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INTERNATIONAL LABOUR OFFICE  
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Industrial and Labour Developments in August 1961.

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

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## CHAPTER 1. INTERNATIONAL LABOUR ORGANISATION.

INDIA - AUGUST 1961.

### 11. Political Situation and Administrative Action.

#### Labour Policy in the Third Five Year Plan\*.

Labour policy has been evolving in response to the specific needs of industry and the working class and to suit the requirements of a planned economy. The consensus of opinion of the parties concerned - employers, workers and Government - is secured through joint consultation, the apex of the tripartite machinery being the Indian Labour Conference. This consensus, as reflected in legislation and administrative action, takes on the strength and character of a national labour policy, operating on a voluntary basis. In the course of ~~the~~ Second Plan, a new approach was introduced to counteract unhealthy trends and give a more positive orientation to industrial relations, based on moral rather than legal sanctions. The stress now is on prevention of unrest by timely action at the appropriate stages. Significant developments during the Second Plan period included the introduction of the Code of Discipline in Industry and the Code of Conduct, schemes for workers' participation in management and workers' education, and a growing awareness of the importance of higher productivity in industry. In the context of the rising tempo of industrialisation, the working class has an important role and a growing responsibility during the Third Plan. The large expansion of the public sector will make a qualitative difference in the tasks set for the labour movement and will facilitate the transformation of the social structure towards socialism.

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\* A review of the Third Five Year Plan is given at Section 34, pp. 9-50 of this Report.

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Industrial Relations.- A full awareness of the obligations under the Code of Discipline has to extend to all employers and workers and it has to become a living force in the day to day conduct of industrial relations. Ways will be found for increasing the application of the principle of voluntary arbitration. It is essential that works committees are strengthened and made an active agency for the democratic administration of labour matters. The scheme of Joint Management Councils will be progressively extended to new industries and units so that it may become a normal feature of the industrial system.

A large-scale expansion of the workers' education scheme is visualised in the Third Plan period. It is intended to diversify the programme and secure fuller association of workers' representatives in its running.

Trade unions should be accepted as an essential part of the apparatus of industrial and economic administration and should be prepared for the discharge of these responsibilities. Their leadership has to grow progressively out of the ranks of the workers and this process will be greatly accelerated as the programme of workers' education gathers momentum. The basis for the recognition of trade unions, adopted as a part of the Code of Discipline will pave the way for the growth of a strong and healthy trade union movement.

Wages and Social Security.- For better implementation of the Minimum Wages Act, the machinery for inspection has to be strengthened. Wage Boards will be extended to other industries, according to circumstances. A Commission will be appointed to study the problems connected with bonus claims and to evolve guiding principles and norms for the payment of bonus.

The Employees' State Insurance Scheme will be extended to all centres where there is a concentration of 500 or more industrial workers, bringing the total coverage to about 3 million workers. The Employees' Provident Fund Scheme which now covers 58 industries, will be further extended.

The social security approach has so far extended mainly to wage earners in organised industry. There are some groups whose condition calls for closer attention on the part of the community. These include, in particular, the physically handicapped, old persons unable to work and women and children, where they are altogether lacking in the means of livelihood and support. With a view to enabling voluntary and charitable organisations, municipal bodies, Panchayats and Panchayat Samitis to develop their activities with the help of local communities, and giving them a little support, a proposal to constitute a small relief and assistance fund is being examined and will be considered further in cooperation with States and voluntary organisations.

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Working conditions, safety and welfare.- Steps will have to be taken to secure the more effective implementation of the statutory provisions regarding working conditions, safety and welfare. In this regard, the Central Labour Institute and the Regional Labour Institutes have a special role to play in improving working conditions and efficiency. A Standing Advisory Committee will be set up to promote measures for bringing down the incidence of accidents in factories. A National Mines Safety Council will be set up to deal with safety education and propaganda in the mining industry. The question of separate safety legislation for building and construction workers will be examined. Welfare funds will be constituted for workers in the manganese and iron ore mining industries on the pattern of similar welfare funds for coal and mica miners. Trade unions and voluntary organisations will be encouraged to take greater interest in the running of cooperative credit and consumer societies, as also other activities which are based on the principle of cooperation. The aspects of workers' housing and recreation will also receive greater attention. The problems of workers engaged in agriculture and unorganised industries, should become a matter of special concern to Government and workers' organisations.

Employment and training schemes.- Additional 58,000 seats will be provided under the craftsmens' training programme, raising the training capacity to about 100,000 craftsmen. Separate training facilities will be provided for educated youth to widen the scope of their employment. The capacity of the three existing Central Training Institutes for craft instructors will be raised, and three other Central Institutes will be set up during the Third Plan period. The Apprenticeship Training scheme will be placed on a compulsory basis and a Bill is proposed to be introduced in Parliament. About 100 employment exchanges are expected to be opened during the Third Plan with the object of providing at least one exchange in each district. It is intended to organise, on a limited basis, a relief and assistance fund for retrained workers.

Productivity.- Management should provide the most efficient equipment, correct conditions and methods of work, adequate training, suitable psychological and material incentives for the workers. Industry, trade unions and Government should cooperate in organising training programmes for the workers already on-the-job and the fresh recruits in order to improve their skill and efficiency. No real advance in the workers' standard of living is possible in this country without a steady increase in productivity. Workers have, therefore, to insist on and not resist the progress of rationalisation in their own interest and in the larger interest of the country. The scope for rationalisation can be considerably extended if effective arrangements are made for retraining and transfer of workers to other jobs, on the basis of the workers' consent. The formulation of the Code of Efficiency and Welfare will now be taken up for consideration by the Indian Labour Conference. Greater attention should be given to the training of management at various levels in employer-employees relations.

A small central committee will be constituted for coordinating labour research. In addition, it is intended to provide new institutional facilities outside the set-up of the Government for research in labour matters.

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12. Activities of External Services.

India - August 1961.

Meetings

- (a) The Director represented the ILO at the Tenth Assembly of Delegates of the World Confederation of Organisations of the Teaching Profession held at Delhi from 1-7 August 1961.
  - (b) The Director represented the ILO at the First International Conference of the United Schools Organisation of India held at Delhi from 7-10 August 1961.
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## Chapter 2. International and National Organisations.

### 29. International Co-operation.

India - August 1961.

#### Understudies to Experts under Technical Assistance Programmes: Central Government's Communication to States.

According to a report in The Hindu dated 9 August 1961, the Union Government has suggested in a communication to State Governments that only those officers, who are likely to continue in the department or institution concerned for a sufficiently long period to continue the work, be appointed as understudies to foreign experts assigned under various Technical Assistance Programmes.

It is also necessary that the progress made by the understudies in learning the work should be reviewed periodically in order that full advantage is taken of the experts' service.

The communication states that a survey was conducted by the Ministry of Food and Agriculture recently to ascertain whether understudies had in fact been attached to foreign experts in the field of agriculture, and if so, whether they had been working for a sufficiently long time to be able to carry on the work after the foreign experts left the country. The survey had revealed, the communication says, that in a good number of cases no understudies had been appointed while, in others, the time-lag between the arrival of the expert and the appointment of an understudy had been unduly long. In certain cases understudies had been shifted to an assignment different from those for which they had been trained. Consequently, it had not been possible for the State Governments and other institutions concerned to say with certainty, in about 50 percent of the cases, whether the work had been carried on efficiently after the expert's term of assignment expired.

The Union Government has, therefore, emphasised the necessity for selecting the understudy well before the expert joined duty and for a periodical review of the work.

(The Hindu, 9 August 1961).

## Chapter 3. Economic Questions

### 34. Economic Planning, Control and Development.

India - August 1961.

#### 6.5 Per Cent Rise in National Income: "Quick" Estimates for 1960-1961.

According to an official press release, the national income of India in real terms recorded a rise of 6.5 per cent in 1960-61 over 1959-60 according to the 'quick' estimates prepared by the Central Statistical Organisation on the basis of trends disclosed by the current available data. Of this overall rise as much as 2.7 per cent was contributed by agriculture (proper) alone whereas the remaining sectors contributed the rest i.e., 3.8 per cent. As these estimates are based on partial data, they are provisional and likely to undergo revisions in the annual paper on national income to be released early next year.

Contributions of some individual sectors to the overall percentage change in national income in 1960-61 over 1959-60 at 1948-49 prices are summarised in the following table:-

Sector	Percentage contribution to total national income: 1959-60.	Percentage change in 1960-61 over 1959-60.	Contribution to the overall percentage change in 1960-61 over 1959-60.
Agriculture (Proper) .....	38.8	+ 6.9	+ 2.67
Mining and factory establishments. ....	8.8	+ 11.9	+ 1.05
Communications .....	0.4	+ 5.6	+ 0.03
Railways .....	2.6	+ 7.0	+ 0.18
Organised Banking and Insurance. ....	0.9	+ 11.4	+ 0.11
Other commerce and transport. ....	15.3	+ 7.8	+ 1.19
Other Sectors .....	33.2	+ 3.8	+ 1.27
All Sectors .....	100.0	+ 6.5	+ 6.50

The following table presents the estimates of national income and per capita income at 1948-49 prices for the years 1950-51 and 1955-56 to 1960-61:-

Year (financial)	National Income at 1948-49 prices (in 1000 million Rupees).	Per Capita Income (inRs.) at 1948-49 prices (based on 1941, 1951 and 1961 population census figures).
1950-51	... 885	247.5
1955-56	... 1,048	267.8
1956-57	... 1,100	275.6
1957-58	... 1,089	267.4
1958-59	... 1,165	280.2
1959-60 (preliminary)	... 1,176	276.9
1960-61 (provisional)	... 1,253	288.8

From the above table it will be seen that the rise in national income in real terms during the Second Plan period was 19.6 per cent as against 18.4 per cent over the First Plan period. The rise of 6.5 per cent in the net national income in 1960-61 over the preceding year is appreciably higher than the average rise of 3.9 per cent per annum during the Second Plan period as a whole.

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116,000 Million Rupees Third Five Year Plan Presented:  
30 Per Cent Increase in National Income and 17 Per Cent  
in Per Capita Income estimated by 1966.

The Third Five Year Plan, which with an envisaged outlay of 116,000 million rupees aims at giving the biggest ever boost to the nation's economy, was presented to Parliament on 7 August 1961, by Shri Gulzarilal Nanda, Minister for Planning\*.

With a programmed outlay of 75,000 million rupees in the public sector and 41,000 million rupees in the private sector, the Plan estimates the national income to go up by 30 per cent and the per capita income by 17 percent in five years, compared to 42 per cent and 16 per cent respectively during the ten years of the First and Second Plans. A review of the Plan is given below.

I. Objectives of Planned Development.

Basic Aims of Plan.— The 770-page document, sets out the principal aims of the Plan as:

- (1) To secure an increase in national income of over five per cent per annum, the pattern of investment being designed also to sustain this rate of growth during the subsequent plan period;
- (2) To achieve self-sufficiency in foodgrains, and increase agricultural production to meet the requirements of industry and export;
- (3) To expand basic industries like steel, chemical industries, fuel, and power and establish machine-building capacity, so that the requirements of further industrialisation can be met within a period of 10 years or so mainly from the country's own resources;
- (4) To utilise to the fullest extent possible the manpower resources of the country and to ensure a substantial expansion in employment opportunities; and
- (5) To establish progressively greater equality of opportunity and to bring about reduction in disparities in income and wealth and a more even distribution of economic power.

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\* Third Five Year Plan (Government of India, Planning Commission), pp. 774.

To achieve these aims, a certain minimum development must take place in different sectors of the economy during the next five years. The physical targets of the Plan have been formulated on the basis of these minimum needs.

The increase in population, the growing expectations of the people and the urgent need for attaining the stage of self-sustained growth over the next two or three Plan periods, make it essential, says the Plan, that there should be every possible effort to achieve these targets during the next five years. In addition, certain measures must be taken during the Plan period in preparation for the Fourth Plan. The estimated financial resources have been placed for the present at 75,000 million rupees.

Out of this, investment is estimated to be 63,000 million rupees and current outlay, representing expenditure on staff, subsidies, etc. 12,000 million rupees.

The foreign exchange requirement for an investment of 104,000 million rupees is estimated to be over 20,300 million rupees. The level of investment, public and private, is expected to rise from about 16,000 million rupees in the last year of the Second Plan to about 26,000 million rupees at the end of the Third Plan. Investment in the public sector is expected to go up over this period from 8,000 million rupees to 17,000 million rupees.

The Plan sets out the objectives, the policies, the perspective and the programmes of development for the next five years.

The basic objective of India's development must necessarily be to provide the masses of the Indian people the opportunity to lead a good life. To provide the good life to the 400 million people of India and more is a vast undertaking and the achievement of this goal is far off, the report adds. But no lesser goal can be kept in view because each present step has to be conditioned by the final objective. The more immediate problem is to combat the curse of poverty with all the ills that it produces. This can only be done through social and economic advance, so as to build up a technologically mature society and a social order which offers equal opportunities to all citizens. The process involves far-reaching changes in social customs and institutions and replacement of the old traditional order by a dynamic society, and acceptance of the temper and application of science in modern technology. To some extent recognition of this twofold aspect of change has been present in the Indian mind for generations past. Gradually it has taken more concrete shape and has become the basis for planning.

After referring to the basic objectives set out in the Directive Principles of State Policy in the Constitution the report adds that ever since Independence, two main aims have guided India's planned development - to build up by democratic means, a rapidly expanding and technologically progressive economy, and a social order based on justice and offering equal opportunity to every citizen. To change a traditional society into a dynamic one in a country with a vast population rooted in the past is a tremendous task. To do this through peaceful and democratic means and by the consent of the people, made this task even more difficult.

When Independence came, India faced vast problems. Planning on a national scale, encompassing all aspects of economic and social life, was essential for rebuilding the rural economy laying the foundations of industrial and economic progress and expanding education and other services. Planned development was the means for securing with the utmost speed possible a high rate of growth, reconstructing the institutions of economic and social life, and harnessing the energies of the people to the tasks of national development.

In the pattern of development envisaged in the Five-Year Plans the basic objective is to provide sound foundations for sustained economic growth, for increasing opportunities for gainful employment and improving living standards and working conditions for the masses. The first priority necessarily belongs to agriculture and agricultural production has to be increased to the highest levels feasible. The growth of agriculture and the development of human resources alike hinge on the advance made by industry. Not only does industry provide the new tools, but it begins to change the mental outlook of the peasant. Agriculture and industry are, therefore, to be regarded as integral parts of the same process of development and, through planned development, the growth of industry has to be speeded and economic progress accelerated. In particular, heavy industries and machine making industries have to be developed, the public sector expanded and a large and growing co-operative sector built up.

The public sector is expected to provide specially for the further development of industries of basic and strategic importance or in the nature of public utility services, other industries too being taken up by the Government to the extent necessary. State trading has also to be undertaken on an increasing scale according to the needs of the economy. Thus, while making full use of all available agencies the public sector is expected to grow both absolutely and in comparison and at a faster rate than the private sector.

With the rapid expansion of the economy, wider opportunities of growth arise both for the public and the private sectors and in many ways their activities are complementary. The private sector includes not only organised industry but agriculture, small industry, trade and a great deal of activity in housing and construction and other fields. Progressively, it has to take the form of co-operative effort. In the context of the country's planned development, the private sector has a large area in which to develop and expand, functioning always within the framework of national planning and with an understanding of obligations towards the community as a whole. It is essential, of course, to ensure that the opportunities available in the private sector do not lead to the concentration of economic power in the hands of small numbers of individuals and businesses and that disparities in income and wealth are progressively reduced.

In the scheme of development, co-operation is expected to become progressively the principal basis of organisation in several branches of economic life, notably, in agriculture, small industry, distribution, construction and provision of essential amenities for local communities. Village and small industries have a crucial role in the development of the national economy, for, besides providing consumer and other goods and large-scale employment, they offer a method of ensuring a more equitable distribution of the national income and the means for the utilisation of available resources in skill and manpower.

Disparities in the levels of development in different regions have to be steadily reduced, and the benefits of industrialisation spread evenly between different parts of the country. In the early phases of development these aims are by no means easy to realise, and economic and social considerations have to be balanced. However, as the economy grows, it becomes possible to provide for more intensive development in the less developed areas.

In undertaking planned development and seeking to achieve both rapid growth and the socialist pattern of society, the basic criterion is the interest of the community as a whole, and especially of its weaker sections. However, through its very success and dynamism, a rapidly developing economy throws up new problems of organisation and management as well as of social policy. The existing social and economic institutions have, therefore, to be appraised from time to time in relation to their role in the nation's development.

It is a basic premise in India's Five-Year Plans that, through democracy and widespread public participation, development along socialist lines will secure rapid economic growth and expansion of employment as well as equitable distribution, reduction of disparities in income and wealth, prevention of concentration of economic power, and creation of the values and attitudes of a free and equal society. These are vital objectives. Economic activity must, therefore, be so organised that the tests of production and growth and those of equitable distribution are equally met. Progress towards socialism lies along a number of directions, each of which enhances the value of the others.

Firstly, a socialist economy must be efficient, progressive in its approach to science and technology and capable of growing steadily to a level at which the well-being of the mass of the population can be secured. In under-developed countries, a high rate of economic progress and the development of a large public sector and a co-operative sector are among the principal means for effecting the transition towards socialism.

Secondly, a socialist economy should ensure equal opportunity to every citizen. As the first step, it should provide for the basic necessities, in particular, for food, work, opportunity for education, reasonable conditions of health and sanitation, improvement in conditions of housing, and a minimum level of income which, in the given circumstances, will ensure tolerable living standards.

Thirdly, through the public policies it pursues, a socialist economy must not only reduce economic and social disparities which already exist, but must also ensure that rapid expansion of the economy is achieved without concentration of economic power and growth of monopoly.

Finally, the greatest stress should be placed on social values and incentives and on developing a sense of common interest and obligations among all sections of the community. The aim of public policy is to help build up a society which is fundamentally integrated from within and derives its strength from common values and a sense of shared citizenship.

The first condition for securing equality of opportunity and achieving a national minimum is assurance of gainful employment for every one who seeks work. Owing to deficiencies in the economic structure, considerable strengthening of the industrial base and development of education and other social services is necessary before the economy can provide an adequate level of remuneration to the entire labour force. These processes take time. It is, therefore, envisaged that for a period in addition to the programmes for the development of large and small industries, agriculture and economic and social services, large-scale rural works programmes should provide additional opportunities for work for the lowest income groups. In advanced countries the development of education and other social services has played a large part in ensuring greater equality of opportunity to different sections of the population and greater social mobility. Social services have also helped to bring about a measure of redistribution of income and provide the basic necessities.

The expansion of social services also exerts a similar influence, specially through the extension of free and universal education at the primary level, provision of larger opportunities for vocational and higher education, grants for scholarships and other forms of aid, and improvements in condition of health, sanitation, water supply and housing. Programmes for the welfare of scheduled tribes and castes and other welfare services are vital ingredients in the scheme of economic development. As economic development proceeds, social security and insurance will also come to have high priority. The first important steps in this direction have already been taken.

Economic development and social services gain greater significance as means towards creating equality of opportunity in the measure in which efforts are made to develop socialism at the level of the community. In the rural areas, the community development movement has a most important role. One of its major aims is to create conditions for the growth of a progressive co-operative rural economy with a diversified occupational structure in which the weaker sections of the community are brought to the level of the rest. This process will be stimulated by the development of the institutions of Panchayati Raj at the village, block and district levels. These constitute a revolutionary change in the structure of district administration and in the pattern of rural development. In the urban areas also, appropriate social policies are required, for instance, careful planning of the use of land, large-scale programmes for land acquisition, policies designed to assist the lower income groups and the poorer sections of the population, adequate taxation of capital gains, and urban properties, avoidance of conspicuous and wasteful terms of construction, and public vigilance over conditions of tenancy and rents.

Excessive economic power in relatively few hands and the uses to which it may be put, disturb the balance of power in a democracy, expose the social structure to new strains and tensions, and come in the way of diffusion of economic opportunities. Yet, for various economic and technological reasons, the process of rapid economic development tends to enlarge opportunities for well-established firms to expand their size and enter new fields of enterprise. The object of policy, therefore, has to be both to prevent concentration of economic power and the growth of monopolistic tendencies and to promote a pattern of industrial organisation which will lead to high levels of productivity and give full scope, within the framework of national planning, to new entrepreneurs, to medium and small scale enterprises and to co-operative organisation.

The greatest importance, therefore, attached to the administrative methods and practices and the instruments through which these aims are to be realised. Broadly, there has to be a three-fold approach - extension of the public sector, widening opportunities for new entrants and for medium and small-sized units as well as for industries organised on co-operative lines and effective exercise of Government's powers of control and regulation and use of the appropriate fiscal measures.

Means for ensuring broad-based ownership in industry, diffusion of enterprise and liberal facilities for new entrants and the growth of co-operative organisations are already available to a large extent. However, they need to be employed more purposefully and with greater co-ordination than in the past, for instance, in implementing such policies as licensing, financial aid to industry, development of industrial estates, rural electrification and regional planning, taxation of wealth and, capital gains and legislation for the regulation and management of companies. In these and other respects, the existing facilities have to be re-examined in relation to the tasks and priorities of the Third Plan.

While changes in the agrarian structure must be hastened, disparities in income and wealth arising from industrial and economic growth raise complex problems. For a variety of reasons, unless special measures are taken, in the first phases of economic development in under-developed countries, there is a tendency for differences in the levels of income to become even larger than before. The essential problem here is to reduce the spread between the higher and the lower incomes and to raise the level of the minimum.

Training.- Different policies have to be followed such as large-scale programmes of training measures to ensure that there is rapid growth of opportunities for merit, both in the public and in the private sector, and taxation policies designed to bring the net earnings of those in the higher income brackets to reasonable levels. A reasonable range of incomes to be realised progressively over the next two or three Plan periods would be, as suggested by the Taxation Enquiry Commission, about thirty times the average family income. Although, in view of the low incomes of the bulk of the population, this range represents a considerable disparity, it could be further reduced as lower income rise.

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An important aspect of the problem of income disparities concerns the gap between rural and non-rural incomes, which tends to widen under the impact of industrial and economic development. This aim has to be attained through increase in agricultural productivity, development of social services, reduction in the dependence on land and diversification of the economic structure of rural areas through the extension of industry, and an agricultural price policy which, fully safeguards the farmers interest and is fair to the urban consumer.

In a growing economy, frequently, high incomes are due to the accrual of capital gains, to trading and speculative profits and to perquisites of one kind or another which are permitted by law. Through appropriate social policies, incomes arising from capital gains, speculation, etc., must be limited, and the State should take its due share. Secondly, through extension and improvement in the tax system, steps must be taken to ensure that such incomes as do accrue are fully taxed, evasion of taxation is severely dealt with and opportunities for tax avoidance are reduced to the minimum.

It is also of the highest importance that from the point of view in particular, of receivers of fixed incomes, falling broadly in the lower middle income class groups, prices of essential commodities are kept down and social services, specially education, health and housing are brought within their easy reach. A group to which the greatest attention must be given are the totally unemployed and those suffering from serious under-employment. The provision of employment opportunities has the foremost priority for them. Along with employment, education and social service benefits should also be extended as fully as possible.

Economic and Social Integration.— Realisation of the socialist pattern of society is necessarily a cumulative process resulting from progress along different paths. In reaching this goal, there is need now for a sense of urgency and quickening of pace, for, any time-lag between economic and social development creates new stresses. Precise data are at present lacking and without these it is difficult to devise definite measures. An expert committee set up by the Planning Commission is engaged in reviewing changes in the levels of living which have occurred in the course of the First and the Second Plans in studying recent trends in the distribution of income and wealth and, in particular, in ascertaining the extent to which the operation of the economic system may have resulted in concentration of wealth and of means of production.

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Although many gaps remain, step by step, within the scheme of planned development, the framework of socialism is being built up, but it has to be strengthened and made more purposeful in its actual working. There must be fuller and more determined implementation of accepted policies and programmes in all spheres of public administration and economic life, and more critical tests of evaluation should be adopted. Moreover, at all times there should be due stress on the moral, human and spiritual values which give meaning to economic progress.

Given the necessary unity and discipline in the nation, willingness to bear the burdens of development and greater understanding by different sections of the community of what is due from them at the present juncture, both economic and social advance can be far more rapid than is generally realised. Policies already initiated will go a long way to stimulate social mobility, strengthen such forces as the trade unions, the co-operative movement, voluntary organisations and the universities and create a broad-based constructive leadership in rural and urban communities. They will help to check concentration of economic power and the growth of monopoly strengthen the bonds of cultural and economic integration, and assure to every citizen of India the right to work, to equal opportunity and to a minimum level of living.

Towards a Casteless Society.— In the last analysis, economic development is but a means to an end — the building up, through effort and sacrifice widely shared, of a society without castes, class or privilege, which offers to every section of the community and to all parts of the country the fullest opportunities to grow and to contribute to the national well-being.

## II. Long-Term Economic Development.

Planning is a continuous movement towards desired goals and, because of this, all major decisions have to be made by agencies informed of these goals and the social purpose behind them. Even in considering a five-year period, forward and long-term planning has always to be kept in view. Indeed, perspective planning is the essence of the planning process.

Mobilisation of Resources.— Over the next three Plan periods it is imperative that all the possibilities of economic growth should be fully and effectively mobilised. For this purpose it is essential to proceed on the basis of a broad strategy of economic development which would ensure that the economy expanded and becomes self-reliant and self-generating within a reasonable period. The strategy visualised for the Third Plan and later Plans emphasises the interdependence of agriculture and industry, of economic and social development, of national and regional development, and of the mobilisation of domestic and external resources.

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Development of agriculture, based on the utilisation of manpower resources of the country-side and the maximum use of local resources, holds a key to the rapid development of the country.

Because of her natural resources, India has considerable potential for industrial growth. Her potential capacity to produce steel, electricity, fuel and other basic materials relatively cheaply and the large and growing domestic market place her in a favourable position to produce machinery and a large range of engineering, chemical and electrical goods needed for development in turn, those will stimulate the growth of medium and small industries and expand employment both in urban and in rural areas.

The objective of stabilising the growth of population over a reasonable period must be at the very centre of planned development. The programme of family planning, involving intensive education, provision of facilities and advice on the largest scale possible and widespread popular effort in every rural and urban community has the greatest significance.

Among the principal conditions for building up a self-reliant economy, which can sustain a high rate of growth, are an adequate level of domestic capital formation, the maximum effort possible in developing exports, the availability of external assistance during the critical period of transition. A basic objective in the strategy of development is to create the conditions in which dependence on external assistance will disappear as early as may be possible.

Taking a broad view of the development of the Indian economy, it is reckoned that, at 1960-61 prices, the national income should rise from about 145,000 million rupees at the end of the Second Plan to about 190,000 million rupees at the end of the Third Plan about 250,000 million rupees at the end of the Fourth Plan about 330,000 million rupees to 340,000 million rupees at the end of the Fifth Plan. Allowing for the estimated annual increase in population of about 2 per cent on these estimates, the income per head should go up from around 330 rupees at the end of 1960-61 to about 385 rupees, 450 rupees and 530 rupees in 1966, 1971 and 1976. This will require net investment as a proportion of national income to rise from about 11 per cent at present to 14-15, 18-18 and 19-20 per cent per annum by the end of the Third, Fourth and Fifth Plans.

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In other words, as compared to about 105,000 million rupees postulated for the Third Plan, net investment over the Fourth and the Fifth Plan periods should be of the order of 170,000 million rupees and 250,000 million rupees. Domestic savings would have to rise in a corresponding measure from about 8.5 per cent at present to about 11.5, 15 to 16, and 18 to 19 per cent of the national income at the end of the Third, Fourth and Fifth Plan periods. By the end of the Fifth Plan period, the economy will be strong enough to develop at a satisfactory pace without being dependent on external assistance outside of the normal inflow of foreign capital.

In the course of preliminary studies on the Third Plan the following tentative targets of capacity have been suggested for some important items for 1970-71.

Steel ingots (million tons) 18-19.

Pig iron (million tons) 3-4.

Aluminium (thousand tons) 230-250.

Electric power (million Kw) 21-23.

Coal (million tons) 170-180.

Oil refining (million tons) 18-30.

Nitrogenous fertilisers (million tons(N)) 20-22.

Cement (million tons) 24-26.

Machine building (Rs. millions of output) 16,000.

Railway freight transport-long distance (originating traffic) (million tons) 380-420.

Foodgrains (million tons) 135.

Exports (Rs. million) 13,000-14,000.

These targets indicate the order of effort called for as a basis for further studies.

A long-term plan of development embodying specific programmes and policies should be conceived not merely in broad national terms but should take into account the possibilities of development of resources in different regions of the country so as to spread the benefits of development as widely as possible without slowing down the growth itself. The long-term plan should, therefore, supply a general pattern of economic and social development which would take into consideration the needs and possibilities of different areas and harmonise these into integrated endeavour for national advancement.

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For working out a long-term plan on these lines, there is need for close and continuous collaboration between various Government agencies at the Centre and in the States and with leading institutions engaged in scientific, economic and social research. The outline of the long-term plans will be filled in as more data and knowledge become available, and the Plan itself will be adjusted from time to time, in keeping with technological developments, greater knowledge of resources and the progress achieved in different branches of the economy. Work along these lines has already been initiated in the Planning Commission as well as by independent research institutions, and in the course of the next three years it is proposed to devote substantial resources to the preparation of an overall plan of development covering the period upto the end of the Fifth Plan.

### III. Approach to the Third Plan.

During the past decade, the total investment, public and private, increased from over 5,000 million rupees per annum at the beginning of the First Plan period to about 16,000 million rupees at the end of the Second Plan period. Investment by public authorities rose during this period from 2,000 million rupees to 8,000 million rupees per annum. Reckoned at the current prices, investments during the First and Second Plans amounted to 101,100 million rupees, 52,100 million rupees being in the public sector and 49,000 million rupees in the private sector.

During the First Plan, owing largely to the progress recorded in agricultural production, national income increased by 18 per cent as against the original target of 12 per cent. In the Second Plan the increase in national income was 20 per cent as against the initial target of 25 per cent. Agricultural production expanded by about 40 per cent and the output of foodgrains by 46 per cent. The net output of organised manufacturing industries increased nearly two-fold. A general view of the growth of the economy over the last decade may be obtained from the selected indicators of growth given in the table below:-

Item	Unit	1950-51	1955-56	1960-61	Percentage increase in 1960-61 over 1950-51
National income (at 1960-61 prices).	Rs. Million.	102,400	121,300	145,000	41.6
Per capita income (at 1960-61 prices).	Rupees	284	306	330	16.2
Index of agricultural production (1949-50 = 100).	Million tons.	95.6	116.8	135.0	41.2
Foodgrains production.	-do-	52.2	63.8	76.0	43.6
Nitrogenous fertilisers consumed.	'000 tons of N.	53	105	230	318.2
Area irrigated (net total).	Million acres.	51.3	56.2	70.0	35.9
Co-operative movement- advances to farmers.	Rs. Million.	229	496	2000	773.6
Index of industrial production (1950 = 100).		100	139	194	94.0
Production of:					
Steel Ingots.	Million tons.	1.4	1.7	3.5	150.0
Aluminium.	'000 tons.	3.7	7.3	18.5	400.0
Machine tools.	Million rupees.	5.4	7.8	55	1517.6
Sulphuric Acid.	'000 tons.	99	164	363	266.7
Petroleum products.	Million tons.	-	3.6	5.7	-
Cloth - mill-made.	Million Yards.	3,720	5,102	5,127	37.8
Khadi handloom and Powerloom.	-do-	897	1,773	2,349	161.9
Total	-do-	4,617	6,875	7,476	61.9
Power-installation capacity.	Million Kw.	2.3	3.4	5.7	147.8
Railways; Freight carried.	Million tons.	91.4	114.0	154.0	68.5
Roads; Surface including national highways.	'000 miles.	97.5	122.0	144.0	47.7
General Education; Students in Schools.	Million numbers.	23.5	31.2	43.6	85.5
Technical education; Engineering & Technology- Degree level- intake.	'000 numbers.	4.1	5.9	18.8	236.5
Health; Hospital beds.	'000 numbers.	113	125	186	64.6

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The record of growth over the last ten years has not been uniform. There have been ups and downs due to natural causes, international developments, or in some cases due to deficiencies in implementation. The growth of population accentuated the problem of unemployment. While considerable progress has been made in every branch of national life inevitably there have been at the same time stresses and strains. Despite failures and errors that might have been avoided and weaknesses in the economic and social structure that still persist, in every direction new ground has been broken and valuable experience has been gained.

The general pattern of development in the Third Plan necessarily flows in large part from the basic approach and experience of the Second Plan. However, in some important respects it represents a wider view of the problems of development and calls both for more intensive effort and a greater sense of urgency. In particular, the Third Plan will be directed towards strengthening the agricultural economy, developing industry, power and transport and hastening the process of industrial and technological change, achieving marked progress towards equality of opportunity and the socialist pattern of society, and providing employment for the entire addition to the labour force.

A plan of development with these aims will make far-reaching demands on the nation. It is essential that the burdens of development during the Third Plan should be equitably distributed and, at each stage, the economic, fiscal and other policies adopted should bring about improvements in the welfare and living standards of the bulk of the people.

In the scheme of development during the Third Plan, agriculture has the first priority. One of the main aims of the Third Plan is to harness the manpower resources available in rural areas. This is to be achieved through programmes of development for which the Plan provides, supplemented by extensive rural works, programmes for utilising manpower resources, specially for increasing agricultural production. Responsibility and initiative in development of rural areas will rest increasingly with Village Panchayats, Panchayat Samitis and Zila Parishads. Service co-operatives are to be organised on the basis of the village community as the primary unit. Cooperative farming, which is vital for rural progress, is essentially a logical growth of co-operation and the approach of community development at the village level.

An outline of the Plan is given in the table below:-

States Union Centre Total Percentage  
Territories  
(Rupees in Millions)

PUBLIC SECTOR

Agriculture and Community Development major and medium.	9,190	240	1,250	10,680	14
Irrigation .	6,300	20	180	6,500	9
Power.	8,800	230	1,090	10,120	13
Village and Small Industries .	1,370	40	1,230	2,640	4
Organised Industry and Minerals.	700	Nil	14,500	15,200	20
Transport and Communications.	2,260	350	12,250	14,860	20
Social Services and Miscellaneous.	8,630	870	3,500	13,000	17
Inventories.	-	-	2,000	2,000	3
<b>Total.</b>	<b>37,250</b>	<b>1,750</b>	<b>36,000</b>	<b>75,000</b>	<b>100</b>

PRIVATE SECTOR

<u>Group</u>	<u>(Rupees in Millions)</u>	
Agriculture including Irrigation .		8,500
Power.		500
Transport.		2,500
Village and Small Industries		3,250
Large and medium Industries and Minerals.		11,000
Housing and Other construction.		11,250
Inventories.		6,000
<b>Total.</b>		<b>43,000</b>

(This amount included 2000 million rupees transferred from the public sector).

Finances for the Plan. In the Draft Outline, the estimate of resources for the public sector was indicated at 72,500 million rupees, 60,500 million rupees at the Centre and 12,000 million rupees in the States. Later, in the light of discussions with State Governments and a further examination of the Central budget for 1960-61, the estimate of total resources was revised upwards to 74,350 million rupees, 61,070 million rupees at the Centre and 13,460 million rupees in the States. This estimate, rounded to 75,000 million rupees, was submitted to the National Development Council in January 1961. The Council noted that considering the needs of the economy, every effort had to be made to bridge the gap between the limit of 75,000 million rupees for financial outlays indicated by the estimates on resources and the requirements adding up to over 80,000 million rupees for implementing the physical programmes envisaged.

It was evident that the answer to the problem depended upon how far domestic savings could be stepped up to match the larger needs. The Council appointed a Committee on Savings to study and explore further possibilities in this direction. In the light of studies of the 1961-62 budgets of the Central and State Governments and of the scope for obtaining more resources under each of the heads of domestic savings, the Committee felt that there was warrant for taking a more optimistic view of the total resources that could be raised by the Centre and the States. It was, however, not possible at this stage to set out precisely the lines along which the gap between the requirements of physical programmes and the financial provisions could be bridged. It was also necessary to bear in mind the limitations in respect of foreign exchange resources. The problem would need continuous review in the light of the advance made each year in mobilising resources.

Accordingly, while the financial outlays for Plan in the public sector are at present being retained at 75,000 million rupees, sustained efforts will be made to improve upon this and to diminish the gap through more effective mobilisation of savings.

The scheme of financing the public sector plan that is now envisaged is indicated in the Table below:-

The last two columns indicate the estimates separately for the Centre and the States:

(Please see the table on the next page)

(Rs. in Million).

	Second Plan		Third Plan		States
	As ini- tially esti- mated.	As esti- mated now.	Total	Centre	
Balance from current revenues (excluding additional taxation). -----	3,500	(-) 500	5,500	4,100	1,400
Contribution of Railways. -----	1,500	1,500*	1,000	1,000	-
Surpluses of other public enterprises. ---	**	**	4,500	3,000	1,500
Loans from the public (net). -----	7,000	7,800*	8,000	4,750	3,250
Small savings (net). -----	5,000	4,000	6,000	2,130	3,870
Provident Funds (net). -----	-	1,700	2,650	1,830	820
Steel equalisation fund (net). -----	2,500	380	1,050	1,050	-
Balance of miscellaneous capital receipts over non-plan disbursements. ---	-	220	1,700	4,280	-2,580
Total 1 to 8. -----	19,500	15,100	30,400	22,140	8,260
Additional taxation including measures to increase the surpluses of public enterprises. -----	4,500@	10,520	17,100	11,000	6,100
Budgetary receipts corresponding to external assistance. -----	3,000	10,900@@	22,000	22,000	-
Deficit financing. -----	12,000	9,480	5,500	5,240	260
Total. -----	48,000	46,000	75,000	60,380	14,620

@ In addition there was a gap of 4,000 million rupees to be covered by additional domestic effort.

\* Inclusive of increased fares and freights.

\* Includes investments by the State Bank out of PL 480 funds.

\*\* Includes in items 1 and 8 to the Table.

@@ This includes investment of PL 480 funds by the Reserve Bank in special securities in 1960-61.

Experience of the Second Plan highlights the fact that despite all the care that may be taken in estimating the contribution likely to be secured from each of the sources indicated in the Table, the outturn on individual items is in practice liable to diverge from the estimates. For the five-year period ahead, it is, therefore, essential to focus attention on the adequacy of the financing scheme as a whole rather than on estimates in respect of each item taken by itself. Estimates of surpluses from revenues, for example, have to be made on certain assumption as to the growth of tax yields in response to the increase in economic activity. The growth rates in the economy may, however, vary from year to year and the response of tax yields depends on where the new incomes flow.

Similarly, on the expenditure side, the likely trends in non-Plan expenditure, both developmental and non-developmental, can be estimated in terms only of broad orders of magnitude. In some respects, such as surpluses of public undertakings, the data are admittedly inadequate. Moreover, it has to be borne in mind that the different modes of raising resources are at some point inter-dependent, it is possible, for example, that while in one situation more can be secured by way of taxation in another situation recourse to market borrowings may yield a better result. Timely availability of external assistance has also an important bearing on domestic savings and the investment effort.

Considering the trend in prices over the last few years and the difficult foreign exchange situation deficit financing during the Third Plan period will have to be on a strictly limited scale.

The review of States' resources undertaken in the light of the 1961-62 budgets indicates that the resources picture for the States is considerably better than the one that emerged after the discussion held with them during August-November 1960, the total of States resources now comes to 14,620 million rupees, as against the estimate of 13,460 million rupees worked out earlier. The main factor in the improvement is the larger transfer of resources from the Centre under Income-tax and shareable excises. With States resources at 14,620 million rupees and Centre assistance at 23,750 million rupees, the total of the resources available for financing State Plans comes to 38,370 million rupees. This is close to the programmes costing 38,470 million rupees which have been accepted for the State plans.

Additional taxation envisaged for the Third Plan is 17,100 million rupees, 11,000 million rupees at the Centre and 6,100 million rupees in the States. This order of taxation is the minimum essential. In order to realise this target, it will be necessary to increase both direct and indirect taxation and to enlarge the surpluses of public sector enterprises.

The point to stress is that taxation should be sufficient to keep consumption down to limits consistent with the requirements of investment as envisaged in the Plan. It is inevitable that the larger part of the additional taxation effort has to be put through by the Central Government; a good beginning has been made in this direction in 1961-62. It is no less important that the State Governments also raise an adequate share for themselves. Taxation of the rural sector falls largely within their field. They have also to mobilise more effectively elastic sources of revenue, such as sales taxes.

In the Third Plan, as in the Second, the development of basic industries such as steel, fuel and power and machine-building and chemical industries is fundamental to a rapid economic growth. Programmes for industrial development have been drawn up from the point of view of the needs and priorities of the economy as a whole, the public and the private sector being considered together. The Third Plan will carry further the present efforts to build up small industries as a vital segment in the industrial structure by promoting greater integration between large-scale and small-scale industries, spreading the benefits of industrialisation to small towns and rural areas, and introducing improved techniques in the traditional rural industries.

The Plan postulates a price policy which will ensure that movements of relative prices are in keeping with its priorities and targets and that prices of essential goods which enter into the consumption of low income groups do not rise unduly. It will also be essential to restrain the consumption of relatively non-essential goods and services. In planning the pattern of production, care must be taken to avoid the use of the limited resources available in the production of relatively non-essential goods and services. These measures are important not only for securing rapid development under conditions of economic stability, but are also necessary for the mobilisation of the domestic resources and the foreign exchange needed for the successful implementation of the Third Plan.

In the Third Plan stress is being placed on the careful phasing of projects in relation to one another. There should be continuity both in planning and in the flow of benefits, and some measure of balance must be preserved between projects with long gestation periods and those which can be completed over relatively short periods. In the related sectors of industry, transport and power, close co-ordination in planning and execution is essential not only for new projects but equally, for achieving rising levels of production from the existing plants. The programme of industry, including power, transport, scientific research and technical education is conceived of as a continuous and integrated whole. Every effort has, therefore, to be made to initiate and complete within the shortest possible time the schemes which will help to raise the potential for growth within the economy.

States' Plans.- In the Third Plan, as in the Second, the plans of States have great importance for the rapid development of the national economy. Important national objectives, as in agriculture, education and other social services and the utilisation of rural manpower, can only be realised in the measure in which the Plans of States are carried out successfully. With the development of the large-scale industries, specially of the basic and heavy industries, States' plans have to provide on a large scale for the development of power and technical education, for schemes of housing and urban development, and for measures to achieve closer integration of the rural with the industrial economy. In formulating the plans of States and determining their size and pattern, to the extent possible, these considerations have been kept in view.

Private Sector Enterprises.- Private investment draws on the same pool of savings as public investment. Considering the trends in the Second Plan period, it is felt that a total of 43,000 million rupees by way of private investment can probably be financed consistently with the public sector's claims on savings.

Of the total investment of 43,000 million rupees in the private sector, 2,000 million rupees will be provided by way of transfer of resources from the public sector. Part of the investment in agriculture, small-scale industries and co-operatives will be financed out of assistance from the Reserve Bank. External assistance to the private sector may be of the order of 3,000 million rupees.

Balance of Payments Estimates.- The following table sets forth the balance of payments estimates for the Third Plan:-

(Please see table on the next page)

(Rs. in Millions)

	Total Second Plan	Total Third Plan	1961-62	Annual Average Third Plan
<b>A. Receipts:</b>				
Exports -----	30,530	37,000	6,670	7,400
Invisibles (net) (excluding official donations). -----	4,200*	Nil	220	Nil
Capital transactions (net) (excluding receipts of official loans and private foreign investments). -----	(-) 1,720	(-) 5,500	1,330 (-)	1,100
External assistance. -----	9,270@	26,000	6,750**	5,200
Draft on foreign exchange reserves. -----	5,980	Nil	Nil	Nil
⌘ Total (1 to 5)***. -----	48,260	57,500	11,310	11,500
<b>B. Payments:</b>				
Imports of machinery and equipment for Plan projects. -----	-	19,000	3,250	3,800
Components, intermediate products etc., for raising production of capital goods. -----	48,260	2,000	600	400
Maintenance imports. -----	-	36,500	7,460	7,300
Total (1 to 3)***. -----	48,260	57,500	11,310	11,500

\* Includes reimbursements from the U.S.A. for freight expenses on PL.480 imports initially incurred by India.

\*\* Represents external assistance required for financing imports as shown below.

@ Including net drawing on the I.M.F.

\*\*\* P.L.480 imports are excluded from both sides - about 5,340 million rupees for the Second Plan and 6,000 million rupees for the Third Plan.

Foreign Aid. - The outlook on external assistance is, on the whole, promising. At the meeting of the Consortium of friendly countries held in May 1961, under the sponsorship of the International Bank for Reconstruction and Development, India has been assured of assistance totalling 10,890 million rupees to provide immediate support to her balance of payments as well as to cover import orders to be placed during 1961-62 and 1962-63. The U.S.S.R. had already authorised earlier two credits amounting to 2,380 million rupees for use on Third Plan projects. A number of other friendly countries, namely, Czechoslovakia, Yugoslavia, Poland and Switzerland, have also extended credits totalling 670 million rupees for projects in the Third Plan.

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Recent developments in the field of external assistance are highly encouraging; they represent a bold and co-operative approach to the problem of assisting development in under-developed parts of the world. They highlight correspondingly the need for the maximum effort on our part to mobilise domestic resources with the utmost vigour and to ensure that the available assistance is utilised to the fullest benefit of the economy. From the point of view of internal as well as external resources a progressive increase in production and in savings is vital for the success of the Plan.

Institutional Credit.- There has to be close scrutiny of all non-Plan expenditure; economies in expenditure, both on Plan and on non-Plan items, can release some resources for financing development. Experience of the Second Plan suggests that the scope for taxation may, in fact, be larger than is foreseen at this stage. Provident funds, extension of life insurance and similar social security schemes to institutionalise savings are a potential source for further resources. There is need for a country-wide savings drive, particularly in the rural areas. In the States, steps are being taken to place greater responsibilities on local self-governing institutions. Larger resources for development can be mobilised if, through these institutions, the community is induced to take greater interest and participate in local developmental programmes.

The limit to financial resources is never an absolute one; it is related to the quality of effort that is brought to bear on the implementation of projects, on enlarging their surpluses, and on preventing through fiscal and other measures, of leakages of resources into consumption or non-priority investment. A comparatively small delay in completing a project and putting it into productive use makes a significant difference to the resources available for investment. Even marginal improvements in planning and execution at several points can yield a large return in the aggregate. With adequate attention to these aspects of the problem, resources can be raised beyond the limits that are at present indicated.

The problems of resources thus links up with the problems of administrative and organisational efficiency. The crucial tests for the Third Plan are two: (a) the extent to which the production of food and raw materials can be increased, and (b) the energy and drive that are forthcoming for securing the substantial increase needed in export earnings. Given success in these directions, the present limitations of finance can be progressively overcome.

A special effort should be made to earn foreign exchange for use in developmental purposes and that domestic consumption should be held within reasonable limits. In order to create export surpluses, export industries must become competitive in order to achieve an export effort during the Third Plan period of at least 37,000 million rupees.

Action has to be taken along several directions, in particular the following:-

(a) Domestic consumption must be held within reasonable limits in order to create export surpluses;

(b) Steps to increase the comparative profitability of exports are essential;

(c) In their cost structure and productivity, export industries must become competitive as early as possible. Industrial licensing policies should also be oriented towards export promotion; and

(d) Steps must be taken to mobilise public opinion in favour of exports, to enlist the efforts of industry and trade, to improve Government's own organisation for market research and intelligence and commercial representation abroad, and to enlarge facilities for credit, insurance, etc.

By far the most important condition for fulfilling the export programme is the realisation of the agricultural and industrial targets of the Plan. Restraints on the growth of internal consumption are an essential condition of a successful export drive. What is required is not absolute reduction in the total or the per capita consumption, but a slowing down in the rate at which consumption increases. The Plan calls for a greater public understanding of the need to step up exports and recognition that this object cannot be achieved without a degree of sacrifice which is equitably shared.

Price Policy.— The Second Plan was characterised by a persistent upward trend in prices though part of the rise in prices was a corrective to the earlier decline. Over the five-year period, the rise in the general index of wholesale prices has been about 30 per cent. Food articles as a group have gone up by some 27 per cent, industrial raw materials by 45 per cent manufactures by over 27 per cent.

The major explanation of the continued upward trend in the wholesale prices in the Second Plan is entirely the rising pressure of demand resulting from the growth of population and money incomes. Supply factors have also played their part from time to time.

The Plan points out that although the production potential of the country has been strengthened considerably, both in agriculture and industry and the scheme for mobilising the financial resources required for the Third Plan postulates deficit financing on strictly limited scale, the possibilities of significant and even disturbing price rise cannot be entirely eliminated. Firstly, there is usual uncertainty in regard to monsoons. Secondly, the various restraints on consumption implicit in the Plan may not always operate to the full extent. Thirdly, while the Plan envisages a certain balance between the rates of growth in various sectors, some imbalance is almost certain to appear from time to time. It is necessary, therefore, to keep a close watch on prices and to be prepared in advance with strategy for corrective action.

A major constituent of the price policy is fiscal and monetary discipline. Fiscal policy must be directed to mopping up excess purchasing power which tends to push up demands above the levels of available supplies. Public enterprises have an important role in enlarging public savings. They must, therefore, operate at a profit and maintain a high standard of efficiency required for their purpose.

Monetary policy has to go hand in hand with fiscal policy by regulating the pace of credit creation through banks. Commercial policy can also be used to an extent to overcome domestic shortages. Without adequate fiscal and monetary discipline other regulatory measures cannot have the desired effect. But in order to secure the right relationship between various prices or to prevent undue hardship to low and fixed income groups, it may be necessary to have physical allocations and direct control in certain sectors.

The prices of what may be called basic essentials must be held reasonably stable; in regard to commodities that could be classed as comforts or luxuries, a rise in prices may have to be tolerated. The technique of price regulation will further push from commodity to commodity.

The two main objectives of price policy are:

- (a) to ensure that the movement of relative prices grow with the priorities and targets which are being set in the Plan, and
- (b) any considerable rise in prices of essential goods that enter into the consumption of low income groups is prevented.

Balanced Development.- A large country with intensive natural resources, viewing each phase of its development in the perspective of a long-term plan, has the means not only to realise a high and sustained rate of growth but also to enable its less developed regions to come up to the level of the rest.

The general approach was expressed through a variety of policies and programmes which were embodied in the Second Five-Year Plan. Among the most important of these were:

(1) The priority given to programmes like agriculture, Community Development, irrigation, specially minor irrigation, local development works, etc., which spread over the entire area within the shortest possible time;

(2) Provision of facilities such as power, water supply, transport and communications, training institutions, etc., in areas which were lagging behind industrially or where there was greater need for providing opportunities for employment;

(3) Programmes for the expansion of village and small industries; and

(4) In the location of new enterprises, whether public or private, consideration given to the need for developing a balanced economy in different parts of the country. In particular, this aspect was to be kept in view where the location of an industry was not determined almost entirely by the availability of raw materials or other natural resources.

The Third Plan provides extensive opportunity for the development of different parts of the country. Some of the more important programmes in the Plan fall largely within the plans of the States. In drawing up these plans, the broad objectives have been to enable each State to contribute its best towards increasing agricultural production, to secure the largest measure of increase in income and employment feasible, to develop social services and to raise the levels of living for the less-developed areas. Taken as a whole, the size and pattern of outlay in the States in the Third Plan are calculated to reduce disparities in developments between different States.

Besides the plans of the States, there are several other ways in which the Third Plan will enlarge the possibilities of development in areas which have in the past been relatively backward. Thus, the intensive development of agriculture, extension of irrigation, the programme of village and small industries, the large-scale expansion of power, development of roads and road transport, provision for universal education for the age-group 6-11 and larger opportunities for secondary, technical and vocational education, improvements in conditions of living and water supply and programmes for the welfare of scheduled tribes and scheduled castes and other backward classes will go a long way to provide throughout the country the foundation for rapid economic development.

The rural works programme will expand opportunities for work in areas with heavy pressure of population and scanty development of natural resources as well as in other areas. In some parts of the country there will be considerable development in plantation industries, specially tea, coffee and rubber. Large industrial projects, river valley projects and others will serve as vital centres for future growth.

In the licensing of industrial projects in the private sector also, the claims of under-developed regions are kept in view and locations in such areas are suggested to prospective industrialists. The Third Plan also includes a proposal for setting up "industrial development areas" in backward regions.

IV. Manpower Policy.

Provision of adequate employment opportunities is among the most difficult tasks to be accomplished during the next five years. In the rural areas both unemployment and under-employment exist side by side, and the distinction between them is by no means sharp. In the villages unemployment ordinarily takes the form of under-employment. In the urban areas, employment is linked with fluctuations in the state of business, transport and industry.

The existing data on employment are inadequate. However, with the limited information that is available, it is reckoned that the backlog of unemployment at the end of the Second Plan is about 9 million. This increase in backlog, as compared to 5.3 million suggested in the Second Plan, means that while the absolute impact of the Plan on employment was significant, it was not sufficient to absorb the increasing numbers of new entrants to labour force.

It is estimated that increase in labour force in the Third Plan - in the light of the data available in 1961 census - will be roughly about 17 million, one-third of the increase being in urban areas. As against this, it is estimated that the Third Plan may provide additional employment of the order of 14 million - 10.5 million outside agriculture and 3.5 million in agriculture. The break-up of the non-agricultural component of employment is given in the Table below:-

(In Million)

Sector.	Additional employment in the Third Plan.
Construction -----	2.30
Irrigation and Power -----	0.10
Railways -----	0.14
Other transport and communications -----	0.88
Industries and minerals -----	0.75
Small industries -----	0.90
Forestry, fisheries and allied services --	0.72
Education -----	0.59
Health -----	0.14
Other social services -----	0.08
Government service -----	0.15
Total. -----	6.75
'Others' including the trade and commerce at 56 per cent of total for items 1-11. -----	3.78
Total. -----	10.53

Thus, even for providing work for the new entrants to labour force, there should be additional employment for 3 million persons.

*Redeployment*

It is proposed that the problem should be approached along three main directions. Firstly, within the framework of the Plan, efforts have to be made to ensure that the employment effects are spread out more widely and evenly than in the past. Secondly, a fairly large programme of rural industrialisation should be undertaken with special emphasis on rural electrification, development of rural industrial estates, promotion of village industries and effective ~~redevelopment~~ of manpower. Thirdly, in addition to other measures for increasing employment through small industries, it is proposed to organise rural works programmes which will provide work for an average of, say, 100 days in the year for about 2.5 million persons and, if possible, more.

Rural industrialisation and rural electrification are connected programmes and are of the greatest significance for the expansion of stable employment opportunities in rural areas. In each area it is necessary to develop centres or nuclei of industrial development in small towns and centrally situated villages and link them with one another through improved transport and other facilities. In each district, through forward planning, the programme for agricultural and industrial development should be co-ordinated with the supply of power.

In recent years there has been a change in the attitude towards manual work on the part of educated persons and programmes for orienting them to the requirements of the developing economy are proposed to be taken up on a larger scale. The scope for regular and continuous employment within the rural economy for educated persons at levels of income comparable in real terms to those in the towns will greatly increase with the development of co-operatives and of scientific agriculture and the establishment of democratic institutions. It should also be possible to assist fairly large numbers of young persons with education to set up small industries in rural centres at which power can be made available.

There is need for deployment of skilled personnel from projects which have been completed or are nearing completion to those on which construction is to commence. Machinery created for this purpose in the Second Plan has functioned satisfactorily. While maintaining this machinery, the problem could be more manageable in size work on similar projects is better phased and advance planning is undertaken.

Efficient conduct of industrial and business enterprises requires that operational decision should be prompt. A large measure of delegation of authority and flexibility of operation is necessary to enable the management of the enterprise to produce results. A number of factors come in the way of efficient functioning of an enterprise, such as enough experienced men not being in positions of management, lack of quality of managerial personnel, insufficient delegation within the enterprise accompanied by failure to define responsibilities and duties and inadequate consciousness of profit and cost.

In view of the large dimensions of the problems of management, planning and implementation in the Third Plan, it is necessary to take a fresh view of the ways in which the machinery and the process of planning at various levels may be improved, evaluation made more incisive, and planning equipped with better statistical and other tools.

#### V. Plan Objectives in the Various Sectors.

Agricultural production and Development.— The Plan provides for a total outlay of 12,810 million rupees for agricultural programmes compared to 6,670 million rupees in the Second Plan. Some of the important estimates of the likely production by the end of the Third Plan are given in the table below:—

Commodity	Unit	Base level production 1960-61	Target	Estimated production in 1965-66	Percentage increase
Foodgrains	Million tons.	76.0	24.0	100.0	31.6
Oilseeds	-do-	7.1	2.7	9.8	38.0
Sugarcane (Gur)	-do-	8.0	2.0	10.0	25.0
Cotton	Million bales.	5.1	1.9	7.0	37.2
Jute	-do-	4.0	2.2	6.2	55.0
Coconut	Million nuts.	4,500	775	5,275	17.2
Arecanut	Thousand tons.	93	7	100	7.5
Cashewnut	-do-	73	77	150	105.5
Pepper	-do-	26	1	27	3.9
Cardamom	-do-	2.26	0.36	2.62	15.9
Lao	-do-	50	12	62	24.0
Tobacco	-do-	300	25	325	8.3
Coffee	-do-	48	32	80	67.7
Rubber	-do-	26.4	18.6	45	70.5
Tea	Million Lbs.	725	175	900	24.1

These increases in production involve raising the yield per acre to a significant extent - about 27.5 per cent above the Second Plan average for rice, about 20 per cent for wheat, about 11 per cent for oilseeds, about 14 per cent for cotton, about 16 per cent for jute and 18 per cent for sugarcane. The greater part of these increases in yields will necessarily have to be secured in areas under irrigation and assured rainfall, but even in other areas, through soil conservation and dry farming, there should be some improvement in the average yield.

In formulating agricultural production programme for the Third Plan, the guiding consideration has been that the agricultural effort should not be impeded in any manner for want of financial or other resources. Accordingly, finance is being provided on a scale which is considered adequate, and the further assurance is given that if, for achieving the targets of production, additional resources are found necessary, these will be provided as the Plan proceeds. Supplies of fertilizers are also to be made available on a large scale. Efforts are being made to strengthen agricultural administration in the States, and stress is being placed on the closest possible co-ordination between different agencies, notably, those concerned with agriculture, co-operation, community development and irrigation. Supplies of credit through co-operative agencies are being expanded, and the need for linking credit with production and marketing is emphasised.

The central task of the community development organisation and of extension workers at the block and village level is to mobilise the rural community for intensive agricultural development, to impart a sense of urgency and direction to the work of all the agencies operating on behalf of the Government, and to ensure that the requisite supplies, services and technical assistance are available at the right time and place and in the most effective manner possible.

This means that all families in the village specially those engaged in cultivation, must be involved in the agricultural effort through the village co-operative and the panchayat, and enabled to achieve larger results through village production plans.

By the end of the Third Plan, there will be 8,000 veterinary hospitals and dispensaries. The entire bovine population of the country will be vaccinated against rinderpest by 1963-64.

During the Third Plan 55 new milk supply schemes will be taken up in cities with a population exceeding 100,000 and in growing industrial townships. For developing rural milk pockets 8 creameries, 4 milk powder factories and 2 cheese factories will be established. In the vicinity of large milk supply plants, 4 cattle feed compounding factories will also be established. A provision of about 360 million rupees has been made for dairy development in the Third Plan.

The formation and running of fisheries co-operatives is an important aspect of fisheries development during the Third Plan. There are at present about 2,100 fisheries co-operatives with a total membership of about 220,000. Fisheries co-operative function with varying degree of success and only about 800 of them can be said to show satisfactory performance. Revitalisation of the existing fisheries co-operatives and their further development and linking up with marketing and processing co-operatives is an important task to be carried out in the Third Plan.

The Community Development programme now serves over 3,100 Development Blocks comprising about 37,000 villages. Of these, about 880 blocks have completed more than five years and entered the second stage of the Community Development programme. By October 1963, the programme will extend over the entire rural area of the country. The total outlay on Community Development in the first two Plans has been about 2,350 million rupees. The Third Plan provides for a total outlay of 2,940 million rupees, in addition to about 280 million rupees for Panchayats.

With the object of introducing democratic institutions at the district and block level, legislation for the introduction of Panchayat Raj has been enacted in Andhra Pradesh, Assam, Madras, Mysore, Orissa, Punjab and Rajasthan. In Madhya Pradesh and Uttar Pradesh legislation has been passed by the State Legislatures. In Bihar legislation is under consideration, and in Maharashtra and Gujarat proposals have been drawn up by special committees.

The primary object of Panchayat Raj is to enable the people of each area to achieve intensive and continuous development in the interest of the entire population. The elected representatives should be encouraged to value the development of Panchayati Raj as offering new avenues of service to the people rather than opportunities for the exercise of authority. The concept of Panchayati Raj is not limited to the non-official and democratic organisations associated with it. Representing, as it does, a distinct level of responsibility and functions within the general scheme of administration. Panchayati Raj comprehends both the democratic institutions and the extension services through which development programmes are executed.

Irrigation and Flood Control.— The cost of irrigation and flood control programmes during the Third Plan is 6,610 million rupees. This includes 4,360 million rupees for irrigation projects carried over from the Second Plan, 1,640 million rupees for new projects and 610 million rupees for flood-control, drainage, anti-water-logging and anti-sea-erosion schemes. The new project to be commenced during the Third Plan includes about 95 new medium irrigation schemes.

Emphasis has been given to the following categories of schemes:

- (i) Completion of continuing schemes of the Second Plan right upto the cultivators' fields, i.e., including field channels; (ii) Drainage and anti-waterlogging schemes; and (iii) Medium irrigation projects.

For integrated and economic development of water resources, arrangements for inter-State co-operation for development of river basins, especially those of the larger rivers are essential. In the long-term planning of water resources, the requirements of water supply for industries and for the growing urban population will also constitute a major problem in development. The setting up of River Boards for important river basins would enable a co-ordinated view to be taken of the needs of a river basin as a whole, including soil conservation in the catchment area.

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Beneficiaries of flood control, drainage, anti-water-logging and anti-sea-erosion schemes as also certain portions of irrigation works should be persuaded to contribute towards these schemes by offering voluntary labour and/or money in lieu thereof. These works should be carried out in close co-operation with the local elected bodies. To the extent possible, labour co-operatives and voluntary organisations should be utilised.

Generation of Power. Power installation is proposed to be stepped up from an average of 0.45 million KW. for additional generating capacity per annum during the Second Plan to 1.40 million KW. per year during the Third Plan. By the end of the Third Plan, the aggregate capacity of the plants in commission and under erection and testing will be of the order of 13.40 million KW of which 12.69 million KW are expected to be in commercial operation. The per capita generation of electricity will have risen from 18 KW in 1951 to about 95 KW in 1966.

A nuclear power station with an installed capacity of 300 MW is planned for construction at Tarapur near Bombay.

The estimated cost of the total power programme in the Third Plan is 10,890 million rupees. This includes an outlay of 1,050 million rupees for rural electrification. A total of 20,000 more towns and villages will be electrified by March 1966 compared to 1961.

Industries and Minerals. Having regard to the pressure on resources, fuller utilisation of existing installed capacity must take precedence over expansions or setting up of new units. Secondly, expansion of existing plants will have to be given preference over establishment of new units, since the creation of new capacity in this manner will not only be quicker but will also assist in bringing down the investment cost per unit output. As regards new developments, the accent will have to be on projects which, by contributing to exports or by replacing imports, will earn or save foreign exchange. It would not be possible to allow significant expansion of industries which are heavily dependent on the import of raw materials. On the other hand, special attention will have to be given to the development of industries for whose products there are reasonable prospects of finding export markets.

Subject to these general considerations the emphasis to be given to programmes and projects over the next few years will be broadly in accordance with the following priorities:

(i) Completion of projects envisaged under the Second Plan which are under implementation or were deferred during 1957-58 owing to foreign exchange difficulties.

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(ii) Expansion and diversification of capacity of the heavy engineering and machine building industries, castings and forgings, alloy tool and special steels, iron and steel and ferro-alloys; and step-up of output of fertilisers and petroleum products.

(iii) Increased production of major basic raw materials and producer goods like aluminium, mineral oils, dissolving pulp, basic organic and inorganic chemicals and intermediates inclusive or products of petro-chemical origin.

(iv) Increased production from domestic industries of commodities required to meet essential needs like essential drugs, paper, cloth, sugar, vegetable oils and housing materials.

Development programmes for industries and minerals envisaged in the Third Plan will call for a total investment of about 29,930 million rupees in order to reach the physical targets set for achievement. Their foreign exchange cost is placed at about 13,380 million rupees.

The major industrial projects in the public sector included under the Third Plan are in the field of iron and steel, industrial machinery, heavy electrical equipment, machinery tools, fertilisers, basic chemicals and intermediates essential drugs and petroleum refining. In formulating the industrial programme account has been taken of the contribution towards meeting civilian needs that can be expected from expansion envisaged by defence establishments in the field of alloy steels, tractors, trucks, electrical equipment, etc.

The major projects proposed for development as public sector undertakings by State Governments are the expansion of the Mysore Iron and Steel Works and of the Andhra Paper Mills, doubling of the Durgapur coke oven and the piping of gas from Durgapur to Calcutta, the third stage expansion of FACT for additional production of fertilisers along with associated developments at Travancore Cochin Chemicals and the organic chemicals project of the Durgapur Industries Board for the manufacture of caustic soda, phenol, phthalic anhydride and some other organic chemicals. Provision has also been made in the State Plans for setting up industrial development areas which will contribute to the growth of industries in regions which are at present relatively backward industrially.

According to present indications, the quantum of resources likely to be available to the private sector for financing GROSS fixed assets formation during the Third Plan period will be about 12,500 million rupees as indicated below:-

(In Million Rupees)

Institutional agencies.	----	1,300
Direct loan/participation by Central and State Governments and other assistance.	----	200
New Issues.	----	2,000
Internal Resources (net repayment liabilities).	----	6,000
Direct foreign credit participation in capital.	----	3,000
		<u>12,500</u>

The overall targets proposed for steel plants are 10.2 million tons of steel ingot capacity and 1.5 million tons of pig iron for sale.

In the public sector, the most important task in the initial years of the Third Plan will be the rapid achievement of capacity output from the new steel plants whose construction was completed during the Second Plan period. New Developments included in the Plan comprise the expansion of the Bhilai, Durgapur and Rourkela Steel Plants and of the Mysore Iron and Steel Works and the establishment of a new steel plant at Bokaro. In addition to a project for a pig iron plant based on the use for coke from the Neiveli Lignite is also included in the Plan.

The lay-out of the new steel plant at Bokaro is being planned for a capacity of two million tons of steel ingots but as the first phase of development it is proposed to install facilities for the production of one million tons.

The overall investment required for the public sector steel development programmes included in the Third Plan is estimated at 5,250 million rupees.

The share of the private sector in the steel target is 3.2 million tons of ingots. Additional steel capacity in the private sector is expected to come from installation of scrap based electric furnaces which will augment the supplies of billets to re-rollers.

It is proposed to establish a special steel plant at Durgapur with an annual output of 48,000 tons. About 50,000 tons of alloy steels will be available from Defence establishments. Against the total requirements of about 20,000 tons by the end of the Third Plan, the rest of the development in this industry is envisaged in the private sector.

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The target of 87,500 tons set for 1965-66 is expected to be achieved on the completion of the projects already licensed in the private sector. In the context of the rising demand for electrolytic copper and the relatively meagre possibilities of substantially increasing its domestic production during the Third Plan, further expansion of capacity for aluminium production may be necessary.

The production of electrolytic copper will commence in the early years of the Third Plan with commissioning of the unit at Ghatsila by the Indian Copper Corporation. An annual production of 11,500 tons of electrolytic copper is also envisaged from the smelter and the electrolytic refinery associated with the Khetri and Daribo Copper Mines. The production of zinc will be taken up at the zinc smelter in Udaipur based on the zinc concentrates from the Zawar mines in Rajasthan. The annual capacity of this plant will be 15,000 tons.

Large-scale developments are proposed for engineering industries in view of the prospects of increased supplies of pig iron and steel. The public sector will mainly concentrate on projects for the production of heavy machinery and heavy machine building. Apart from these, targets proposed within this field are to be fulfilled, mainly by the private sector.

The capacity already planned in the public sector amounts to 139,000 tons of grey iron castings and about 76,000 tons each of steel casting and steel forgings. A substantial part of the new capacity in the private sector is expected to come up in connection with the expansion of the automobile industry and the manufacture of machinery for textiles, cement, sugar, paper, etc.

The principal projects of the public sector in the field of industrial machinery are the heavy machinery plant near Ranchi; mining machinery project, Durgapur, the heavy electrical equipment machinery project, Durgapur, the heavy electrical equipment plant, Bhopal and two other heavy electrical projects whose locations are still to be decided.

Machine Tools.— The programme envisaged in the public sector consists of the expansion of Hindustan Machine Tools and Praga Tools and the establishment of a new Heavy Machine Tools Plant at Ranchi and other Machine Tool works of the same size as the H.M.T. in the Punjab. The output of machine tools in the public sector is estimated to increase to 150 million rupees by 1965-66.

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Transport Equipment.- The manufacture of electric and diesel locomotives, the expansion of the Visakhapatnam Shipyard and the establishment of a second Shipyard at Cochin are the main developments envisaged in the public sector. In the case of automobiles, the Plan envisages a production each year of 100,000 automobiles and 60,000 motor cycles, scooters and three wheelers.

Fertilisers.- The demand for nitrogenous and phosphatic fertilisers is expected to expand to 1 million tons in terms of nitrogen and 400,000 tons in terms of P2O5 by 1965-66. The capacity in the public sector by the end of the Third Plan is expected to be about 730,000 tons. In the private sector proposals for setting up 5 new units and the expansion of an existing factory with a total capacity of about 400,000 tons of nitrogen have been approved.

Cotton Textiles.- The requirements of cotton textiles at the end of the Third Plan have been estimated at 9,300 million yards, inclusive of 850 million yards, for export. Out of the total target for cotton cloth of 9,300 million yards, 3,500 million yards have been allocated as the share of the decentralised sector (handloom, powerloom and khadi). To achieve the additional production in the mill sector, it is envisaged that about 25,000 automatic looms will have to be installed during the Third Plan. It will also be necessary to increase the active spindleage of the mills to about 16.5 million as compared to 12.7 million at the end of the Second Plan.

Paper and Newsprint.- To meet the estimated demand of 700,000 tons of paper and paper boards by 1965-66, it is proposed to increase the capacity of the Industry from the present level of 410,000 tons to 820,000 tons by the end of the Third Plan period. In this case of newsprint expansion from 30,000 tons to 150,000 tons has been proposed.

Sugar.- The target envisaged for the Third Plan for the sugar industry is 3.5 million tons per year. Co-operative enterprises are expected to make further progress under this industry during the Third Plan and it is estimated that their share of the overall mill capacity will rise to about 25 per cent. The production of sugar in the country is expected to meet the demand in full and the surplus will be exported.

Minerals.- The Third Plan envisages intensive efforts to explore the country's mineral resources with a view to (a) locating workable reserves of minerals and methods, the requirements of which are being met to-day either wholly or partly by imports; (b) providing additional reserves of minerals like iron ore, bauxite, gypsum, coal, limestone, etc., which can be developed to meet the expanding requirements of the economy; and (c) providing reserves and establishing new mines for the production of minerals like iron ore which can be exported.

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Coal.- Based on the target set for the different industries which consume coal and the traffic expected to be carried by the Railways, the demand for coal in the last year of the Third Plan is estimated at 97 million tons. This involves additional production by 37 million tons over the Second Plan target of 60 million tons. Twenty million tons of the additional production has been allocated to the public sector and 17 million tons to the private sector.

The Third Plan envisages the completion of the programmes included in the Second Plan in the Neyveli Project, expansion of thermal power capacity by 150 M.W and stepping up of the output of lignite from 3.5 million tons in the Second Plan to 4.8 million tons in order to meet the fuel requirements of the expanded thermal power plant.

Mineral Oil.- The programme relating to mineral oil envisages (a) exploitation by the Oil India Limited of the reserves proved in their leasehold areas in Assam, (b) further exploration by the Oil and Natural Gas Commission to locate and prove reserves of oil and establish additional production, (c) the completion of the refineries under construction at Gauhati and Baranua respectively, and establishment of a new refinery in Gujarat with a capacity of about 2 million tons, (d) establishment of pipelines for the transport of petroleum products, and (e) establishment of facilities for the distribution by a Government agency of the products of the public sector refineries and the deficit products imported on favourable terms.

Transport.- Railways:- The railway development programme in the Third Five Year Plan has been formulated on the basis of the originating traffic reaching a figure of 245 million tons in 1965-66. Of the total increase of 91 million tons of freight traffic anticipated during the Third Plan, 79.5 million tons are accounted for by coal, steel and the raw materials of steel, cement, iron ore for export and the railways' own stores and the remaining 11.5 million tons representing increase in general goods traffic. These estimates are necessarily tentative.

Provision is made for the construction of about 1200 miles of new lines during the Third Plan period.

It is roughly estimated that during the Third Plan it will be possible to add about 25,000 miles of surfaced roads to the existing network. The programme for National Highways in the Third Plan provides for the completion of a number of important road and bridge works carried forward from the Second Plan and for the improvement of a few sections of the new highways added recently to the National Highways system, and for the construction of the Vivekanand bridge by-pass near Calcutta and a few missing links on the existing highways. It is proposed to add one more road to the National Highways-system, namely, the road from North Salamara to the Brahmaputra bridge with a length of about 100 miles.

Special consideration is being given to road development in rural areas. Specific provision have been set apart for this purpose in the plans of several States, apart from the provision available for the development of rural roads under the programmes of local bodies and community development. Efforts are being made to achieve the desired co-ordination between various agencies responsible for road development in rural areas.

Expansion of commercial road transport in the Third Plan will depend largely on the manufacturing capacity of the automobile industry. It is roughly estimated that the total number of commercial vehicles will increase by about 82 per cent from about 200,000 in 1960-61 to 365,000 in 1965-66. The number of goods vehicles will increase over the period from about 160,000 to 285,000 and the number of stage carriage from about 50,000 to 80,000.

The programme for the development of inland water transport in the Third Plan has been formulated in the light of the recommendations made in the report of the Inland Water Transport Committee (1959). The cost of the programme is estimated at 75 million rupees which includes 60 million rupees in the Central sector and 15 million rupees in the State plans. The programme for inland water transport in the Central Sector provides, besides the carry-over works from the Second Plan, for a pilot towing project to be undertaken by the Ganga Brahmaputra Board in Sunderbans, for purchase of dredgers and launches for Sunderbans and Brahmaputra and for setting up of a central organisation to advise on matters relating to inland water transport.

Shipping.- A provision of 550 million rupees has been made for shipping in the Third Plan. In addition a sum of 40 million rupees is likely to be available from the Shipping Development Fund and the shipping companies are expected to contribute 70 million rupees from their own resources. A little more than one half of the total amount is proposed to be spent in the private sector and the balance on the programmes of the two Corporations in the public sector. It is expected that about 57 ships with a tonnage of 375,000 G.R.T. will be required during the Plan period.

It is expected that the capacity of major ports by the end of the Third Plan will be 49 million tons. Two important schemes have been included in the Plan with a view to the maintenance and preservation of the Calcutta Port, namely the construction of an ancillary port at Haldia and the construction of a barrage on the river Ganga at Farakka. At Haldia which will be located 56 miles downstream from Calcutta, it is proposed to provide facilities for handling bulk cargo such as coal, iron ore and foodgrains, and also for lightening of general cargo vessels. The programme for the Calcutta Port also provides among other schemes, for training works for improving the Balari Channel. The programme for the Bombay Port includes provision for the dredging of the main harbour channel, modernisation of the Princes and Victoria Docks and expansion of the Ballard Pier, etc.

At Madras provision is made for additional ore and coal yards and mechanical equipment for handling iron ore. The programme for Vishakhapatnam provides for the completion of the additional four berth scheme at the ore-leading installations at the port. At Kandla provision is made, among other schemes, for the completion of two additional berths. The programme for the development of major ports also includes two projects for the upgrading of two minor ports into all weather ports, viz., Tuticorin and Mangalore.

Education.- By the end of third Plan the total number of students in schools is expected to go up by 20.4 million (from 43.54 millions to 63.95 millions), 15.3 million in the age group six to eleven, 3.5 million in the age group 11 to 14 and 1.6 million in the age-group 14 to 17.

To cope with the increased number of students the Plan envisages a rise in the number of primary schools by 73,000, of middle schools by 18,100 and of high schools by 5,200. The total number of schools in the country will go up to 494,500, 24 per cent more than at the end of the second Plan.

As result of the more intensive programmes proposed for the third Plan, the proportion of trained teachers is expected to rise to about 75 per cent.

The Plan envisages an increase of 400,000 students at the university stage (from 900,000 to 1,300,000) of whom 60 per cent would be pursuing science courses.

The total outlay on education would be 5,600 million rupees as against 2,560 million rupees in the second Plan. While the outlay on elementary education has been increased from 41.9 per cent in the second Plan to 50 per cent in the third, that on secondary education has been reduced from 23.1 per cent to 21.1 per cent and on university education from 21.6 to 19.6 per cent.

An additional sum of 790 million rupees is expected to be made available under the community development programme and the programme for the welfare of backward classes for general education.

Health.- A provision of 3,420 million rupees has been made in the third Plan for health and family planning programmes as against 1,400 million rupees and 2,250 million rupees in the first and second Plans respectively.

The Plan lays increased emphasis on preventive public health services. As in the second Plan, specific programmes have been drawn up for improvement of environmental sanitation, specially rural and urban water supply, control of communicable diseases, organisation of institutional facilities for providing health services and for training of medical and health personnel. High priority has also been accorded to family planning for which 500 million rupees have been earmarked.

The report records substantial progress in various health programmes. There has been a marked decline in the incidence in malaria. Considerable progress has also been made in controlling other communicable diseases like filaria, tuberculosis and venereal diseases. The number of hospitals and dispensaries has increased from 8,600 in 1950-51 to 12,600 in 1960-61, and of beds from 113,000 to 185,000. About 664 schemes of urban water supply and drainage entailing at a total cost of 1,120 million rupees have either been completed or in progress.

According to the report, there has been a steady improvement in the health of the population. This is indicated by the following table:-

Birth rates, death rates and expectation of life - 1941-1961

Period	Birth rate	Death rate	Rate		Life at Birth	
			Male	Female	Male	Female
1941-51 --	39.9	27.4	190.0	175.0	32.45	31.66
1951-56 --	41.7	25.9	161.4	146.7	37.76	37.49
1956-61 --	40.7	21.6	142.3	127.9	41.68	42.06

Housing. Broadly, in the course of the third Plan, under various housing schemes and the construction programmes of Ministries, 900,000 houses might be constructed as compared to about 500,000 in the second Plan.

For housing and urban development programmes, the Plan provides 1,420 million rupees as against the revised outlay of 840 million rupees in the second Plan. In addition, funds for housing are also expected to be provided by the Life Insurance Corporation whose contribution is expected at about 600 million rupees. The distribution for the outlay of the various schemes in the third Plan is as follows:-

(In Million Rupees outlay)

## (i) Ministry of Works, Housing and Supply:-

Subsidised industrial housing	---	298
Back labour housing	---	20
Slum clearance	---	286
Low income group housing	---	352
Middle income group housing in Union Territories.	---	25
Village housing	---	127
Plantation labour housing	---	7
Land acquisition and development	---	95
Provision for experimental housing, research and statistics.	---	10
Total.	---	1,220

## (ii) Other Schemes:-

States' housing schemes	---	23
Town planning	---	54
Urban development scheme	---	123
Total	---	200
Programmes included in (i and ii)	---	1,420

## (iii) Programmes to be financed from the funds expected to be provided by the Life

Insurance Corporation	---	600
Grand Total	---	600

The following are the main targets proposed for the Third Plan:-

<u>Targets in Third Plan</u>		<u>Number of houses tenements.</u>
Subsidised industrial housing	---	73,000
Low income group housing	---	75,000
Slum clearance	---	100,000
Village housing	---	125,000

Besides the provision for housing there are certain additional housing programmes financed from other sources. The coal and mica welfare funds are expected to provide in the third Plan about 140 million rupees for the construction of 60,000 houses. The programme for the welfare of backward classes, include allotments for housing. Tentative estimates of the Ministries of Railways, Communications, Commerce and Industry, and others suggest that over the Plan period they may build about 30,000 houses for their employees at an approximate cost of 2,000 million rupees.

In the private sector there has been an increasing amount of construction, but it is difficult to estimate its precise magnitude. The net investment on housing and other private construction which was recorded at 9,000 million rupees in the first Plan, is estimated at about 10,000 million rupees in the second Plan. In the third Plan private investment on housing and other construction is placed at about 11,250 million rupees.

As finance provided directly by the Government can meet only a fraction of the demand for housing, it is proposed to set up a Central Housing Board which will channel additional funds into housing, encourage the flow of credit on easy terms by means of insured mortgages, improve lending practices and provide the machinery needed for the creation of sound mortgage market in housing.

(The Sections of the Plan on labour policy is reviewed separately in Chapter 1, Section 11, pp. 1-4 of this report).

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35. Productivity.

India - August 1961.

U.P.: Agreement on Arbitrator for Rationalisation in  
Textile Industry.

An agreement between the textile workers' unions in Kanpur and the millowners has been signed accepting former Chief Minister Shri Sampurnanand as arbitrator on rationalisation in the Kanpur textile mills.

Shrimathi Sucheta Kripalani, Labour Minister, told newsmen that the cost of the rationalisation schemes would be between 1.1 million rupees and 1.2 million rupees. It would affect nearly 42,000 textile workers.

In July last Shri Sampurnanand had given his consent to arbitrate provided the Government did not modify his award. To this the Government is understood to have agreed.

In July last year a tripartite conference was also held at Naini Tal where the employers, while agreeing to implement the Central Wage Board's decisions on wage increase, had urged that decisions on its other recommendations, including those on rationalisation, should also be taken. At that time, both the representatives of workers and the employers had decided to the arbitration of Shri Sampurnanand.

(The Hindustan Times, 17 August 1961).

36. Wages.

India - August 1961.

Wage Movements Since Independence.

An article by Shri B.N. Datar, Labour and Employment Adviser, Ministry of Labour and Employment, Government of India, and Director, Labour and Employment Division of the Planning Commission, in the Economic Weekly, Special Number (July 1961), reviews wage movements in India since Independence and their implications. This article is a slightly modified version of a paper submitted by the author to the Income Distribution Committee.

Evolution of Wage policy.- There has been a gradual evolution of India's wage policy since Independence. Government in its statement of Industrial Policy issued on 6 April 1948, inter alia, included two items which had a bearing on wages:

- (1) statutory fixation of a minimum wage in sweated industries, and
- (2) promotion of fair wage agreements in more organised ones.

In pursuance of the first objective, the Minimum Wages Act was passed in 1948, covering agriculture and 12 other industries. For the second, the Government appointed a Committee on Fair Wages, a tripartite body, to evolve principles for the determination of fair wages.

In conformity with the socialist pattern of society, the wage policy in the First and Second Plans was given a direction which, while not advocating a wage rise, permitted wage increases warranted by productivity improvements and in case where the wage level was particularly depressed, even allowed some small increases irrespective of productivity. During these years, there was a considerable increase in the extent of labour organisation. Some of the welfare measures outlined in the Statement of Labour Policy after Independence were also undertaken statutorily either by the Central or State Governments.

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In view of these measures, it is held in some quarters that labour is now enjoying a privileged position, that it has appropriated to itself a larger share of the national income than is its due and that, in terms of the work of the Income Distribution Committee, it is a class which could be included in 'above the average' category. The following paragraphs briefly examine how far, if at all, the above view is substantiated by facts.

For a periodic assessment of labour's share in factory output and in national income, adequate data are not available. Such data on wages as are available are not up-to-date and there are wide gaps in coverage. The main source of information on earnings of factory workers are the returns received under the Payment of Wages Act, the Census of Manufacturing Industries (CMI) and the Sample Survey of Manufacturing Industries (SSMI). The first gives figures of earnings only and no data are available of the output of the industrial units to which the earnings relate. The SSMI data which give many details are available with a long time-lag (the latest published material relates to 1953). Therefore, the best estimate that one can make on wage increase is by reference to statistics in 'Census of Manufacturing Industries'. There is a fairly close correspondence between the results of the SSMI and the CMI with regard to the characteristics under study in the note and the conclusions reached from the two do not appear to differ significantly. CMI is restricted to 29 organised industries and its reports suffer from such limitation as difference in coverage in different years, restricted definition of workers, etc. Subject to these limitations, an attempt is made below to show from CMI data how the share of labour in the national income has behaved over the years 1948-1958.

Share of Wages.- The table below brings together the total national income at constant prices, the contribution of factory establishments, the share of wages and salaries in the net value added by the industries covered by the CMI, etc., together with estimates of the share of organised industrial labour in the national income.

(Please see the table on the next page)

1948 1949 1950 1951 1952 1953 1954 1955 1956 1957 1958

1) National income at constant(1948-49) prices.	86.5	88.2	88.5	91.0	94.6	100.3	102.8	104.8	110.0	108.9	116.9
2) Share of factory establishments (in Rs.1000 million).	55	54	54	55	59	65	70	76	83	85	86
3) Contribution of industries covered by CMI to National Income(Rs.1000 million).	31.7	27.3	28.4	34.7	31.5	33.4	37.3	41.9	46.9	46.8	46.4
4) Wages and benefits covered by CMI.	1.39	1.48	1.39	1.56	1.66	1.69	1.76	1.84	2.03	2.12	1.95
5) (4) as % (3) . Average.	43.8	54.2	48.9	45.0	52.7	50.6	47.2	43.9	43.3	45.3	42.0
		3.32				47.9				43.5	
6) Percentage share of organised labour in National Income. Average.	2.78	3.32	3.31	2.72	3.29	3.28	3.21	3.21	3.27	3.54	3.09
		3.14				3.14				3.30	

It will be seen from this table that the share of wages and salaries of workers in the net value added by the industries covered by the CMI shows a tendency to decline. It declined from 49.0 per cent in 1948-50 to 47.9 per cent in 1951-55 and to 43.5 per cent in 1956-58. The percentage share of the organised industrial labour in national income, however, has remained more or less steady at about 3.14 per cent during the years 1948 to 1955 and spurted a little to 3.30 per cent during 1956-58. This spurt was mainly due to the drop in national income in 1957 following a fall in agricultural output. Industrial output, therefore, got a greater weightage in that year and so did its wage component. Barring 1957, however, the share of organised labour in the national income had remained more or less constant during the period under study. This is particularly significant against expansion of wage-paid employment due to the progress of industrialisation and the increasing share of factory establishments in the total national income.

In interpreting these figures, a certain amount of caution should be exercised to avoid any misleading inferences. The figures of percentage share of organised labour in the national income are intended to indicate at best only the trend. For any one year, the percentage share worked out is likely to be an overestimate. This is because it has been assumed that the share of workers in the net value added in respect of 29 industries covered by the CMI applies to all factory establishments. Labour in the industries covered by the CMI being better organised, wages in these industries and their relative share are likely to be higher. The difference in coverage from year to year due to 'non-response' is likely to introduce some variations in final conclusions, the nature of which, however, cannot be determined.

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Real Earnings and Productivity.— For an appraisal of the lot of the industrial workers, it will be necessary to examine the behaviour of real earnings of the workers vis-a-vis their contribution to production. The year of Independence coincided with the considerable labour unrest in the country. During the War and post-War years, the real wages index of industrial workers had gone down and touched the low figure of 80.5 in 1947 (1953 = 100), 1953 has been taken as the base year because that was the year when the pre-War standard was more or less regained. As a result of the Minimum Wages Act passed in 1948, the impact of the first Pay Commission on the industrial wage structure, the standardisation of wages in a number of industries in the period 1947-50, etc., the index of real wages (1953 = 100) rose to 92.6 in 1951. The deliberate policy of restoring the pre-War real wage level followed in the First Plan period led to a further increase of about 13 to 14 per cent in real wages during 1951-56. (This was due more to a fall in prices than to rise in money earnings.)

The CMI figures show that over the period 1947 to 1958 real wage (including all benefits) per worker increased by 27 per cent. This was in the organised sector; the percentage increase for industrial workers as a whole was likely to be lower. The major part of the increase took place in the years immediately following Independence and during the First Five Year Plan when the declared policy of the Government was to reach the pre-War real wage standards. Moreover, the entire increase of 27 per cent in real wage was not available for consumption by workers. If allowance is made for contributions to provident fund and Employees' State Insurance Scheme, which are deducted at source, the increase in total wage available for consumption to the working class would be much less.

In the last five years, i.e., for the period of the Second Plan, barring a few exceptions like coal, and iron and steel and now textiles, cement and sugar, the only wage increases that have taken place are those for neutralising the rise in the cost of living. The proportion of workers whose wages are linked to cost of living index, however, is not high. The system which is most widely prevalent is that of payment of dearness allowance at a uniform rate to all employees, without any reference to cost of living index. This system is adopted because of its simplicity, the greater relief which it gives to those in lower wage groups and also because there are no reliable cost of living indices in many places. Even where wages are linked to cost of living indices, price changes are not offset fully. The neutralisation varies between 75 per cent to 100 per cent in the case of lowest-paid workers in different industries. In relation to average earnings, the degree of neutralisation percentage is much lower. Dearness allowance never fully offsets rise in prices and the purchasing power of workers' total earnings tend to decline. In the industries where dearness allowance is not linked with cost of living, the extent of neutralisation is naturally lower.

The flat rate system of dearness allowance to different categories of workers has reached a point where the wage differentials between skilled and unskilled workers have tended to narrow down. This would lead to a greater fall in the standard of living of skilled workers vis-a-vis unskilled. The workers' representatives have voiced their objection to the narrowing down of these differentials, and have recently demanded that the real earnings of no category of workers should decline. In view of this demand, and the demand for a 25 percent wage increase made by all sections of the trade union movement in 1957, Government should feel satisfied that wages have well been held in check in the larger interest of the community.

As a matter of fact, whatever might have been the experience in other countries, in India wages have always tended to lag behind prices. The Indian worker has borne patiently a fall in his standard of living resulting from rising prices. Only when there has been a steep rise in the price level and a sharp fall in his real income has he clamoured for a wage rise. This is a point which can be established by looking to the history of Indian labour movement in the last fifty years. For example, the question of paying Dearness Allowance to workers in organised industries arose only when prices rose sharply during the first World War. When recession followed, this allowance was either substantially reduced or the basic pay was readjusted downwards. There was again a clamour for wage increases only after substantial price increase during the Second World War.

As against these, one may compare the indices of productivity and real earnings of workers. During the eleven years from 1947 to 1958, the index of gross output per worker rose by 53 per cent while that of real earnings per worker rose by only 27 per cent as the following table indicates:-

(Table on the next page)

	1947	1953	1958	Percentage increase in 1958 over 1947.
Exfactory value of products and by-products manufactured and work done for consumers etc.(in Rs.millions).	7436.105	11213.270	16118.360	
Wholesale price index of manufactured articles.	276.6	367.0	388	
Wholesale price index converted 1953 = 100.	75.4	100	105.7	
Deflated value of output at constant (1953) prices.	98622.08	1121132.70	152491.6	
Index of output on 1953 = 100. (in Million rupees).	8.80	10.0	13.60	
No. of 'workers' employed (workers as defined in Factories Act).	1487464	1464558	1501169	
Index of employment 'workers'.	101.6	100	102.5	
Index of Productivity(row 5/row 7).	86.6	100	132.7	53
Total earnings* of workers including benefits(other benefits distributed between workers and non-workers in the ratio of their total wages and salaries (Million Rupees)).	1133.5	1687.6	1945.2	
Earnings* per 'worker' Rs.	762.0	1152.3	1296	
Index of earnings.	66.1	100	112.5	
All India consumer price index (1953 = 100).	82.1	100	109.6	
Index of real earnings.	80.5	100	102.6	27
Total earnings* of other than workers' (Rs. in Million).	224.1	1363.3	567.5	
Earnings* per 'other than worker' Rs.	1534	2318	2744	
The earnings of workers as a % of total output i.e. ex-factory value.	15.2	15.1	12.1	- 3.2
The earnings of other than workers as a % of total output, i.e. exfactory value.	3.0	3.2	3.5	+ 0.5

\* Earnings are annual.

The index of gross output per worker has shown a consistent rise since 1953, while that of real earnings has steadily declined during 1956, 1957 and 1958 from what they were in 1955. They are expected to decline further in 1959. It will thus be seen that real earnings of workers have so far kept a respectable distance behind productivity rise.

Prices rise because of a number of factors. The one with which we are concerned here is the effect of increased wages on prices of manufactured commodities. Here again, the analysis of the Census of Manufacturing Industries will show that since 1947 the proportion of wages and salaries to gross output has gone down from 18.2 per cent in 1947 to 15.7 per cent in 1958. If wages and salaries of persons other than workers in industrial establishments are excluded from the total wages and salaries bill, the share of wages in total output shows a decrease from 15.2 per cent in 1947 to 12.0 per cent in 1958. In this connection, it may be of interest to note how the shares of different elements of cost, e.g. fuels, electricity, raw materials, etc., in the total cost of production have varied. For all industries put together as well as for some important ones, it is generally the share of raw materials which has gone up in recent years, while the share of wages and salaries has declined.

Conclusions.- It will thus be seen that since Independence:

- (i) The share of organised industrial labour in national income has remained more or less constant, in spite of expanding wage-paid employment and greater share of factory establishments in the total output;
- (ii) While average real earnings have gone up to some extent, they have not outstripped productivity; and
- (iii) Wages have not been a significant factor in price increases as is often made out.

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38. Housing.

India - August 1961.

Maharashtra: Hostels to be Built for Working Women.

The Government of Maharashtra is promoting the construction of hostels by voluntary agencies for the use of working women. Accordingly it has decided to give building grants for constructing such hostels up to a maximum of 50 per cent of the total expenditure or 20,000 rupees whichever is less.

Grants for the purchase of equipment will also be sanctioned upto a maximum of 50 per cent of the total cost or 2,500 rupees, whichever is less. The voluntary bodies will also be eligible to receive grant-in-aid to the extent of 50 per cent of the recurring expenditure less the amount recovered from the inmates subject to a maximum of 15 rupees per month per inmate.

Under the rules framed by the Government for the purpose, working women between the age group 18 and 35 will ordinarily be admitted to these hostels. Their income should not exceed 150 rupees per month.

In cities and big towns, the problem of housing has become very acute. Many working women, even if they are able to earn enough for their living, are compelled to spend a large portion of their earnings on accommodation, which is neither adequate nor congenial. These women need shelter and protection in congenial atmosphere like that of a hostel.

(Labour Gazette, Vol.XL, No.9,  
May 1961, p.937 )

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

INDIA - AUGUST 1961.

41. Agriculture.

Southern States Tripartite Conference on Common Wage Scale  
in Plantations: No Agreement Reached.

A tripartite conference to discuss the question of evolving a common wage scale in plantations in the three Southern States of Madras, Mysore and Kerala was held in Trivandrum on 30 August 1961. The conference was attended by representatives of employers and employees in the plantation industry and representatives of the Governments of Madras, Mysore and Kerala including the Labour Ministers of the three States.

Background.- The conference was convened to explore the possibility of evolving a common wage structure in the plantation industry in the three States. In all the States in the South, the existing wage agreements had expired and new wage agreements had to be negotiated. In view of the fact that the finalisation of the report of the wage boards for plantations appointed by the Central Government and the implementation of that report might take some time, the idea was mooted that a negotiated settlement for the southern States, if arrived at, could be implemented quickly.

Proceedings.- Inaugurating the conference, Shri V.V. Giri, Governor of Kerala, described it as "a unique and pioneering experiment" and told the delegates that the people, leaders and those engaged in other industries in every part of the country, were looking forward to the success of the conference. He added that if the conference proved fruitful, "it will set the beginning and assist us in providing ideal working conditions and make strike and strife a thing of the past".

Representatives of the Governments met the representatives of labour and employers separately to ascertain their views on the matter. While the INTUC representatives from Madras and Kerala wanted a negotiated settlement "if it would be fair and reasonable and linked to the cost of living index", the AITUC representatives were prepared to accept an interim agreement for a period of two or three years pending the recommendations of the wage board constituted by the Central Government. The labour representatives of Mysore were unanimous in preferring a negotiated settlement.

The employers were of the view that their efforts would not be fruitful unless they were assured that a negotiated settlement would be accepted by the Labour Ministry and the Wage Board. They were not in favour of any interim settlement.

The AITUC representative, however, agreed to consult his constituent units and on their concurrence to take up the question of long-term settlement again through the respective Governments. Employers also wanted some more time to consult their constituents.

Shri Vaikunta Baliga, Mysore Minister for Labour, who thanked the Kerala Government for playing host, also expressed the hope "that the door was still open for further negotiations", on the matter.

Thus, the consensus of opinion at the tripartite conference on plantation industry in South India was not in favour of any negotiated settlement on the question of a common structure of wages for workers in the industry in the region. The Estate Staff Union of South India representing the staff, however, welcomed the prospects of such a settlement wholeheartedly.

(Deccan Herald, 30 and 31 August 1961).

Report on the Working of the Tea Districts Emigrant Labour Act (XXII of 1932) for the Year 1959.

The following is a brief review of the Annual Report on the working of the Tea Districts Emigrant Labour Act (XXII of 1932) for the year ending 30 September 1959\*, published by the Ministry of Labour and Employment.

Labour on Tea Estates.- The working population living on tea estates was 287,635 at the end of the year under report. Of these 142,037 were men, 125,308 women and 20,290 minors. The mean annual strength of the labour force was calculated at 290,426. Dependants of the workers who formed the non-working population were reported to be 356,275 at the end of the year. A total of 25,189 workers (men, women and minors) entered into employment (accession) against 28,558 workers (men, women and minors) who went out of employment (separation). Of the 25,189 workers added to the labour force only 4,984 were brought from outside the State through authorised channels.

Wages.- In Assam Valley, the average monthly cash earnings of men, women and minors living on tea estates (resident) were Rs.45.45 nP., Rs.38.76 nP. and Rs.23.28 nP. respectively. Similarly in the Surma Valley the corresponding figures were Rs.30.24 nP., Rs.27.38 nP. and Rs.18.70 nP. respectively. The average monthly cash earnings of Faltu or Busti (casual) labourers in the Assam Valley gardens were Rs. 32.36 nP., Rs.31.47 nP. and Rs.19.68 nP. for men, women and minors respectively. In the Surma Valley, the corresponding figures were Rs.25.41 nP., Rs.20.89 nP. and Rs.12.27 nP. respectively. Last year the corresponding figures for workers (resident) on tea estates were Rs. 49.29 nP., Rs.41.92 nP. and Rs. 24.78 nP. respectively in the Assam Valley and Rs.38.43 nP., Rs. 26.86 nP. and Rs. 14.37 nP. respectively in the Surma Valley and those of Faltu and or Busti (casual) workers in the Assam Valley were Rs. 40.98 nP., Rs.34.74 nP. and Rs. 21.59 nP. respectively and Rs. 23.88 nP., Rs.18.24 nP. and Rs.13.07 nP. respectively in the Surma Valley. Average cash earnings of both the categories workers recorded a slight fall, though the wage level remained constant. The reason can be attributed to the fact that no prosperity bonus was paid during the period under review.

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\* Annual Report on the Working of the Tea Districts Emigrant Labour Act (Act XXII) of 1932 for the year ending the 30th September 1959 by P.C. Rai, Controller of Emigrant Labour, Shillong, 1961; pp. 62, price Rs.1.85 nP.

Resident workers were given cultivable paddy lands within the garden grant at a nominal rent. Certain gardens also gave it free of rent. Lands belonging to Government, tea estates and other private land-holders under paddy cultivation by tea estate workers were 6,895, 76,760 and 3,331 acres respectively. The average rent per acre of these Government land, garden land and that owned by other land-holders were Rs. 2.38 nP., Rs. 1.28 nP. and Rs. 8.46 nP. respectively. Besides, they had the facilities of free fire-wood and free grazing for their cattle. Tea workers during their leisure periods engaged themselves in subsidiary occupations for supplementing their income. Tea workers, having come from agricultural classes were rather enthusiastic for paddy cultivation. Other subsidiary gainful occupations like cattle farming and kitchen gardening were also quite popular among plantation workers. The table below gives the percentage of absenteeism among settled and casual tea estate workers during the year under review as compared with those of the previous year:-

	Total No. of workers on books.	Average daily working strength.	Percentage of absent- eeism.
<b>Resident Workers:</b>			
1957-58	--- 348,967	286,846	17.8
1958-59	--- 281,443	230,065	18.3
<b>Casual Workers:</b>			
1957-58	--- 56,884	41,863	26.4
1958-59	--- 44,370	34,662	21.9

Medical and sanitary arrangements recorded further progress. As many as 10 new hospitals were established and improvements and additions were made in about 50 existing hospitals. The total number of hospital beds available on estates stood at 12,163. Besides, facilities of Central Hospitals maintained by large group of tea estates, Mission Hospitals, Medical College Hospital and Civil Hospitals were also available for use of workers. Further improvement in sanitary and water supply arrangements took place.

**Housing.**- All resident labourers were provided with free quarters. Kutchas houses with mud-plinth and mud-plastered split-bamboo wall and thatch-roof were the common spectacle in tea estates, though a phased programme of replacing 8 per cent of the existing kutchas houses annually by approved type pucca or semi-pucca houses existed. Less prosperous estates were allowed to build kutchas type houses. The table below shows the progress made in building new houses in one year:-

	Pucca	Semi-pucca	Kutchha	Total
No. of new houses provided.	6,809	172	2,836	9,817
No. of houses provided by adaptation of old houses.	4,747	1,824	120	6,691
Total.	11,556	1,996	2,956	16,508

The emigrant labourers generally made savings during their stay in Assam. Four thousand one hundred and seventy-three workers in the course of repatriation deposited their savings with the manager of tea estates or the forwarding agent of the terminal transit depots for subsequent repayment in recruiting districts. A total of Rs. 773,215.00nP. was deposited by repatriating workers at the terminal forwarding agencies but Rs. 1,260,482.16nP. was paid to these workers at the depots in the recruiting districts and the difference of Rs. 487,267.16nP. was the amount deposited on tea estates for subsequent repayment. The Assam Tea Plantation Provident Fund Scheme continued to be in force and larger number of tea estates were covered.

The Indian National Trade Union Congress continued to be the only major organisation for tea garden labour. According to the report of the Director of Statistics, Assam, there were 13 strikes during the year involving 7,365 workers. Mandays lost were 55,701. All the strikes were settled amicably or through the mediation of the officers of the State Government. Generally labour relations continued to be harmonious.

Recruitment.— As in the previous year, recruitment was mainly carried out through the agency of two depots of licensed Local Forwarding Agents at Ranchi. The Tea Districts Labour Association and Messrs. Assam Frontier and Budla Beta Tea Co. Ltd., maintained one depot each. These two organisations together recruited 4,620 assisted emigrant labourers along with 2,056 minors and dependants. Tea Districts Labour Association was the bigger organisation alone accounting for 96 per cent of the total recruitment of assisted emigrant labourers.

Statewise distribution of workers emigrating into Assam was as below:—

	Adult workers.	Minor and other dependants.
Bihar	4,019	1,728
Madhya Pradesh	934	336
Orissa	31	19
	4,984	2,083

Tea industry still requires emigrant workers whose output is reported to be very good. Some Unions demanded employment of local labourers, commonly termed as surplus labour but due to the immobility and in capacity to give output equivalent to an emigrant worker these workers could not find employment even though big construction projects are now in progress in Assam and workers had to be imported. There is still demand for able-bodied imported workers to make industry and Five Year Plans a success as local labourers do not seem to be inclined to undertake hard and strenuous jobs.

Forwarding.- The Tea District Labour Association continued forwarding of emigrant labourers to Assam. Seven thousand and sixtyseven persons were forwarded to Assam in accordance with the provisions of the Tea Districts Emigrant Labour Act and the Rules framed thereunder. The prescribed forwarding routes and the system of forwarding remained same as in the previous years. There were 7 transit depots located at reasonable intervals on the prescribed routes for rest, feeding and medical care of assisted emigrants and their families. As required under Rule 35 of the Tea Districts Emigrant Labour Rules all assisted emigrants were detained once every 24 hours for cooked meals and once again every 48 hours for at least 9 hours' rest for feeding at transit depots. All recruits over the age of 4 years were inoculated against cholera and were vaccinated against small-pox, before despatch from recruiting States. The total number of sickness in transit was 72 as against 188 in the previous year. Of these, 29 were adults, 14 children and 29 infants. There were 7 cases of malaria, 12 diarrhoea, 1 of dysentery, 1 of measles, 2 of bronchopneumonia, 3 of chicken-pox and 46 of other causes. There were only 5 deaths as against 9 in the last year.

Emigration Certificates.- The Central Government fixed rupees eight as the rate of Emigrant Labour Cess to be levied in respect of entry into Assam of each assisted emigrant under Section 5 of the Tea Districts Emigrant Labour Act during the year under report. Under Rule 9 and 10 of the Tea Districts Emigrant Labour Rules, emigrant labour cess is collected by sale of stamped emigration certificates.

Repatriation.- During the year under report 27,892 emigrant labourers and members of their families were sent back home at employers' cost, as against 28,403 of the previous year. Twenty thousand seven hundred and thirty emigrants and members of their families were repatriated through the Tea Districts Labour Association.

Finance.- The year opened with a cash balance of Rs. 19,963.29 nP. The total receipts during the year were Rs. 186,737.16 nP., which included Rs. 120,000.00 nP. received on account of maturity of securities, Rs. 11,586.00 nP. received on account of subscriptions and employers' share of contribution to Contributory Provident Fund and recovery of advances from Contributory Provident Fund, Rs. 11,133.54 nP. was received on account of interest on investments and emigrant labour cess yielded Rs. 42,576.00 nP.

The total expenditure was Rs. 66,133.01 nP. against the budget grant of Rs. 75,600.00 nP. Therefore, there was a saving of Rs. 9,466.99 nP. The budget estimates themselves were very conservative, yet strict economy measures adopted in the levels of expenditure resulted in the above saving.

The year closed with a cash balance of Rs. 140,567.44 nP.

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U.P.: Working of the Plantation Labour Act, 1951,  
for the Year 1959.

The Plantations Labour Act, 1951, received the assent of the President on 2 November 1951, but its enforcement remained pending owing to sudden slump in the industry during the year 1951-52 and subsequently the Act was enforced with effect from 1 April 1954 in the Uttar Pradesh. The Act applies to any land used or intended to be used for growing tea, coffee, rubber or cinchona which measures twenty five acres or more and where on thirty or more persons are employed, or were employed on any day of the preceding twelve months.

According to the Annual Report on the Working of the Plantations Labour Act, 1951, in the State of for the year 1959\*, there was a round decrease in the figures of employment and also in the number of plantations. This decrease can be attributed to the growing tendency among the employers to reduce the strength of workers and acreage of plantations and thus save themselves from the clutches of law. The following table gives the actual figures of employment during the year under report:-

Total No. of plantations at the beginning of 1959	Total No. of plantation submitted returns	Average No. of workers employed daily			
		Adults		Adolescents	
		Men	Women	Male	Female
16	15	821	1,209	14	11

Inspections.- Out of 58 inspections carried out during the year under report, one plantation was visited more than eight times one was visited more than five times and the rest were visited more than twice during 1959 to see as to how far the various provisions of the Act and Rules were found complied with by the employers of the tea plantations. The main breaches, which were detected at the time of the visits were in respect of rules relating to sources of supply of drinking water, medical facilities, maintenance of prescribed forms, provisions of blankets and water-proofs, maternity allowance and maintenance of muster roll and other registers in the plantations. In order to remove these irregularities the employers were ordered in writing by the Inspector concerned to report compliance within certain fixed period. The defaulting employers were prosecuted.

\*Annual Report on the Working of the Plantations Labour Act, 1951, for the year 1959: Superintendent, Printing and Stationery, Uttar Pradesh, Allahabad, 1961. pp.13, price Re.0.50 nP.

Complaints and Prosecutions.— Nine complaints were received from the workers' unions. Out of these 3 complaints related to construction, white-washing and repairing of workers' quarters, 2 for distribution of blankets to workers, 2 for non-payment of maternity allowance to women workers, one for not allowing weekly rest and the remaining one was concerning the vacation of workers' quarters during pendency of the court case. All the complaints were investigated by the Inspector and the action taken on each complaint was intimated to the persons concerned.

During the year under report 13 prosecutions were launched against some tea plantations for contravening the various provisions of the Plantations Labour Act, 1951 and Rules made thereunder. Out of these, 5 prosecutions were launched for contravening the provisions of the rule relating to distribution of blankets to the plantations' workers, free of cost and the remaining 8 cases were launched for the breaches of rules concerning the maternity allowance and maintenance of various Forms and Registers prescribed under the rules.

Medical provisions.— The provisions of rule 23 of the Rules require the employers to provide medical facilities to the plantation workers. The standard of medical facilities as provided in the rules is too much for the smaller plantations of this State. In order to see as to how far these provisions can be enforced in the plantation of this State without effecting the economic conditions of the employers, the question was referred to the Advisory Board for plantation labour housing, constituted under rule 56 of the said Rules, and the recommendations of the Board in this behalf, were confirmed by the State Government.

In view of these recommendations of the Advisory Board they will have to provide a dispensary under a qualified compounder duly visited by a qualified doctor once a week if the employers are employing between 30 to 150 workers. Necessary medicines shall also be provided to the workers free of cost. In case the employment exceeds 150 workers the employers are required to provide medical facilities as per sub-rule 1 of Rule 24 of the U.P. Plantation Labour Rules, 1957. During the year under report, out of 16 plantations, 9 are providing garden dispensary under qualified medical practitioners and 2 are maintaining Garden Hospital and the rest were maintaining the services of part-time doctors with necessary free medicines.

Welfare Provisions.— The question regarding enforcement of the provisions relating to sanitation, accommodation and rules concerning canteen, creches, educational and recreational facilities, which were not enforced along with other rules of U.P. Plantations Labour Rules, 1957, were referred to the Advisory Board for plantation, labour, housing and subsequently the recommendations of the Board were submitted to Government for enforcement. These recommendations were confirmed by Government.

Housing.- The employers of plantations are required to provide accommodation to the workers, employed in the plantations as per the standards and specifications laid down by the Advisory Board for the purpose. The said Board had submitted its recommendations to Government in this behalf and the State Government after careful consideration, notified the standard and specifications of the houses of the plantations workers. The employers were given six months time to construct the houses or modify the existing houses and bring them up to the standard prescribed by the Board.

Sickness and maternity benefits.- Out of 3,432 persons, 1,308 had applied for sickness benefit amounting to Rs.9,890.38nP. and claims in all these cases were paid. Claims of 169 women workers regarding maternity benefit were allowed and Rs.8,312.62nP. were paid.

Leave with wages.- Due to misinterpretation of section 30 of the Act, there was some dissatisfaction among the workers. Before the enforcement of the Act and Rules, the question of leave with wages and sickness leave of the workers was regulated under the Standing Orders. Moreover, the male and female workers of the neighbouring villages of the tea estates did not work for full season and mostly worked during their leisure hours and as such were not entitled for such leave. However, out of 3,527 workers employed during the year under report, 2,032 workers were allowed leave with wages and 176 workers were granted leave for 30 days. The following table contains full details on the subject:-

	Men	Women	Adolescents	Children
1. Employed during the year under report.	1,260	2,116	35	116
2. Granted leave with wages.	919	1,082	9	12
3. Granted leave for 30 days.	73	103	-	-

## 42. Co-operation.

India - August 1961.

### Reserve Bank Survey of Co-operative Urban Banks: Satisfactory Position Reported.

The Reserve Bank of India's report on the survey of urban co-operative banks, which was conducted in 1958-59, states that the general picture of co-operative urban banking as it emerged out of this study was one of a fairly widespread, financially sound, expanding ~~and useful framework of banking~~ and useful framework of banking institutions, which had their own place of importance in the banking structure of a large part of the country.

The report, in pursuance of a recommendation made at the first Bombay State Co-operative Urban Banks' conference held in Bombay four years ago, said that the development was found to be uneven, as in certain States they had not made much headway. But with the rapid pace of economic development and industrialisation in the country, the need for expansion of banking facilities was bound to be keenly felt in urban centres in the near future and urban banks would be required to cater to the credit needs of the urban people to an increasing extent.

The survey covered a representative sample of 93 urban banks in ten States and one Union Territory and also a sample of both industrialist and non-industrialist members of each of these banks.

Measures for development.- Because of the significant contribution which the urban co-operative structure can make to the development to a sound and satisfactory co-operative banking system, positive efforts are called for rapid promotion and development of urban banks and full utilisation of their potentialities. Some of the directions in which this may be done are:

- (1) An assessment may be made of the scope for the establishment of urban banks in new centres.
- (2) Active efforts may be made by the management of urban banks to expand their membership, diversify their activities, and offer a wider range of facilities to their members.

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(3) In their loan policy, the urban banks should adopt a sufficiently wide and diversified system of lending to suit the needs of the different categories of members.

(4) The working of urban banks should be placed on sound and efficient lines by reducing emphasis on trading activities, by the toning up of accounting and operational efficiency and by reduction and avoidance of overdues.

(5) There should be a continuous building up of member-relations.

(6) The banks should be better housed in order to enhance their popularity and promote public confidence in them.

(7) State Governments should ensure adequate arrangements for audit, inspection and supervision of the banks, and where necessary, extend special facilities and aids to them, such as those recommended by the Sub-Committee set up by the Small-Scale Industries Board in 1956 and by the seminar held at Hyderabad in 1959.

The report observes: "The development of urban banks cannot take place either entirely or mainly on the initiative of the State Governments. The banks themselves should adopt a progressive attitude and make arrangements to examine their own problems, pool their experience and help each other in various ways".

Membership and Funds of Banks.- The report says: "It was found that though the average membership of the urban banks had risen by about 20 per cent during the three year period 1955-56 to 1957-58, such members constituted only five to 15 per cent of the population in the area of operations of the banks. There is thus considerable scope for increasing the membership of the banks. Further, a majority (57 per cent) of the members of the banks was engaged in 'trade' and 'profession and service' and only a small proportion (8 per cent) of the members was engaged in 'industry'."

The average working capital of the banks worked out to 555,000 rupees, of which owned funds constituted 22 per cent deposits 71 per cent and borrowings from co-operative financing agencies and other sources 7 per cent. Urban banks in Bombay, Madhya Pradesh and West Bengal had sizable proportion of savings deposits, while those in other States had a sizable proportion of fixed deposits. The proportion of current deposits was sizable in Madras and West Bengal. Generally, non-members accounted for a higher proportion of deposits than members. The rates of interest offered by the banks on deposits were found to be on par with the rates offered by commercial banks in most States.

The financial accommodation granted by the banks were predominantly in the form of fixed loans. Short-term loans advanced by the banks studied during the survey accounted for about 78 per cent of their total loans. Medium-term loans were predominant only in the States of Assam, Madhya Pradesh and Orissa. None of the banks reported long-term loans.

Loans against personal security formed 48 per cent of the total loans while those against merchandise, bullion and real estate individually formed less than 20 per cent. Assam, Bombay, and Mysore accounted for a large part of the loans against personal security while Andhra Pradesh, Madhya Pradesh, Orissa and West Bengal had a considerable proportion of loans against real estate. Loans against bullion and ornaments constituted a high percentage in Kerala and Madras and those against merchandise in Punjab and Delhi.

In Andhra Pradesh, Madras, Kerala, Orissa, Madhya Pradesh and Assam, loans for domestic purposes and for repayment of old debts were sizable. Loans for business purposes were predominant only in Bombay, Mysore and Punjab and Delhi. In West Bengal, a major portion of the total loans was for industrial purposes.

Nearly 61 per cent of the total investments of the banks studied during the survey was in Government securities, followed by investments in fixed deposits which constituted 20 per cent of the total.

The average earnings of the banks rose by 26 per cent from 25,400 rupees in 1955-56 to 32,000 rupees in 1957-58. The average earnings were the highest in Bombay at 79,600 rupees and were less than 30,000 rupees in the other States. Parallel to the rise in the average earnings, the average expenses of the banks also rose by 25.5 per cent from 19,600 rupees in 1955-56 to 24,600 rupees in 1957-58. Nevertheless, the average profits of the banks increased from 5,900 rupees in 1955-56 to 7,400 rupees in 1957-58 or by about 25 per cent.

The arrangements for audit of these banks, were found to be adequate in most of the States. The arrangements for supervision were, however, found to be neither adequate nor uniform in the different States. There were the no uniform or systematic arrangements for inspection too.

Most of the urban banks studied during the survey had no buildings of their own. Consequently, arrangements made by them for safe custody of cash were found to be not quite satisfactory.

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The sample of members studied revealed that about 52 per cent of the total borrowings of industrialist members and 70 per cent in the case of non-industrialist members were supplied by urban banks. Almost the whole of the borrowings of industrialist members was for industrial and business purposes while about 70 per cent of the borrowings of non-industrialist members was for business purposes, the balance being for domestic and other purposes. Of the total borrowings of industrialist members, 48 per cent was against personal security, 35 per cent against merchandise and 15 per cent against real estate. The corresponding percentages for non-industrialists were 70, 5 and 13.

As regards the role of urban banks in the financing of small-scale industries, it was found that only in Bombay, Kerala, Madras, Mysore, Punjab and Delhi and West Bengal, loans were granted by the banks for industrial purposes during 1957-58. Further, the industrialist members appeared to rely mostly or wholly on their own resources for their fixed capital investment in industry. While commercial banks played an important part in providing the working capital requirements of industrialist members in Andhra Pradesh, Bombay, Kerala, Madhya Pradesh and Madras, the non-institutional sector, comprising mainly of money-lenders and traders supplied almost the entire working capital requirements of industrialist members in Assam and about 86 per cent in Punjab and Delhi.

Even though urban banks play at present a minor role in the financing of small-scale industries, the fact that they are suitable for catering to the needs of individuals living in urban centres and engaged in a variety of industrial activities has been recognised. The sub-committee of the Small-Scale Industries Board set up in 1956 made detailed recommendations for utilising the medium of urban banks for channelling finance to small-scale industries. These have, however, not been effectively implemented so far. Recommendations have also been made in certain quarters for bringing the urban banks within the orbit of the Reserve Bank finance and also for the extension of the credit guarantee scheme to them. These recommendations deserve early consideration in the interests of the rapid development of the small industries sector of the nation's economy.

(The Hindu, 23 August 1961).

## Chapter 5. Working Conditions and Living Standards.

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

India - August 1961.

#### Welfare of Colliery Workers in Third Plan.

The tripartite Advisory Committee of the Coal Mines Labour Welfare Fund which met in New Delhi in the first week of July, 1961, was presided over by Shri Gulzari Lal Nanda, Union Minister of Labour, Employment and Planning. The Committee approved in principle the Third Five Year Plan of the Fund involving an expenditure of 131.1 million rupees. The Committee also approved the grant of loans and subsidies from the fund to co-operative credit societies and co-operative consumer stores in colliery areas with the object of making alternative sources of cheap credit available to workers for meeting their day-to-day requirements. The Committee also agreed to the setting up of 'open lungs' with small parks, children's corners and playgrounds in the vicinity of workers' houses. The Fund will spend 10,000 rupees at every place where such amenities are provided. The proposal for setting up five 18-bedded regional hospitals, in Chinakuri, Kapuria, Patherdih Girimint and Bhuli in the Raniganj and Jharia Coalfields and a 12-bedded T.B. ward in the Regional Hospital at Tandur (Andhra Pradesh) was also approved. The Committee recommended that domiciliary T.B. treatment in all coalfields should be further extended. A scheme to provide small scale community centres in various coalfields was also sanctioned. Activities of these community centres will include provision of medical facilities, maternity and child welfare, family planning, adult education and recreation.

(Indian Labour Journal, Vol. II, No. 8,  
August 1961, pp. 734-735).

# Chapter 6. General Rights of Workers.

## 63. Individual Contracts of Employment.

India - August 1961.

### Working of Industrial Employment (Standing Orders) Act, 1946 during the Year 1959.

To minimise the friction between the employers and the employees in industrial undertakings the Industrial Employment (Standing Orders) Act, 1946 was enacted by the Government of India. Under the Act, employers are required to frame standing orders defining the conditions of employment in the industrial establishments in precise terms for information of workmen employed therein, so as to remove vagueness about them which is frequently the cause of friction in industrial relations. The Act extends to the whole of Indian Union excepting the State of Jammu and Kashmir and is applicable to all industrial establishments employing 100 or more workers. The Act empowers the appropriate government to extend its scope to any establishments employing less than 100 workers or to any other class or classes of establishments or to exempt any establishment or classes of establishments from any or all the provisions of the Act. The Act is administered by both Central and State Governments. The Central Government is responsible for administering the Act on Railways, Major Ports, Mines, Oil-Fields and other industrial establishments under its control. In respect of undertakings falling within the State Sphere the administration of the Act is the responsibility of the State Governments.

Extensions.- According to the information available in the annual returns furnished by the State Governments, no notification was issued by any State Government extending the application of the Act to any new class of establishment during the year under report except Bombay.

Amendments to the Act and Rules.- The Industrial Employment (Standing Orders) (Bombay Amendments) Act, 1957 was brought into force from 15 January 1959 and the Bombay Industrial Employment (Standing Orders) Rules were also amended in the year, 1959. The Industrial Employment (Standing Orders) Act, will apply to all the Industrial Establishments in the State of Bombay employing 50 or more workmen.

Progress of Certification.- The total number of establishments covered by the Act was 13,901 which employed 3,988,006 workers in the Central and State sphere undertakings. The number of establishments having certified Standing Orders in respect of all or a group of employees was 6,100 or 43.9 per cent of the total establishments, which employed 3,130,652 workers or 78.5 per cent of the total employees in the total establishments covered by the Act at the beginning of the year, and at the end of the year the respective figures were 8,138 or 58.5 per cent of the total establishments which employed 3,355,267 or 84.1 per cent of the total employees in the total establishments covered by the Act. In the State and Central Sphere undertakings the percentages of establishments having certified Standing Orders to the total number of establishments covered by the Act at the beginning of the year were 39.8 and 78.7 respectively, the percentages of workers employed in establishments having Certified Standing Orders to workers employed in covered establishments, were 76.3 and 90.2 respectively. At the end of the year, the total number of establishments having certified Standing Orders for all or a group of employees was 55.6 and 83.9 per cent of the establishments covered in the Central and State Sphere Undertakings and the percentage of the number of employees therein were 81.7 and 97.2 respectively to the employees in the covered establishments. It will thus be seen that the year under review has shown improvement in the certification of Standing Orders in the State and Central Sphere Undertakings.

The salient features regarding the progress in the certification of Standing Orders in different States is discussed briefly in the following paragraphs.

In the State of Bombay at the beginning of the year 286 draft applications were pending and during the year 413 cases for amendments were received. Because of the amendment, all the pending 286 drafts were disposed off uncertified during the year. The 413 cases for amendment remained pending at the end of the year under review.

Thirty six drafts were pending certification in Madras at the beginning of the year and 366 new applications were received during the year. Out of these 402 cases, 70 were certified leaving a balance of 332 applications pending certification at the end of the year.

In West Bengal, out of the 163 total applications, 73 of which were received during the year and 90 of which were brought forward pending from the previous year, 49 draft Standing Orders were certified and the balance undisposed at the end of the year under review was 114 drafts.

In Uttar Pradesh 69 cases were pending at the commencement of the year and 29 fresh cases were received during the year. Out of these 98 drafts, 41 cases were certified and 3 were rejected leaving a balance of 54 cases pending at the end of the year.

In Kerala 331 establishments had certified Standing Orders in respect of all or a group of employees at the beginning of the year, and 44 cases were pending at the commencement of the year. During the year 25 new applications for certification were received. Four draft Standing Orders were certified and 31 were rejected, leaving 34 cases still pending at the end of the year.

In Himachal Pradesh and Andaman and Nicobar Islands area, full coverage had been obtained earlier. The progress for certification in the other States was not significant. In Madhya Pradesh the progress has been at a stand still although the coverage in both the number of establishments and in employees, in the State has been least among all the States/areas in the Indian Union.

In the Central Undertakings, 1,448 establishments came within the purview of the Act, 1,139 establishments had certified Standing Orders and 166 drafts were pending at the commencement of the year. During the current year 98 fresh applications were received and 82 drafts, were disposed off, out of these 82 cases 74 were certified and 8 disposed otherwise. The balance at the end of the year was 182 applications.

For the purpose of the Industrial Employment (Standing Orders) Act, 1946, the appropriate government in respect of contractors' establishments under the Railway Administration, C.P.W.D., etc. being the State Government, the latest information available from the Chief Labour Commissioner (Central) is exclusive of such establishments for the year under review, which was previously included.

Applications for Modification and Appeals.- The largest number of applications for modification originated from Bombay. In all 118 applications were received during the year while 95 were pending disposal at the beginning of the year. During the year 104 applications were disposed off leaving a balance of 109 undisposed applications at the close of the year. There were 17 appeals pending at the beginning of the year and 21 more were received during the year. Of these, 28 appeals were disposed off during the year leaving 10 pending at the end of 1959.

(Indian Labour Journal, Vol.II, No.8,  
August 1961, pp. 719-724).

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

India - August 1961.

Working of Fair Wage Clause and the C.P.W.D. Contractors'  
Labour Regulations for the Year 1959.

Enforcement.- The enforcement machinery during the year consisted of 27 conciliation officers, and 98 labour inspectors in addition to 9 labour officers, 5 in Delhi and one each at Calcutta, Madras, Bombay, and Madhopur. These officers were required to make on-the-spot enquiries at the work-sites and report irregularities noticed to the executive engineer concerned for securing rectification thereof by the contractors. The contractors were also directly asked by the inspecting officers to rectify the irregularities and submit compliance reports to them.

There were as many as 5,796 contractors' establishments during the year 1959 as against 3,247 in the preceding year. The average daily number of workers employed in these establishments was 33,141 as against 27,246 in 1958. Of the 5,996 establishments 1,502 were inspected by the labour officers and 505 by the officers of the Central industrial relations machinery during the year under review as against 1,022 and 475 respectively inspected by labour officers and officers of Central industrial relations machinery during the previous year. The inspections covered 34 per cent of the total number of establishments during the year as against 31 per cent during the previous year. The total inspections made during the year were 3,296 as against 2,254 in the previous year. These figures clearly indicate a substantial increase in the total number of inspections made and total number of contractors' establishments covered during the year as compared to the previous year.

As many as 5,932 irregularities were detected during the year under review as against 4,655 during the previous year. The largest number of irregularities i.e., 1,202 related to non-display of notices concerning wage rates and hours of work which accounted for about 20 per cent, of the total irregularities. The next in order were non-display of acts and omissions for which fines could be imposed (691), non-maintenance of fine-register (643), non-maintenance of wage register (623), non-maintenance of register of deductions (541), non-submission of returns (530), non-maintenance of wage shifts (496), non-payment of wages (226), and irregular deductions from wages (55). The irregularities relating to delay in payment of wages dropped down from 215 in the previous year to 143 during the year while those relating to non-payment of wages decreased from 331 to 226. Of the total irregularities noticed 3,622 (61 per cent) were rectified during the year. The corresponding percentage for the previous year was also the same.

The inspecting officers got the minor irregularities rectified by persuasion through the Executive Engineers, who while instructing the contractors in this behalf, also asked their sub divisional officers to ensure compliance with the same.

During the year, twenty appeals were filed by the contractors before the regional commissioners and six appeals were already pending at the beginning of the year. Seventeen of these 26 appeals were disposed of by the regional commissioners during the year.

The inspecting officers investigated cases of non-payment and of short payment of wages and submitted their reports to the Executive Engineers specifying the amounts to be withheld from the contractors' bills on this account. As a precautionary measure contractors are required to obtain clearance certificates in this regard from the labour officers before their bills are passed for payment and their security deposits refunded. As many as 1,396 clearance certificates were issued by the labour officers during the year under review. An amount to the tune of 62,000 rupees in respect of 123 establishments was actually withheld from the contractors' bills during the year as against 57,000 rupees approximately in respect of 125 establishments during 1958.

Welfare Facilities.- Owing to the short duration of works and the casual nature of employment, the welfare facilities provided by the contractors were mostly reported to be inadequate. However, certain model rules for the protection of health and sanitary arrangements for workers employed by the C.P.W.D. contractors were incorporated as additions to the general conditions of C.P.W.D. contracts. These rules are applicable to construction works in which, on an average, 50 or more workers are employed and they enjoin upon the contractors to provide for first aid, drinking water, washing and bathing places, latrines and urinals separate for men and women, rest shelters, creches and canteens. Inspecting officers also examine these items in their periodical inspections of contractors' establishments, and point out defaults in this regard to the contractors as well as to the Executive Engineers concerned who advise the contractors to do the needful.

(Indian Labour Journal, Vol.II, No.8,  
August 1961, pp. 725-726 ).

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

India - August 1961.

Punjab; Committee set up to extend Scheme for Workers'  
Participation in Management.

A Committee of senior officials with the Labour Minister as chairman is being set up in Punjab to promote participation by workers in the management of public sector industries.

The members of the committee will include the secretaries and departmental heads of all Ministries which have public sector enterprises under them. The Labour Commissioner will be its member-secretary.

Formation of joint management councils in the private sector will be promoted with the help of the Punjab State Large-Scale Industries Board and the Labour Commissioner.

A unit will be set up in the Labour Department to supervise the implementation of the scheme for promoting workers' participation. After a sufficient number of joint management councils have been formed in the private sector, the latter will also be represented on the committee of officials.

(The Statesman, 13 August 1961).

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Chapter 7. Problems Peculiar to Certain Categories  
of Workers.

72. Independent Intellectual Workers (Not Salaried).

India - August 1961.

Punjab: Fund Instituted for Grant of Pension to  
Writers.

Shri Lal Singh, Director-General of Languages, Punjab, stated in the concluding session of the State Writers' Convention held in Patiala on 20 August 1961, that a writers' fund was being instituted to extend help to needy and deserving literatures in the State.

He said a sum of 300,000 rupees had been sanctioned for the purpose by the Central and State Governments. The fund would be utilised to grant pensions to old writers and meet the educational needs of their wards.

Shri Lal Singh said his department proposed to hold a State level writers' convention every year. Arrangements would be made for the writers of the State to tour other parts of the country.

(The Statesman, 23 August 1961).

CHAPTER 8. MANPOWER PROBLEMS.

INDIA - AUGUST 1961.

81. Employment Situation.

Employment Exchanges: Working during May 1961.

Employment Situation.- According to the Review on the activities of the Directorate-General of Employment and Training during the month of May 1961, the number of registrations effected by the employment exchanges was 293,236 as against 263,610 in April 1961, showing a rise of 29,626. A total of 1,705,330 applicants were on the Live Register at the end of the month as against 1,627,449 in April 1961, showing a rise of 77,881. The number of employers who utilised the services of employment exchanges was 10,733 as against 10,433 in the last month showing a rise of 300. The number of vacancies notified to the employment exchanges during May, 1961 was 72,131 as against 69,527 in the preceding month. The number of placements was 37,970 during May 1961 as against 32,535 in April 1961.

Shortages and Surpluses.- Shortage was experienced in respect of experienced stenographers, nurses, midwives, compounders, doctors, trained teachers and skilled craftsmen. On the other hand, surpluses persisted in respect of clerks, untrained teachers, motor drivers, unskilled office workers and unskilled labourers.

Collection of Employment Market Information.- Report on Occupational Pattern of employees in the public sector in India (1958-59) was issued during the month.

The ninth training course for employment officers in the collection of employment market information was held at Calcutta from 10 to 20 May 1961.

Vocational Guidance and Employment Counselling.- One Vocational Guidance unit has been opened in the Employment Exchange at Quilon, raising the total to 68.

The Second Orientation Course in Vocational Guidance was held at the Headquarters of the Directorate General of Employment and Training from 8 to 27 May 1961. Twenty Employment Officers from various States participated in the course.

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Deployment of retrenched employees.— The Central Employment Exchange rendered employment assistance to retrenched workers in various projects and establishments during May 1961, as given below:—

	Number retrenched.	Number placed.	Number awaiting assistance
Damodar Valley Corporation.	37	65	411
Bhakra Nangal Project.	-	-	-
Bhilai Steel Project.	-	152	2,815
Chambal Hydel Scheme (M.P.).	17	2	67
Special Cell of the Ministry of Home Affairs.	230	89	Class I & II - 35 Class III - 315 Class IV - 68 Total: <u>418</u>

Establishment of Employment Information and Assistance Bureaux in Rural Areas.— With a view to extending the employment information and vocational guidance services and also to render employment assistance to people in rural areas, Employment Information and Assistance Bureaux have been set up in a number of Community Development Blocks in various States. The Bureaux would also serve as centres for the collection of information connected with the problems of manpower utilisation in rural areas.

Discharge Certificate of Ex-service Personnel.— Ex-service Personnel are registered and submitted by the employment exchanges on the basis of information recorded in their Discharge Certificates. To facilitate the correct interpretation of Discharge Certificates, copies of instructions on this subject issued by the Army Headquarters were made available to all Employment Officers.

Registration of Applicants - Importance of Correct Occupational Classification.— The need for correct and full recording of educational qualifications and proper occupational classification of applicants seeking registration at employment exchanges was reiterated. Employment Officers were required to conduct staff training on a continuing basis to ensure that their staff are fully conversant with the prescribed procedure and also to organise the work at the exchange in such a manner as to reduce to the minimum the period of waiting of applicants at the exchange who come there for registration, renewal, etc.

Utilisation of the services of Ex-servicemen in Community Development Programme and relaxation of age and educational Qualifications in their favour.- To promote the utilisation of ex-service men to the maximum number in Community Development Programmes, the Ministry of Community Development and Cooperation had requested all States Governments to relax the age and educational qualifications and accord preferential treatment to ex-service men in the matter of recruitment to posts in the Community Development Blocks. Employment Officers were requested to follow up the matter in their respective States to ensure the placement of a large number of ex-servicemen.

Priorities and concessions admissible to Ex-service Personnel.- The Ministry of Home Affairs in consultation with the Ministry of Defence had elucidated the categories of ex-service personnel, discharged on various grounds, who were entitled to concessions and priorities in the matter of employment assistance. This was notified to all Employment Officers for information and guidance.

Opening of additional Employment Exchanges.- Two additional employment exchanges were opened in Mysore State thus bringing the total number of exchanges to 317.

(Review of the activities of the Directorate-General of Employment and Training during the month of May 1961; Ministry of Labour and Employment, Government of India, New Delhi ).

83. Vocational Training.

India - August 1961.

Madras: Facilities for Training 2000 Apprentices under  
III Five Year Plan.

A provision of 5.2 million rupees has been made for the implementation of the scheme for apprenticeship training under the craftsmen training programme in the Third Five Year Plan in Madras State. According to the pattern of financial assistance laid down for craftsmen training schemes the Government of India will bear 60 per cent of the cost. The Government of Madras has sanctioned 200,000 rupees towards non-recurring expenditure and 278,000 rupees towards recurring expenditure on this scheme. The State Government has proposed to provide additional seats in the approved trades in the industrial establishments at Madras, Mudurai, Coimbatore, Tirunelveli, Salem and Trichinapalli. A total seating capacity of 2,000 apprentices will be provided during the Third Plan period of which 400 will be started during 1961-62.

(Indian Labour Journal, Vol.II, No.8,  
August 1961, page 739 ).

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

According to the Review of the activities of the Directorate-General of Employment and Training during the month of May 1961, there were 164 institutes for training of craftsmen, 15 work orientation centres for educated unemployed and 15 centres holding evening classes for industrial workers. The total number of seats in all these centres and undertakings was, 47,738 and the total number of persons undergoing training stood at 35,364.

Stores and Equipment.- The total aid received so far under the UNTAA (ILO) Aid Programme stood at 1,907.2 million rupees.

(Review of the Activities of the Directorate-General of Employment and Training during the month of May 1961; Ministry of Labour and Employment, Government of India, New Delhi ).

CHAPTER 9. SOCIAL SECURITY.

INDIA - AUGUST 1961.

91. Pre-legislation Measures.

Equal Pension Rights for Class IV Government Officials.

The rates of pension and gratuity for Class IV Central Government servants have been equalised with those for other classes of employees, says an official Press release.

The minimum length of service for eligibility to pension in their case has also been reduced from 20 to 10 years, as in the case of other Central employees.

The rate at which gratuity is earned has been increased and brought on a par with that admissible to other classes of Central employees. The disparities in the leave terms admissible to Class IV and Class III servants have also been removed.

The rules regarding medical facilities have been amended to make them uniform for all Government employees.

Previously, the family pension with a minimum of 30 rupees and a maximum of 150 rupees a month was allowed to the family of a government servant who died while in service after completing 25 years of qualified service. Now, the period of qualified service has been reduced to 20 years.

In exceptional cases the award of family pension may be considered in the case of servants who may die after completing not less than ten years of qualified service.

(The Hindustan Times, 5 August 1961).

93. Application.

India - August 1961.

VI. Compensation in Case of Employment Injury or Occupational Diseases.

Uttar Pradesh: Working of the Workmen's Compensation Act, 1923, during the Year 1958\*.

Submission of returns.- The Report on the working of the Workmen's Compensation Act, 1923 in Uttar Pradesh is based on the Annual Returns received from Workmen's Compensation Commissioners in various districts of the State. Statistics of cases pertaining to the Railways, Posts and Telegraphs, the Central Public Works Department and the Defence Installations are, however, not included in the Report.

Out of 51 Annual Returns to be received from Workmen's Compensation Commissioners of 51 districts in the State, only 6 were received within the prescribed date. Returns from other districts were received after the prescribed date.

Accidents.- During the year under review, 9,611 accidents were reported to have occurred in the factories other than the Defence Installations, while the corresponding figure for the preceding year was 9,716. These figures are exclusive of the number of occurrences (i.e., occurrences in which no workers are reported to be injured), viz., 20 occurrences in 1958 and 11 in 1957. This shows that there has been a fall of 105 in the number of accidents in 1958 as compared to the preceding year.

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\* Report on the Working of the Workmen's Compensation Act (VIII of 1923) in Uttar Pradesh for the year 1958; Allahabad: Superintendent, Printing and Stationery, Uttar Pradesh, India, 1961. pp. 24, price Rs. 0.44 nP.

The following table shows the average number of workers employed in the registered factories, number of accidents and the incidence of accidents per 100 workers in factories other than the Defence Installations during the last 5 years. The statistics of accidents contained in the following table relate only to registered factories under the Factories Act, 1948. The number of accidents, which took place in other establishments covered by the Workmen's Compensation Act, 1923 is, however, not known and is, therefore, not included in the table shown below:-

Year	Average daily number of workers.	Total number of accidents.	Incidence of accidents per 100 workers.
1954	205,294	6,912	3.37
1955	209,674	8,200	3.91
1956	232,974	9,302	3.99
1957	242,519	9,716*	4.01
1958	236,635	9,611	4.06

\* Revised figure which excludes 11 cases of occurrences.

No. of cases disposed of by Workmen's Compensation Commissioners.- At the commencement of the year under report, 97(76) cases including 41(30) cases of awards of compensation under section 10 and 56(46) cases of deposit under section 8, were pending for disposal by the Workmen's Compensation Commissioners.

One hundred and sixty-seven (127) cases were filed and 109(66) were received from other commissioners for disposal, thus making a total of 373(269), (including the figures of cases pending for disposal at the commencement of the year), cases to be disposed of by the Commissioners. Of these 221(160) cases were disposed of and 8(13) were transferred to other Commissioners for disposal, leaving a balance of 144(96) cases to be disposed of at the end of the year.

Award of Compensation.- Forty-one (30) cases were pending at the commencement of the year. Of these 21(14) cases related to fatal accidents, 16(12) to permanent disablement and 4(4) to temporary disablement. Eighty-three (62) cases were filed during the year under report, out of which, 29(29) related to fatal accidents, 36(27) to permanent disablement and 18(6) to temporary disablement. Nine (1) cases were received for disposal from other Commissioners, thus making a total of 133(93) cases to be disposed of (under section 10) during the year under review. Of these, 68(51) cases were disposed of leaving a balance of 63(39) cases at the close of the year. Out of 68(51) cases disposed of, 14(15) were disposed of without notice to the other party and 54(36) cases after notice to the other party, of which 18(17) were not contested, and the remaining 36(19) cases were contested.

Out of 14(15) cases disposed of without notice to the other party, 6(5) cases were withdrawn, 6(7) cases were dismissed for non-appearance, 2(2) cases were summarily dismissed under Rule 21 and nil(1) was dismissed under rule 22.

Out of 18(17) cases "not contested" , 18(15) cases were admitted by the opposite party, and nil(2) were allowed ex parte. Of 36(19) cases which were contested, compensation was allowed in 10(10) cases, 3(2) cases were allowed in part and the remaining 23(7) cases were dismissed.

No application for commutation (under section 7) review (under section 6) and recovery of compensation (under section 31) was pending at the commencement of the year under report. During the year, however, one application for the recovery of compensation (under section 31) was filed, which remained pending at the close of the year.

Deposits.- At the commencement of the year 56(46) cases were pending, 81(65) cases were filed and 100(65) cases were received from other commissioners for disposal. Out of a total of 237(176) cases of deposits, 153(109) were disposed of, and 6(10) were transferred to other commissioners for disposal, thus leaving a balance of 78(57) cases pending at the close of the year. Out of 153(109) cases disposed of, disbursement to workmen or to their dependents was made in 147(106) cases and in 6(3) cases, the amount of compensation was refunded to the employers for want of genuine claimants.

Classification of compensation awarded.- Of 68(51) cases of awards under section 10, 27(20) were in respect of fatal accidents, 33(2) in respect of permanent disablement and 8(7) of temporary disablement. Of total number of 153(109) cases of deposits under section 8, which were disposed of during the year, 129(83) related to fatal accidents, 12(4) to payment of compensation to workmen and persons under legal disability and 12(22) to permanent and temporary disablements.

Court fees.- The amount of Court fees realized increased from Rs.243.27 nP. in the year 1957 to Rs.398.81 nP. in the year under review.

Registration of Agreements.- Seventeen (16) memoranda of agreements were pending at the commencement of the year under report. Of these, 5(14) related to 'permanent disablement' and 12(2) to 'temporary disablement'.

During the year under report, in all 154(174) memoranda of agreements were filed and including the number of memoranda pending from the preceding year, there was a total of 171(190) applications for registration of agreements.

Out of 154(174) fresh cases of memoranda, 141(154) related to permanent disablement, and the remaining 13(20) cases to temporary disablement. During the year under review, 131(163) agreements for permanent disablement and 19(10) for temporary disablement were registered as filed, and 8(nil) agreements of permanent disablement and one (nil) agreement of temporary disablement were not registered on account of inadequacy. Besides one (nil) case each for permanent disablement and temporary disablement was also not registered due to other causes.

In all 161(173) memoranda of agreements were disposed of, leaving 10(17) cases pending at the conclusion of the year. Of these cases pending at the conclusion of the year, 6(5) related to permanent disablement and 4(12) related to temporary disablement.

Average amount of compensation paid.- The following table shows the average amount of compensation paid in various types of disablement settled after reference to Workmen's Compensation Commissioners and directly settled by employers:-

Type of cases	Cases in which compensation was paid directly by the employers (shown in return D)			Cases in which compensation was paid after reference to Workmen's Compensation Commissioners (shown in return D)		
	No. of cases	Amount of compensation paid	Amount per case	No. of cases	Amount of compensation paid	Amount per case
Death ---	Nil (Nil)	Rs. Nil (Nil)	Rs. Nil (Nil)	140 (94)	Rs. 310,330.94 (172,101.25)	Rs. 2,216.65 (1,830.86)
Permanent Disablement.-	148 (254)	Rs. 96,396.57 (74,503.91)	Rs. 651.33 (293.33)	26 (29)	Rs. 28,572.85 (25,714.81)	Rs. 1,098.96 (886.72)
Temporary Disablement.--	328 841*	Rs. 11,486.87 (40,708.03)	Rs. 35.02 (48.40)	12 (12)	Rs. 3,916.91 (5,541.48)	Rs. 326.41 (461.82)

\* Excluding 446 cases relating to temporary disablements in respect of which payment was made by the Employees State Insurance Corporation during 1957.

Time-lag between occurrence of accident and payment of compensation.- The following table shows the number of accidents under sections 10 and 8 and the period lapsed in the award of compensation:-

	Time		Lag		Total
	Less than 6 months	6-12 months	Over one year	Not known	
1. Number of accidents --	60 (27)	45 (23)	69 (82)	4 (3)	178 (135)
2. Percentage of total --	33.71% (20 %)	25.28% (17.03%)	38.76% (60.74%)	2.25% (2.23%)	100% (100 %)

Employees' State Insurance Scheme.— The scope of this scheme was further extended in 1958 to the towns of Allahabad, Hathras, Aligarh, Bareilly and Shikohabad, thus bringing the number of towns covered so far to 11, viz., Kanpur, Lucknow, Agra, Saharanpur, Varanasi, Rampur, Allahabad, Hathras, Aligarh, Bareilly and Shikohabad. With the enforcement of this scheme, the coverage of the Workmen's Compensation Act, 1923, to the said towns does not now extend to the factories covered by the Employees' State Insurance Scheme in these towns. However, the establishments in these districts which are not covered by the Employees' State Insurance Act, 1948, continued to be covered by the provisions of the Workmen's Compensation Act, 1923.

The scheme covers 558(471) factories and 168,852(126,000) workers in the 11(6) towns of the State. During the year 1958 dependents benefits and medical disablements were made available in 13(8) cases of fatal accidents, 116(102) cases of permanent disablement and 4,537(4,726) cases of temporary disablement.

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