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INTERNATIONAL LABOUR OFFICE  
INDIAN BRANCHWith:  
on:Industrial and Labour Developments in March 1957.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>   |               |
| Punjab: Meeting of State Labour Advisory Board: Problems of Joint Participation, Welfare and Works Committees considered.   | 1-5           |
| <u>12. Activities of External Services:</u>   | 6             |
| <u>CHAPTER 2. INTERNATIONAL AND NATIONAL ORGANISATION.</u>  |               |
| <u>28. Employers' Organisations:</u>  |               |
| (a) Outlook for Tea Industry: Shri Bent's Address at Annual Meeting of Indian Tea Association.  | 7-8           |
| (b) Annual General Meeting of the Indian Mining Association: Chairman's Address: Problems of Industry reviewed.   | 9-12          |
| <u>CHAPTER 3. ECONOMIC QUESTIONS.</u>   |               |
| <u>32. Public Finance and Fiscal Policy:</u>  |               |
| (a) Central Interim Budget for 1957-1958: Revenue Deficit of 268.7 Million Rupees and Overall Deficit of 3650 Million Rupees: Difficult Foreign Exchange Situation. | 13-32         |
| (b) Railway Budget for 1957-1958 presented: Gross Traffic Receipts exceeds 3,680 Million Rupees: Revision of Rail Freight contemplated.                             | 33-45         |
| <u>33. Full Employment Policy:</u>  |               |
| Central Government's Pilot Scheme for Work and Orientation Centres for the Educated Unemployed.   | 44            |

| <u>Contents.</u>   | <u>Pages.</u> |
|--|---------------|
| <b>36. <u>Wages:</u></b>   |               |
| (a) Wage Board for the Cotton Textile Industry to be set up.   | 45            |
| (b) Madras: Dispute over Wages of Plantation Workers Settled: Agreement concluded.   | 46-47         |
| <b>37. <u>Salaries:</u></b>  |               |
| (a) Increased Dearness Allowance for Non-Gazetted Employees in Madras and Kerala.  | 48-49         |
| (b) Increased Wages for Bank Employees in former Travancore-Cochin: Government accepts Inquiry Commission Recommendations. | 50-51         |
| <b>39. <u>International Economic Relations:</u></b>  |               |
| India's 200 Million Rupees Loan to Government of Burma.  | 52            |
| <b><u>CHAPTER 4. PROBLEMS PECULIAR TO CERTAIN BRANCHES OF THE NATIONAL ECONOMY.</u></b>                                    |               |
| <b>41. <u>Agriculture:</u></b>   |               |
| (a) Coorg Tenants Ordinance (Mysore Ordinance No.3 of 1957).   | 53            |
| (b) Skilled Manpower for Agriculture: Committee constituted to enquire into Problem.                                       | 54            |
| (c) Violent Tendencies Among Tea Labour in Assam: Shri Tripathi's Analysis of Causes and Suggestions for Solution.         | 55            |
| <b>43. <u>Handicrafts:</u></b>   |               |
| Mysore Khadi and Village Industries Act, 1956 (No.7 of 1957).  | 56            |
| <b><u>CHAPTER 5. WORKING CONDITIONS AND LIVING STANDARDS.</u></b>  |               |
| <b>50. <u>General:</u></b>   |               |
| (a) Violent Tendencies Among Tea Labour in Assam: Shri Tripathi's Analysis of Causes and Suggestions for Solution.         | 57-59         |
| (b) Conditions of Work in Dockyards in India.  | 60-67         |
| <b>51. <u>Hours of Work:</u></b>   |               |
| Bombay: Staggering System to end in Textile Mills.   | 68            |

| <u>Contents.</u>  | <u>Pages.</u> |
|---|---------------|
| <u>52. Workers' Welfare, Recreation and Workers' Education:</u>   |               |
| (a) Expenditure on Labour Welfare during 1955-1956<br>by the Central Government.  | 69            |
| (b) Workers' Education: Trade Union Classes in<br>Andhra Pradesh.   | 70            |
| <u>CHAPTER 6. GENERAL RIGHTS OF WORKERS.</u>  |               |
| <u>64. Wage Protection and Labour Clauses in Employment<br/>Contracts with the Public Authorities:</u>  |               |
| Working of the Payment of Wages Act, 1936, in<br>Mines during 1955-1956.  | 71-74         |
| <u>65. Collective Agreements:</u>   |               |
| Madras: Dispute over Wages of Plantation Workers<br>settled: Agreement concluded.   | 75            |
| <u>66. Strike and Lockout Rights:</u>   |               |
| Madras and Orissa: Certain Services declared<br>Public Utility Services.  | 76            |
| <u>67. Conciliation and Arbitration:</u>  |               |
| (a) Industrial Disputes (Central) Rules, 1957.  | 77            |
| (b) Kerala Industrial Disputes Rules, 1957.   | 77            |
| <u>69. Co-operation and Participation of Industrial Organisations<br/>in the Social and Economic Organisations:</u>   |               |
| Bihar: Functioning of Works and Production Committees<br>during the Year 1955.  | 78            |
| <u>CHAPTER 7. PROBLEMS PECULIAR TO CERTAIN CATEGORIES<br/>OF WORKERS.</u>   |               |
| <u>71. Employees and Salaried Intellectual Workers:</u>   |               |
| Increased Wages for Bank Employees in Former<br>Travancore-Cochin: Government accepts Inquiry<br>Commission recommendations.  | 79            |
| <u>73. Officials and Public Employees of National, Regional and<br/>Local Administrations, of Nationalised Undertakings or<br/>Undertakings Managed with the Participation of the<br/>Public Authorities:</u> |               |
| Increased Dearness Allowances for Non-Gazetted<br>Employees in Madras and Kerala.   | 80            |

Contents.

Pages.

CHAPTER 8. MANPOWER PROBLEMS.

81. Employment Situation:

- (a) Employment Exchanges: Working during January 1957. - 81-86
- (b) Retrenchment Compensation: Study of Recent Industrial Awards. - 87-92
- (c) Central Government's Pilot Scheme for Work and Orientation Centres for the Educated Unemployed. - 93-94

83. Vocational Training:

- (a) Labour Ministry's Training Scheme: Progress during January 1957. - 95-96
- (b) Training Facilities for Craftsmen: Union Labour Ministry's New Schemes. - 97-98
- (c) Skilled Manpower for Agriculture: Committee constituted to enquire into Problem. - 99
- (d) Bombay: Manpower Committee set up. - 100

84. Vocational Rehabilitation of Disabled Persons:

- Education of the Handicapped: Sample Survey to be carried out in Delhi. - 101-102

CHAPTER 11. OCCUPATIONAL SAFETY AND HEALTH.

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

- Draft Ethyl Fluid (Handling of) Regulations, 1957. - 103

LIST OF PRINCIPAL LAWS PROMULGATED DURING THE PERIOD COVERED BY THE REPORT FOR MARCH 1957. - 104

BIBLIOGRAPHY - INDIA - MARCH 1957. - 105-106

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CHAPTER 1. INTERNATIONAL LABOUR ORGANISATION.

INDIA - MARCH 1957.

11. Political Situation and Administrative Action.

Punjab: Meeting of State Labour Advisory Board:  
Problems of Joint Participation, Welfare and Works  
Committees considered.

A meeting of the Punjab State Labour Advisory Board was held at Chandigarh on 19 January 1957. Shri A.N. Vidyalankar, Labour Minister, Punjab, was the chairman of the meeting which was attended by representatives of employers and workers also.

The agenda of the meeting included the following items: a) review of the progress made by the various committees set up by the Government on the recommendations of the State Labour Advisory Board; b) advisability of setting up special machinery for prosecution for the violation of labour laws; c) setting up of tripartite consultative machinery; d) a review of the functioning of the tripartite boards in the various industrial centres; e) advisability of forming a joint committee of officials of all concerned departments and to adopt all other measures with a view to expedite industrial housing; f) expansion of the activities of labour welfare centres; g) easy provision of hospitalisation facilities for workers under the Employees' State Insurance Scheme; h) slump in the green tea trade in the Kangra valley; i) ways and means of achieving the objectives of labour policy laid down in the second Five Year Plan; and j) workers' participation in management and works committees.

2

Chairman's address.- Inaugurating the meeting, Shri Vidyalankar reviewed the labour situation prevailing in the State of Punjab and requested the members to put in their best collective efforts ~~for~~ to solve the various problems in the sphere of industrial relations, the solution of which had become an urgent necessity in view of the need to fulfill the targets of the second Five Year Plan. Their first task in this regard, he said, was to transform the whole outlook in the industrial field, to suit the structure of the socialistic pattern of society. It is in pursuance of this objective that the Minister emphasised the Government's determination to not allow break-down or slow-downs in the industry, but to promote settlements through collective bargaining and conciliation and failing these arbitration.

Shri Vidyalankar also stressed the need for making trade unions powerful organs. Contrary to what some employers may be feeling, the stronger a trade union, the *more* responsible would be the manner in which it would behave. The employers he added, must learn to trust their workers and encourage them to form free unions. He characterised all kinds of lock-outs, closures, fragmentation of establishments and all sorts of clever devices to check-mate workers and their unions as highly anti-social and unpatriotic. He also disapproved in equally strong terms any subversive activity of workers or their unions leading to stoppage of production or its quality in the present context.

Shri Vidyalankar urged the necessity of implementing agreements and awards and expressed the Government's determination for strict enforcement of awards and agreements.

He also made an earnest appeal to the industrialists of the State to start the experiment of association of workers in management in pursuance of the policy laid down in the Second Five Year Plan. He stressed the need of making works committees living institutions and regretted that the services of these committees had so far in the past not been fully utilised. He deprecated the tendency to shun the real representatives of the workers and instead try to pack the works committees with the yes-man of employers.

With regard to wage policy the Chairman stated that they must assure workers that they would get their rightful share of increased production of wealth. The Government of India was setting up Wage Boards for all the important industries and these will also cover this State. Continuing he said that while they would pay to the workers only on what they produce, "we must base our wage policy on such principles as to bring wages into conformity with the expectations of the working class in the Socialistic Pattern of Society."

3

Proceedings.- The Board had before it memoranda on the items of the agenda prepared by the Department of Labour. A brief account of the discussions held are given below.

1) Progress of various Committees.- The Secretary to the Government of Punjab, Labour Department, gave a review of the progress in the work of the following committees set up by the Labour Advisory Board at an earlier meeting: a) Committee constituted to suggest suitable additions and amendments to existing legislation; b) Committee for house-building construction and water transport industry; c) Textile Enquiry Committee. Of these, the one on house construction and water transport industry had made its recommendations to the Government, which had been accepted. The Government had moved the various chief engineers in regard to house construction to ensure their enforcement. Regarding the report and recommendations on ~~matter~~ motor transport employment, the Government intend to introduce shortly suitable legislation incorporating the recommendations of the committee.

2) Prosecutions for violation of provisions of labour laws.- After a prolonged discussion it was decided that all the members of the Advisory Board should bring to bear their influence and move their respective organisations for ensuring the proper implementation of agreements and awards given by industrial tribunals.

3) Setting up of industrial committees.- The memorandum on this subject had suggested the setting up of industrial committees for the three major industries in the State of textiles, transport services and engineering and metals, as recommended in the Second Five Year Plan. The Board, however, felt that it would be preferable to wait for details of the recommendation from the Planning Commission.

4) Tripartite Committees.- It was felt that the various tripartite boards working in the State were not serving sufficiently the purpose for which these were set up; but it was felt it would be worthwhile taking advantage of the collective wisdom that these could give. In order, therefore, to make their working a success it was decided that wherever, felt necessary, these tripartite bodies may be further strengthened by taking any necessary representatives. It was, however, decided that the Board should ordinarily confine themselves to matters of general labour policy, leaving mediation of unresolved disputes for settlement to a Committee consisting of a representatives each of the local administration, Labour Department and Industries Department, who may according to the nature of dispute before them coopt equal number of representatives of management and workers concerned that may seem capable of delivering the goods.

4

5) Industrial housing.- It was agreed that a worker discharged from service or who quits the service of the previous employer, should be allowed to retain possession of the house allotted to him for one month. With regard to high rents, it was agreed that the Government may examine the possibilities of reducing the rent by approaching the appropriate authority.

The Chairman felt that there was also need for effecting improvement in the outlay of houses to be constructed in future. He suggested to the employers that they should also help building of more houses by encouraging formation of workers' cooperative societies for the purpose.

6) Welfare Centres.- It was felt that as far as possible welfare centres should be opened in localities where there was a bigger concentration of workers. It was decided that local committees of representatives of employers and workers should be set up to guide and improve the working of the centres, but on no account the welfare centres should be used for propagation of trade union activity by any party. Proposals for expansion of their scope were generally welcomed and approved.

7) Labour Policy in the Five Year Plan.- It was decided that a meeting of the representatives of the various trade unions in the State may be called to evolve some suitable scheme to further the objectives of the labour policy in the Second Five Year Plan with regard to recognition of trade unions in the industry, etc.

It was felt that analysis of conditions in industry would be necessary to ensure that the standard of wages kept pace with the increase in productivity. No action was, however, considered necessary at this stage as the Government of India was already considering this point.



8) Works Committees and Workers' Participation in Management.— The chairman emphasised the need of making the works committees a living institution. He considered that works committees should be made much use of as a step towards progressive participation of workers in management. This being one of the objectives of the Second Five Year Plan it was felt that within its orbit the management should try to bring about such transformation as would make workers' gradual participation in management as early as possible. Some members felt that the elections to the works committees were not altogether fair and its meetings regular and suggested that the elections to the works committees may be done under the supervision of the representatives of the Labour Department. The chairman, however, felt that conducting of elections under the Labour Department may not be desirable as that may affect the very idea of mutual cooperation between management and the workers and create a feeling for the works committees being a sort of statutory or semi-statutory bodies and as such to be treated superior even to the trade unions, which was not the intention, as the work of the works committee was quite distinct from that of the trade union. It was unanimously agreed that these committees should be made broad-based and given more power and responsibilities gradually to be made as a nucleus for associating workers with the management. It was further agreed that an example in this regard may be set first by the employers' representatives on this Board by introducing the same in their own concerns immediately and then by asking the others to follow. Given a good deal of understanding on both sides there was no reason why this experiment should not succeed.

(Documents of the Conference, received in this Office. )

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CHAPTER 1. INTERNATIONAL LABOUR ORGANISATION

INDIA - MARCH 1957

12. Activities of External Services.

Participation in Conferences, Meetings, etc.

Shri V.K.R. Menon, Director of this Office, attended a two day session of a seminar on workers' education convened by the Government of India at New Delhi on 20 March 1957.

Tours etc.

Shri V.K.R. Menon proceeded to Bangalore on 14 March 1957, to meet Mr. Riches of I.L.O., Geneva and discuss certain problems with regard to I.L.O.'s technical assistance to India.

Visits

Among important visitors to this Office during March 1957 was U. Maung Maung of the Government of Burma. A batch of 18 students of the Madras School of Social Work, led by Shri Mukund Rao, Lecturer of the School, visited the Office. They were shown around the Office and the constitution, function and the activities of the Organisation were explained to them.

Articles, Lectures, etc.

An article on 'Co-operation and Working Classes' by Shri V.K.R. Menon, was published in the 1 April 1957 issue of 'The Indian Worker'.

Publications

During the month, this Office brought out the "ILO Bulletin", Vol IV No.1. The Bulletin contains summaries of the following: (a) Working conditions of technical and supervisory staff in industry excluding management; (b) ILO experts report to the Government of Pakistan on cottage and small-scale industries; (c) Status of travelling Salesman and (d) Diary of the more important socio-economic events during 1956.

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7

CHAPTER 2. INTERNATIONAL AND NATIONAL ORGANISATIONS.

INDIA - MARCH 1957.

28. Employers' Organisations.

Outlook for Tea Industry: Shri Bent's Address at  
Annual Meeting of Indian Tea Association.

Speaking at the annual meeting of the Indian Tea Association in Calcutta on 8 March 1957, Shri J.P.H. Bent, Chairman, said that conditions for private enterprise had undoubtedly undergone a marked change.

That a tea garden manager had been hedged about by restrictions and regulations and by what might appear to him to be unwarranted interference was in no way a reflection on the way he had run his garden in the past; it was rather a stage in the progress of democracy at which all were subjected to the regimentation required by the weakest members.

It was to be hoped that the Government would not push democratic progress so far that it disintegrated into a multitude of petty restrictions where private enterprise became stifled.

Among other points he made were that there should be concentration on quality production by tea gardens this year, that there should be an intensive campaign to increase internal consumption and that the sweeping changes proposed by the Plantation Inquiry Commission, if adopted, would have an adverse effect on the industry. He also spoke of the problem of the growth of the tea garden population.

8

Bonuses.- Circumstances, he said compelled the managements, against their better judgment, to agree to the granting of bonus, for they did not think that such payment was in the real interest of workers or of the nation. The Plantations Labour Act, implementation of which would bring a big advance in the standard of living of tea garden labour, had yet to be implemented. The increased earnings through bonus would not take the worker anywhere near the same improvement in living conditions as a similar expenditure on measures taken towards implementation of the Plantations Labour Act.

Shri Bent said it was quite clear that for some time a buyer's market for common teas had prevailed, although the demand for quality teas had not been satisfied, and although such teas had always commanded a handsome premium.

Early last year, the Indian Government proposed a new international tea agreement, regulating exports on the basis of a standard export figure of 500 million lbs for India and 400 million lbs for Ceylon. The Association regarded it as of the greatest importance that the agreement should be signed, if only by India and Ceylon in the first instance. Circumstances might later make other countries see the wisdom of becoming parties to it also, especially if production increased significantly in Indonesia and Africa and exports from China and Japan continued to expand.

It was desirable that any regulation of crops in India should be brought about by gardens concentrating on improving the quality of their teas.

Referring to the Plantations Inquiry Commission's report, Shri Bent said that the commission had done very valuable work in collecting and arranging statistical data. Its questionnaires were completed by 99 per cent of sterling and non-Indian controlled tea estates and by 14.42 per cent of Indian tea estates. The report tended to suggest that sterling companies had spent little money on the improvement and maintenance of their properties. A letter was written to the Press with a view to checking such an erroneous impression.

The figures collected by the Association showed that during 1947-1954, 110 sterling companies under with a total of 333,216 acres under tea spent 177.5 million rupees - expenditure of a capital nature like buildings, machinery, plant, transport, electrical equipment, etc., the amount did not include the expenditure on replanting existing tea areas. Again, the figure of 177.5 million rupees should be considered in relation to those companies fixed assets which, at the end of 1946, were shown in their balance sheets to amount to 253 million rupees.

Referring to the rapid growth of tea garden population, Shri Bent said it was so great that if it remained unchecked, it would create a situation in ten years, if not earlier, in which the unemployed adults and adolescents on tea gardens would amount to over 500,000 and might exceed the employed. Such a situation was fraught with the gravest danger.

(The Statesman, 9 March 1957 )

Annual General Meeting of the Indian Mining Association:  
Chairman's Address: Problems of Industry reviewed.

Addressing the annual general meeting of the Indian Mining Association at Calcutta on 1 March 1957, Shri R. Maulik, Chairman of the Association, reviewed the problems of the coal industry.

Mounting costs.- Shri Maulik stressed <sup>on</sup> the Government the need for realistically revising its coal selling price policy. It had happened that the coal industry had been called upon to bear steadily increasing operational costs; this, it could have done without difficulty except for the fact that its representations to Government as regards coal selling prices had not had the desired results. In determining the selling prices in a controlled industry, the first consideration was perhaps, one of ensuring that, in the light of India's objective of a socialistic pattern of society, the return to the industry was reasonable and just - and not extortionate. In the second place, as affecting a vital consumer product, there will doubtless be solicitude for keeping in check as far as practicable any increase in the price. However, the price policy had to be attuned to a third consideration which, in the circumstances of India's ambitious planning policy, had been rendered the most basically important: the inter-connection between the selling price for a commodity and the development of that industry. The Government was alive to this new and basic concept of a link between development endeavours and selling prices. There were two other industries wherein selling prices were determined by Government on this basis. These were steel and cement. In both, Government had accepted the proposition that, in the price paid to the industry for its products, there should be a special element which was intended to contribute to the industry's internal resources with which and on which it could proceed with development plans. Steel, cement and coal formed the triumvirate of the fundamental raw materials on which alone a country can plan ambitiously for industrial development. In regard both to cement and steel, not only the decisions but the policy as it had evolved has been such as to suggest, if not altogether ensure, that the targets of production will be attained.

10

In coal, it was a different story, and a somewhat dismal story. While the general index of wholesale prices had risen from 297 in 1947 to 427 in February 1957, the rise in the price of coal had merely been of the order of 15 to 16 per cent. The additional costs that, therefore, the coal industry had had to shoulder, over and above the labour cost arising from the Tribunal Awards included the higher prices of machinery and stores as well. It was no secret that the resulting higher costs were, on the basis of the selling prices, wholly beyond the ability of the industry to afford. Nor could there possibly be any margin by way of unappropriated profits which could be ploughed back for purposes of development. Shri Maulik, therefore, asked the Government that the basic criterion for determining such prices, as it already existed in steel and cement, should also be extended to coal.

Coal prices.- Detailing the recent history of coal prices, Shri Maulik said that in July 1947, a rise in coal prices was permitted so that the wage increase of workers could be met; but, barely 2-1/2 years later, in November 1949, coal prices were revised slightly downward. Since then, although the cost of production had steadily been mounting, there had scarcely been any compensatory revision of prices. The only increase allowed was during 1956; and this was intended partially to meet the additional labour costs arising from the Award of the All India Industrial Tribunal (Colliery Disputes) in May 1956. It was important to recognise that the sole instance of a price increase being granted was not for affording any increased margin to the industry but only so that the industry could be compensated for the enhanced wages of labour; in fact, it was pointed out at the time that the rise of 3 rupees allowed was insufficient to cover the additional financial burden which the industry, by terms of the Award, had to bear.

Besides the higher cost of labour, prices of other essential equipment and stores had also risen substantially since 1947. Steel today cost 130 per cent more than it used to in 1947; one had to pay 50 per cent more for cement as compared to the price a decade ago.

The prices of coal, however, continue to remain at an uneconomic level. Surely these prices can bear to be upgraded a trifle. They would even then be the lowest in the world. The cost of coal expressed as a ratio of the gross ex-factory value of various products and bye-products was on average, 1.96 per cent; in the case of other fuels and electricity the relevant ratio was 3.45 per cent. Coal and coke work out to 11.25 per cent of the cost of steel as against 12.70 per cent in the case of other fuels. The opposite figure in the case of cement is 14.22 per cent for coal and 18.28 per cent for other fuels. Another pointer to the inexpensiveness of Indian coal was brought out in the fact that the cost of coal in U.K. produced steel was 40 per cent as against 11.25 per cent in India; for cement, coal worked out to 30 per cent in the U.K. as contrasted with 14.32 per cent in India.

11

Labour position.— Referred<sup>was</sup> to the recent Labour Appellate Tribunal's award on wages etc., of coal miners, Shri Maulik said that as a result of the award the industry was immediately burdened with the awesome liability of over 42.5 million rupees. Where this money was to come from, the industry did not know. In fact, the retrospective aspect of the decision struck at the very root of the industry. Undoubtedly, it will have serious repercussions on the progress of the development plans now in hand.

"Wages have been substantially increased; other facilities and amenities have been granted on a very liberal scale. Obviously, these must and will be reflected fully in the price of coal since as much as 70 per cent of the production cost is accounted for by labour charges. Unfortunately, rise in the level of wages for labour and an improvement in working conditions have not been accompanied by a better showing in productivity figures.

"Perhaps, it would be wise on our part to remember that productivity will not increase and the standard of living of colliery workers will not improve unless steps are taken to educate the workers that they themselves must make an effort at improving their living conditions. In this regard, the trade union organisations have done nothing in the diffusion of such education and whatever has been done by the Coal Mines Welfare Organisation has failed to elicit the desired results."

"This lack of improvement in productivity, however, does not deter the constant agitation for wage increases. At its last annual conference, the I.N.T.U.C. has put forward a demand for a blanket increase of 50 per cent in wages for the workers of major industries; and, if the decision in regard to the justifiability or otherwise of such demand depends upon the discretion of outside bodies, prices of coal are bound to rise since the producers will have little to say in the matter. It is strange that the employer should have the dubious distinction of having a say neither in the wage increase to labour nor in the selling prices of his product. As far as the consumers are concerned, they need to appreciate that they cannot hope to continue to get coal at the present low prices. On the one hand, some benefit might accrue to the consumers when, in due course, productivity in the industry improves. On the other hand, however, there has to be dissemination of information as to the efficient use of coal and prevention of waste. Secondly, in so far as the workers are concerned, we must note with regret that the coal industry continues to be affected by the power politics of rival groups of trade union leaders. That the workers are mere pawns in the political game of the leaders has been amply demonstrated by the illegal, unjustified and unwarranted strike made last year in the West Bengal coal-fields. It may be recalled that two of the largest groups of employers were affected; and the consequent loss in output amounted to 0.3 million tons. The Association places on record its appreciation of the action taken by the employers concerned in holding out against the strike threat; in the alternative, if the unreasonable demands had been met due to pressure, the coal industry would have been thrown into chaos."

12

Safety measures.- Referring to the great stress that was being laid on more rigorous safety measures and the proposals for amending the Mines Act and the safety regulations in this regard the chairman said that what was required was advice as to the manner whereby safety measures could be improved, not rigid enforcement of drastic rules. Furthermore, if the mine manager was held personally responsible for every act of omission or commission in the mine, it will be impossible for him to function. It had also to be realised what the regulations, if they became enforceable as envisaged by Government will mean to the industry. In monetary terms, the industry shall have to incur immediate expenditure to the tune of several million of rupees, of this, about 20 million rupees will be in the form of foreign exchange. There was no doubt that the Labour Ministry should take all possible precautions for the safety of workers in the mines; but there should be the realisation that in view of the very nature of mining operations, it was impossible to have 100 per cent safety - which was what appears to be aimed at.

In regard to transport position, the chairman reported a slight improvement, but wagon supply was still short.

Shri Maulik characterised the system of controls has been in force for the last decade and a half, as totally outmoded, and urged that the system of controls should be thoroughly reviewed by a committee in which the coal producers should be adequately represented. Such a revision and reorientation of policy was in the light of the present trend of events and the need for a quick increase in output, surely imperative.

(The Statesman, 2 March 1957).



13

## Chapter 3. Economic questions

### 32. Public Finance and Fiscal Policy.

India - March 1957.

Central Interim Budget for 1957-58: Revenue Deficit of 268.7 Million Rupees and Overall Deficit of 3650 Million Rupees: Difficult Foreign Exchange Situation.

Shri T.T. Krishnamachari, Union Finance Minister presented the Central Government's interim budget for 1957-58.

The budget, which is for the second year of the second Five Year Plan, discloses a revenue deficit of 268.7 million rupees, with receipts and expenditure estimated at 6362.2 million rupees and 6630.9 million rupees respectively at the existing level of taxation.

The overall deficit has been placed at 3650 million rupees after allowing for a market loan of 1000 million rupees, small savings collections of 800 million rupees, foreign assistance amounting to 1350 million rupees against 650 million rupees in the current year, and transactions under Debt, Deposit and Remittance heads of 1190 million rupees.

14

No new tax proposals have been made, because the present Parliament is required to pass a vote-on-account only and the regular budget will be voted by the new Parliament.

Shri Krishnamachari, in the course of his budget speech, indicated strain on the economy, from the point of view of both internal and external resources. The crucial problem at this juncture, however, was that of foreign exchange. The Minister also presented a white paper reviewing the major economic developments during the year.

The capital expenditure for the year amounts to 4547.7 million rupees against 3167 million rupees for the previous year.

The following table shows the main features of the budget for 1956-57:-

(In Millions of Rupees)

| <u>REVENUE</u>   | <u>Budget</u><br><u>1956-57</u> | <u>Revised</u><br><u>1956-57</u> | <u>Budget</u><br><u>1957-58</u> |
|--|---------------------------------|----------------------------------|---------------------------------|
| Customs. -----   | 1,500.0                         | 1,710.0                          | 1,620.0                         |
| Union Excise Duties. -----                               | 1,703.5                         | 1,887.3                          | 2,094.3                         |
| Corporation Tax. -----                                   | 482.4                           | 482.4                            | 505.0                           |
| Taxes on income other than Corporation Tax. -----        | 863.5                           | 826.1                            | 859.6                           |
| Estate Duty. -----                                       | 1.8                             | 1.1                              | 0.9                             |
| Opium. -----   | 21.0                            | 22.4                             | 25.0                            |
| Interest. -----  | 54.9                            | 52.4                             | 49.0                            |
| Civil Administration. -----                              | 110.6                           | 154.9                            | 432.1                           |
| Currency and Mint. -----                                 | 236.7                           | 244.8                            | 360.2                           |
| Civil Works. -----                                       | 23.9                            | 27.0                             | 29.5                            |
| Other Sources of Revenue. -----                          | 193.9                           | 193.2                            | 276.5                           |
| Posts & Telegraphs -                                     |                                 |                                  |                                 |
| Net contribution to General Revenues. --                 | 16.0                            | 53.0                             | 43.4                            |
| Railways - Net contribution to General Revenues.         | 65.7                            | 60.3                             | 66.7                            |
| <b>TOTAL REVENUE.</b>                                    | <u>5,273.9</u>                  | <u>5,714.9</u>                   | <u>6,362.2</u>                  |
| <br><u>EXPENDITURE</u>                                   |                                 |                                  |                                 |
| Direct Demands on Revenue. -----                         | 371.5                           | 379.2                            | 418.0                           |
| Irrigation. -----  | 0.5                             | 0.8                              | 1.0                             |
| Debt Services. -----                                     | 355.0                           | 382.1                            | 350.0                           |
| Civil Administration. -----                              | 1,359.1                         | 1,336.4                          | 1,875.0                         |
| Currency & Mint. -----                                   | 37.6                            | 50.2                             | 63.9                            |
| Civil Works and Miscellaneous Public Improvements. ----- | 159.0                           | 145.4                            | 159.3                           |
| Pensions. -----  | 88.4                            | 89.8                             | 91.7                            |
| Miscellaneous:   |                                 |                                  |                                 |
| Expenditure on Displaced Persons. ---                    | 214.2                           | 218.6                            | 225.0                           |
| Other Expenditure. -----                                 | 302.3                           | 283.2                            | 429.0                           |
| Grants to States etc. -----                              | 380.0                           | 296.0                            | 252.3                           |
| Extraordinary Items. -----                               | 147.0                           | 124.3                            | 238.6                           |
| Defence Services(net). -----                             | 2,039.7                         | 2,029.5                          | 2,527.1                         |
| <b>TOTAL EXPENDITURE.</b>                                | <u>5,454.3</u>                  | <u>5,335.5</u>                   | <u>6,630.9</u>                  |
| <b>Surplus (+)</b>                                       |                                 |                                  |                                 |
| <b>Deficit (-)</b>                                       | (-) 180.4                       | (+) 379.4                        | (-) 268.7                       |

Finance Minister's address: Stress on economy.-The Finance Minister in the course of his budget speech, said that the year under review had been a year of some strain from the point of view both of internal and of external resources. Domestic prices as well as the balance of payments had been under pressure, mainly as a result of the growing tempo of developmental activity. The decline in agricultural production in 1955-56 and external factors, such as the closure of the Suez Canal had added to the strain on the economy. The Government had taken some measures in the last few months to bring the situation under control and there was every hope that these measures would prove effective in due course.

Shri Krishnamachari stated that the outlook on internal prices depended considerably on the level of agricultural production, and Government was fully seized of the urgency and importance of achieving better results in this sphere. Price stability also required control over credit and a budgetary policy which restricted the purchasing power in the hands of the public. The Government had taken steps recently to apply selective credit controls, while taking care at the same time not to cut down unduly the supply of credit needed for the expansion programmes in the private sector. Basically, what was needed was more savings, not less investments. "In the matter of budgetary policy, I must say I am not happy with the size of deficit to which I shall presently be referring. In this context, the increasing demands being made on our resources by Defence requirements cannot be lightly passed over. The increase under this head, as you will see, is the major element in widening the deficit on revenue account in the coming year. The overall deficit in the budget, viz., 3,650 million rupees is, I am afraid, somewhat large considering the economic situation. There is certainly no slack in the economy at present which would permit a complacent view of the budgetary deficit. Defence is hardly an item on which we should like to spend more either in terms of domestic currency or of foreign exchange. If, however, the exigencies of the situation make such increases inevitable, the necessary sacrifices have to be made."

Foreign Exchange.- Continuing, Shri Krishnamachari said that the crucial problem at this juncture, however, was that of foreign exchange. The Second Five Year Plan with its emphasis on the development of industry, mining and transport had a large foreign exchange component, and it now appeared that the deficit in the balance of payments over the Plan period will be larger than was originally estimated. This was due both to the increase in the prices abroad and to the expansion of some of the projects included in the Plan. In fact, the draft on foreign exchange resources had already been heavier than had been expected; since April 1956, this had amounted to about 2,600 million rupees. This strain on the balance of payments had necessitated the stiffening of import policy which was announced in January, (page page 54 of the report of this Office for January 1957).

17

The total deficit in balance payments over the Plan period was likely to be about 4,000 million rupees more than was envisaged in the Plan. Taking into account the external finance that might be available for the various projects and the balance available from the authorisations of the First Plan period, the country has in hand foreign exchange of the order of 4,500 million rupees to meet requirements. With this, and assuming the continuance of aid from the U.S.A. and Colombo Plan countries more or less on the present scales and allowing for a moderate amount of private foreign investment coming in, one may take the total of resources in sight at about 50 per cent of the total requirements. The Government was at present negotiating with the International Bank for Reconstruction and Development in respect of loans to cover the foreign exchange needs of several of the development projects. It was also exploring possibilities of deferred payments in respect of imports of capital goods from various countries. On the whole, the prospects of the country being able to raise the foreign exchange resources for the Plan were not altogether discouraging. This, of course, was not to say that the task was by any means easy. For tiding over the period which must necessarily elapse before the new import policy becomes effective, the Government had obtained accommodation totalling in all 200 millions dollars from the International Monetary Fund. The problem, the Minister emphasised, is not one of achieving a balance in external accounts by just cutting down imports. The task was twofold. Firstly, every care had to be taken to phase Plan expenditure in a manner that will not impose an excessive strain on the balance of payments. This required adherence to a strict system of priorities within the general framework of the Plan. Secondly, ways and means of financing the large imports that will still be essential for the Plan, will have to be found, and this called for sustained effort along several lines. The first essential step was to increase exports so as to enlarge foreign exchange earnings and to cut down imports to the extent possible. Neither of these was possible without a sacrifice, but the sacrifice had to be made in the interests of planned development.

Second Five Year Plan. - Referring to the Second Five Year Plan, the Minister said the plan would, needless to say, strain the economy. The path of development did not always run smooth. The experience of recent months only reinforced the well-known fact that the balances implicit in a Five Year programme of development had to be checked and rechecked continually in the light of experience. The balances between investment and consumption, between available external resources and the claims on them, between the final flow of goods and services and the materials required for their production could hardly be estimated precisely in advance, and unforeseen factors did rise which upset these balances from time to time.

It was in recognition of this fact that the Second Plan report laid considerable emphasis on flexibility in planning and on the machinery of annual plans to provide for the necessary adjustments.

For the immediate present, the need was for giving top priority to schemes which increased export earnings and reduce import needs without making an excessive claim on foreign exchange resources in the immediate future. Schemes which contributed most to an early increase in agricultural production also deserved high priority; schemes which had already been commenced and on which considerable expenditure had been incurred claimed, in any case, a considerable proportion of the resources available. Government intended to be guided strictly by such priority considerations in determining the phasing of Plan expenditure; first things must necessarily come first. At the same time, it had to ensure to the extent possible that development programmes which were calculated to contribute most to an increase in the productive capacity of the country and a strengthening of the long-term balance of payments did not suffer unduly. While a review and adjustments of priorities and strict adherence to them were essential in view of the limitation of resources, every care was being taken to see that the momentum gathered by the Indian economy in the last three or four years was kept up.

Accounts of the 1956-57 Budget.— Reviewing the working of the past year's budget, he recalled that the current year's budget provided for a deficit of 180.4 million rupees on revenue account after allowing for the modifications in the Finance Bill accepted by Parliament. He now expected that the year will close with a surplus of 379.4 million rupees. The improvement was largely due to better collections of revenue under Customs and Union Excise duties, the increase in the latter representing, in the main, the yield of the additional duty on cotton cloth imposed during the year. There had also been some saving in expenditure. Revenue, as a whole, was now placed at 5,714.9 million rupees, an increase of 441.0 million rupees over the budget estimates, and expenditure at 5,335.5 million rupees against the budget figure of 5,454.3 million rupees.

Taking the Revenue and Capital Budgets together, the overall deficit this year was now placed at 2,160 million rupees against 3,560 million rupees assumed in the original Budget. This was the result of the improvement in the revenue account and a saving of about 640 million rupees in the provision of 3,860 million rupees made for loans and advances to the State Governments and other parties.

Budget, 1957-58.— For the year 1957-58, he estimated revenue, at the existing level of taxation, at 6,362.2 million rupees and expenditure at 6,630.9 million rupees, leaving a deficit on revenue account of 268.7 million rupees. These figures were inclusive of certain self-balancing items, aggregating 380 million rupees, which appeared on both sides and did not affect the revenue budget as a whole. There was thus an increase of 267.3 million rupees in revenue and of 915.4 million rupees in expenditure as compared with the revised estimates for the current year.

Of the increase of 267.3 million rupees in revenue next year, 80 million rupees represented the estimated yield of the Capital Gains Tax and the additional super-tax on companies which take effect from 1 April 1957, and 124.0 million rupees the full year's effect of the increase in the duty on cotton cloth, the new duties on rayon, synthetic fibres and yarns and motor-cars levied during the year. The revenue from Customs duties will drop by 90 million rupees as a result of the cuts on import quotas which had been imposed to conserve foreign exchange; but, against this, surplus profits of the Reserve Bank are expected to increase by 100 million rupees.

The total expenditure next year, excluding the self-balancing items, was estimated at 6,250.9 million rupees, of which 2,527.1 million rupees will be on Defence Services and 3,723.8 million rupees under Civil heads. The provision for Defence Services shows an increase of 497.6 million rupees which represented mainly purchases of essential stores for the Army and the Air Force. Civil expenditure also showed an increase of 417.8 million rupees over the current year's revised estimate, the increase being mainly in respect of nation-building, development and social services.

The provision for capital expenditure and loans to State Governments and others next year was placed at 7,722.1 million rupees against the current year's revised estimates of 6,361.5 million rupees. The increase was accounted for entirely by larger provision for the three steel plants and for Railways.

The Minister said that he had credit in the next year's estimates for a market Loan of 1,000 million rupees; for small savings collections of 800 million rupees; for foreign assistance of 1,350 million rupees and for transactions under other miscellaneous Debt, Deposit and Remittance heads of 1,190 million rupees. Allowing for these credits, the next year's Budget, taken as a whole, left an overall deficit of 3,650 million rupees.

THE WHITE PAPER.- The Minister also presented before the Parliament a White Paper giving a brief account of economic conditions in the country during 1956 and describing the broad features of the revised estimates for 1956-57 and the budget estimates for 1957-58. A brief review of the White Paper is given below.

Economic conditions.- The year under review was the first year of the second plan and for the first time since planned development got under way the economy showed evidence of some amount of strain. Over the last three years the rate of investment in the country has been steadily increasing but financial and economic conditions remained reasonably stable. The country's economy was, however, more or less fully stretched by the end of the first plan and the increase in developmental outlay in the first year of the second plan has been followed by a significant rise in prices. The general level of wholesale prices increased by 13 per cent in 1956 over the previous year. The year also witnessed a sizeable decline in foreign exchange reserves and the foreign assets held by the Reserve Bank of India declined by 2,050 million rupees, from 7,350 million rupees at the end of 1955 to 5,300 million rupees at the end of 1956.

To some extent the growing pressure on prices and balance of payments in 1956 was due to the decline in agricultural production in 1955-56 and external factors such as the closure of the Suez Canal. But essentially the recent decline in foreign exchange reserves has been a direct consequence of the increased demand for developmental goods and for the import requirements of expanding industrial production. In aggregate terms, the expansionary impact of public and private investment was largely neutralised by the deficit in balance of payments in 1956. Even so, the progressive step-up in investment which is taking place has been exerting an upward pressure on prices, and indications are that voluntary savings have not responded adequately to the increase in investment.

The growing signs of imbalance in the economy have necessitated a number of corrective measures in the fiscal, monetary and foreign exchange field. Among these may be mentioned additional taxation, increased supply of foodgrains, mainly through imports, restraints on expansion of bank credit for speculative purposes and drastic cuts in imports of non-essential goods. It will be some months before the full impact of these measures will be felt. Some relief may be expected in future from a somewhat larger flow of external assistance and from the higher out-turn of agricultural crops in the 1956-57 season. But it is clear that if the increasing tempo of development in the country is not to be allowed to accentuate inflationary pressures seriously, a greatly increased measure of productivity and savings must be achieved and steps taken for increasing and conserving foreign exchange earnings.



21

The overall index of agricultural production (1949-50 = 100) declined by nearly 2.4 per cent from 116.4 in 1954-55 to 113.7 in 1955-56 mainly due to less favourable weather conditions. Foodgrains output which had already declined in the previous year to 66.5 million tons from the record level of 68.8 million tons in 1953-54, declined further to 63.4 million tons in 1955-56. The decline in production was mostly accounted for by coarse grains, as rice output increased by a million tons from 24.5 to 25.5 million tons, and wheat production was only slightly less than in the previous year.

On the other hand, industrial production maintained the steady upward trend of recent years, the index, with 1951 as base, rising to an estimated 134.7 in 1956 as against 122.1 in 1955. The improvement was shared by both capital and consumer goods; in both categories the newer industries fared better than the old established ones. Thus, the production of cement and finished steel in 1956 at 5 million tons and 1.33 million tons exceeded the 1955 level by 9.8 and 4.2 per cent respectively as against an increase of 16.8 per cent in the production of diesel engines, of 32.5 per cent in the case of power-driven pumps and of 41.8 per cent in electric motors. Among consumer goods, the output of radio-receivers increased by 85.5 per cent; of bicycles, by 34.4 per cent; automobiles, by 39 per cent; footwear, by 5.3 per cent; mill-made cotton cloth, by 3.7 per cent; and cotton yarn, by 2.3 per cent. Coal production increased from 38.2 million tons in 1955 to 39 million tons in 1956. Sugar, which registered an increase of 20.7 per cent in production, was the one notable case of a substantial increase in production among established industries.

Taking the economy as a whole, the supply of domestic goods and services in 1956 showed only a modest improvement over the previous year. The supply of essential consumer goods such as foodgrains and oils in 1956 was not satisfactory and the production of cotton textiles (both mill-made and handloom) showed only a small increase of the order of 3 per cent. There was a marked improvement in supplies only in the case of sugar.

22

Expansionary Factors: i) Public expenditure.- While domestic availabilities showed only a moderate improvement in 1956, there was a continuous expansion in demand during the year. Public expenditure, with the larger money incomes thus generated, has been a major factor in the steady growth of demand in the Indian economy in recent years. The combined expenditure of the Centre and the States increased from 10,190 million rupees in 1953-54 to 12,340 million rupees in 1954-55 and 14,300 million rupees in 1955-56. The budget estimates for 1956-57 placed the total outlay of the Centre and the States at 18,940 million rupees. The actuals are likely to be smaller but even so, the increase in public outlay over recent years has been considerable.

A number of steps were taken to augment public revenue with a view to limiting the inflationary potential of public expenditure. The fact, however, remains that public savings have not risen at a rate corresponding to the stepping up of public investment. There has also been little increase in the volume of private savings mobilised by government. Thus collections of small savings, which increased steadily from 390 million rupees in 1951-52 to 670 million rupees in 1955-56 amounted to 480 million rupees in the first eleven months of 1956-57 as against 530 million rupees in the corresponding period of 1955-56. The net proceeds of market loans floated by the Centre and the States this year amounted to 1,405 million rupees as against 820 million rupees in 1955-56, and 1,110 million rupees in 1954-55. Allowing, however, for the investments of the Reserve Bank, net public borrowing did not reach the average of 1,400 million rupees per year envisaged for the second plan period.

An increase in deficit financing is also likely in the current year. The revised estimates for 1956-57 place the deficit at the Centre (measured by the increase in the floating debt and the variation in cash balances) at 2,160 million rupees as against 1,600 million rupees in 1955-56 and 1,420 million rupees in 1954-55.

Developments in the private sector have also contributed to the growing pressure of demand in the economy. No precise figures of private investment in 1956-57 are available, but some evidence of increasing private investment is provided by the large number of applications for licences under the Industries (Development and Regulation) Act for setting up new undertakings and for expanding existing ones. Eight hundred and sixty new licences were approved under the Act in 1956 (against 563 in 1955), most of them relating to production of machinery and allied items.

23

The paid up capital of companies increased in the first nine months of 1956 by 302 million rupees, which is about the same amount as in the corresponding period of 1955. A large part of the resources for expansion in the corporate sector comes normally from profits, but it is significant that the net indebtedness of the private sector to banks increased by as much as 1,170 million rupees in 1956 as against an increase of 500 million rupees in 1955. Part of the increase in private indebtedness to the banking system is explained by the rise in economic activity and the higher level of prices; but it is clear that a part of the finance required for expansion was provided by bank credit. This indicates the inadequacy of corporate savings for financing the programmes in the private sector.

ii) Prices.- The growing pressure of demand on the economy, combined with the set-back in agricultural production, has naturally led to a significant rise in prices. The sharp decline in prices in 1954-55 was virtually reversed in 1955-56 and on March 31, 1956, the general index of wholesale prices at 390.5 (year ended August 1959 = 100) was only a little below the level reached before the Korean war (397) or before the 1954-55 decline in prices (404.4). By November 24, 1956, the index of wholesale prices had advanced to 434.2. Although agricultural prices have receded somewhat since then on arrival of the new crop in the market, the decline has not been sustained and has not been of the normal seasonal order. Over 1956 as a whole, the general index of wholesale prices increased by 13 per cent from 373.4 to 421.9. On 16 February 1957, the index stood at 424.4.

To some extent, the increase in wholesale prices over the past year is explained by external developments. Thus increases in prices for tea (+ 58 per cent), raw jute (+ 30 per cent) and manganese ore (+ 37 per cent) the prices of which are governed largely by conditions abroad, contributed materially to the increase in the index of wholesale prices in the country. Similarly, the increase in the prices of metals and metal products was largely the result of an increase in import prices. But, there is little doubt that prices of goods produced and consumed domestically have also risen. This is clear from the fact that the all-India working class consumer price index (1949-50 = 100), which is little affected by external factors, has also increased from 100 in March 1956 to 110 in November, 1956.

24

As may be expected, the price rise has been particularly large in the case of agricultural commodities which registered a decline in production in 1955-56. Cereal prices increased by 27.6 per cent in 1956 and groundnut and groundnut oil prices by 26.5 per cent and 31.8 per cent respectively. The index for cotton manufactures, on the other hand, increased by 4.3 per cent only, sugar prices remained more or less steady and gur and coffee prices declined by about 10 per cent during the year. The increase in prices in 1956 was thus, as much the result of the set-back in agricultural production in 1955-56 as of the general growth of demand in the economy.

iii) Balance of Payments.- The impact of rising developmental activity in 1956 was felt most conspicuously on balance of payments. Imports increased sharply in 1956 while exports declined slightly. The resultant import surplus helped to mitigate the inflationary effect of increased domestic expenditure but led to an appreciable decline in the external reserves of the country. The foreign assets held by the Reserve Bank of India declined from 7,350 million rupees at the end of 1955 to 5,300 million rupees at the end of 1956. The adverse turn in the balance of payments was particularly marked since March 1956. During the ten months ending January 1957, the foreign assets held by the Reserve Bank declined by some 2,360 million rupees against a rise of 50 million rupees in the corresponding period last year. A drain on reserves of this order cannot but be regarded as serious.

In the first three quarters of 1956 there was a balance of payments deficit of 1,214 million rupees, the figures for each quarter being (-) 45 million rupees, 445 million rupees and 814 million rupees. The deficit in the last two quarters was due entirely to the enhanced deficit on trade account. Import payments increased from 3,353 million rupees in April-September 1955, to 4,768 million rupees in April-September 1956, while export earnings declined from 3,030 million rupees to 2,883 million rupees so that the trade deficit widened from 523 million rupees to 1,885 million rupees, i.e., a net deterioration of 1,362 million rupees on trade account. The increase in trade deficit was offset to some extent by increased net receipts from invisibles and from official loans and other capital transactions. Preliminary estimates for the quarter ending December 1956, indicate that the same trends continued in the remaining months of 1956. For 1956 as a whole, the deficit may work out to 1,950 million rupees to 2,050 million rupees.

25

The major explanation for the sharp increase in imports lies undoubtedly in the increasing increasing demands for development. The value of imports increased from 4,180 million rupees in April-November 1955, to 5,350 million rupees in April-November 1956. Of this increase of 1,170 million rupees, 960 million rupees was accounted for by the increase in the imports of machinery, iron and steel and other metals. Imports of machinery increased from 735 million rupees in April-November 1955, to 1,058 million rupees in April-November 1956; of iron and steel, from 343 million rupees to 880 million rupees and of other metals, from 164 million rupees to 262 million rupees. There has also been a large increase in the imports of vehicles, electrical goods and hardware, a substantial part of which would be for development.

When the second plan was formulated, it was recognised that the small range of capital goods industries in the country, combined with the large increase proposed in investment, particularly in basic industries and transport would put a considerable strain on balance of payments in the early years of the plan. The balance of payments difficulties that have arisen of late were, therefore, not altogether unexpected. But they have been on a much larger scale than was envisaged at the time of the formulation of the plan. The second plan report placed the deficit on current account (excluding official donations) in 1956-57 at 1,480 million rupees. Actually, a deficit of this order (1,438 million rupees) was realised in the first half of 1956-57.

To some extent, the heavier strain on balance of payments is due to factors which could not have been anticipated when the plan was drawn up. There has been an increase in prices of imported materials and machinery. The closure of the Suez Canal has added significantly to the freight bill. The exports of items such as raw cotton and vegetable oils also declined owing to the unforeseen fall in production. There are also indications that imports for development in the private sector have been larger than estimated.

While, on the whole, the expansionary impact of the increase in investment in 1956-57 has been largely neutralised by the increase in imports of investment goods, there is still a part of investment activity which generates additional incomes at home and consequently additional demand for consumer goods. Imports of finished consumer goods as such play a relatively small part in consumption in India, but indirectly imports of raw materials and semi-manufactures go up as the production of a number of consumer goods within the country increases. Similarly the drop in the exports of cotton manufactures is also due partly to the growth of domestic demand.

26

The magnitude of the indirect or secondary effects of developmental activity on balance of payments is small in relation to the direct impact of investment. But a part of the recent strain on the balance of payments is due undoubtedly to the failure of domestic savings to match the investment being undertaken.

The requirements of foreign exchange for the period of the plan will be larger than the original estimates indicated. The foreign exchange component of the steel plants, for example, is now expected to be significantly larger than the estimates included in the plan. Prices of steel as well as capital goods and equipment abroad have risen. Inevitable increases in defence outlays will also involve appreciable additional foreign exchange commitments. Altogether, it is fairly clear that the gap in foreign exchange resources over the plan period will be substantially larger than the original estimate of 11,000 million rupees. Foreign exchange reserves have already been drawn down to an extent which leave little scope for a further draft on them. The recent purchase of 127.5 million dollars from the International Monetary Fund and the standby arrangements for a further purchase of 72.5 million dollars, however, provide some respite. Nevertheless, it has become a matter of urgency to explore every possible avenue of promoting exports, of economising on imports and of getting additional external assistance. The external resources available to the public and the private sectors will now have to be much more than 9,000 million rupees envisaged by the plan if the plans of both the sectors are to go through without endangering the external viability of the country.

External Assistance.- Friendly foreign countries have continued to assist us in our economic development. This assistance has taken the form of supply of commodities and equipment and the provision of technical experts and training facilities. The total assistance made available upto March 1956 was about 2,970 million rupees, out of which 1,980 million rupees had been utilised by that date. The balance of about 990 million rupees is available for the second five year plan. Almost the whole of that sum has already been committed on the supply of equipment and commodities for projects in the second plan. During 1956-57, a sum of 55 million dollars has been authorised by the Government of the United States as Development Assistance for India. As in the past, three-fourths of this amount will be in the shape of a long-term loan. During the same period, Canada has authorised 13 million dollars and New Zealand one million pounds as aid under the Colombo Plan.

27

An additional sum of 15 million kroner i.e., 10 million rupees was made available by the Government of Norway for the fishing Community Development project in Kerala. The Ford Foundation continues its assistance and has allocated a sum of 1.8 million dollars.

In addition to the continuing schemes of assistance, external aid in a different form has also become available by the agreement concluded with the Government of the United States in August 1956. This agreement enables India to acquire in the United States, surplus agricultural commodities of 360 million dollars in value, mainly wheat, rice and cotton, over a period of three years. Payments for these purchases will be made to the U.S. Government in rupees. From these rupee proceeds the U.S. Government will make a long-term developmental loan to India of 234.1 million dollars and will also make a grant of 54 million dollars. This agreement thus makes available additional financial resources for the plan, while, at the same time, it enables us to import, without incurring immediate foreign exchange liabilities, essential consumer goods for which there is a growing demand in the country.

During 1956-57, a sum of 75 million rupees is expected to be utilised from the total assistance of about 630 million rupees promised by the U.S.S.R. for the Bhilai Steel Plant. The Soviet Union has also given valuable assistance for oil exploration and other projects. In addition, it has promised a further long-term credit of 500 million roubles to be available after 1959.

During the year, the International Bank of Reconstruction and Development granted a loan of 75 million dollars to the Tata Iron & Steel Co., for expansion and development and a similar loan of 20 million dollars to the Indian Iron & Steel Co. Negotiations for assistance for the development of the railways are under way.

The revised estimates for 1956-57 place total governmental receipts from external loans during and grants at 650 million rupees as against 405 million rupees in 1955-56.

Monetary and Banking Developments.— The economic trends reviewed above were reflected in an increase in money supply and a growing pressure on the liquidity of banks. Over the year 1956 money supply with the public increased by 1,310 million rupees in spite of the substantial contractionist impact of the decline in the foreign assets of the Reserve Bank by 2,050 million rupees. The expansion of bank credit to both the public and the private sectors in 1956 was much larger than in 1955. Thus, net credit by the banking system to the Government increased by 2,436 million rupees in 1956 as against an increase of 1,461 million rupees in 1955.

28

The corresponding net increase in bank credit to the private sector amounted to 1,169 million rupees in 1956 as against 498 million rupees in 1955.

The large increase in bank credit to the private sector was matched only to a limited extent by the growth of deposits with the scheduled banks. Consequently, the banks turned to the Reserve Bank for accommodation on a larger scale, their net borrowings rising by about 500 million rupees in the course of the year. Simultaneously, the banks also liquidated their investments to the extent of 190 million rupees and reduced cash reserves by 100 million rupees.

Employment.- It is difficult to assess the effect of the growing tempo of development on the employment situation in the country. The total number of employment-seekers on the live registers of the employment exchanges increased from 691,958 at the end of 1955 to 799,533 at the end of September 1956; thereafter, it declined to 758,503 by the end of December 1956. The net increase of 66,545 in registrations for employment in 1956 compares favourably with the corresponding increase of 82,178 in 1955 and 87,420 in 1954. The significance of the increase in registered employment-seekers must also be judged in relation to the growing facility and popularity of registrations and the increasing desire for betterment of prospects by persons already employed.

Economic Policy and Measures.- Recent developments in the Indian economy have emphasised the urgent need for increasing savings and productivity and for conserving and enlarging the much-needed resources of foreign exchange. A bold development programme with a large import content is bound to exert considerable pressures on prices and on balance of payments. The maintenance of a reasonable degree of stability in prices would depend on the increase in the production of essential consumer goods like foodgrains and cloth. But the increase in production itself generates additional incomes and demand with the result that utmost attention needs to be paid to the increase in productivity and savings. A measure of restraint on spectacular increases in consumption and on wasteful or unproductive investment is inescapable in any attempt to promote development without sacrificing financial stability.



It is also imperative to promote exports and to weed out unessential imports, even if this results in a certain measure of restraint on consumption at home. This, it must be emphasised, is not a mere long-term desideratum; it is a vital urgent necessity. The need for external assistance in order to implement the Plan is in any case large, and, while foreign resources have to be mobilised on a much larger scale than hitherto, it is equally important to augment the earnings from exports and to economise on import payments.

An account may now be given of the measures taken in the fiscal monetary and foreign exchange fields to meet the situation created by the recent developments. The Central Budget for 1956-57 introduced new and additional taxation with a total annual yield of 350 million rupees. These included increased and new excise duties on cotton fabrics, vegetable oils, diesel oil, soap and silk fabrics and enhanced postal rates as well as selective increases in direct taxation of individuals and corporations. In addition, the Railway Budget levied a surcharge on freights with an estimated yield of 115 million rupees per year and the State Governments imposed additional taxation worth 150 million rupees in their 1956-57 budgets. In September 1956, excises on cotton cloth were raised again to curb rising prices and an additional yield of 300 million rupees per annum is expected from these increases. On 30 November 1956, further taxation measures were introduced. The capital gains tax was revived and corporation tax and super-tax on dividends were put up with effect from April 1957. Customs duties on a number of articles such as wines, spirits, motor cycles, scooters and watches were raised and power was taken to raise excise duties subject to a maximum of 50 per cent of the rates then permitted by the Act. The Supplementary Finance Act also provided for compulsory deposit of a part of the reserves of companies. The full impact of these measures will be felt only from 1957-58 onwards; but it is estimated that, excluding the increase in excise duties and the compulsory deposit of reserves, these measures would yield an additional revenue of 160 million rupees in a full year.

Monetary policy has been directed mainly at securing selective control over bank credit so as to discourage speculative hoarding of stocks.

30

On the supply side, as the pressure of excess demand was felt principally on foodgrains and other agricultural products, substantial releases were made from Government stocks of foodgrains and a number of fair-price shops were opened.

As a result of discussions held by the Planning Commission with State Governments and the Central Ministries concerned, the agricultural targets in the Second Plan have been raised. The target of foodgrains production to be achieved by 1960-61 has been increased from 75 million tons to 80.5 million tons; that of oilseeds from 7.0 million tons to 7.6 million tons; of sugarcane (in terms of raw gur) from 7.1 million tons to 7.8 million tons; of cotton from 5.5 million bales to 6.5 million bales and of jute from 5.0 million bales to 5.5 million bales. The upward revision of agricultural targets does not involve any significant increase in financial provision. The increased production will be achieved through an intensification of the organisational effort to promote better methods of cultivation. To this end, the Community Development National Extension programme will be utilised for improving agricultural productivity. The success of the Plan, it is apparent, would turn largely on the realisation of the targets of agricultural production.

In the foreign exchange field, the basic travel allowance for purposes other than business, education and health has been abolished and the free baggage allowance for incoming passengers has been reduced. The import programme for January-June 1957, has provided for a reduction in quotas on a number of items. The cuts in imports are expected to provide a saving of some 300 million rupees in the import bill over a six month period. Simultaneously, the licensing of capital-goods imports is being tightened up and private investors are being encouraged to seek credits from abroad and to invite foreign producers to associate themselves increasingly with domestic industry. A close watch is also being maintained on the imports of raw materials by actual users so as to prevent any excessive stock-piling of imports.

91

A number of fiscal and administrative measures have also been taken to promote exports. Eight Export Promotion Councils are functioning now as against five last year. The report of the Export Credit Guarantee Committee is under consideration. The export duty on coarse cotton cloth has been abolished, and appropriate relief has also been allowed in the rate of export duty on tea. The procedure for granting rebates of import duties on the import-content of exports is being simplified and import licensing as well as the licensing of expansion and new units, is being regulated with an eye, among other things, to the promotion of exports. Recently, a Committee has been appointed to make recommendations about further steps that might be taken to promote exports.

Prospects.- As mentioned earlier, the full impact of the various measures outlined above will only be felt in the months to come. It is not possible to assert, at this stage, that they will prove fully adequate for containing the pressures on prices and payments. The short-term prospects will depend to a considerable extent on the out-turn of agricultural commodities in the 1956-57 season. While a definite indication of the 1956-57 crop will only be available after a couple of months, it appears from the estimates so far available that the production of cereals will be slightly better than in 1955-56 even though millets like jowar and bajra may not show any improvement owing to the damage done to these crops by excessive rains and floods. The outlook for commercial crops like sugarcane, cotton and groundnuts is encouraging.

The problem is not only of containing the pressures that have recently developed but of increasing progressively the level of investment in the country without adding to them. The country has entered a crucial phase of development. The steady increase in developmental activity in recent years has expanded the productive capacity of the economy and has paved the way for substantial progress in the years to come. But such progress can be achieved only by a continuous increase in production to keep pace with the growing demand and by the mobilisation of an increasing proportion of the national income for further investment.

Salary of State Government employees.- Reviewing the budget estimates for 1957-58, the White Paper says that a provision of 50 million rupees has been made for grants to States to help them raise the emoluments of their low-paid employees. The Government of India has agreed that some measure of relief to such employees is needed and that a part of the extra cost of such relief as the State Governments may decide to give should be met by them for the remaining four years of the Second Plan subject to review in the light of the Finance Commission's recommendations. Briefly, the Central Government would assist the States in raising emoluments up to ~~120~~ 12 rupees in each case to employees whose emoluments with this increase would not exceed 100 rupees, the Central Government assistance being equal to 2/3 of the extra cost in

32

raising emoluments up to 60 rupees and 1/3 of the extra cost of the balance.

Plan outlay.- The estimates of revenue and capital expenditure for next year allow for a total outlay by the Centre of about 7,750 million rupees on the Plan schemes of the Centre and the States. Broadly, the provision made for expenditure directly incurred by the Central Ministries is 370 million rupees on revenue account and 4,600 million rupees on capital account (including expenditure met from Railway etc., Funds) and the provision for assistance to States is about 700 million rupees on revenue account and 2,080 million rupees for capital grants and loans. The States are expected to spend on the Plan about 1,400 million rupees. The total Plan outlay of the Centre and the States will thus amount to over 9,000 million rupees.

Finance Bill introduced.- The Finance Minister also introduced the Finance Bill, 1957, to continue for the financial year 1957-58 the existing rates of income-tax and super-tax, other than super-tax on companies for which provision is made in section 8 of the Finance (No.3) Act, 1956, and the existing additional duties of customs and excise, and to provide for the continuance of certain commitments under the General Agreement on Tariffs and Trade and the discontinuance of the duty on salt for the said year.

(The following Budget papers received in this Office:-

- i) Budget, 1957-1958. Finance Minister's Speech, 19th March 1957, pp.6.
- ii) Government of India. White-Paper on Budget, 1957-1958, pp.31.
- iii) Government of India. Budget of the Central Government for 1957-1958 (As laid before the Parliament, 1957), pp.24.
- iv) Explanatory Memorandum on the Budget of the Central Government for 1957-1958 (As laid before the Parliament), pp. 459.
- v) The Finance Bill (As laid introduced in the Lok Sabha), pp. 4. ).

Railway Budget for 1957-1958 presented:  
Gross Traffic Receipts exceeds 3,680  
Million Rupees: Revision of Rail Freight  
contemplated.

On 19 March 1957, Shri Jagjivan Ram, Union Minister for Railways and Transport presented in the Lok Sabha a White Paper on the Railway Budget for 1957-1958, dealing, among other things, with the working of the railways during 1956-57, financial results for 1955-56, revised estimates for 1956-57 and budget estimates for 1957-58. The White Paper also refers to the Railways' first and second Five-Year Plans. The White Paper places the estimates for gross traffic receipts in 1957-58 at 3,685 million rupees, compared to the revised estimate of 3,500 million rupees for 1956-57, an improvement of 185 million rupees.

The table below shows the statement of receipts and expenditure of Indian Government railways:-

(Please see the table on next page)

(Figures in thousands of rupees)

|  | Actuals,<br>1955-56. | Budget<br>Estimate,<br>1956-57. | Revised<br>Estimate,<br>1956-57. | Budget<br>Estimate,<br>1957-58. |
|--|----------------------|---------------------------------|----------------------------------|---------------------------------|
| <b>Traffic Earnings -</b>  |                      |                                 |                                  |                                 |
| (a) Coaching -   |                      |                                 |                                  |                                 |
| (i) Passengers -   |                      |                                 |                                  |                                 |
| Upper.....   | 128,515              | 120,000                         | 130,000                          | 137,500                         |
| Third.....   | 948,576              | 994,000                         | 1,025,000                        | 1,052,500                       |
| (ii) Other Coaching.....   | 208,658              | 218,000                         | 214,000                          | 240,000                         |
| (b) Goods.....   | 1,802,834            | 2,055,000                       | 2,065,000                        | 2,180,000                       |
| (c) Sundry Other Earnings.....   | 68,133               | 64,000                          | 73,500                           | 81,000                          |
| <b>TOTAL.</b>  | <b>3,156,716</b>     | <b>3,451,000</b>                | <b>3,507,500</b>                 | <b>3,691,000</b>                |
| Suspense.....  | 6,190                | - 1,000                         | - 7,500                          | - 6,000                         |
| <b>GROSS TRAFFIC RECEIPTS*</b>   | <b>3,162,906</b>     | <b>3,450,000</b>                | <b>3,500,000</b>                 | <b>3,685,000</b>                |
| <b>Working Expenses -</b>  |                      |                                 |                                  |                                 |
| <b>Ordinary Working Expenses -</b>   |                      |                                 |                                  |                                 |
| (i) Administration.....  | 315,231              | 345,086                         | 345,492                          | 306,712                         |
| (ii) Repairs and Maintenance.....  | 786,719              | 827,208                         | 842,607                          | 801,906                         |
| (iii) Operating Staff.....   | 497,339              | 528,740                         | 526,588                          | 520,089                         |
| (iv) Operation (Fuel).....   | 235,816              | 249,557                         | 275,805                          | 439,678                         |
| (v) Operation other than Staff and<br>Fuel.....                                      | 101,854              | 93,062                          | 79,243                           | 130,757                         |
| (vi) Miscellaneous Expenses.....   | 149,701              | 146,658                         | 170,175                          | 174,044                         |
| (vii) Labour Welfare.....  | 50,262               | 56,278                          | 60,053                           | 69,102                          |
| <b>TOTAL.</b>  | <b>2,136,922</b>     | <b>2,246,589</b>                | <b>2,299,963</b>                 | <b>2,442,288</b>                |
| Suspense.....  | - 7,414              | - 5,574                         | - 9,659                          | - 3,742                         |
| <b>TOTAL- ORDINARY WORKING EXPENSES</b>  | <b>2,129,508</b>     | <b>2,241,015</b>                | <b>2,290,304</b>                 | <b>2,438,546</b>                |
| Appropriation to Depreciation<br>Reserve Fund.....                                   | 450,000              | 450,000                         | 450,000                          | 450,000                         |
| Payments to Worked Lines as share<br>of Earnings.....                                | 2,649                | 2,024                           | 3,126                            | 3,106                           |
| <b>TOTAL - WORKING EXPENSES</b>  | <b>2,582,157</b>     | <b>2,693,039</b>                | <b>2,743,430</b>                 | <b>2,891,652</b>                |
| Net Traffic Receipts.....  | 580,749              | 756,961                         | 756,570                          | 793,348                         |
| <b>Miscellaneous Transactions -</b>  |                      |                                 |                                  |                                 |
| (a) Receipts -   |                      |                                 |                                  |                                 |
| (i) Guarantee recoverable from<br>State Governments for<br>unremunerative lines..... | ..                   | 105                             | 458                              | 92                              |
| (ii) Other receipts from subsidised<br>companies.....                                | 217                  | 231                             | 351                              | 256                             |
| (iii) Miscellaneous Railway<br>Receipts.....   | 222                  | 147                             | 3,518                            | 1,259                           |
| <b>TOTAL-RECEIPTS</b>  | <b>439</b>           | <b>483</b>                      | <b>4,327</b>                     | <b>1,617</b>                    |

(Table to be continued to the next page)

(Table Continued):-

(Figures in thousands of rupees)

|  | Actuals,<br>1955-56. | Budget<br>Estimate,<br>1956-57. | Revised<br>Estimate,<br>1956-57. | Budget<br>Estimate,<br>1957-58. |
|--|----------------------|---------------------------------|----------------------------------|---------------------------------|
| <b>Miscellaneous Transactions -</b>                |                      |                                 |                                  |                                 |
| <b>(b) Expenditure -</b>                           |                      |                                 |                                  |                                 |
| (i) Rebate.....                                    | 10                   | 9                               | ..                               | ..                              |
| (ii) Subsidy.....                                  | 516                  | 755                             | 646                              | 1,125                           |
| (iii) Land.....                                    | 7                    | 7                               | 8                                | ..                              |
| (iv) Surveys.....                                  | 1,714                | 3,544                           | 3,711                            | 3,444                           |
| (v) Miscellaneous Railway<br>Expenditure.....      | 15,848               | 18,299                          | 17,669                           | 20,974                          |
| (vi) Open Line Works- Revenue.                     | 59,698               | 108,249                         | 92,448                           | 117,238                         |
| <b>TOTAL- EXPENDITURE.</b>                         | <b>77,793</b>        | <b>130,863</b>                  | <b>114,482</b>                   | <b>142,781</b>                  |
| <b>NET Miscellaneous Receipts.</b>                 | <b>-77,354</b>       | <b>-130,380</b>                 | <b>-110,155</b>                  | <b>-141,164</b>                 |
| <b>Net Revenue.....</b>                            | <b>503,395</b>       | <b>626,581</b>                  | <b>646,415</b>                   | <b>652,184</b>                  |
| Dividend to General Revenues...                    | 361,186              | 396,644                         | 376,915                          | 437,873                         |
| Profit for the year.....                           | 142,209              | 229,937                         | 269,500                          | 214,311                         |
| <b>*Includes receipts of<br/>Worked Lines.....</b> | <b>6,066</b>         | <b>4,594</b>                    | <b>5,922</b>                     | <b>5,928</b>                    |

**Railways' First Five Year Plan.**- A sum of 4,000 million rupees had been allotted to the Railways in the first Five-Year Plan. According to the final accounts of 1955-56, which was the last year of the First Five-Year Plan, the Railways had actually spent a sum of 4,237.3 million rupees over the five-year period. The rolling stock acquired during the Plan period came to 1,586 locomotives, 61,254 wagons and 4,758 coaches. The total holdings on all gauges at the end of the Plan were 9,172 locomotives, 235,198 wagons and 23,155 coaches, against 8,209, 199,094 and 19,225 respectively at the beginning. At the end of the plan-period track renewal was in arrears to the extent of about 7,000 miles for rails and 7,000 miles for sleepers.

Dismantled lines with a total mileage of 429.87 were restored and new lines with a total mileage of 379.98 opened for traffic during the Plan. In addition, about 453 miles of new lines were under construction at the end of the Plan period. About 46 miles of narrow gauge lines were converted to metro gauge, and the conversion of about 52 miles of metro gauge to broad gauge was in progress. Electrification of the Howrah-Burdwan main line and the Tarakeswar Branch was also started during the Plan. The Ganga Bridge Project was taken in hand in 1953 at a cost of 162 million rupees and is expected to be completed and opened for traffic in 1959. The most important project completed during the First Five Year Plan was the Chittaranjan Locomotive Works, which during the Plan period had produced 341 locomotives. The Integral Coach Factory, the construction of which was taken in hand in July 1953, at a cost of 73.5 million rupees, went into production in 1955-56 and had turned out 12 coaches during that year.

Other works executed during the Plan period, mainly intended to augment line capacity and improve operation, were for doubling the track, providing more crossing stations, lengthening loops to take longer trains, remodelling and enlarging marshalling yards, signal and tele-communication works, improvements to workshops and sick lines, expansion of power-houses, etc. Building of quarters for railway staff, improvements to water supply, provision of road overbridges, amenity works for passengers, etc., were also carried out to the extent possible within the allotment and the resources available.

Of the total expenditure of 4,237.3 million rupees actually spent during the first five year Plan period, a sum of 2,840 million rupees was provided by the Railways from their own current resources, which was 360 million rupees short of the original figure of 3,200 million rupees planned to be found by them. The balance of about 1,400 million rupees was met from the general resources of the Government of India.

Second Five Year Plan.— As regards the second Five-Year Plan, progress made during the current year has been satisfactory. A number of new lines and several important line capacity works provided for in the Railway Plan and required for carrying the additional coal and steel traffic have either been already taken in hand in the current year or have been included in the programme for the next year.

Procurement of rolling stock envisaged in the plan is also proceeding satisfactorily. The Plan contemplates the acquisition of 2,258 locomotives, 11,364 carriages and 107,247 wagons. Against these 557 locomotives, 1,951 carriages and 27,184 wagons (in terms of four wheelers) have been ordered in the current year, and 411 locomotives, 2,546 carriages including 68 E.M.U. coaches and 17,729 wagons (in terms of four wheelers) are proposed to be ordered against the programme of 1957-58. The locomotives ordered include 100 diesel locos of 2,000 H.P. each for working mainline goods traffic.

To cope with the repair work of the increased rolling stock holdings, which will also be put to more intensive use in the coming years than has been the case in the past, large-scale expansion and modernisation of the existing repair shops, as well as establishment of a few new shops have been or are being taken in hand.



24

In the Plan there is a provision of 800 millions for electrification. The chief projects provided for in the plan are (a) electrification of the Calcutta Suburban area, on which a beginning was made in the first Plan itself with work on the Howrah-Burdwan Main Line including Tarakoswar Branch, and which is to be extended to cover also the Howrah-Burdwan Chord and Sealdah Division of the Eastern Railway and the Howrah-Khargpur Section on the Southeastern Railway, (b) the Burdwan-Asansol and Asansol-Gomoh sections on the Eastern Railway, (c) the Igatpuri-Bhusaval Section on the Central Railway, and (d) the Tambaram-Villupuran Section on the Southern Railway. In addition to these, the electrification of the sections between Gomoh and Moghalsarai and Asansol Raj Kharswan and Barajamada is now under active consideration.

Now lines which have been completed and opened for traffic in the current year are 24 miles on the Southeastern Railway, 26 miles on the Western Railway, as also Kottayam Section 37 miles of the Quilon-Ernakulam link with a total mileage of 87 miles.

Shortage of essential material.- The Railway Plan of 11,250 million rupees provides for the total additional capacity of 47 million tons over the five-year period. The traffic actually carried last year was 114 million tons, and according to the statistics available to end of January 1957, it is expected that the Railways will carry 125 million tons in the current year, or about 10 per cent more than last year. For the successful execution of the Railways' programme for the current year, nearly 1.06 million tons of steel were required, not taking into account the outstanding of the previous years. Against this, the supply to the end of December 1956 was 0.365 million tons only, and the expectation of supplies during the last quarter of the year is 0.190 million tons. If this fully materialises, the total receipt for the year would be 0.55 million tons, against the actual requirement of the year of 1.06 million tons. The supply position of track materials has been particularly unsatisfactory. Against the total requirement of 0.455 million tons of rails, fish plates and steel sleepers, the actual supply during the nine months from 1 April 1956 to 31 December 1956 has been 0.122 million tons only. In the current year, the total number of sleepers - wooden, cast iron and steel - is not likely to exceed ~~4.6~~ 4.6 million, ~~tons~~ against a total demand of 9 million track sleepers for all the Railways. Faced with this serious situation, the Railway Ministry is exploring the possibilities of increasing the procurement of sleepers.

Railway's operation in 1956-57. - A general improvement in the operating position on the Indian Railways is indicated in the increase, as compared to the last year, of the order of 10 per cent in the originating tonnage handled and 6.38 per cent in wagon loadings on the Broad Gauge and 10.8 per cent on the Metre Gauge including transshipment loads. The overall coal loading in the country has increased by 6.2 ~~5.4~~ per cent, only, and In the Bengal and Bihar fields the rise has been 5.6 per cent only, and would have been still higher but for the effect of the labour strike in the Rajiganj coalfields in September last and the serious breaches on the Eastern and Northern Railways due to heavy rainfall and floods. The picture of improvement is also borne out by the progressive decline in outstanding registrations for traffic on the broad gauge to 11,820 wagons - barely one day's loading. On the metre gauge the outstanding registrations at the beginning of the busy season were 40,360 wagons, of which 31,500 were on the Northeastern Railway for jute destined to stations across the Ganga, and although jute loadings on this railway increased to 260 wagons a day, about 40 per cent more than last year, the frequent interruptions due to the monsoon and adverse conditions attendant on crossing the Ganga have hampered the clearance of this traffic. Movement via the transshipment points from broad to metre gauge showed an overall increase of 9.4 per cent on the broad gauge and 11 per cent on the metre gauge.

Gratifying results have also been obtained from the special measures taken by railways to increase the efficiency of operation and improve performance by better utilisation of available resources and concerted supervision of important junctions and difficult routes. Wagon miles per wagon day on the broad gauge rose in 1955-56 to the record figure of 46.3 miles, compared to 43.3 miles in the previous year, and net ton miles per day per wagon on the broad gauge increased from ~~10 per cent to 20 per cent~~ 483 to 541 miles. Targets for further improvements ranging from 10 to 20 per cent have been set for the coming year and measures to achieve these targets are well in hand. Progress has been made particularly in the reduction of the idle time of wagons by a further limitation of the free time for loading and unloading, the progressive drop in the detentions in marshalling yards and transshipment points, etc. Goods train miles operated rose from 70.6 million in 1954-55 to 76.5 million in 1955-56, and for the first half of 1955-56 the figure was 39.1 million goods train miles as compared to 36.9 million for the corresponding period of the previous year. The quick transit service for goods introduced from April 1956 on important trunk routes has been well received and is proving increasingly popular. Further studies are also being made of the efficiency of wagon usage, speeds of goods trains, wagon balances, etc., and the cause of variations in unit costs of service on zonal railways.

Under the auspices of the "Technical Co-operation Agreement" between the Governments of India and the United States of America, a team of consultants have come to India to study the problems of increasing line capacity and rail-sea co-ordination. A preliminary report submitted by the team after a three-month survey has been considered by the Railway Board and the consultants have now been asked to undertake detailed studies on the subject of heavier and more powerful steam locomotives, the designing of wagons with larger capacity, the introduction of "Centralised Traffic Control" on certain busy single line sections on the broad and metre gauges and ways and means of improving movement capacity in the coalfield area to cater to the large increase in coal production expected in the Second Five-Year Plan. Their final report is expected next October, and it is hoped that their recommendations will be of great value to the Indian Railways.

The problem of overcrowding in trains continued to receive earnest attention on the railways. But difficulties have been accentuated by the continued rise in passenger traffic in the current year compared to the previous year. In 1955-56, 100 new trains were introduced - 69 on the broad gauge and 31 on the metre gauge - and the run of 80 trains was extended - 41 broad gauge and 39 metre gauge, so that the daily train mileage rose by 5,618 miles on the broad gauge and 2,440 miles on the metre gauge.

Drive for rolling stock self-sufficiency. - The Chittaranjan Locomotive Works, the capacity of which was initially rated at 120 average size locomotives, equivalent to 97 locomotives of the W.G. type, actually produced 129 W.G. locomotives in 1955-56 and are expected to turn out 156 this year and 168 next year (this last figure being equivalent to 200 average size units), the cost per locomotive being 0.498 million rupees approximately inclusive of interest on capital investment. Schemes were prepared for the expansion of capacity to build 300 locomotives per year at the end of the Second Five-Year Plan, but, in view of the curtailment of the Plan allotment and the proposed electrification and dieselisation of certain sections of the Railways, it has now been decided to stabilise production at 14 W.G. locomotives, reducing to the maximum extent possible the importation of components.

The Tata Locomotive and Engineering Works attained their target production of 50 metre gauge locomotives last year and are raising the target in the course of the second Plan period to 100 per year.

The Integral Coach Factory at Perambur turned out 12 coaches in 1955-56 and is expected to increase its production to 80 coaches in the current year and 181 next year. Of these, 10 in the current year and 81 next year are expected to be coach shells made of components manufactured indigenously. The furnishing of these coaches, which is at present done at selected railway workshops, has now begun in the Integral Coach Factory itself with the provision of temporary furnishing arrangements there. It is also proposed to provide a separate permanent furnishing section adjoining the Factory, at a cost of 37 million rupees, capable of furnishing all the 350 coaches shells to be built there per year towards the end of the second Five Year Plan according to the present target.

The Railway Ministry has recently entered into an agreement with the Hindustan Aircraft (Private) Limited, under which the latter are developing capacity in collaboration with MAN, coach building firm of West Germany, for the construction of the integral type of coach in place of the conventional types of coach they have been manufacturing for the railways hitherto.

The capacity developed in the country for manufacturing wagons is already of the order of 20,000 wagons per year and covers wagons of all except certain special types. This is planned to be increased to 36,000 wagons a year, and sixteen new Indian firms distributed all over the country have been selected for the development of extra capacity. Efforts are also being made for the installation of capacity for the manufacture of special types of wagons in the country. With the creation of capacity for manufacturing electrical rolling stock mentioned earlier, there are good prospects of the country becoming practically self-sufficient in the production of rolling stock by the end of the Second Plan period.

Railway staff.- The problem of the recruitment and training of the large numbers of extra staff of all categories necessary for the detailed planning and execution of the works included in the Second Five Year Plan as well as for coping with the large increase of traffic anticipated during the plan period received constant attention. Careful estimates have been made of the requirements from time to time and indents placed, where necessary, on the Union Public Service Commission and on the Railway Service Commissions for recruitment of staff. Facilities for training the recruits have already been increased and further expansion is under way.

The necessary capacity of the Railway Staff Training College, Baroda, for the training of officers was increased by April 1956 to thirty officers at a time, and arrangements have subsequently been made to increase this further to 110 officers at a time to meet the requirements of officers for the Second Plan. The additional capacity will be used after these recruits have been trained for refresher courses for serving officers.

Considerable progress was made in the expansion of training facilities on the railways for subordinate staff. The new combined training school at Udaipur on the Western Railway was completed and is functioning and a technical school at Ajmer is expected to start working towards the end of 1957. On the Central Railway a training school for the Civil Engineering Department with a minimum capacity of 80 trainees is expected to commence work shortly at Manmad, an additional hostel for 64 trainees has been provided in the training school at Bina and an estimate has also been sanctioned for the provision of a permanent general training school at Bhusaval. On the Southern Railway construction is in progress of a training school for staff of the Protection Force at Trichinopoly, to provide facilities for 50 trainees at a time initially and 100 trainees ultimately. On the Southeastern Railway similarly a school is under construction at Kharagpur for training Railway Protection Force staff.

In order to meet any possible shortage of skilled technical personnel for the Civil Engineering Department in the categories like Assistant Inspectors of Works, Draftsmen, Estimators, Tracers and Works Mistries, three centres have been set up, each with a planned capacity for 150 to 200 trainees at a time, one at Mhow in Madhya Pradesh, another at Shahjahanpur in Uttar Pradesh and a third at Madhopur in Bihar. One of the recommendations of the Estimates Committee was that there should be at least one basic training centre on each railway like those at Kanchrapara, Lillooah, Jamalpur and Kharagpur Workshops. Instructions have been issued to railways to provide facilities in the various railway workshops and running sheds for the training of technical staff of different categories, including a basic training shed in all major workshops and basic training centres for giving lectures to trainees. Some railways already have basic training centres and proposals have been framed for setting up new centres and for expansion of existing centres where necessary.

Upgrading of posts.— The distribution of posts for certain categories sta of railway staff among the different scales recommendation recommended by the Pay Commission, which has been a source of grievance on the ground that a predominantly large number of posts was placed in the lowest of the scales of pay for these categories, has been altered to a substantial extent by increasing, with retrospective effect from the 1 April 1956, the percentage of posts in the higher pay scales for these categories by a corresponding reduction of the number of posts in lower grades, so that a considerable number of staff in these categories receive an immediate increase in their emoluments and the rest have improved prospects of promotion to the higher grades. For example, the redistribution has increased the number of posts in the higher grades to which Assistant Station Masters can look for promotion, from 3,000 to 9,000, and the minimum for an Assistant Station Master has been raised to 80 rupees from 64 rupees. For clerical staff the promotion scales, 80-160 rupees and 160-220 rupees have been merged in one scale - 80-220 rupees, and about 10,000 posts in the scale of 60-130 rupees (which replaced the 55-130 rupees grade in the course of the year) are being raised to the higher grade. Twenty per cent of the posts in the scale of 80-220 rupees will, however, be reserved for direct recruitment, and the passing of a departmental

42

examination, to be prescribed, will be obligatory for all as a condition precedent to promotion to this scale. Following the pattern in the non-Railway Audit and Accounts Department of the Government of India, it is proposed to give a higher start of 100 rupees in the scale of 80-220 rupees to the Accounts Department clerks. Various other adjustments have also been made affecting stock verifiers, pay clerks, commercial clerks, ticket examiners, signallers, train clerks and typists. The posts in the scale of pay 80-160 rupees for train examiners have been replaced by posts in the scale 100-185 rupees, and their prospects of promotion improved by an increase in the number of posts in higher grades. The scales of running allowance admissible to a majority of running staff have also been increased. As the precise amount of expenditure on this account is yet to be assessed, a provision of 22 million rupees, including arrears for 1956-57, has been tentatively included in the budget estimates for 1957-58, subject to revision in the light of more accurate information expected to become available later.

Medical facilities for railway staff.- Considerable progress has been made in implementing the scheme for providing hospital accommodation for railway staff and their families suffering from tuberculosis. Six hundred and forty six beds have already been sanctioned, including beds in railway hospitals and at selected sanatoria. A further increase in the number of such beds is projected in the course of the next year or two. Chest clinics to facilitate diagnosis and treatment have been established at many railway hospitals and others have been planned. Camera units have been sanctioned for the X-Ray apparatus in many railway hospitals for screening new recruits. Free diet (up to a pay limit of 300 rupees) for in-patients suffering from tuberculosis is being provided, and substantial additional relief and financial assistance is also given from the Staff Benefit Fund to sufferers from this disease.

A beginning has been made also with the sanction of a 5-bed ward for railway employees and their families in a leprosy institution, and instructions are under issue authorising railways to re-employ, subject to certain conditions, railwaymen discharged from service on account of leprosy.

Steps have been taken to obtain whole-time specialists in diseases of the eye, ear, nose, throat, chest etc., and to equip laboratories for pathological examination at headquarters hospitals. It has been decided to provide lady doctors at the headquarters and divisional hospitals at which there are maternity wings or wards, and it is intended to provide midwives at all railway hospitals and important dispensaries as well as at places cut off from civil maternity facilities.

Mobile medical vans have been introduced on some railways as an experimental measure for the benefit of railwaymen working at places away from dispensaries. About 22 of these are to be put into commission.

The recommendations made by the Estimates Committee for a board of visitors for railway hospitals, including representatives of staff, and for a system of honorary visitors and surgeons at selected railway hospitals have been accepted and are being implemented. The report of the medical officers appointed to review existing medical arrangements on railways and recommending lines of further expansion has since been received and is under consideration.

Minister's budget speech.— Presenting the White Paper Shri Jagjivan Ram said that the present House would be asked to vote such supplies as might be necessary for meeting the estimated expenditure for the first five months of the coming financial year.

Referring to the financial position of the Railways the Minister said the question of reviewing the freight structure of the railways had been referred to a high level committee in 1955. It was expected that the committee would finalise its recommendations and submit its report shortly. It was the intention of the Government to consider and implement the recommendations as far as practicable within the next financial year and this, might affect the earnings estimate which had now been incorporated in the Budget for the next year. The extent to which the level of rates of different commodities would be modified by the recommendations of the committee, and to what extent the earnings estimate would be affected thereby, cannot obviously be anticipated at present.

Referring to the various construction projects, Shri Jagjivan Ram said that with a view to collect and compile all the knowledge now available in the science of water engineering and hydrology and make it available to railway engineers engaged in the task of bridge construction and bridge rehabilitation,

The Ministry has, appointed a high level committee of engineers with Dr. A.N. Khosla, ex-Chairman of the Central Water Power Commission and now Vice-Chancellor of Roorkee University, as chairman, in order to prescribe appropriate designs and formulate for waterways and other instructions for the upkeep of bridge structures, protection works, etc.

In conclusion the Minister added that he was happy to observe that relations with the staff has generally been satisfactory.

Demands voted.— The House voted the various demands of expenditure for the year ending 31 March 1957.

(White Paper on the Railway Budget, 1957-1958;  
Issued by the Government of India;  
The Statesman, 20 March 1957 )

33. Full Employment Policy.

India - March 1957.

Central Government's Pilot Scheme for Work and Orientation Centres for the Educated Unemployed.

A pilot scheme to help the educated unemployed enter into avenues of employment other than 'white collar' jobs has been sanctioned by the Government of India. The scheme will also develop in the educated unemployed a sense of greater appreciation for the dignity of labour and reliance on self-help.

For details, please see pp 93-94 of this report.



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36. Wages.

India - March 1957.

Wage Board for the Cotton Textile Industry  
to be set up.

In pursuance of the recommendation contained in the Second Five Year Plan regarding the establishment of tripartite Wage Boards for individual industries, the Government of India has decided to set up a Central Wage Board for the cotton textile industry. The Board will consist of an independent chairman and six members - two each representing the employers and the workers connected with the industry and two independent members. The personnel of the Board is expected ~~that such~~ to be announced soon.

It is considered that such wage boards will be more effective than industrial tribunals in settling wage disputes. The wage boards will also look into the question of introducing, to the extent possible, a system of payment by results.

After some experience has been gained with the working of this Board, the principle will be extended to any other industry for which such a Board may be considered necessary.

(Indian Labour Gazette, Vol. XIV, No. 8,  
February 1957, page 643 ).

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Madras: Dispute over Wages of Plantation Workers Settled:  
Agreement concluded.

The United Planters Association of South India and various plantation workers unions, representing 90,000 workers in 228 estates, today signed an agreement settling their dispute over the implementation of the Special Tribunal's award published in October 1956 (vide pp.51-55 of the report of this Office for December 1956).

The workers agreed to give up their demand for retrospective effect and the new wage scales, provided in the agreement, would take effect from 25 October.

Besides upgrading the wages by a considerable margin, the tribunal had recommended retrospective effect from 1952. The maximum daily wage, obtainable prior to the award was 1 rupee 5 annas. The tribunal had recommended a maximum of 2 rupees 7 annas.

The Supreme Court had granted the planters stay of the implementation of the award but ordered interim relief to the workers, fixing the maximum daily wage at 1 rupee 8 annas. The planters had represented that the implementation of the "retrospective effect" recommendation would involve them in an expenditure of 140 million rupees which they could not bear.

In view of the long delay likely in the final disposal of the case, the State Labour Minister had promoted compromise talks between the representatives of the managements and the workers unions which culminated in the agreement.

Under the agreement, extra remuneration for various jobs like pruning, weeding, etc., will be paid on the same differentials as those now maintained in respect of such work. Workmen will also be paid retirement benefit at the rate of 15 days' wages for each year of service, subject to a maximum of 15 months' wages. Provident fund system would be introduced, the contribution being at the rate of 8-1/3 per cent in respect of labourers in Class A rubber and tea estates with effect from 1 January 1957. The statutory obligation in this connection, which will apply to all workers, will, however, come into effect only from 1 May and the rate of contribution is also lower.

47

The increased rate of wages suggested by the Government and accepted by both parties for Grade I, Grade II, adolescent and child workers are respectively:

Tea Estates: Class A (Plantations of 200 planted acres and more) 1 rupee 11 annas and 6 pies, 1 rupee and 5 annas, 1 rupee, and 11 annas and 6 pies per day. Class B (Estates of less than 200 planted acres): 1 rupee 9 annas, 1 rupee 2 annas and 6 pies, Annas fifteen, and 11 annas and 6 pies.

Coffee Estates: (300 planted acres and more): 1 rupee 9 annas, 1 rupee 2 annas 6 pies, 15 annas, and 11 annas 6 pies. Less than 300 acres as well as estates in the Shervarovs, Madurai and Tirunelveli districts irrespective of acreage: 1 rupee 6 annas, 1 rupee 2 annas 6 pies, 15 annas, and 11 annas and 6 pies.

Rubber Estates: Class A (400 acres and more): 1 rupee 11 annas 6 pies, 1 rupee 5 annas, 1 rupee, and 11 annas 6 pies. Class B (less than 400 acres): 1 rupee 9 annas, 1 rupee 2 annas 6 pies, 15 annas, and 11 annas 6 pies.

Mixed Tea and Coffee Estates: If more than 200 planted acres are tea and the said area is more than two-fifths of the entire planted acreage, the said estate will be treated as a Class A tea estate and the workers paid accordingly. In other cases, the workers will be paid according to the rates applicable to Class B tea estates.

It was accepted by both the parties that the agreement entered into to-day, should be in force till 31 March 1961, and that, in the implementation of the terms of the agreement, if any doubt arose in the future, the matter should be referred to arbitration of the Secretary to the Government of Madras, Industries, Labour and Co-operation Department.

(The Hindu, 27 February 1957).

37. Salaries.

India - March 1957.

Increased Dearness Allowances for Non-Gazetted  
Employees in Madras and Kerala.

Madras.- The Government of Madras announced on 24 February 1957, a second enhancement in dearness allowance to non-gazetted officers, employees of local bodies and teachers in the State who draw a pay of less than 300 rupees a month.

Together with an increase in Dearness Allowance of 5 rupees to 7 rupees already given, each of these low-paid employees will now get 12 rupees more than what they were drawing before 1 November 1956.

The second concession will take effect with the pay for March to be disbursed in April.

The two increases in Dearness Allowance will together cost the State exchequer about 45 million rupees a year.

A Press Note issued by the State Government said: "A final decision in regard to the limit of increase in Dearness Allowance can be taken only after the recommendations of the Finance Commission in regard to additional resources that may be made available to this Government are known".

Kerala.- The Kerala Government sanctioned on 26 February 1957 an ad hoc increase of 7 rupees and 5 rupees in the emoluments of the low-paid employees including those under the local bodies and teachers in the aided primary schools. Those getting a pay not exceeding 60 rupees per month will get an increase of 7 rupees, while those with a pay between 60 rupees and 200 rupees will get 5 rupees.

The minimum rate of Dearness Allowance in the State will now be 32 rupees per mensem.

The increase, termed as a special Dearness Allowance will involve an additional expenditure of 11.2 million rupees per annum to the Government. The increase, which will benefit 130,000 employees, will take effect from 1 March this year.

(The Hindu, 25 and 27 February 1957).

Increased Wages for Bank Employees in former  
Travancore-Cochin: Government accepts Inquiry  
Commission Recommendations.

Employees working in the branches of four "C" class and 12 "D" class banks in the former Travancore-Cochin State, situated in towns with a population of 33,000 and less, will get increased salaries and dearness allowance with retrospective effect with the official announcement in Delhi on 25 February 1957 that the Government of India has accepted some of the recommendations of the Travancore-Cochin Banking Inquiry Commission with one modification. The three-man Travancore-Cochin Banking Inquiry Commission, headed by Shri K. Ramanni Menon, was set up by the Government of India in January 1956 (vide page 60 of the report of this Office for January 1956).

The increased emoluments will be on the lines of the Gajendragadkar Award as accepted by the Government.

While the employees of two "C" class banks and 12 "D" class banks will get increased emoluments from 1 January 1956, those of two other "C" class banks - the South Indian Bank Ltd., and the Catholic Syrian Bank, Trichur - will get increased emoluments from 1 January 1955, and not 1 April 1954, as recommended by the Commission.

A press note issued by the Union Ministry of Finance said the Gajendragadkar Commission had recommended that four "C" class (i.e. banks with working funds of 10 million rupees and over and less than 75 million rupees) and 12 "D" class banks (with working funds below 10 million rupees) in the former Travancore-Cochin State should be exempted from the operation of its award in respect of their branches in Area IV (i.e. places having a population of 33,000 and less) (vide pages 56-57 of the report of this Office for September 1955). The exemption was purely a temporary measure pending further investigation.

The necessary amendment to the Industrial Disputes (Banking Companies) Decision Act, 1955, will be made in due course. The banks concerned are, however, being advised to make the necessary payments to their employees in anticipation of legislation by Parliament.

51

The arrears relating to the period from 1 January 1956, will have to be paid before 31 March 1957, and the arrears for 1955 in the case of the South Indian Bank Ltd., and the Catholic Syrian Bank Ltd., Trichur, will have to be paid in two equal half yearly instalments. The first of these instalments will fall due on 1 September 1957.

The Commission has also recommended a minimum wage for employees of non-award banks in that State. It says that there is a prima facie case for regulating the scales of pay, allowances, leave rules, working hours and all other terms and conditions of service of the workmen of the non-award banks in the State.

The Press Note said these recommendations of the Commission were being forwarded to the Kerala Government for such action as it considered appropriate.

After studying the financial problems of the banks in that State and the difficulties alleged to be experienced by them, the Commission has also made several recommendations with a view to strengthening them. But these recommendations are not unanimous.

These recommendations are being examined by the Government of India and final decisions would be taken after taking into account the views of the interests concerned.

Important among these recommendations are that banks incorporated in that State should take a concerted action to bring down the general level of the present rates of interest on deposits. About advances on real estate, banks should take all the necessary precautions. The banks should also explore the possibilities of amalgamation, wherever feasible, in all earnestness. A possible alternative is merger.

(The Hindustan Times, 1 March 1957).

39. International Economic Relations.

India - March 1957.

India's 200 Million Rupees Loan to Government of  
Burma.

On 12 March 1957, an agreement providing for a loan of 200 million rupees by the Government of India to the Government of the Union of Burma was signed in New Delhi.

The present loan is in place of the earlier loan granted in October 1955, for a similar amount but not drawn by Burma.

The loan is repayable in 24 half-yearly instalments starting from 1 April 1960, with interest at 4-3/4 per cent per annum.

If the Government of Burma desires, any part of the loan can be transferred to Burma or to any other country in the sterling area.

(The Statesman, 13 March 1957).

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53

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

INDIA - MARCH 1957.

41. Agriculture.

Coorg Tenants Ordinance (Mysore Ordinance No.3 of 1957).

The Government of Mysore published on 11 March 1957 the text of the Coorg Tenants Ordinance, promulgated by the Governor of Mysore, to regulate the law relating to tenancies of agricultural lands in certain respects in Coorg district. The Ordinance fixes the maximum rent payable by a tenant for the lease of any land at one-third of the crop or crops raised on such land or its value as determined in the prescribed manner. Provision is made for the determination of the reasonable rent of any land by the prescribed authority. No tenant shall be evicted from the land leased to him during the continuance of the Ordinance by or at the instance of his landlord whether in the execution of a decree or order of a court or otherwise except under certain circumstances viz., if the ~~tenant~~ tenant does not pay arrears of rent accrued due after 31 March 1956 within two months after the commencement of the Ordinance. Other provisions of the Ordinance deal with surrender of land by tenant, assumption of management of lands surrendered, consequences of assumption of management, etc.

(Mysore Gazette, Extraordinary,  
11 March 1957, pp. 1-8 ).

Skilled Manpower for Agriculture: Committee constituted to enquire into Problem.

The Government of India has constituted a Committee on Agricultural Personnel with a view to make arrangements for training of personnel of different grades having regard for to the requirements for trained personnel during the second and third Five Year Plans. For details please see pages 99 of this report.

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Violent Tendencies Among Tea Labour in Assam: Shri  
Tripathi's Analysis of Causes and Suggestions for  
Solution

In an article in the Indian Labour Gazette for December 1956, has analysed the causes and remedy of the problem of violent tendencies among tea garden workers in Assam.

(For details, please see pp. 57-59 of this report).

43. Handicrafts.

India - March 1957.

Mysore Khadi and Village Industries Act, 1956 (No. 7 of 1957).

The Government of Mysore gazetted on 28 February 1957 the Mysore Khadi and Village Industries Act, 1956 which received the assent of the President on 21 February 1957. The Act provides for the organising, developing and regulating of khadi and village industries in the State and for the constitution of a Board to carry out the said object. The term 'village industry' is defined to mean the khadi industry and any industry specified in the schedule to the Act which lists the following industries: 1) bamboo industry; (2) bee-keeping; (3) blacksmithy; (4) carpentry; (5) cottage leather industry including tanning bark industry; (6) cottage oil industry; (7) cottage manufacture of matches; (8) fibre industry; (9) gur and khandasari; (10) handmade paper; (11) hand operated and bullock driven chakkis; (12) hand pounding of rice; (13) palm gur; (14) pottery; and (15) soapmaking with non-edible oils.

(The Mysore Gazette, Part IV, Section 2B,  
28 February 1957, pp. 49-50 ).

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CHAPTER 5. WORKING CONDITIONS AND LIVING STANDARDS.

INDIA - MARCH 1957.

50. General.

Violent Tendencies Among Tea Labour in Assam:  
Shri Tripathi's Analysis of Causes and  
Suggestions for Solution.

Shri K.P. Tripathi,  
general secretary,  
I.N.T.U.C.,

In an article\* in the Indian Labour Gazette for December 1956, has analysed the causes and remedy of the problem of violent tendencies among tea garden workers in Assam. He writes:

"Tea labour in Assam is mostly recruited from Bihar, Orissa, and Central Provinces. It is tribal, illiterate, and ignorant. In plantations it is practically kept segregated in labour lines, from the rest of the population. It is thus perpetually in contact with a hierarchy of powers, and not a normal society. So it tends to develop complexes. In this feudal structure it becomes suppressed and fearful, so that the reactions of its mind to the measures adopted by the management are not visible. Not to speak of the manager, not even the trade unionists have the possibility of gauging these mental processes. Further, being illiterate and ignorant he lacks power of expression. Fear and lack of expression lead to accumulation of grievances in his mind. Due to this often managers disregard grievances and trade unionists give up demands which they would not if they knew the intensity of the unexpressed feeling.

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\* Analysis of the Causes of Violent Tendencies Among Tea Labour in Assam. By Shri K.P. Tripathi, M.P., General Secretary, I.N.T.U.C. (Indian Labour Gazette, Vol. XIV, No.6, December 1956, pp. 449-450).

The tribal worker tends to develop fixity of idea. But nothing is adequately known until it bursts out in an assault. This usually manifests itself in group action, for not until the group is activated that the individual fear complex is dissipated. As the group action occurs through long process of accumulations no conspirational discussions need take place. Drink habit by taking off control of the mind assists in these freakish outbursts.

"Discipline is based on feudalistic suppressive action rather than modern incentive system. Living and working conditions are low. No channels of amusement are provided, to divert the mind. Where schools exist no labour children pass out. The Assam Government has not dealt with them adequately. It neither provides school, nor inspectors.

From the above analysis the contours of the problem and its solution become clear.

1. Segregation of labour lines should be abolished. Labour housing should be so arranged that living interaction might develop between them and the rest of the population, leading to the growth of normal life, counterbalancing the impact of hierarchical society of the garden.

2. Estates should provide channels of amusements to lead to psychological relief, and dissipation of fixed ideas.

3. Long term remedy lies in giving power of expression to the dump worker so that accumulation of grievances in psychic processes might be prevented, and the intensity of feelings might be gauged through normal expressive processes. For this imparting of literacy and knowledge should be started at once and in earnest. Apart from day schools for children night schools for adults should be started for imparting both knowledge and literacy.

4. Prohibition should be progressively introduced.

5. Real and systematic effort should be made to remove grievances. For this periodical discussion should be developed between union and management. At present it is lacking at the garden level.

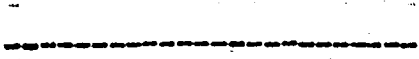
If persistent complaints arise from a garden they should not be ignored on the presumption that workers are unreasonable. Confidential enquiries should be made, inspite of the manager, so that any defect in his approach could be corrected, and reasonable grievances remedied. If a manager is found temperamentally or otherwise unsuited for this type of management he should be removed. If however the concern rather than the manager is to blame Government should pull it up. For this Government should utilise its inspectorate and conciliation machinery to keep itself informed, and act suo moto in time.

6. The feudalistic system of remuneration should be replaced by modern incentive wage system. Ideas of discipline should similarly change.

7. Working conditions should be improved so as to reduce resentments, accumulating.

8. The housing programme should be immediately drawn up in consultation with union representatives, and seriously implemented, and completed in an agreed time. At present I am sorry to say that attempts are being made to delay the same.

9. Efforts to impose decisions which is a result of traditional feudalistic set-up should be replaced by prior consultation and agreements. In short 'status should be replaced by contract'."



Conditions of Work in Dockyards in India.

An enquiry into the conditions of labour in the principal dockyards in India was conducted by the Labour Bureau in January 1956, with a view to bringing up-to-date the information contained in the report of the Labour Investigation Committee and two subsequent surveys conducted (vide pp. 36-42 of the report of this Office for January 1951 and pp. 69-74 of the report of this Office for May 1955). Questionnaires were addressed to 22 dockyards of whom 17 replied - 3 each in Andhra and Madras, 4 in Bombay, 1 in Kerala and 6 in West Bengal.

Employment.- The following table gives the figures of employment in September 1953 and September 1955:-

| Units.        | September 1953    |                  |            |                  |            | September 1955    |                  |            |                 |             |
|---------------|-------------------|------------------|------------|------------------|------------|-------------------|------------------|------------|-----------------|-------------|
|               | Total Labour.     | Direct Labour    |            | Contract Labour  |            | Total Labour      | Direct Labour    |            | Contract Labour |             |
|               |                   | Total            | Women      | Total            | Women      |                   | Total            | Women      | Total           | Women       |
| Andhra -      |                   |                  |            |                  |            |                   |                  |            |                 |             |
| Unit No.1.    | 7                 | 7                | -          | -                | 7          | 7                 | -                | -          | -               | -           |
| Unit No.2.    | 3,078             | 2,855            | 18         | 223              | 4,005      | 3,318             | 17               | 687        | 173             |             |
| Unit No.3.    | 1,549*            | 1,549            | 33         | N.A.             | 1,546      | 1,546             | 35               | N.A.       | N.A.            |             |
| Bombay -      |                   |                  |            |                  |            |                   |                  |            |                 |             |
| Unit No.1.    | 1,274             | 1,274            | -          | -                | 904        | 904               | -                | -          | -               | -           |
| Unit No.2.    | 5,610             | 5,610            | 24         | -                | 5,634      | 5,634             | 23               | -          | -               | -           |
| Unit No.3.    | 2,769             | 2,769            | 4          | -                | 3,172      | 3,172             | 4                | -          | -               | -           |
| Unit No.4.    | 1,610             | 1,610            | 2          | -                | 1,182      | 1,182             | 2                | -          | -               | -           |
| Kerala -      |                   |                  |            |                  |            |                   |                  |            |                 |             |
| Unit No.1.    | 599               | 599              | -          | -                | 606        | 606               | -                | -          | -               | -           |
| Madras -      |                   |                  |            |                  |            |                   |                  |            |                 |             |
| Unit No.1.    | 121               | 121              | -          | -                | 120        | 120               | -                | -          | -               | -           |
| Unit No.2.    | 410               | 410              | -          | -                | 398        | 398               | -                | -          | -               | -           |
| Unit No.3.    | 1,894             | 1,894            | 7          | -                | 2,173      | 2,173             | 8                | -          | -               | -           |
| West Bengal - |                   |                  |            |                  |            |                   |                  |            |                 |             |
| Unit No.1.    | 90                | 30               | -          | 60               | 50         | 50                | -                | -          | -               | -           |
| Unit No.2.    | 4,459             | 4,429            | -          | 30               | 5,234      | 4,946             | -                | 288        | -               | -           |
| Unit No.3.    | 916               | 916              | 3          | -                | 901        | 901               | 3                | -          | -               | -           |
| Unit No.4.    | 24,466            | 6,671            | -          | 17,795           | 7,059      | 7,059             | -                | -          | -               | -           |
| Unit No.5.    | 1,004             | 791              | -          | 213              | 854        | 774               | -                | 80         | -               | -           |
| Unit No.6.    | 2,953             | 2,953            | -          | -                | 2,864      | 2,864             | -                | -          | -               | -           |
| Total.        | 52,809<br>(100.0) | 34,488<br>(65.3) | 91<br>(.2) | 18,521<br>(34.7) | 66<br>(.1) | 36,709<br>(100.0) | 35,654<br>(97.1) | 92<br>(.3) | 1,055<br>(2.9)  | 173<br>(.5) |

N.B.- Figures within brackets indicate percentages.

\* Excludes contract labour.

N.A. - Not Available.



It will be noticed from the table that the total employment in the units fell from 52,809 in 1953 to 36,709 in 1955 i.e. the fall was of an order of 30.4 per cent. The fall is most pronounced in the case of contract labour. Whereas in 1953 over 18,000 workers (i.e. 34.7 per cent of the total labour force) were employed through contractors, in 1955 the number of such workers was only 1,055 (i.e. 2.9 per cent of the total labour force). The units in West Bengal alone are responsible for the decline in the number of contract workers. As in the past, the labour force continued to consist predominantly of men. Women formed only .8 per cent of the total labour force. None of the units employ children.

Out of the total of 32,707 workers employed by 15 units in September 1955, as many as 24,520 ( 75 per cent) were permanent and 8,187 (25 per cent) temporary. Only nine out of 15 units employed temporary workers.

The system of recruitment of workers is direct in all the units and 12 dockyards out of 17 have stated that they utilise the services of employment exchanges.

With the exception of four units all others had apprenticeship schemes. The period of training varies from 6 months to 5 years and stipends per month varied from 9 rupees 12 annas to 200 rupees.

Statistics of labour turnover collected from 15 units revealed that there had been a substantial improvement in the labour turnover rate since 1953. The rate fell from 10.8 in 1953 to 6.1 in 1955. Among States, Andhra and West Bengal have recorded considerable improvement. In Kerala (ex Travancore-Cochin) the rate was already very low in 1953, i.e. 0.7 and in 1955 it fell still further to 0.2. There has been a slight deterioration in the rate in Bombay and Madras.

46.8 per cent of the workers had put in a service of more than 10 years till September 1955. The percentage of workers who had more than 5 years' service to their credit on that date was 79.4. Only 8.7 per cent of the workers had rendered service of less than one year.

The percentage of absenteeism varies not only from unit to unit, but also among the units in the same State. In 1955 the rate of absenteeism was the lowest in the units in Andhra and generally the highest in Bombay and Madras. The average rate of absenteeism was the lowest in unit No.1 in Andhra (4.2) and the highest in unit No.3 in Madras (26.4). The overall absenteeism rate was higher during the months of May, June and November. The average rate of absenteeism during 1955 was 12.1 as against 5.5 for the year 1951-52. To ensure regularity in attendance, one unit in West Bengal has introduced weekly attendance and annual attendance bonus schemes. The main causes of absenteeism are leave for attending to private affairs, sickness, etc.

Working conditions: Hours of work and shifts.- With the exception of two dockyards where the weekly hours of work are 47-1/2, all the remaining 15 dockyards work 48 hours a week. Four units work 8-1/2 hours and two units 8 hours, 36 minutes on week days and shorter hours on Saturdays to complete the weekly limit of 48 hours. The other units work 8 hours a day on all the six days of the week. The rest interval varies from 1/2 hour to 2 hours. Six units work 3 shifts, 5 units two and 6 units one shift. The change-over of shifts is mostly weekly. One unit in Andhra pays a night shift allowance at the rate of 10 per cent of basic wages; another unit in West Bengal pays this allowance at the rate of 1/4 of basic pay. 'Khoraki' allowance at the rate of annas six per day is being paid by only one unit in West Bengal to night shift workers.

Leave and Holidays.- Ten units grant privilege leave, according to the Factories Act, six according to the rules prescribed by the company and one according to Government rules. The number of days of such leave varies from 10 to 20 days. Only 10 units allow casual leave which ranges from 5 to 24 days. The system of granting sick leave exists in 14 units. The number of days allowed as sick leave in a year by different units varies from 7 to 15 days on half pay in most of the units. Festival holidays with pay varying from 3 to 26 days are being given by all the units.

Wages and Earnings.- The following table shows the minimum basic wages and dearness allowance paid to the lowest paid unskilled workers in different units:-

63

| Units.        | Minimum basic wage per month. |     |    | Amount of dearness allowance per month.   |     |    |
|---------------|-------------------------------|-----|----|---|-----|----|
|               | Rs.                           | As. | P. | Rs.   | As. | P. |
| Andhra -      |                               |     |    |   |     |    |
| Unit No. 1.   | 12                            | 0   | 0  | 18  | 0   | 0  |
| Unit No. 2.   | 29                            | 4   | 0  | 45  | 0   | 0  |
| Unit No. 3.   | 30                            | 0   | 0  | 40  | 0   | 0  |
| Bombay -      |                               |     |    |   |     |    |
| Unit No. 1.   | 32                            | 1   | 0  | At a flat rate of 1.9 pies per working day for each point rise in the cost of living index number over the pre-war figure of 105. |     |    |
| Unit No. 2.   | 30                            | 0   | 0  |   |     |    |
| Unit No. 3.   | 32                            | 1   | 0  |   |     |    |
| Unit No. 4.   | 30                            | 14  | 0  |   |     |    |
| Kerala -      |                               |     |    | 120 per cent of pay.  |     |    |
| Unit No. 1.   | 30                            | 0   | 0  | Dearness allowance 20 rupees.   |     |    |
| Madras -      |                               |     |    | Dearness pay 20 rupees.   |     |    |
| Unit No. 1.   | 30                            | 0   | 0  | 40  | 0   | 0  |
| Unit No. 2.   | 30                            | 0   | 0  | 40  | 0   | 0  |
| Unit No. 3.   | 30                            | 0   | 0  | 40  | 0   | 0  |
| West Bengal - |                               |     |    |   |     |    |
| Unit No. 1.   | 38                            | 0   | 0  | 37  | 0   | 0  |
| Unit No. 2.   | 32                            | 1   | 0  | 32  | 8   | 0  |
| Unit No. 3.   | 32                            | 1   | 0  | 31  | 0   | 0  |
| Unit No. 4.   | 30                            | 0   | 0  | 40  | 0   | 0  |
| Unit No. 5.   | 32                            | 1   | 0  | 30  | 14  | 0  |
| Unit No. 6.   | 32                            | 1   | 0  | 31  | 0   | 0  |

One unit each in Bombay and West Bengal and three units in Madras also pay compensatory allowance generally to low paid workers. In the Bombay unit the allowance paid varies from 5 rupees to 15 rupees per month. In the West Bengal unit 7 rupees 8 annas per month are paid as compensatory allowance. In Madras, all the three units pay the allowance at the rate of 3 rupees per month. One unit in Andhra also pays the following allowances; (i) Sunday allowance at the rate of 10 annas per day for meals to those who attend work on Sundays; (ii) washing allowance of 1 rupee per month to those supplied with uniforms, and (iii) Ferry allowance at the rate of 1 rupee 8 annas per month to those coming from the town. Three units in Bombay also pay an allowance varying from 10 annas to 1 rupee to those who are sent to work in stream on ship repairs, etc. One unit in Bombay supplies woollen jerseys to workmen employed on ship repair work. Only one unit in Madras supplies free rations to 15 members of the Tugs crew.

Five of the units have stated in their replies that they paid profit bonus to their employees for the year 1954. Of these only four have supplied details about the rate, etc. of bonus paid. The available information is given below:-

| Units.        | Rate of Bonus.                      | Total amount of bonus paid. | Year to which information relates. | Conditions attached to payment and remarks.  |
|---------------|-------------------------------------|-----------------------------|------------------------------------|--|
|               |                                     | Rs.                         |                                    |  |
| Bombay -      |                                     |                             |                                    |  |
| Unit No.3.    | -- 1/8 of the total basic earnings. | 284,741                     | 1954                               | All except those dismissed for gross misconduct; voluntarily paid.<br>26 days' continuous service. |
| Unit No.4.    | -- 1/24 of the total earnings.      | 85,275                      | 1954-55                            |  |
| West Bengal - |                                     |                             |                                    |  |
| Unit No.2.    | -- 26 days' pay.                    | 245,927                     | 1954                               | All permanent workers.<br>Bonus paid voluntarily.  |
| Unit No.3.    | -- Basic wages for one month.       | -                           | 1954-55                            |  |

The review also gives the earnings of selected categories in September 1955. The figures reveal that there is still considerable diversity between the average basic wages and earnings of workers in the same occupational groups. The diversity exists not only between units in different States but also between the units in the same State. For example, the average monthly basic wages of Mazdoors who are the lowest paid workers, vary from 30 rupees in one unit in Madras to 57 rupees 8 annas and 9 pies in one unit in Kerala. Within the Madras State their average basic wages in different units vary from 30 rupees to 50 rupees.

The high earnings are accounted for by the fact that there was heavy overtime work in this dockyard for which double wages are to be paid under the law. Their average monthly earnings vary from 75 rupees 8 annas in Andhra to 163 rupees 8 annas and 9 pies in one unit in West Bengal. In West Bengal itself the average monthly earnings of Mazdoors in another unit during the same period was only 90 rupees 3 annas.

Industrial relations: Works Committees.- Two units in Bombay, three in Madras and two in West Bengal have stated in their replies that they have formed works committees. The managements of five of these units have reported that the committees were functioning successfully. In the Kerala unit, the works committee ceased functioning as a result of the resignation of the representatives of the workmen. One unit in Bombay has framed shop committees in different departments and shops to deal with the welfare problems affecting workers in the respective shops or departments.

Grievance Machinery.- Sixteen dockyards have made arrangements for the redressal of the grievances of workers. In most of these units grievances are settled either by Labour Officer, or works committees or by both. Only in two units, they are looked into directly by the management. In one unit in Bombay there is a personnel department, consisting of a Personnel Manager, an Assistant Personnel Manager, and Labour Inspectors, etc., which settles the grievances. In another unit in Bombay, settlement of grievances is brought about by joint meetings.

Labour Officers, Welfare Officers or Personnel Officers have been appointed in 15 units out of the 17 dockyards which have responded to the questionnaire. Their duties include recruitment of workers, settlement of grievances, maintenance of cordial relations between the management and workers, looking after welfare work, housing, canteens, etc.

Housing and Welfare.- Only 13 units have provided housing accommodation to their workers. Out of these, four provide quarters only to watch and ward staff, night shift workers, etc. Two units have not furnished information regarding the number of workers provided with accommodation. In the remaining seven units the percentage of workers housed varies from 2 to 50. Four units do not charge any house rent from workers. Two units charge rent from workers other than class IV employees or those drawing less than 35 rupees per month. The house rent charged by the different units varies from 1 rupee to 10 rupees per cent of pay. All the quarters built by the units are pucca and have sanitary and water supply arrangements.

Six dockyards grant house rent allowance to those workers who are not given quarters. The amount paid as allowance ranges from 5 rupees to 15 rupees per month.

16

Only one unit in Andhra does not provide medical facilities to its employees. Thirteen dockyards maintained dispensaries or hospitals for the treatment of workers. Due to the implementation of the Employees' State Insurance Scheme, three units in West Bengal provide only First Aid to workers. All dockyards, except two have opened canteens. In three units they are being run by co-operative societies of workers. In the remaining units, they are being run by contractors. In four units more than one canteen are running. Only in one unit in Bombay there is a creche for looking after 26 children. Rest Shelters have been built in five units. Schools, for the benefit of workers' children are being run by the managements of three units. Three units encourage higher studies of workers' children by granting some scholarships. Library and reading room facilities exist in only three units.

Co-operative societies are functioning in 13 units. All the units, except three, have provided recreational facilities, like indoor and outdoor games, for their workers. Free transport facilities from shore to ships have been provided by five units. Community baths and washing places exist in six units. Information regarding the amount spent on welfare activities, etc., has been supplied only by a few units. During the year 1954-55, five units spent 220,886 rupees 12 annas and 9 pies as welfare work and two 53,405 rupees 1 anna and 9 pies on housing.

Provisions for the future.— Sixteen units have instituted provident fund schemes.

No scheme of gratuity is in force in 5 units in West Bengal. The unit in Andhra which has not set up a provident fund scheme, however pays gratuity to workers. Seven units, 2 in Andhra, 3 in Bombay and 2 in Madras, which have also instituted provident fund schemes also grant gratuity. In one unit each in Bombay and Kerala and West Bengal, gratuity is paid only to those workers who joined service before the introduction of provident fund schemes. One unit in Madras pays gratuity only at the time of retrenchment. In the two units in Madras, gratuity is paid in the shape of a special contribution to the provident fund at the rate of half a month's pay (including dearness pay) for each completed year of service subject to a maximum of 15 months' pay.

67

In the remaining 11 units generally the rate of gratuity was 1/2 month's pay for each completed year of service. The maximum amount of gratuity varies between 9 and 20 months' pay in different units.

Trade Unions.- Trade unions have been formed by workers in all the units, except one in Andhra. In one unit, there are four unions; in four units, three unions each; in three units, two unions each and in the remaining units there is one union each. All the trade unions are registered. Only four units have not recognised the unions of their employees. One unit has recognised only one out of the three unions of its workers. Five units have furnished statistics relating to membership of the unions. The percentage of workers who are members of trade unions in these units varies from 30 to 72.

(Indian Labour Gazette, Vol. XIV, No. 6,  
December 1956, pp. 435-449 )

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68

51. Hours of Work.

India - March 1957.

Bombay: Staggering System to end in Textile Mills.

The Government of Bombay has decided to end the staggering system in textile and other industries from 26 January 1957.

A press note issued in this connection by the Government said that it had now decided to liberalise the supply of power to industries and to allow industrial establishments to raise the loads without permission from the 3.75 k.w. to 7.5 k.w., existing loads inclusive.

It may be recalled that the staggering system was introduced in industries and mills in December 1949.

Shri G.D. Ambekar, General Secretary of the Rashtriya Mill Mazdoor Sangh and member of the Working Committee, I.N.T.U.C., said that they sent a memorandum to the State Government two months ago urging against the continuation of the staggering system in view of the improved power position in the State. The memorandum had urged the Government to distribute electric power to industries on priority basis.

(The Indian Worker, Vol.5, No.16,  
14 January 1957, page 12).



69

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

India - March 1957.

Expenditure on Labour Welfare during 1955-1956 by the  
Central Government.

In reply to a question in Lok Sabha the Deputy Minister for Labour placed before the House the amount spent state-wise on Labour Welfare by the Central Government during 1955-1956. Information in respect of all Ministries and Offices other than Ministry of Railways is given below:

1. Bombay 2,387,623 rupees; 2. West Bengal 3,305,682 rupees; 3. Hyderabad 559,641 rupees; 4. Madras 270,803 rupees; 5. Bihar 4,720,431 rupees; 6. Madhya Pradesh 1,568,119 rupees; 7. Orissa 264,310 rupees; 8. Vindhya Pradesh 146,228 rupees; 9. Assam 44,422 rupees; 10. Andhra 345,350 rupees; 11. Mysore 26,202 rupees; 12. Delhi 107,025 rupees; 13. Rajasthan 275,642 rupees; 14. Himachal Pradesh 5,975 rupees; 15. Uttar Pradesh 1,808,580 rupees; 16. Travancore-Cochin 4,064 rupees; 17. Saurashtra 15 rupees; 18. Jammu and Kashmir 6,907 rupees; 19. Punjab 6,556 rupees; 20. Madhya Bharat 3,487 rupees; 21. Bhopal 2,147 rupees; 22. Kutch 5,462 rupees; and 23. Ajmer 44,125 rupees - Total 15,709,794 rupees.

Information in respect of the amount spent by the Ministry of Railways on Labour Welfare under the different Railway Administrations during 1955-56 is as follows:

1. Central Railways 14.004 million rupees; 2. Eastern Railways 13.600 million rupees; 3. Northern Railways 16.391 million rupees; 4. North-Eastern Railways 12.128 million rupees; 5. Southern Railways 9.499 million rupees; 6. South Eastern Railways 10.919 million rupees; 7. Western Railways 15.509 million rupees; 8. Chittaranjan Loco Works 0.665 million rupees; 9. Integral Coach Factory 0.855 million rupees; 10. Gonga Bridge Project 1.28 million rupees - Total 94.850 million rupees.

(Indian Labour Gazette, Vol. XIV, No. 7,  
January 1957, page 566 )

Workers' Education: Trade Union Classes in  
Andhra Pradesh.

The Andhra Pradesh State Labour Department is annually conducting classes in trade unions. Lectures on various labour Acts, industrial relations, industrial welfare, civics, fundamentals of Indian constitution, principles of economics, nutrition, industrial hygiene and public health are delivered during the course by the officers of the State Department and university lecturers. Sixteen workers attended the last session held in 1956 which was the sixth of its kind.

(Indian Labour Gazette, Vol. XIV, No. 7,  
January 1957, page 570 ).

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71

## Chapter 6. General Rights of Workers.

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

India - March 1957.

#### Working of the Payment of Wages Act, 1936, in Mines during 1955-1956.

The provisions of the Payment of Wages Act, 1936, excepting sub-section (4) of Section (8) which relates to the amount of fine that could be imposed on any employed person, are now applicable to all persons covered by Indian Mines Act, 1952, and drawing less than two hundred rupees per month. The Payment of Wages Act (Mines) Rules, 1949, framed under the Act are applicable to all mines except the manganese mines. These Rules are being revised so as to cover manganese mines also. Proposals to amend the Act extensively are also under consideration of Government.

During the year under review, 3,150 mines employing about 600,000 employees were covered by the Act. The number of mines under the jurisdiction of the Regional Labour Commissioners at Calcutta, Madras, Nagpur, Dhanbad, Bombay and Kanpur was 248, 286, 628, 1,335, 38 and 22 respectively.

Inspection Machinery.- The responsibility for the administration of the Act was entrusted to the Industrial Relations Machinery under the Chief Labour Commissioner (Central). The Chief Labour Commissioner his Welfare Adviser, 6 Regional Labour Commissioners (Central), 16 Conciliation Officers and 58 Labour Inspectors were declared as 'Inspectors' under the Act. In addition, 10 Junior Labour Inspectors working under the Regional Labour Commissioner (Dhanbad) and 8 Provident Fund Inspectors working under the Coal Mines Provident Fund Commissioner were also notified as Inspectors under the Act. The field work was carried out mainly by the labour inspectors, Junior Labour Inspectors and Provident Fund Inspectors within their respective jurisdiction, but a certain amount of checking was also done by the Regional Labour Commissioners and the Conciliation Officers in the course of their tours.

Inspection and Irregularities.— During the year under review, 4,172 inspections were made and 19,802 irregularities detected as compared to 3,590 inspections made and 12,407 irregularities detected during the previous year. Thus it will be seen that there was an increase in the number of inspections made, during the year, as compared to the last year. The number of irregularities ~~detected~~ detected was proportionately larger. The largest number of irregularities was detected in the Dhanbad region. Details regarding the ~~number~~ nature of the irregularities detected, etc., are given in the following table:—

| Nature of irregularities.   | Regions   |         |         |          |         |         | Total. |
|---|-----------|---------|---------|----------|---------|---------|--------|
|   | Calcutta. | Nagpur. | Madras. | Dhanbad. | Bombay. | Kanpur. |        |
| 1. Non-display of notices of dates of payments and lists of acts or omissions and wage rates. | 8         | 322     | 331     | 1,340    | 4       | 25      | 2,030  |
| 2. Non-maintenance of registers.  | 13        | 155     | 260     | 864      | 2       | 16      | 1,310  |
| 3. Improper maintenance of registers.   | 2         | 184     | 90      | -        | -       | 2       | 278    |
| 4. Delayed payment of wages.  | -         | 139     | 60      | 12,354   | -       | -       | 12,553 |
| 5. Non-payment of wages.  | 1         | 327     | 1,149   | -        | -       | -       | 1,477  |
| 6. Unauthorised deductions.   | -         | 35      | 128     | 1,609    | -       | -       | 1,772  |
| 7. Irregularities regarding imposition of fines.  | -         | 7       | 28      | -        | -       | -       | 35     |
| 8. Irregularities regarding deductions for loss or damage.—                                   | -         | 3       | 19      | -        | -       | -       | 22     |
| 9. Irregularities regarding recoveries of advances.   | -         | 5       | 1       | -        | -       | -       | 6      |
| 10. Other irregularities.   | 1         | 209     | 98      | -        | 2       | 9       | 319    |
| Total.  | 25        | 1,386   | 2,164   | 16,167   | 8       | 52      | 19,802 |

Of the 19,802 irregularities (excluding 1,401 pending from the previous year) brought to the notice of the employers, 67 per cent were rectified during the year and only 6,522 were pending at the end of the year. Twenty six irregularities were contested by the employers. Most of the irregularities pending rectification were in the Dhanbad and Madras regions. Of the irregularities rectified, 39 per cent were rectified within ~~six to nine~~ three months, 40 per cent within three to six months, 9 per cent within six to nine months and 12 per cent between nine to twelve months. Of the irregularities pending from the previous year, viz., 1,401 a substantial number of viz., 1,304 were rectified during the year under report.

Claims.- The number of claims filed under Section 15 of the Act during the year was 49 as compared to 36 in the previous year. The largest number of these i.e., 20 was in the Madras region. Of the total claims, 19 were decided in favour of employees, 1 against them, 2 cases were withdrawn and the rest were pending at the end of the year. The total amount awarded to the employees in respect of claims was 3,166 rupees and 9 annas.

Total Wages Paid.- Under rule 18 of the Payment of Wages (Mines) Rules, 1949, every employer is required to submit an annual return giving details of total wages paid etc., during the year. Such returns were received only from 587 mines. Naturally the coverage of the statistics cannot be considered to be satisfactory. It was, however, reported by the Regional Labour Commissioners that action was being taken against the recalcitrant employers who had failed to submit the returns inspite of persuasion. The data furnished in these returns are summarised in the statement given below, though the reliability of the statistics seems to be doubtful in many cases:-

(Please see table on the next page)

| Category of Mines.         | Region.      | No. of Mines submitting returns. | Total No. of Workers. | Total Wages Paid. |
|----------------------------|--------------|----------------------------------|-----------------------|-------------------|
|                            |              |                                  |                       | Rs.               |
| 1. Coal.                   | 1. Calcutta. | 10                               | 3,790                 | 3,032,695         |
|                            | 2. Nagpur.   | 45                               | 143,335               | 43,658,240        |
|                            | 3. Dhanbad.  | 301                              | 174,158               | 107,315,918       |
| 2. Manganose.              | 1. Madras.   | 50                               | 10,783                | 2,731,391         |
|                            | 2. Bombay.   | 17                               | 9,162                 | 4,581,778         |
| 3. Stone & Stone Quarries. | 1. Calcutta. | 2                                | 14,774                | 231,582           |
|                            | 2. Madras.   | 47                               | 22,130                | 2,770,651         |
|                            | 3. Nagpur.   | 10                               | 49,984                | 294,362           |
|                            | 4. Bombay.   | 10                               | 593                   | 454,483           |
| 4. Oil.                    | Calcutta.    | 1                                | 3,014                 | 7,186,383         |
| 5. Gold.                   | Madras.      | 6                                | 2,512                 | 18,931,770        |
| 6. Mica.                   | 1. Nagpur.   | 1                                | 4,196                 | 113,416           |
|                            | 2. Madras.   | 41                               | 30,125                | 1,419,605         |
| 7. Clay.                   | Madras.      | 11                               | 2,467                 | 2,266,593         |
| 8. Asbestos & Bary.        | Madras.      | 2                                | 121                   | 17,644            |
| 9. Magnesite.              | Madras.      | 11                               | 6,605                 | 1,381,286         |
| 10. Gypsum.                | Madras.      | 4                                | 582                   | 70,501            |
| 11. Bauxite.               | Bombay.      | 2                                | 172                   | 81,444            |
| 12. Other Minerals.        | Madras.      | 16                               | 2,290                 | 4,820,035         |

It was reported by the Chief Labour Commissioner that considering the large number of mines and the wide area to be covered, the inspecting staff was not adequate to do full justice to the work of enforcement. In spite of these handicaps, efforts were made to achieve substantial enforcement of the provisions of the Act and to see that the workers derived the maximum protection afforded by the law. On the whole the working of the Act during the period under review was fairly satisfactory.

(Indian Labour Gazette, Vol. XIV, No. 8, February 1957, pp. 624-627).

65. Collective Agreements.

India - March 1957.

Madras: Dispute over Wages of Plantation Workers  
Settled: Agreement concluded.

The United Planters Association of South India and various plantations workers unions, representing 90,000 workers in 228 estates, today signed an agreement settling their dispute over the implementation of the Special Tribunal's award published in October 1956 (vide pp. 51-55 of the report of this Office for December 1956).

For details, please see pp. 46-47 of this report.



66. Strike and Lockout Rights.

India - March 1957.

Madras and Orissa: Certain Services declared  
Public Utility Services.

In exercise of the powers conferred under the Industrial Disputes Act, 1947, the Governments of Madras and Orissa have declared the following services to be public utility services for the purposes of the Act for the periods noted against them.

| State.  | Category of Service.                         | Period.                          | Notification Number and Gazette reference.   |
|---------|--|----------------------------------|--|
| Madras. | Sugar Industry.                              | Six months from<br>5 March 1957. | GO Ms.No.616, Industries,<br>Labour and Co-operation,<br>16 February 1957; Fort St.<br>George Gazette, Part I,<br>27 February 1957, p.361. |
| Orissa. | Road<br>Orissa/Transport<br>Company Limited. | Six months from<br>2 March 1957. | Notification No.1426-li-<br>29/57 Lab. dated 2 March<br>1957; Orissa Gazette,<br>Part III, 8 March 1957,<br>page 205.                      |



67. Conciliation and Arbitration.

India - March 1957.

Industrial Disputes (Central) Rules, 1957.

The draft Industrial Disputes (Central) Rules, 1957, (vide ~~this Office~~ page 38 of the report of this Office for November 1956) have been approved and gazetted on 10 March 1957.

(The Gazette of India, Extraordinary, Part II, Sec. 3, 10 March 1957, pp. 1137-1159).

Kerala Industrial Disputes Rules, 1957.

The Government of Kerala gazetted on 12 March 1957, the Kerala Industrial Disputes Rules, 1957, made in exercise of the powers conferred under the Industrial Disputes Act, 1947 (Central Act No. XIV of 1947). The rules deal inter alia with procedure for reference of industrial disputes to Boards of Conciliation, Courts of Enquiry, Labour Courts and Industrial Tribunals, form and attestation of arbitration agreement, powers, procedure and duties of Conciliation Officer, boards, courts, labour courts, tribunals and arbitrators, remuneration of arbitrators, chairman and members of boards and courts, presiding officers of labour courts or tribunals, assessors, witnesses and staff, representation of parties, constitution of works committees, complaints regarding change of conditions of service, etc., protected workmen, re-employment of retrenched workmen, etc.

(Kerala Gazette, No. 11 dated 12-March 1957, Part I, Section IV, pages 1-27).

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78

69. Co-operation and Participation of Industrial  
Organisations in the Social and Economic  
Organisations.

India - March 1957.

Bihar: Functioning of Works and Production Committees  
during the Year 1955.

At the beginning of the year under review, works committees existed in 153, out of 190 establishments which were required to set up such committees. During the year 16 undertakings constituted works committees, while in 31 establishments they ceased to function. Thus at the end of the year works committees were functioning in 118 out of 191 establishments. Among the subjects discussed at the meetings of these committees were: welfare facilities; provident fund; appointment of workmen and their duties; provision for lights, quarters and roads; individual disputes; etc. Some of the difficulties which these committees experienced during their course of functioning were: lack of proper approach, both on the part of employers and employees in a few units; hostile attitude of some trade unions which believed that these committees would undermine the solidarity of the workers; ignorance of some employers regarding the benefits of joint consultations; illiteracy of workers; conflicting claims of rival trade unions; non-implementation of decisions arrived at, etc.

Unit Production Committees existed in 26 establishments at the beginning of the year. Five more establishments constituted such committees during the year, while in 13 establishments they ceased to function. Thus at the end of the year they existed in 18 establishments. The committees generally discussed ways and means to increase the production. The main difficulties experienced were: absence of any statutory provision for the constitution of these committees, illiteracy of workers, indifferent attitude of the trade unions, dislike of some employers to associate labour with the managements' functions, etc.

(Indian Labour Gazette, Vol. XIV, No. 8,  
February 1957, pp. 627-628).

CHAPTER 7. PROBLEMS PECULIAR TO CERTAIN CATEGORIES OF WORKERS.

INDIA - MARCH 1957.

71. Employees and Salaried Intellectual Workers.

Increased Wages for Bank Employees in Former Travancore-Cochin: Government accepts Inquiry Commission Recommendations.

The Central Government announced on 28 February 1957, that it accepted some of the recommendations of the Travancore-Cochin Banking Inquiry Commission allowing increased emoluments to employees working in certain banks in the former Travancore-Cochin State. For details please see pages 50-51 of this report.

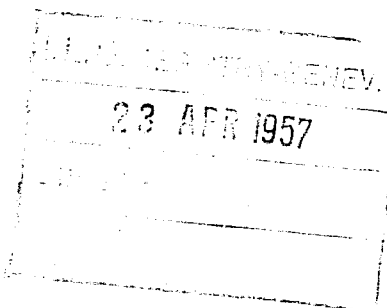


73. Officials and Public Employees of National, Regional  
and Local Administrations, of Nationalised Undertakings  
or Undertakings Managed with the Participation of the  
Public Authorities.

India - March 1957.

Increased Dearness Allowances for Non-Gazetted Employees  
in Madras and Kerala.

For details, please see pp. 44-46 of this report.



## CHAPTER 8. MANPOWER PROBLEMS.

### INDIA - MARCH 1957.

#### 81. Employment Situation.

##### Employment Exchanges: Working during January 1957.

General employment situation.- According to the review of the work done by the National Employment Service during the month of January 1957, during the month there was a slight increase in the total number of registered unemployed persons in the country. The number of vacancies notified and the placings effected were much the same as the figures for the preceding five months. The employment situation as reflected by employment exchange statistics was therefore static. A comparison between the figures of January 1956 and January 1957 indicates that the total number on the live register was higher by approximately 60,000, at the end of the year. The number of vacancies notified was much the same and the number of placements slightly less. The number of employers using the exchanges remained more or less the same during the whole year with a slight increase during the summer months; this being a normal trend. On the other hand, the number of submissions being made to employers by employment exchanges increased steadily during the year, the two figures being about 77,500 in January 1956, rising to 92,800 in January 1957 with a peak period of submissions during June and July.

During the year, the Employment Service continued to watch the interests of special types of applicants. On an average 2,400 scheduled castes employment seekers were found employment every month, the number in respect of scheduled tribes being about 400. Placements in respect of ex-servicemen continued to decline, following a general fall in the number of such registrants on the live register. The number of placements of ex-servicemen averaged about 1100 per month. The live register and the monthly registrations of displaced persons slowly declined, and the average number of placements in this group was about 800 per month. The number of women on the live register and the number of those who registered each month continued to increase, and placements averaged 800 a month.

Widespread shortage persisted in respect of stenographers, fast typists, overseers, draughtsman, trained teachers, midwives and nurses. Shortage was fairly widespread in respect of electricians, surveyors, turners, road roller drivers and compounders. Dearth of Accountants, boiler attendants, qualified doctors and physical training instructors was experienced by a number of exchanges. Difficulty was experienced in finding civil engineers at Sholapur, Bombay, Bhopal, Agra and Kanpur; mechanical engineers at Bombay, Banaras and Agra; and electrical engineers at Vijaywada, Bombay, Delhi, Banaras and Agra.

Widespread surplus persisted in respect of clerks, untrained teachers, freshers from schools and colleges, carpenters, motor drivers, unskilled office workers, chowkidars, sweepers and unskilled labourers. Motor mechanics, semi-skilled fitters wiremen, ayys and tailors were also reported surplus to requirement by a number of exchanges.

Registrations and placings.— The following table shows registrations for employment and placings during December 1956 and January 1957.

|                      | January 1957. | December 1956. |
|----------------------|---------------|----------------|
| Registrations. ----- | 135,225       | 129,967        |
| Placings. -----      | 14,573        | 13,656         |

The increase in registrations was marked in the States of West Bengal (2,896), Bombay (2,042), Rajasthan (1,916) and Madras (1,665). A significant decrease was, however, noticeable in Bihar (1,330) and Kerala (872).

The number of applicants submitted for selection to the employers was 92,282 as against 89,901 during December 1956. A comparatively large increase in placements was recorded in the States of Bombay (338), Punjab (314), Madras (261) and Kerala (181). Of the total placements, 4,960 were effected under the Central Government, 6,114 under the State Governments, 1,315 under quasi-Government establishments and local bodies and 2,184 with other employers.

Vacancies notified.- The number of employers who utilised the services of the employment exchanges during January 1957 was 5,295 as against 5,281 during December 1956. In all 23,939 vacancies were made available to the exchanges by these employers. The corresponding figure for December 1956 was 21,814. The increase in the number of vacancies notified was mainly contributed by the exchanges in the States of Bombay (985), Delhi(641) and Kerala (351). On the other hand, there was a notable decrease in the States of Uttar Pradesh (452) and Bihar (429). Of the total number of vacancies notified, 8,298 were by the Central Government, 10,056 by State Governments, 1,809 by quasi-Government establishments and local bodies and the remaining 3,776 by other employers. There was, thus an increase of 1,663 in the public and of 462 in the private sector.

Register of unemployed.- At the end of the month under report, there were 777,154 applicants on the live register of employment exchanges as against 758,503 at end of previous month. Of those on the live register, 9,105 were reported to be employed or self-employed persons, of whom 298 were women. The composition of the live register occupationwise is shown below:-

| <u>Occupation.</u>           | <u>Number on Live Register as on<br/>31 January 1957.</u> |
|------------------------------|---|
| 1. Industrial supervisory.   | 4,514   |
| 2. Skilled and semi-skilled. | 61,248  |
| 3. Clerical.                 | 222,503   |
| 4. Educational.              | 25,051  |
| 5. Domestic service.         | 26,264  |
| 6. Unskilled.                | 398,259   |
| 7. Others.                   | 39,315  |
| Total.                       | 777,154   |

Employment position of special types of applicants.-  
The employment position regarding special types of applicants is shown in the table below:-

| <u>Category.</u>                | <u>Registrations.</u> | <u>Placements.</u> | <u>Number on Live Register.</u> |
|---------------------------------|-----------------------|--------------------|---------------------------------|
| 1. Displaced persons. -----     | 5,251                 | 784                | 44,658                          |
| 2. Ex-servicemen. -----         | 5,894                 | 989                | 26,738                          |
| 3. Scheduled Caste applicants.  | 14,726                | 2,116              | 76,073                          |
| 4. Scheduled Tribes applicants. | 3,278                 | 295                | 16,515                          |
| 5. Women. -----                 | 6,767                 | 734                | 40,063                          |
| 6. Anglo-Indian applicants.---  | 179*                  | 16*                | 388*                            |
| 7. Educated applicants. -----   | 103,769*              | 13,889*            | 244,392*                        |

\* Figures for the Quarter ending October- December 1956.

Special Investigations: I. Employment position of medical graduates and Licentiates.- As against 219 medical graduates seeking employment assistance at the end of September 1956, 213 such applicants were on the live registers at the end of December 1956. Of them 139 or 65 per cent were on the live register of the exchanges in West Bengal alone; 101 being at the Calcutta exchange. One hundred and eleven of the graduates were fresh from colleges having no experience to their credit, while 49 had an experience of less than 2 years. These two categories together accounted for 75 per cent of the total number of medical graduates on live register at the end of December 1956. Thirteen out of the 213 medical graduates were over 45 years of age. Twentysix or 12 per cent of the total number of graduates expected a minimum salary of less than 200 rupees per month. Fifteen out of the total number of medical graduates were 'employed persons' according to their own declaration and had registered at the Exchanges with a view to bettering their prospects.

As against 203 medical licentiates who were on the live register of employment exchanges as on 30 September 1956, 193 such licentiates were seeking employment assistance as at the end of December 1956. One hundred and thirtynine or 72 per cent of them were on the live registers of the exchanges in West Bengal of whom as many as 33 were accounted for by the Calcutta exchange. Eighty-two licentiates were freshers, while 35 had an experience of less than two years. These two categories together comprised 61 per cent of the total number of medical licentiates on live register. Fiftyseven licentiates were over 45 years of age. One hundred and twelve or 58 per cent of the total licentiates were ever willing to accept posts carrying a salary of less than 200 rupees per month. Again, 12 out of the 193 licentiates were registered as 'employed persons' and were seeking employment assistance for better paid jobs.



II. Analysis of Scheduled Castes, Scheduled Tribes and Anglo-Indians by educational qualifications and Occupations: Scheduled Castes. - At the end of December, 1956, 73,915 scheduled caste applicants remained on the live registers of employment exchanges of whom 66,056 (89.4 per cent) were non-matriculantes, 7,331 (9.9 per cent) were matriculates and 528 (0.7 per cent) were graduates. An occupation-wise analysis of applicants belonging to this community reveals that 50,216 (67.9 per cent) of them were unskilled workers, 7,201 (9.7 per cent) were applicants for clerical jobs, 3,565 (4.8 per cent) were technicians and 1,023 (1.4 per cent) desired to enter teaching profession. Among the 3,565 technicians a large number was accounted for by the exchanges in West Bengal (1,082), Uttar Pradesh (665) and Bombay (477) whereas the teachers were primarily concentrated in Madras (517), Mysore (191), Bombay (176) and Andhra (98).

The unskilled workers were, however, mostly borne on the live registers of exchanges in the State of Bombay (10,702), Uttar Pradesh (10,554), Madras (6,118) and West Bengal (4,673). Only 12 applicants belonging to this community were doctors and 6 were engineers, these applicants, being concentrated almost wholly in West Bengal. It is interesting to note that among the 3,372 Scheduled Caste women on the live registers on 31 December 1956, 1,366 were unskilled workers, 135 were teachers, 123 sought clerical jobs and 8 were technicians.

Scheduled Tribes. - Of the 16,998 scheduled tribes applicants on the live register as on 31 December 1956, 16,571 (97.5 per cent) were non-matriculantes, 398 (2.3 per cent) were matriculates and only 29 (0.2 per cent) were graduates. Trade-wise analysis in respect of this category shows that as many as 15,504 (91.2 per cent) belonged to unskilled categories, 421 (2.5 per cent) sought clerical jobs, 189 (1.1 per cent) were technicians, and only 151 (0.9 per cent) were applicants for the teaching profession. The unskilled workers were concentrated almost wholly in Bihar (12,465), where accelerated tempo of construction activity under the expansion programmes of Tata Iron and Steel Company at Jamshedpur during 1956 attracted a large number of such workers on the exchange registers. There was only one scheduled tribe engineer in need of employment assistance who was borne on the live register of an exchange in Andhra. Again, of the 4,105 scheduled tribe women on live register at the end of December 1956, as many as 4,001 belonged to the unskilled category, 20 were in need of jobs as clerks and 11 as teachers.

Anglo-Indians:- There were 388 anglo-Indian applicants on the live register at the end of December 1956, of whom 189 (48.7 per cent) were non-matriculantes, 193 (49.7 per cent) were matriculates and only 6 (1.6 per cent) were graduates. Among the total number of applicants belonging to this community 149 (38.4 per cent) sought clerical jobs, 88 (22.7 per cent) were unskilled workers, and 43 (11.1 per cent) were technicians. Applicants for clerical jobs were to be found mostly in Kerala (47), Madras (33) and West Bengal (27) while there unskilled workers were concentrated in the first two States. There was only 1 engineer and 1 teacher belonging to this community who were borne on the live register of exchanges in West Bengal and Kerala respectively. Among the 67 anglo-Indian women in need of employment assistance at end of December 1956, 26 were clerks, and 8 were registered for technical jobs.

(Review of the Work done by the National Employment Service during the Month of January 1957; issued by the Ministry of Labour, Government of India ).

Retrenchment Compensation: Study of Recent Industrial Awards.

Payment of compensation to workers for lay-offs and retrenchment has recently come to the fore in India. Till October 1953, there was no legislative provision in this regard and the matter was left either to the benevolence of employers or to the trial of strength between the parties concerned. In October 1953, however, an Ordinance known as the Industrial Disputes (Amendment) Ordinance, 1953 was promulgated. This Ordinance was later replaced by the Industrial Disputes (Amendment) Act which was passed on 23 December 1953. The provisions of the Ordinance and the Act were applicable to the factories and mines only, but by another amending Act passed in December 1954, their scope was widened to cover plantations as well.

Position till adoption of legislation.- In 1951, the Labour Bureau presented the views of the various committees, and adjudicators, on the issue of lay-off compensation in a publication entitled "Industrial Awards in India - An Analysis". The study made by the Bureau showed that though the various authorities which examined the matter recognised that in view of the low level of income of workers in the country and in the absence of any resources on which they may fall back at the time of need, the problem was one of added importance, however, they could not come to any unanimous conclusion on the obligations of employers in this matter.

Conflicting views were often expressed by the adjudicators regarding to procedure to be adopted by employers while effecting retrenchment, principles to be observed in selecting workers for retrenchment, liability of employers for paying compensation and the right of retrenched workers for re-employment. However, the common principles which seemed to emerge from the different awards were as follows:-

(i) The workers to be retrenched should be served with adequate notice according to the terms of contract. In the absence of any contract the common law of the land should apply according to which the workmen should receive one month's notice or wages in lieu thereof.

Many adjudicators, however, qualified this recommendation by a reference to the efficiency of the worker. The other criteria suggested for selecting workers were old-age, ill-health, physical disability and habitual absence.

(ii) It cannot be accepted as a principle that there should be no retrenchment without the approval of the union, but the employers should, as far as possible, inform the unions before hand whenever retrenchment is contemplated.

(iii) The workers cannot claim compensation for discharge as a matter of right but at the same time employers cannot ignore their responsibility to their old servants from the humanitarian and other points of view.

(iv) Compensation should be paid at a graduated scale linked to the length of service.

(v) Retrenched workers should get priority for employment.

Legal provisions.- Under Section 25F of the Act no worker who has been in continuous service for at least one year under an employer can be retrenched by that employer until -

- (a) he has been given one month's notice in writing indicating the reason for retrenchment and the period of notice has expired, or the workman has been paid, in lieu of such notice, wages for the period of notice;
- (b) he has been paid, at the time of retrenchment, compensation at the rate of 15 days' average pay for every completed year of service or any part thereof in excess of six months;
- (c) notice in the prescribed manner is served on the appropriate Government.

No notice under (b), however, is necessary if the retrenchment is under an agreement which specifies a date of termination of service.

To remove an anomalous situation created by certain decisions of the Bombay High Court a new section 25FF was inserted by an amending act passed in 1956 which made it clear that employees will not be entitled to compensation in case of change in the ownership or management of the concern. The relevant section is in the following terms:

"Notwithstanding anything contained in S. 25-F, no workman shall be entitled to compensation under that section by reason merely of the fact that there has been a change of employers in any case where the ownership or management of the undertaking in which he is employed is transferred, whether by agreement or by operation of law, from one employer to another:

Provided that -

- (a) the service of the workman has not been interrupted by reason of the transfer;
- (b) the terms and conditions of service applicable to the workman after such transfer are not in any way less favourable to the workman than those applicable to him immediately before the transfer; and
- (c) the employer to whom the ownership or management of the undertaking is so transferred is, under the terms of the transfer or otherwise, legally liable to pay to the workman, in the event of his retrenchment, compensation on the basis that service has been continuous and has not been interrupted by the transfer".

As regards the procedure for retrenchment the Act provides that where any workman, in an industrial establishment, who is a citizen of India, is to be retrenched and he belongs to a particular category of workman in that establishment, in the absence of any agreement between the employer and the workman who was the last person to be employed in that category, unless for reasons to be recorded the employer retrenches any other workman. In order to further safeguard the interests of retrenched workers a provision has been made that when an employer who had retrenched workers proposes to employ more persons he must give an opportunity to the retrenched workers to offer themselves for re-employment and must give them preference over others.

The rules framed by the Central Government under the Act require employer to prepare a seniority list of all workmen in the category from which retrenchment is contemplated and to display it in a conspicuous place in the premises of the establishment at least seven days before the actual date of retrenchment. They also lay down the procedure which an employer, who has retrenched workers, must adopt for filling in future vacancies. It is obligatory for the employer to display a notice in a conspicuous place in the premises of the establishment giving details of the vacancies and also to give intimation of such vacancies to every one of such retrenched workers who may be eligible for such posts. However, if the number of vacancies is less than the number of retrenched workers it is enough if the employer gives intimation to only senior-most retrenched workers, their number being double the number of vacancies. No notice need at all be given if the vacancies are for less than one month. The employer is also required to intimate to the trade unions connected with the establishment the number of vacancies to be filled and the names of the retrenched workers to whom intimation has been sent. Such information, however, may not be given to the unions if the employer gives intimation of vacancies to each of the retrenched workers.

Case Law.— These statutory provisions put an end to the controversy and recognised once for all the right of the workers to a reasonable security of job and compensation for its loss. The idea behind compensation is to protect workers against destitution during the period they searched for another job. Though the provisions of the law are quite comprehensive still doubts did arise from time to time regarding their exact implications. For example, in the dispute between the J.K. Hosiery Factory and its employees a point arose whether employees could claim compensation when they were discharged on account of closure of the concern. The Allahabad High Court expressed the view that it is a fundamental right of the employer to close down his business and that employees are always liable to be discharged on the business being closed. Discharge of workmen in such cases cannot be deemed to be retrenchment. The Court observed —

"The definition of the word 'retrenchment' is certainly wide enough, but discharge of workmen following closure of a business does not seem to be retrenchment within the meaning of the Act. The provisions of Ss. 25F and 25G suggest that retrenchment can take place only in a continuing business. The words "for any reason whatsoever" in the definition, though general, must be limited by the ambit of the definition."

The above ruling has recently been confirmed by the Supreme Court in the case relating to the Pipraich Sugar Mills Limited Vs. Pipraich Sugar Mills Mazdoor Union (Civil Appeal No.247) of 1954. The Supreme Court has observed as follows:-

"Retrenchment connotes in its ordinary acceptation that the business itself is being continued but that a portion of the staff or the labour force is discharged as surplusage and the termination of services of all the workmen as a result of the closure of the business cannot, therefore, be properly described as retrenchment.....Though there is discharge of workmen both when there is retrenchment and closure of business, the compensation is to be awarded under the law, not for discharge as such but for discharge on retrenchment, and if, as is conceded, retrenchment means in ordinary parlance, discharge of the surplus, it cannot include discharge on closure of business."

In Civil Appeal Nos. 103 and 105 of 1956 relating to cases of the Barsi Light Railway Company Limited and Shri Dinesh Mills Limited the Supreme Court has further clarified the implications of the Act. It has observed as follows:-

"Retrenchment as defined in S.2(00) and as used in S. 25-F has no wider meaning than the ordinary, accepted connotation of the word: it means the discharge of surplus labour or staff by the employer for any reasons whatsoever, otherwise than as a punishment inflicted by way of disciplinary action, and it has no application where the services of all workmen have been terminated by the employer on a real and bona fide closure of business.... or where the services of all workmen have been terminated by the the employer on the business or undertaking being taken over by another employer.....There is in fact a distinction between transfer of business and closure of business; but so far as the definition clause is concerned, both stand on the same footing if they involve termination of service of the workmen by the employer for any reason whatsoever, otherwise than as a punishment by way of disciplinary action. On our interpretation, in no case is there any retrenchment, unless there is discharge of surplus labour or staff in a continuing or running industry."

The Labour Appellate Tribunal has held that in the disputes relating to retrenchment the points which need scrutiny of the adjudicating authority are:-

- (i) Whether a case for retrenchment has been made out, that is to say, whether the ground for saying that they are surplus has been made out by the employer.

- (ii) Even if such a ground has been made out by the employer, whether in the matter of retrenchment the employer had acted bona fide. If both these elements are established, the employer is the sole judge as to the number to be discharged by way of retrenchment. If the second element is not established but the first is to the satisfaction of the adjudication authority, namely the tribunal, it must scrutinize the number and only uphold the retrenchment of such number as it thinks to have become surplus.
- (iii) That in discharging those named workmen whether the employer had followed the rule of 'last come, first go' or not. That rule is not a fixed rule but it is the normal rule and if departed from by the employer, he must justify by the evidence the departure made by him.

As regards selection of workers for retrenchment the Appellate Tribunal has held that unless the various sections of any establishment are water tight the security of workers for purposes of retrenchment should be determined on the basis of the establishment as a whole and not individually for different sections. If this is not done, any retrenched worker of one section, who is senior to workers of a similar category in any other section, can claim reinstatement. It has also maintained that the acceptance of compensation by any worker who has been retrenched does not deprive him of the right to claim reinstatement in service.

In the dispute between B.K. Banerjee & Gillanders Arbutnot & Co. Ltd., the Appellate Tribunal observed that where the business is sold as a running concern, the purchaser must be considered to be a successor of the vendor and the services of an employee with the vendor must be taken into consideration in order to compute the total period of service for determining the question of retrenchment compensation.

(Indian Labour Gazette, Vol. XIV, No. 8, February 1957, pp. 605-610).



Central Government's Pilot Scheme for Work and  
Orientation Centres for the Educated  
Unemployed.

A pilot scheme to help the educated unemployed enter into avenues of employment other than 'white collar' jobs has been sanctioned by the Government of India. The scheme will also develop in the educated unemployed a sense of greater appreciation for the dignity of labour and reliance on self-help.

Under the scheme four work-and-orientation centres will be set up in the country, one each in the States of Kerala, Delhi, West Bengal and Uttar Pradesh. The scheme is an outcome of the report of the Planning Commission Study Group on Educated Unemployed. Each of the proposed Work and Orientation Centres will take in 250 educated persons of the Matriculation to University standard, who have been unemployed for some time and have been registered with employment exchanges. They will be given an orientation course at the centres for about six months. They will be paid a stipend.

The objective of the Scheme is to arouse in the educated unemployed a willingness to take up occupations in which there is a shortage of personnel, to stimulate in them a sense of the dignity of labour and to increase their employability, particularly the capacity for self-employment. The Work and Orientation Centres will not be regular training centres. They will only provide for orientation towards a self-reliant career and lead the participants towards developing their own potentialities for employment. The programme will include vocational counselling, manual work and some theoretical and practical instruction in occupations selected with reference to the aptitudes of the participants. The many plans of Government to develop small scale industries, the loans available and the facilities accessible to co-operative societies will be explained.

The success of the scheme will obviously depend on the extent to which the educated persons coming to the centres take advantage of the facilities offered. Of course, no guarantee can be given regarding subsequent placement in life, though some will probably get placed in positions in which shortages are felt. This, however, will not be enough and the instruction and orientation given, therefore, will be directed to giving them the necessary 'know how' to set up business either by themselves as entrepreneurs or in co-operatives.

It has been suggested that the daily programmes of work at these centres might be somewhat as follows:

- (a) Manual work such as earthwork, construction of roads, buildings, afforestation, etc., and allied tasks.
- (b) Instruction in the organisation of co-operatives, community organisation, citizenship, the Five Year Plan, the programmes and activities of the various Government and other agencies and the assistance that can be obtained from them and other subjects intended to broaden the outlook of residents with a view to giving them a realistic understanding of the industrial and commercial life of the country.
- (c) Instruction in book-keeping and business management including accounting, estimating and other related subjects essential to supervisors and small entrepreneurs.
- (d) Theoretical and practical instruction in the basic elements of various crafts which will be of use to them as supervisors or as small entrepreneurs, e.g., carpentry, smithy, sheet metal work, bench fitting, electricians trade, etc.
- (e) Recreational and cultural activities.

The centres will be guided by local advisory committees, consisting of officials and non-officials, and will maintain close liaison with important local employers. The centres will be organised and administered by the State Governments who will seek the co-operation and assistance of voluntary agencies, wherever possible.

Four pilot centres will be set up for the present, one each in Kerala, Delhi, West Bengal and Uttar Pradesh. The Government of Kerala has finalised its proposals, and it is expected that the Centre in the State will be set up at Kalamasari, near Alwaye, in March. The other three States also hope to start the Centres in their States in the near future.

(Copy of the Draft Scheme for Setting up Work and Orientation Centres for Educated Unemployed, received in this Office from the Government of India; Employment News, March 1957 ).

83. Vocational Training.

India - March 1957.

Labour Ministry's Training Scheme: Progress during  
January 1957.

Training of Craftsmen.- According to the review of the work done by the National Employment Service, during the month of January 1957, the number of trainees on the rolls of various training institutes and centres on 31 January 1957 was 10,356. There were 8,669 trainees (including 9 women) in technical trades and 1,687 (including 560 women) in vocational trades.

Training of displaced persons.- The total number of displaced persons undergoing training at the end of January 1957 was 1,870. There were 1,511 persons undergoing training in technical trades and 359 in vocational trades.

Apprenticeship training for displaced persons.- A total of 1,070 displaced persons were undergoing training as apprentices in industrial undertakings and establishments in Uttar Pradesh and West Bengal, against 1,300 seats sanctioned for the purpose.

Training in supervisors and instructors.- In the XVIII regular session, which commenced from 15 November 1956, 160 supervisors and instructors were receiving training at the central training institute for instructors, Koni-Bilaspur, at the end of the month.

Training of women craft instructors.- Under the scheme for the training of women craft instructors at the industrial training institute for women, New Delhi, 20 women instructor-trainees were receiving training at the end of the month under review.

Training of school-going children in hobby centres, Allahabad.- Sixty-one trainees were undergoing training at the end of the month under report at the hobby centre, attached to the industrial training institute, Allahabad.

Short-term course of training in sheet metal work.- In the second short-term course of training in sheet metal work at the industrial training institute, Bangalore, under the craftsmen training scheme, 98 persons were undergoing training in this trade, against a sanctioned capacity of 96, at the end of the month under review.

(Review of the Work done by the National Employment Service, during the month of January 1957; issued by the Ministry of Labour, Government of India ).

Training Facilities for Craftsmen: Union Labour  
Ministry's New Schemes.

Several new schemes to increase training facilities for craftsmen in the country have been prepared by the Union Government. A sum of 166 million rupees has already been provided in the second Five Year Plan for the schemes, which have been drawn up in consultation with the State Governments.

At present there are about 11,396 craftsmen receiving training in two technical and vocational trades at 60 training institutes.

Of the new schemes, important ones are the training for Craftsmen Scheme, the Apprenticeship Training Scheme and Evening Class for Industrial Workers Schemes. Besides, there are some minor schemes such as the Officers' Training Scheme and Hobby Training for young people.

The schemes will be implemented in consultation with the State Governments to whom employment exchanges and training centres were transferred from 1 November 1956. The Central Government will, however, bear 60 per cent of the cost of organisation and prepare schemes with the assistance of experts for the consideration of State Governments.

The responsibility for the administration of the institutes and for expanding their scope of activity will rest on State Governments.

Training was being imparted in 28 technical trades and 17 vocational occupations under the Craftsmen Training Scheme at 60 centres to 11,396 trainees at the end of December 1956. Proposals have been received from some States for the opening of new institutes and also for expanding facilities at the existing ones. So far sanction has been given for opening eight new institutes - at Indore, Jamnagar, Bhubaneswar, Rewa, Bhuli, Darbhanga and Kodarma in Bihar and Yamunanagar in the Punjab.

It is proposed to increase the seats to 30,000 by the end of the Plan period. It is also proposed to reorganise the Central Training Institute for Instructors Training at Koni-Bilaspur (Madhya Pradesh) and to set up another at Bombay during the second Plan.

The Institute at Bilaspur imparts training to crafts instructors admitted by the Central and State Governments and public and private undertakings and to private candidates. There were 160 instructor-trainees at the institute at the end of December 1956.

78

There is already a training institute for women at New Delhi, which imparts training to women in tailoring, cutting, embroidery and needlework. There were 19 women instructor-trainees at the institute at the end of December 1956.

The other two schemes for craftsmen are the Apprenticeship Training Scheme and the Scheme for Evening Classes for Industrial Workers.

It is proposed to start the Apprenticeship Training Scheme at Calcutta, Bombay and Gwalior in the first instance. The target is to provide 5,000 seats by the end of the second Plan for training of apprentices in industrial undertakings. Of these, 675 seats are proposed to be provided during 1956-57.

Under the other scheme, it is proposed to run evening classes for industrial workers in various industrial towns to improve the knowledge of workers in the theory of their trade and equip them for promotion to higher posts. A start will be made with 650 seats during the current year, the number being gradually increased to 3,000 seats at the end of the second Plan.

Among the minor schemes, the Officers' Training Scheme aims at ensuring uniformity of standards of training throughout the country. One hundred officers, who will be required to man the craftsmen training institutes will be trained every year in the procedures relating to training and in administrative matters.

Dignity of labour will be emphasized in the Hobby Classes Training Scheme. Its object is to encourage young people to utilize their spare time in useful pursuits. This will also help them to choose their careers. It is proposed to provide facilities for 2,000 people in these classes during the second Plan.

To coordinate training policy for the whole country, the Government of India is setting up a National Council for Training in Vocational Trades, which will lay down standards for craftsmen training, award trades certificates and advise Government in forming its training policy.

The Government has also been receiving help for its various training schemes from foreign organisations. Up to the end of October 1956, stores worth 0.475 million rupees reached the various training Centres under the Point-Four Technical Assistance Programme of the U.S.A. Machine tools, wood working machinery, electrical and wire-less equipment, precision measuring instruments were among the stores received.

Similar equipment worth 3 million rupees has also been asked for from the USSR under the U.N. Technical Assistance Programme.

(The Statesman, 19 February 1957).

99

Skilled Manpower for Agriculture: Committee constituted  
to enquire into Problem.

The Government of India has constituted a Committee on Agricultural Personnel with a view to make arrangements for training of personnel of different grades having regard to the requirements for trained personnel during the second and third five year Plans.

A Resolution dated 18 March 1957, of the Planning Commission states that during the first Five Year Plan, with the organisation of national extension and community projects and development of new programmes in agriculture and allied fields, the requirements of trained personnel increased rapidly and shortages were experienced in several directions. In 1954-55 and 1955-56 by way of preparation for the second Five Year Plan, steps were taken to expand training facilities in agriculture and animal husbandry. The provisional targets of agricultural production proposed for the period of the second Plan have been recently revised in consultation with States. The Government considers that in view of these targets and the programmes being undertaken through national extension and community projects, the demands for trained personnel, both in numbers and in quality, are likely to be larger and to increase more rapidly than was anticipated three years ago. Moreover, it is essential to institute early enough arrangements for training personnel of different grades in sufficient numbers, having regard to the probable requirements for the third Five Year Plan as well as long-term proposals for development in agriculture and other fields which are presently under examination. Accordingly, the Planning Commission (Government of India) has decided to constitute a Committee on Agricultural Personnel. The Committee will consist of 12 officials with the Secretary to the Ministry of Agriculture as chairman.

The terms of reference of the Committee on Agricultural Personnel will be: (1) to examine the present position in regard to the supply of trained technical, scientific and administrative personnel, with special reference to existing or expected shortages; (2) to make afresh assessment of requirements for trained personnel during the second and the third Five Year Plan, keeping in view the increased targets of agricultural production and the long-term proposals of development in different fields; (3) to review the present programmes for the expansion of training facilities and the progress made in their implementation; (4) to recommend measures for augmenting training facilities and to formulate a phased programme for giving effect to them; and (5) to make such other proposals as may be considered necessary.

The Committee will consider the various aspects of the problem in relation to all grades of personnel required for programmes of development, extension, research and education in the fields of agriculture (including agricultural engineering and horticulture), soil conservation, animal husbandry and dairying, fisheries, poultry and forests as well as in respect of village level workers. In making its proposals for developing training facilities the Committee will consider the forms of training, including basic training for each grade of personnel, in-service, post-graduate and specialised training and refresher courses.

(The Gazette of India, Part I, Section 1, 25 March 1957,  
pp. 127-128).

Bombay: Manpower Committee set up.

On the recommendation of the Engineering Personnel Committee of the Planning Commission, a State Manpower Committee has been constituted by the Bombay Government to conduct an overall assessment of demand and supply of technical personnel in several sectors.

The Committee will secure from the various Departments information regarding the requirements of trained technical personnel for the implementation of the various development schemes under their control and assess the facilities provided for training of personnel in technical subjects. It will also collect information regarding the availability of trained personnel and co-relate the requirements of various Departments in respect of trained personnel and the trained personnel available.

The Committee will also examine the recommendations of the Engineering Personnel Committee in so far as the Bombay State is concerned and advise Government generally on policies relating to technical manpower.

(Labour Gazette (Issued by the Government of Bombay), Vol. XXXVI, No. 5, January 1957, pp. 469-470).

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84. Vocational Rehabilitation of Disabled Persons.

India - March 1957.

Education of the Handicapped: Sample Survey to be carried out in Delhi.

The National Advisory Council for the Education of the handicapped which met at Delhi on 24 January 1957, approved a scheme to carry out a random sample survey of the handicapped in Delhi.

Addressing the Council, Dr. K.L. Shrimali, Union Deputy Minister for Education, urged for a rational approach to the problems of the physically handicapped and for an entirely new concept of the role they play in "our economy and national life".

Dr. Shrimali suggested three essential services for the rehabilitation of the handicapped - physical restoration or medical care, vocational and educational training and guidance and the placement of the handicapped in gainful occupations. He also stressed the need for a balanced integration of the three services if the problem of the handicapped was to be tackled on rational lines.

The Council also recommended a similar survey to be carried out in Bombay also as early as possible. The object of such survey is to determine the incidence of the various physical handicaps and to assess the socio-economic needs and rehabilitation prospects of handicapped persons.

The Council approved in principle a scheme of the Education Ministry to establish a combined workshop for the various groups of handicapped persons. This will probably be the first workshop of its kind in the country.

The Council suggested to the Government to appoint a committee to select suitable books that should be put into Braille by the Central Braille Press, Dehra Dun.

It also recommended that regional committees should be appointed to draw up contracted Braille codes for the various regional languages. The Government of India was further requested to appoint a committee to draw up such a code for Hindi.

The Council expressed general agreement with the conclusions of the seminar on the employment of the blind held at Mussoorie in September 1956. It suggested that the Government should introduce a training course in light engineering at the Training Centre for the Adult Blind at Dehra Dun.

(The Hindustan Times, 25 January 1957;  
The Statesman, 30 January 1957 )

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CHAPTER 11. OCCUPATIONAL SAFETY AND HEALTH.

INDIA - MARCH 1957.

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

Draft Ethyl Fluid ( Handling of) Regulations, 1957.

The Central Government published on 9 March 1957, the draft of Ethyl Fluid (Handling of) Regulations proposed to be made in exercise of the powers conferred under the Indian Dock Labourers Act, 1934. These regulations will extend to the whole of India and will apply within the limits of major ports in addition to and not in derogation of the requirements of Indian Dock Labourers' Regulations, 1948. The regulations proscribe inter alia precautions and duties of the owner, master, officer in charge, agents of the ship or employer of workers in handling of ethyl fluid, measures to be taken in the leakage of ethyl fluid and penalties. The rules will be taken into consideration by the Government after 31 March 1957.

(The Gazette of India, Part II, Section 3,  
9 March 1957, pp. 438-440 ).

LIST OF PRINCIPAL LAWS PROMULGATED DURING THE  
PERIOD COVERED BY THE REPORT FOR MARCH 1957

INDIA - MARCH 1957.

Chapter 4. Problems Peculiar to Certain Branches of the  
National Economy.

1. Coorg Tenants Ordinance (Mysore Ordinance No.3 of 1957) (Mysore Gazette, Extraordinary, 11 March 1957, Pp 1-8).
  2. Mysore Khadi and Village Industries Act, 1956 (No.7 of 1957) (Mysore Gazette, Part IV, Section 2B, 28 February 1957, Pp 49-60).
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  - (1) Budget, pp 9.
  - (2) Vote on account for Expenditure of the Central Government on Railways in 1957-58, pp. 2.
  - (3) Works, machinery and rolling stock programme of Railways for 1957-58, Part I - pp. 91, Part II- pp.625.
  - (4) White Paper on the Railway Budget 1957-58, pp.82.
  - (5) The Demands for Grants for Expenditure of the Central Government on Railways for 1957-58, pp. 144.

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

- \*(a) "Co-operative and the Second Five-Year Plan". By Prof. D.G. Karve. Published by the Bombay Provincial Co-operative Institute, Bombay. pp. 16.
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CHAPTER 5. WORKING CONDITIONS AND LIVING STANDARDS.

- \*(a) "Report by the Railway Board on Indian Railways for 1955-56. Vol I." Issued by the Railway Board, Ministry of Railways, Government of India. pp. 139. (One copy sent to Geneva vide this Office minute No. D.1/972/57 dated 13 March 1957.
- \*(b) "Research Information Bulletin - Social Science Projects in Southern Asia, No.1" Brought out by the Research Centre on the Social Implications of Industrialisation in Southern Asia, U.N.E.S.C.O., Calcutta. pp. 221.

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\* Publications received in this Office.

CHAPTER 5. WORKING CONDITIONS AND LIVING STANDARDS (CONTINUED):

- \*(c) "Report by the Railway Board on Indian Railways for 1955-56 Vol II - Statistics". Issued by the Railway Board, Ministry of Railways, Government of India. pp.297. (One copy sent to Geneva vide this Office minute No. D.1/1021/57 dated 21.3.57).
- (d) "Labour in Ancient India". By K.M. Saran. Published by Vora & Co. Kalbadevi Road, Bombay. Price Rs.5.00
- (e) "Development Work Among Rural Women" (Report of the National Seminar). Published by the Indian Adult Education Association, Delhi.

CHAPTER 6. GENERAL RIGHTS OF WORKERS.

- \*(a) "Annual Report of the Working of the Industrial Employment (Standing Orders) Act, 1946, in the Uttar Pradesh for the year Ending 31 December 1955". Issued by the Government of Uttar Pradesh. pp. 43 + appendices.

CHAPTER 8. MANPOWER PROBLEMS

- \*(a) "Report of the Committee on Rehabilitation of the Disabled." Issued by the Indian Institute of Personnel Management, Bihar Branch, Jamshedpur. pp. 16+annexures.
- \*(b) "Chairman's Address" at the 35th Session of the ~~Indian~~ Institution of Engineers (India) Bombay Centre. pp.13.

CHAPTER 12. INDUSTRIAL COMMITTEES

- \* "Presidential Address" by Shri B.P. Kapadia at the Third All-India Conference of Building & Civil Engineering Contractors of the Builders' Association of India, Held on 25 February 1956 at Sapru House, New Delhi. pp.16.