's compensation cases rendered co-operation as usual in the prompt disposal of claims and specially by submitting memoranda of agreements. In Andhra, the State Government sanctioned a sum of Rs.1,000 during the year 1958-59 to enable the workers with limited resources to conduct the cases filed under the Act. The Commissioner for Workmen's Compensation has the power to appoint legal counsels on behalf of the deserving applicants at State cost subject to a maximum of Rs.50 in respect of each case. During the year, legal aid was sanctioned in respect of 5 cases to enable the dependents to conduct their cases.

(Indian Labour Journal, Vol. I, No. 9,
September 1960, pp. 950-956).

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CHAPTER 11. OCCUPATIONAL SAFETY AND HEALTH.

INDIA - SEPTEMBER 1960.

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

Bihar Boiler Operation Engineers Rules, 1960.

The Government of Bihar published on 21 September 1960 the Bihar Boiler Operation Engineers Rules, 1960, made in exercise of the powers conferred under the Indian Boilers Act, 1923. The rules require that the owner of a single boiler or two or more boilers connected in a battery or of so many individual boilers situated within a radius of 150 feet having a total heating surface exceeding 7500 square feet in any of the cases, shall not use the same or permit it to be used unless the boiler or boilers are placed in possession of a certificate of proficiency as a boiler operation engineer. Other provisions of the rules deal inter alia with constitution of board of examiners, examination for the grant of certificate of proficiency as a boiler operation engineer, age and training of candidates, mode of examination, grant of certificate and penalty for contravention of rules.

(Notification No. II/81-105-60-6126
dated 22 August 1960; the Bihar
Gazette, Part II, 21 September 1960,
pp. 3901-3911).

CHAPTER 12. INDUSTRIAL COMMITTEES.

INDIA - SEPTEMBER 1960.

121. Special Information.

Conclusions of the Ninth Session of the Industrial
Committee on Plantations.

The 9th session of the Industrial Committee on Plantations met at New Delhi on 3 August 1960, to consider proposals for the amendment of the Tea Districts Emigrant Labour Act and the situation arising from the decision of the employers to wind up the Tea Districts Labour Association and to close down all their recruitment and transit depots. The decisions reached by the Committee were the following.

1. Movement of surplus labour from surplus to deficit areas within Assam. - (i) In view of the existence of a sizeable surplus of labour in some tea districts of Assam, no fresh recruitment should, as far as possible, be made from outside the State, and active steps should be taken to encourage the movement of labour from surplus areas to deficit areas.

(ii) A special employment exchange for plantation labour should be set up at a suitable place in Assam for the transfer of labour from surplus to deficit areas. A tripartite advisory committee should also be constituted to advise and assist the employment exchange in the discharge of its duties.

(iii) A proper scheme for of movement of labour, based on suitable incentives, should be drawn up by the advisory committee in consultation with the concerned interests. If any cash inducements offered were spread over a number of years, there might be less chance of labour abandoning their new places of employment precipitately.

2. Amendment of the Tea Districts Emigrant Labour Act.-(i) The Tea Districts Emigrant Labour Act should be amended in order to make it obligatory on the part of garden managers to obtain permits from a prescribed authority for recruiting labour from outside Assam. Such permits would ordinarily be issued if the special Employment Exchange is unable to arrange for the supply of labour from within the State within a specified time. The permits would indicate the number of workers to be recruited.

(ii) The Act should also be amended to provide for the imposition of a penalty in case of illicit recruitment.

(iii) There should be adequate provision for the effective ~~proper~~ prosecution of persons resorting to illicit recruitment.

3. Discouragement of illicit recruitment.- It was agreed that active steps should be taken to discourage illicit recruitment. The organisation of the Controller of Emigrant Labour should be suitably strengthened, and the Controller and Inspectors should make more frequent inspections with a view to detecting cases of illicit recruitment. In this the Controller should be fully supported by employers' organisations and trade unions.

4. Continuation of arrangements for the repatriation of Assisted emigrants.- The employers agreed that in the event of the winding up of the Tea Districts Labour Association they would make suitable alternative arrangements for the repatriation of emigrant workers:

(i) Emigrant workers returning to the various States would be assembled in batches at a central place in Assam and would be sent with an escort to a convenient central place in each of the main recruiting States. The employers would purchase tickets and make railway reservations and other necessary arrangements.

(ii) The subsistence allowance payable to workers during the journey would be raised from Rs.1.50 to Rs.2.50 per day in the case of adults and from Rs.0.75 to Rs.1.75 in the case of minors.

(iii) A rest room or rooms of adequate size providing sleeping accommodation, water facilities and sanitation would be maintained at Gauhati, Katihar, Ranchi and Vizianagram for a period of three years. The room or rooms at each place would be under the charge of a care-taker.

(iv) Notice should be given to emigrant workers who had previously postponed their rights of repatriation that such of them as wish to exercise their rights of repatriation should do so within three years and that repatriation rights would thereafter be extinguished.

5. Review after three years.- It was decided that the whole position should be reviewed after a period of three years. If it was found that local labour was sufficiently mobile, that organised recruitment of emigrant workers from outside Assam had ceased, and that there was no illicit recruitment, Government would consider the question of repealing the Tea Districts Emigrant Labour Act.

(Documents of the Meeting received
in this Office)

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Third Session of Industrial Committee on Cement:
Work-load Studies to be carried out.

The third session of the tripartite Industrial Committee on Cement was held at New Delhi on 2 August 1960.

The agenda before the meeting was the following:-

1. Action taken on the main conclusions/recommendations of the second session of the Industrial Committee on Cement;
2. Work-load study in cement factories;
3. Duration of the period of operation of the recommendations made by the Central Wage Board for Cement Industry; and
4. Proposal to set up a Central Machinery to remove doubtful points and difficulties in connection with the recommendations of the Central Wage Board for Cement Industry.

A brief review of the memoranda prepared on the subjects on the agenda of the meeting is given below:-

1) Action on earlier recommendations.- Many of the conclusions adopted by the earlier sessions of the Committee related to abolition of contract labour in the industry. The recommendation was brought to the notice of the interests concerned. Some cement companies have given effect to the recommendation, and others have reduced considerably the number of workers engaged under the contract system. According to information collected in 1959 from the State Governments concerned, there were about 4,500 workers employed by the cement companies on contract basis, as against 7,350 workers under the contract system on 1 March 1954. One of the recommendations made by the Central Cement Wage Board is that contract labour in operations connected with the manufacturing process (including quarry operations) should be abolished, where not already done, within 6 months of the coming into force of its recommendations. The State Governments have been requested to take necessary action to secure implementation inter alia of this recommendation.

A specific recommendation stated that difficulties involved in the abolition of contract labour in the case of loading and unloading operations should be studied by a Sub-Committee with a view to securing the abolition of contract labour in these operations. A tripartite Sub-Committee was accordingly set up with the Chief Labour Commissioner (Central) as the Chairman. The Sub-Committee made a number of recommendations regarding abolition of contract labour in loading and unloading operations. The recommendations of the Sub-Committee were brought to the notice of the State Governments and the cement companies. Available information indicates that the cement companies have reduced considerably the number of workers engaged under the contract system. In regard to the abolition of contract labour in loading and unloading operations and manufacturing processes including quarry operations, the Committee recommended that the labour employed on such work should be paid on the piece rate system, which should be worked out by the Sub-Committee. The Sub-Committee considered the matter and came to the conclusion that it was not possible to evolve a piece rate system on an all-India basis, nor was it possible to fix piece rates for each unit. It, however, recommended a procedure for evolving a fair ~~piece~~ piece rate system on a regional basis for being brought to the notice of the Central Wages(Standardisation) Board. The Central Wages(Standardisation) Board to whom the question of wages, etc., was remitted was, however, subsequently dissolved and replaced by a Central Wage Board. The recommendations made by the Central Wage Board concerning the introduction of the piece rate system in the Cement Industry have been communicated inter alia to the State Governments who are taking necessary action to secure its implementation.

2) Work-load study in Cement Factories.- This subject is in pursuance of the recommendation of the Central Wage Board on the Cement Industry regarding workload study in the industry. The following suggestion have been made in this connection:- (a) The workload studies should be done by the managements themselves with the co-operation of the workers in individual establishments. For this purpose, the management should form a 2-man team consisting of one representatives of the management and one of workers. The team could be trained in a training programme of 3-4 weeks' duration, and thereafter it can carry out the detailed work studies. The Productivity Centre at Bombay may conduct 3 or 4 training programmes to cover the industry as a whole; (b) the work might be entrusted to some independent body like the National Productivity Council, or to some I.L.O. Experts; and (c) all workloads need not be studied as it would be impracticable, but only such workloads as are considered unreasonable either by the employer or by the workers.

3) Duration of Period of Operation of the Recommendations of the Central Wage Board.- The memorandum suggests that on the analogy of the recommendations of the Central Wage Board for Cotton Textile Industry, the recommendations of the Cement industry wage board should remain in force for five years from 1 January 1960.

4) Machinery to settle disputes and doubtful points arising out of wage board's recommendations.- The Central Wage Board for Cement Industry has recommended that some matters connected with or incidental to its recommendations should be settled by mutual agreement between the employers and the workers, and if there is no such agreement, through the machinery provided by the Industrial Disputes Act. Differences of opinion may arise in regard to interpretations of the Board's recommendations. Normally such disagreements can be referred to the industrial relations machinery of the State Governments concerned. It has, however, been suggested that in order to ensure uniformity in the interpretation and implementation of the Board's recommendations, some Central machinery might be set up.

Decisions.- 1) Action taken on the main conclusions of the previous Sessions.- While noting the progress so far made in the matter of abolition of the system of contract labour in the cement industry, some of the members urged that steps should be taken to ensure more effective implementation of the Industrial Committees' recommendations regarding abolition of contract labour.

2) Work-load Studies in Cement Factories.- The workers' representatives pointed out that implementation of the Government Resolution that the Wage Board's recommendation regarding wage increase in the second phase may be implemented after work-load studies are completed, was likely to affect adversely a large number of workers. It was agreed that Government would examine the matter. The Chief Adviser Factories' Organisation should take immediate steps to arrange intensive work-load studies in a few selected units to begin with. Workers and employers and their organisations should extend their fullest co-operation to the Chief Adviser Factory's organisation in the undertaking of these studies which should be completed as early as possible.

The Government might decide about arrangements regarding undertaking of similar studies in other units, in the light of the experience gained as a result of these studies.

3) Duration of the period of operation of the recommendations made by the Central Wage Board for the Cement Industry.- The consensus of opinion was in favour of the proposal that the recommendations of the Cement Wage Board should remain in force for a period of five years with effect from 1 January 1960. It was, however, agreed that the position should be reviewed again by the Industrial Committee after completion of four years, in case there was a request from the workers' organisations for such a review.

4) Proposal to set up a Central Machinery to remove doubtful points arising out of the Cement Wage Boards' recommendations.- It was agreed that a central machinery should be set up by the Government of India for clarification and interpretation of the Wage Board's recommendations. Only such items will be referred to it as may be considered appropriate by the Government. It was also agreed that the parties ~~should~~ would communicate to the Ministry of Labour by 31 August 1960 points of doubt needing clarification, if any, that had arisen so far.

(Documents of the Meeting received
in this Office).

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

INDIA - SEPTEMBER 1960.

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

- (a) Plantations Labour (Amendment) Act, 1960 (No. 34 of 1960):
(The Gazette of India, Extraordinary, Part II, Sec. 1, 14 September 1960, pp. 483-487).
- (b) Delhi Land Holdings (Ceiling) Act, 1960 (No. 24 of 1960):
(The Gazette of India, Extraordinary, Part II, Sec. 1, 27 August 1960, pp. 380-382).
- (c) Manipur Land Revenue and Land Reforms Act, 1960 (No. 33 of 1960):
(The Gazette of India, Extraordinary, Part II, Sec. 1, 14 September 1960, pp. 425-481).

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INDIA - SEPTEMBER 1960.

CHAPTER 2. INTERNATIONAL AND NATIONAL ORGANISATIONS.

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CHAPTER 3. ECONOMIC QUESTIONS.

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