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INTERNATIONAL LABOUR OFFICE  
INDIA BRANCH

INDUSTRIAL AND LABOUR DEVELOPMENTS IN MAY 1956.

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

<u>Contents.</u>	<u>Pages.</u>
 <u>CHAPTER 1. INTERNATIONAL LABOUR ORGANISATION.</u>	
<u>11. Political Situation and Administrative Action:</u>	
States Reorganisation Bill, 1956, introduced.	1
 <u>CHAPTER 2. INTERNATIONAL AND NATIONAL ORGANISATIONS.</u>	
<u>24. Non-Governmental Organisations (International, Regional and National) Other than Employers' and Workers' Trade Organisations:</u>	
National Conference on Child Welfare: Need for setting up of a Ministry of Social Welfare urged.	2-3
<u>25. Wage-Earners' Organisations:</u>	
Eighth Annual Session of Indian National Trade Union Congress: Higher Wages and Labour's Participation in Industrial Management demanded: Government's Industrial Policy supported.	4-13
<u>29. International Co-operation:</u>	
(a) Atomic Reactor to be set up in Bombay: Agreement on India - Canada Project signed.	14-15
(b) Technical Institute to be set up under UNESCO Aid Programme: USSR to provide Equipment Valued at 10 Million Rupees.	16
(c) U.S. Aid to India: Three New Agreements signed.	17
 <u>CHAPTER 3. ECONOMIC QUESTIONS.</u>	
<u>32. Public Finance and Fiscal Policy:</u>	
(a) Finance Commission Constituted.	18
(b) The Finance Act, 1956 (No. 18 of 1956).	19
(c) Reserve Bank of India (Amendment) Bill, 1956: Measure to check Inflationary Trend in Second Five Year Plan Period.	19-20

<u>Contents.</u>	<u>Pages.</u>
<b>34. <u>Economic Planning, Control and Development:</u></b>	
(a) Government's New Industrial Policy enunciated: More Industries Reserved for Public Sector and Fair Treatment to Private Sector promised.	21-24
(b) Second Five Year Plan presented to Lok Sabha: Private Sectors' Outlay raised.	25-32
(c) Slight Rise in National Income in 1954-1955: Central Statistical Organisation's Estimate.	32-33
<b>39. <u>International Economic Relations:</u></b>	
(a) Indo-Soviet Shipping Agreement signed.	34-35
(b) Trade Pact with Bulgaria signed: India to Import Machinery.	35
(c) Trade Agreement signed with Poland: India to buy 500,000 Tons of Steel Products.	36
(d) India signs Trade Pact with Yugoslavia.	37
(e) India - Poland Cargo Shipping Service: Agreement signed.	38
 <b><u>CHAPTER 4. PROBLEMS PECULIAR TO CERTAIN BRANCHES OF THE NATIONAL ECONOMY.</u></b> 	
<b>41. <u>Agriculture:</u></b>	
(a) Results of Research must Reach Farmers: President inaugurates Farmers' Convention.	39-41
(b) Uttar Pradesh: Jaunsar - Bawar Zamindari Abolition and Land Reforms Act, 1956 (U.P. Act XI of 1956).	42
<b>43. <u>Handicrafts:</u></b>	
Madhya Pradesh Khadi and Village Industries Board Act 1956 (No. IX of 1956).	43
<b>44. <u>Merchant Marine and Fisheries:</u></b>	
Socio-Economic Conditions of Fishermen in Bombay Area.	44-50
 <b><u>CHAPTER 5. WORKING CONDITIONS AND LIVING STANDARDS.</u></b> 	
<b>52. <u>Workers' Welfare, Recreation and Workers' Education:</u></b>	
Bombay Labour Welfare Fund (Amendment) Act, 1956, (XVI of 1956).	51

Contents.

Pages.

CHAPTER 6. GENERAL RIGHTS OF WORKERS.

63. Individual Contracts of Employments

Working of the Industrial Employment(Standing Orders) Act,1946, during 1954.

52-53

65. Collective Agreements:

(a) Bombay: Agreement on Payment of Bonus to Dock Workers signed.

54

(b) Travancore-Cochin: Bonus for Estate Workers: Agreement reached at Tripartite Conference.

55

67. Conciliation and Arbitration:

Industrial Disputes(Amendment) Bill,1956.

56-57

CHAPTER 7. PROBLEMS PECULIAR TO CERTAIN CATEGORIES OF WORKERS.

71. Employees and Salaried Intellectual Workers:

Fixation of Wage Rates for Working Journalists: Wage Board constituted.

58

74. Indigenous Labour:

Madras Compulsory Labour(Amendment)Act,1956, (No.VIII of 1956).

59

CHAPTER 8. MANPOWER PROBLEMS.

81. Employment Situation:

Employment Exchanges: Working during March 1956.

60-62

83. Vocational Training:

Labour Ministry's Training Schemes: Progress during March 1956.

63-64

LIST OF PRINCIPAL LAWS PROMULGATED DURING THE PERIOD COVERED BY THE REPORT FOR MAY 1956.

65

BIBLIOGRAPHY - INDIA - MAY 1956.

66-67.

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## CHAPTER 1. INTERNATIONAL LABOUR ORGANISATION.

### INDIA - MAY 1956.

#### 11. Political Situation and Administrative Action.

##### States Reorganisation Bill, 1956, introduced

Shri Govind Ballabh Pant, Minister for Home Affairs, Government of India, introduced in the Lok Sabha on 18 April 1956, a Bill to provide for the reorganisation of the States in India and for matters connected therewith. The Bill seeks to give effect to the Central Government's decisions on the States Reorganisation (vide pages 1-3 of the report of this Office for January 1956).

The main features of the reorganisation proposed are the abolition of the existing constitutional distinction between Part A, Part B and Part C States, the establishment of two categories for the component units of the Union, to be called States and Union territories, and the abolition of the institution of the Rajpramukh consequent on the disappearance of the Part B States. In the Bill, it is proposed to provide for the transfer of the Telangana area of Hyderabad to Andhra and the renaming of the enlarged State, the transfer of certain areas from Travancore-Cochin to Madras, the forming of the new States of Kerala, Mysore, Maharashtra and Gujarat, the merger of Madhya Bharat, Vindhya Pradesh and Bhopal with the Mahakosal area of Madhya Pradesh, the merger of Ajmer with Rajasthan and the merger of the Patiala and East Punjab States Union with Punjab, Bombay, Delhi, Himachal Pradesh, Manipur, Tripura, and the Andaman and Nicobar Islands will become Union territories. The Laccadive, Minicoy and Amindivi islands will also be treated as a Union territory. In view of the proposal for the amalgamation of Bihar and West Bengal which is under consideration, no provision has been made in this Bill for any territorial adjustments between these two States.

The Bill makes the necessary supplemental and incidental provisions relating to representation in Parliament and in the State legislatures, establishment of High Courts apportionment of assets and liabilities and other matters. It also makes provision for the setting up of five Zonal Councils which will be advisory bodies, competent to discuss matters of common interest, particularly in the field of economic and social planning.

As required by the proviso to article 3 of the Constitution, this Bill was referred by the President on the 16 March 1956, to the legislatures of the 12 Part A and Part B States affected by the scheme of reorganisation, and they were given one month's time for expressing their views. Except in the case of Travancore-Cochin, whose Legislative Assembly has since been dissolved by proclamation of the President, the views of the legislatures of all the other States have been received and will be placed before Parliament for its consideration.

(The Gazette of India, Extraordinary, Part II,  
Section 2, 18 April 1956, pp. 223-279).

2

CHAPTER 2. INTERNATIONAL AND NATIONAL ORGANISATIONS.

INDIA - MAY 1956.

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

National Conference on Child Welfare: Need for Setting up of a Ministry of Social Welfare urged.

The first National Conference on Child Welfare, organised by the Indian Council for Child Welfare at Irwin College, was held at New Delhi from 9 to 12 May 1956.

Inaugurating the Conference, Mr. Jawaharlal Nehru, Prime Minister, said that child welfare schemes should be given the first place in national development plans. "If we do not look after children today we will be creating many more new problems for ourselves in the future".

Mr. Nehru added that all those who had assembled at the conference, wanted to do something for children's betterment. But doing things in a piecemeal way was not good. There had to be a co-ordinated effort in this direction. The Government too had a great responsibility in this.

Referring to the agenda of the conference, he said that while discussing the needs of handicapped children and those needing special treatment, they should not lose sight of the millions of normal, healthy children who had few opportunities to develop.

The conference urged the need for setting up a Ministry of Social Welfare.

3

Mrs. Indira Gandhi, who presided over the final session, said that social services were essentially a voluntary function and the establishment of a Ministry would smother voluntary action. She, therefore, urged upon the conference to consider the implications of the recommendation before pressing for its consideration by the Government. State assistance to voluntary organisations, through an autonomous body like the Central Social Welfare Board, had its own advantages.

The conference also adopted the recommendations of the section on community services for normal children. The section, presided over by Dr. Sushila Nayar, had among other things recommended the opening of creches and pre-primary schools for children of working mothers both in rural and urban areas and to encourage and aid training of suitable personnel to organise and run them.

The conference also recommended the production and exhibition of films specially prepared for children.

In view of the large number of needy children in India, the conference also recommended that non-institutional services like foster homes, adoption and probation should be ~~limited~~ initiated on an extensive scale.

The conference stressed the importance of strengthening the parental care of children, which was considered as the most basic force in the promotion of child welfare, by specific services like mothers' clubs, child guidance clinics and parent-teachers' associations.

It also urged research into problems of children and methods of dealing with them.

(The Hindustan Times, 10 and 14 May 1956).

4

25. Wage-Earners' Organisations.

India - May 1956.

Eighth Annual Session of Indian National Trade Union  
Congress: Higher Wages and Labour's Participation in  
Industrial Management demanded: Government's Industrial  
Policy supported.

The eighth annual session of the Indian National Trade Union Congress (INTUC) was held at Surat on 6 and 7 May 1956. Shri G.D. Ambekar, President of the I.N.T.U.C. was in the chair. About 1,500 delegates and observers attended the session. The session was inaugurated by Shri Lal Bahadur Shastri, Union Minister for Railways, and was also addressed by Shri Khandubhai Desai, Union Labour Minister and Shri Gulzari Lal Nanda, Planning Minister. Fraternal delegates included Trade Union representatives from the U.S.A., U.S.S.R., China, Yugoslavia and I.C.F.T.U. The Labour Ministers of Bhopal, Ajmer, Madhya Bharat, Hyderabad and Bombay also attended the meeting. The ILO was represented by Shri V.K.R. Menon, Director of ILO's India Branch.

Messages wishing the congress success were received from Central and State Ministers, including the Prime Minister, Shri Jawaharlal Nehru. The Director-General of the ILO also sent a message.

The Convention, among others, adopted resolution on wage policy, workers' participation in the management of industry, and industrial policy. The resolution on wage policy urges immediate steps for the establishment of minimum wages in agricultural sector and small scale industries and a fair wage in all major industries at the present level of prices. The resolution on workers' participation welcomes the Government's proposals for management councils and suggests that these should be set up in all industrial establishments and urges all workers to take a keen interest in the matter and make the move successful. The resolution on industrial policy supports the basic approach enunciated in the recent restatement of industrial policy by the Government of India (vide pages 21-24 of this report).

5

Shri Lal Bahadur Shastri's address.- Shri Lal Bahadur Shastri, in his inaugural address, said that it was suicidal for workers to go on strike without first trying peaceful means when the country was faced with the huge task of achieving a higher standard of living for every one. He, however, added that provided all peaceful means had been exhausted, workers had a right to go on strike.

Shri Shastri emphasised that the need for correct leadership in the labour movement and said that "it was necessary for the labour leaders to even face unpopularity in order to place before the workers the true and correct position and path."

Shri Shastri said that the Government wanted to establish a new social order devoid of exploitation. There was every reason for workers to co-operate in establishing this new order. Shri Shastri pointed out that the acceptance of the principle of workers' participation in management of industries and other steps taken so far showed the direction in which the Government were working. He appealed to the workers to have trust in "correct leadership" and do their duty by the nation.

Presidential address: new and fair deal for workers urged.- Shri C.D. Ambekar, in his presidential address called for "a new and fair deal" for the nation's workers embarking on the Second Five Year Plan. Shri Ambekar said: "It is high time that a new wage policy based on certain fixed principles, not going behind the principles already accepted in the Fair Wages Committee report, is evolved and the whole wage structure is revised".

He warned that "without a revision of wages, no enthusiasm can be created in the working class and among the public for the successful implementation of the second Five Year Plan, and their voluntary co-operation in the national development will be very difficult".

"While many of the industries have had huge profits that have paid them a return many times their original capital during the war and post-war period". Shri Ambekar said, "the workers have not yet attained even the minimum wage standard to maintain healthy and efficient human life at the present level of prices. In the last few years, the workers have just recovered from the loss in real wages and conditions they suffered during the war period, and their cash earnings have come to a level which will enable them to maintain their pre-war standard".

6

Shri Ambekar recalled that in pursuance of the industrial truce agreement during the first Plan period, the Government had appointed a Fair Wages Committee. "We are sorry to find that in spite of the unanimous report of the Fair Wages Committee, its recommendations have remained unimplemented, and the Fair Wages Bill, which was once on the anvil, has lapsed and no effort has been made till now to pursue the matter", he said.

Labour tribunals, he said, had chosen not to accept the recommendations of the Fair Wages Committee, which were unanimous.

He suggested that "practically the whole of dearness allowance will have to be merged with basic wages, keeping only a very small range for the fluctuations in prices".

Shri Ambekar suggested the appointment of wage boards for each industry "with proper terms of reference and certain fixed principles" and a Pay Commission "empowered to go into all the aspects of industrial public sector and Central Government employees".

Industrial relations.— Referring to industrial relations in the public and private sectors, Shri Ambekar noted some improvement in the industrial relations in the private sector "but in the public sector such improvement is not yet visible". "This is probably due to the past history of running the Government-owned industries by such administrators, who were trained more to maintain law and order, than to run an industry" he said.

He suggested training of officials and selected workers as executives to run the industries in the public sector. He felt that the experiment of workers' participation in the management should be more boldly undertaken in the public sector. Shri Ambekar felt that "while ultimately we will have to evolve a system where workers, who are producers, are entrusted with the task of running the industry on democratic lines, the workers cannot be entrusted overnight with this complete responsibility". He, however, said that this should not be an excuse for not starting the experiment.

Giving concrete suggestions for paving the way to the introduction of the new system, Shri Ambekar said: "Certain matters specially belonging to the welfare of workers should be entrusted to workers alone to be managed on the basis of a definite mutually agreed budget. In respect of matters, such as production, organisation and industrial relations, there should be a workers' advisory council, whose advice, unless found perverse, should be accepted, and under no circumstances should it be rejected without sufficient reasons. This will give confidence to the workers who will feel they also have a stake in the industry and its management".

7

In this connection Shri Ambekar wanted the industrialists to train workers on their ~~like~~ jobs. He referred to the Jamshedpur agreement for workers' participation in management - "one of the major achievements for labour during the year" - and hoped it would lead to a better atmosphere and enable both the industry and labour to devise ways for effective participation of workers in management.

Shri Ambekar also referred to the bonus agreements in textile and plantation industries as other achievements for labour during the year and said the working of these agreements would pave the way for a better and permanent solution of the "vexed problem of bonus".

Labour legislation.- Shri Ambekar was critical of "the halting attitude" of certain State Governments towards labour. He wanted "all existing labour legislation to be put on a rational basis, so that confusion arising out of conflicting provisions under different clauses will be removed". Many of the Acts, he said, required reconsideration.

For this purpose, he suggested the appointment of an Industrial Law Commission on the lines of the Law Commission. The Commission should suggest amendments and improvements to suit the requirements of developing industrial society. He also felt there should be a permanent committee set up to review the working of the various Acts and to suggest improvements in the law as well as the working of the Acts.

State insurance.- Shri Ambekar draw attention to the working of the Employees State Insurance scheme and said "if the defects revealed in its working are not removed in time, they will lead to mass unrest". He suggested reduced hours of work for the third shift which should be limited to six hours with the same wages as for other shifts.

As a ~~see~~ solution to the problem of unemployment, Shri Ambekar favoured labour intensive methods instead of the capital intensive method.

Shri Ambekar appealed to workers "to encourage village and cottage industry products". In this way alone, higher purchasing power could be put in the hands of the masses and peasants, he said.

8

He referred to the problem of rationalisation and suggested "a high-power rationalisation committee to investigate the necessity of rationalisation of each industry". "Only on the recommendations of this committee, rationalisation may be allowed in such units where it has been found to be essential. Such permission must be conditional on the fulfilment of all the conditions including avoidance of potential unemployment and getting the consent of the workers concerned".

Trade union activities.- Discussing developments in the trade union field in the country, Shri Ambekar rejected outright any chance of the INTUC accepting "the Communist call for trade union unity". "Though I believe in the ultimate trade union unity" Shri Ambekar said, "I am convinced by the experience of the last 18 years that no real unity can be achieved unless there is unity of heart and homogeneity of approach and method. I am not afraid of ultimate trade union unity on a proper basis. But looking to the past record of the Communists in India, their slogan for unity does not look genuine".

Referring to organisational problems of the INTUC, Shri Ambekar said much progress had not been made in the work of consolidation of INTUC unions. He felt trade unions workers should not only work in the factory areas, but also among the workers' families to educate the worker about his social and trade union duties. He wanted a trained cadre of trade union workers and the entry of younger blood into the I.N.T.U.C.

Shri Ambekar suggested "a change in the construction of the INTUC to keep its solidarity and to make it effective in directing and integrating the activities of branches and federations and important unions". He also suggested a two-year term for the President.

Labour Minister's speech.- Addressing the delegates, Shri Khandubhai Desai, Union Labour Minister said that the Government and the Planning Commission "are getting converted to the view that labour should have the right to participate in the management of industry".

Referring to the establishment of a socialist pattern of society, Shri Desai said: "if the second Five Year Plan, which will be a step to bring about this society failed, it will be the responsibility of the workers and kisans of the country ..... It is the responsibility of these workers, forming 90 per cent of the nation's population, to fulfil their assurance to the country". He added: "Now there need not be any employer and employee. We are all comrades who have to work shoulder to shoulder for the nation's progress".

9

Shri Nanda's address.- Shri Gulzarilal Nanda, Union Planning Minister, in his address said: "labour has an important role to play in the fulfilment of the second Five Year Plan, in that production is the key to fulfilment of the entire Plan". Shri Nanda ~~who~~ added "unless there is greater production, there cannot be any distribution. Even for having a living wage for workers, there must be a 300 percent rise in the workers' wages, and we have only planned for a 25 percent increase in national wealth". The Planning Minister said the achievement of the socialist pattern was not going to be automatic. Great responsibility devolved upon workers. Whether it was a question of working two shifts or three shifts, whether it was in the agricultural or in the industrial sector, everyone should aim at producing more.

Shri Nanda said: "The success of the Plan will bring about a revolution in the country and better standard of living, but for the success of the Plan itself, there is needed a revolution in our habits, mental make-up and atmosphere".

Discussing the preparation by workers for executing the Plan, Shri Nanda referred to the method of joint consultation as a first step and said: "This system devised in Bombay has not been worked successfully. There was talk of taking a worker as a director in the management of the industry. Taking a director ~~in the management of the industry~~ did not mean participation of labour in the management. The worker had first to know how to run the industry, its requirements and technique. The public sector was not socialism. It is only State capitalism". Workers had to learn how to run industries in order to usher in socialism.

He suggested that trade unions could help produce a large number of technicians.

Shri V.K.R. Menon conveying the ILO Director-General's greetings to the conference congratulated the I.N.T.U.C. for the successful conclusion of collective agreements with managements. He said that workers had now to play a big role in the execution of the second Five Year Plan.

General Secretary's report.- Presenting his annual report, Shri K.P. Tripathi, described the past year "as remarkably dynamic in the economic history of our country". He was glad that employers had accepted the principle of dynamic wage for labour. Advocating a 25 per cent increase in wages of workers 'straightway', Shri Tripathi argued that increased productivity and the low level of wages in the country warranted such an increase.

60

Shri Tripathi said: "Industrial relations on the whole remained good throughout the year. They would have been better if certain norms and standards with regard to bonus, wages and dearness allowance could have been fixed". He hoped that the Planning Commission would fix these norms.

He criticised the health insurance scheme "as wooden and difficult of adjustment". He said the Government should not rely on private investors to build low rent houses, but should undertake the work through their own agencies.

The report gives details of various activities of the organisation in the various States. As regards merger of unions with those controlled by the Hind Mazdoor Sabha in the railways, the Ordnance factories and among the seamen, Shri Tripathi said that while unions of the Ordnance factories and the seamen were going ahead with the process of merger, a process of "de-merger" appeared to have set in the railways. Fortunately it was possible to arrive at an agreement restoring the process of merger and Shri Tripathi hoped nothing would be done to prevent the merger from coming to fruition.

Shri Tripathi said there was a growing desire among Asian and African trade union organisations "to know and have contacts with each other". He said an effort was being made to set up an Arab Federation of Labour in West Asia. Referring to the INTUC's relations with trade union movements of other countries, Mr. Tripathi said: "After the acceptance of the Panch Shila by several countries, we also in the trade union field are trying this approach of non-interference with politico-economic systems of other countries, and, therefore, a great deal of hostility towards our organisation has been disappearing of ~~later~~ late in Communist countries like China and the USSR".

Shri Tripathi said the INTUC tried to project the theory of co-existence in the international field by advocating support to facilitate the retention of Communist countries like the USSR and the entry of countries like Spain in the ILO, so that the ILO might have a truly world character.

Along with the growth of the position of India in world affairs, the position of INTUC, Shri Tripathi emphasised, was growing as the largest trade union organisation and the mouth piece of the Indian trade union movement in the world. In the minds of the employers, the Government and the people of the country, the INTUC had come to occupy a place of regard due to its "high sense of responsibility and lack of emphases on mere sectional interests".

11

Resolutions.- The conference adopted a number of resolutions dealing, inter alia, with revision of wage policy, employment, social security, machinery for industrial relations, participation in management, industrial relations in public sector, and industrial policy.

Revision of wage policy.- The resolution on wage policy notes that the targets of production aimed at in the first Five Year Plan have mostly been realised and this had led to an increase of production and in the national wealth. However, in a large number of cases real wages have not kept pace with this increased production and increase in nation wealth. The conference therefore "demands that immediate steps should be taken to establish minimum wages in the agricultural sector and the small scale industries and a fair wage in all major industries at the present level of prices."

The INTUC takes note of the fact that the Government contemplate to appoint Wage Boards for major industries and urges upon the Government to appoint Pay Commission also for the public sector. In this connection, the conference urges upon the Government to ~~accept~~ direct such Wage Boards and the Pay Commission to bear in mind the accepted policy of the Government to establish a socialist pattern of society, gradually remove large disparity in earnings, treat the public sector and the private sector alike, and concede the workers' immediate right to a fair wage on the basis of the principles laid down in the Fair Wage Committee Report.

Employment through decentralised production.- By a resolution on this subject the conference notes with satisfaction that the primary need of providing employment to millions of unemployed and underemployed persons in the country has been recognised and the second Five Year Plan has accepted the policy of decentralised production of consumer goods industries such as khadi, village and small-scale industries. The resolution urges upon the Government to act promptly and boldly and give due protection to and provide all necessary financial and other assistance for the fullest development of the khadi and other village and small-scale industries through organisations set up for the purpose giving them importance equal to that of the basic industries. It requests the Government to accept the recommendations of the Karve Committee and to issue no permits for further installation of looms and spindles in the mechanised section of the textile industry. Similarly it also urges that no permission should be given for installation of machines for pounding of rice and other cereals. It opines that there is no other alternative means which can give gainful occupation to such a large number of persons at such a low investment, except khadi and other village industries. The resolution further emphasises that in this context hand-spinning and hand-weaving industries are of special importance in as much as the Ambar Charkha and the handloom provide the most suitable family occupation which is a pressing need of the country.

12

Social security.- The resolution on social security says that "the INTUC considers that measures of social security should be extended without any further delay. ~~Government~~ Gratuity schemes must be introduced in all industries, Provident Fund Act should be extended to other industries and contribution be raised to 8.1/3 percent, Employees State Insurance Scheme should be extended to members of families of insured persons and consider the feasibility of applying the integrated scheme suggested by the INTUC, including besides the existing benefits, old age pension, insurance and other benefits. "

Machinery for industrial relations.- The resolution on this subject takes note of the suggestion made by the Prime Minister that in a planned economy, like India's, there should be no room for strikes and lockouts and industrial conflicts should be resolved by peaceful and constitutional methods. The resolution says: "The INTUC finds that the working class in a large measure have already accepted this method of solution of problems. In this context, the conference notes with regret that the machinery provided under the existing legislation is inadequate, dilatory and defeating its own purpose. Further, certain State Governments are apathetic to the problems and aspirations of labour and the administrative machinery set up is weak or grossly inadequate. The INTUC therefore, draws the attention of the Government to these defects and ~~calls~~ calls for early remedial steps including due priority to legislation so that the hinderance in the path of co-operation of labour to the second Five Year Plan might be removed".

Participation in management.- By a resolution on this subject the conference points out that participation of workers in the management of industries cannot be real and effective unless it is founded on respect for mutual rights and responsibilities and proper steps are taken to ~~educate~~ educate workers and equip them for the responsibility they will have to share. The conference, therefore, desires that necessary and adequate arrangements be made towards the realisation of this progressive move. The resolution adds that management councils contemplated by the Government as an initial step can be of considerable value in this connection and they should be established in all industrial establishments without any further delay and their progress should be watched by Government and Unions. It exhorts all unions affiliated to the INTUC to take a keen interest in this matter and make the move successful.

17

Industrial relations in Public Sector.- The conference by a resolution urges that all labour laws and regulations should be made applicable to industries in the public sector and public utility and other services of the Government and local authorities. The Government should, in fact, act as a model employer in giving the workers a fair treatment, proper amenities, and provide for prompt machinery for settlement of disputes through Joint Committees at different levels and arbitration or adjudication in case of differences.

Industrial policy.- The resolution on industrial policy agrees with the basic approach enunciated in the recent restatement of industrial policy by the Government of India. It says: "in respect of the working class the incorporation in the industrial policy of the principle of workers participation in management is of great consequence for the development of industrial democracy in the country. It has been urged that proper amenities and incentives should be provided for all those engaged in industry and the living and working conditions of workers should be improved and their standard of efficiency raised. The INTUC is gratified at the fresh enunciation and renewed emphasis on principles which are in accord with the aspirations of the working class and in consonance with the socialist pattern of society which is now the accepted social and economic goal of the country. The INTUC is, however, anxious that the machinery of the administration should be geared up for the successful operation of this policy and all sections of the Government should carry it out with earnestness and determination. The working class offers its full co-operation in the effective pursuit of this policy and the realisation of its aims."

Office bearers.- Shri S.R. Vasavada was elected President of the INTUC for the coming year. The following were elected Vice-Presidents: Shri Michael John (Jamshedpur), Shri G. Ramamujam (Madras), Shrimati Maitraye Bose (Bengal), Shri Ramsingh Varma (Indore) and Shri Kashinath Pandey (Uttar Pradesh). Shri K.P. Tripathi was re-elected General Secretary.

(The Statesman, 7 and 10 May 1956;  
The Indian Worker, 4 and 14 May 1956;  
Text of Resolutions adopted received  
from the Office of the INTUC ).

14

29. International Co-operation.

India - May 1956.

Atomic Reactor to be set up in Bombay: Agreement on  
India - Canada Project signed.

On 28 April 1956, India and Canada signed an agreement for the establishment of an atomic reactor project under the Colombo Plan.

The atomic reactor will be erected at the Atomic Energy Establishment of the Government of India at Trombay, near Bombay. It is expected to be completed early in 1958 and will be in full operation by the middle of that year.

The reactor project is a joint Indo-Canadian enterprise. The costs and responsibilities, says a Government Press release, will be shared between the two countries. When it is completed full control will pass to the Government of India.

The total cost of the project will be about 70 million rupees or a little over 14 million dollars. The value of the Canadian contribution is about 7.5 million dollars. The general principle is that Canada pays for the external costs and India for the internal costs.

The project is a high-powered atomic research and experimental reactor similar to the well-known NRX Reactor at the Canadian Government's Atomic Energy Establishment at Chalk River, Canada.

The reactor will add an advanced and versatile research facility to India's atomic energy programme. It is specifically designed to provide excellent facilities for fundamental research in physical, chemical, biological and metallurgical problems relating to atomic energy. It is an efficient producer of radio-active isotopes for use in medical therapy, agriculture and industry and tracer element studies in chemical, biological and medical research.

15

Above all, adds the Press release, the reactor is specially suited for making engineering studies and research on reactor materials which can be tested under the conditions of high neutron intensity met inside reactors. The research and development facilities of the reactor will enable advanced engineering experiments to be performed in connection with the design of future power reactors.

India has offered to make the experimental facilities of the reactor available to scientists approved by the Government of India from other countries, including Colombo Plan countries in South and South-East Asia.

Arrangements have been made to send an adequate number of selected Indian technical personnel to Canada to obtain first-hand experience and training in the operation of the NRX Reactor at Chalk River. Indian technical personnel will also be seconded to the engineering staff to Canada which is designing the reactor, the steel rotunda to house the reactor and the reactor foundations.

(The Statesman, 29 April 1956).

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Technical Institute to be set up under UNESCO Aid  
Programme: USSR to provide Equipment Valued at  
10 Million Rupees.

A higher technical institute, estimated to cost about 60 million rupees, will be set up near Bombay under a UNESCO Aid programme. The institute will be provided with equipment by the U.S.S.R.

The Soviet equipment is expected to be of the value of 10 million rupees while the land is being made available by the Government of Bombay free of cost.

The UNESCO mission is now in India to finalise the aided project in consultation with Indian experts.

It has, however, been agreed between the Union Government and UNESCO that the Soviet Union will provide 15 experts to man the various faculties at the institute, to be known as the Western Higher Technological Institute, and train 25 Indian teachers in Russia. The Soviet team will be accompanied by three interpreters. The construction of the Institute buildings and installation of equipment is expected to be completed by the end of 1958. The Institute will provide a four-year basic course and a two-year post-graduate course. There will be about 300 students in the first batch. The planners of the Institute are particular that the ratio of under-graduates to post-graduates should be two to one.

(The Times of India, 29 May 1956).

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U.S. Aid to India: Three New Agreements signed.

Three new agreements were signed in Delhi on 8 May 1956, between India and the USA providing for U.S. financial aid of 637,682 dollars (3.499 million rupees) to assist India's development projects.

The money will be used for assistance to Air India International, for storage of foodgrains in India and for expansion and rehabilitation of Indian railways.

A sum of 33,500 dollars will be made available under the agreements to finance the consulting services which Trans World Airlines will offer to Air India International for improving efficiency.

About 673,582 dollars has been allocated to acquire from outside India 4,000 tons of steel rails for the expansion, rehabilitation and replacement programme of the Indian railways.

Another sum of 29,000 dollars is provided under the agreement to finance the consulting services of leading U.S. engineering firms and specialised advice on grain elevators and grain storage facilities.

(The Statesman, 9 May 1956).

18

CHAPTER 3. ECONOMIC QUESTIONS.

INDIA - MAY 1956.

32. Public Finance and Fiscal Policy.

Finance Commission Constituted.

The President of India has constituted a Finance Commission under the chairmanship of Shri K. Santhanam.

The other members of the Commission are: (1) Shri Ujjal Singh, former Finance Minister, Punjab; (2) Shri L.S. Misra, retired Chief Justice, Hyderabad; (3) Shri M.V. Rangachari, former Secretary, Ministry of Finance, Government of India; and (4) Br. B.N. Ganguli, Professor, Delhi School of Economics.

The Commission will assume office from 1 June and will make recommendations to the President on the following matters: (a) the distribution between the Union and the States of the net proceeds of taxes; (b) the principles which should govern the grants-in-aid from the Centre to the States; and (c) the continuation or modification of the terms of agreements entered into by the Central Government with Part 'B' States.

The President has directed that the Commission should, in addition, make recommendations to him on the following further matters:-

(i) the sums which may be prescribed under Article 275 of the Constitution as grants-in-aid to Assam, Bihar, Orissa and West Bengal in lieu of assignment of any share of net proceeds of export duty on jute and jute products; (ii) the assistance by way of grant-in-aid under Article 275 to such States as are in need of assistance, having regard to the requirements of the second Five-Year Plan, and the efforts made by the States themselves to raise additional revenue from sources available to them; (iii) principles which should govern the distribution under Article 269 of the net proceeds of Estate Duty collected by the Central Government; and (iv) the modifications, if any, in the rate of interest and terms of repayment of the loans made to various States since independence.

(The Hindustan Times, 1 June 1956)

19

The Finance Act, 1956 (No. 18 of 1956).

The Finance Bill (vide pages 27-28 of the report of this Office for April 1956) as passed by the Parliament received the assent of the President on 27 April 1956 and has been gazetted as Act No. 18 of the 1956.

(The Gazette of India, Extraordinary, Part II,  
Section 1, 28 April 1956, pp. 507-536 ).

Reserve Bank of India (Amendment) Bill, 1956:  
Measure to check Inflationary Trend in Second  
Plan Period.

Shri C.D. Deshmukh, the Finance Minister, introduced in the Lok Sabha on 2 May 1956 a bill further to amend the Reserve Bank of India Act, 1934. The Bill seeks to grant additional powers to the Reserve Bank to regulate credit expansion by other banks and to check any inflationary trends developing.

According to the Statement of Objects and Reasons, the existing provisions in the Reserve Bank of India Act in regard to reserve requirements place a serious limitation on the ability of the Reserve Bank to regulate the expansion of currency to meet the requirements of the Second Five Year Plan. The process of planned economic development necessarily implies a certain amount of credit creation and a consequent increase in the note issue. At the same time, as a result of the same process of investment and development, foreign exchange reserves are likely to decrease. It is, therefore, necessary to vary the existing minimum currency reserve requirements. Moreover, deficit financing in the Plan may also result in a large addition to bank reserves with consequent increase in the capacity of banks to create credit.

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In order to control such creation of credit by banks it is necessary to grant additional powers to the Reserve Bank to regulate credit extension and to check any inflationary trend developing. It is, therefore, considered necessary to amend the Reserve Bank of India Act to achieve these objects. The Bill thus includes the following principal amendments to the Reserve Bank of India Act with a consequential amendment of a routine nature in the Banking Companies Act, 1949:-

(i) section 33(2) is being amended to provide for a minimum holding of 4000 million rupees in foreign securities and 1150 million rupees in gold in the Issue Department of the Reserve Bank; (ii) section 33(4) is being amended to revalue gold at the rate agreed to by the International Monetary Fund; (iii) section 37 is being amended to provide for the temporary suspension of assets requirements in respect of foreign security without payment of any tax to Government; and (iv) section 42 is being amended so that the machinery of the Reserve Bank for credit control may be strengthened.

The opportunity to amend the Act is also being utilised to carry out certain further amendments of minor importance. One such amendment is to enable the Reserve Bank to make advances from the newly-created National Agricultural Credit (Long Term Operations) Fund to State co-operative banks for such purposes as are allied to or assist agricultural activities and the others are to abolish the local boards which have lost their importance after the nationalisation of the Bank.

(The Gazette of India, Extraordinary,  
Part II, Section 2, 2 May 1956,  
pp. 339-348 ).

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34. Economic Planning, Control and Development.

India - May 1956.

Government's New Industrial Policy enunciated;  
More Industries Reserved for Public Sector and  
Fair Treatment to Private Sector promised.

The Industrial policy of the Government of India which was restated in the Lok Sabha on 30 April 1956 by the Prime Minister, envisages the expansion of the public sector bringing within the direct responsibility of the State the future development of more industries. Seventeen key industries are listed in the schedule of industries for whose future development the State will be exclusively responsible, and 12 in the schedule of those which will be progressively state-owned. The remainder (not listed) will be left to the private sector. The statement promises private industrial undertakings "as much freedom as consistent with the targets and objectives of the national Plan". It assures fair and non-discriminatory treatment in cases where both sectors exist in the same industry. Extension of the public sector is justified on grounds of policy rather than expediency. Among the many new developments necessitating the revision of the 1948 Policy statement, special importance is given to the Directive Principles of State Policy contained in the Constitution and the acceptance of the socialistic pattern of society. Except ~~of the public~~ for a rigid State monopoly over railways and air transport, arms and ammunition and atomic energy, the statement allows a measure of fluidity in the working of industries listed in separate schedules. An area of overlapping is accepted.

Enunciating the Government of India's new industrial policy Mr. Nehru said that the State would progressively assume a predominant and direct responsibility for setting up new industrial undertakings and for development of transport facilities. "The State will also undertake State trading on an increasing scale. At the same time, as an agency for planned national development in the context of the country's expanding economy, the private sector will have opportunity to develop and expand". The principle of co-operation should be applied wherever possible and a steadily increasing proportion of activities of the private sector developed along co-operative lines.

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The Prime Minister emphasised the need for maintaining industrial peace in the country and said, "In a Socialist democracy, labour is a partner in the common task of development and should participate in it with enthusiasm". He added, "It is necessary that proper amenities and incentives should be provided for all those engaged in industry".

Stressing the importance of village and small-scale industries, Mr. Nehru said, "The aim of the State policy will be to ensure that the decentralised sector acquires sufficient vitality to be self-supporting and its development is integrated with that of large-scale industry".

The Prime Minister said eight years had passed since the 1948 Declaration on Industrial Policy. "These eight years have witnessed many important changes and developments in India". These important developments necessitated a fresh statement of industrial policy, more particularly as the Second Five Year Plan would soon be placed before the country.

Three categories of industries.- The resolution divided industries into three categories - first, industries, the future development of which would be the exclusive responsibility of the State; secondly, industries which would be progressively State-owned and in which the State would, therefore, generally take the initiative in establishing new undertakings, but in which private enterprise would also be expected to supplement the effort of the State; and thirdly, all the remaining industries, whose future development would in general be left to the initiative and enterprise of the private sector.

In the first category were listed arms and ammunitions and allied items of defence equipment; ~~about~~ atomic energy; iron and steel; heavy castings and forgings of iron and steel; heavy plant and machinery required for iron and steel production, for mining, for machine tool manufacture and for such other basic industries as might be specified by the Central Government; heavy electrical plant including large hydraulic and steam turbines; coal and lignite; mineral oils; mining of iron ore, manganese ore, chrome ore, gypsum, sulphur, gold and diamond; mining and processing of copper, lead, zinc, tin, molybdenum and wolfram; minerals specified in the schedule to the Atomic Energy (control of production and use) Order, 1953; aircraft, air transport, railway transport; shipbuilding; telephones and telephone cables, telegraph and wireless apparatus (excluding radio receiving sets); and generation and distribution of electricity.

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All new units in these industries, save where their establishment in the private sector had already been approved, would be set up only by the State. This did not preclude the expansion of the existing privately-owned units, or the possibility of the State securing the co-operation of private enterprise in the establishment of new units when the national interests so required.

In the second category of industries were all other minerals except "minor minerals" as defined in Section 3 of the Minerals Concession Rules 1949; aluminium and other non-ferrous metals not included in the first category; machine tools; ferro alloys and tool steels; basic and intermediate products required by chemical industries such as the manufacture of drugs; dyestuffs and plastics; anti-biotics and other essential drugs; fertilizers; synthetic rubber; carbonisation of coal; chemical pulp; road transport and sea transport.

With a view to accelerating their future development, the State would increasingly establish new undertakings in these industries. At the same time, private enterprise would also have the opportunity to develop in this field, either on its own or with State participation.

Role of private enterprise.— The Prime Minister said the private enterprise would be given as much freedom as possible, consistent with the targets and objectives of the National Plan, to operate in their own field, but "the private sector" have necessarily to fit into the framework of the social and economic policy of the State and will be subject to control and regulation in terms of the Industries (Development and Regulation) Act and other relevant legislation".

The State, added Mr. Nehru, would also extend facilities and encourage the development of the private sector, in accordance with the programmes formulated in successive Five-Year Plans. The State would continue to foster institutions to provide financial aid to these industries, and special assistance would be given to enterprises organised on co-operative lines for industrial and agricultural purposes.

The third category would include all the remaining industries, and their future development would, in general, be left to the initiative and enterprise of the private sector.

The Resolution stated that disparities in levels of development between different regions should be progressively reduced.

Village industries.- Stressing the role of village and village and small scale industries in the development of the national economy, the resolution says that the State will, concentrate on measures designed to improve the competitive strength of the small-scale producer. For this it is essential that the technique of production should be constantly improved and modernized, the pace of transformation being regulated so as to avoid, as far as possible, technological unemployment. It also observes that in order that industrialization may benefit the economy of the country as a whole, it is important that disparities in levels of development between different regions should be progressively reduced.

Management-labour relations.- Referring to management labour relations the resolution says that in a socialist democracy labour is a partner in the common task of development and should participate in it with enthusiasm. Some laws governing industrial relations have been enacted and a broad common approach has developed with the growing recognition of the obligations of both management and labour. There should be joint consultation and workers and technicians should, wherever possible, be associated progressively in management. Enterprises in the public sector have to set an example in this respect.

The resolution ends with the hope that the Government of India trust that this restatement of their industrial policy will receive the support of all sections of the people and promote the rapid industrialization of the country.

(Gazette of India, Extraordinary,  
Part I, Section 1, 30 April 1956,  
pp. 137-144;  
The Hindu, the Statesman and  
the Hindustan Times, dated  
1 May 1956 ).

25

Second Five Year Plan presented to Lok Sabha  
Private Sectors' Outlay raised.

Mr. Jawaharlal Nehru, Prime Minister, presented the Second Five Year Plan to the Lok Sabha on 15 May 1956 with a brief introductory speech emphasising its flexibility, which will make annual revision possible. Quoting from the Commission's 641-page printed report containing the Plan proposals, Mr. Nehru said "Our second Five-Year Plan seeks to rebuild rural India", "to lay the foundations of industrial progress, and to secure, to the greatest extent feasible, opportunities for weaker and underprivileged sections of our people, and the balanced development of all parts of the country".

He added: "For a country, whose economic development was long ~~retarded~~ retarded, these are difficult tasks, but, given the effort and the sacrifice, they are well within our capacity to achieve".

Mr. Nehru concluded: "The enthusiasm and the widespread participation, which have gone into the making of the second Five-Year Plan, are the best augury for its fulfilment".

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The total outlay on the Plan, in the public and private sectors, has increased by 1,000 million rupees since the publication of the draft outline (vide pages 50-61 of the report of this Office for February 1956). This is due entirely to the revised calculations of investment in the private sector. The outlay, due to this change, has risen to 72,000 million rupees in which the share of the public sector remains at 18,000 million rupees, exactly twice the amount expected to be spent on private industry.

While only insignificant alternations have been made in the distribution of the total outlay in the public sector, the Plan now lucidly explains the policies underlying the allocation, which, incidentally, indicate the relative shift in priorities since the formulation of the first Plan.

The chapter on finance and foreign exchange continues to recognise the existence of the gap of 4,000 million rupees, but adds that this will be covered "by additional measures to raise domestic resources".

The means of raising these resources are expected to be decided upon later. The Plan recognises, however, that "the only possible source that can be drawn upon for meeting this gap is taxation and, to the extent possible, profits of public enterprises".

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Financial expectations.— The Plan's other financial expectations remain unchanged. These are: surplus from current revenues: 8,000 million rupees (including 3,500 million rupees at last year's rates of taxation and 4,500 million rupees as additional taxation); Borrowings from the public: 12,000 million rupees (including market loans 7,000 million rupees, and small savings 5,000 million rupees ~~(including)~~); other budgetary sources: 4,000 million rupees (including 1,500 million rupees as railway's contribution and 2,500 million rupees as provident fund and other deposits); foreign assistance: 8,000 million rupees and deficit financing 12,000 million rupees. These items, together with a gap of 4,000 million rupees, constitute the proposed total outlay.

Referring to the estimate of 3,500 million rupees as the balance available from current revenue at last year's rates, the Plan says that the figure has been arrived at after a detailed examination of the total revenue receipts of the Central and State Governments.

It would be necessary to keep a careful watch on non-developmental expenditure to obtain a total of 2,500 million rupees from this source. Any loss in revenue on account of the adoption of social measures, such as prohibition would require a corresponding effort to raise further resources "if the contribution of current revenues to the Plan is not to go down".

The contribution of surplus from current revenues to the Plan, amounting to 8,000 million rupees, only 1/6th of the total resources, required, is held to be inadequate in relation to needs. A further tax effort adds the Plan, will be called for, if the Plan is to be implemented fully and inflationary pressures are to be kept down to the minimum.

So far as the targets of Government borrowings are concerned, the Plan now expects that "the net absorption of securities by the market would in fact be larger".

The Plan relies on an extension of provident fund and similar schemes as an important source for finance for public loans. The nationalisation of life insurance, it says, should also prove a growing source of demand for public loans.

So far as small savings, expected to total 5,000 million rupees, are concerned, the Plan prescribes the aim of inducing every citizen of the country to make a contribution, however small, to the task of transforming the economy.

The Railway contribution of 1,500 million rupees is regarded as the minimum that the railways "must achieve".

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Deficit Financing.- Against the proposed deficit financing of 12,000 million rupees, the Plan sets off the drawing down of sterling balances by 2,000 million rupees. The remaining deficit of 10,000 million rupees would therefore represent the net addition to currency. This is regarded as the outside limit of expansion of money supply.

Care would need to be taken to prevent excessive credit expansion lest prices rise and to ensure that credit does not flow into speculation to the detriment of productive activity.

The Plan relies on the Reserve Bank's wide powers of supervision and control over commercial banks. The Reserve Bank, it says, can vary its own accommodation to the banks. It can issue directives to them under certain circumstances. Quantitative as well as qualitative controls on credit, including variations from time to time in the relationship to be maintained between the liabilities of banks and other reserve, should, suggests the Plan, be regarded as an important accompaniment to the scheme of deficit financing.

Elsewhere, referring to the same subject of deficit financing, the Plan says that a measure of risk has to be taken. This would imply preparedness to adopt physical controls ~~under~~ if necessary.

Lack of controls under certain circumstances may create inequalities and hardship to the prejudice of classes that need protection most. It is emphasised that controls cannot be ruled out in particular situations but they must be accompanied by measures simultaneously to increase supplies.

Buffer stocks.- The Plan recommends the building up of buffer stocks of foodgrains and other strategic commodities which could be operated upon to moderate price fluctuations. The Plan provides for an addition of 2 million tons of storage capacity through the Central and State Warehousing Corporation and recommends the scheme's early completion.

Among other possible measures, in defence against inflation, mentioned in the Plan, is the prompt use of the instrument of taxation to prevent excessive increases in consumption of certain items and to mop up the profits or windfalls which deficit finance tends to generate.

The Plan repeatedly mentions the need for increased taxation, but it is in relation to deficit financing that a specific new figure of 8,500 million rupees of additional taxation, against the current figure of 4,500 million rupees, is mentioned.

28

"This" adds the Plan, "will reduce the dangers of any serious inflationary situation developing and will represent a step in the right direction from the more long-range point of view of strengthening the investment potential of the public sector".

Such an effort would require to be made, it is suggested, in the sphere of tax on wealth, a gift tax and a widening of the concept of incomes so as to include in it capital gains.

Reference is also made to the suggestion that the basis of personal taxation be shifted, at least for the higher income groups, from income to expenditure.

As taxation has its limits the Plan suggests an appropriate price policy in respect of the products of public enterprises and through State trading of physical monopolies in selected lines.

External finance.- Referring to the need for external finance to the extent of 8,000 million rupees, as against the total of 2,040 million rupees utilised in the first Plan, It is explained that there is an unutilised balance of 940 million rupees from past authorizations.

In addition, the USSR has given a credit of 650 million rupees for the financing of the Bhilai steel plant. Despite the necessity for repayment of a part of this amount, the net accretion of resources, on this account, will be 430 million rupees.

Again, for the Durgapur steel plant, finance of the order of 330 million rupees has been promised by the British Government and by British bankers.

Resources amounting to 1,700 million rupees are thus already assured in the public sector, leaving a balance of 6,300 million rupees for which arrangements have yet to be made.

For the investment programmes in the private sector, an inflow of foreign capital of the order of 1,000 million rupees has been envisaged. As against this total, a sum of approximately 220 million rupees is already available as the undisbursed portion of the loans made by the International Bank for Reconstruction and Development to the Indian Iron and Steel Company, the Tata ~~Iron and~~ Hydro-electric companies and the Industrial Credit and Investment Corporation of India.

After allowing for new loans by the International Bank and the International Finance Corporation and taking into account possibilities of an inflow of private and foreign investment, the conclusion is drawn that the net amount of foreign capital available to private industry will come up to the total of 1,000 million rupees.

297

Nevertheless, the Planning Commission argues that the foreign exchange requirements of the second Five Year Plan are large and concludes: "All possible avenues have, therefore, to be explored for securing the required inflow of resources".

Any shortfalls in external resources, the Commission warns, would require to be made good by greater effort at augmenting domestic resources.

The target for additional production of foodgrains is placed at 10 million tons, i.e., an increase of 15 per cent. Larger increases in production are envisaged for cotton (31 per cent), sugarcane (22 per cent), oilseeds (27 per cent) and jute (25 per cent).

All the same, the Planning Commission feels that these targets are modest in relation to the scope that exists for raising productivity and the demand that will be made by the large investments envisaged in the Plan.

It is hoped that through better integration of the agricultural and national extension programmes, it will be possible to fix appreciably higher targets for agricultural production. This problem is at present under discussion between the Planning Commission and the authorities concerned.

The need for increased production of foodgrains is also stressed because of the necessity of preserving foreign exchange.

Industrial development.- The Plan, describing the great industrial and mineral development envisaged during the next five years, says that this is a major point of departure from the first Plan. It refers, in some detail, to the importance of the three steel plants, the proposed expansion of the Chittaranjan factory, the Integral Coach Factory and other similar projects.

The output of minerals in the country is expected to increase by 58 per cent. Special mention is made of coal in view of the large increase in its requirement. The bulk of the increase, it says, will be in the public sector, which will have the responsibility of raising 12 million additional tons. The private sector has been invested with increasing production by 10 million tons.

South India will profit from the multipurpose lignite project under which 45 million tons of lignite are to be produced for generation of power in a station of 211,000 k.w. capacity, production of briquets in a carbonization plant of about 700,000 tons annual capacity and production of 70,000 tons of nitrogen in the form of urea, etc.

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It also refers to the proposal to set up two more fertiliser factories, one at Nangal and the other at Rourkela. The existing factories set up during the first Plan, such as the DDT plant, Hindustan Cables, Hindustan Antibiotics and the Indian Telephone Industries will be expanded. It is also proposed to establish a second DDT plant in Travancore-Cochin. Among the State plans special mention is made of the Durgapur coke ~~manufacture~~ oven plant in West Bengal and the manufacture of electric porcelain insulators and transformers in Mysore.

The Plan also deals with the proposed expansion of industrial capacity in the private sector and village small-scale industries for which 2,000 million rupees have been set apart.

Discussing the Railway Plan, it is admitted that the proposed outlay of 11,250 million rupees may not suffice to enable the railways to lift all the additional goods traffic. But promise is held out that the programme for the development of railways and other means of transport will be reviewed from year to year so as to ensure that the progress of the Plan is not impeded by inadequacy of transport.

The second Plan makes a provision of 2,650 million rupees for roads and road transport, 960 million rupees for shipping, ports and harbours and inland water transport, 450 million rupees for civil air transport and 760 million rupees for broadcasting, posts and telegraphs and other communications.

With the investment proposed in the second Plan, the target for road mileage envisaged in the Nagpur Plan will have been practically reached by 1960-61. The road transport nationalisation programme is to be phased and the State Governments are expected to add to their existing fleet about 5,000 vehicles.

The capacity of major ports is to be increased by 30 percent and minor ports are to be further developed.

The allotment for shipping, it is recognised, may prove less than adequate and it may be necessary to increase it, especially in view of the rise in the price of ships.

The Indian Airlines Corporation and Air India International have a sizable programme for the purchase of additional aircraft and for the improvement of their operational facilities.

The number of post offices which increase from 36,000 to 55,000 in the first Plan is to be increased further to 75,000 in the second Plan. The Plan provides for a 67 per cent increase in the number of telephones in the country - from 270,000 to 450,000. As a minimum, the extension of telephone facilities must match the present tempo of production of telephones, and the programmes for the manufacture of telephones and for the extension of telephone facilities have to be dovetailed. In view of this consideration the provision made in the Plan under this head may have to be reviewed.

As regards broadcasting, a 100 k.w. short-wave transmitter as well as a 100 k.w. medium-wave transmitter will be set up at Delhi and 50 k.w. short-wave transmitters are to be provided at Calcutta, Bombay and Madras. It is proposed to instal about 72,000 community receivers in rural areas.

The total outlay on social services in the Plan is placed at 9,450 million rupees - or about twice the provision made in the first Plan. The continuing emphasis on the development of educational and medical facilities as well as on the advancement of industrial labour, displaced persons and other under-privileged classes is an integral part of the socialist pattern of society which seeks to achieve a greater degree of equality of opportunities in the country.

One of the Directive Principles in the Constitution is that within a period of 10 years as from 1950-51 free and compulsory primary education for all children until the age of 14 should be provided. On the basis of the targets proposed in the Plan, by 1960-61, only 63 per cent of the children in the age-group six to 11 and 22.5 per cent of the children in the age-group 11 to 14 will be provided for.

The number of pupils will increase by 7.6 million at the primary stage and 1.3 million at the middle stage. These targets will require the establishment of 53,000 new primary schools and 3,500 middle schools. At the secondary stage it is proposed to provide increasing diversification of courses.

The number of multipurpose schools is to be increased from 250 at the end of the first Plan to about 1,200 by the end of the second Plan. In each sector of development technical personnel will be needed in rapidly increasing numbers. It is therefore proposed to establish three higher technological institutes, one each in the northern, western and southern regions and to develop further the Delhi Polytechnic and the Khargpur Institute of Technology.

The Indian School of Mines and Applied Geology at Dhanbad will also be expanded. The total number of engineering institutions will be increased from 45 to 54 for graduates and post-graduates studies and from 83 to 104 for diploma courses. The output of graduates in engineering is expected to increase from 3,000 in 1955 to 5,480 in 1960 and of engineering diploma holders from 3,560 to about 8,000.

The basic difficulty in extending health services in the country lies in the lack of trained personnel. Consequently it is proposed to increase the supply of doctors, nurses, and health assistants by 18, 41 and 75 per cent respectively in the second Plan. An increase of 24 per cent in the number of hospital beds is also envisaged.

A sum of 40 million rupees is set apart for family planning and it is expected that about 300 urban and 2,000 rural clinics will be set up during the Plan period.

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The proposed outlay of 1,200 million rupees on housing relates to the schemes sponsored by the Works, Housing and Supply Ministry. In addition, provisions for housing have also been made in the plans of a number of Central Ministries including Railways, Iron and Steel Production, Rehabilitation, Defence and others, and in the plans of States. The total number of dwelling units to be constructed by public authorities in the second Plan period comes to 1.3 million.

(The Statesman, 16 May 1956;  
The Hindustan Times, 16 May 1956).

Slight Rise in National Income in 1954-1955:  
Central Statistical Organisation's Estimate.

According to the third issue of the annual paper on national income issued by the Central Statistical Organisation, the national income of India for 1954-55 ~~should~~ showed a very slight increase over the 1953-54 figures on the basis of 1948-49 prices. The corresponding figures at current prices, however, showed a decrease in 1954-55 as compared to 1953-54.

The national income at 1948-49 prices was 101,700 million rupees in 1954-55 as compared with 100,400 million rupees in 1953-54 and 94,600 million rupees in 1952-53. Corresponding figures at current prices are 99,100 million rupees, 104,900 million rupees and 98,200 million rupees respectively.

The per capita income at 1948 prices worked out to 269 rupees in 1954-55 and 1953-54 as against 256.6 rupees in 1952-53 and 246.9 rupees in 1948-49, showing a general increase.

Expressed at 1948-49 prices, there is a small rise in national income between 1953-54 and 1954-55. The rise, however, is so small that the per capita income for both years at those prices was placed at 269 rupees.

37

Fall in Price Level.- Expressed at current prices the national income in 1954-55 shows a decline of 5,800 million rupees or 5.5 percent relative to 1953-54. This fall is attributed by the paper to a large fall in the price level. If the necessary adjustments are made for the price levels in the two years, the paper says, an increase in the real term of 1,300 million rupees or 1.3 per cent in 1954-55 over 1953-54 would be indicated as compared with an increase of 5,800 million rupees or 6.1 percent between 1952-53 and 1953-54. The per capita income in 1954-55 at current prices has gone down in comparison with the respective figures for 1953-54.

The paper says the broad conclusion is that while the income expressed at current prices has gone down, the substantial rise in real national product which has occurred during the last three years has been maintained between 1953-54 and 1954-55.

The fall in money incomes at current prices has not adversely affected the general population because the prices have also gone down considerably. The absence of any large rise in national income between 1953-54 and 1954-55 is almost entirely due to no rise in agricultural production between the two years.

The progress of incomes in all other sectors has been quite normal.

The paper says that figures at current prices indicate a considerable shift against agricultural and other primary production. While this is partly due to a relatively larger rise incomes in the secondary and tertiary sectors, a disproportionately large fall in agricultural prices is probably the main reason.

The paper says that while the estimates of the income for 1953-54 were based on the detailed method of estimation followed for the earlier years, the estimates for 1954-55 are based on the partial material and are subject to revision.

(The Hindustan Times, 20 May 1956 )

34

39. International Economic Relations.

India - May 1956.

Indo-Soviet Shipping Agreement signed.

An Indo-Soviet shipping agreement was signed in New Delhi on 7 April 1956.

Under the terms of the agreement India and the USSR will each provide six ships of a total tonnage of about 55,000 for operation in a new service. The agreement provides for the distribution of cargo on a parity basis. An understanding has also been reached regarding mutually beneficial freight rates.

For co-ordination of operation of the service, India and the USSR have nominated as their representatives the Director-General of Shipping, Government of India and Vsesojuznoje Objedienie "Soviracht" respectively.

A Transport Ministry Press Note says that under the agreement, which comes into force immediately, Indian vessels in Soviet ports will enjoy the most favourable conditions allowed at each port.

The handling of Soviet vessels in Indian ports will be effected by Indian firms and that of Indian vessels in Soviet ports by the Soviet agency, "Inflot".

The service will operate between Bombay and Calcutta and Odessa and Novorossisk.

Under the agreement, each party has the right to substitute a vessel by another, as also to assign, by mutual agreement, additional vessels, depending upon the volume of cargo and other circumstances.

The schedule of sailings will be fixed every three months.

The two parties will operate their ships assigned to the service independently and bear responsibility for financial results as well as for any kind of claims which may arise in connection with the operation of the vessels.

35

Tonnage dues on Indian vessels assigned to the service will be levied on each vessel in the ports of the USSR at preferential rates and only once a year irrespective of the number of calls.

No income-tax will be levied or collected by the Government of India on the freight earnings at Indian ports of Soviet ships and similarly no income-tax will be levied or collected by the Russian Government on the freight earnings of Indian ships at Soviet ports.

Payments arising out of the operation of the service including payments for freight for transportation of cargoes on vessels on the regular line covering the Indian-Soviet goods turnover will be effected in accordance with the Indo-Soviet Trade Agreement of 1953.

(The Statesman, 7 April 1956).

Trade Pact with Bulgaria signed: India to Import Machinery.

A trade agreement between India and the People's Republic of Bulgaria was signed at New Delhi on 18 April 1956. The agreement comes into force immediately and will be valid up to 31 December 1959, subject to the lists attached to it being revised for each calendar year.

The important items in the list of exports from India to Bulgaria are iron ore, manganese ore, lac including shellac, tea, coffee, tobacco, spices, hides and skins, oil and oilseeds, raw cotton, cotton waste, cotton manufactures, raw wool, wool waste, jute manufactures, sports goods, handicrafts and cottage industry products.

Among the chief items available for export from Bulgaria to India are various kinds of machines such as wood working, metal working, forging, pressing, agricultural etc.; certain kinds of chemicals, drugs and medicines, electrical instruments, machinery equipment, paints and diesel engines.

(The Hindustan Times, 19 April 1956 ).

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Trade Agreement signed with Poland: India to buy  
300,000 Tons of Steel Products.

India will buy from Poland 300,000 tons of iron and steel products during the next three years ending 31 December 1958, and will sell to Poland an equal quantity of iron-ore during the same period under an agreement signed between the two countries in Delhi on 11 April 1956.

India will also buy from Poland 100,000 tons of cement between 1 August this year and 31 March 1957.

The agreement provides for the sale by Poland to India, in the first instance, of 50,000 tons of iron and steel products between 1 April and 31 December this year.

A Press note issued by the Ministry of Commerce and Industry said efforts would be made to obtain an additional quantity of 50,000 tons of steel products before 31 December 1956.

A quantity of 100,000 tons of iron and steel products has been agreed to be sold in each of the calendar years 1957 and 1958.

The Press note said negotiations for settling the terms and conditions of sale of the quantity agreed to be supplied in the current year would commence shortly.

The terms and conditions of the sale in the subsequent years would be settled between the parties in due course.

The Polish State enterprise, Controzap, will sell the iron and steel products to the Iron and Steel Controller of the Government of India at Calcutta or any other authority nominated by the Government of India.

The Mimex, another Polish State enterprise, will sell the cement and the State Trading Corporation of India, proposed to be set up shortly, will buy it.

The terms and conditions of supply of cement for the current year will come into force with immediate effect.

Under the agreement, India will sell, through the State Trading Corporation, to Poland, first, 100,000 tons of iron ore between 1 September this year and 31 March 1957. A quantity of 100,000 tons of iron ore will be sold in each of the calendar years 1957 and 1958.

( The Hindustan Times, 12 April 1956 )

India signs Trade Pact with Yugoslavia.

A trade agreement between India and Yugoslavia was signed at New Delhi on 31 March 1956. The agreement categorically lays down that both India and Yugoslavia will undertake to do "everything in their power" to expand trade between them. Among the 61 items which Yugoslavia can immediately supply and India has agreed to buy are steel, cement and ships. Yugoslavia has undertaken to import iron ore from India.

The agreement also stipulates promotion of scientific and technical co-operation between the two countries so that they can share each other's technical skill to mutual advantage. This would require exchange of technical documents, technical missions and provision of training facilities as well as supply of equipment and machinery.

Regarding the supply of ships, the Yugoslav Government has undertaken to use its influence with the Yugoslav shipbuilding yards for necessary priorities in regard to delivery, etc.

(The Statesman, 1 April 1956).

India - Poland Cargo Shipping Service: Agreement signed.

An Indo-Polish agreement for the organisation of a regular cargo shipping service between Indian and Polish ports was signed in Delhi on 16 May 1956.

Under the terms of the agreement each side will nominate a shipping organisation which will be responsible for the operation of its ships. To begin with, each side will nominate three ships for operation in the new service which is expected to start before the end of October. Additional ships will be put in by both sides as and when required, the total tonnage participation by each side being always equal.

The service will be operated on the basis of equality of advantages and avoidance of competition between the two parties and the agreement envisages the possibility of an arrangement to be made between the two shipping organisations for pooling and sharing of freight earnings.

(The Statesman, 17 May 1956 ).

29

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

INDIA - MAY 1956.

41. Agriculture.

Results of Research must Reach Farmers: President  
inaugurates Farmers' Convention.

Inaugurating the second National Convention of Farmers held at New Delhi on 2 and 3 April 1956, President Rajendra Prasad, said that agricultural research institutes in various parts of the country should "do their utmost to propagate the results of their researches among the kisans".

The President commended the proposal to provide opportunities for kisans to spend some time in these institutes.

The farmers in India were so numerous that their welfare meant the welfare of a large section of the population. Dr. Prasad said, "As a matter of fact, rural reconstruction in India", he pointed out, "means largely improvement in the conditions of the farmers. The farmer, in short, is the very measure of success of any welfare work undertaken in the countryside".

"The Indian farmer is the back-bone of our country, he has been so for centuries, and as far as I can see", he said, "will ever remain so".

He felt that the convention would serve a useful purpose in bringing the kisans in contact with the people outside the villages.

The President repudiated the belief that the Indian kisans were conservative by nature and did not easily give up their old ways. He said: "While it is true that our kisans do not accept anything till they are convinced of its utility, it is also a fact that once they come to have faith in an innovation they accept it without question". The application of the Japanese method of cultivation proved this.

He stressed the need for the welfare of cattle "on whom the brunt of agricultural operations falls".

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"It is my conviction that unless agriculture and proper care of cattle are combined, we shall not be able to solve our food problems. Foodgrains are no doubt the principal item in our diet, but milk, curd and butter are no less important" he said. He felt that only if they took to scientific cattle breeding could they have plenty of milk in the country.

The President felt that the Farmer's Forum, which had organised the convention, could do much to benefit the kisans and Indian agriculture. It could provide guidance to the farmers who had to harmonize old ways and new methods so that progress might be achieved.

Presidential address.— In his presidential address, Dr. P.S. Deshmukh, Union Agriculture Minister, said that Indian agriculture was, on the whole, still primitive. "We cannot hope to be a modern nation without revolutionising our present methods". However, Dr. Deshmukh added, the Indian farmer was not conservative. The fact that seed prices had been reduced proved that he had readily taken to new methods.

Praising the Japanese method of cultivation with the introduction of which Dr. Prasad was connected, Dr. Deshmukh said that it was the "one factor which has taken us out of our chronic deficiencies in food production and consequent misery, famines and scarcities".

He gave detailed figures of the production of foodgrains during the first Five Year Plan and said, "I believe that unless we do something to destroy the confidence of our peasantry and take away from it all such things as provide the necessary incentive for better agriculture, the days of having to resort to miss-a-meal propaganda or to ask people to subsist on subsidiary foods or to start ploughing lawns should be a matter of the forgotten past".

Dr. Deshmukh said that although the achievements of the Forum during the past year were substantial, it had much to accomplish. "We have yet to develop a properly sponsored co-operative movement. We have yet to take to primary processing of agricultural commodities. We have yet to clean our markets and cure the habits of our people of adulteration and mixing", he added.

The Forum was concerned with the entire sphere of the farmer's life. It had therefore given all possible assistance to rural women to hold their own convention. Likewise, the All-India Young Farmers' Association had been set up, he said.

After the plenary session the Convention broke up into various functional seminars.

61

At the seminar on community projects and the National Extension Service, it was pointed out by the delegates that the selection of village level workers was not satisfactory and less emphasis was being given at the time of selection to attract farmers' sons to become village-level workers.

Another point made out was that although it was said that agriculture had the top priority in the programme under the community projects and the National Extension Service little provision was made to improve agriculture. Horticultural and dairying were the subjects which should be given their due place in the agriculture programmes, the convention felt.

The convention recommended that the Government should appoint a dairy development board in each State for carrying out comprehensive dairy development schemes, including marketing of milk and milk products more efficiently. Export of high yielding cows and buffaloes from rural areas to large cities was also one of the problems discussed.

The seminar on co-operative marketing and rural credit discussed the indebtedness of farmers. It was observed that credit obtained by members from co-operative societies at cheap rates was passed on to money-lenders for repayment of previous loans obtained by them at higher rates. Steps for freeing the kisans from loans other than those from co-operative societies were recommended.

Arrangements for the transport of agricultural and horticultural produce was the subject at another seminar. Among the recommendations made by this seminar were reduction in railway freight on fruits and vegetables, provision by the Government of cold storage facilities near markets and railway stations, construction of roads leading to orchards and arrangements for watering plants during transit.

A suggestion made at the seminar on "agricultural research education and information" was for the opening of more agricultural schools.

Agricultural taxation and cost of production figured predominantly at a seminar and at the convention meetings. Among the recommendations made on these matters were that tax should be in relation to actual income earned and not to area; tax payments in kind should be allowed where it would be easier and more convenient to the farmer; betterment levy should be on actual earnings and not on future estimated income or on the increased book-value of agricultural land which did not enrich the farmer's income and that indirect taxation resulting in double taxation should be avoided.

As many as 100 farmers participated in the seminar on soil erosion. One of the acute agricultural problems was of the country. The seminar and the convention recommended that directorates of soil conservation be set up in all States to systematize and to accelerate soil conservation work in the country. The need of drainage schemes for surface and sub-soil drainage was emphasised.

(The Statesman, 3 April 1956;  
The Hindustan Times, 6 April 1956).

62

Uttar Pradesh: Jaunsar - Bawar Zamindari Abolition  
and Land Reforms Act, 1956 (U.P. Act XI of 1956 ).

The Jaunsar - Bawar Zamindari Abolition and Land Reforms Bill (vide page 27 of the report of this Office for October 1955) as passed by the Uttar Pradesh Legislature received the assent of the President on 24 March 1956 and has been gazetted as Act No. XI of 1956. The Act provides for the acquisition of rights, title and interest of the intermediaries between the State and the tiller of the soil in Pargana Jaunsar - Bawar of Dehra Dun district and for the introduction of land reforms therein.

(Government Gazette of the Uttar Pradesh,  
Extraordinary, 5 April 1956, pp. 1-14).

43

43. Handicrafts.

India - May 1956.

Madhya Pradesh Khadi and Village Industries Board  
Act 1956 (No. IX of 1956).

The Madhya Pradesh Khadi and Village Industries Board Bill as passed by the Madhya Pradesh Legislature received the assent of the Governor on 21 April 1956 and has been gazetted as Act No. IX of 1956. The Act provides for the establishment of a Board for the proper organisation, development and regulation of khadi and village industries in the State and for matters connected therewith.

(Madhya Pradesh Gazette, Part IV-B,  
4 May 1956, pp. 231-241 ).

44

#### 44. Merchant Marine and Fisheries.

India - May 1956.

#### Socio-Economic Conditions of Fishermen in Bombay Area.

The Bombay State stands third in India in point of production of fish, giving an estimated annual output of about 15 per cent of the total production of the country. Of about 4.2 million persons engaged in all industries and services in Bombay State, about 53,000 persons or only 1.24 percent depend for their livelihood on fishing. From the view-point of employment the important regions for fishing in the State are Thana (including Greater Bombay), Kolaba, Ratnagiri and Kanara. The Deputy Commissioner of Labour, Bombay, recently conducted an enquiry into the socio-economic conditions of fishermen in some of the selected centres in Bombay Area namely, Worli, Chimbai, Danda, Varsova, Madh, Karanja and Satpati during April-May 1956. The results of this enquiry are reviewed in the April 1956 issue of the Labour Gazette (Vol. XXXV, No. 8, April 1956). The following is a brief summary.

Nature of work.- About 82 per cent of the total number of persons engaged in the industry are independent producers. The fishing operations are seasonal in character. The season commences soon after the monsoons are over and lasts till the end of May. Even during the fishing season itself, there are brisk and slack periods varying with the regions. The working conditions of fishermen depend on nature to a certain extent. Unlike factories, the hours of work, holidays, etc., are determined by the course of tides and changes in the atmosphere. Female labour is completely excluded so far as fishing operations are concerned. The retail marketing is, on the other hand, done almost exclusively by women.

Employment.- There is no official statistical data available regarding centre-wise employment, in the fishing industry. According to the information furnished by the 'Machhimar Kamgar Sangh' there are about 400 employers, owning 500 boats and engaging about 2,300 workers at the six centres, namely, Worli, Chimbai, Danda, Varsova, Madh and Karanja. On an average each employer engages 6 workers and the average size of the crew consists of 4.6 persons. The following table shows the employment at each centre:-

Centres.	Number of employers.	Number of boats.	Number of workers.	Average Number of workers per employer.	Average Number of workers per boat.
Worli	34	58	269	7.9	4.6
Chimbai	21	40	206	9.8	5.0
Danda	76	84	499	6.6	6.0
Varsova	117	155	554	4.7	3.6
Madha	65	71	161	2.5	2.3
Karanja	70	95	618	8.8	6.5
Total.	383	503	2,307	6.0	4.6

At Satpati, however, there are about 150 boats providing employment to about 1,300 work-people, of which about a thousand persons are independent producers. A rough sample of 25 percent of the employers and about 17 per cent of the employees was covered by the enquiry. In all 92 employers were contacted and 486 workers were interviewed in addition to 125 self-employed fishermen from Satpati, ~~some~~ who had formed groups on co-operative lines. The following table shows the total number of employers and workers and the sample adopted at each centre:-

Centres	Estimated Number of employers.	Number of employers contacted.	Percentage of employers contacted.	Estimated Number of Workers	Number of Workers contacted.	Percentage of workers contacted.
Worli.	34	11	32.35	269	55	20.45
Chimbai.	21	5	23.81	206	44	21.36
Danda.	76	24	31.58	499	126	25.25
Varsova.	117	21	17.95	554	99	17.87
Madh.	65	13	20.00	161	35	21.74
Karanja.	70	14	20.00	618	108	17.48
Satpati.	Not available	4	--	1,300	144	10.77
Total.	383	92	24.02	3,607	611	16.94
	(Excluding Satpati)					

The workers are recruited directly by employers. The contract is always verbal and provides for the amount of the seasonal wage and leave facilities, required by the worker. The supply of labour was found to exceed the demand at all the centres.

46

Systems of wage payments.- Several systems of wage payment are prevalent in the fishing industry. They vary according to the age-old customs of each centre. A common feature of all the wage systems is that the wages are paid both in cash and in kind. At all centres except Satpati the wage is fixed for a period of 8 months, while at Satpati, the seasonal wage is fixed for a period of 4 months only. At Karanja some workers are paid on a fortnightly basis. In the place of workers who are absent or on leave, the employers generally engage 'khalasis' on a casual basis on daily wages.

The pantry labour called 'hodsals' who are engaged for washing the boat and supplying articles of food to the 'khalasis' are given a fixed share of the catch, which is usually 1/10th of the total catch. Generally, the share of the workers is sold through the employer along with his produce and the money realised is credited to the workers' account with the employer.

At Karanja a different system of wage determination is in existence. After deducting common expenses incidental to the voyage such as food, etc., the net profit is divided in several shares. Each worker receives one share, while the employer gets three shares - one for the use of his boat, second for his business such as supplying nets, marketing the produce etc., and a third one for his labour if he works along with the other workers.

At Satpati, the workers usually form themselves into a group of ten persons. They own the boat, nets and other implements, which are considered to be a common property of all, and share in equal proportions the product of their labour. If any of the members of the group desires to leave, he is given an estimated value of his share of the capital equipment and the person who fills his place is required to contribute an equal amount.

The season commences in September and ends in May. All the workers do not necessarily turn up for work at the beginning of the season. Some seek employment as late as in January. The seasonal wage, therefore, varies with the number of days put in by the worker. If the seasonal wage for a fisherman reporting for work at the commencement of the season is 500 rupees, the remuneration paid to a worker starting work in January would be 250 rupees to 300 rupees. The computed average daily wage of a worker paid on a fortnightly basis ('UDHAN') is higher than the average daily wage of a worker on a seasonal basis in view of the uncertainty of employment of the former worker. Thus the average daily wage of a worker at Karanja employed on the fortnightly basis is 2 rupees 15 annas while that of a worker engaged at the same centre for the season is only 1 rupee 15 annas, though the total seasonal earnings in the former case are less than those of the latter. For a similar reason the rate of wages of a casual worker varies between 3 rupees and 5 rupees per day.

47

The extent of leave demanded in advance by the worker also affects the amount of seasonal wage in as much as the worker puts in less number of days of work. If the seasonal wage of a worker is 600 rupees for about 8 months and the worker demands a month's leave his wages may roughly be fixed at 525 rupees. However, in the course of the enquiry it was noticed that the amount of wages deducted on account of leave was in a large number of cases disproportionate to the extent of leave, it being always detrimental to the worker. The employer computed the deduction in wages on the basis of what he would be required to pay to a casual labour recruited in the leave vacancy. Thus for a period of 10 days' leave, the employer would deduct about 40 rupees to 50 rupees from the seasonal wage as against his average wage of 25 rupees.

It was also noticed that some of the workers took advances from the employers against their future wages. If the estimated seasonal wage in the next season came to 450 rupees the employer advanced roughly an amount of 225 rupees to the worker and bound him for the next season, in which period he was not paid any wages.

Wages.— The 'tindal' who is a leader of the group and supervises the fishing operations receives a seasonal wage of between 500 rupees to 800 rupees, while the 'khalasis' are paid between 350 rupees to 550 rupees. The wages of both the 'tindals' and the 'khalasis' appear to be the highest at Varsova. Wage statistics were collected both from the employers and the workers. The following table shows average seasonal cash wages of 'tindals' and 'khalasis' as reported by the employers and workers:—

Centre.	As reported by employers				As reported by workers			
	'Tindals'		'Khalasis'		'Tindals'		'Khalasis'	
	No.	Average Seasonal cash wages. Rs.	No.	Average Seasonal cash wages. Rs.	No.	Average Seasonal cash wages. Rs.	No.	Average Seasonal cash wages. Rs.
Worli.	12	521	92	413	5	590	50	429
Chimbai.	14	626	71	546	9	540	31	474
Danda.	14	469	107	407	7	543	87	423
Varsova.	27	671	112	549	6	654	70	487
Madh.	8	524	54	347	1	450	32	340
Karanja.	9	654	63	467	2	610	80	400
Satpati.	-	-	24	497	-	-	19	312
Total.	84	593	523	464	30	574	369	422

The average wages of 'tindals' and 'khalasis' are 593 rupees and 464 rupees respectively, as quoted by employers against 574 rupees and 422 rupees as given by the workers. The wages at Danda as supplied by the workers are more than those given by the employers.

128

The labour employed on the 'UDHAN' basis at Karanja receives 25 rupees to 40 rupees for a fortnight, while the casual labour is paid 3 rupees per day at Satpati, 4 rupees per day at Madh, Worli and Chimbai and 5 rupees per day at Danda and Varsova. It was not possible to assess their seasonal earnings in view of their casual employment. The income of the pantry labour also could not be assessed on account of the difficulty of evaluating their daily catch. The miscellaneous labour employed at the shore for repairing nets, etc., receives a seasonal wage of 250 rupees to 350 rupees besides free food. It was not possible to estimate the earnings of independent workers at Satpati as no records were maintained by the groups.

In addition to wages in cash, the workers also receive wage in kind in the form of food, tea, clothing, tobacco, bidi, etc. The expenditure on all these items roughly works out to 326 rupees for the entire season of 8 months.

Subsidiary occupations and earnings.— The workers have little time to engage themselves in any subsidiary occupation during the fishing season. Of 486 workers interviewed, only 58 reported to have engaged themselves in any subsidiary occupation during the season, earning on an average an income of 43 rupees for the period. During the off-season 345 workers earned their livelihood by fishing with an average income of 76 rupees for a period of about 4 months. Occupations other than fishing accounted for 33 workers earning 89 rupees on an average. The remaining 108 workers were mostly engaged in non-remunerative occupations such as preparing and repairing boats and nets.

Days and hours of work.— The actual fishing operations depend upon a variety of factors and vary from region to region. Shore-fishing is generally not undertaken on certain days when the tide is low and the currents of water do not drive sufficient quantities of fish into the nets. At all centres except Satpati, the workers engaged on crafts of small tonnage do not operate for a period of 3 or 4 days in a fortnight. During the period of slack activity the workers are not required to undertake a voyage but instead, are fully engaged on other work such as dyeing nets, repairing boats and nets, etc. At Satpati, however, on account of forceful currents of water it is not possible to fish during the 'Udhan' period from the 11th day to the 4th day of the subsequent fortnight of the lunar calendar. The workers engaged on mechanically-propelled crafts, on the other hand, are able to carry on their normal operations of deep sea fishing throughout the season.

69

The hours of work depend upon the ebbs and tides and currents of water which differ from day to day. It is, therefore, difficult to give an estimate of the daily hours of work. The workers are, however, on call for all the hours of the day. It was observed that in the case of a majority of workers who return home daily from the sea, the total absence from shore lasted for 20 to 22 hours per day. The journey to and from the field of operation takes about 6 to 8 hours. The period of about 3 hours between setting the net and catching the fish affords a period of rest and the remaining 11 to 13 hours are hours of operational work per day. Even during the periods of journey and rest the workers are not free as they have to attend by turns to various duties e.g., sailing the boat, sorting of fish, cooking or just watching the currents. On shore they have to attend to repairing of the nets, drying them on shore and collecting them again. It may thus appear that the rest periods are only illusory.

Working conditions and amenities.—The open air life keeps the fishermen in good health. They have a sound physique due to their diet chiefly comprising of fish. Despite the insanitary conditions in which they live, there is not much illness among the fishermen. The workers are, of course, exposed to the risks of the sea but in the course of the enquiry only two cases of accidents were reported.

A weekly off day is conspicuous by its absence. On some festival days observed by the fishermen, they are not required to undertake the voyage. But still they have to put in a normal day's work on the shore in dyeing and repairing nets. At Karanja, however, 15 days' holidays are observed by the workers at the time of 'Holi', when there is complete cessation of work of all types. These paid holidays are customary with seasonal workers only, while those engaged on a fortnightly or casual basis have to lose their wages for this period.

Leave with pay is practically non-existent. Wages are fixed only after taking into account the quantum of leave demanded by the worker at the time of making the initial contract. Wages are deducted in advance for the period of leave. It was found that more than half the number of workers did not enjoy any leave at all. Among those who secured leave, a majority of workers enjoyed between 1 to 10 days' leave in the season. Whenever a worker remained absent, deductions were made from his salary at the rate of 3 rupees to 5 rupees per day, as he was required to be substituted by a casual worker who would be available at that amount.

56

A major part of the workers' life is spent on the craft itself. The employer shares accommodation with his workers. Drinking water is provided on the barge, while there are no sanitary arrangements on the craft. In case of illness, the employer provides the workers with medicine but the medical charges are recovered from their wages. There are no recreational facilities whatsoever available to the fishermen nor have they any time to enjoy them.

Indebtedness.- A very large number of workers i.e., about 75 per cent of the total interviewed reported that they were indebted to the extent of 429 rupees per worker.

Expenses on weddings appear to be an important cause of indebtedness, being responsible for 41.3 per cent of the total debt. Low income and financing fishing business at the native place are other causes of indebtedness.

The village money lender is the most predominant source of obtaining loans, since as many as 87.4 per cent of the indebted workers approached the village money lender for loans. A few workers obtained loans from their employers and relatives. In a large number of cases the interest rate was as high as 37.5 per cent per annum or 6 pies per rupee per month.

Trade unionism.- Trade unionism is in its infancy in the fishing industry. "The Machhimar Kamgar Sangh" which was formed in Bombay in June 1954 is the only registered trade union in the fishing industry. The union claimed a membership of about 500 workers at six centres of the industry namely, Worli, Chimbai, Danda, Varsova, Madh and Karanja.

(Labour Gazette, Bombay, Vol. XXXV, No. 8,  
April 1956, pp. 849-859).

CHAPTER 5. WORKING CONDITIONS AND LIVING STANDARDS.

INDIA - MAY 1956.

52. Workers' Welfare, Recreation and Workers' Education.

Bombay Labour Welfare Fund (Amendment) Act, 1956.  
(XVI of 1956).

The Bombay Labour Welfare Fund (Amendment) Bill, 1956 (vide page 56 of the report of this Office for March 1956) as passed by the Bombay Legislature received the assent of the Governor on 16 April 1956 and has been gazetted as Act No. XVI of 1956. The Act amends section 19 of the Bombay Labour ~~Fund~~ Welfare Fund Act, 1953, to provide for delegation of certain powers of the Bombay Labour Welfare Fund to the Welfare Commissioner to facilitate the day to day administration of the Board.

(Bombay Government Gazette, Part IV,  
19 April 1956, page 97 ).

63. Individual Contracts of Employment.

India - May 1956.

Working of the Industrial Employment (Standing Orders) Act, 1946, during 1954.

According to the review of the working of the Industrial Employment (Standing Orders) Act, 1946, during 1954, there were in India at the end of the year, 5,366 establishments with certified standing orders. The details, State-wise, are given below:

States	No. of establishments having Certified Orders at the beginning of the Year.	Total No. of establishments having certified Standing Orders at the end of the year.
<b>PART A STATES</b>		
Andhra.	139	148
Assam.	615	674
Bihar.	176*	184
Bombay.	216	246
Madhya Pradesh.	39	39
Madras.	641	654
Orissa.	12	
Punjab.	57	57
Uttar Pradesh.	542	566
West Bengal.	1,157	1,247
<b>Total.</b>	<b>5,594</b>	<b>5,815</b>
<b>PART B STATES</b>		
Hyderabad.	25*	31
Mysore.	100	105
PEPSU.	-	4
Rajasthan.	9*	16
Saurashtra.	47*	47
Travancore-Cochin.	535	538
<b>Total.</b>	<b>716</b>	<b>741</b>
<b>PART C STATES</b>		
Ajmer.	6	6
Bhopal.	1*	1
Coorg.	80*	80
Delhi.	40	42
Himachal Pradesh.	-	1
Kutch.	-	3
Andamans.	1	2
<b>Total.</b>	<b>128</b>	<b>135</b>
<b>CENTRAL UNDERTAKINGS.</b>	<b>504</b>	<b>675</b>
<b>GRAND TOTAL.</b>	<b>4,942</b>	<b>5,366</b>

\* Revised.

57

During the year under review there was slight improvement in the progress of certification. As compared to 391 establishments for which Standing Orders were certified during 1953, 433 establishments were able to get their Standing Orders certified. In the Central Sphere undertakings draft Standing Orders of 171 establishments were certified during the year. This raised the number of establishments having certified Standing Orders at the end of 1954 to 675, compared with 504 at the end of 1953 and 439 at the end of 1952. Of 171 certifications, 138 were for mines, 3 for ports and docks, 1 for a Central Government establishment, 18 for Contractors' establishments and 11 for other miscellaneous establishments.

The table below shows the details of applications received for modification of the previously certified Standing Orders:-

States	Number of applications for modification			
	Pending at the beginning of the year.	Received during the year.	Disposed of during the year.	Pending at the end of the year.
Andhra.	..	3	3	..
Bihar.	7	2	3	6
Bombay.	3	3	1	5
Madras.	..	15	12	3
Uttar Pradesh.	..	3	..	3
Saurashtra.	..	2	..	2
Total.	10	28	19	19

From the annual reports of the administering authorities, it appears that progress of certification was slow in most of the States during the year under review. This appears to be mainly due to late submission of draft Standing Orders, delay on the part of employers in carrying out modifications suggested by Certifying Officers, lack of proper response from the employers and unions, the requests for postponement of hearing of certifications, changes in the number of workmen and the managements and the failure to elect representatives of workmen in time in cases where no trade unions existed. Workers in Bihar and West Bengal continued to express their dissatisfaction over the limitations on the powers of the certifying Officers to adjudicate upon suitability of the draft Standing Orders submitted by the employers. Some of the reports suggested that a legal provision should be made to the effect that model Standing Orders will apply as long as a set of Standing Orders have not been certified specifically for an industrial establishment.

(The Working of the Act for 1953 was reviewed at pp.50-51 of the report of this Office for July 1955).

(Indian Labour Gazette, Vol. XIII, Number 9,  
March 1956, pp. 692-696).

59

65. Collective Agreements.

India - May 1956.

Bombay: Agreement on Payment of Bonus to Dock Workers signed.

The Bombay Stevedores' Association, Limited, representing stevedoring firms, and the Transport and Dock Workers' Union, Bombay, representing stevedore labourers, have signed a five-year bonus pact.

This is the first time that employers and dock workers in Bombay port have come to a long-term agreement on any outstanding issue.

The lead given by the textile industry in forging a bonus pact was followed by the Stevedores' Association and the Dock Workers' Union, and the agreement signed on 4 May 1956, has been described by the two parties as historic.

Bonus decided.— The pact was signed in the presence of Mr. R.J.T. DeMello, Conciliation Officer (Central), who had used his good offices to bring about a settlement of the bonus issue.

According to the agreement, the employers will pay to every stevedore worker two annas per ton handled as bonus for the years 1954-55 and 1955-56. The total tonnage worked during this period was 7.8 million rupees and on this basis, workers are entitled to receive 975,000 rupees as bonus.

For the next three years, the workers will each receive two and a quarter annas per ton and with the sea traffic becoming heavier in the next few years, the output in the docks are likely to increase considerably enabling workers to earn more by way of bonus.

Besides stevedore, labourers, tally clerks, shivanars, pallywallas and watchmen are also covered by the pact. Monthly staff workers will also get the benefit. These categories of employees will receive about 150,000 rupees for the years 1954-55 and 1955-56.

(The Times of India, 7 May 1956).

53

Travancore-Cochin: Bonus for Estate Workers:  
Agreement reached at Tripartite Conference.

A settlement was reached in regard to the question of grant of bonus to estate workers in Travancore-Cochin at a tripartite conference convened by the State's Labour Commissioner, Mr. A. Kunjukrishna Pillai, at Ernakulam on 19 April 1956.

According to the agreement signed by the representatives of the employers and employees in the planting industry in the State, in the presence of the Labour Commissioner, workers of the tea and rubber estates will get each 12 1/2 per cent and 8 1/3 per cent respectively of their annual wage earnings for 1953 and 1954. The agreement, however, will not be binding on the estate which do not fall within the purview of the Plantation Labour Act, it is officially stated.

The agreement will involve a sum of well over 5 million rupees and about 140,000 workers in the tea and rubber plantations in the State will be benefited by it, it is learnt.

Of the 24 issues in dispute between the employers and the employees in the planting industry, the question of bonus was held by the labour as a vital matter to be settled. The agreement stipulated that the remaining issues would be considered by a standing labour committee which the Government propose to constitute very shortly.

The Planting industry, represented by the representatives of the Associated Planters of Travancore (APT), the Premier Association of Planters in Travancore-Cochin State, the Central Travancore Planters Association and the South Travancore Planters Association and the workers represented mainly by the three estate labour unions led by the Indian National Trade Union Congress, the Communist and the Revolutionary Socialist Parties, negotiated the settlement.

(The Hindu, 20 April 1956).

96

67. Conciliation and Arbitration.

India - May 1956.

Industrial Disputes (Amendment) Bill, 1956.

Mr. Khandubhai K. Desai, Union Minister for Labour, Government of India, introduced on 23 April 1956 in the Rajya Sabha a Bill to amend the Industrial Disputes Act, 1947. The Bill ~~which~~ seeks to remove certain doubts and clarify the law relating to lay-off and retrenchment compensations.

According to the Statement of Objects and Reasons, doubt has been raised whether retrenchment compensation under the Industrial Disputes Act, 1947, becomes payable by reason merely of the fact that there has been a change of employers, even if the service of the workman is continued without interruption and the terms and conditions of his service remain unaltered. This has created difficulty in the transfer, reconstitution and amalgamation of companies and it is proposed to make the intention clear by amending section 25F of the Act.

Questions have also been raised whether a workman who is laid-off for more than forty-five days continuously is entitled to lay-off compensation for any period beyond the first forty-five days. Opportunity has been taken to remove the ambiguity by specifying the circumstances under which such compensation beyond the first forty-five days would be admissible to a workman.

The Bill provides the conditions under which lay-off compensation is payable to worker when he is laid off for a period beyond 45 days in a year and the conditions under which retrenchment compensation is payable when the ownership ~~is~~ or lease of a factory changes hands.

The Bill was passed by the Rajya Sabha on 10 May 1956.

During the debate the Deputy Minister for Labour, Mr. Abid Ali, explained that the amendments only made clear the original intention when the Act was amended in 1954. The need for amendment, he said, had arisen because of the conflicting decisions of courts and tribunals.

57

Mr. M.C. Sekhar (Com.-T.C) welcomed the clarification but desired that when paying retrenchment compensation, while the amounts paid by way of lay-off benefits for the period over the first 45 days should be deducted, the amounts paid for the first 45 days should not be set off against the retrenchment benefit.

Mr. S.N. Mazumdar (Com-West Bengal) supported this viewpoint.

Mr. Laviji Lakshmi (C-Kutch) said that Clause 3 still had a loophole by which a workman could lose his retrenchment compensation. This flaw should be looked into.

Dr. Seeta Parmanand (C-Madhya Pradesh) said provision should be made to see that no retrenchment was made without proper notice. The word "agreement" in the Bill should mean only an agreement arrived at between the employers and a recognised trade union.

She also asked for a change in the definition of the term "badli" in the original Bill for the purposes of retrenchment compensation.

Mr. Abid Ali, replying to the debate, said it had been argued that retrenchment should be altogether banned. This could not be done. If a factory or any of its departments closed down some workers had to be sent away if the factory was unable to retain them all. Otherwise, the factory itself would have to close down. But steps had been taken to make ~~retrenchment~~ retrenchment difficult for the employer. "We are not in favour of retrenchment but if it takes place we have given protection to the worker by way of compensation", he said.

As to the points raised by Mrs. Parmanand, he said, such problems arose only where there was no proper trade union movement. It was for the unions to see that the law was properly implemented.

There was no difficulty about the expression "badli". For the purposes of the Bill whoever had put in one year's service before retrenchment would be entitled to compensation. There was no question of temporary or permanent.

(The Gazette of India, Part II, Section 2,  
23 April 1956, pp. 305-307;  
The Statesman, 11 May 1956 )

58

CHAPTER 7. PROBLEMS PECULIAR TO CERTAIN CATEGORIES  
OF WORKERS.

INDIA - MAY 1956.

71. Employees and Salaried Intellectual Workers.

Fixation of Wage Rates for Working Journalists:  
Wage Board constituted.

The Government of India announced on 2 May 1956, the names of members of the Wage Board which will fix rate of wages for working journalists in accordance with the provisions of the Working Journalists (Conditions of Service) and Miscellaneous Provisions Act, 1955.

Shri H.V. Divatia, retired judge of the Bombay High Court, will be the Chairman of the Board which will have its Headquarters at Bombay.

In addition to the Chairman, the Board will consist of three representatives each of employers and of the working journalists.

The representatives of employers are: Shri G. Narasimian, Manager, the Hindu, Madras and President, Indian and Eastern Newspaper Society; Shri A.R. Bhatt, MLC, President, Indian Languages Newspapers' Association and Shri K.P. Kesava Menon, editor, Mathrubhumi, Calicut.

The representatives of the working journalists are: Shri R. Venkataraman, MP, Shri C. Raghavan, Secretary-General, Indian Federation of Working Journalists and Shri G.N. Acharya, Assistant Editor, Bombay Chronicle and President, Bombay Union of Journalists.

(The Statesman, 3 May 1956).

74. Indigenous Labour.

India - May 1956.

Madras Compulsory Labour (Amendment) Act, 1956,  
(No. VIII of 1956).

The Madras Compulsory Labour (Amendment) Bill (vide page 59 of the report of this Office for December 1955) as passed by the Madras Legislature received the assent of the Governor on 2 May 1956 and has been gazetted as Act VIII of 1956. The Act amends section 6 of the Madras Compulsory Labour Act, 1858 relating to labour which a person is by custom bound to contribute towards the maintenance of an irrigation work or a drainage work. The section has been amended so as to provide for the effective enforcement of the Act and to speed up the execution of the ladimaramath works pending the enactment of the Comprehensive Irrigation Bill dealing with the permanent scheme for the maintenance of irrigation works.

(Fort St. George Gazette, Part IV-B,  
9 May 1956, pp. 21-23 )

60

CHAPTER 8. MANPOWER PROBLEMS.

INDIA - MAY 1956.

81. Employment Situation.

Employment Exchanges: Working during March 1956.

General Employment Situation.- According to the review of the work of the Directorate General of Resettlement and Employment during March 1956, the number of registrations at employment exchanges declined during the month, the decrease having occurred in Uttar Pradesh, Bihar, Rajasthan and Travancore-Cochin. Vacancies notified also declined, while placings increased slightly. Vacancies in the private sector declined by over 2,100. This decline, however, represented only a return to the level of January 1956, there having been an increase in the volume of vacancies notified during February. The cumulative figure of the registered unemployed (the live register) declined by 19,810, reversing an upward trend which had been observed during the previous three months, and stood at 704,638. The decline was attributed generally to fall in registrations. One of the reasons for the decline in registrations was the decrease in the number of working days during the month. Reports from the regions indicated that the employment situation in general remained steady with some improvements in a few areas.

Widespread shortage persisted in respect of draughtsmen, overseers, stenographers, fast typists, compounders, midwives, nurses and trained teachers. Shortage of qualified engineers, experienced doctors, accountants, surveyors and health visitors was also reported to be fairly widespread. Dearth of boiler attendants, electricians, machanists, turners, tractor drivers, road roller drivers and physical training instructors was experienced by a number of exchanges.

Widespread surpluses persisted in respect of untrained teachers, carpenters, drivers, clerks, unskilled labourers, unskilled office ~~staff~~ workers and freshers from schools and colleges. Motor mechanics, fitters, chowkidars, tailors, cleaners and sweepers were also reported to be surplus to requirements.

81

Registrations and Placings.- The following table shows registrations ~~and~~ for employment and placings during March and February 1956.

	March 1956	February 1956
Registrations.	121,399	127,951
Placings.	15,504	15,465

The decrease in registrations was comparatively large in the States of Uttar Pradesh (5,716), Bihar (1,978), Delhi (955), Rajasthan (942) and Travancore-Cochin (691). On the other hand, increase in registrations was marked in the States of Madras (1,479), West Bengal (861) and Madhya Pradesh (690).

A total of 86,396 applicants were submitted to employers for selection during the month as compared to 76,668 in February 1956. Increase in placings was marked in the States of Hyderabad (326), Madras (293) and Orissa (193). There was, however, a comparatively large fall in placements secured by the exchanges in the States of Punjab (931) and Delhi (222). Of the total number of placements effected 5,377 were under Central Government, 6,625 under State Governments and 3,502 were with non-Government employers.

Vacancies notified.- The number of employers who utilised the services of the exchanges during the month was 5,126 as against 5,125 in the preceding month. A total of 24,293 vacancies were notified by them during the month under review as compared to 26,006 in the month of February 1956. The number of vacancies notified thus recorded a fall of 1,713. The decrease in the number of vacancies notified was marked in the States of Punjab (776), Bihar (376), West Bengal (302), Bombay (297), Ajmer (293) and Rajasthan (279). A comparatively large increase in the number of vacancies notified, however, occurred in the States of Madhya Pradesh (349), Assam (320) and Madhya Bharat (272). Of the vacancies notified, 18,749 were by Central and State Government Departments and 5,544 by non-Government establishments. There was an increase of 395 in the public sector and a fall of 2,108 in the private sector.

Register of unemployed.- A total of 704,638 applicants remained on the live registers of exchanges seeking employment assistance on the last day of the month as against 724,448 at the end of February 1956. The live register figure thus dropped by 19,810 in the month under review. The number of employed persons, who were in need of further employment assistance was 6,652 at the end of the month. The composition of the live register occupation-wise is shown below.

62

<u>Occupation.</u>		<u>Number on live register as on</u> <u>31 March 1956.</u>
1. Industrial supervisory.	-----	4,138
2. Skilled and semi-skilled.	-----	57,683
3. Clerical.	-----	194,786
4. Educational.	-----	19,877
5. Domestic service.	-----	30,083
6. Unskilled.	-----	362,491
7. Others.	-----	35,580
<b>Total.</b>		<b>704,638</b>

Employment position of special types of applicants.-  
The employment position regarding special types of applicants during March 1956 is shown in the following table:-

<u>Category.</u>	<u>Registrations.</u>	<u>Placings.</u>	<u>No. on Live Register.</u>
1. Displaced persons.	6,325	847	47,023
2. Ex-servicemen.	6,401	1,189	30,728
3. Scheduled Caste applicants.	13,801	2,368	68,287
4. Scheduled Tribe applicants.	1,594	272	6,458
5. Surpluses and discharged Central and State Government employees.	1,372	851	7,313
6. Highly qualified applicants.	856	139	4,576
7. Women.	5,971	658	27,812

(Review of the Workdone by the  
Directorate General of Resettlement  
and Employment during the Month of  
March 1956; issued by the Ministry  
of Labour, Government of India ).

63

### 83. Vocational Training.

India - May 1956.

#### Labour Ministry's Training Schemes: Progress during March 1956.

Training of Craftsmen.- According to the review of the work of the Directorate General of Resettlement and Employment during March 1956, the number of trainees on the roll of various training institutes and centres on 31 March 1956 was 9,719. There were 8,121 (including 9 women) in the technical trades and 1,598 (including 562 women) in vocational trades. Out of 562 women, 472 women were undergoing training at the three women training institutes in New Delhi, Dehra Dun and Madras. The remaining 90 women were undergoing training alongside men at industrial training institutes, Kakinada, industrial training centre Orissa poor cottage industries, Cuttack, industrial training institute, Alambagh, Lucknow and industrial training institute, Almora, during the month under report.

Training of displaced persons.- The total number of displaced persons undergoing training as at the end of March 1956 was 1,965; of these 1,637 were in technical trades and the remaining in vocational trades.

Apprenticeship training for displaced persons.- A total of ~~1,174~~ 1,174 displaced persons were undergoing training as apprentices in industrial undertakings and establishments in Uttar Pradesh and West Bengal, against 1,400 seats sanctioned for the purpose. They were recruited and posted direct to the undertakings and establishments concerned.

Training of supervisors and instructors.- In the XVI regular session which commenced from 18 November 1955, 96 supervisors and instructors were receiving training at the central training institute for instructors, Koni-Bilaspur at the end of the month. Apart from this 80 supervisors and instructors were also undergoing training in the short term course which started functioning on 2 January 1956.

59

Training of women craft-instructors.- Under the scheme for the training of women craft instructors introduced at the industrial training institute for women, New Delhi, 26 women instructors - trainees were receiving training at the end of the month under review.

Training of school going children in hobby centre, Allahabad.- Fifty-six trainees were undergoing training at the end of the month under report at the hobby centre, attached to the industrial training institute, Allahabad, as against 56 last month.

Short-term course of training in sheetmetal work trade.- In the short term course of training in trade 'sheet metal work' which was started at the industrial training institute, Bangalore under the craftsmen training scheme in September 1955, 104 trainees were undergoing training in this trade against a sanctioned capacity of 96 ~~as~~ as at the end of month under review.

Scope for employment.- Trade tests in respect of the candidates admitted for technical training during the session commenced in August 1954, were held in January 1956 and of the successful candidates about 300 persons have been selected by the Hindustan Steel Limited for training and subsequent employment at Sindri Fertilisers and Chemicals Limited, Chittaranjan Locomotive Works, Jay Engineering Works, Calcutta and Machinery Manufacturing Corporation, Calcutta under them. During the course of training the boys will be provided with free food and lodging and a small pocket allowance. Good medical supervision, physical training and sports facilities also will be arranged by them.

Trade test.- Trade test in stenography trade was held at industrial training institute, Bombay on 28 March 1956. Out of six trainees who took the test, two candidates have been declared successful by the Board of Examiners.

(Review of the Work Done by the Directorate of General of Resettlement and Employment during the Month of March 1956; issued by the Ministry of Labour, Government of India ).

65

LIST OF PRINCIPAL LAWS PROMULGATED DURING THE  
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INDIA - MAY 1956.

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66

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