

INTERNATIONAL LABOUR OFFICE
INDIA BRANCH

20-62

Industrial and Labour Developments in March 1962.N.B.- Each Section of this Report may be taken out separately.

| <u>Contents</u> | <u>Pages</u> |
|---|--------------|
| <div style="border: 1px solid black; padding: 5px; display: inline-block;"> <p style="text-align: center;">27 APR 1962</p> <p>From No. 2-255</p> <p>With on:</p> </div> | |
| <u>CHAPTER 1. INTERNATIONAL LABOUR ORGANISATION.</u> | |
| <u>11. Political Situation and Administrative Action:</u> | |
| (a) Tripartite Body set up to Discuss Efficiency and Welfare Code. | 1 |
| (b) Third General Election held in India: Congress Retains ^{Majority} at Centre and in 10 States. | 2-4 |
| <u>CHAPTER 2. INTERNATIONAL AND NATIONAL ORGANISATIONS.</u> | |
| <u>28. Employers' Organisations:</u> | |
| Thirty-Fifth Annual Session of Federation of Indian Chambers of Commerce and Industry, 24 March 1962: Removal of Industrial Production Bottlenecks Urged. | 5-13 |
| <u>CHAPTER 3. ECONOMIC QUESTIONS.</u> | |
| <u>32. Public Finance and Fiscal Policy:</u> | |
| (a) Interim Central Budget for 1962-63: Revenue Deficit of Rs.634.6 Million; Rise in Farm and Industrial Output; Finance Minister Claims stability in Prices. | 14-17 |
| (b) Railway Budget for 1962-63 Presented: Revenue Surplus of Rs.130 Million Estimated. | 18-20 |
| (c) Report of Third Finance Commission Presented to Parliament: Increase in Share of Revenues to States Recommended. | 21-23 |
| <u>33. Full Employment Policy:</u> | |
| Kerala Relief Undertakings(Special Provisions) Act,1961(Kerala Act 6 of 1962). | 24-25 |

| <u>Contents.</u> | <u>Pages.</u> |
|--|---------------|
| 34. <u>Economic Planning, Control and Development:</u> | |
| (a) Findings of National Council of Applied Economic Research: Full Employment by 1981 Envisaged. | 26-27 |
| (b) India's per Capita Income Estimated at Rs.327.3 during 1960-61: Annual White Paper on National Income published. | 28 |
| (c) Economic Survey 1961-62: Increase in Development Outlays and Enlargement of Domestic Resources: Further Decline in Foreign Assets. | 29-42 |
| 36. <u>Wages:</u> | |
| (a) Working of the Minimum Wages Act, 1948, during 1959. | 43-50 |
| (b) Wage Rise for Rubber and Tea Estate Workers: Government Accepts Recommendations of Wage Boards. | 51- |
| (c) Delhi: Minimum Wages for Workers Fixed. | 52 |
| 38. <u>Housing:</u> | |
| Government Raises Ceiling on Cost and Rent of Houses for Industrial Workers. | 53-54 |
| 39. <u>International Economic Relations:</u> | |
| Report of Import and Export Policy Committee Published: Fiscal Incentives for Promotion of Exports Recommended. | 55 |
| <u>CHAPTER 4. PROBLEMS PECULIAR TO CERTAIN BRANCHES OF THE NATIONAL ECONOMY.</u> | |
| 41. <u>Agriculture:</u> | |
| (a) Nine River Boards to be Constituted for Optimum Utilisation of Water resources. | 56-57 |
| (b) Mysore Land Reforms Act, 1961 (Mysore Act No. 10 of 1962). | 58-60 |
| 44. <u>Merchant Marine and Fisheries:</u> | |
| Annual Report of the Madras Dock Labour Board for the Year 1960-61. | 61-63 |

Contents.

Pages.

CHAPTER 5. WORKING CONDITIONS AND LIVING STANDARDS.

50. General:

- (a) Mysore Shops and Commercial Establishments Act, 1961
(Mysore Act No.8 of 1962). 64-66
- (b) Kerala Beedi and Cigar Industrial Premises
(Regulation of Conditions of Work) Act, 1961
(Kerala Act 8 of 1962). 67-69

CHAPTER 8. MANPOWER PROBLEMS.

81. Employment Situation:

- (a) Kerala: State Committee discusses measures to
end growing Unemployment. 70
- (b) Employment Exchanges: Working during December
1961. 71-72

83. Vocational Training:

Labour Ministry's Training Scheme: Working
during December 1961. 73

CHAPTER 9. SOCIAL SECURITY.

91. Pre-legislation Measures:

Compensation to Railway Accident Victims
Liberalised. 74

92. Legislation:

- (a) Punjab: Employees' State Insurance Scheme extended
to Certain Areas in the State. 75
- (b) Employees' State Insurance Scheme: Employers'
Special Contribution Raised in Certain Areas. 76
- (c) Mysore: Employees' State Insurance Scheme
Extended to Certain Areas in the State. 77
- (d) Madras: Employees' State Insurance Scheme
Extended to Certain Areas in the State. 78

CHAPTER 11. OCCUPATIONAL SAFETY AND HEALTH.

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

Rules regulating the Handling of Explosives in the
Port of Madras. 79

LIST OF PRINCIPAL LAWS PROMULGATED DURING THE
PERIOD COVERED BY THE REPORT FOR MARCH 1961. 80

BIBLIOGRAPHY - INDIA - MARCH 1962. 81-83

CHAPTER 1. INTERNATIONAL LABOUR ORGANISATION.

INDIA - MARCH 1962.

11. Political Situation and Administrative Action.

Tripartite Body set up to Discuss Efficiency and Welfare Code.

The Union Ministry of Labour and Employment has appointed a tripartite committee to consider the proposed Code of Efficiency and Welfare which was drafted by a committee headed by Shri V.K.R. Menon and submitted to the Indian Labour Conference in October 1961 (vide pp.4-21, Section 11 of the report of this Office for September-October 1961). The object of the Code is to promote productivity which is essential for raising the standard of living of workers. The scope of the proposed Code of Efficiency has been enlarged to include labour welfare as the Efficiency of the worker depends upon his health, working environment and satisfaction of his material and other needs. The first meeting of the committee will be held in New Delhi on 7 April 1962 under the chairmanship of Labour Minister Nanda. The committee will consist of three representatives each of the central organisations of workers and employers, one representative of the Ministry of Labour and Employment, one of the Ministry of Commerce and Industry and another of the Government of Maharashtra.

The Working Committee of the Hind Mazdoor Sabha which ended its two-day session in Bombay on 12 March 1962 decided to oppose the Code of Efficiency and Welfare. The Meeting did not want to commit itself to the proposed Code because the experience of working of the Code of Discipline in industry over the past four years had raised "grave doubts" about the efficiency and equitability of such Codes and the obligations proposed for labour in the draft Code were specific and far-reaching while those for the employers and the Government were "only vague and general".

(The Hindustan Times, 10 March 1962;
The Statesman, 14 March 1962)

Third General Election held in India: Congress Retains Majority at Centre and in 10 States.

India's third general elections were held during March 1962 in which about 210 million voters participated to choose a total of 3,797 representatives for the Union Lok Sabha, State Legislative Assemblies and three Territorial Councils.

In the Lok Sabha the Indian National Congress, Party now in power, has won 354 seats out of 486 seats for which the results have been declared. The Party has also secured absolute majorities in 10 out of 12 States in which elections were held - Madras, Mysore, Andhra, Punjab, Assam, Maharashtra, Gujarat, Uttar Pradesh, Bihar and West Bengal. In Madhya Pradesh and Rajasthan the Party has failed to get absolute majority by a small margin even though the Congress has formed Governments in these States, ~~There were no Ass~~ also due to subsequent accretion of social independents to their ranks. There were no Assembly election in Kerala and Orissa.

The following table gives a picture of the position of various parties in the general elections:

| Lok Sabha | | ASSEMBLY | | | | | | | | |
|-----------|----------|----------|------|------|-------|-----|------|--------|------|---------------------------------------|
| Seats | Results* | C. | Com. | PSP. | Swat. | JS. | DMK. | Others | Ind. | State |
| 43 | 43 | 34 | 7 | | 1 | | | | 1 | Andhra |
| 12 | 12 | 9 | | 2 | | | | | 1 | Assam |
| 53 | 53 | 39 | 1 | 2 | 7 | | | | 4 | Bihar |
| 22 | 22 | 16 | | 1 | 4 | | | | 1 | Gujarat |
| 18 | 18 | 6 | 6 | | | | | 2 | 4 | Kerala |
| 44 | 44 | 41 | | 1 | | | | 1 | 1 | Maharashtra |
| 36 | 36 | 24 | | 3 | | | 3 | 2 | 4 | Madhya Pradesh |
| 41 | 41 | 31 | 2 | | | | 7 | 1 | | Madras |
| 26 | 26 | 25 | | | | | | | 1 | Mysore |
| 20 | 20 | 14 | | 1 | &&4 | | | 1 | | Orissa |
| 22 | 21 | 13 | | | | 3 | | 5 | | Punjab |
| 22 | 22 | 14 | | | 3 | 1 | | 1 | 3 | Rajasthan |
| 86 | 85 | 61 | 2 | 2 | 3 | 7 | | 5 | 5 | Uttar Pradesh |
| 36 | 36 | 22 | 9 | | | | | 3 | 2 | West Bengal |
| 5 | 5 | 5 | | | | | | | | Union Territories- Delhi |
| 4 | | | | | | | | | | Himachal Pradesh |
| 2 | | | | | | | | | | Manipur |
| 2 | 2 | | 2 | | | | | | | Tripura |
| 494 | 486 | 354 | 29 | 12 | 22 | 14 | 7 | 21 | 27 | Total(Including Union Territories) |

C - Congress; Com.-Communist Party; PSP-Praja Socialist Party; JS-Jan Sangh, Swat.-Swatantra Party; DMK-Dravida Mumetra Kazhagam; Ind.-Independents.

*Results announced so far. && Seats won by Ganatantra Parishad which has now merged in the Swatantra Party.

ASSEMBLY

| State | Seats | Results* | C. | Com. | PSP. | Swat. | JS. | DMK. | Others | Ind. |
|--------------------------------------|-------|----------|------|------|------|-------|-----|------|--------|------|
| Andhra | 300 | 299 | 176 | 51 | | 19 | | | 2 | 51 |
| Assam | 105 | 105 | 79 | | 6 | | | | 12 | 8 |
| Bihar | 318 | 318 | 185 | 12 | 29 | 50 | 3 | | 27 | 12 |
| Gujarat | 154 | 154 | 113 | | 7 | 26 | | | | 8 |
| Kerala | - | - | - | - | - | - | - | - | - | - |
| Maharashtra | 264 | 263 | 214 | 6 | 9 | | | | 19 | 15 |
| Madhya Pradesh | 288 | 288 | 142 | 1 | 33 | 2 | 41 | | **30 | 39 |
| Madras | 206 | 205 | 138 | 2 | | 6 | | 50 | ***4 | 5 |
| Mysore | 208 | 208 | 138 | 3 | 20 | 9 | | | 1 | 37 |
| Orissa | - | - | - | - | - | - | - | - | - | - |
| Punjab | 154 | 152 | 90 | 9 | | 3 | 8 | | & 23 | 19 |
| Rajasthan | 176 | 176 | 88 | 5 | 2 | 36 | 15 | | 8 | 22 |
| Uttar Pradesh | 430 | 428 | 248 | 14 | 38 | 15 | 48 | | 34 | 31 |
| West Bengal | 252 | 252 | 157 | 50 | 5 | | | | 26 | 14 |
| Union territories- | | | | | | | | | | |
| Delhi | - | - | - | - | - | - | - | - | - | - |
| Himachal | 41 | | | | | | | | | |
| Manipur | 30 | | | | | | | | | |
| Tripura | 30 | 30 | 17 | 15 | | | | | | |
| Total (including Union Territories). | 2956 | 2878 | 1785 | 166 | 149 | 166 | 115 | 50 | 186 | 261 |

C-Congress; Com.-Communist Party; PSP.-Praja Socialist Party; JS.-Jan Sangh; Swat.-Swatantra Party; DMK-Dravida Mumetra Kazhagam; Ind.-Independents.

* Results announced so far. **Socialists 14; Ram Rajya Parishad 10; Hindu Maha Sabha 6. ***Forward Bloc, 3, Socialists 1, & Akalis 19; Socialists 4.

The trends and pattern of voting for the Lok Sabha for the various parties may be seen from the following table:-

LOK SABHA

| Parties | Seats contested. | Seats won | Votes polled | Approximate Percentage of valid votes polled |
|--------------------------------|------------------|-----------|----------------------------------|--|
| Total Elective Seats: | 494. | | Electorate: 216,047,643. | |
| Results declared: | 486. | | Total Votes Polled: 103,332,301. | |
| Congress | 486 | 354 | 44,972,487 | 45.24 |
| Communists | 137 | 29 | 10,586,603 | 10.67 |
| Swatantra | 173 | 18 | 8,467,709 | 8.50 |
| Jan Sangh | 199 | 14 | 6,166,842 | 6.11 |
| P.S.P. | 166 | 12 | 7,029,160 | 7.08 |
| Socialists | 107 | 5 | 2,735,499 | 2.76 |
| D.M.K. (Madras) | 18 | 7 | 2,315,610 | 2.33 |
| Republican | 80 | 3 | 1,059,886 | 1.06 |
| Akali Dal | 7 | 3 | 829,129 | 0.83 |
| Ram Rajya Parishad | 41 | 2 | 629,825 | 0.63 |
| Jharkhand | 11 | 3 | 499,950 | 0.50 |
| Hindu Mahasabha | 43 | 1 | 474,686 | 0.47 |
| Forward Bloc | 7 | 2 | 431,007 | 0.43 |
| Muslim League | 3 | 2 | 419,761 | 0.42 |
| Ganantantra Parishad | 10 | 4 | 342,464 | 0.34 |
| Revolutionary Socialist Party | 3 | 2 | 199,377 | 0.20 |
| Independents and Other Parties | 257 | 25 | 12,263,615 | 12.36 |
| Invalid Voted: | 3,908,693 | | | |

4

In the States in which elections were held for the State Legislatures, new Ministries have been formed and following are the names of Chief Ministers and the Ministers in Charge of the portfolio of Labour in these States:-

| <u>State</u> | <u>Chief Minister</u> | <u>Minister Incharge of Labour</u> |
|-----------------------|-----------------------------|------------------------------------|
| Rajasthan. | Shri Mohan Lal Sukhadia. | Shri Bheeka Bhai. |
| Andhra Pradesh. | Shri N. Sanjiva Reddi. | Shri B.V. Gurumurthy. |
| Uttar Pradesh. | Shri C.B. Gupta. | Shrimathi Sucheta Kriplani. |
| West Bengal. | Shri B.C. Roy. | Shri Bijoy Singh Nahar. |
| Maharashtra. | Shri Y.B. Chavan. | Shri M.G. Maney. |
| Gujarat. | Dr. Jivraj Mehta. | Shri Mohanlal Vyas. |
| Assam. | Shri Bimala Prasad Chaliha. | Shri Kamakya Prasad Tripathi. |
| Punjab. | Shri Partap Singh Kairon. | Shri Ramsaran Chand Mittal. |
| Madras. | Shri K. Kamaraj. | Shri M. Bhaktavatsalam. |
| Madhya Pradesh. | Shri B.R. Mandloi. | Shri V.V. Dravid. |
| Jammu and Kashmir. | Shri Bakshi Gulam Mohammed. | Shri Ghunilal Kotwal. |
| Mysore. | Shri S.R. Kanthi. | Shri M.U. Rama Rao. |
| Bihar. | Shri Binodanand Jha. | Shri D.P. Roy. |

5

28. Employers' Organisations.

India - March 1962.

Thirty-Fifth Annual Session of Federation of Indian
Chambers of Commerce and Industry, 24 March 1962;
Removal of Industrial Production Bottlenecks Urged.

The thirty-fifth annual session of the Federation of Indian Chambers of Commerce and Industry was inaugurated by Shri Jawaharlal Nehru, Prime Minister, at New Delhi, on 24 March 1962. Shri Karamchand Thapper, President of the Federation, presided.

Prime Minister's address: Social Justice through Mixed Economy.- Shri Jawaharlal Nehru, in his address said that any suppression of private enterprise would be very bad for the country. He favoured mixed economy which aimed at promoting social justice. He attached great value to free enterprise though his meaning of free enterprise might be different from that of others. In his view monopoly came in the way of free enterprise. Shri Nehru said that in India there was tremendous field for encouraging private enterprise. He did not want deprivation of free enterprise as he wanted to solve the problems in India in view the peculiar conditions which prevailed in the country and maintaining its individuality intact. Personally, he thought that in the balance the country would reach march on the road to industrialisation and higher standards of living and there would be more and more social justice and social controls and so on.

During his recent election tour, Shri Nehru said, he had an opportunity of getting a picture of India. It might have been an inadequate picture. He did not study the projects but "our men, women and children" and he came to the conclusion that they were "better off", they looked "better fed and better clothed". "The general impression I found was that undoubtedly a great majority of them were better off. There were innumerable cycles in villages and vast numbers of buses piled on the road." In the schools the children appeared to be well fed, happy and cheerful.

5

He compared the conditions prevailing now with those of the past, and he had no doubt that the credit side "is bigger in India". There were certain parts of the country - old jagirdari, zamindari and taluqdari areas - where the pace of progress was slow. Even though the system had gone, the effect of the suppression of people which prevailed in the past remained.

In India there were States which were doing very well today. There were areas which were doing moderately well and others moving forward very slowly. For understanding this one had to go back to the past for they were conditioned by the system which prevailed then. The general impression was that there was a certain dynamism in the country though sometimes it was in the wrong direction, but mostly "in the right direction."

The ideal which they aimed at, if it were to be put in a sentence, was: All people should lead a good life and should have opportunities of growth. The problems which faced India were vast and the questions which required solution were tremendous. But one broad conclusion which could be reached was that they had to root out poverty and unemployment and bring about a greater measure of social justice. For this industrialisation was essential.

They had to adopt modern techniques of production, for it was by industrialisation alone that some of the primary problems could be solved, though it was also true that industrialisation in its train brought other problems from which the world was suffering today. Their aim had to be to avoid these other problems.

There was a tendency these days to speak about ideologies and policies in terms which were derived from political life of Europe and they did not fully apply to the Indian scene. They argued about these various terms without understanding their background.

"We have to solve our problems keeping in view the lessons that we learnt from Europe, the United States and Russia, but we have, at the same time, to keep in view our own conditions and our own aspect of the problems."

Apart from their physical aspects certain moral and ethical approaches to these problems and to life generally had to be taken into account because India was one of those countries which had had a very long process of moulding itself. It had its own individuality in spite of its great variety which it had maintained through ups and downs. The country had a definite unity of thought and culture throughout its history. It had placed an amazing example of co-existence of different creeds, religions and thoughts before the world.

7

The real problem in India today was how to take advantage of modern science, without which economic progress could not be achieved, and retain "our own individuality". In his view there was no basic conflict between India's individuality and the spirit of science and it was not difficult to bring the two in line with each other. This held good despite the crest of superstition which covered the old Indian philosophy. It should not be difficult to adopt modern scientific outlook as well as bring an element of morality and ethics "in our thinking".

They had said that they wanted socialism in the country as there was practical justification for it. "It hurts us to see great disparities and misery in India on one side and affluence on the other. I don't mind affluence but existence of poverty is painful to us. We have to move in a direction which reduces economic disparities."

Removal of economic inequalities was not merely an external characteristic. It was also an attitude of mind. Political democracy by itself was not enough. One had inevitably to face the idea of economic democracy. They did not mean to bring people to one level. But the basic concept of democracy should apply to economic pattern. "Therefore I am surprised when in the name of democracy arguments are advanced which are opposite to the concept of democracy."

To some people the sole test was anti-communism. To others it was anti-capitalism. It was surprising that people talked about anti-communism to justify every type of anti-freedom. Though capitalism had changed greatly in the past generation, people still thought of 19th century capitalism. It was entirely different today.

People talked about state controls and objected to them on the ground that they came in the way of free enterprise. They did not realise that in the greatest capitalist country in the world, the U.S.A. they had more controls than "we have in India".

For instance, he attached great value to free enterprise, though his meaning of the term might be different from that of the others. In his view monopoly came in the way of free enterprise.

Decentralisation.— Speaking of decentralisation, Shri Nehru said that the modern trend was more and more towards centralisation. One found huge industries which grew and absorbed others and large governmental apparatus which grew bigger. Yet "our past training" had been in favour of decentralisation and one of the important questions which they had to face was "how far we can have decentralisation which is inevitable and at the same time preserve the freedom of man."

It was because of this that the Government had launched its scheme of democratic decentralisation in rural areas. He personally thought that Indian peasant was a fine person and could be moulded in the right direction. The Panchayati Raj system was essentially good and a revolutionary thing. While the business man looked upon the villager merely as a potential customer he looked upon him "as a human being and as the backbone of India".

Shri Nehru said he was equally keen on co-operative because the co-operative movement if properly guided could help solve many of our problems. It fitted in with the idea of social justice.

Planning is not Communism: Five Years not enough.- Shri Nehru said he agreed about the difficulties of transport and power to which reference had been made in the presidential address. The correct answer was planning, for it was the only way to utilise the resources of the country. Some people were afraid of the word planning imagining that it meant socialism or communism. There Mere planning for five years was not enough for most of the major schemes outran that period. There was need for perspective planning for a period of 15 to 20 years. To seek to limit production was to advocate an economy of scarcity and high prices. Planning was not merely a collection of projects but an integrated approach to problems. It had to be co-ordinated in all fronts.

Mixed Economy a Positive Concept: Social Justice is Aim.- Like the policy of non-alignment the policy of mixed economy was a positive concept. Its positive goal was social justice. It was not like taking a bit here and a bit there and making a gruel out of it. The objective was to promote economic and social justice. There were two ways to achieve this objective - one was by aggravating class distinctions or class conflicts between labour and capital so that ultimately there would be only one class left. In this his view this was a wrong approach. There were already class conflicts and they did not want to increase these conflicts. Their approach was to bring about change as a result of friendly understanding. This might slow down the pace of change but it would be a healthier change than that brought about by too much of conflict and bitterness.

Presidential address.- In the course of his presidential address, Shri Karamchand Thappar reviewed some important developments in India and said that compared to the one per cent annual increase in the half century preceding Independence, our national income increased by more than three per cent annually in the Plan period. In the last decade, India's national income increased by 40 per cent and 15 million additional persons got employed. By 1965-66 the expectation was that the national income will increase by another 30 per cent and create employment for an additional 14 million persons. Shri Thappar, however, pointed out that the first two Plan did not reach the target of investment in the public sector and certainly fell short of the targets of production. This was not all due to the insufficiency of finance; it was due in part to the incomplete balance between different sectors of the economy.

9

"In consequence, we have shifted from one crisis to another. We witnessed the coal crisis which we have not yet outlived. We witness the power crisis which weakens our efforts and interrupts production. We again witness the transport crisis which threatens to live with us for some time. At the end of the Second Plan the shortage in transport facilities was of the order of 16 million tons."

Shortage of transport.- Speaking about the shortage of transport, the president said that the shortage had become apparent even in the early years of the First Plan the outstanding Railway registrations in terms of wagons had increased from about 46,000 in March 1950 to about 129,000 at the end of December 1953. A departmental Study Group appointed in 1953 concluded that the planned 10 per cent increase in Railway capacity was insufficient, and recommended an increase of 31 per cent in wagon holdings with a corresponding increase in the number of locomotives. These recommendations were not immediately implemented, and consequently the shortage worsened with the outstanding registrations reaching a peak of 300,000 in June 1955. In the first five years of planning, the average daily loadings had increased by about 10 per cent. There was, however, a gradual improvement in subsequent years, and by the end of 1960 the average daily loadings had increased by 60 per cent. The demand for rail transport still exceeded the supply of wagons, and in the later part of the Second Plan outstanding registrations once again exceeded 130,000 by the end of 1960. The Second Plan had reached only 75 per cent of the targeted wagon production. These figures indicated only the measurable shortage on existing lines and would be much larger if the overt demand was calculated in places without Railway facilities. The expansion of rail network had been embarrassingly insufficient. Over the ten-year period from 1951-52 to 1960-61 the total mileage added had been only 1,200 a sizable part of which was on account of the lines which were dismantled during the war, but restored under the first two Plans.

Shri Thappar then pointed out how shortage of transport had had its repercussions on the rest of the economy. The principal item affected was coal. The pit-heads accumulated large stocks, and in many cases production had slowed down. Stocks at the pit-heads were 5.1 million tons in July 1961 compared to 3.5 million tons in July 1960. In consequence, the production of coal was running at a level well below even the Second Plan target. The bulk of additional coal raising was of inferior quality. There were both transport and economic wastages involved in the hauling of cheaper quality coal with high ash content over long distances. Such coal was unsuited to the boilers designed for better quality coal, wears them out, and also inflates the cost of production. Shri Thappar added that the fact of the matter was that there were too many authorities dealing with the different aspects of production and distribution of coal. What was more, they worked at cross purposes; and it almost seemed that each wanted to catch the other on the wrong foot. Novel experiments were tried in regard to the allotment of wagons and sudden directives were issued slashing down the wagon allotments to industries in the private sector. Shri Thappar urged upon the Government to rationalise the whole system, simplify procedures and vest both authority and responsibility in any one specific department, so that, on the one hand, responsibility could be fixed for failures, and on the other, the department could take speedy action to remedy matters.

12

Discussing about the delays in the implementation of the projects, Shri Karamchand Thappar said: "It is necessary, therefore, not only to plan correctly, but to execute the plan efficiently. There have been avoidable delays in the implementation of many projects, which have not only held back development in other directions, but also inflated the size of financial commitments. Time itself is productive. These delays could have been effectively reduced or eliminated by drawing up an annual schedule of work with appropriate provision for the imputation and punishment of administrative inefficiency. In the private sector, inefficiency results in a loss; but in the public sector it results in higher taxes. I, therefore, hope that Government will look into this matter more closely, and devise measures that would make the operation of the Plan efficient and economic."

Monopolies.- Shri Thappar said with a sense of satisfaction that no monopolies existed in the private sector in India. He said: "In paper, cotton textiles, sugar, chemicals, in fact, in no major consumer industry is there a single industrial group which owns more than 3 to 4 per cent of the national production." Indian industry, he explained, had grown in a competitive manner and being competitive was efficient and progressive. Even in fields of production in which some elements of imperfect competition existed, the forces of industrial progress had worked against monopolies and wholesome competition had been universally reinstated. Shri Thappar felt that in the present complex of techno-economic change enterprises should continuously adopt new techniques of production and the minimum size of firms should necessarily be big. This did not imply that large firms had to replace smaller units. On the contrary, the former created needs which the latter could supply. Shri Thappar also pointed out that even our so-called giant firms were by no means big by international standards. Our largest firm in the private sector, he said, was less than a third of the size of the smallest of the 100 large firms in the U.S.A.

Shri Thappar explained how the country's competitive mechanism had functioned well in the interest of industrial development and resulted in ~~Moreover, it~~ distributing the fruits of development over a wider range. For example, between 1953-54 and 1959-60, for which comparable income-tax statistics were available, the average pre-tax income per assessee earning more than 5,000 rupees a year had actually fallen by 8 per cent, and post-tax income by 4 per cent, in a period in which the average per capita income for the working population in the economy as a whole increased by 10 per cent. The smaller decline in the post-tax average income compared to pre-tax income of individuals earning more than 5,000 rupees per year had been occasioned by a greater reduction in higher incomes which also bear a higher average rate of taxation. These phenomena convincingly proved that individual enterprise operating in a competitive system continuously worked towards, and significantly achieved, the socio-economic objectives the nation had set before itself.

Shri Thappar further said that India's industry had also become democratic. The development of industry would not have been possible without the support and co-operation from a large number of small income earners. A study made by the Reserve Bank of India showed that industrial shares were being increasingly taken up by the salariat earning small incomes. This gave confidence to private enterprise. "It is assured that its efforts are not only right, but also desired by all and assisted by every one. Small income earners are becoming partners in the industrial development of the country and we have been ushering, if we have not already ushered, into what has come to be called People's Capitalism," added Shri Karamchand Thappar.

The President felt that our basic problem was one of growth. There were many impediments, but these were within our capacity to overcome. What was necessary was not merely blind effort, but conscious appreciation of the situation and a careful formulation of policies founded on correct values and inescapable economic laws. Our Plans had not worked too badly because they were based on co-operation between different agencies for production, allowed enough elbow-room for each to expand and did not give precedence to unimportant things. The immediate task was one of production. All other problems were subsidiary and would solve themselves.

Resolutions.- The more important of the resolutions adopted by the Session are briefly reviewed below.

Economic Policy.- The resolution on economic policy urged the Government for the adoption of a more realistic economic policy which could lead to a steadier pace of development and an improved tempo of industrialisation of the country. The Federation made the following suggestions in this regard.

1. The Administrative machinery must be streamlined at various levels in order to remove procedural difficulties, expedite decisions and coordinate policies against the background that there is considerable scope for industrial expansion and development and that businessmen are willing and capable of shouldering additional responsibilities.
2. Government must concentrate their full attention on augmenting rail transport capacity, power and services such as telephones and telegrams instead of dissipating their limited resources of personnel on a wider front.
3. Greater allocation for import of machines and equipment must be made which will help produce the raw materials and components for different industries.
4. Since the only way to industrialise the country speedily is through the production of capital goods of all kinds, every encouragement must be given for the manufacture of such capital goods.

- 5. To check cost-inflation in industry, greatest possible emphasis should be placed on the need to promote productivity in industry as well as agriculture, so as to ensure the most economic utilisation of the country's resources and productive capacity.
- 6. The need for giving incentives in full measure in the promotion of exports should be firmly recognised.

Impediments to Industrial Production and Expansion.- The Federation drew the attention of the Government to the general industrial picture which was one of imbalance combined with rigidities. The Federation felt that on account of procedural difficulties and tardy decisions on the part of the authorities, the enthusiasm of foreign investors also was dampened, and the Indian entrepreneurs who were willing to invest capital were hard put to do so because of procedural regulations. The Federation made the following recommendations to make for consideration and acceptance by the authorities:-

- 1. Imports of machine tools which are not manufactured in the country or in sufficient numbers should be liberalised.
- 2. The requirements of various industries must be properly assessed by the authorities according to time schedule.
- 3. If foreign collaborators are prepared to expose risk capital to India and entrepreneurs in India are willing to invest capital after ensuring that such investment is productive, procedural regulations on the Government side should not interfere with the inflow of such foreign capital.
- 4. Licensing regulations should be simplified so as to encourage floatation of new ventures or expansion of existing ones.
- 5. Government's policy in respect of earmarking the development of certain industries in the public sector must be suitably revised because this has tended to perpetuate imports and the outflow of foreign exchange instead of speedily developing the resources because of the delay in implementation of the public sector projects.
- 6. Industry should be encouraged to implement programmes which will increase productivity and reduce cost and prices.

13

Price Policy.- The Federation felt that Government and Tariff Commission in their anxiety to maintain the general price level were having unrealistic prices fixed which were resulted in scarcity in some cases causing hardship to the consumer both in respect of availability and prices of such commodities. Such price fixation without covering the full element of cost, prevalent rate of return on investment and savings to meet the cost of additional capacity would not help achievement of the common objective of larger supplies and gradual downward adjustment of the price structure. The Federation therefore urged the Government that in respect of commodities essential to the life of the community, prices fixed should be realistic so that industry may be left with adequate savings and attract capital to carry on expansion in order to meet the increasing needs of society, and recognise the need of helping industrial growth through a flexible price policy supplemented by positive assistance towards re-equipment of industry with essential imports of machinery and steadier flow of raw materials.

The Meeting also adopted resolutions on production and movement of coal and the constitution of a high powered joint committee to review the affairs of the State Trading Corporation.

(The Hindustan Times, 23 March 1962;
Text of Resolution adopted at the Session
received in this Office).

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32. Public Finance and Fiscal Policy.

India - March 1962.

Interim Central Budget for 1962-63: Revenue Deficit of Rs. 634.6 Million; Rise in Farm and Industrial Output; Finance Minister Claims stability in Prices.

Shri Morarji Desai, Union Finance Minister, presented to the Parliament on 14 March 1962, the Central Budget for 1962-63. Presenting the Budget, the Finance Minister struck a very optimistic note about the ~~expre~~ economic conditions in the country and expressed satisfaction that despite the continuing upward trend in private investment, a measure of stability had been restored to the general price level.

The Budget estimates a revenue of 13,058.7 million rupees and an expenditure of 13,693.3 million rupees leaving a deficit of 634.6 million rupees. As only a vote on account for three months to enable the Government to meet its expenses till the new Parliament considers the Budget is being asked for, the Finance Minister did not make any fresh taxation proposals.

A summary of the final estimates is given below:

REVENUE

(in million rupees)

| Heads of Revenue | Budget 1961-62 | Revised 1961-62 | Budget 1962-63 |
|---|-------------------|--------------------|-------------------|
| Customs | 1,896.4 | 1,996.0 | 1,996.0 |
| Union Excise Duties | 4,326.3 | 4,709.5 | 4,922.8 |
| Corporation Tax | 1,410.0 | 1,600.0 | 1,680.0 |
| Taxes on Income | 1,330.0 | 1,420.0 | 1,480.0 |
| Estate Duty | 30.0 | 40.0 | 40.0 |
| Taxes on Wealth | 70.0 | 75.0 | 70.0 |
| Taxes on Railway Fares | - | - | - |
| Expenditure Tax | 8.0 | 8.0 | 8.0 |
| Gift Tax | 8.0 | 8.5 | 8.5 |
| Other Heads | 143.2 | 154.6 | 158.3 |
| Debt Services | 138.4 | 115.8 | 1,675.1 |
| Administrative Services | 9.7 | 11.1 | 61.1 |
| Social and Developmental Services- | 447.0 | 455.5 | 352.9 |
| Multi-purpose River Schemes, etc. | - 0.1 | - 0.1 | 3.6 |
| Public Works, etc. | 37.6 | 37.4 | 40.2 |
| Transport and Communications | 24.6 | 23.8 | 63.0 |
| Currency and Mint | 606.3 | 531.5 | 545.3 |
| Miscellaneous | 209.9 | 229.2 | 245.6 |
| Contributions and Miscellaneous Adjustments | 221.2 | 216.8 | 244.1 |
| Extraordinary Items | 100.0 | 130.0 | 400.0 |
| Deduct - Share of Income Tax payable to States | -807.9 | - 932.7 | - 897.0 |
| Deduct - Share of Estate Duty payable to States | -29.1 | - 38.8 | -38.8 |
| Deduct - Share of Taxes on Railway Fares payable to States | - | - | - |
| Total - Revenue. | 10,179.5 | 10,791.1 | 13,058.7 |
| Deficit on Revenue Account. | 55.7 | - | 634.6 |
| TOTAL. | 10,235.2 | 10,791.1 | 13,693.3 |

EXPENDITURE (in million rupees)

| Heads of Expenditure | Budget 1961-62 | Revised 1961-62 | Budget 1962-63 |
|--|-------------------|--------------------|-------------------|
| Collection of Taxes and Duties | 211.4 | 211.5 | 225.8 |
| Debt Services | 819.0 | 861.0 | 2,479.0 |
| Administrative Services | 583.7 | 600.0 | 703.1 |
| Social and Developmental Services | 1,677.8 | 1,557.2 | 1,622.5 |
| Multi-purpose River Schemes, etc. | 12.6 | 12.3 | 15.7 |
| Public Works, etc. | 206.2 | 219.2 | 218.8 |
| Transport and Communications | 56.8 | 62.2 | 87.5 |
| Currency and Mint | 119.6 | 116.2 | 202.3 |
| Miscellaneous | 737.6 | 817.7 | 1,008.2 |
| Contributions and Miscellaneous Adjustments | 2,872.6 | 2,837.0 | 3,309.7 |
| Extraordinary Items | 108.7 | 137.9 | 414.0 |
| Defence Services (Net) | 2,829.2 | 3,019.3 | 3,406.7 |
| Total - Expenditure | 10,235.2 | 10,451.5 | 13,693.3 |
| Surplus on Revenue Account | - | 339.6 | - |
| TOTAL. | 10,235.2 | 10,791.1 | 13,693.3 |

(-) Deficit.

A brief review of Shri Desai's Budget speech is given below:

Stability in Prices.- Opening his Budget speech, the Finance Minister said, that the year under review had been the first year of the third Five Year Plan. It was a matter of great satisfaction ~~to us~~ that despite the step-up in Plan outlays, which the House approved when the Budget for the year was presented, and despite the continuing upward trend in private investment, a measure of stability had been restored to the general price level. The more or less steady increase in the general level of prices during the second Five Year Plan was a matter of major concern to the Government as well as to this House. This upward trend had been arrested during the current year and the general index of whole-sale prices in recent weeks had been lower than a year ago. Since August 1961, the all-India working class consumer price index remained stable. The Finance Minister said that the abatement of the pressure on prices was essentially a reflection of the improvement in production. During 1960-61, agricultural production had increased by 8.1 per cent, an all-time record. During the first 10 months of 1961, industrial production had shown an increase of about 7.6 per cent over the corresponding period in the preceding year. A notable feature of the year was the growth of output in some of the new mechanical and electrical engineering industries. Steel production went up from 2.2 million tons in 1960 to about 2.9 million tons in 1961. Significant increases were also recorded in the production of sugar, coal, cement, export products like tea and coffee, and in the field of chemical industries, sulphuric acid, caustic soda, soda ash and fertilisers.

Favourable trends.- Speaking on trends Shri Morarji Desai said that another favourable trend in the sphere of international aid was the growing recognition of the fact that general support to a country's balance of payments was at least as important as the provision of resources for setting up individual identifiable projects. The true measure of economic progress and development was not the number of major industrial projects that were set up in the country, but the general increase in levels of consumption and production, of income and saving. Increase in industrial capacity was but one of the things though which this could come about. "In a primarily agricultural economy like ours, an improvement in farm production through irrigation, through fertilisers, through better transport and communications, has a much bigger contribution to make to our development than an increase in the number of industrial projects" added the Finance Minister.

Foreign Aid.- Discussing the problem of foreign aid, Shri Morarji Desai said " While we are receiving aid from so many countries, we are not unmindful of the importance of making our own contribution, however, humble, in this field and have been ready to help, whenever and wherever, possible, other developing countries of the world. As a participant in the Colombo Plan, India, amongst the countries in the areas of South and South-East Asia, is the biggest donor of technical assistance. We have also assisted in the preparation of the Mekong River Project in Cambodia and in giving technical assistance under the Special Commonwealth African Assistance Plan." Turning once again from external to internal matters, the Finance Minister referred to the Report of the Third Finance Commission (for details see pp. of this Report) which has already been placed before both Houses of Parliament. ✓

Market Borrowing.- For the next year, the Finance Minister proposed to take out a credit of 2,600 million rupees from market borrowings including prize bonds and 1,050 million rupees net from Small Savings. The budget also assumes a credit to 4,550 million rupees from foreign loans and 900 million rupees from PL-480 deposits, including 500 million rupees to be transferred from the moneys formerly deposited with the State Bank of India.

Concluding the Finance Minister said "We are ending the current financial year, despite the buoyancy of revenues, with a bigger overall deficit than we had envisaged when the budget for the year was introduced. We shall, therefore, need to do everything possible to enlarge our budgetary resources, so as to ensure stability in the economy."

"On the whole, the third Plan has begun well. There have been all-round increases in production, stability of prices and the external aid which we have received has enabled us, despite the continuing stringency of foreign exchange, to cover a good proportion of our developmental needs. But there is no room for complacency. Each successive year will call for greater effort on the part of everyone if we are to move forward as fast as we want to, indeed as fast as we must."

(The Hindustan Times, 15 March, 1962;
The Statesman, 15 March 1962)

Railway Budget for 1962-63 Presented: Revenue Surplus
of Rs. 130 Million Estimated.

Shri Jagjivan Ram, Union Minister for Railways presented the Railway Budget for 1962-63 in the Lok Sabha on 13 March 1962. The Budget estimates that the revenue surplus for the railways for 1962-63 would be 131.6 million rupees.

The table below shows the main features of the Budget as also the previous year's account:-

(in Million rupees)

| | Actuals 1960-61 | Revised Estimate 1961-62 | Budget 1962-63 |
|--|--------------------|--------------------------------|-------------------|
| Gross Traffic Receipts * | 4,568.0 | 5,012.4 | 5,241.0 |
| Working Expenses Net (after taking credits or recoveries) | 3,132.4 | 3,305.5 | 3,457.4 |
| Net Miscellaneous Expenditure (including cost of works charged to Revenue) | 106.9 | 135.1 | 163.5 |
| Appropriation to Depreciation Reserve Fund from Revenue. | 450.0 | 650.0 | 670.0 |
| Total. | 3,689.3 | 4,090.6 | 4,290.9 |
| Net Railway Revenue | 878.7 | 921.8 | 950.1 |
| Payment to General Revenues:- | | | |
| (a) Dividend on Railway Capital-at- Charge @ 4% for 1960-61 and 4.25% for the quinquennium 1961-66). | 558.6 | 632.0 | 693.5 |
| (b) In lieu of passenger fare tax | - | 125.0 | 125.0 |
| Net Surplus | 320.1 | 164.8 | 131.6 |

* The increased gross traffic receipts from 1961-62 onwards include the element of passenger fare tax merged in railway fares from 1 April 1961, against which a payment of 125.0 million rupees is to be made by the railways annually to the General Exchequer, during the quinquennium 1961-66, for transfer to the States.

Presenting the Budget the Railway Minister said, that this surplus would be very much short of the expenditure that would have to be incurred in 1962-63 on works chargeable to the Development Loan Fund. "Unless railway resources are augmented", he pointed out, "a temporary loan from General Revenues of such magnitude as will be able to finance the Fund will be unavoidable."

79

The Railway Minister reviewing the working of the Railways during the year said that besides improving the operational efficiency, the Railways put through a massive programme of construction of new lines, large ~~yards~~ yards, line capacity works, electrification of long sections and so on. Several important projects were undertaken and completed in this period, such as the locomotive works at Chittaranjan, coach building factory at Madras, the Assam rail link, the Kandla-Deesa line connecting the newly developed port of Kandla, the all metre gauge link between North and South through the Khandwa-Hingoli line, the broad-gauge connection to Ranchi, the through broad-gauge connection between Calcutta and Silliguri and the Rajendra Pul across the Ganga.

The Third Plan, as published in 1961, placed the volume of originating goods traffic on the Railways at 245 million tons in the final year of the Plan, with 13,250 million rupees as the cost of the programmes necessary to achieve the carrying capacity for the targeted traffic.

The revised traffic target will materially exceed 245 million tons, inclusive of rail transport corresponding to a coal production target of 97.5 million tons and of a short lead movement of coal to washeries in addition.

The Railways' programme will have to be expanded at a substantial additional cost, in order to cater not only for the increased coal movement, but also for the substantially different pattern of coal movement, implying as it does, inter alia, some acceleration of the electrification programme.

The question of increasing the Railways' capital programme in the Plan over the present figure of 13,250 million rupees is now under consideration. For 1962-63, however, it has been agreed that Railways will go to Parliament for funds to the full extent of 2,950 million rupees asked for by them for their works and rolling stock programme.

The Railway Minister referred to various measures to reduce over-crowding and to provide increased train services or extension of train services, and also the provision of amenities such as improved waiting halls, lighting at stations, improved reservation arrangements, provision of sleeping accommodation, particularly for long-distance Class III passengers.

Shri Jagjivan Ram declared that the railways were the largest single employers in the country and stood committed to a policy of progressive improvement in the measures of welfare for the staff.

In addition to financing staff welfare measures from railway revenues, a Railway Minister's Welfare and Relief Fund had recently been set up under the management of the Ministry of Railways to be fed from voluntary donations from railwaymen or others and from the proceeds of special shows organised by railwaymen.

Dealing with accidents on railways, the Railway Minister said this matter had been engaging his earnest attention and he recalled the appointment of the Kunzru Committee.

Staff Relations.- About staff relations, the Railway Minister said they had been generally cordial and satisfactory. He was confident that with the courage, devotion to duty and patriotism of all ranks of railwaymen the Indian Railways would progress from strength to strength in the years to come.

(The Hindustan Times, 14 March, 1962;
The Statesman, 14 March 1962).

21

Report of Third Finance Commission Presented to Parliament:
Increase in Share of Revenues to States Recommended.

Shri Morarji Desai, Union Minister for Finance placed on 12 March 1962 before both Houses of Parliament, the report of the Third Finance Commission and the Government's decisions thereon. The Commission was headed by Shri A.K. Chanda, former Auditor-General and Comptroller.

Consequent upon acceptance by the Centre of all the unanimous recommendations of the third Finance Commission, all the States will benefit financially. The States will get 350 million rupees more in the next financial year beginning 1 April 1962 as a result of the increase from 60 per cent to $66\frac{2}{3}$ per cent of the States' share of Income-tax and the considerable widening of the number of shareable excises. The States' share in future years will be much more. Ten States will also get a special grant of 90 million rupees annually for improvement of their communications.

The annual grants-in-aid to States have also been increased from 395 million rupees to 520 million rupees.

Income Tax.— At present 60 per cent of the net proceeds of taxes on income other than Corporation Tax but excluding taxes on Central emoluments and those attributable to Union Territories (assumed at 1 per cent of the net proceeds) are distributed amongst the States, the share of each State having been fixed 90 per cent on the basis of population and 10 per cent on the basis of collection. The Finance Commission has increased the percentage attributable to Union Territories from 1 to $2\frac{1}{3}$ per cent and raised the States' share of Income-tax from 60 to $66\frac{2}{3}$ per cent. The share of each State has been determined by the Commission on the basis of 80 per cent on population and 20 per cent on collection.

Excise Duties.— The entire net proceeds of Additional Excise Duties on mill-made textiles, sugar and tobacco which were levied in replacement of States' Sales Tax accrue to the States other than those attributable to the Union territories. The States had also been guaranteed the income derived by them from the Sales Tax on these commodities in the financial year 1956-57. While retaining the share of Union Territories at 1 per cent, the Commission has increased the share of Jammu and Kashmir State from $1\frac{1}{4}$ per cent to $1\frac{1}{2}$ per cent and suggested a small increase in the amount guaranteed to the States from the present level of 325 million rupees to 325.4 million rupees to account for the yield from silk fabrics which were subjected to the Additional Excise Duty in lieu of States' Sales Tax with effect from 1 April 1961. The excess over the guaranteed amount has been recommended for distribution amongst the rest of the States partly on the basis of population and partly on percentage increase in their Sales Tax revenue since 1957-58.

29

Road Development.- Of the two recommendations to which there is a minute of dissent from one member, the first relates to the payment of a special purpose grant for improvement of communications in certain States. Although for development of road communications there exists a provision of 3,240 million rupees in the Third Five Year Plan, Government have decided to accept the majority view of the Commission on this subject because they appreciate that the financial position of certain States is such that without special assistance of this kind it might be difficult for them to make adequate provision for this purpose. Accordingly, annual grants amounting in all to 90 million rupees will be made to ten States as recommended by the Commission.

The Commission has recommended an annual payment of a total grant-in-aid of 1,102.5 million rupees to all the States other than Maharashtra of which 520 million rupees are to fill the revenue gap in the budgets of the State Governments and 582.5 million rupees towards 75 per cent of the revenue component of the State Plans. The Government propose to accept the unanimous recommendation for the payment of the revenue gap grant of 520 million rupees. This would mean that Andhra Pradesh would get 90 million rupees, Assam 52.5 million rupees and Gujarat 42.5 million rupees, Jammu and Kashmir 15 million rupees, Kerala 55 million rupees, Madhya Pradesh 12.5 million rupees, Madras 30 million rupees, Mysore 62.5 million rupees, Orissa 115 million rupees and Rajasthan 45 million rupees.

Annual Review.- The Central assistance to the States, as envisaged in the Plan, will continue to be made available on the basis of annual reviews of the overall financial position and other relevant factors. Government also consider that annual planning and reviews are an essential means of improving performance in all sectors ensuring the fullest effort to raise resources, maintaining a satisfactory balance between different types of projects and of observing priorities. These purposes will be better served through suitable changes in the existing procedures rather than by converting any portion of Central assistance for the State plans into statutory grants which, by their very nature, would lack flexibility. The States already enjoy a sufficient degree of the ~~Central assistance made~~ freedom in the utilization of the Central assistance made available to them. Steps will, however, be taken to further simplify the procedures for the release of Central assistance and to make them more flexible.

The following table shows the share of the States:-

| States' Shares | Share of Tax Income. | Share of Union Excise Duties. | Grant-in-aid. | Special Purpose Grant for improvement of communications. | Share of Estate Duty. | Grant in lieu of tax on Railway fares. | Additional Excise Duties | |
|----------------|----------------------|-------------------------------|-----------------|--|-----------------------|--|--------------------------|--------------------------|
| | 66-2/3% | 20% | | | 99% | | Incomes to be assured. | Distribution of balance. |
| | % | % | Million rupees. | Million Rupees. | % | Million Rupees. | Million Rupees. | % |
| Andhra | 7.71 | 8.23 | 90.0 | 5.0 | 8.34 | 11.1 | 2352.4 | 7.75 |
| Assam | 2.44 | 4.73 | 52.5 | 7.5 | 2.75 | 3.4 | 850.8 | 2.50 |
| Bihar | 9.33 | 11.56 | - | 7.5 | 10.78 | 11.7 | 1301.6 | 10.00 |
| Gujarat | 4.78 | 6.45 | 42.5 | 10.0 | 4.78 | 6.8 | 3234.5 | 5.40 |
| Kashmir | .70 | 2.02 | 15.0 | 5.0 | .83 | - | - | - |
| Kerala | 3.55 | 5.46 | 55.0 | 7.5 | 3.92 | 2.3 | 950.8 | 4.25 |
| Madhya Pradesh | 6.41 | 8.46 | 12.5 | 17.5 | 7.51 | 10.4 | 1551.7 | 7.00 |
| Madras | 8.13 | 6.08 | 30.0 | - | 7.80 | 8.1 | 2853.4 | 9.00 |
| Maharashtra | 13.41 | 5.73 | - | - | 9.16 | 13.5 | 6377.7 | 10.60 |
| Mysore | 5.13 | 5.82 | 62.5 | 5.0 | 5.46 | 5.6 | 1001.0 | 5.25 |
| Orissa | 3.44 | 7.07 | 115.0 | 17.5 | 4.08 | 2.2 | 851.0 | 4.50 |
| Punjab | 4.49 | 6.71 | - | - | 4.71 | 10.1 | 1751.9 | 5.25 |
| Rajasthan | 3.97 | 5.93 | 45.0 | 7.5 | 4.67 | 8.5 | 901.0 | 4.00 |
| Uttar Pradesh | 14.42 | 10.68 | - | - | 17.10 | 23.4 | 5758.1 | 15.50 |
| West Bengal | 12.09 | 5.07 | - | - | 8.11 | 7.9 | 2804.1 | 9.00 |
| Total. | | | <u>520.0</u> | <u>90.0</u> | | <u>125.0</u> | <u>32540.0</u> | |

(The Statesman, 13 March 1962).

24

33. Full Employment Policy.

India - March 1962.

Kerala Relief Undertakings (Special Provisions) Act, 1961
(Kerala Act 6 of 1962).

The Government of Kerala gazetted on 26 February 1962 the text of the Kerala Relief Undertakings (Special Provisions) Act, 1961, which received the assent of the President on 19 February 1962. The Act is designed to make temporary provisions for industrial relations and other matters to enable the Government to conduct or provide loan, guarantee or financial assistance for the conduct of industrial undertakings as a measure of preventing unemployment or of unemployment relief.

The Act which extends to the whole of the State of Kerala is to come into force ~~for~~ on such date as the Government may by notification appoint. If at any time, it appears to the Government necessary to do so, the Government may, by notification in the Gazette, declare that an industrial undertaking specified in the notification, whether started, acquired or otherwise taken over by the Government, and carried on or proposed to be carried on by themselves or under their authority, or to which any loan, guarantee or other financial assistance has been provided by the Government, shall, with effect from the date specified for the purpose in the notification, be conducted to serve as a measure of preventing unemployment or of unemployment relief and the undertaking shall accordingly be deemed to be a relief undertaking for purposes of this Act. Such notification shall have effect for such period not exceeding two years as may be specified in the notification; but it shall be renewable by like notifications from time to time for further periods not exceeding twelve months at a time, so however that all the periods in the aggregate do not exceed five years.

The Government may direct that notwithstanding any law, custom or contract whatever, in relation to any relief undertaking and in respect of the period for which the relief undertaking continues as such all the provisions of the laws specified in the Schedule to this Act, which involve any financial commitment or expenditure shall not apply (and such relief undertaking shall be exempt therefrom), or all or any of such provisions shall, if so directed by the Government, be applied with such modifications (which do not however affect the policy of the said laws) as may be specified in the notification. The laws specified in the Schedule include (1) The Industrial Disputes Act, 1947, (2) The Minimum Wages Act, 1948, (3) The Travancore-Cochin Shops and Establishments Act, 1125, and (4) The Madras and Establishments Act, 1947.

25

Such percentage of the profits, if any, made by the Government, as may be prescribed, in carrying on any relief undertaking shall be utilised for the benefit of the persons employed in the undertaking in such manner as may be prescribed.

(Kerala Gazette, Extraordinary,
26 February 1962, pp. 1-4).

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34. Economic Planning, Control and Development.

India - March 1962.

Findings of National Council of Applied Economic Research:
Full Employment by 1981 Envisaged.

A paper with the title "Looking Ahead" prepared by the National Council of Applied Economic Research, was discussed at a meeting held in New Delhi on 11 March 1962. The Planning Minister, Shri Gulzarilal Nanda, former deputy chairman of the Planning Commission, Shri V.T. Krishnamachari, members and officials of the Planning Commission, the former Finance Minister, Shri C.D. Deshmukh, and leading industrialists and economists took part in the discussion.

According to the paper the unemployment problem will have been solved by 1981 and there will be an electric fan for every family and a bicycle for every second family. The per capita income will increase from 331 rupees in 1961 to 792 rupees.

Considerably larger supplies of frigidaires, washing machines and air-conditioners will be available. Steel production will be 50,000,000 tons and the highest rate of growth among the various sectors will be in industries. Unlike the huge unfavourable balance of trade which India had at present, in 1981 she will have a favourable balance of trade of 2000 million rupees to 2500 million rupees.

These conclusions are based on certain assumptions; political stability in the country and stability of agricultural prices and absence of inflationary pressures, implementation of land reforms and a rate of development of economic overheads faster than the rate of growth of industries.

The total investment outlay over the next 20 years will be of the order of 1,053,610 million rupees divided between the third, fourth, fifth and sixth Plans as follows: 126,000 million rupees, 180,000 million rupees, 270,000 million rupees and 477,610 million rupees. In the fourth and fifth Plans the magnitude of foreign aid will be declining. In the sixth Plan, the entire investment will be from domestic savings. This will be an indication that the economy has reached the state of self-sustained growth.

During the course of the discussion Shri Krishnamachari said that the targets fixed by the Council for 1981 were not adequate to sustain the democratic way of life in the country. ShriDeshmukh felt that some of the assumptions on which the conclusions had been arrived at might not prove to be correct.

The Director-General of the Council, Dr. P.S. Lokanathan, said that the conclusions were not based on unrealistic assumptions, and the targets fixed in the paper could be realised. In preparing the paper, he added, the Council had blended desirability with feasibility.

(The Statesman, 12 March 1962)

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India's per Capita Income Estimated at Rs.327.3
during 1960-61: Annual White Paper on National
Income published.

According to the ninth issue of the annual White Paper on National Income released by the Central Statistical Organisation, the national income of India at current prices was 142,000 million rupees and 129,400 million rupees in 1960-61 and 1959-60 respectively as against 99,800 million rupees in 1955-56. The near per capita income at current prices was Rs.327.3, Rs.304.7 and Rs.253.0 in 1960-61, 1959-60 and 1955-56 respectively. The larger increase at current prices than at constant prices was due to increase in prices.

The national income (at 1948-49 prices) was 126,900 million rupees in 1960-61 and 118,500 million rupees in 1959-60 compared to 104,800 million rupees in 1955-56. The per capita income at 1948-49 prices has been placed at Rs.292.5, Rs.279.0 and Rs.267.8 in the three years 1960-61, 1959-60 and 1955-56 respectively.

The estimates for 1959-60 included in this paper are based on the detailed methods of estimation followed for the earlier years and show an upward revision over the preliminary estimates published last year. The estimates for 1960-61, though still preliminary and based on partial material, have also undergone upward revision as compared to the quick estimates released in August last year. These upward revisions, have been due to the incorporation, for the first time, of the results of random cropcutting surveys in respect of rice in Orissa and maize in Bihar.

Unlike 1959-60 which as a result of fall in agricultural output, recorded only a nominal increase in the total national income, the increase in total national income (at 1948-49 prices) during 1960-61 over the preceding year amounted to 8,400 million rupees including an increase of 3,600 million rupees in agricultural alone. The increase registered by the non-agricultural sectors works out at 4,800 million rupees during 1960-61 over the preceding year compared to an increase of 2,600 million rupees, in 1959-60 over 1958-59. The total national income and the per capita income increased by 7.1 per cent and 4.8 percent respectively in 1960-61 over 1959-60.

After adjusting for purely statistical differences between the crop production estimates of 1955-56 and 1960-61, the increase in national income and per capita income in real terms amounts to 20.2 per cent and 84 per cent respectively during the Second Five Year Plan period.

(The Statesman, 9 March 1962).

27

Economic Survey 1961-62: Increase in Development
Outlays and Enlargement of Domestic Resources:
Further Decline in Foreign Assets.

The Government of India published, as part of the 1962-63 budget papers, an economic Survey * for the year 1961-62. A review of this Survey is given in the following paragraphs.

Brief Assessment.- During 1961-62, the first year of the third Five Year Plan, there was a further increase in developmental outlays in the public as well as the private sector. At the same time, in keeping with the tasks envisaged in the plan, a significant beginning was made towards the enlargement of domestic resources by fiscal and other devices; and supply conditions on the whole were favourable. Agricultural production had recorded a substantial increase of more than 8 per cent in the 1960-61 season; and industrial production is estimated to have increased by 7 to 8 per cent in 1961. Altogether, there were distinct signs of a better balance between supply and demand in the economy; and this has been reflected in an improvement in the price situation although the balance of payments position continues to remain difficult. Wholesale prices which had increased more or less steadily over the second Plan period have registered a small decline over the past twelve months.

The restoration of a measure of overall stability to the economy, however, is not inconsistent with signs of weakness or imbalance in individual sectors; and during the year under review situations of scarcity appeared from time to time in some important sectors, including, in particular, power, transport, coal and some varieties of steel. Among agricultural commodities, supplies of raw jute and to a smaller extent of oilseeds were unsatisfactory during the early months of 1961. These shortages in specific sectors were mainly responsible for the somewhat smaller increase in industrial production in 1961 (7 to 8 per cent) than in 1960 (12.1 per cent) or 1959 (8.7 per cent); and steps had to be initiated during the year to ensure that bottlenecks in individual key sectors might not set up a vicious spiral.

* Government of India; Economic Survey 1961-62; 14th March 1962; Printed in India by the General Manager, Government of India Press, New Delhi, 1962; pp. 21 + 6 pages; graphs and tables. 34 pages.

20

Perhaps the most unsatisfactory aspect of the economic situation in 1961-62 has been the persistent attrition of foreign exchange reserves. The foreign assets held by the Reserve Bank had declined from 7,460 million rupees at the beginning of the second Plan period to 1,360 million rupees by the end of the Plan period. During the current year, it became necessary to supplement these reserves by a net drawing on the International Monetary Fund of 583 million rupees. Even so, indications are that the year as a whole will reveal some decline in reserves from the level from which it started.

Clearly, the continuing pressure on reserves cannot be attributed to the resurgence of excess demand in the economy; for, quite apart from the growing signs of internal stability already referred to, there has been an increase in exports and a decline in imports in the current year so that the balance of trade, in fact, has shown some improvement. Basically, the weakness in the balance of payments in the current year is manifestation of a structural deterioration in regard to the invisible account. With the progressive decline in foreign exchange reserves and the sizable increase in external indebtedness, the current invisible account in balance of payments has now emerged as a net source of drain whereas it yielded a net surplus of about 1000 million rupees per annum only a few years ago; and repayment obligations on foreign debt have been rising. Movements of private and banking capital this year have also tended to add to the pressure on reserves.

Given the situation on external account which is operated with a narrow margin of reserves and where a sizable gap has emerged even on maintenance account, there can be little doubt that a vigorous promotion of exports has become a major desideratum of economic policy in the country. External assistance is undoubtedly valuable in the formative stages of development; and in the immediate period ahead, it would be necessary to negotiate additional assistance for financing developmental as well as maintenance imports if the implementation of the plan is to proceed at a satisfactory pace. But even with assurance of external assistance on an adequate scale, there would be little room for manoeuvre in steering the economy from year to year unless earnings could be lifted progressively.

Internally, the outlook for the coming year appears favourable. The 1961-62 crop of foodgrains, on the whole, should show some improvement over the satisfactory level reached in 1960-61. Prospects for the raw jute and oilseeds crops are distinctly better although there has been a set-back in regard to cotton. Industrial production also should respond to growing efforts to improve the supplies of basic materials and services. The pressure of demand in the economy, however, will inevitably be upward as the plans in the public and private sectors get implemented progressively. The maintenance of internal stability would thus call for determined efforts to increase productivity and savings - the twin pillars upon which rest also the changes of an enduring improvement in our export potential.

Production and Supplies.- The general index of agricultural production showed an increase of 8.1 per cent in 1960-61 as compared to the slight decline which had occurred in 1959-60. Foodgrains production went up from 74.7 million tons in 1959-60 to 79.3 million tons in 1960-61. Among major commercial crops, there was a record output of raw cotton as also of sugarcane. On the other hand, production of groundnuts which recovered from the low level of 1959-60, was still smaller than in 1958-59 and the output of raw jute in 1960-61 declined for the second year in succession.

While the output of foodgrains increased by about 4.6 million tons in 1960-61, imports during 1961 amounted to 3.4 million tons, that is, about 1½ million tons less than in 1960. At the same time, Government stocks of foodgrains which had increased by 1.4 million tons in the previous year were drawn upon to a small extent in 1961 so that the contribution of imports and changes in Government stocks in augmenting available supplies of foodgrains was the same during the two years. Altogether, there was a marked increase in per capita availability of foodgrains during 1961, from 11.5 ozs. of cereals and 2.0 ozs. of pulses per day to 13.4 ozs. and 2.3 ozs. respectively in 1960 and 13.8 ozs. and 2.4 ozs. respectively in 1961.

During 1961 there was a further increase in industrial production, although the rate of increase was somewhat smaller than in the preceding two years. The index of industrial production had risen by 1.7 per cent in 1958, 8.7 per cent in 1959 and 12.1 per cent in 1960. On present estimates, the increase in 1961 is likely to be of the order of 7 to 8 per cent.

As may be expected, the divergent trends in agricultural production and supplies had a direct bearing on the output of several industries. Thus, with the improvement in the supply of raw cotton, there was a significant increase in cloth production especially in the decentralised sector, and the production of sugar reached the record level of 3 million tonnes in 1961. Among other items which recorded marked progress during the year were export products like tea and coffee. On the other hand, the output of jute manufactures during 1961 was as much as 11 per cent below the level in 1960 and there was little change in the output of vanaspati.

Though the rate of increase in industrial production as a whole was not as high as in 1960, the growth of output in some of the newer mechanical and electrical engineering industries was appreciably faster than in 1960. In the public sector, the three main steel plants made further progress and their combined output of steel ingots increased from 600,000 tonnes in 1960 to 1.4 million tonnes in 1961. Altogether, the home production of ingot steel went up from 3.2 million tonnes in 1960 (equivalent to 2.2 million tonnes of finished steel) to about 4 million tonnes (or 2.9 million tonnes of finished steel) in 1961, while imports continued at about the same level as in 1960. The improvement of steel supplies, together with the slight liberalisation in the imports of raw materials and components during the year, helped sustain the growing tempo of production in a number of engineering industries. The manufacture of power transformers, power driven pumps, electric motors, machine tools, sugar mill machinery,

32

tea processing machinery and industrial boilers are instances in point. There was also significant increase in the production of sulphuric acid, caustic soda, soda ash and chemical fertilisers.

During the first three months of 1961 coal output was running at the rate of over 60 million tonnes per annum. This rate of growth, however, could not be sustained in the latter part of the year and total coal production in 1961 amounted to 56.1 million tonnes as against 52.6 million tonnes in 1960. The amount of electricity generated in the country during 1961 was 16 per cent larger than in 1960. Similarly, the development of railway transport, in keeping with the requirements of the plan, has been taken in hand in right earnest and the provision made for the purpose in the first year of the plan represents a sizable portion of the total outlay initially provided for the plan period as a whole. Nevertheless, shortages of power and transport continued to be felt during the year so that it has become necessary to accelerate further the programmes of development in these fields. Altogether, there was a significant increase in domestic supplies of agricultural and industrial goods in the first year of the third Five Year Plan. National income as a whole which had increased by 7 per cent in the last year of the second Plan is expected to increase further by about 4.5 per cent (at constant prices) in the first year of the Third Plan. This rate of progress will, of course, have to be accelerated in the coming years if the target of a 30 per cent increase in national income over the third Plan period is to be attained.

Government outlays and private investment. The revised estimates for 1960-61 placed the combined expenditure of the Central and State Governments at 27,210 million rupees. The budget estimates for 1961-62 stepped up further to 28,630 million rupees. In keeping with the increase in total government expenditure and in view of the substantial target for additional taxation envisaged in the Plan, the Central Government levied fresh taxes estimated to yield a revenue of 570 million rupees during 1961-62. In addition the State Governments proposed to raise another 170 million rupees. On present indications, the actual yield from the measures of additional taxation taken at the Centre in the current year will be higher than what was estimated earlier.

The net expansionary impact of the budgetary transactions of the Central and State Governments as measured by the excess of total expenditure over revenue receipts was expected to increase from 9,440 million rupees in 1960-61 (Revised Estimates) to 9,910 million rupees in 1961-62 (Budget Estimates). Bearing in mind, however, the somewhat greater buoyancy in tax receipts than was envisaged earlier, the actual net expansionary effect of budgetary transactions in 1961-62 may not be significantly larger than in the last year of the second Plan.

The substantial excess of Government expenditure over revenue receipts, which has been a normal feature of Government budgets in recent years, has been covered in the main by market borrowing, small savings, external assistance and deficit financing. During the current year, total market borrowing of Central and State Governments amounted to 1,340 million rupees, which was about the same as the in the ~~first nine months of~~ preceding year. Net collections under small savings schemes in the first nine months of the current fiscal year amounted to 450 million rupees as against 600 million rupees during the corresponding period of 1960-61. While part of this decline is a correction of the abnormal increase in Post Office Savings Bank deposits in 1960-61 when confidence in commercial banking was disturbed on account of certain bank failures, the fact remains that net collections of small savings during the current year are not likely to come up to the level of 1,050 million rupees for which credit was taken in the budget estimates. Receipts from external assistance are also expected to be somewhat smaller than the amount budgeted for. In the result, deficit financing by the Central and State Governments during the current year is likely to be somewhat larger than what was assumed in the budgets.

The steady increase in developmental outlays by the Government in recent years has been accompanied by a buoyancy in private investment. The upward trend in private investment was maintained in 1961 as can be seen from the sizeable increase in the offtake of investment goods like steel and cement. Imports of machinery on private account amounted to 1000 million rupees during the first nine months of 1961 as compared to 730 million rupees in the corresponding period of 1960; and domestic production of machinery was also higher. Among the financial indicators of the expansion of investment activity in the private sector, the amount of capital raised by non-Government concerns from the new issue market is one of the most important. On the basis of incomplete reports available so far, the total amount so raised during 1961 is expected to be appreciably higher than the 870 million rupees estimated to have been raised during 1960. There has been a steady increase in consents for capital issues obtained by non-Government concerns from 890 million rupees in 1958 to 1,500 million rupees each in 1959 and 1960 and to 1,850 million rupees in 1961.

The pressure of demand on available supplies during the year was thus inevitably upward on account of increases in Government outlays and private investment. The step-up in developmental outlays, however, in both the public and private sectors was moderate; and this, together with the enlargement of resources and the improvement in supplies, restored a measure of stability to the economy which is reflected in monetary and price trends.

Money and Capital Markets.— The trend towards an accelerated increase in money supply which was in evidence in 1959 and 1960 was reversed in 1961. Money supply with the public increased by 1,410 million rupees (5.1 per cent) in 1961 (if the withdrawal of currency from Kuwait is ignored, the increase in money supply would be 1,750 million rupees 6.4 per cent) as compared to an increase of 2,160 million rupees (8.6 per cent) in 1960 and 1,710 million rupees (7.3 per cent) in 1959. Despite a larger increase in government's indebtedness to the banking system than in 1960, the increase in money supply in 1961 was smaller due mainly to the fact that bank credit to the private sector increased at a slower pace (1,370 million rupees in 1961 as against 2,430 million rupees in 1960). Another factor which tended to slow down the rate of increase in money supply in 1961 was the somewhat larger decline in the foreign assets held by the Reserve Bank than in the preceding year—two years. While credit expansion was thus relatively small, the deposit resources of the scheduled banks increased by 900 million rupees in 1961 as compared to 660 million rupees in 1960 (if the variations in P.L.480 deposits with the State Bank are ignored, deposit expansion in 1961 was substantially larger 1,730 million rupees than in 1960 1,180 million rupees). Consequently, in contrast to the acute stringency in the money market in 1960, relatively comfortable money conditions prevailed during the greater part of 1961. The relatively easy conditions in the money market also resulted in larger purchases of Government securities by the commercial banks. In contrast to the previous year when commercial banks had had been net sellers of Government securities (even if sales associated with the decline in P.L.480 deposits are ignored), they emerged as net buyers during the current year.

The stock markets which had become rather subdued in the latter half of 1960 recovered in the early months of 1961. The relatively easy money market conditions, the encouraging trend in profits and the maintenance of severe import restrictions were among the factors which influenced the upward trend in stock market prices. The index of variable dividend industrial securities moved up from 164.9 in January 1961 to 183.5 in June. There was a break in share values thereafter, but since October, there has been a revival of the stock exchange boom and the index of security prices reached 186.7 by the end of January 1962 i.e. to a level about 11.9 per cent higher than a year ago.

With the continued buoyancy in the stock markets, a large number of new issues were floated and, as in the past, some of these were substantially over-subscribed. The new issues were in respect of a wide range of industries e.g. rubber manufactures, paper, aluminium, engineering and chemical and allied industries. The trend in the current year has been in keeping with the growing interest evinced by investors in equities in recent years.

35

Prices.- The general level of prices in the country had shown a more or less continuous increase during the second Plan period. With the restoration of a better balance between supply and demand in the aggregate, the increase in prices was checked during the current year. The general trend in prices during the first half of 1961 was upward. But since July 1961, there has been a reversal of this trend. In the result, the average level of prices in 1961 was higher than in 1960; but over the year, the index of wholesale prices receded from 124.6 in December 1960 to 122.9 in December 1961. The decline of 1.4 per cent in the general price level during 1961 is explained by the decline in the prices of industrial raw materials. Food articles as a whole registered a small increase in prices whereas prices of manufactures remained virtually stable.

The All-India Working Class Consumer Price Index (1949 = 100) which had increased from 100 at the beginning of the second Plan to 124 by the end of the Plan, continued to increase till August 1961 when it reached the level of 128. Thereafter, it has shown no variation.

Balance of Payments.- The steady improvement in balance of payments which took place during 1958-59 and 1959-60 could not be sustained during the last year of the second five year Plan (1960-61). The withdrawal from foreign exchange reserves which had amounted to 2,213 million rupees in 1956-57 and 2,599 million rupees in 1957-58 was reduced to 423 million rupees in 1958-59 and 161 million rupees in 1959-60. But for the purchase of gold of 182 million rupees for the payment of additional subscription to the International Monetary Fund (I.M.F.) and the re-payment of 238 million rupees to that institution, there would have been an actual increase in foreign exchange reserves in 1959-60. The pressure on reserves however, was intensified during 1960-61 when reserves declined by 592 million rupees; and of this decline only 107 million rupees could be explained in terms of repayments to the I.M.F. As a consequence, aggregate reserves (excluding gold but including government balances) at the beginning of the third Plan amounted to only 1,860 million rupees as against 7,850 million rupees at the beginning of the second Plan.

The overall balance of payments has continued to remain difficult in the first year of the third Plan; and in view of the low level of reserves from which the Plan started, it became necessary during the current year to draw on a second line of reserves with the I.M.F. A drawing of 250 million dollars (1,190 million rupees), amounting to 42 percent of India's quota with I.M.F. was made in August 1961. As against this, a sum of 127.5 million dollars (607 million rupees) was utilised for the repayment of the earlier drawing made in 1956-57. On balance, therefore, an amount of 583 million rupees went to supplement reserves. Even so, there was a decline in foreign exchange holdings of 111 million rupees during the first half (April-September) of the current fiscal year. Since September, there has been some improvement in response to the onset of the normal favourable export season. But if allowance is made for the rather heavy year-end demands, there may well be a small drain during the remaining weeks of the year so that the year as a whole may show some worsening in reserves despite the net drawing of 583 million rupees on the Fund.

31

Unlike in 1960-61, the pressure on balance of payments in the first half of 1961-62 has persisted despite lower imports and a significant improvement in exports. The principal factor in the deterioration in the balance of payments in 1960-61 was the increase in the current account deficit from 1,826 million rupees in 1959-60 to 3,651 million rupees in 1960-61. Imports increased by 1,635 million rupees to 10,880 million rupees while there was only a modest improvement of 87 million rupees in exports. By contrast, the balance of trade during the first half of 1961-62 shows considerable improvement over the corresponding period of 1960-61. Imports during the first half of 1961-62 were lower by 457 million rupees and exports were larger by 210 million rupees, so that the adverse balance of trade was reduced from 2,394 million rupees to 1,717 million rupees. Receipts from external assistance (that is, official donations and gross official loans) were also slightly higher - by 81 million rupees - during the first half of the current year.

The main explanation for the continuation of balance of payments difficulties despite the improvement on trade account has to be sought, therefore, in terms of the deterioration in regard to invisible transactions, both current and capital. Net receipts from invisibles on current account (excluding official donations) which amounted to 349 million rupees in April-September 1960 have shown a net outgo of 66 million rupees during April-September, 1961.

On capital account also, the position in regard to invisibles has deteriorated sharply. Exclusive of gross official loans and I.M.F. transactions, other capital transactions which yielded a net amount of 296 million rupees during April-September 1960, have led to a drain of 518 million rupees during the corresponding period of 1961. A large part of this reversal is due to lower P.L. 480 imports and a corresponding reduction in the accrual ~~due to lower~~ of counter-part funds. But growing repayment obligations on private and public external debt and a sizeable outflow of banking capital, during the slack season of 1961 have also contributed to the deterioration in the position during the current year.

Export earnings have shown a progressive increase during the last three years - from 5,760 million rupees in 1958-59 to 6,320 million rupees in 1960-61. During the first half of 1961-62 the improvement over the corresponding period of 1960-61, as already mentioned, was about 210 million rupees. On present indications, export earnings during the current financial year may amount to 6,650 million rupees or so, representing an improvement of 330 million rupees over the previous year. It has to be borne in mind, however, that the improvement in export earnings in recent years looks rather large mainly because of the low level of 5,760 million rupees to which they had fallen in 1958-59. Export earnings in 1960-61 were still slightly below those in 1956-57.

37

Such improvement in export earnings as took place in 1960-61 was also the result in the main of special factors such as exceptionally high prices of jute manufactures. Thus, while total earnings from exports increased by 87 million rupees in 1960-61, exports of jute manufactures went up by 242 million rupees mainly on account of higher prices. While exports of other items such as metallic ores, paper, spices and cashew kernels also registered small increases, there were significant declines in regard to important traditional items of exports such as cotton manufactures, tea, vegetable oils, hides and skins and raw cotton.

Import payments had been reduced sharply between 1957-58 and 1959-60 from 12,336 million rupees to 9,245 million rupees. This trend was reversed in 1960-61 when total imports increased by 1,635 million rupees in response to larger imports of foodgrains and the growing requirements of developmental and maintenance imports.

Employment.- The total ~~numb~~ volume of employment in organised industry showed a further increase during 1961. Average daily employment in cotton textile mills rose from 769,000 in January-September 1960 to 791,000 in the first nine months of 1961. The available data in respect of the first 8 months of 1961 regarding employment in coal mines show an increase from 375,000 in 1960 to 397,000. Many of the new and rapidly growing industries such as general and electrical engineering, chemicals, dyes, paper and paper board and machinery-making industries such as tea processing machinery, sugar mill machinery, machine tools, etc., recorded further increases in employment. Thus employment in a large number of industries for which figures are compiled by the Development Wing of the Ministry of Commerce and Industry and which account for roughly one-sixth of the total industrial employment increased by about 8 per cent over the year.

In the nature of things, available statistics give only a rough indication of trends in unemployment. In a developing economy where rapid social and economic changes are taking place, it is difficult, for example, to distinguish between actual unemployment and the desire for better employment. Subject to these qualifications, mention may be made of the trends revealed by employment exchange statistics. At the end of 1961 the number of applicants registered with the employment exchanges was 1.83 millions as compared to 1.61 millions at the end of 1960. The vacancies notified went up from 520,000 in 1960 to 710,000 and placements made from 300,000 to 400,000. Part of the increase in the number of applicants on the live registers is a consequence of the opening of new exchanges and, as in the past, a considerable number of applicants on the live registers represents those already in employment but seeking better jobs. In 1960, legislation requiring employers to notify certain categories of vacancies of employment to employment exchanges was enforced and this in turn should induce a greater and more effective use of the machinery of employment exchanges.

Economic Policy and Measures.— While economic policy in the short-run has necessarily to respond to emerging circumstances, its overall accent must remain on carrying forward the task of development as envisaged in the five year Plans. The year under review has been the first year of the third five year Plan; and in keeping with the overall programme of development outlined in the Plan, the Central and State Governments made a provision for a Plan outlay of 12,140 million rupees in their budgets for the current year. Actual expenditure on the Plan may be somewhat smaller. Even so, the outlay on the Plan during the first year would amount to some 15 to 16 per cent of the provision of 75,000 million rupees made for the Plan period as a whole.

As already mentioned, the Central budget for 1961-62 took a big stride forward in the implementation of the Plan target for additional taxation. On present reckoning, additional taxation already introduced at the Centre should yield over the five year period more than one-third of the tax target of 11,000 million rupees assigned to the Centre. Progress in regard to additional taxation by the States so far has been slower; but with greater efforts in the coming years, the target of additional taxation of 6,000 million rupees at the States should be within reach. Similarly, measures to promote savings will need to be intensified if the collections of small savings and market borrowings are to come up to Plan expectations. The new public sector projects which are expected to make a sizable contribution to the financing of the Plan had not by and large reached a stage when they could earn a significant profit; and here again, the basic task of making past investments pay for further investments will have to be tackled during the rest of the Plan period by making an efficient and expeditious use of the capacity already built as well as by rational pricing policies.

In response to the easy money conditions prevailing during most of the year, the emphasis in monetary policy was shifted from measures of restraint to a consolidation and strengthening of the banking structure. A number of measures of selective and general credit control were progressively withdrawn or modified. Thus, the additional reserve requirements imposed in March 1960 were withdrawn in January 1961 and the selective credit controls in respect of wheat, sugar, raw jute and jute goods were revoked in the course of the year and those against paddy and rice were modified. With the relaxation of control on advances against commodities, it became possible to withdraw restrictions on clean advances also. At the same time, proposals for the amalgamation of the smaller banks have been formulated in the wake of the bank failures in 1960 and a deposit insurance scheme has been introduced since January 1962. The banks have also been advised to enlarge their capital base by observing certain conventions which would ensure that their reserves are at least equal to their paid-up capital and that the ratio of paid-up capital and published reserves to total deposits is at least six per cent.

Despite the prevalence of comparatively easy money conditions, the earlier policy of raising the cost of credit to the banks by instituting a system of penal rates on scheduled banks' borrowing from the Reserve Bank above certain defined limits has been maintained so as to encourage economy in the use of capital. In the case of public sector enterprises, a balance between equity and loan capital is sought to be maintained and as part of the process of enforcing greater economy in the use of scarce capital resources, the rates at which government corporations can borrow from the government have been raised. Public enterprises in the States such as electricity undertakings as well as quasi-governmental bodies such as the port trusts and the finance corporations are being encouraged to meet their requirements in an increasing measure by approach to the market. At the same time, in keeping with the policy of reducing the high cost of borrowing in the unorganised sector, the Reserve Bank's lending to the agricultural sector and to the co-operative banks continues to be at preferential rates which are significantly lower than the Bank rate and the volume of such lending has been steadily increasing. More recently, with a view to ~~small~~ providing an incentive to scheduled banks to increase their lending to small-scale industries and co-operative institutions, the Reserve Bank has extended to them additional borrowing facilities at the Bank rate.

Price policy too, has been adjusted in response to the emerging conditions of stability without losing sight of long-term requirements. Thus zonal restrictions on the movement of wheat were withdrawn and the existing zones in respect of rice have been enlarged. Among other essential commodities, the prices of cloth continued to be regulated through voluntary arrangements with the industry. The floor price of cotton for the 1961-62 season was raised from 495 rupees to 600 rupees per candy in order to stimulate cotton production. In view of the record production and stocks of sugar, the price control on sugar was removed in September 1961. Similarly, during the earlier part of 1961 when jute prices were ~~rise~~ soaring maximum prices for jute were fixed and dealers in jute were licensed under the Essential Commodities Act. More recently, when jute prices have declined sharply, a buffer stock scheme has been introduced under which mills in the membership of the Indian Jute Mills Association have undertaken to regulate their purchases of jute so as to maintain orderly market conditions.

Among administered prices, the pool prices of fertilisers were reduced in December 1961 to promote the use of fertilisers. The retention prices of cement were revised in November 1961 and greater uniformity in ex-works selling prices was introduced so as to give incentives for higher and more efficient production. The question of the retention price of steel is at present under examination by the Tariff Commission; and in regard to coal, the differential in prices of superior and inferior grades has been widened to stimulate production of the better varieties. On the whole, while some control over the prices of basic investment goods (as well as essential consumer goods) is indispensable in order to maintain the competitiveness of our exports, it is clear that the administration of prices must also ensure an adequate increase in production.

Equally, where a price rise at some stage in the chain of distribution cannot be avoided in view of the prevalent conditions of acute scarcity, and where such a price rise has no productive function to perform, it would be clearly advisable to divert at least a part of the rise to the exchequer. Changes in administered prices from time to time have been guided by the desire to maintain a proper balance between these various considerations in the light of changing circumstances.

In view of the persistence of balance of payments difficulties, import policy has continued to be restrictive. The value of import licences (excluding those for raw jute) issued during April-September 1961 was 4,710 million rupees; this compared with the issue of licences of the value of 4,770 million rupees during the first half of 1960-61. During the current half year so far (October-December), licences of the value of 2,210 million rupees have been issued as compared to 2,140 million rupees in the corresponding period last year. By and large, licences for the import of raw materials and components have been continued at previous level in order to sustain the tempo of domestic production whereas consumer goods licences have continued to account for a small fraction - less than three per cent of the total value of licences.

In the ultimate analysis, an enduring improvement in export earnings presupposes a steady increase in production and productive efficiency and an effective restraint on domestic consumption. Since these objectives of enhancing productivity and savings lie at the very heart of developmental planning, the successful promotion of exports is at once a measure and a consequence of all planning efforts. Nonetheless, the task of promoting exports cannot be envisaged entirely in aggregative terms. The very process of development and the framework of controls within which it operates, throw up new problems which must be taken into account in the strategy for export promotion; and the objective of diversifying exports and export markets in a developing economy requires specific measures in specific cases. To this end, Government has initiated a number of rectifying and promotional measures in recent years including removal of restrictions on exports, reduction and elimination of export duties, schemes of drawback on excise and customs duties, assurance of imported and domestic raw materials and components as well as equipment for exporting units, the establishment of Export Promotion Councils, the institution of quality control of pre-shipment inspection, export credit guarantees and the like. During the year under review, these various export promotion measures were rationalised and extended to a larger number of industries.

At the present stage of India's development, a substantial part of requirements has necessarily to be met from external assistance. The total requirements of external assistance during the third Plan period were estimated at 26,000 million rupees exclusive of P.L.480 imports. Of this, 19,000 million rupees was on account of project imports and the remainder for maintenance imports and for reducing the burden of servicing the foreign debts already incurred. Against these requirements, a sum of about 7,000 million rupees was in hand at the beginning of the third Plan either as carry-over of assistance from the second Plan (3,720 million rupees) or as aid committed for projects to be taken in hand during the third Plan. The Consortium meetings organised by the World Bank in May and June 1961 led to a provisional commitment of assistance of the order of 11,000 million rupees. Outside the Consortium, the country have received a line of credit of 214.3 million rupees from Italy for the development of petroleum industries in the public sector.

With the assistance already committed or promised, it has been possible to cover a substantial portion of the foreign exchange requirements of third Plan projects particularly in the vital sectors of steel, coal, power and transport. A large part of the assistance from the U.S. and the World Bank has been allocated to a number of power projects and to the Railways; and the requirements of private coal mines for expansion are expected to be covered by assistance from the World Bank. An agreement for the expansion of the Bhilai Steel Plant has been signed with the U.S.S.R. and a part of the assistance promised by the U.K. and Germany has been earmarked for the expansion of the other two steel plants in the public sector. Similarly, assistance is ~~large~~ already available for meeting a significant part of the foreign exchange needs of other industrial projects in the public and the private sector.

A welcome feature of the credits arranged in accordance with the commitments made at the Consortium meeting last year has been that they accord with the need for speedier utilisation of the assistance already committed and for terms which bear less heavily on India's balance of payments in the near future. Assistance from the U.S. for example, now includes a sizeable portion for maintenance imports and a major part of German and British credits comes to us in the form of cash instalments.

Further commitments of aid for the second year of the Plan as well as for subsequent years are still needed. And the prompt utilisation of assistance from a number of sources and for a variety of requirements necessarily poses problems which would need increasing attention. Again, since development is a continuous process, some aid commitments for utilisation in the fourth Plan will need to be made during the current Plan period. Nevertheless, the situation regarding assurance of aid for the Third Plan at the present stage shows considerable improvement over the position at the corresponding stage of the second Plan. Altogether, there has been much greater understanding and acceptance abroad of our need for assistance in recent years.

42

Outlook for 1962-63.- Despite the prevalence of somewhat unfavourable weather conditions over large parts of the country, foodgrains production in 1961-62 is expected to be somewhat higher than the record outturn of 79.3 million tons in 1960-61. Among commercial crops, there has been a sizable increase in the production of jute, mesta, groundnuts and sugarcane although cotton crop has suffered on account of excessive rainfall in parts of the country followed by an intense cold spell. Altogether, total agricultural production during the 1961-62 season should show a distinct improvement over the previous year. Government has also in hand stocks of foodgrains of some 2.5 million tons including about a million tons of rice; and facilities for import of substantial quantities of foodgrains under the long-term P.L.480 agreement are available.

The completion of the power schemes taken in hand earlier is expected to add about 0.68 million kw. to total generating capacity during 1961-62; and steps are being taken to accelerate the implementation of power programmes in the second year of the Plan. The output of steel should increase further mainly on account of larger production by the public sector plants. The railways are planning for a significant increase in developmental outlays during the second year of the Plan; and together with the efforts already being made to coordinate the progress in vital sectors such as coal, transport, power and steel, the basic shortages affecting industrial production should diminish progressively. Except for raw cotton, the supplies of agricultural raw materials during the coming year would also be larger. On the whole, therefore, the upward trend in industrial production should be maintained during the coming year.

While there is thus every likelihood of continued improvement in supplies, the pressure of demand in the economy would inevitably be stronger in the coming year. A substantial increase in Plan outlay during 1962-63 would be necessary if the implementation of the third Plan is to proceed on schedule. Such indications as are available regarding investment intentions in the private sector would suggest an increase in demand from this source as well. Taken together with the requirements of larger exports and the inevitable increase in consumption consequent upon the growth in population, the total claims on resources during the coming year would be significantly larger than in the first year of the third Plan. ~~The~~ To some extent, the growing pressure of demand would be absorbed by a corresponding utilisation of external assistance already available. On balance, however, the maintenance of conditions of stability in the coming year would require substantial additional efforts at raising public as well as private savings.

36. Wages.

India - March 1962.

Working of the Minimum Wages Act, 1948, during 1959*.

Employment covered.- The Minimum Wages Act covers sweated industries i.e., employments where labour is un-organised and the changes of exploitation are high. Available information on employment in some of the industries covered by the Act during 1959 is given below:

| State | Employments | | | | | | | | | | | |
|-------------------------|---|--------------------------|--|---------------|-------------|----------------------|---|-------------------------------------|-------------------|------------------|---------------------------------------|-------------------------|
| | Woollen carpet Matt-ing or Shawl weav-ing Estab-lish-ments. | Rice flour or Dal Mills. | Tobacco (inclu-ding Bidi making, manu-factory. | Planta-tions. | Oil mill-s. | Local a-uthori-ties. | Road con-struction or Build-ing opera-tion. | Stone break-ing or stone crush-ing. | Lac manu-factory. | Mica fac-tories. | Tann-eries and Lea-ther Manu-factory. | Public Motor-Transport. |
| Andhra Pradesh. | 32 | 20,245 | 29,488 | - | 7,400 | 35 | - | 1,164 | - | 1,225 | 1,324 | 6,130 |
| Assam | - | 3,425 | - | 521568 | - | - | - | - | - | - | - | 110 |
| Bihar | (205) | 11,203 | 1704733 | - | 2,177 | (682) | 1151025 | 93215 | 1707 | 14019 | (930) | (194366) |
| Bombay | - | 298 | 2,243 | - | 1,354 | 146 | 169 | - | - | - | - | 336 |
| Kerala | - | 1,773 | 18,570 | 132222 | 4,070 | 9,857 | 6,849 | 4,463 | - | - | 1,109 | 9,590 |
| Madhya Pradesh. | - | 434 | 391 | - | 382 | (63879) | (21511) | (11592) | (2010) | - | - | 86 |
| Madras. | 292 | 12,032 | 6,869 | 70767 | 3,091 | 1,830 | 70 | 465 | - | - | 4,695 | 7,595 |
| Punjab. | - | 459 | - | 2,043 | 96 | 4,059 | 53673 | 4 | - | - | 38 | 1,684 |
| Rajasthan (Ajmer Area). | - | 26 | 75,072 | - | - | 1,253 | 18823 | - | - | 16519 | - | 133 |
| Uttar Pradesh. | - | 8,449 | 589 | (3939) | 156 | 1,283 | 22 | 180 | (764) | - | 2 | 123 |
| West Bengal. | - | 11,801 | 2,735 | 196792 | 417 | 17507 | - | - | - | - | - | 2,280 |
| Delhi. | - | - | - | - | - | (12000) | - | - | - | - | - | - |
| Tripura. | - | - | 100 | 6,092 | - | - | - | - | - | - | - | - |

Figures given in the brackets denote the estimated number of workers in the establishments which have not submitted returns.

* Report of the Minimum Wages Act, 1948, during 1959 (Labour Bureau, Ministry of Labour and Employment, Government of India, Publication No. 56); Manager of Publications, Civil Lines, Delhi. pp. 72.

44

Extension to Additional Employment.- The following statement shows the extension of the provision of the Minimum Wages Act to additional employments during 1959:-

| State | Employment added during 1959 |
|---------------------------------------|---|
| Andhra Pradesh (Hyderabad Area). | - |
| Assam. | - |
| Bihar. | * 1. Printing Presses. * 2. Automobile Engineering. * 3. Brick Laying. * 4. Dam Construction and Irrigation Works. |
| Bombay. | - |
| Delhi. | - |
| Kerala . | - |
| Madhya Pradesh. | - |
| Madras. | 1. Cotton Ginning & Pressing. 2. Salt Pans. 3. Coir Manufactory. 4. Match and Fire Works Manufactory. 5. Hosiery Manufactory. 6. Bricks & Tiles Manufactory. |
| Mysore. | 1. Tile Industry. 2. Cotton Ginning & Pressing Manufactory. 3. Cashewnut Industry. 4. Printing Presses. 5. Residential Hotel and Eating Houses 6. Foundry with or without Attached Machine Shafts. 7. Automobile Engineering Industry. 8. Sâat Pan Industry. 9. Silk Textile Industry. 10. Cardamom Malai and Cardamom Gardens |
| Orissa. | - |
| Punjab | Ayurvedic and Unani Pharmacies. |
| Rajasthan (erstwhile Ajmer State). | - |
| West Bengal. | 1. Bone Mills. 2. Cinema Industry. |

* It is required to add the employments once again to the Schedule in case the Government are not able to fix minimum rates of wages within one year from the date of notification for adding them to the Schedule. Hence these four employments were added again in 1959.

Fixation of Minimum Wages.- During the year under review, minimum wages were fixed in Bihar for employment in agriculture (in the districts of Purnea, Saran and Muzaffarpur), in Bombay for employment in commercial establishments, stone breaking and stone crushing, tobacco (including Bidi making) manufactory, tanneries and leather manufactory, oil mills, public motor transport, rice, flour and dal mills and construction or maintenance of roads or building operations; in Kerala for employment in timber industry and printing presses; in Madras for employment in tobacco (including Bidi making) manufactory, public motor transport, agriculture, maintenance of roads, tanneries (excluding tanneries-cum-leather manufactories), rice, flour and dal mills and oil mills; in Madhya Pradesh for employment in agriculture; in Mysore for employment in agriculture, tobacco (including Bidi making) manufactory, tanneries and leather manufactories, road construction or building operations and stone breaking and or stone crushing; in Punjab for employment in Cinema industry, textile industry, contractors' establishments of the Forest Department; in Uttar Pradesh for employment in agriculture and local authority; in West Bengal for employment in cinema industry, stone breaking and stone crushing, dal mills, lac manufactories, bone mill industry, road construction and building operations, public motor transport and agriculture.

Revision of Minimum Wages.- Under Section 3(1)(b) of the Act, the appropriate Governments are required to review the minimum rates of wages fixed and revise the same, if necessary, at such intervals as they may deem proper (such intervals not exceeding five years). Minimum wages were, however, revised by the Government of Andhra Pradesh, Bihar, Bombay, Madhya Pradesh, Punjab, West Bengal and Delhi for certain scheduled employments during the year 1959. In Andhra Pradesh the minimum rates of wages have been revised for employment in oil mills; in Bihar for employment in Bidi manufactory, public motor transport, mica works and agriculture; in Bombay wages have been revised in tobacco (including Bidi making) manufactory; in Madhya Pradesh the Government revised the rates of minimum wages in rice, dal and flour mills, tobacco (including Bidi making) manufactory, oil mills, construction or maintenance of roads and building operations, public motor transport and agriculture (in Raipur and Sidhi districts only); in Punjab the Government revised the minimum wages in tanneries and leather manufactory; in West Bengal the Government revised the minimum rates of wages in flour mills, tea and cinchona plantations and municipalities other than Calcutta Corporation and Howrah Municipality, tobacco (Bidi and cigarette making) manufactories, oil and rice mills, public motor transport and tanneries and leather manufactories; and in Delhi the minimum rates of wages have been revised in building operations and building construction, stone breaking and stone crushing and Delhi Transport Undertaking of Delhi Municipal Corporation.

Enforcement.- The following table gives information regarding inspection visits made by these Officers and the number of irregularities detected by them during the year 1959:-

| Region | | Number of Inspections made | Number of Irregularities deducted |
|----------|--------|----------------------------|-----------------------------------|
| Bombay | -- | 181 | 2,452 |
| Calcutta | -- | 75 | 814 |
| Dhanbad | -- | 687 | 1,676 |
| Kanpur | -- | 215 | 1,465 |
| Madras | -- | 520 | 5,508 |
| Jabalpur | -- | 433 | 3,267 |
| | TOTAL. | 2,111 | 15,182 |

In all, as against 69 prosecutions in 1958, 60 prosecutions were launched in 1959. Of these, 49 were for violation of the provisions relating to display of notices, maintenance of registers, etc., and the rest were for miscellaneous causes. During the year in 38 cases fines were imposed while 7 cases were reported to have been dismissed.

The following table compares the number of inspections made in 1959 and 1958:-

| State | Number of Inspections made during | |
|----------------|-----------------------------------|-----------|
| | 1958 | 1959 |
| Andhra Pradesh | -- 3,635 | 3,130 * |
| Bihar | -- 13,798 | 15,399 ** |
| Bombay | -- 11,315 | 7,357 |
| Kerala | -- 8,142 | 9,468 |
| Madhya Pradesh | -- 2,711 | 3,562 |
| Madras | -- 9,089 | 6,105 * |
| Mysore | -- 1,056 | 406 *** |
| Orissa | -- N.A. | 769 |
| Punjab | -- 4,488 | 7,352 |
| Rajasthan | -- 485 | 1,242 |
| Uttar Pradesh | -- 14,223 | 14,212 |
| West Bengal | -- 103 | 388 |
| Delhi | -- 1,481 | 3,887 |
| Tripura | -- 296 | 131 |
| Assam | -- N.A. | 754 **** |

* No. of establishments inspected.

** Includes 12,031 villages visited.

*** Information relates to Gulbarga and Mangalore areas only.

**** Based on Quarterly Reports for the year 1959.

N.A. - Means not Available.

Difficulties experienced in the Working of the Act and Suggestions.- The Act was amended by the Minimum Wages (Amendment) Act, 1957 rectifying some of the defects noticed earlier in its working. Some of the practical difficulties which were experienced during the year under report in the Central Sphere Undertakings and by the different State Governments are briefly presented below:-

Central Government.- This Act and the Payment of Wages Act and the Rules made thereunder together, contain several identical provisions and as both these enactments are applicable to some of the establishments, such as stone quarries, railway contractors' establishments, railway departmental workers employed in building and construction work, Mica mines, etc., the employers and especially to those who are required to maintain certain registers and display certain notices under these two enactments experience certain difficulties. Even the inspectors, charged with vigilance of the enforcement of these two Acts, face difficulties in this respect. These difficulties can be overcome if the Minimum Wages Act and the Rules made thereunder amended suitably in view of the large number of employments in the Central Sphere covered by the Act. The strength of the inspectors charged with vigilance in the enforcement of the Act, is not adequate as especially in addition to this work they have to perform several other duties. The result is that they are not able to work effectively. As most of the establishments covered by the Act are purely temporary or casual, it is difficult for the inspectors to know in time as to when such establishment has been set up or closed down. To overcome this difficulty, the Act should be amended so as to require the employers in such establishments to inform the concerned officer the dates of opening and closure of the establishment. Most of the workers are not aware of their rights under the Act and the petty employers and contractors take undue advantage of this position. The steps that are being taken by the Government to publish all labour laws in the regional languages will meet this situation to a certain extent. Difficulty is experienced in getting proper evidence to prove non-payment of minimum wages and other infringements of the Act. Afraid of losing their employment, the workers are, being unorganised, reluctant to give evidence against their employers.

Delay is experienced in the Courts in deciding claim applications. In order to expedite the disposal of claim applications, Government have decided to appoint Regional Labour Commissioner(C) as authority under Section 20 of the Act.

In the case of contractors it was found that in many cases the principal contractors engaged sub-contractors or workers on piece-rates of wages and did not maintain proper records.

Lack of transport facilities is another factor adding to the difficulties of vigilance in the enforcement. Some of the mines are located in remote areas which are not easily accessible. The inspectors have not been provided with any transport and are, therefore, sometimes compelled to depend on the employers for the purpose.

Andhra Pradesh.- In Andhra Pradesh, the provisions of the Act relating to the working hours and weekly holidays in the employment in public motor transport industry could not be effectively implemented during the year 1959 also.

Bombay.- It has been reported that the Bidi employers in Greater Bombay have been pleading that the wage-rates fixed for Greater Bombay are not economic. Further, many of the employers in Greater Bombay contended that Bidi rollers were not even their employees, and, therefore, they were not required to comply with the provisions of the Act. In the absence of complaints from the workers, it was difficult to check upon the rates paid to the employees who work at homes. In Sholapur also it was reported that Bidi factory owners were not paying the minimum rates of wages in many cases. For the printing industry in Vidarbha areas difficulties were experienced in the enforcement of the Act as the employers challenged the validity of Government notification fixing minimum wages in printing industry. In quite a few of the Municipalities it was noticed that attendance-cards and wage-slips were not issued to the employees. These municipalities had also some difficulties in maintaining registers in the prescribed forms. The employers in Dal, Flour and Rice Mills in Marathwada region complained that the minimum wage-rates fixed were excessive.

Kerala.- The Government of Kerala felt some difficulty in the implementation of minimum wages for employments in Beedi making and cashew industries due to disparities in the wage-rates fixed in the neighbouring States of Madras and Mysore. Difficulty was also experienced in the maintenance of registers and records in road construction and building operations and agriculture.

Madras.- Due to shortage of staff it was not possible to inspect all the places in the remote villages.

Madhya Pradesh.- It is alleged by some employers in the Bidi industry that rates of minimum wages fixed in the State are higher than those in the neighbouring States like Uttar Pradesh and uneconomic. Some of them as also the employers in other Scheduled employments like public motor transport and local authority have filed writ petitions before the High Court and the Supreme Court. The Government has requested the Central Government to persuade other States to fix minimum wage-rates on par with the Madhya Pradesh rates. The local authorities pleaded that they are not in a position to pay minimum wage-rates to the workers without any financial help for the purpose which is, under consideration by the State Government. Certain technical objections about classification of employees in different categories were raised by the State-owned transport undertakings. In case of road construction and building operations and also stone breaking and stone crushing

49

regular inspections became rather difficult due to the scattered nature of the workplaces in the vast State. Delay is experienced in disposal of claim cases filed.

Mysore.- Enforcement of the Act in Mysore in certain employments was difficult as most of the labour was engaged by contractors. In such cases, it was difficult for the employers to produce registers at the site of employment. It was reported that many employers pay less than minimum wages and obtain signatures for higher amounts. As the provisions of the Act are made applicable to a large number of employments it was found very difficult to arrange for regular inspections. Moreover, inspectors could not take up effective enforcement of the Act in view of the fact that they had to devote most of their time to conciliation and other work.

Orissa.- The implementation of the Act in the establishments under Road construction and building operations, stone breaking and stone crushing and the establishments of public motor transport was difficult as they are widely dispersed.

~~Rajputana~~ Rajasthan.- The employers in Rajasthan being illiterate, some-time found it difficult to maintain prescribed registers and ~~records~~ records. The workers never admitted that they were paid less than the fixed minimum rates of wages due to fear of victimisation.

Uttar Pradesh.- There was difficulty in the maintenance of required records and display of notices, etc. in public ~~motor~~ motor transport, particularly in cases of petty employers who do not have any office or who do not stay in the places where the vehicles ply.

West Bengal.- A good number of firms had not maintained the prescribed registers properly. The West Bengal Government considers that the number of Inspectors is inadequate considering the number of establishments covered under the Act.

Delhi.- The Inspectors in the Delhi Territory experienced some difficulty in getting the provisions of weekly-off day with payment implemented, particularly in building and stone breaking industries.

General Evaluation.- The Minimum Wages Act has resulted in the establishment of a stable system of wage-rates for different occupations in the Scheduled employments. The enforcement of the Act has enabled the workers to receive fair wage-rates and better service conditions. This has also helped the labourers in other industries to demand and obtain higher rates of wages and other benefits as are enjoyed by the workers in the Scheduled employments. This is more so in case of industrially developed and urban areas. It has also contributed in case of industrially developed areas its share for the maintenance of industrial peace and afforded security of income to the labourers. Delayed and irregular wage payments have also been avoided and this has checked to a considerable extent labour indebtedness. The fixation of minimum wages for different employments in agriculture is the first and the primary step taken for the welfare of the agricultural workers whose population in the country as a whole outnumbers the industrial population.

50

Conclusions.- In spite of the handicaps in the implementation of the Act, it has benefited the labour class engaged in the Scheduled employments both by way of enhancement of their wages and by ensuring favourable working conditions for them. Provisions regulating hours of work, rest intervals, weekly-offs, etc. have ameliorated their lot to a considerable extent. The Amendment Act passed in 1957 has eradicated most of the legal flaws in the effective administration of the Act. Considering the problems and difficulties which are inherent in the implementation of any Act, progress made by the Minimum Wages Act, 1948, during the year 1959 may be said to be satisfactory and encouraging.

(The Working of the Act during 1958 was reviewed at pp. 25-32, Section 36, of the report of this Office for April 1961).

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51

Wage Rise for Rubber and Tea Estate Workers:
Government Accepts Recommendations of Wage
Boards.

Shri Abid Ali, Deputy Labour Minister, placed on the table of the Rajya Sabha, on 30 March 1962, the Government's resolution embodying their decisions on the recommendations of the Central Wage Board for Rubber Plantation and the Central Wage Board for Tea Industry. The Government of India has accepted the recommendations of the ~~Wage~~ two Wage Boards for interim relief to workers and is requesting the employers to implement them as early as possible.

The rubber wage board had recommended an interim increase in the rates of daily wages of workers in Madras and Kerala ranging from eight nP. to 15 nP while clerical employees in rubber estates in Kerala, Madras and Mysore were given an interim increase of 10 rupees. These recommendations were to take effect from 1 December 1961.

On the rubber wage board's suggestion that the Government should grant an adequate increase in the prices of rubber consequent on the recommendations for interim relief, the resolution said that no further increase in the prices was considered necessary.

The resolution said that "the existing prices of raw rubber, fixed in consultation with the Tariff Commission in 1960 allow sufficient margin to meet the incidence of the wage board's recommendations."

The Tea Wage Board had recommended interim relief ranging from eight nP to 15 nP in the daily wages of workers in tea gardens in Madras and Kerala. Clerical employees in these two States as well as tea gardens in Mysore would get an increase of 10 rupees per month. The board did not make any recommendation in regard to labour in Mysore tea gardens in view of the 1960 agreement.

(The Hindustan Times, 31 March 1962).

52

Delhi: Minimum Wages for Workers fixed.

By a notification issued on 26 March 1962, the Chief Commissioner of Delhi has fixed 60 rupees a month or 2 rupees a day, as the minimum wage for unskilled labourers, 67 rupees a month or 2.23 rupees a day for semi-skilled workers, and 75 rupees a month, or 2.50 rupees a day, for skilled workers. The notification specifies 73 categories of workers - 13 in the unskilled and 23 in the semi-skilled groups.

The salary of the highly skilled group is open to negotiation between the employer and employee. The minimum wages for clerical and supervisory staff have been set at 75 rupees for non-intermediates, 90 rupees for intermediates and 110 rupees for graduates.

The wages, according to the notification, are subject to further revision, depending on the average cost of living index over a period of 12 months.

(The Hindustan Times, 27 March 1962).

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22

38. Housing.

India - March 1962.

Government Raises Ceiling on Cost and Rent of Houses
for Industrial Workers.

In accordance with one of the recommendations made at the Housing Ministers' Conference (vide pp.20-22 of the report of this Office for the month of November-December 1961) held at Bhubaneswar in November 1961, the Government of India have raised the existing ceiling costs and standard rents for houses, to be built under the subsidised industrial housing scheme, for industrial workers in the country. Owing to the rise in the cost of developed land and building materials since July 1957 when the previous ceiling costs had been prescribed. The revised overall ceiling costs will be as follows:

Outside Bombay and Calcutta and their industrial areas;

Open developed plots 1,400 rupees; skeletal house 2,200 rupees; small two-roomed house (single-storeyed) 3,650 rupees; small two-roomed houses (double-storeyed) 3,850 rupees; small two-roomed house (multi-storeyed) 3,850 rupees; small two-roomed house (multi-storeyed in congested areas in the heart of towns) 5,100 rupees; regular two-roomed house (single-storeyed) 4,250 rupees; regular two-roomed house (double and multi-storeyed) 4,650 rupees.

In Bombay and Calcutta and their industrial areas: Open developed plot 2,100 rupees; skeletal house 3,200 rupees; small two-roomed house (single-storeyed) 5,100 rupees; small two-roomed house (double-storeyed) 5,350 rupees; small two-roomed house (multi-storeyed) 6,400 rupees; regular two-roomed house (single-storeyed) 5,850 rupees; regular two-roomed house (double-storeyed) 6,350 rupees; and regular two-roomed house (multi-storeyed) 8,000 rupees.

The overall ceiling costs in respect of almost all types of houses to be built in towns other than Bombay and Calcutta may be raised by 200 rupees per house in towns with a population of 100,000 to 300,000, and by 500 rupees in those with a population of more than 300,000.

In respect of construction of skeletal and pucca houses in black cotton soil areas, necessitating deeper and stronger foundations and other structural precautions, an additional amount of 250 rupees per house on the overall ceiling costs is also permissible.

The revising ceiling costs will be effective from 1 April 1961. This means that those houses, the construction of which was commenced on or after that date, would be eligible for increased ceiling costs.

The standard rent per month for the plots and houses will range from 4 rupees to 18 rupees outside Bombay and Calcutta and their industrial areas, and from 7.50 rupees to 32.50 rupees in Bombay and Calcutta and their industrial areas.

(The Hindu, 14 March 1962).

39. International Economic Relations.

India - March 1962.

Report of Import and Export Policy Committee Published:
Fiscal Incentives for Promotion of Exports Recommended.

Shri K.C. Reddy, Union Minister for Commerce and Industry, presented to the Lok Sabha on 19 March 1962, the report of Import and Export Policy Committee which was headed by Dr. A. Ramaswamy Mudaliar. To boost up export, the Committee has recommended, among other things, several fiscal incentives including a three-fold system of tax remission. It suggests a remission of seven and a half per cent of profits on basic exports, a tax rebate of five per cent on all export earnings so as to enable exporters to build an export development reserve and a special tax remission of 10 per cent on earnings on additional export, i.e., exports over the basic norm.

The Committee felt that groups of international banks might be agreeable to supply credit for import of raw materials to be used by approved exporters. But it points out that it would be necessary to ensure that foreign exchange so lent is translated into export earnings to form the basis of what they call an "import-export stabilization fund" which could be used for raw material imports for export industries.

In order to ensure high priority to these activities, the Committee has suggested the setting up of an autonomous body to be called "export stabilization board" which would have control over export earnings and would also possess statutory authority to negotiate credit for the import of raw materials to be used for securing export earnings.

When the revolving fund attained the desired level, the Committee says, any surplus exchange that might accrue would revert to the Government. The Committee suggests that a sum of about 250 million rupees to 300 million rupees be made available as revolving fund.

(The Hindustan Times, 20 March 1962).

56

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

INDIA - MARCH 1962.

41. Agriculture.

Nine River Boards to be Constituted for Optimum Utilisation
of Water resources.

According to a report of the activities of the Union Ministry of Irrigation and Power for 1961-62 presented to Parliament recently, the Government of India has written to the State Governments for the establishment of nine river boards for the Mahanadi, Narmada, Tapti, Mahi, Krishna-Godwari, Sutlej, Beas and Ravi, Jumna, Cauvery and Ajoy basins. These river boards are being set up with a view to controlling and regulating the supplies of the inter-State rivers for optimum utilisation, and dealing effectively with the problems in respect of irrigation, hydel-power, generation, flood control, soil conservation, drainage and navigation.

Reviewing the activities of the Ministry during the current financial year, the report also indicates that 76 per cent of the irrigation potential, available at outlets, was irrigated in 1960-61, as compared with 72 per cent in 1959-60.

In terms of actual figures, the potential at channel outlets was 13 million acres, the gross and net areas irrigated being respectively 10 and 9 million acres in 1960-61. Corresponding figures in 1959-60 were 11.5, 8.3 and 7.4 million acres.

The total irrigation potential, remaining to be utilised at the end of the second Plan, the report says, was about 3 million acres. During the Third Plan, an additional irrigation potential of about 16.2 million acres is expected to be created - 13.8 million acres from the continuing schemes, and 2.4 million acres from new schemes of the Third Plan.

The additional utilisation in the Third Plan period is expected to be 12.8 million acres.

There are at present flood control boards in 13 States and four river commissions, for the Brahmaputra, the Ganga, the north-west rivers, and the Central India rivers respectively. Through these bodies and the Central Water and Power Commission, the Ministry have been effecting necessary co-ordination among the States in respect of flood control measures.

(The Hindustan Times, 23 March 1962).

Mysore Land Reforms Act, 1961 (Mysore Act No. 10 of 1962).

The Government of Mysore gazetted on 15 March 1962 the text of the Mysore Land Reforms Act, 1961, which received the assent of the President on 15 March 1962. The Act enacts a uniform law in the State relating to agrarian relations, conferment of ownership on tenants, ceiling on land holdings and certain other matters.

Chapter II of the Act deals with general provisions regarding tenancies. It deals inter alia with persons who are deemed to be tenants, maximum rent payable by a tenant, rights and liability of landlords, procedure for resumption of land from tenants, and procedure for eviction of tenants, compensation for improvement made by tenant, and procedure for recovery of rent.

Chapter III of the Act deals with conferment of ownership on tenants. As soon as may be after the determination of the non-resumable lands, the State Government may by notification declare that with effect from such date as may be specified in such notification all the non-resumable lands which are leased to tenants, whether protected or otherwise, and all lands leased to permanent tenants, in the area within the jurisdiction of such Tribunal, shall stand transferred to and vest in the State Government.

Every person who was a permanent tenant, protected tenant or other tenant or sub-tenant of the landlord shall, with effect on and from the date of vesting, be entitled to be registered as an occupant in respect of lands in the Bombay, Mysore and Hyderabad Areas and Coorg District and to a ryotwari patta in the Madras Area and Bellary District, in respect of lands of which ~~the~~ he was a permanent tenant, protected tenant or other tenant before the date of vesting and which he has been cultivating personally.

The land-owner, landlord and all other persons interested in the land shall for the extinguishment of their rights in the lands vesting in the State Government, be entitled to compensation.

The compensation payable shall be the aggregate of -

- (i) fifteen times the difference between the value in cash of one-fourth of the gross produce and the land revenue of the land, in the case of land possessing facilities for assured irrigation from a tank or river channel, or
- (ii) fifteen times the difference between the value in cash of one-fifth of the gross produce and the land revenue of the land, in the case of land other than land referred to in item (i), or
- (iii) where the rent in respect of the land payable to the landlord under any contract and such rent or the value in cash of such rent, was less than the value referred to in item (i) or item (ii), as the case may be, fifteen times the difference between such rent or the value in cash of such rent and the land revenue of such land.

If the landlord is a small holder the compensation payable shall be twenty times the difference mentioned in item (i) or item (ii) or item (iii), as the case may be. If the tenant in respect of the land was a permanent tenant, the compensation payable shall be six times the difference between the rent payable under clause (b) of sub-section(1) of section 8 and the land revenue payable in respect of such land.

The compensation payable to any person shall, subject to the provisions of section 50,-

(a) be paid in cash in a lumpsum if the amount payable does not exceed ten thousand rupees; and

(b) if the amount payable exceeds ten thousand rupees the amount up to ten thousand rupees shall be paid in cash and the balance shall be paid in negotiable bonds carrying interest at the rate of four and a half per cent per annum and of guaranteed face value maturing within a specified period not exceeding twenty years. Provided that the amount payable under the bonds issued under this clause may be paid in such number of instalments not exceeding twenty as may be prescribed.

Chapter IV of the Act deals with ceiling on land holdings. Section 63 provides that no person either by himself or, if he has a family or is a member of a joint family, together with any other member of his family or of the joint family, as the case may be, shall, whether as a landowner, landlord or tenant or as a mortgagee with possession or otherwise, or partly in one capacity and partly in another, hold land in excess of the ceiling area. Where the number of members of the family of such person or of the joint family of which such person is a member exceeds five, he or the joint family, as the case may be, may hold six additional standard acres for each member in excess of five, so however as not to exceed twice the ceiling areas in the aggregate. In the case of a company, an association or any other body of individuals, the ceiling limit shall be one ceiling area. The term 'ceiling area' has been defined to mean land which is equal to 18 standard acres. Future acquisition of land in excess of ceiling shall be deemed to be surplus land which shall be surrendered to the State Government.

60

The compensation payable in respect of any land to be taken over by the State Government under sections 68, 70 and 71, shall be ten times the average net annual income of the land in question which will be payable as follows:-

- (a) to the tenant, if any, in possession of the land, an amount equal to the average net annual income of the land;
- (b) to the owner, the balance.

The Tribunal shall determine the compensation payable in respect of the land to be vested in the State Government and publish a notification containing particulars of such land and the compensation payable therefor.

Other provisions of the Chapter deal with disposal of surplus land, and management of surplus land.

Chapter V deals with restrictions on transfer of agricultural lands. Chapter VI deals with provisions for cultivation of uncultivated lands, Chapter VII with co-operative farms, Chapter VIII with exemptions, Chapter IX with procedure and jurisdiction of tribunal and appeals, Chapter X with offences and penalties and Chapter XI with miscellaneous matters.

(The Mysore Gazette, Part IV, Sec. 2B,
15 March 1962, pp. 225-301)

61

44. Merchant Marine and Fisheries.

India - March 1962.

Annual Report of the Madras Dock Labour Board for the
Year 1960-1961.

A review of the Annual Report of the Madras Dock Labour Board for the year 1960-61 has been published in the Indian Labour Journal, February 1962. The salient features of this review are reviewed below:

Employment.- During the year under review, judging by the average employment throughout the year there was an improvement in the employment situation as compared to that of previous years. The average employment in respect of Mazdoors during the year was 22 days in a month as against 17 days during the previous year. The total number of workers on rolls on 31 March 1961, was 1,625.

The Government of India appointed a Committee to fix datum and other details of Piece Rate for handling ore and rock phosphate at the mechanical berth in the Madras Port. The Committee had not completed its work till the end of the year under review except for authorising working of the mechanical berth at time rate wages temporarily and for fixing the stevedore workers to be supplied for each iron ore vessel at its berth as one tindal and four mazdoors.

Listing Scheme.- During the year under review, the Board completed listing of all categories of workers under the Madras Unregistered Dock Workers (Regulation of Employment) Scheme, 1957. The total number of workers listed was 2,492. The listing of workers was based on recommendation of unregistered dock workers sub-committee which interviewed all the workers who applied for listing. The total number of listed employers as on the 31 March 1961 was 24. Four employers were removed from the list for failure to pay administrative charges, which continued at 50 rupees per month per employer.

An important development regarding the listed workers which took place during the year under review, was that, as a result of mutual negotiations and voluntary agreement between representatives of the employers and employees, the listed coal stevedore workers were formed into a pool, similar to the Reserve Pool of the Board, work was given on rotation and a Piece Rate Scheme was evolved.

Wages and Allowances.- The wages and allowances and leave wages paid to the Reserve Pool Workers continued to be the same as in the previous year. The total wages paid during the year under review was Rs.3,507,723.58 NP.

Holidays and Leave.- During the year under review, eight holidays were declared for the Reserve Pool workers. Provision for the grant of special casual leave for 6 days for workers who undergo sterilization operation under the Family Planning Scheme was made in the Standing Orders for daily workers and in the leave rules applicable to the staff and officers of the Board.

Welfare Facilities.- The medical facilities offered to the employees of the Madras Dock Labour Board Dispensary continued to be the same as in the previous year. The average attendance at the dispensary per day during the year under review was 110 as against 100 for the previous year. The total expenditure on the dispensary was Rs.36,146.34NP. as compared to Rs.35,217.91NP. of the previous year. In the matter of housing of dock workers a sum of 600,000 rupees was set aside from the Welfare Fund for this purpose. The Board decided to construct 11 units of two storeyed buildings with 8 tenements in each with the amount available in the Welfare Board Fund. On a request from the Board, the Madras Port Trust agreed to execute the construction work departmentally without any centage charges. The Chief Engineer of the Madras Port Trust agreed took steps to evolve a suitable design for two room tenements and to prepare a general lay-out plan. An important addition to the welfare activities of the Board was the introduction of the scheme for the award of scholarships to the children of the Reserve Pool workers. It was proposed to award 15 Grade II scholarships of 5 rupees each per month (for VI-VII classes), 10 Grade I scholarships of Rs.10/- each per month (covering IX to S.S.L.C. classes) and 2 scholarships of 15 rupees each per month for technical courses, during the year under review. However, the Reserve Pool workers did not fully utilise this scheme, and the total number of scholarships awarded was 18.

Finances.- The total receipts during the year were Rs.1,855,305.45Np. in the General Fund Accounts and Rs.210,612.01Np. in the Welfare Fund Account. The total expenditure on these two accounts were Rs.985,115.73Np. and Rs.42,928.78Np. The total amount standing to the credit of General and Welfare Fund on 31 March 1961 was Rs.1,037,275.81Np. and Rs.1,033,958.52Np. (including a sum of Rs.252,225.17Np. held as the value of land for the purposes of housing dock workers).

Enforcement.- During the year under review the Labour Officer received 107 cases, of which one was referred to the Executive Officer for higher punishment. No appeal was preferred to the Executive Officer against the order of Labour Officer. The Personnel Officer received 4 cases during the year and disposed of all of them.

(Indian Labour Journal, Vol.III, No.2,
February 1962, pp. 89-90).

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64

CHAPTER 5. WORKING CONDITIONS AND LIVING STANDARDS.

INDIA - MARCH 1962.

50. General.

Mysore Shops and Commercial Establishments Act, 1961
(Mysore Act No. 8 of 1962).

The Mysore Shops and Commercial Establishments Bill (vide pages 40-42 of the report of this Office for February 1959) as passed by the Mysore Legislature received the assent of the President on 15 February 1962 and has been gazetted as Mysore Act No. 8 of 1962.

The Act extends to the whole of the State of Mysore and is to come into force on such date as the State Government may by notification appoint. It shall apply, in the first instance, to 80 areas specified in the Schedule to the Act, and to such other areas in which any of the Acts repealed by section 42 applied. It shall apply to any other area with effect from such date as the State Government may by notification specify.

Registration of establishments.- Section 4 of the Act provides that within a specified period the employer of every establishment shall send to the Inspector of the area concerned, a statement in the prescribed form together with such fees as may be prescribed, containing prescribed particulars. On receipt of the statement and the fees, the Inspector shall, on being satisfied about the correctness of the statement, register the establishment in the register of establishments in such manner as may be prescribed, and shall issue, in a prescribed form, a registration certificate to the employer.

Hours of work.- No employee in any establishment shall be required or allowed to work for more than nine hours on any day and ~~exceed ten~~ forty-eight hours in any week. The total number of hours of work including overtime shall not exceed ten hours in any day except on days of stock-taking and preparation of accounts. The total number of overtime hours worked by an employee does not exceed fifty in a period of three continuous months. No young person between the age of twelve and fifteen shall be allowed to work in any establishment for more than five hours in a day.

Wages for overtime work are fixed at twice the rate of normal wages.

The periods of work of an employee in an establishment each day shall be so fixed that no period shall exceed five hours and that no such person shall work for more than five hours before ~~the~~ he has had an interval of rest of at least one hour. The periods of work of an employee in an establishment shall be so fixed that, inclusive of his interval for rest, they shall not spreadover more than twelve hours in any day.

Opening and Closing hours.- No establishment shall on any day, be opened earlier than and closed later than such hours as may be fixed by a notification issued by the State Government. The State Government may, fix different hours for different establishments or different classes of establishments or for different areas or for different times of the year.

Weekly holiday.- Every establishment shall remain closed for one day of the week. The employer shall fix such date at the beginning of the year, notify it to the Inspector and specify it in a notice prominently displayed in a conspicuous place in the establishment. Every employee in an establishment shall be given at least one whole day in a week as a holiday for rest. In establishments in which rest for one-and-a-half days in a week is allowed, such period of rest shall be continued.

Annual leave with wages.- Every employee who has worked for a period of two hundred and forty days or more in an establishment, during a calendar year, shall be allowed during the subsequent calendar year, leave with wages for a number of days calculated at the rate of -

- (i) if an adult, one day for every twenty days of work performed by him during the previous calendar year;
- (ii) if a young person, one day for every fifteen days of work performed by him during the previous calendar year.

The provisions shall not operate to the prejudice of any rights to which an employee may be entitled under any other law or under the terms of any award, agreement or contract of service.

Every employee shall also be entitled during the first twelve months of continuous service and during every subsequent twelve months of such service in any establishment to leave with wages for a period not exceeding twelve days, on the ground of any sickness incurred or accident sustained by him or for any other reasonable cause.

Application of certain Acts.- The provisions of the Workmen's Compensation Act, 1923 and the Mysore Maternity Benefit Act, 1959, and the rules made thereunder shall mutatis mutandis apply to employees and employers of shops and commercial establishments. The State Government may direct that the provisions of the Payment of Wages Act, 1936, shall apply to all or any class of employees and their employers to which this Act applies.

Employment of children and women.- No child under 12 years of age shall be required or allowed to work in any establishment. No woman, or a young person between the age of twelve and fifteen, shall be required or allowed to work whether as an employee or otherwise in any establishment during night. The term 'night' has been defined to mean a period of at least 12 consecutive hours which shall include the interval between 8 p.m. and 6 a.m.

Notice of dismissal.- No employer shall remove or dismiss an employee who has put in service under him continuously for a period of not less than six months, except for a reasonable cause and unless and until one month's previous notice or pay in lieu thereof has been given to him. Where misconduct of an employee is brought on record with proof at an enquiry held for the purpose, he shall not be entitled to the notice or pay in lieu of such notice.

Repeals.- The Bombay Shops and Establishments Act, 1948, (Bombay Act LXXIX of 1948), as in force in the Bombay Area, the Hyderabad Shops and Establishments Act, 1951 (Hyderabad Act X of 1951), as in force in the Hyderabad Areas, the Madras Shops and Establishments Act 1947 (Madras Act XXXVI of 1947), as in force in the Madras Area, and the Mysore Shops and Establishments Act, 1948 (Mysore Act II of 1948), as in force in the Mysore Area, are repealed.

Other provisions of the Act deal with enforcement and inspection, offences, penalties and procedure.

(The Mysore Gazette, Part IV, Sec. 2B,
1 March 1962, pp. 161-184).

Kerala Beedi and Cigar Industrial Premises(Regulation of Conditions of Work) Act,1961(Kerala Act 8 of 1962).

The Government of Kerala gazetted on 15 March 1962 the text of the Kerala Beedi and Cigar Industrial Premises (Regulation of Conditions of Work) Act,1961, which received the assent of the President on 8 March 1962. The Act regulates the conditions of work in beedi and cigar industrial premises in the State of Kerala.

The Act extends to the whole of the State of Kerala and comes into force on such date as the Government may, by notification in the Gazette, appoint.

The Act provides that save as otherwise provided in the Act, no place or premises shall, on and after such date as the Government may, by notification, specify in this behalf, be used as a beedi and cigar industrial premises without a licence obtained from the competent authority and except in accordance with the terms and conditions specified therein. A licence granted under the Act is valid for a financial year and shall be renewed from financial year to financial year.

Opening and closing hours.- No beedi and cigar industrial premises shall on any day be opened earlier than 7 a.m. or closed later than 7 p.m.

Hours of work.- No employee shall be required or allowed to work in any beedi and cigar industrial premises for more than nine hours in any day, or more than 48 hours in any week. An adult employee may be allowed to work in a beedi and cigar industrial premises for any period in excess of the limit fixed under this sub-section subject to payment of over-time wages if the period of work including overtime work does not exceed ten hours in any day and in the aggregate 54 hours in any week.

No employee in any beedi and cigar industrial premises shall be required or allowed to work therein for more than five hours in any day unless he has had an interval for rest of at least one hour.

Wages for overtime work are fixed at twice the ordinary rate of wages.

68

Every employee in a beedi and cigar industrial premises shall be allowed in each week a holiday of one whole day. No deduction shall be made from the wages of any employee in a beedi and cigar industrial premises on account of any day on which a holiday has been allowed in accordance with this section.

No wage period shall exceed one month.

Annual leave with wages.- Every employee in a beedi and cigar industrial premises shall be allowed in a calendar year leave with wages for a number of days calculated at the rate of one day for every twenty days of work performed by him during the previous calendar year. The leave admissible under this sub-section shall be exclusive of all holidays whetherecurring during or at the beginning or at the end of the period of leave.

For the leave allowed to him an employee shall be paid at a rate equal to the daily average of his total full time earnings for the days on which he worked during the month immediately preceding his leave, exclusive of any overtime and bonus, but inclusive of dearness allowance.

Notice of dismissal.- No employer shall dispense with the services of an employee employed continuously for a period of not less than six months, except for a reasonable cause and without giving such employee at least one month's notice or wages in lieu of such notice, provided however that such notice shall not be necessary where the services of such employee are dispensed with on a charge of misconduct supported by satisfactory evidence recorded at an inquiry held for the purpose.

Prohibition of employment of children and women.- No child under 14 years of age shall be required or allowed to work in any beedi and cigar industrial premises.

No woman or young person between 14 and 18 years of age shall be required or allowed to work in any beedi and cigar industrial premises except between 8 a.m. and 5 p.m.

The Government may make rules requiring that in every beedi and cigar industrial premises wherein one hundred and fifty or more employees are employed, one or more canteens shall be provided and maintained by the employer for the use of the employees.

Latrines and urinals.- In every beedi and cigar industrial premises sufficient latrine and urinal accommodation of prescribed types shall be provided conveniently situated and accessible to employees at all times while they are in the beedi and cigar industrial premises.

69

The premises of every beedi and cigar industrial premises shall be kept clean and free from effluvia arising from any drain or privy or other nuisance, and shall be cleaned at such times and by such methods as may be prescribed.

The premises of every beedi and cigar industrial premises shall be ventilated and sufficiently lighted in accordance with such standards and by such methods as may be prescribed.

In every Beedi and cigar industrial premises the employer shall take such precautions against fire as may be prescribed.

The provisions of the Industrial Employment (Standing Orders) Act, 1946 (Central Act 20 of 1946), as in force for the time being, shall apply to every beedi and cigar industrial premises wherein fifty or more employees are employed or were employed on any one day of the preceding twelve months as if such beedi and cigar industrial premises were an industrial establishment to which the aforesaid Act has been applied by a notification under sub-section (3) of section 1 thereof, and as if the employee in the said premises were a workman within the meaning of that Act.

Notwithstanding anything contained in the Payment of Wages Act, 1936, the Government may, by notification, direct that, subject to the provisions of sub-section (2), the said Act or any of the provisions thereof or the rules made thereunder shall apply to all or any class of employees in beedi and cigar industrial premises to which the Act applies.

On and from the date on which this Act comes into force, the Factories Act, 1948 (Central Act 63 of 1948), shall cease to apply to beedi and cigar industrial premises.

Other provisions relate to appointment, powers and duties of inspectors, powers of inspectors, offences and penalties.

(Kerala Gazette, Extraordinary,
15 March 1962, pp. 1-13).

CHAPTER 8. MANPOWER PROBLEMS.

INDIA - MARCH 1962.

81. Employment Situation.

Kerala: State Committee discusses measures to end growing Unemployment.

Addressing a meeting of the State Committee on employment held in Trivandrum on 3 March 1962, Shri K.T. Achuthan, State Minister for Labour and Transport said that the unemployment situation was getting more and more aggravated from year to year as the output of educational institutions was increasing rapidly and the pace of economic development was not fast enough to provide in sufficient number the kind of jobs that educated persons asked for. He said that various estimates had been made regarding the backlog of unemployment in Kerala at the end of the second Five-Year Plan and the growth of the labour force during the third Plan. The estimates placed the backlog at nearly 600,000 and the new entrants at about 900,000. The task, therefore, was to find during the third Plan employment for nearly 1,500,000 of persons in the State. If a more limited target was set, then 900,000 of jobs for the new entrants into the labour force would need to be created in Kerala. Nothing short of this was likely to be satisfactory from any point of view, he said.

The Committee discussed the creation of new employment opportunities, the need to set up a special employment exchange in the State for physically handicapped persons, resettlement problem of ex-service personnel, formation of district committees on employment and the need for conducting special manpower studies.

(The Hindustan Times, 5 March 1962).

Employment Exchanges: Working during December 1961.

Employment Situation.- According to the Review of the activities of the Directorate General of Employment and Training for the month of December 1961, the number of registrations effected during the month of December 1961, by the employment exchanges was 259,774 as against 241,763 of November 1961, showing a rise of 18,011. A total of 1,832,703 applicants were on the Live Register at the end of December 1961 as against 1,848,340 in the preceding month showing a decrease of 15,637. The number of employers who utilised the services of employment exchanges during the month under report was 10,513 as against 10,665 in November 1961 showing a fall of 152. The number of vacancies notified to the employment exchanges during the month of December 1961 was 58,906 as against 56,116 during November 1961 showing a rise of 2,790. A total of 33,844 placements were effected during the month under report as against 33,721 during the previous month showing a rise of 123.

Shortages and Surpluses.- Shortage was reported in respect of fast typists, stenographers, nurses, midwives, compounders, doctors, health visitors, trained teachers, engineers, skilled turners, overseers, accountants and physical training instructors. On the other hand, surplus were reported in respect of clerks, untrained teachers and motor drivers.

Collection of Employment Market Information.- All India Quarterly Employment Review for the quarter ended 31 March 1961, was issued during the month of December 1961. Fiftyeight employment market reports relating to different areas in different States were issued in December 1961.

Vocational Guidance and Employment Counselling.- Seven Vocational Guidance Sections were opened during December 1961 in the employment exchanges at Gurgaon, Karnal, Hoshiarpur, Bhubaneswar, Karaput, Gurudaspur, and Coimbatore, thus bringing the total number of Vocational Guidance Sections to 86 at the end of December 1961.

Central Employment Exchange (Special Cell).- The Central Employment Exchange (Special Cell) rendered employment assistance to retrenched workers in various projects and establishments during the month of December 1961 as below:-

| | Number Retrenched. | Number Placed. | Number awaiting assistance. |
|--|-----------------------|-------------------|--|
| Damodar Valley Corporation. | 48 | 141 | 883 |
| Bhakra Nangal Project. | 3 | - | 13 |
| Bhilai Steel Project. | - | 121 | 3,142 |
| Durgapur Steel Project. | 38 | 3 | 629 |
| Special Cell of the Ministry of Home Affairs. | 76 | 63 | Class I & II: 188 Class III. : 335 Class IV. : 41 <u>Total. 564</u> |

Employment Assistance to Physically Handicapped Persons.-During the quarter October 1961 - December 1961, employment exchanges at Bombay and Delhi registered 80 physically handicapped persons bringing the total number on the Live Register to 386 at the end of December 1961. Thirtyseven persons were placed in employment.

Gorakhpur Labour Organisation.- During the month of December 1961, the Gorakhpur Labour Organisation despatched 1,280 workers to various work-sites.

Opening of additional Employment Exchanges.- Six additional employment exchanges were opened during the month of December 1961 in the States of Himachal Pradesh, Gujerat and Uttar Pradesh, thus bringing the total number of Employment Exchanges to 333 at the end of December 1961.

(Review of the activities of the Directorate-General of Employment and Training for the month of December 1961: Ministry of Labour and Employment, Government of India, New Delhi).

73

83. Vocational Training.

India - March 1962.

Labour Ministry's Training Scheme: Working during December 1961.

According to the Review on the activities of the Directorate-General of Employment and Training during the month of December 1961, there were 166 institutes for training of craftsmen, 14 work and orientation centres for educated unemployed, 100 undertakings imparting apprenticeship training and 18 centres holding evening classes for industrial workers. The total number of seats in all these centres were 51,932 and the total number of persons undergoing training stood at 43,009.

Craftsmen Training.- A total of 1,804 seats in the State of Bihar, 436 in Madhya Pradesh, 88 in Madras, 212 in Mysore, 80 in Maharashtra, 588 in Punjab, and 688 in West Bengal, were sanctioned during the month of December 1961, thus, bringing the total number of sanctioned seats at the end of December 1961 to 33,836.

Evening Classes for Industrial Workers.- One hundred seats were sanctioned during the month of December 1961, thus, bringing the total to 500 seats under the third Five Year Plan.

Inspections.- Officers of the Directorate-General of Employment and Training inspected the Industrial Training Institutes of Arab-ki-sarai(New Delhi), Tilak Nagar(New Delhi), Malviya Nagar (New Delhi), Subzimandi(Delhi), Curzon Road(New Delhi), Coimbatore, Madurai, Guddalore, Madras, Calicut and Trivandrum during the month of December 1961.

(Review on the activities of the
Directorate-General of Employment and
Training for the month of December 1961:
Ministry of Labour and Employment,
Government of India, New Delhi)

76

CHAPTER 9. SOCIAL SECURITY.

INDIA - MARCH 1962.

91. Pre-legislation Measures.

Compensation to Railway Accident Victims Liberalised.

The Railway Ministry has decided on a liberal scale of compensation to victims of railway accidents. Under the new provisions, there will be no distinction between a wage-earner and a non-wage-earner and or between a child and an adult. All victims would be paid a minimum of 4,000 rupees as compensation in the case of death and 5,500 rupees in the case of disablement.

The following are some of the existing and the proposed scales of compensation:-

| Income | Compensation for Death | | Compensation for Disablement | |
|------------------------------|------------------------|------------------------------|------------------------------|------------------------------|
| | Existing | Proposed | Existing | Proposed |
| Not exceeding Rs.70 a month. | Rs.3,200 | Rs.4,000 | Rs.4,400 | Rs. 5,500 |
| Rs.71 to Rs.100. | Rs.4,500 | Rs.5,700 | Rs.6,300 | Rs. 8,000 |
| Rs.500 to Rs.1,000. | Rs.8,000 | Rs.12,000 | Rs.10,000 | Rs.15,000 |
| Rs.100. and above. | Rs.10,000 | Rs.14,000 | Rs.10,000 | Rs.17,000 |
| | | (upto a salary of Rs.2,000). | | (upto a salary of Rs.2,000). |
| Above Rs.2,000. | Rs.20,000 | Rs.20,000 | | Rs.20,000 |

(The Hindustan Times, 13 March 1962).

75

92. Legislation.

India - March 1962.

Punjab: Employees' State Insurance Scheme extended to
Certain Area in the State.

In exercise of the powers conferred under the Employees' State Insurance Act, 1948, the Central Government has appointed the 25th March 1962 as the date on which the provisions of Chapter IV (except sections 44 and 45 which have already been brought into force), and Chapters V and VI (except sub-section(1) of section 76 and sections 77, 78, 79 and 81 which have already been brought into force) of the said Act, shall come into force in the following area in the State of Punjab, namely:-

"The area under Had Bast No. 103 of village Chachahk in Tehsil Phagwara District Kapurthala."

(Notification S O 849 dated 19 March 1962, the Gazette of India, Part II, Sec. 3, sub-sec. (ii), 19 March 1962, page 519).

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Employees' State Insurance Scheme: Employers' Special
Contribution Raised in Certain Areas.

In exercise of the powers conferred under the Employees' State Insurance Act, 1948, the Central Government has varied with effect from 1 April 1962, the percentage of the total wage bill of the employers constituting the employer's special contribution to the following extent, notice of the same having been previously given in the notification of the Government of India in the Ministry of Labour and Employment No.S.O.230 dated the 19th January 1962, namely:-

In the case of factories and establishments situate in any area in which the provisions of both Chapters IV and V of the said Act are in force, the employers' special contribution shall be raised from $1\frac{1}{4}$ percent to $2\frac{1}{8}$ per cent of the total wage bill of the employer.

(Notification SO 851, dated 20 March 1962,
the Gazette of India, Extraordinary,
Part II, Sec.3, sub-sec.(ii), 20 March 1962,
page 523)

77

Mysore: Employees' State Insurance Scheme Extended to
Certain Areas in the State.

In exercise of the powers conferred under the Employees' State Insurance Act, 1948, the Central Government has appointed 4 March 1962, as the date on which the provisions of Chapter IV (except sections 44 and 45 which have already been brought into force), Chapter V and Chapter VI (except sub-section (1) of section 76 and sections 77, 78, 79 and 81 which have already been brought into force) of the said Act shall come into force in the following areas, namely:-

The areas within the limits of Municipal Council Mysore and the areas comprised by the Revenue Villages of:-

- (1) Hinakal. (2) Padavarahalli. (3) Maragowdanahalli.
- (4) Belavatha. (5) Erangere. (6) Devanur. (7) Kathamanahalli (including village site or Gavatana). (8) Kurubarahalli Kasava village. (9) Kannagowdana Koppal. (10) Kukkarahalli. (11) Bogadi.
- (12) Vijayasapuram. (13) Haradanahalli. (14) Nachanahalli.
- (15) Sakadevapura. (16) Kumbhar Koppal. (17) Vaddarapalya.
- (18) Hebbal. (19) Kesere. (20) Tonchikoppal (including Jayalakshmi Villasa Mansion and quarter on the West and Bammi Mantap and Motor Loop Road on the North portion of Narsimharaj Mohalla on the East and Sewage Farm on the South).

(Notification SO 669 dated 27 February 1962, the Gazette of India, Part II, Sec. 3, sub-sec. (ii), 3 March 1962, pp. 603-604).

78

Madras: Employees' State Insurance Scheme extended to
Certain Areas in the State.

In exercise of the powers conferred under the Employees' State Insurance Act, 1948, the Central Government has appointed the 1 April 1962, as the date on which the provisions of Chapter IV (except sections 44 and 45 which have already been brought into force) and Chapters V and VI (except sub-section (1) of section 76 and sections 77, 78, 79 and 81 which have already been brought into force) of the said Act shall come into force in the following areas of Kumbakonam in the State of Madras, namely:-

The areas within the revenue villages of:

- (a) Patnam;
 - (b) Inam Melacauvery ;
 - (c) Palavattankattalai;
 - (d) Innambur;
 - (e) Ullur;
 - (f) Bahurajapuram;
 - (g) Survamanyakottayur; and
 - (h) Moopakoil;
- in Kumbakonam taluk, Thanjavur District.

(Notification SO 948 dated 23 March 1962,
the Gazette of India, Part II, Sec. 3,
sub-sec.(ii), 31 March 1962, page 892).

CHAPTER 11. OCCUPATIONAL SAFETY AND HEALTH.

INDIA - MARCH 1962.

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

Rules regulating the Handling of Explosives in the Port of Madras.

The Central Government published on 17 March 1962 the Explosives (Madras Port) Supplementary Rules, 1961, made in exercise of the powers conferred under the Indian Explosives Act, 1884. The rules prescribe inter alia the duties of the consignee/consignor of explosive cargo, the duties and precautions to be enforced by the Masters of ships carrying/landing/shipping explosives, obligations of the port trust, duties of the traffic official and police, the different classes of explosives absolutely excluded from and within the limits of the port, the classes of explosives to be discharged or shipped outside the enclosed harbour, the different classes of unrestricted explosives which may be landed or shipped at places indicated by the Deputy Port Conservator, hours of working for discharging explosives, quantities of explosives to be loaded in individual boats, manner of construction of boats for carrying explosives, fire-fighting arrangements to be provided in boats carrying explosives, penalties and enforcement.

(Notification G.S.R. 326 dated 5 March 1962, the Gazette of India, Part III, Sec. 3, sub-section (i), 17 March 1962, pp. 314-321).

80

LIST OF PRINCIPAL LAWS PROMULGATED DURING THE
PERIOD COVERED BY THE REPORT FOR MARCH 1962.

INDIA - MARCH 1962.

CHAPTER 3. ECONOMIC QUESTIONS.

The Kerala Relief Undertakings (Special Provisions) Act, 1961
(Kerala Act 6 of 1962) (Kerala Gazette, Extraordinary,
26 February 1962, pp. 1-4).

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

The Mysore Land Reforms Act, 1961 (Mysore Act No. 10 of 1962)
(The Mysore Gazette, Part IV, Sec. 2B, 15 March 1962,
pp. 225-301)*

CHAPTER 5. WORKING CONDITIONS AND LIVING STANDARDS.

- (a) The Mysore Shops and Commercial Establishments Act, 1961
(Mysore Act No. 8 of 1962) (Mysore Gazette, Part IV, Section 2B,
1 March 1962, pp. 161-184).
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