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INTERNATIONAL LABOUR OFFICE
INDIA BRANCH

Industrial and Labour Developments in February 1966.

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CHAPTER 1. INTERNATIONAL LABOUR ORGANISATION.

INDIA - FEBRUARY 1966.

11. Political Situation and Administrative Action.

Twenty-Fourth Session of Standing Labour Committee, New Delhi, 13-14 February 1966.

The 24th Session of the Standing Labour Committee was held at New Delhi on 13 and 14 February 1966, under the chairmanship of Shri Jagjivan Ram, Union Minister for Labour, Employment and Rehabilitation. Besides Government representatives from the Centre and States, the meeting was attended by employers delegate from the Employers Federation of India, the All-India Organisation of Industrial Employers and the All-India Manufacturers' Organisation and workers delegates from the Indian National Trade Union Congress, the All India Trade Union Congress and the Hind Mazdoor Sabha. The United Trade Union Congress was represented by an observer. The Director of this Office attended the meeting by special invitation.

Agenda.- The agenda of the meeting was:

1. Action taken on the main conclusions/ recommendations of the 23rd Session of the Standing Labour Committee held at New Delhi on 27 March 1965.

2. Amendment of section 10(b) of the Indian Trade Unions Act, 1926, so as to empower the Registrars ~~of~~ to cancel the registration of a Trade Union, the executive of which has been found to have violated its registered rules.

3. Amendment of sub-section (3) of section 1 of the Industrial Employment (Standing Orders) Act, 1946, to make provision that the Standing Orders once made applicable to an industrial establishment will continue to apply to it irrespective of any subsequent change in the number of workmen employed therein or in the constitution of such an establishment.

4. Reference of cases of adjudication whilst criminal cases are pending against workmen involved in the disputes.

5. Restriction of maternity benefit to the first three births.

6. Review of the working of the Code of Discipline.

7. Implementation of labour laws in public sector undertakings.

8. Constitution of National Arbitration Promotion Board.

9. ILO Convention (No.111) concerning Discrimination in respect of Employment and Occupation.

10. Joint Management Councils.

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15. Industrial Disputes Act, 1947 - Proposal to exclude services in hospitals and dispensaries from the scope of.

16. The Role of Labour/Welfare Officers in Industrial Undertakings.

17. Draft scheme of legislation to regulate employment in film industry.

18. Constitution of the National Safety Council for industries other than mines.

19. Amendment to the Industrial Employment (Standing Orders) Act, 1946, to provide for appointment of Inspectors.

Chairman's address.- Shri Jagjivan Ram, addressing the meeting said that the Standing Labour Committee could look back with satisfaction over a record of fruitful activity extending over years. What impressed one most about these tripartite discussions was the spirit of and sincere desire among the parties concerned to arrive at mutually acceptable solutions. Referring to the ~~various~~ various agenda items Shri Jagjivan Ram touched upon the question of lay-off and retrenchment which had adversely affected a large number of workers in recent months. Continuing the Minister said the Government would, of course, take all possible steps to meet the situation, but, it may ~~of its~~ not be able to do much in spite of its best intentions. Shortages of foreign exchanges could hardly be met. He appealed to employers to make and sustain their efforts ~~towards~~ towards finding substitutes for imported raw material.

Referring to implementation of labour laws in the public sector the Minister said that by and large, the labour laws do not discriminate between the public and the private sectors and apply equally to both. In recent months, there has been a greater awareness on the part of the public sector to improve the standards of compliance with labour laws. Studies carried out by the Implementation and Evaluation Division in a number of selected undertakings have revealed that the position regarding implementation of labour laws in these undertakings was ~~gnera~~ generally satisfactory. There might have been, however, lapses, here and there, and there was room for improvement to secure better standards of compliance. The question was receiving Government's constant attention and it proposes to have similar studies in other public sector undertakings also.

As regards the introduction of an unemployment insurance scheme Shri Jagjivan Ram said that the proposed scheme which had been discussed briefly at the last session of the Indian Labour Conference was but a modest beginning in a new field of social insurance. The intention was to restrict the scope of the scheme for the present to members of the Employees' Provident Funds and the Coal Mines Provident Fund. In addition to the payment of unemployment insurance benefit for the prescribed period, the Scheme also provided for training facilities and assistance from employment exchanges in the matter of placement.

As regards the question of the rights of unrecognised unions, Shri Jagjivan Ram said that the subject had come up for discussion at the 22nd Session of the Indian Labour Conference in July 1964. The general consensus of opinion was that recognition of category-wise or department-wise unions should not be encouraged. Unions not recognised under the Code of Discipline might, however, have a right to represent individual grievances relating to dismissal or discharge or other disciplinary matters affecting their members. The employers' organisations have been raising objections to this primarily on the ground that it was not compatible with the objectives of the Code which visualises one recognised union as the sole bargaining agency. A Seminar held in 1965 tried to evolve some sort of consensus on this issue but opinion remained divided. The Committee should consider these matters and try and arrive at some sort of consensus. The Committee should also consider what further steps was necessary to ensure a more satisfactory working of the Code of Discipline.

Conclusions.- The main conclusions of the Committee are given below:

General: I. Closures.- (i) The Committee viewed with grave concern the situation arising from closures and mass retrenchments which had taken place in recent months for various reasons. The Committee reiterated the decision of the 16th Indian Labour Conference on the subject and agreed that in cases of closure and mass retrenchment there should be three months' notice to the workers as well as to Government. In cases of lay off, it was agreed that one month's notice would be given except in cases where the giving of such notice was not possible owing to exigencies beyond the control of the employer.

(ii) It was considered that situations arising from closures due to mis-management were covered by the Industries (Development and Regulation) Act.

A point was raised whether it was necessary to hand over to the same management a unit which had been taken over due to mis-management and rehabilitated. It was agreed that the point would be examined by Government.

(iii) As for closures arising from factors such as foreign exchange shortage, shortage of raw material etc., the Chairman explained that the Ministry of Labour had already constituted an Inter-Ministerial Committee and a Central Standing Tripartite Committee to look into such matters and that no fresh machinery was considered necessary to deal with matters arising from such closures. However, State Governments which had not yet set up such bodies should do so without further delay. The working of these bodies at the Central and State levels should also be improved upon.

(iv) The Chairman referred to the need for intensified efforts towards import substitutions.

(v) The question of equitable distribution of raw materials was raised and the employers stated that there was already some kind of arrangements in a few cases for making such distribution. The Committee urged that suitable arrangements should be made for the equitable distribution of all types of scarce raw materials, spares and components.

(vi) Wherever possible 'fabrication' should be done within the country, and only critical parts of components should be imported.

II. Family Planning Programme.-The Minister of Health appealed to the Central organisations of workers that they should associate themselves more actively with the Family Planning Programmes. After some discussion it was agreed that an Advisory Committee consisting of the representatives of the Central Organisations of workers would be set up to advise the Ministry of Health in this regard.

Item 2: Amendment of section 10(b) of the Indian Trade Unions Act, 1926, so as to empower the Registrars to cancel the registration of a Trade Union, the executive of which has been found to have violated its registered rules.- The memorandum prepared by the Ministry on this item states that the Government of West Bengal in 1962 suggested that section 10(b) of the Indian Trade Unions Act, 1926 might be suitably amended so as to empower the Registrars to cancel the registration of a Trade Union, the executive of which has been found to have violated its registered rules. The proposal was considered at the 20th Session of the Standing Labour Committee held in New Delhi on 17 October 1962 and the following conclusion was arrived at:-

"It was agreed that the Registrars need not be given very wide powers. The State Governments would, however, examine the difficulties experienced by them in this rggard and formulate, in consultation with the State Labour Advisory Committee, proposals concerning the specific types of violations for which Registrars might be given powers to cancel registration. The subject should thereafter be considered at a subsequent session of the Standing Labour Committee or the Indian Labour Conference."

In pursuance of the above decision taken at the Standing Labour Committee, the Government of West Bengal and other State Governments were addressed on the 1 December 1962 to let the Ministry of Labour and Employment know the State Governments' proposals concerningthe specific types of violations for which Registrars of Trade Unions might be given powers to cancel registration of a Union, after consulting the respective State Labour Advisory Boards. Replies received from State Governments whows that the Governments of Bihar and Uttar Pradesh are themselves taking steps to amend the Indian Trade Unions Act, 1926 in its application to their respective States. The Governments of Andhra Pradesh, Assam, Punjab, Andaman & Nicobar Islands, Manipur and Tripura are in favour of the proposal to amend section 10(b) to a limited extent. The Governments of Kerala, Madhya Pradesh, Madras, Maharashtra and Delhi are, however, not in favour of the proposal to amend the section for the present. The Governments of Gujarat and Himachal Pradesh have not offered any comments on the proposal. In the case of Orissa, there was no unanimity on the question, while in the case of Rajasthan, the State Labour Advisory Board decided to defer the question for the present.

The proposal contained in the memorandum was not accepted. However, after discussion, it was agreed that where more than one set of persons claimed to be the office bearers of the same union, provision should be made in the Trade Unions Act, providing for an election, confined to the members of the unions concerned, to be conducted under the orders of the Labour Court.

Item 3: Amendment of sub-section (3) of section 1 of the Industrial Employment(Standing Orders)Act, 1946, to make provision that the Standing Orders once made applicable to an industrial establishment will continue to apply to it irrespective of any subsequent change in the number of workmen employed therein or in the constitution of such an establishment.- The memorandum prepared by the Ministry on this item states that sub-section (3) of section 1 of the Industrial Employment (Standing Orders) Act, 1946, provides that the Act

shall apply to an industrial establishment wherein onehundred or more workmen are employed, or where employed on any day of the preceding twelve months. The first provison to the sub-section further lays down that Government may apply the provisions of this Act to any industrial establishment employing such number of persons less than 100 as may be specified in the notification. The State Government is advised that the Act will cease to apply to an industrial establishment if subsequently the number of workers therein falls below 100 or the number specified in notification issued under the proviso. This is likely to stand in the way of efficient administration of the Act.

Quite often there are efforts on the part of employers to push down the employment level in marginal cases, to escape the coverage under the Act. Besides, there will remain considerable uncertainty about continued application of the Act to industrial establishments having marginal employment level because addition or reduction of a few workmen may change the position from time to time. Sometimes, this may also be due to the change in trade conditions on account of which the employers may have to adjust their requirements of the labour force, and to bring them again within the purview of the Act a fresh notification will have to be issued. And this process may be a recurring one, and will not be conducive to smooth working of the Act. Then, there have been instances of an industrial establishment breaking itself into two or more units, with the result that since the number of workmen in each units is considerably less than the establishment for which the standing orders were initially certified, these units plead that they are not governed by the standing orders.

An uncertain and fluid position as indicated above, would hinder proper enforcement of the Act. The workmen in all industrial establishments having certified standing orders under the Act enjoy certain definite terms and conditions of service. It would be highly undesirable if there is no finality about the standing orders. The conditions of employment having once been defined should not be liable to frequent changes as it may have serious repurcussions on industrial relations and lead to industrial unrest.

In order, therefore, to ensure that an industrial establishment to which the Act has once applied or been made applicable should continue to be governed by it even if subsequently there is a change in the conditions, like reductions in the number of workers employed, it appears necessary to make a specific provisions in the Act that the Standing Orders once made applicable to an industrial establishment will continue to apply to it irrespective on an subsequent change in the number of workmen employed therein or in the constitution of such an establishment. It is, therefore, suggested that a suitable amendment may be made in the Industrial Employment (Standing Orders) Act, 1946.

Proposal in the memorandum concerning amendment of the Industrial Employment (Standing Orders) Act was accepted.

Item 4: Reference to cases of adjudication whilst criminal cases are pending against workmen involved in the disputes.- The memorandum prepared by the Ministry states that:

" The All India Trade Union Congress has raised issues regarding (i) the grant of adjudication in cases where criminal cases are pending against the workmen but the employers, on similar charges, had chargesheeted them and taken action to dismiss them from service under the provisions of their Standing Orders and (ii) the payment of subsistence allowance to workmen pending completion of domestic enquiry by the managements and/or financial of criminal cases pending against them.

"The West Bengal Government have also suggested that workers who are suspended should be entitled to a subsistence allowance at the rate of 50 per cent. of their wages pending enquiry.

"With regard to item (1) above, on receipt of certain failure reports from Conciliation Officers in industrial disputes in respect of workmen against whom criminal proceedings were pending in Courts of Law and against whom management also instituted disciplinary proceedings, it was considered desirable, on the basis of practice followed in the Ministry and the advice of Ministry of Law, to await the decisions of the Courts in question and thereafter examine the desirability of granting adjudication on the basis of decisions of the courts concerned. Regarding the institution of departmental proceedings against a workman during the pendency of criminal proceedings against him it seems sufficient to refer to two decisions of the Supreme Court on the points:-

(1) The Supreme Court in Delhi and General Mills Ltd. Vs. Kushal Shan has observed as under:-

"It is true that very often employers stay enquiries pending the decisions of the criminal trial Courts and that is fair but we cannot say that principles of the natural justice require that an employer must wait for the decisionat least of the criminal trial Court before taking action against an employee. In Shri Bimal Kanta Mukherjee Vs. Newman's Printing Works (1956-1 L.L.J.453) this was the view taken by the Labour Appellate Tribunal. We may, however, addthat if the case is of a grave nature or involves questions of fact of law, which are not sure, it would be advisable for the employer to wait the decision of the trial Court, so that the defence of the employee in the criminal case may not be prejudiced".

(2) The Supreme Court observed as under in A.I.R. 1965 S.C. 155: Tata Oil Mills Vs. Workmen:-

"There is yet another point which remains to be considered. The Industrial Tribunal appears to have taken the view that since criminal proceedings had been started against Raghavan, the domestic enquiry should have been stayed pending the final disposal of the said criminal proceedings. As this Court has held in the Delhi Cloth and General Mills Ltd. vs. Kaushal Bhan, 1960-3 SCR 227 (AIR 1960 SC 806) it is desirable that if the incident giving rise to a charge framed against a workman in a domestic enquiry is being treated in a criminal court, the employer should stay the domestic enquiry pending the final disposal of the criminal case. It would be particularly appropriate to adopt such a course where the charge againstthe workman is of a grave character, because in such a case, it ~~would~~ would be unfair to compel the workman to disclose the defence which he may take before the criminal court. But to say that domestic enquiries may be stayed pending criminal trial is very different from anything that if an employer proceeds with the domestic enquiry in spite of the fact that the criminal trial is pending, the enquiry for that reason alone is vitiated and the conclusion reached in such an enquiry is either bad in law ofmala-fide".

"It seems equally desirable to await the out-come of the criminal proceedings before the matter is referred to adjudication.

" Under the rules applicable to Government servants - Central Civil Services (Classification, Control and Appeal) Rules, 1957 and to Railway servants (Discipline and Appeal Rules for Railway ~~Protection Force) a Government~~ servants other than those employed in the Railway Protection Force) a Government servant or a Railway servant may be placed under suspension where a case against him in respect of any criminal offence is under investigation or trial. A Government servant or Railway servant who is detained in custody whether on a criminal charge or otherwise, for a period exceeding 48 hours shall be deemed to have been suspended with effect from the date of detention by an order of the competent authority and shall remain in suspension until further orders. According to the latest orders, regarding departmental proceedings and prosecutions afainst Government servants involved in criminal misconduct, prosecution should be the general rule in all those cases which are found fit to be sent to court after investigation and in which the offences are of bribery, corruption or other criminal misconduct involving the loss of substantial public funds. In such cases departmental action should not proceed prosecution. In other cases involving less serious offences or involving malpractices of a departmental nature, departmental proceedings are regarded as sufficient.

"The second point for consideration is whether a workmen under suspension pending a domestic enquiry or a criminal case against him may be given a subsistence allowance during the period of suspension.

"We are not considering the case of suspension awarded as penalty under the standing orders. We are only considering cases where a workman is suspended pending a departmental enquiry or a criminal proceedings against him. In case of Government servants, such an allowance is admissible."

The memorandum suggests that the Committee should decide on the following two issues: (a) whether the industrial disputes, concerning workmen against whom prosecutions are pending in the court of law for the same set of charges on the basis of which they have been dismissed by the management, should be referred to adjudication before finalisation of the criminal cases; (b) whether Model Standing Orders should be modified to provide for the payment of subsistence allowance to workmen pending competition of domestic enquiries by the management and/or finalisation of the criminal cases pending against them.

The proposal regarding reference of industrial disputes concerning workmen against whom prosecutions were pending in a court of law for the same set of charges on the basis of which they have been dismissed by the management, to adjudication before finalisation of the criminal cases was approved.

As for subsistence allowance, the proposal that during the period of suspension pending enquiry, the worker concerned should receive 50 per cent. of the wages was accepted in principle. As for the duration and date of commencement of the benefit, it was agreed that Government should consider and decide the matter in the light of the practice followed by the Central Government in respect of its employees, in the industry and in the States.

Item 5: Restriction of Maternity Benefit to first three births.- The question whether maternity benefits to women employees working in different factories, mills, industrial concerns and plantations should be restricted to encourage family planning, was discussed in the meeting of the Central Family Planning Board at Bombay. The Board in a resolution recommended that this question be considered by the All India Organisations of Employers and Workers at a Tripartite Conference.

The Committee rejected the proposal.

Item 8: Constitution of National Arbitration Promotion Board.- The Ministry's memorandum on this item says that clause II(iv) of the Code of Discipline enjoins on managements and unions to settle their differences, disputes and grievances by mutual negotiation, conciliation and voluntary arbitration. At the 17th Session of the Indian Labour Conference, held at Madras in July 1959, it was decided to have increased recourse to mediation and voluntary arbitration in the settlement of disputes and to avoid, as far as possible, recourse to adjudication. The Conference recommended that matters of local interest, not having any wide repercussions should, as a general rule, be settled through arbitration. At the 20th Session of the Indian Labour Conference, held in August 1962 it was decided that "whenever conciliation fails, arbitration will be the next normal step except in cases in which the employer feels that for some ~~except~~ reasons he would prefer adjudication, such reasons being creation of new rights having wide repercussions or those involving large financial stakes".

At the Informal Meeting of Labour Ministers held on July 12, 1963 it was decided that the possibility of setting up tripartite arbitration boards at the Central and State Levels might be explored. The Labour Minister also recommended that the function of such Boards would be to promote arbitration and look after all arrangements necessary for facilitating arbitration.

Studies carried out by the Chief Labour Commissioner show that unions were invariably prepared to accept arbitration but in some of the cases the employers were not inclined to do so, although the number of cases, in which they agreed to take recourse to voluntary arbitration, showed a steady increase.

The Committee accepted the proposal to constitute an Arbitration Promotion Board at the National Level without prejudice to any existing Boards already set up at the State level. As regards the functions of the proposed Board and model principles for reference of disputes to voluntary arbitration, the Committee suggested that the Central organisations should send their comments to the Government.

Item 9: ILO Convention No.111 concerning Discrimination in respect of Employment and Occupation.- The Ministry's memorandum on this subject points out that the General principle of non-discrimination is embodied in theConstitution of India. So far as public employment is concerned equality of opportunity is one of the Fundamental ~~Rule~~ Rights of the citizens.

The Convention was ratified by the Government of India in 1960 mainly on the strength of these Constitutional provisions.

There are, no legal provisions to ensure equality of opportunity and treatment in employment in the private sector. By and large, the principle is being observed in practice, though perhaps not always by all.

The ILO Committee of Experts on the Application of Conventions and Recommendations has recently stressed that the national policy to promote equality of opportunity and treatment in employment and occupation, should embrace all sectors of activity as the Convention covers both public service and private employment and occupations and even independent workers. The Committee has also emphasised the importance of enlisting the co-operation of employers' and workers' organisations in eliminating discrimination in employment in the private sector.

The memorandum suggests that Committee recommend that the central organisations of employers and workers should impress upon their affiliates the need for observing in practice the principle of non-discrimination in employment even where it is not enforceable by law.

The representatives of the Central Organisations of employers and workers agreed to impress upon their affiliates the need for observing in practice the principle of non-discrimination in employment even where it was not enforced by law.

Item 14: Question of recognition of certain organisations as Central Trade Union Organisations of Workers.-The memorandum on this item says that at present the Government of India have recognised ~~HMS and UTUC,~~ four central trade union organisations viz., INTUC, AITUC, HMS and UTUC, for representation at Tripartite forums like the Indian Labour Conference. Representation to workers' organisations on ILO conferences and committees is given to the most representative organisation based on verified strength in accordance with the constitution of the ILO. Similarly, seats for labour on various Boards and committees set up by the Government of India for different industries are also allotted on the basis of the relative membership figures of these four organisations in the concerned industries.

In 1957, the Bharatiya Mazdoor Sangh had approached the Government for recognising that organisation as a central trade union organisation claiming a membership of 72,000 in 19 trades. The Ministry of Labour and Employment requested that organisation in January 1958, to furnish the particulars of their affiliated unions and their membership as on 31-7-1957. In response thereto, 57 unions claiming total membership of 11,796 intimated that they were affiliated to Bhartiya Mazdoor Sangh. In view of their insignificant claimed membership, no action was taken to recognise that organisation. Now a request has been made by the Hind Mazdoor Panchayat claiming a membership of 188,445 in 219 unions. Similarly the Indian Federation of Indian Trade Unions has also requested recognition stating that they represent not less than 300,000 workers.

At the seventeenth session of the Indian Labour Conference held in Madras in 1959, it was decided that Organisations claiming representation on the Indian Labour Conference should have an all-India character with a minimum membership of 100,000 spread over a number of States and a sizeable membership at least in the majority of industries. The entitlement to representation on the Standing Labour Committee should be more restricted. The allocation of seats to each organisation should be based on the relative strength of each organisation determined in accordance with the latest available data regarding its members

The Committee agreed that the Status quo in respect of this matter should be maintained.

Item 15: Industrial Disputes Act, 1947 - Proposal to exclude services in hospitals and dispensaries from the scope of.- The workers' representatives did not agree with the proposal to exclude services in hospitals and dispensaries from ~~discu~~ the scope of the Industrial Disputes Act 1947. After some discussion, however, it was decided that a Committee should be constituted to examine the matter and make suitable recommendations for safeguarding the interests of the workers, consistent with the interests of patients. The proposed Committee should consist of four representatives of the workers, Shri R.H. Modi, Labour Minister of Assam and Gujrat and representatives of the Ministries of Health and Labour, Employment and Rehabilitation. The workers' organisations agreed to send the names of their nominees very early. The Committee is expected to complete its work within three months.

Item 17: Draft scheme of legislation to regulate employment in film industry.- It was agreed that a tripartite Committee should be set up to consider the draft scheme and make suitable recommendations in this regard. The proposed Committee should consist of one representative each from the Central Organisations of workers and employers, and representatives of the Ministries of Information and Broadcasting and Labour, Employment and Rehabilitation and of the State Governments of Maharashtra, West Bengal, Madras and Andhra Pradesh.

Item 18: Constitution of the National Safety Council for industries other than mines.- The memorandum on this item says that the item "Industrial accidents" was one of the subjects discussed at the 19th session of the Standing Labour Committee (April, 1961). With a view to arrest the rising trend of accidents, the Committee recommended the setting up of Safety Councils at the National and State levels to organise compaigns aimed at promotion of greater safety and exploring the possibility of securing co-operation and assistance from the Employees' State Insurance Corporation in this regard. In pursuance of this recommendation a draft scheme was drawn up after taking into account the practice prevailing in other countries.

The proposal concerning the constitution of the National Safety Council was accepted. As for arrangements concerning financing of the proposed council, raised during the discussions, the Chairman said that this matter and other details should be left to Government.

Item 19: Amendment to the Industrial Employment (Standing Orders) Act, 1946 to provide for appointment of Inspectors.- The Ministry's memorandum on this item says that the Industrial Employment (Standing Orders) Act, 1946, requires employers of industrial establishments to which the Act is applicable to submit draft standing orders proposed for adoption in the industrial establishments concerned to the Certifying Officer for certification. It also prescribes penalties for non-submission of draft standing orders for certification and for doing any act in contravention of the standing orders finally certified under the Act. It does not, however, provide for any machinery for the proper implementation of the provisions of the certified standing orders. Further, a large number of individual cases resulting to alleged violation of the certified standing orders were, it has been reported, sponsored by the Trade Unions in the shape of disputes and had to be dealt with as such, in the absence of a proper inspecting and enforcement machinery. Some of these disputes, it is stated, could be averted by proper enforcement of the certified standing orders if the Act had contained a provision for appointment of Inspectors who could carry out regular inspections of the establishments having certified standing orders.

In order to overcome the above-mentioned difficulties, it has been suggested that the Industrial Employment (Standing Orders) Act,1946 may be amended suitably in order to provide for appointment of Inspectors with responsibility of enforcing the Act and the Rules and the provisions of the Certified Standing Orders of the individual establishments.

The Committee accepted the proposal to amend the Industrial Employment (Standing Orders) Act.

Consideration of other items of the agenda was deferred.

(A copy of the Memoranda prepared by the Ministry of Labour, Employment and Rehabilitation has been sent to Headquarters as annexure of this Report by Surface Mail).

(Copy of Memoranda and Conclusion received from the Ministry of Labour, Employment and Rehabilitation).

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70th Session of Indian National Congress, Jaipur, 10-12 February 1966: Socialist Goal in Stages.

The 70th annual session of the Indian National Congress was held at Jaipur from 10 to 12 February 1966. The session adopted three official resolutions dealing with the Tashkent declaration, food crisis and the economic situation.

Congress President's speech.- Shri K. Kamraj, President of the Congress, in his presidential address said: "The economic challenge to the nation far outweighs any military threat at the present moment. The question before us is, whether the country is going to face the situation, fight its way through and overcome all the obstacles, or whether it is going to submit meekly to the situation and become ineffective".

Referring to the food problem in the country, Shri Kamraj commented: "While we are thankful to the United States and other friendly countries for the supply of foodgrains at this critical juncture, we should not be blind to the implications of such dependence on foreign aid. It cripples our initiative and slackens our pace, and costs us heavily in foreign exchange. We cannot feel happy over solving our food problem through imports".

Shri Kamraj complained bitterly that although it was now eleven years since the goal of socialism was unequivocally accepted. "It has not succeeded in lessening, let alone removing, the disparity between the rich and the poor. On one side, we see an affluent class ~~induling~~ indulging in conspicuous spending. On the other side, we see masses of people living in misery and squalor. We see production getting more and more oriented to luxury items instead of to the necessities of the common man".

Referring to the Monopolies Commission report, Shri Kamraj said: "Pending legislative or other action on the report, it appears to me that as a matter of policy, no second licence for an industrial undertaking should be given to the same party or group, unless the first licence has been implemented and that no second loan or assistance should be given by State financing institutions to the same party or group until a moiety of the previous loan has been repaid. These will go a long way to check concentration of wealth in the hands of large groups".

To avoid the concentration of economic power, Shri Kamraj urged that States should "enter into the field of productive enterprises in a big way". "The expansion of the public sector is one of the positive steps in the direction of achieving our socialist objectives. In a vast country like India, wider dispersal of responsibility among the States for the development of their natural resources and for promotion of public sector undertakings may yield better results than a heavily over-burdened centralised control."

Shri Kamraj also suggested that licensing may be dispensed with in respect of industries which did not require any foreign exchange either for capital goods or for raw materials. Looking at the problem mainly from the point of view of improving indigenous technology and achieving import substitution, he said; "There is no need to restrict wholly-indigenous production in the country."

Of course, critics, may say that even if foreign exchange is not necessary for indigenous production, larger industries would need power and other facilities. The question is bound to arise whether the limited power and other resources of the country should be made available for industries which do not serve essential purposes. In other words, can licensing and control be dispensed with altogether in a planned economy? Can the resources of the country, which, by no means, are unlimited, be allowed to be utilised for setting up industries without any plan and without some priority? The idea presumably is that if public sector undertakings enter the field of production of consumer goods, it would prove a corrective to the monopolistic situation now prevailing in many industries, and that ultimately the law of supply and demand would succeed in eliminating the monopolies.

Shri Kamraj concluded by saying: "A new generation which is not emotionally attuned to the values and traditions of the soldiers who fought for freedom, is fast growing. The reactions and responses of this new generation to the peril posed by aggressive neighbours have been similar to the responses and reactionsof the earlier generation to the repression of the alien bureaucracy. But we have to canalise their enthusiasm into fruitful activity and should not allow it to be wasted on mere agitations and demonstrations."

In regard to foreign affairs, while Shri Kamraj wanted the Tashkent Declaration to be implemented with a view to watching whether Pakistan would respond sincerely, in regard to China, he was emphatic that the menace ~~menaces~~ was "both great and real". He urged the country to "steel itself to meet any onslaught that may be made on it at any moment and make adequate preparation."

Resolutions.- The resolution on the Tashkent declaration states that the Congress believes that the renunciation of force for the settlement of disputes and differences and the resolve to settle these peacefully, as embodied in the Tashkent Declaration, lays the foundation for building a future of friendship and mutual co-operation between the two countries and strengthens the forces of peace in Asia. Faithfully implemented, the Tashkent Declaration will contribute to the happiness and prosperity of the 600 million people of the Indo-Pakistan sub-continent. The resolution was unanimously adopted.

Food and Agricultural Problem.- The resolution on food and agricultural problem viewed with deep concern the food situation in the country which has resulted from the drought of the current year. In many parts of the country there is acute shortage of foodgrains, fodder and water. It noted that the Central Government has moved in the matter of obtaining adequate supplies of foodgrains and other food materials from imports to meet this contingency. The resolution expressed its thanks to the people of friendly conntries including the U.S.A. for the assistance rendered by them. In a situation of shortage, it was not sufficient to rely on imports of food. It was, therefore, necessary to regulate distribution and discipline consumption so that every individual obtains an equitable supply of foodgrains on an assured basis and at reasonable prices. In this connection the zonal system of foodgrains movement in the country should be examined immediately. The resolution added that in the long run, agriculture in India can break loose from its stagnation only by introducing modern scientific methods of cultivation. In this context, ~~the~~ it welcomed the approach of the Government of India in regard to agriculrural development. The resolution called on the Government to make available the necessary inputs of fertilisers, pesticides, improved varieties of seeds and technical services.

It was of the utmost importance to operate the existing and projected fertiliser factories at the highest level of efficiency. From this point of view, the highest priority should b e attached to the provision of necessary foreign exchange ~~and~~ for making available for necessary raw materials and equipment for the factories. The Committee also called on Government to reorganise and streamline the plant protection service. It was also necessary to utilise all indigenous resources like compost etc. to the maximum extent possible.

The All India Congress Committee reiterated the need to continue to implement a policy of ensuring a remunerative and incentive price to agriculturists. The Committee hope that the integrated price structure will be announced and informed well ahead of the sowing season and the stability of price maintained for a sufficiently long period.

The new programme of agriculture needed heavy investments. Unless the agriculturist was ensured the availability of adequate ~~time credit~~ timely credit at reasonable rates of interest the programme of agricultural improvement would suffer. The Committee recognised that while the co-operative movement had scored remarkable progress in parts of the country, it was still weak in many parts. The tenant and the smaller peasant found it difficult to obtain credit from the cooperatives. It was necessary to restructure the rural credit agencies in such a way to achieve the objective of reaching credit to all cultivators. The A.I.C.C. called on Government to explore ways and means of bringing about new credit arrangements to meet this goal.

The resolution added that agriculture couldnot develop in isolation. The community had to advance in more sectors than agriculture. The A.I.C.C. noted that the community development must be revitalised to serve the cause of rural regeneration. In this context, it was necessary also to see that the units of democratic decentralisation pulled their weight in the task of reconstruction. The A.I.C.C. believed that the movements of community development and rural democracy stood in need of being revitalised purposefully. There was also need to give a stake to the large numbers of the underprivileged agriculturists, the tenants, the agricultural labour - a stake in the transformation of the village. The A.I.C.C. suggested that a massive programme of rural works be organised to utilise the underemployed and unemployed rural people.

It was also necessary to give the rural dispossessed people a new confidence and strength. For this purpose, organisations of rural tenantry and agricultural labour should be set up, if need be, with statutory backing so that their problems can be represented and solved, without being stifled under status, caste and privilege.

~~Agricultural production~~

It emphasised that agricultural production in the country could increase only if the 60 million farming families and the workers engaged in it could be motivated properly. It was fortunate that they had so far responded favourably to the call for introducing new techniques and new varities. The A.I.C.C. was confident that given support and encouragement by Government the farmers of India would help in the breakthrough from the present difficulties and deficiencies on the agricultural and economic front.

The resolution called upon all States and the Central Government to take all necessary steps for implementing the land reforms policy as per resolution of the Bhubaneswar Congress and also take effective steps to carry the message and objective of Family Planning to the masses particularly in the rural areas as these were also essential pre-requisites for solving the food problem and agricultural production.

The resolution was introduced by the Union Food Minister, Shri C. Subramaniam who in a well argued, matter of fact speech replete with up-to-date figures presented effectively the measures so far taken by the Government to deal with the food situation and outlined the short and long term steps required to be taken. While every attempt was being made to tide over the crisis through increased imports, Shri Subramaniam was aware of the fact that the problem could not be solved by imports alone. Controlled distribution and disciplined consumption coupled with increased production through the adoption of advanced techniques in agriculture were necessary if the problem was to be solved permanently. Shri Subramaniam also emphasised the need for land reforms.

The resolution was adopted.

The Economic Situation.- The resolution on the economic situation states: "The views and aspirations of Congressmen for quickening the pace of economic advance, enlarging the welfare of the people and achieving an increasing measure of social justice found expression in the Resolution on Democracy and Socialism passed at the Bhubaneshwar Session of the Congress in the year 1964. During the intervening period, the progress in various directions has been inadequate and has not come up to expectations. The country has encountered shortage of food and other agricultural commodities. The situation has been greatly aggravated owing to the unprecedented drought in the agricultural ~~production~~ season 1965-66, in the wakeof a number of bad harvests. It has not been possible to step up industrial production to the optimum level and a proportion of industrial capacity has to remain idle, entailing increased costs and forced unemployment of a number of workers. The difficulty in respect of foreign exchange hasbecome acute and the conflict with Pakistan in 1965 has further added to the strains in the economy. As a consequence, our difficulties regarding both domestic prices and the balance of payment have become accentuated.

"Efforts are being made to grapple with this short-term problem and mitigate the hardships that have been caused. In view of the fact that our country possesses a basically sound and progressive economy and noteworthy progress has been made in all directions since independence, it is within the power of the nation to remove quickly the imbalances and obstructions in the way of sustained economic progress and secure for the people a progressive fulfilment of the promise of the Bhubaneshwar Resolution.

"It is imperative that to ensure this, a close study is made of the current difficulties and the lack of sufficient progress in recent years.

"Towards this end, it is resolved that the President be authorised to constitute a Committee which should report to the Working Committee on or ~~the~~ before 31 March 1966."

The resolution was adopted.

Prime Minister's address.- Addressing the plenary session, the Prime Minister, Mrs. Indira Gandhi, declared that the old policies framed and pursued by the Congress Party soon after Independence had proved sound and effective and if they stuck to them there was no doubt that the country would be marching along the right path and reach the goal of economic freedom.

Mrs. Gandhi said that a heavy responsibility rested on the Congress Party because of the confidence reposed in it by the people. She said the three-day discussions of the party had revealed that although they had achieved freedom, they were yet to achieve economic freedom. The country could not be said to have made progress until dependence on foreign exchange was put an end to and this progress could not be achieved unless everyone in the organisation put in his or her fair share of efforts.

Mrs. Gandhi said there was no need to be frightened as some people did by words like socialism. What was important were the contents and the object aimed at and if they concentrated on their work they were bound to achieve it.

In a brief reference to the Tashkent Declaration, the Prime Minister said that while implementing the agreement faithfully they should not also forget the fact that Pakistan had committed aggression three times against India and therefore they should always be vigilant in guarding the integrity of the country.

(The Hindu, 13 February 1966;
A.I.C.C. Economic Review,
1 March, 1966).

12. Activities of External Services.

India - February 1966.

Meetings:

During the month under review, the Director of this Office participated in the following meetings:

1. The 24th Session of the Standing Labour Committee held at New Delhi on 13 and 14 February 1966.

2. ~~A~~ Meetingsconvened by the Director General of the F.A.O. on February 7 and by the Government of India on 8.2.66 to discuss the question of international assistance to India in the present difficult food situation.

Visits:

During the month Messrs Lyman and Richter visited this Office in connection with the Rural Employment Promotion Project, Phoolpur (Allahabad).

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13. Press and Opinion.

India - February 1966.

In addition to the attached clippings the following references to the ILO appeared in Indian journals received in this Office.

1. The 1965 Annual Number of 'Commerce', Bombay, publishes a review of labour in India during the year 1965 under the heading 'an evenful year on the labour front'. In an incidental reference to the I.L.O. the review says "..... in an dispute between the Millowners' Association, Ahmedabad .... and the Textile Labour Association .... it was, however, contended by the Labour Association that the sample survey conducted by the Labour Bureau was rational, since it was undertaken on the guidance and advice of the ILO experts."

2. The January 1966 issue of 'Asian Labour' publishes an article entitled 'U.N.must end, forced labour in South Africa', extracts from a memorandum submitted by the ICFTU to the Committee dealing with colonial questions of the United Nations General Assembly. Those appear under the heading "U.N. Must end Forced Labour in South Africa' and refers to 'breach of ILO Convention No.50 on Recruitment of Indigenous Labour'.

3. The same issue of the journal refers to the refusal of the workers' group at a recent meeting of the ILO's metal trades committee to recognise the workers' observer delegate from Spain since 'workers in Spain are not allowed to organise themselves freely'.

4. The same issue of the journal contains a reference to a meeting of the ILO Governing Body at which it was"deplored that South Africa had failed to refute the allegations that trade union officials and members are liable to be prosecuted for sabotage and sentenced to death under the General Law Amendment Act of 1962 and that it discriminates against a particular race."

5. The February 1966 issue of Asian Labour publishes a news item about the meeting of the ILO's Permanent Agricultural Committee.

6. 'Commerce' dated 12 February, 1966, publishes a news item relating to the formal inauguration of the Central Labour Institute. There is a reference to the ILO which has "helped it in the initial stage with finance and expert advice" and which, it is hoped "will continue to guide the Institute so that it may be able to function more effectively and purposefully".

7. The January issue of the I.C.C.W. News Bulletin issued bythe Indian Council for Child Welfare, publishes an article on 'The International Labour Organisation and the Youth of the Developing Countries'. The article says: " Among the most fundamental and pressing needs of the youth of the developing countries is vocational training. International Labour Organisation, aware of the need, has in recent years devised new methods to assist the youth in countries where precarious living conditions, population pressure, deficient schooling and the chaotic migration of young people to the towns force an ever increasing number of them to seek work without the indispensable minimum of academic or vocational knowledge."

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13. Press and Opinion -

India - February - 1966.

The Indian Textile Journal.
Bombay
Dec. 1965

Mr. Parakat Madhava Menon, former Labour Secretary to the Government of India, who has been appointed Director of the I.L.O.'s India Branch Office, at New Delhi, assumed charge of his duties on 12th November 1965.

Educated at Presidency College, Madras, and New College, Oxford, Mr. Menon joined the Indian Civil Service in 1930. After holding various posts in Madras State, he was attached to the Central Labour Department in 1938, and served in different Ministries in various capacities. He was appointed Secretary in the Ministry of Labour and Employment in 1957 from which post he retired on 10th November 1965.

United Nations Weekly Newsletter,
New Delhi,
21.1.66

Experts Consider Better Status For Teachers

A MEETING of experts was convened in Geneva on 17 January, under the joint auspices of the International Labour Organisation (ILO) and the United Nations Educational, Scientific and Cultural Organization (UNESCO), to review observations of a number of Governments on a draft recommendation concerning the status of teachers.

The draft recommendation—based fundamentally upon the conclusions of an ILO meeting of experts in 1963 on the social and economic conditions of teachers in primary and secondary schools and those of a UNESCO expert committee on teachers' status, which met in 1964—will be revised to take into account the replies of interested Governments and teachers' organizations.

Their reaction was in general favourable to the need for an international instrument in the form of a recommendation concerning the status of teachers.

The draft recommendation covers the whole range of problems affecting the teaching profession, including educational objectives and policies, rights and responsibilities of teachers, conditions for effective teaching and learning, salaries, social security and the teacher shortage, and envisages a considerable improvement in the professional, social and economic status of the teaching profession.

The experts taking part in the meeting were selected by the Directors-General of the two organizations, and were drawn from a list of 30 countries approved by the Executive Board of UNESCO and the Governing Body of the ILO.

United Nations Weekly Newsletter
New Delhi.
28-1-66

TRAINING INDUSTRIAL INSTRUCTORS

SET in the heart of an expanding industrial area, the Hyderabad Central Training Institute for Instructors is one of six CTI's, as they are called, established by the Government of India. Five of them, located at Hyderabad, Calcutta, Kanpur, Madras and Ludhiana, were set up with assistance from the United Nations.

Their purpose is threefold :

—To provide additional theoretical and practical instruction for existing instructors in various trades such as motor mechanics, electrical trades, turning, welding and fitting—and in the art of teaching them :

—To train new instructors required for vocational training institutions ;

—To provide refresher courses enabling qualified instructors to keep abreast of improvements in industrial techniques and teaching methods.

The great majority of those undergoing training at the CTI's are members of the teaching staffs of the 320 Industrial Training Institutes (ITI's) operated by State Governments across the country. The trainees return to their teaching posts on completion of their course.

Heavy responsibility for adding to India's reserves of skilled manpower rests on the ITI's. They are training many of the 75,000 additional craftsmen required under the provisions of the current third Five Year Plan.

Fourth Plan Target

It is proposed during the fourth Plan (1966 to 1971) that the ITI's should turn out 200,000 trained craftsmen annually. To achieve this they will need some 1,600 more instructors each year; hence the importance of the institutes for training instructors whose annual output is now geared to rise to 1,650.

An indication of the need the Training Centres are meeting is given by the fact that a Training Centre in Calcutta, for example, has been receiving 10,000 applications for the 200 places available for each course.

This gives an idea of the magnitude of the country's industrial training problem, of the size of the manpower reserves, and of the widespread hunger for vocational training.

Mr. Antoine has used his own mechanical and teaching skill to train workers in many developing countries.

As chief ILO expert at Hyderabad, Mr. Antoine heads a team of seven international experts who work in close co-operation with their Indian counterparts. These will later assume full responsibility for running the Institute when the Special Fund assistance to the project ends in March 1966.

(The foregoing is based on an article in the current issue of "ILO Panorama".)

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IN allocating funds to help the instructor training programme, the UN Special Fund appointed the International Labour Organization (ILO) as Executing Agency for the project. And it is the ILO which has provided the international experts to advise on and take part in the instruction given.

At the Hyderabad CTI, the chief ILO expert is an American, Tamlin C. Antoine. A graduate of Hampton Institute and holding a master's degree in education from Wayne State University in Detroit,

Mr. Antoine has used his own mechanical and teaching skill to train workers in many developing countries.

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(The foregoing is based on an article in the current issue of "ILO Panorama".)

The Indian Worker,
New Delhi.
14. 2. 1966

ABID ALI

NEW DELHI.

SHRI Abid Ali, M.P. INTUC Vice-President and a member of the ILO Governing Body is leaving to-day (February 14) for Geneva to attend the meeting of the ILO Governing Body.

It may be recalled that Shri Abid Ali returned from Brussels last week and attended the Jaipur Session of the Indian National Congress.

He is expected to return to Bombay on March 6.

"ASIAN LABOUR" New Delhi.
February, 1966.

THE necessity of promoting educational and vocational training programmes among rural people as well as the full application of the Conventions of the International Labour Organization No. 87 (on Freedom of Association and Protecttion of the Right to Organize) and No. 98 (on Collective Bargaining) were among conclusions of the ILO Permanent Agricultural Committee, which met from 22 November to 3 December 1965 in Geneva.

The proposal to have these points included was made by Heri Maier from the ICFTU Geneva Office, who attended the session on behalf of the organization.

The Committee is supposed to act for the ILO as the Liaison body with the agricultural world and to give advice to the ILO Governing Body with respect to agricultural problems. It consists of 26 experts, 12 nominated after consultation with Governments, seven after consultation with the employers' group and seven after consultation with the workers' group of the ILO Governing Body.

During the discussion on the role of agricultural organizations in promoting economic and social development in rural areas, the Committee—acting on union proposals — urged that constructive measures be taken to encourage rural organizations to engage, in addition to the defence of the social and economic interests of their members, in the dissemination of the technical research, in the provision of marketing and processing facilities for agricultural produce and in the promotion of communal, recreational and leisure time activities.

With regard to the vocational preparation and employment of rural youth, the Committee proposed the creation of employment opportunities taking into account the importance in this respect of agrarian reform, land settlement and the setting up of appropriate industries.

The Indian Worker.
New Delhi.
7.2.66.

President To Inaugurate Central Labour Institute

BOMBAY

THE Central Labour Institute will be inaugurated here on February 9, by the President Dr. S. Radhakrishnan.

The Governor of Maharashtra Dr. P. V. Cherian will preside over the function.

As an extension of the activities of the Central Labour Institute at the regional level, Regional Institutes have been set up at Calcutta, Kanpur, and Madras, with the support of the United Nations Special Fund and the I.L.O. as the executive agency. Assitance has also been received from the United Kingdom under the Colombo Plan for equipping these Institutes. Industry has also responded generously. Many enterprises have participated actively by making available numerous items of equipment and machinery.

These Institutes are modelled on the pattern of the Central Labour Institute, though the facilities provided will be on a reduced scale and comprise:

1. Industrial Safety, Health and Welfare Centres;
2. Industrial Hygiene Laboratory;
3. Library-cum-Information Centre; and
4. Training Centre.

The Regional Institutes will conduct training programmes with the assistance from the specialist staff of the Central Labour Institute and will carry out research and investigations on problems of particular importance or significance to the region.

Chapter 3. Economic Questions

32. Public Finance and Fiscal Policy.

India - February 1966.

Central Budget presented in Lok Sabha by Finance Minister: Overall deficit of Rs. 1170 Million Estimated: New Levies to raise 1110 Million Rupees suggested: Relief for Lower Incomes.

the Central Budget for 1966-67

Shri Sachindra Chaudhuri, Union Finance Minister presented in the Lok Sabha on 28 February 1966. Placing the budget, the Union Finance Minister said that the budget for 1966-67 would leave an overall deficit of 1,170 million rupees. The total revenue receipts next year at the existing level of taxation were estimated at 26,170 million rupees and expenditure on revenue account at 24,070 million rupees. The revenue surplus of 2,100 million rupees next year would thus be 720 million rupees ~~and expenditure~~ less than the revised estimates for the current year.

The Finance Minister said that the total disbursement on capital account, excluding the national adjustment of PL 480 Loans, would be 19,520 million rupees. This would be met, apart from the revenue surplus, by internal and external borrowings of 7,440 million rupees, collections under Small Savings of 1,350 million rupees, fresh accretion to PL 480 Funds of 2,300 million rupees, Annuity Deposits of 440 million rupees, repayment of loans of 3,700 million rupees and receipts under miscellaneous debt and deposit heads of 1,020 million rupees, thus leaving an overall deficit of 1,170 million rupees.

Plan Expenditure.- While Plan expenditure on revenue account was less by 360 million rupees, the increases were accounted for by 290 million rupees under Defence Services, 145 million rupees under Police, mainly for requirements of border security, 115 million rupees under grants for drought relief and 60 million rupees to Union Territories to cover their budgetary gaps.

Administrative Services proper, excluding Police, would cost 990 million rupees next year as against 930 million rupees this year and 830 million rupees last year. The increase of 60 milion rupees next year would include 25 million rupees on account of next year's election expenses. The balance of the increase in revenue expenditure after excluding reductions under subsidies and aid, namely, 180 million rupees, would occur mostly under non-Plan developmental heads, and include committed expenditure arising out of the completed Third Plan Schemes.

On capital account, the external borrowings would amount to 4,600 million rupees as against 4,900 million rupees in the current year. This was exclusive of fresh accretion of PL 480 funds of 2,300 million rupees. Market loans had been assumed at 2,800 million rupees, about the same as in the current year. However, since repayments next year would be substantially higher, the net market borrowing at 800 million rupees next year would be 220 million rupees less than that during the current year.

After taking account of receipts under repayment of loans, accretions under miscellaneous debt and deposit heads and the revenue surplus of 2,100 million rupees, the total budgetary resources in sight for total capital outlay next year, both Plan and non-Plan would be of the order of 18,350 million rupees.

A summary of the final estimates is given below:-

Please see the table on the next page

REVENUE BUDGET

(In million of Rupees)

Receipts	Budget 1965-66	Revised 1965-66	Budget 1966-67
Customs.	4,195.0*	5,312.0	5,600.0 + 05.2**
Union Excise Duties.	8,191.9*	8,613.5	9,697.0 + 422.7**=
Corporation Tax.	3,716.0	3,300.0	3,400.0 + 360.7**
Taxes on Income.	2,915.0	2,600.0	2,700.0 + 244.5**
Estate Duty.	74.0	70.0	74.0 + 7.0**
Taxes on Wealth.	135.0	140.0	140 .0
Expenditure Tax.	15.5	7.5	7.5 - 6.0**
Gift Tax.	31.0	30.0	30.0 - 17.1**
Other Heads.	238.7	247.6	264.7 + 5.0**
Debt Services.	2,967.3	3,164.6	3,606.2
Administrative Services.	95.1	93.6	94.5
Social and Developmental Services.	235.7	241.9	225.6
Multi-purpose River Schemes etc.	1.3	1.2	1.2
Public Works etc.	39.4	42.2	41.5
Transport and Communications.	67.5	82.0	84.5
Currency and Mint.	616.9	625.5	649.4
Miscellaneous.	254.7	266.9	190.7
Contributions and Miscellaneous Adjustments.	348.1	350.7	433.4
Extraordinary Items.	605.0	807.2	306.6
Deduct - Share of Income Tax payable to States.	- 1,212.7	- 1233 .4	- 1,304.5
Deduct - Shares of Estate Duty payable to States.	- 71.7	- 67.9	- 71.1 - 6.9**
Total.	23,458.7	24,695.1	26,171.2 +1,015.1**

Table continued to next page

Table continued:-

	(In Million of Rupees)		
	Budget 1965-66	Revised 1965-66	Budget 1966-67
Disbursements			
Collection of Taxes, Duties and other Principal Revenues.	288.8	296.4	308.4
Debt Services.	3,561.1	3,726.1	4,148.3
Administrative Services.	913.6	922.1	1,100.8
Social and Developmental Services.	1,846.6	1,777.3	1,955.7
Multi-purpose River Schemes etc.	19.8	19.0	20.3
Public Works etc.	229.8	217.7	238.3
Transport and Communications.	106.2	109.4	109.4
Currency and Mint.	164.0	170.3	178.2
Miscellaneous.	1,162.7	1,273.6	1,523.5
Contributions and Miscellaneous Adjustments:			
Grants to States and Union Territory Governments.	3,271.1	3,349.5	3,963.0
States' Share of Union Excise Duties.	1,408.4	1,459.2	2,127.5
Other Expenditure.	46.9	48.2	50.2
Extraordinary Items.	658.4	814.8	373.8
Defence Services (Net).	7,487.4	7,690.6	7,976.7
Total.	21,164.8	21,874.2	24,074.1
Deficit (-) Surplus (+)	+ 2,293.9*	+2820.9	+2,097.1 +1,015.1**

* In addition the measures introduced through Finance (No.2) Act, 1965, were expected to yield 803.3 million rupees under Customs and 259.2 million rupees under Union excise duties making a total of 1,062.5 million rupees, thereby increasing the Revenue Surplus to 3,356.4 million rupees.

** Effect of Budget proposals.

*** Excludes 100.7 million rupees being the share of Union excise duties, payable to States, which has been taken in reduction of Revenue.

Tax proposals.- The Finance Minister announced the following tax proposals:

The excise duty on crystal sugar will be raised from Rs. 28.65 to Rs. 37 per quintal.

The excise duty on cigarettes and cigars and unmanufactured tobacco is to be raised by 25 to 30 per cent.

Excise duty on diesel oil not otherwise specified is to be raised by Rs.65 per kilolitre. Additional revenue expected: 53.5 million rupees.

The duty on cotton yarn fabrics will be increased. There will be no increase in coarse yarn fabrics.

The excise duty on sodium silicate and carbon-dioxide will be raised slightly.

The rates of estate duty on intermediate categories are to be raised. For 0.1 million rupees to 0.2 million rupees the duty will be 8 to 10 per cent; from 0.35 million to 0.50 million rupees from 15 to 25 per cent.; from 0.5 million rupees to 1 million rupees from 25 to 30 per cent.

Exemption limit for individuals raised from Rs.3,000 to Rs.3,500; personal allowance of an unmarried individual from Rs.2,000 to Rs.2,500; and personal allowance of a married individual with more than one dependent child from Rs.4,300 to Rs.4,800.

Exemption limit for annuity deposits raised from Rs. 15,000 to Rs. 25,000. (Reduction in receipts 70 million rupees).

A flat special surcharge of 10 per cent. of the amount of income-tax and surcharge on earned and unearned income proposed.

Expenditure tax abolished.

Rates of gifts tax revised. Exemption limit raised from Rs. 5,000 to Rs. 10,000, the rate on slab from Rs. 10,000 to Rs. 25,000 reduced from 8 per cent. to 5 per cent. and rates on subsequent slabs, up to 1.5 million rupees by varying percentages. Existing marginal rate of 50 per cent. will operate on slab beyond 1.5 million rupees.

Estates of members of police forces killed in action, like those of members of the armed forces, exempt from duty.

Income-tax abolished on national capital gain from equity shareholder holding bonus shares.

General rates of tax on corporate incomes increased by 10 per cent.

Central Sales tax on Inter-State sales raised from 2 per cent. to 3 per cent.

Ceiling on sales tax on goods of special importance in inter-state trade raised from 2 per cent. to 3 per cent.

Summing up the effect of the tax proposals in his budget speech, Shri Chaudhuri said that additional yield resulting from the changes in the excise duties proposed would be 528.6 million rupees of which the share of the States would be 100.7 million rupees. The gain to the Central Budget would therefore be 427.9 million rupees. The net effect of the changes in regard to personal taxation would be a gain to revenue of 221.4 million rupees. The additional yield from corporate taxation, after taking into account the concessions in regard to the dividend tax and surtax and the elimination of the tax on bonus issues, would be a gain to revenue of 360.7 million rupees. The changes in the inter-State sales tax would bring in an additional revenue of 5 million rupees to the Centre. The total revenue effect of its tax proposals was an addition of 1,015.1 million rupees. On the capital account, there would be be a reduction in the ~~yeield~~ yield of annuity deposits of 93.9 million rupees. The total additional resources thus available for reducing the deficit of 1,170 million rupees would therefore, be 920 million rupees, leaving an overall gap of 250 million rupees.

In conclusion the Finance Minister said: "I am keenly aware that by the compulsion of circumstances I have had to propose additional resources mobilization on a considerable scale. The underlying budgetary position with which we end the current financial year is itself not very satisfactory. This alone has required maximum restraint on both Plan and non-Plan expenditure. At the same time, there are minimum claims of defence, development and drought relief which we cannot disregard without peril. In distributing the additional burdens, however, I have endevoured to make the spread equitable among the different sections of the community and to put the strain where it can best be borne. I have also incorporated a number of reliefs and changes which are designed considerably to simplify the tax structure and which, I hope, will provide a better climate for orderly growth. Honourable Members would also appreciate, that, in presenting my budget proposals, I have kept clearly in view the need to make the economy stable. To this end, I would have liked to avoid deficit financing altogether and to budget for some surplus. If I have left a deficit of 250 million rupees, it is only because of my firm belief that a greater degree of resource mobilisation would be self defeating as it would come in the way of the buoyancy of production and revival of confidence which are so urgently required.

I cannot conclude my presentation of the Budget without sharing with you, Sir, and the Honourable House a sentiment of optimism in this that we are together and determined to change our fiscal ~~estimate~~ climate for the better. In whatsoever walk of life, in field or farm, factory or workshop, in offices or Parliament, Sir, I earnestly invite every citizen of our country to share with us in this House the task of building a more ~~prosperious~~ prosperous and happier India, truly free from fear and from want."

(The Statesman, 1 March, 1966).

Railway Budget for 1966-67: Revenue Surplus of Rs. 221.9 Million Estimated: Passenger Fares unchanged: 3 Per Cent Surcharge on Goods Freight.

Shri S.K. Patil, Union Minister of Railways presented the Railway Budget for the year 1966-67 in the Lok Sabha on 15 February 1966. A levy of a general surcharge of 3 per cent. on goods, a slight reduction in the rates of 15 selected high-rated commodities and a small concession in season-ticket charges for journeys beyond 20 km in certain regions are the main features of the budget.

The general surcharge of three per cent. and the other changes are expected to yield about 181 million rupees.

After payments to general revenue which will amount to 1,334.9 million rupees the net surplus will be 221.9 million rupees.

Receipts and Expenditure.- Shri Patil estimated the gross traffic receipts in 1966-67 to be 7,953.3 million rupees.

After ordinary revenue working expenses, the appropriation of depreciation reserve fund from revenue and other appropriations will total 6,396.5 million rupees leaving a net surplus of 1,556.8 million rupees.

Some further changes proposed which will also bring rates closer to cost are expected on the balance to cancel out giving no additional revenue.

These include a reduction in freight rates for a number of commodities in common use like sugar, tea, biscuits, medicines and hydrogenated oils.

The provision for new line constructions in the Railway budget is 596.9 million rupees excluding a credit of 0.7 million rupees for recoveries from the Visakhapatnam port authorities.

On the expenditure side, Shri Patil said a substantial curtailment in the programmes of new works and the rephasing of works in progress would be unavoidable because of the limited availability of resources and the Government policy to review capital investment programmes. The allotment by the Railways for expenditure of a capital nature would be kept down to 2,250 million rupees against 3,142.4 million rupees in 1964-65.

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

(Rupees in Millions)

	Actuals 1964-65	Budget 1965-66	Revised Estimates 1965-66	Budget 1966-67
Gross Traffic Receipts.	6,608.5	7,160.0	7,418.0	7,953.3
Ordinary Revenue Working Expenses Net i.e.after taking credits or recoveries.	4,334.5	4,578.4	4,820.4	5,086.8
Appropriation to Depreciation, Reserve Fund from Revenue.	830.0	850.0	850.0	1,000.0
Appropriation to Pension Fund.	115.0	120.0	120.0	135.0
Net Miscellaneous Expenditure (including cost of works charged to Revenue).	147.9	160.2	165.2	174.7
Total.	5,427.4	5,708.6	5,955.6	6,396.5
Net Railway Revenue.	1,181.1	1,451.4	1,462.4	1,556.8
Payment to General Revenues:				
(i) Dividend.	924.3	1,034.0	1,037.5)	1,334.9
(ii) In lieu of Passenger Fare Tax for transfer to States.	125.0	125.0	125.0)	
Net Surplus.	131.8	292.4	299.9	221.9

Railway Minister's speech.- Presenting the Railway Budget, Shri S.K. Patil, Railway Minister explained the new levy of 3 per cent. surcharge on goods rates and a few other minimum charges in the tariff rates for movements beyond 800 kilometres.

In outlining his proposals, the Railway Minister recalled that there had been no enhancement last year in goods rates generally and upward adjustments had been limited only to a few bulk materials - excluding coal, coke and salt - moving at comparatively low rates. The modest measures now proposed, he pointed out, had become unavoidable mainly because of three reasons. The Convention Committee's recommendations to increase the rates of dividend payable by the railways during the Fourth Plan would cost them an extra 70 million rupees during 1966-67 as compared with the 1965-66 rates. Post-budget increase in costs,

which had begun to apply one by one during 1965-66, such as the successive increases in the price of coal, the additional levies on diesel oil, the liberalised house rent allowance etc., would now apply for the full year 1966-67 and to that extent make the position more difficult. The further instalment of dearness allowance decided upon only this month would involve an extra cost of 105 million rupees. The Railway Minister stressed that the current rates and fares had not been fixed at a level which left any cushion for new commitments or further increases in costs, but that even when the need to ensure the continuing financial soundness of the railways had compelled an adjustment, this was being kept down to the absolute minimum.

Rail Traffic Anticipation.- The Railway Minister put down the rail traffic anticipations for 1966-67 at an extra 12 million tonnes in originating freight over and above the level of 204 million tonnes anticipated for 1965-66. As a consequence of increased traffic, goods earnings in 1966-67 were estimated to increase to 4,880 million rupees as against 4,620 million rupees for the current year; with the changes proposed, goods receipts are expected to reach 5,060 million rupees. Passenger receipt were placed at 2,272 million rupees as compared with 2,205 million rupees expected for the current year. The estimate of increase allowed for the likelihood of a check in the growth of passenger travel consequent on the serious drop in agricultural output and agricultural incomes.

In the aggregate, the total traffic receipts were estimated to go up from 7,418 million rupees to 7,953.3 million rupees, including the realisations from the adjustments in freight rates expected to yield an additional 181 million rupees. The surplus after meeting the obligatory dividend was assessed at 221.9 million rupees. This would be appropriated entirely to the Development Fund as in the previous years.

As regards Works Expenditure in 1966-67, the Railway Minister stated that with the limited availability of resources and the Government policy to review capital investment programmes, the allotment by the railways for expenditure of a capital nature would be kept down to 2,250 million rupees in 1966-67 as against 3,142.4 million rupees in 1964-65 and 2,824.9 million rupees in 1965-66. A substantial curtailment in the programmes of new works and the rephasing of works in progress would thus be unavoidable.

Revised Estimates for 1965-66.- In presenting the revised estimates for 1965-66, the Railway Minister stated that the increaseof about 10 million tonnes in originating revenue traffic originally anticipated, was expected to be amply realised, and even somewhat bettered, since the originating revenue traffic loaded up to December 1965 had already exceeded the loading in the corresponding period of 1964-65, by 10.35 million tonnes. This, the Railway Minister pointed out, was in itself a measure of the gains of plann ed development and of the basic strength of the economy, and was particularly noteworthy when the additional burden imposed by the events of September 1965 were taken into account.

The goods earnings for the current year were expected to reach the figure of 4,620 million rupees as against the budgeted 4,419 million rupees. In passenger earnings, however, there had been a check in the rate of growth because of the set-back during August/September, 1965 and perhaps also because of the poor agricultural season. There was, therefore, likely to be a marginal shortfall of about 10 million rupeds. The gross traffic receipts were estimated at 7,418 million rupees, which was 258 million rupees or about 3.6 per cent. more than the budget.

Increased Working Expenses.- This increase was, however, almost wholly absorbed by the increase in working expenses, the largest item being the addition to staff costs by the liberalisation of house rent allowance from 1 July 1965 and the grant of two further instalments of dearness allowance decided upon after the Budget. Another post-budget item of importance was an increase of 40 million rupees in the cost of fuel owing to successive increases in the price of coal and diesel oil. With increased earnings thus offsetting increased expenditure, the surplus for 1965-66 was expected to be about 299.9 million rupees which would be slightly better than the budget estimate of 292.4 million rupees.

The revised estimate for Capital Expenditure on works and rolling stock was placed at 3,548 million rupees as against the budget estimate of 3,450 million rupees. The increase had been brought about by post-railway budget factors such as additional taxes, increase in prices of steel etc., and would have been even greater but for the exercise of strict economy and a marginal slowing down of schemes.

Plan Outlay.- The Third Plan outlay for the railways was expected to be 16,770 million rupees, which was 6 per cent. more than the figure of 15,820 million rupees estimated at the time of the Mid-Plan Appraisal in 1963. The foreign exchange expenditure, however, was expected to be only 2,450 million rupees, for the very much larger Third Plan, as against 3,200 million rupees during the Second Plan. This, the Minister said, was largely due to significant development of the manufacture of railway equipment and stores in the country.

Self-Sufficiency in Wagon and Coach Output.- In the Third Plan, the railway have achieved complete self-sufficiency in wagon and coach manufacture and in mechanical signalling equipment and laid the foundations for diesel and electric locomotive production. In the Fourth Plan they expected to meet all their rolling stock requirements within the country except for some metre gauge diesel locomotives. Import of components would, however, continue for a few years. Track materials were all indigenously produced. The present partial dependence of wagon building on imported steel would be appreciably reduced with the expanded output from Rourkela and the coming up of the new steel plant at Bokaro.

Even with the larger capital outlay in the Third Plan, the railways' contribution towards the resources of the Plan had been substantially more than the originally targeted proportion and well over one-third of the outlay on the railway Plan. Their gross contribution would be about 6,380 million rupees. In addition, they had paid dividend to the General Revenues at an increasing percentage rate on the capital-at-charge. They may take legitimate pride, the Minister stated, in the fact that apart from a payment of 125 million rupees for transfer to the States, they were paying from their earnings a dividend of 1,040 million rupees this year as against 560 million rupees just five years ago.

Physical Achievements.- The Railway Minister also made a brief survey of the physical achievements during the Third Plan. In regard to new railway lines the construction of 2,200 kilometres had been completed. The railways had also surveyed or were in the process of surveying, several projects by way of advance studies for possible future developments. Dieselisation and electrification schemes were making steady progress.

Against an electrification programme of over 2,500 route kilometres which had been initiated, about 1,700 kilometres would have been commissioned on the A.C. system by end of the ~~Plan would~~ current year. The end of the Plan would also witness ~~over 6,000 kilome~~ 465 diesel locomotives operating over 6,000 kilometres on the broad gauge and 167 diesel locomotives operating over 2,000 kilometres on the metre gauge. The proportion of goods traffic hauled by electric and diesel locomotives would have risen to about 45 per cent. from about 10 per cent. in 1960-61.

The Railway Convention 1966.- Recalling the Railway Convention which would come into force from 1 April 1966, the Railway Minister pointed out that the provision for depreciation was to be nearly doubled from 3,800 million rupees in the Third Plan to 6,500 million rupees, if possible, in the Fourth Plan. Dividend rates would be substantially increased to 5.5 per cent. on the capital provided upto 31 March 1964 and 6 per cent. on all capital provided thereafter. This would increase the railways dividend liability by about 70 million rupees in 1966-67, the benefit of most of which would go to the States. The States would receive an average of almost 180 million rupees in each year of the Fourth Plan as against 125 million rupees in 1965-66.

Though the Fourth Five Year Plan was not likely to be finalised until later this year, the indications were that the capital outlay for expansion of the Railways would be of the same order as in the Third Plan, even though the increase in traffic anticipated, particularly freight traffic, was much larger. The originating freight traffic in 1970-71 was expected to be 320 million tonnes.

Rolling Stock Manufacture.- The Railway Minister gave a brief account of the impressive strides in rolling stock manufacture. From small beginnings in the early 50s, the wagon production capacity in the country had reached a level of around 2,500 to 3,000 four-wheeler unit equivalents per month. An Indian manufacturer had successfully secured an export order valued at about 16 million rupees for freight wagons in the face of stiff international competition. There was hope, the Minister said, of securing more export orders.

The out-turn of the Chittaranjan Locomotives Works in 1964-65 was 138 steam locomotives and 35 A.C. electric locomotives and in 1966-67 the factory was expected to produce 120 steam and 75 electric locomotives. The works would also take up the manufacture of heavy traction motors required in electric locomotives. The Diesel Locomotive Works at Varnasi was expected to complete about 60 locomotives before March this year.

Its rate of production was being stepped up with the steadily increasing proportion of indigenous content.

The Integral Coach Factory had so far delivered 4,700 coaches since it commenced production in 1955. The Factory is also manufacturing electrical multiple unit suburban stock with electrical equipment supplied by Heavy Electricals, Bhopal. Additions in the number of passenger coaches had been made faster than the general increase in traffic during the Plan periods, thus helping in relieving over-crowding.

Safety Measures.- The response to the various measures taken to arouse safety consciousness amongst staff and to provide them with better tools and conditions of work had been, the Minister pointed out, encouraging. The proposal initiated by the railways had been accepted by the Convention Committee in Parliament to contribute to the General Revenues a further sum averaging about 20 million rupees per year in the Fourth Five Year Plan period to help the States in providing their share of the resources required to advance safety works such as manned level crossings, and over or under bridges.

The Minister was happy to report that labour-management relations had been good throughout the year and the Permanent Negotiating Machinery had proved a valuable and effective instrument.

Research.- In the field of development research the Railway Minister stated that valuable work had been done as regards railway track. Though these investigations had to continue over a long period, they hadalready yielded valuable information which might prove to be an important contribution towards world knowledge on this subject.

(The Statesman, 16 February, 1966;
Text of Railway Minister's Speech
received in this Office).

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34. Economic Planning, Control and Development.

India - February 1966.

Economic Survey for 1965-66 presented to Parliament by Finance Minister: Higher Yield from Current Taxes emphasised.

The Union Finance Minister Shri Sachindra Chaudhuri presented to Parliament on 24 February 1966 the Economic Survey for 1965-66. The survey which forms part of the Central Budget Papers, is in two parts. The first part contains a brief review of economic trends and policies over the recent past and an assessment of prospects for the coming months. A more detailed review of developments in important sectors of the economy is given in the second part.

Present the Survey, Shri Chaudhuri said : "While it may be necessary and desirable to extend the tax system to cover more fully those who benefit from development, to mop up incomes which serve no functional purposes and even to raise the rates of taxation, reliance will need to be placed primarily on increasing the yields of taxes at current rates and surpluses of public sector undertakings through greater and more efficient production." Substantial additional taxation having already been imposed, the survey feels, "the extent to which domestic savings can be mobilized for development would depend henceforth increasingly on the rate at which output can be expanded". The survey, however, does not rule out additional taxation altogether. It says that in the context of the growing requirements of development, the importance of augmenting domestic savings is greater than ever.

"The need to strengthen the budgetary position is all the greater since the substantial budgetary support, which the imports of food grains under PL 480 has provided in recent years, cannot be considered as an integral part of long-term fiscal policy. There is thus need and scope for mobilizing resources by additional measures of taxation."

The Survey notes with disappointment that production generally and that of agriculture in particular was below expectations and that prices continued to rise during the year. The first nine months of 1965-66 witnessed a rise of 11.4 per cent. in prices as compared with an increase of 16 per cent. in the corresponding period of 1964-65.

The Survey attributes the rise in prices during the year under review largely to higher prices of food articles. Prices of manufactures also rose during the year. They were partly intended to provide incentives to additional production and partly reflected increases in costs as a result of higher food prices. In many instances, cost of living allowances to industrial workers were related to prices of foodgrains, and many industries had to pay higher prices for agricultural raw materals.

Striking an optimistic note on the prospects for the next financial year, the Survey says "with normal weather conditions there is reason to expect a considerably higher level of production next year. Prospects for increase in the flow of imports of raw materials and components are also becoming brighter".

According to the survey, there is need to view proposals for changes in prices and incomes in individual sectors in the context of an overall price and income policy providing for a reasonable degree of overall price stability.

It says that adequate mobilization of internal resources is the only means of avoiding excessive expansion of the money supply and inflationary pressure in the economy. While adjustments in relative prices are often desirable in order to provide a stimulus to production they become ineffective if they are neutralised by corresponding increases in prices generally.

The Survey further states that adverse weather conditions have resulted in a substantial fall in agricultural output. There has been a continued pressure on prices and export earnings in certain sectors have suffered. The expansion of industrial capacity has enabled greater industrial production in some sectors, but as against this the shortage of foreign exchange for the import of components and raw materials has restrained production in many other fields.

Hostilities with Pakistan and the pause in foreign aid from some countries which followed added to the disturbance of the economy. The effects of all these factors have been felt more in the second half of the year than in the first. Thus, while industrial production was higher than last year by 7.3 per cent. in April-September 1965, the increase in the second half of the year is expected to be hardly 5 per cent.

The supply of agricultural products during the coming year 1966-67 will naturally be difficult as in large part it will be governed by the comparatively low output of the current year. While increased imports of foodgrain under PL 480 may be expected to ensure requirements for minimum levels of consumption, the prospects of building a buffer stock are somewhat doubtful. Significant additions to industrial capacity are expected in the coming year; particularly in steel, petroleum refinery, cement and aluminium. This should result in higher production in industries based essentially on indigenous non-agricultural raw materials.

The situation, however, is different in industries which depend on imported raw materials and components and on agriculture-based raw materials. Continued reduction of imports during the current year has left these industries with very low inventories. In someof them, for example automobile tyres and non-ferrous metal using industries, the rate of production has already been reduced in order to make the stocks last longer.

Obviously, increased production in these industries would depend on arrangements being made as early as possible for the import of the necessary materials either by securing foreign aid or by augmenting our means of payment by increased exports. In these circumstances the outlook for next year, both economic and budgetary, remains somewhat uncertain.

Agricultural production increased by 10.5 percent. in 1964-65 as compared with a rise of 3.7 per cent. in 1963-64, a decline of 5 per cent. in 1962-63 and a small increase in 1961-62. The production of foodgrains reached the level of 88.4 million tonnes in 1964-65. Market arrivals were, however, lower suggesting that private stocks which had been depleted earlier were re-built to some extent. Imports amounted to about 7 million tonnes.

According to the Survey industrial production increased by 7 per cent. in 1964-65 as against 8.5 per cent. in 1963-64 and 7.7. percent. in 1962-63. While the rate of increase in April-September, 1965, was 7.3 per cent. it is likely to be lower in the second half of the year, so that over the year as a whole the growth rate will be less than in 1964-65. Cotton textile output has remained stagnant partly as a result of lower demand and partly due to shortage of power in some areas. Sugar output has been increasing substantially and may be even greater than last year.

The output of jute textiles has been sustained so far by increased imports of raw jute but may show some reduction during the next few months. There have been significant increases in the output of steel, aluminium and cement, mainly as a result of additional capacity coming into production. Coal output has already increased by three million tonnes compared to last year. While production has increased in some other industries not dependent on imported raw materials and in certain sectors for which reasonably adequate imports of components and raw materials could be made available under certain special arrangements, output in a number of other industries has been affected by the shortage of foreign exchange.

National income in real terms had risen by 7.3 per cent. in 1964-65 as compared to 4.5 per cent. in 1963-64 and 2.2 per cent. on an average during the first two years of the Third Plan. In the current year, however, there is likely to be no increase;on the other hand , it may be a little lower than the previous year as a result of the decline in agricultural output.

Reviewing the position of external assistance the Survey states that the utilisation of external assistance and the proportion available in non-project form showed improvement; but this did not suffice to prevent the large fall in reserves. While there has been progressive improvement in the terms on which external assistance has been available, the servicing of past debts continued to impose a heavy burden. Debt servicing payments during 1964-65 amounted to 1,220 million rupees as compared with 1,000 million rupees in the previous year. Imports during 1964-65, at 13,630 million rupees, were higher by 1,600 million rupees than in 1963-64. Food imports were substantially larger, the increased payments for food in foreign exchange amounting to 290 million rupees. Imports of machinery and raw materials were also at higher levels, as a result of some liberalisation of import licensing in 1963-64.

The Survey has further pointed out that wholesale prices which had risen by 8.7 per cent. in 1964-65, following on an increase of 9 per cent. in 1963-64 rose further during the year though at a slower rate. During the first nine months of 1965-66 the rise in prices was 11.4 per cent. as compared with a rise of 16 per cent. in the corresponding period of 1964-65.

The rise in prices this year has been largely due to higher prices of food articles. Foodgrains prices rose in spite of the good crop last year probably due to expectations of a poor kharif crop this year. It may be noted that there are wide disparities in prices of foodgrains as between surplus and deficit areas as a result of controls on movements. Among other food articles, there was a sharp increase in the prices of edible oils. While a steep rise occurred in raw jute prices, cotton prices remained relatively stable.

Prices of manufactures also rose during the year. In part these price increases were intended to provide incentives to additional production. They, however, also reflected ~~increasing~~ increases in costs as a result of higher food prices. In many instances cost of living allowances to industrial workers are related to prices of foodgrains, and many industries have had to pay higher prices for agricultural raw materials.

Regarding credit contraction the Survey states that the extent of credit contraction during the slack season was less than anticipated; the policy for the following busy season was, therefore, devised so as to ensure an adequate flow of credit to the priority sectors of exports, defence production and holding of food stocks by approved agencies while restricting severely the expansion of credit to other sectors.

While considerable stringency prevailed in the money market, there was, nevertheless, a substantial expansion in the money supply over the year as noted earlier; basically, this was because investments (including in the public sector) which would appropriately have been financed through long-term savings have had in part to be financed by the banking system.

Measures were also taken to strengthen the balance of payments. In order to encourage exports, a scheme of tax credits against export earnings was announced in the Budget for 1965-66. In recent years, certain categories of invisible receipts have flowed increasingly through illegal channels; and under the National Defence Remittance Scheme inducements were offered for a limited period to remit these funds legally.

In conclusion the Survey states that increased use of fiscal and monetary measures, promotion of competition on the basis of price and quality to the maximum extent possible, a ~~greeater~~ greater degree of mobilisation of resources for investment and the expansion of public investment and savings, and selective application of controls at points at which they can be applied effectively in the pursuit of specific social objectives, are all essential ingredients of a policy designed to promote rapid economic growth while furthering the social objective of reducing inequalities of income and wealth.

(The Hindustan Times, 25 February, 1966).

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Wage Rise for Estate Labour: Central Wage Board's Recommendations.

Shri G. Ramanujam, General Secretary, Indian National Trade Union Congress and member of the Central Wage Board for Tea Plantation Industry, in a statement at Madras on 25 February 1966 announced that the Board had unanimously recommended wage increases for plantation workers in South India.

He said under the recommendations and adult male worker's basic wage will be fixed at Rs.2.25 per day and this will be equated to 170 points of the all-India consumer price index with the base year 1940=100. Men's, women's, adolescents' and children's basic wages will be im the proportion of 10:8:6:5. This will mean an adult male-worker will get 24 paise per day increase, while an adult woman worker will get 27 paise increase, and the adolescents and children 17 and 12 paise respectively. Taking the interim increase already recommended by the board, the totalwage increase for a male-worker will be 43 Paise per day and proportionately for others.

Piece-rate System.- It has been further agreed, that in regard to piece-rate system, the existing systems in Kerala, Mysore and Madras will continue in their respective areas. But the piece-rates will be so revised as to be in step with the increase recommended above.

In the case of workmen in mixed estates, their wages will be covered by the existing practice.

In the case of factory workers in the three southern States, men workers will get 20 Paise more than the field men-workers and women-workers 15 paise more than the women field-workers and adolescents also 15 paise more than the adolescent field-workers' wage.

In regard to the other categories of workers such as pruners, sprayers and other field-workers, the existing differentials will continue.

Maistries/supervisors, will get the increase given to labour namely 24 paise plus one-fifth of the existing wage differentials between their total wages and total wage of adult male field-worker. This will give roughly the maistries/supervisors an increase ranging between 40 and 80 paise per day.

D.A. Linked to Cost of Living Index.- The unanimous conclusions also cover the payment of dearness allowance linked to the cost of living index number. For every point rise over 170 of the All-India consumer price index - 1949 base -.75 Paise per day or 19.5 Paise per month will be given. If in any one year the price index rises beyond 16 points, D.A. will be paid for that year for only 16 points. But the D.A. due on the remaining unpaid points will be ~~will~~ carried forward and paid in the next year. The above scheme of dearness allowance will be operative upto the consumer price index of 200.

The rates of wages for field-workers are applicable to tea gardens of 100 acres and above in all the three States. For those below 100 acres, the existing differentials will apply. The recommendations will ~~apply.~~ be operative from 1 January 1966 to December 31, 1970.

Shri Ramanujam said the discussions in respect of North-East India were continuing and hopes for a settlement there too were bright.

There was, however, no unanimity about the recommendations regarding pay-scales of staff and non-staff in South India tea gardens, he added.

(The Hindu, 26 February, 1966).

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Panel on Technical Consultancy appointed.

The Government has set up a nine-member committee on technical consultancy services under the chairmanship of Shri S.G. Bharve, memberfof industry in the Planning Commission.

The committee will study problems connected with the establishment of engineering design and consultancy services to meet the requirements for industrial development during the fourth Plan and in later years.

The committee will submit its report within six months.

The terms of reference are (a) to assess the facilities available in the public and private sectors and locate the gaps to be filled; (b) advise on measures to fill the gaps; (c) suggest the general type of organisational patterns, for technical consultancy establishments which will be suitable for Indian conditions; (d) advise on the pattern of technical collaboration or association, which may be necessary for drawing on foreign technical know-how, to the required extent; and (e) recommend measures to expedite establishment of technical consultancy services to the required extent.

(The Hindustan Times, 5February,1966).

36. Wages.

India - February 1966.

Andhra Pradesh: Fixation of revised rates of Minimum Wages for employment in Agriculture.

In ~~The~~ exericseof the powers conferred by the Minimum Wages Act, 1948, the Government of Andhra Pradesh has with effect from 27 January 1966 fixed the following revised rates of minimum wages for employment in agriculture:-

Zone	Class of Employees.	Existing minimum rate of wages.	Revised (all inclusive) Minimum rates of wages.
(1)	(2)	(3)	(4)
		Re.	Re.
Zone II.	II. Casual Labour.		
Districts of Cuddapah, Kurnool, Anantapur, Chittoor and the districts of Visakhapatnam and Srikakulam (exclusive of agency areas), Chintalapudi taluk of West Godavari district, Thiruvur and Jaggayapet taluks of Krishna district, Vinukonda, Palnad and Sathenapalli taluks of Guntur District, all the taluks of Nellore district with the exclusion of Kavali, Nellore and Kovvur.	(c) Weeding (women).	0.87	1.00
	(e) any other operations (women).	0.87	1.00
Zone III.	II. Casual Labour.		
Districts of Hyderabad, Mahbubnagar, Medak, Nalgonda, Adilabad, Karimnagar, Khammamet, Warangal and Nizamabad with the exclusion of the taluks of Nizamabad, Bodhan and Banswada of Nizamabad district; and the agency areas of the East Godavari, West Godvari, Srikakulam and Visakhapatnam districts.	(b) Transplantation or sowing.	0.87	1.00
	(c) Weeding (Women).	0.75	1.00
	(d) Harvesting (Women).	0.87	1.00
	(e) Any other operations (women).	0.75	1.00

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

42. Co-operation.

India - February 1966.

Central Government accepts Recommendations of Working Group on Industrial Co-operatives.

A Resolution dated 22 February 1966 of the Ministry of Industry, Government of India, states that the Government of India in the former Ministry of Commerce and Industry, appointed on 5 September 1962, a Working Group on Industrial Co-operatives under the Chairmanship of Shri B.P. Patel, with the following terms of reference:-

(i) " To review the present position of industrial co-operatives;
(ii) to recommend specific programmes and physical targets for the organisation of cooperatives during the Third Five Year Plan period and to make recommendations for allocating to cooperatives a certain portion of the funds provided for the entire sector;
(iii) to suggest patterns of financial assistance from the Government;
(iv) to assess financial requirements of cooperatives at various levels and suggest ways and means of meeting them; and
(v) to indicate the lines of development of industrial cooperatives in the Fourth Plan."

The Working Group submitted its report on 31 May, 1963. The recommendations of the Group have been examined by the Government of India, whose decisions are indicated in the following paragraphs.

The following recommendations have been accepted by the Government of India:-

PART I

The following recommendations have been accepted by the Government of India:

Recommendation No.1.- The Working Group has suggested that workshops set up by workers in special trades for production purposes should be called "Workshop Co-operatives" and societies which offer services to their members by supplying raw materials, tools and equipment, selling their products or providing credit or other facilities should be called "Industrial Service Societies".

Recommendation No.3.- Coir cooperatives should be encouraged to purchase raw husk, undertake its retting and sell retted husk to members in addition to their usual activities of sale of yarn and other finished products of their members; and co-operative banks should advance loans to these societies against the security of husks in process of retting. While accepting this recommendation, the Government of India desire to emphasise that its immediate implementation should form the basic approach for the successful functioning of existing coir cooperatives as well as future expansion programmes in the coir industry.

Recommendation No.6.- Agricultural primary societies should be encouraged to finance village craftsmen.

Recommendation No.7.- Supply and Sales societies should take up activities such as market intelligence service, development of ancillary production, undertaking job orders on behalf of members etc., and for this purpose appoint experienced staff.

Recommendation No.8.- Societies may form an Accounts Unit to help members to keep their accounts, prepare their tax returns etc., on payment of a regular fee.

Recommendation No.9.- Possibility of forming cooperative credit guarantee organisations be explored.

Recommendation No.11.- The authorities concerned with the organisation and registration of new societies discuss with the promoters the prospects of the viability, scale of operations and adequacy of membership. Model schemes indicating in broad terms some of the pre-conditions of viability be worked out for the more important industries.

Recommendation No.13.- There should be special training courses for members and directors of industrial cooperatives and special orientation courses of short duration for those industries officers who are incharge of providing technical, financial and other facilities, supplies of controlled materials, issue of essentiality certificate for import licences, recommending units for government stores purchases and for hire purchase of machinery etc.

Recommendation No.15.- Standing Advisory Committees for Cooperatives should be set up in each of the All India Boards. Arrangements should be made for the training of selected officers of the Small Industries Service Institutes, National Small Industries Corporation and the different Boards in industrial cooperation. The organisation in the Ministry of Industry responsible for industrial cooperatives should be adequately strenghtened.

Recommendations No. 18 and 19.- There should be development of inter-cooperative relationship by creating organisational and other contacts between them at various levels. The State Co-operative Societies Acts should be amended suitably to meet the needs of industrial cooperatives.

Recommendation No.21.- Funds required by members to purchase shares should be given as loans by the Government to the members individually, so that the liability to repay remains with the member. The agency of the society may be used for collection of applications, bonds, receipts, etc., from him and make the required recoveries from his wages or sale proceeds. Concerted efforts should be made by the Government to use a larger portion of its funds as loans for purchase of shares by existing and prospective members.

Recommendation No.24.- Specific allocations should be made in each State Budget for the development of industrial cooperatives under each group of industries.

Recommendation No.31.- Systematic efforts should be made by Apex Cooperative Banks to promote financing of industrial cooperatives, create separate wings and appoint deputy managers and cost accountants, supervisors etc., specifically for this purpose. The Government feels that unless this recommendation is implemented by the Apex Banks systematically, appreciable progress in the financing of ~~industria~~ industrial cooperatives cannot be achieved.

Recommendation No.32.-(i) Central Cooperative Banks should have separate wings for industrial finance with a deputy manager or a deputy secretary or any other special officer of the same rank supported by an adequate number of the inspectorial and other staff and separate committees should be set up with representation allowed to industrial cooperatives on their boards etc.

(ii) Government should pay to central cooperative banks and industrial cooperative banks a grant equivalent to 1 per cent. of the average outstanding amounts of loans and credits drawn by production type of industrial cooperatives as contribution to be kept in a special bad debt fund. Government accepts this recommendation. A similar procedure is already in existence in the Agricultural sector. It would point out however that this should not in any way replace the statutory obligations on the part of the banks for the creation and maintenance of special bad debt funds.

(iii) At least 20 per cent. of the central cooperative banks should be persuaded everyyear to adopt all the measures suggested by the First Working Group on Industrial Cooperatives to finance industrial cooperative societies for which a specific programme with targets indicating the central cooperative banks and the amounts they would be expected to invest in industrial finance should be prepared and implemented. This ~~with~~ will be finalised by the Reserve Bank of India in consultation with the concerned State Government and the Government of India.

Recommendation No.34.- Government and Khadi and Village Industries Commission loans should be routed through the central cooperative banks and not panchayat samities.

Recommendation No.37.- The 90 per cent. guarantee scheme be continued as a regular scheme. The financing agency may take advantage of either this scheme or the credit guarantee scheme for small scale industries. In the case of some industrial cooperatives like those in Khadi & Village industries and those of the economically backward members a 100 per cent. guarantee would be necessary to persuade the banks to finance them. The standing of each such society can be reviewed every 2 or 3 years to decide when the 100 per cent. guarantee should be stopped and the 90 per cent. guarnatee scheme made applicable. A proposal on these lines is currently under the consideration of the Government.

Recommendation No.38.- A list of areas where the State Bank of India and its subsidiaries are expected to operate should be conveyed to them early by the State Governments and the benefits of the 90 per cent. guarantee scheme and the concessional rate of interest scheme should also be extended to loansadvanced by them. Details of participation arrangements between industrial cooperative banks and the State Bank of India should be worked out and tried out on an experimental basis in the first instance.

Recommendation No.39.- Accommodation from the State Financial Corporation and the Industrial Finance Corporation could be facilitated if the margin of security could be relaxed in certain cases against State Government guarantees.

Recommendation No.40.- The cooperative Acts may be suitably amended to allow the registration of hypothecation charges with the Registrars of Cooperative Societies. The forms of agreement in case of Government loans shouldbe suitably modified so as to restrict the charge of Government loans to the assets created out of the loans or to include a suitable clause allowing banks to advance short and medium term loans againstthe pledge or hypothecation of goods.

PART II.

The following recommendations of the Working ~~Committee~~ Group have been accepted by the Government of India with certain modifications:-

Recommendation No.2.- TheWorking Group has suggested that the aim should be to bring about 30 per cent. of the workers in household industries under cooperative organisation by the end of the Third Plan, which in fact would mean an upward revision of the existing programme to about 15,000 new industrial cooperatives and an addition of 1.5 million members. Thus at the end of theThird Plan period there will be about 48,000 societies. It has also been indicated that the target for working capital would be Rs.300 per member i.e. ~~Rs.~~1200 million rupees and for paid up capital an additional amount of 200 million rupees. Taking into consideration the tempo of development during the past few years the Government estimates that at the end of the Third Plan there would be 53,500 societies with a membership of 3.4 millions, working capital of 1,230 million rupees, paid up capital of 300 million rupees, borrowing of 700 million rupees, prodction of 1,220 million rupees and sales of 1,480 million rupees.

Recommendation No.4.- Emphasises the need for the organisation of societies of craftsmen and small manufacturers along with the necessity of paying due attention to the formation of workers' cooperatives, and advocates that a distinction be made in regard to the nature and quantum of assistance provided to the different categories. Government agrees that care be taken to see that special assistance meant for societies consisting of workers and artisans is not utilised by the societies formed by well-to-do master craftsmen and industrialists, and that the latter are allowed to form service type of societies only.

Recommendation No.5.- Suggests that loans to industrial cooperatives should be made available by urban cooperative banks on a pilot basis. The question of Government assistance to be provided to these banks will be considered separately.

Recommendation No.10.- Provides a series of suggestions for improving the working of production and sales societies. Government accepts these suggestions with the proviso that there will be no contribution by Government to the provident fund created by societies for the benefit of their worker members.

Recommendation No.12.- Envisages the setting up of Federations of Industrial Cooperatives at various levels on single or multi-industries basis. Government accepts the recommendation subject to the condition that there will be no multiplicity of federations.

Recommendation No.14.- Relates to compilation, supply and publication of statistical data by the State Governments and the Reserve Bank of India. While agreeing with recommendation in general the Government of India feels that as far as arrangements in the States are concerned they may have to be evolved to suit their administrative convenience.

Recommendation No.16.- Embodies the views of the Working Group on the administrative arrangements in the States. An opinion is expressed that the balance of advantage lies in keeping the industrial cooperatives under the control of the Registrar of Cooperative Societies except in the case of the mechanised industries which may be placed under the Director of Industries. Detailed measures have been suggested in regard to the coordination between the Departments of industry and Cooperation, a proper integration of administrative and technical staff, and the conduct of supervision and audit. While agreeing with these recommendations in general, the Government of India is of the view that as far as the control of the industrial cooperatives by the cooperative, industries or any other department is concerned,

it would have to be decided by each State Government according to local conditions and requirements.

Recommendation No.17.- Contains important suggestions for speeding up the revitalisation programme of dormant societies. The Government of India consider that the Working Group's target of revitalisation of 6,000 societies during the Third Plan period is too high and that an adequate number of the existing dormant societies should be revitalised every year so as to ensure that at the end off the Fourth Plan all industrial cooperatives would be active and functioning properly. Additional staff for the revitalisation programme should be employed in the concerned departments and at all appropriate levels. The highest priority should be given for the implementation of this programme for which adequate funds should be set apart. Along with the revitalisation programme, it is also very necessary that societies which are not worth revitalising should be liqudated quickly.

Recommendation No.20.- Suggests that government assistance to augment the share capital of primary industrial cooperatives should ordinarily be by way of loans to members for purchase of shares though the practice of government participation in the share capital of such societies in special circumstances on an ad hoc basis may be continued; share participation in the case of service type of federations may be upto three times the amount subscribed by the members and in the case of other federations on a matching basis; and the responsibility for redemption of government shares should rest with the members. While agreeing with these views, Government is of the ~~view~~ opinion that as far as share participation in the federal cooperatives is concerned it may have to be determined on merits on a larger scale especially in the case of industrial cooperative banks.

Recommendation No.22.- Stipulates that (i) the period of repayment of loans advanced by State Governments for land and buildings, for workshops etc., for small scale industries and other co-operatives should be raised to 15 years, the first instalment of repayment being due on the 4th anniversary of the disbursement ~~being due on~~ of the loan. In order to rationalise the pattern Government consider that this recommendation may become acceptable to the StateGovernments in a modified form viz., that the first instalment of repayment should fall due on the 5th anniversary of the disbursement of the loan; (ii) Government accept the recommendation that industrial cooperatives should as a convention transfer unconditional grants received for equipment and fixed assets to a

fund but is of the opinion that it be named "sinking fund" instead of "depreciation fund"; and (iii) the members' contribution to purchase additional shares, which should not be less than the amount required to meet the instalment, should be determined before the society approaches Government or a financing agency for a term loan.

Recommendation No.23.- Relates to managerial grants from Government to small scale industries and other cooperative societies, cooperative industrial estates and service federations as follows:- (i) grants to small scale industries and other cooperatives may cover the cost of (a) a manager or a secretary (b) an accountant (c) an engineer, designer or similar other technical and (d) a qualified or experienced salesman appointed by the society. Government is of the view that this recommendation should be considered sympathetically and grants fixed on the merit of each case, within such ceilings as may be fixed by the State or Central Government for different types of societies; (ii) a grant on a sliding scale may be provided to deserving cooperative industrial estates towards the salaries of a manager, an engineer and an accountant; and (iii) the pattern for service federation may include salaries of the staff and rent of office accommodation.

Recommendation No.25.- Observes that (i) possibilities be examined of the organisation of co-operative societies of small scale industrialists ~~concerning~~ occupying the work sheds in the departmentally managed industrial estates. Government is of the view that the organisation of cooperative societies on the lines suggested would take considerable time and would need careful examination and preparation. (ii) A programme be introduced for the formation of cooperative societies of small industrial units which have been regularly making use of the services of departmentally run common facility workshops.

Recommendation No.26.- Suggests allocation of separate quotas of controlled raw materials to industrial cooperatives and channelling the same through the apex industrial cooperative institutions. The Government of India consider that in the present conditions of scarcity, it will not be feasible to earmark any quota of raw material to industrial cooperatives. They, however, have no doubt that State Governments would give adequate consideration to the requirements of industrial cooperatives in regard to imported and controlled raw materials. The channelising of such quotas through the apex and federal industrial cooperatives institutions would primarily depend upon the practices and programme of each individual state, but should increasingly be encouraged.

Recommendation No.27.- Stipulates that industrial cooperatives should be allowed a price preference of not less than 6 per cent. as between the quotations of the small scale industrial units within the overall preference of 15 per cent. given to such units over the quotations of the larger industrial units. The Government of India consider that an All India pattern for special preference to industrial cooperatives in the lines suggested would not be possible. A minimum of 15 per cent. preference should however be ensured to small scale units over that of large units. In some States more liberal patterns viz., 10 per cent. price preference to produce of industrial cooperatives over that allowed to small scale industrial units is currently in practice. These may continue.

Recommendation No.28.- Suggests that price fluctuation available to industrial cooperatives should be made available to all types of cooperative processing units. Government is of the view that while financial assistance my continue to be provided to the processing units either under the cooperative or industries plans as at present, necessary technical and other assistance provided to the industrial cooperatives by the Central and State ~~Govt~~ Industries Departments should be provided to the processing units also.

Recommendation No.29.- Suggests that price fluctuation funds should be created from out of the net profits accruing to primaries and federations of industrial cooperatives. This would be examined by the Khadi and Village Industries Commission.

Recommendation No.30.- Relates to the role of the Reserve Bank of India in the financing of industrial cooperatives. The suggestion relating to amendment of section 17(2)(bb) of the Reserve Bank of India Act and evolving a suitable procedure to induce central financing agencies to use their own resources are under examination in consultation with the Reserve Bank of India. The Government of India agree that, to allow the Reserve Bank of India to provide suitable accommodation under Section 17(2)(bb), the State Governments may issue to it a ~~bela~~ blanket guarantee as suggested by the Working Group.

Recommendation No.33.- Suggests steps for improvement in the working of the existing industrial cooperative banks and enumerate measures to be adopted for the setting up of new district industrial cooperative banks. Some States are already going ahead with this programme. The Government of India is of the view that such banks would be helpful in providing institutional finance to industrial cooperatives and desires that in implementing such a programme no rigid stand should be taken with regard to conditions laid down for the organisation of such banks.

Recommendation No.35.- Suggests that for the benefit of societies in industries other than cotton handlooms, loans should be made available to the Apex cooperative banks by Government in place of Reserve Bank of India loans on certain terms and conditions and that these funds may be placed at the disposal of the Central Cooperative Banks who may advance them to industrial cooperatives on a short term or medium term basis as the case may be on usual banking terms and conditions. While accepting in principle the recommendation that the loans given by Government may be made available to apex banks. Government is of the view that the pattern and procedure will have to be worked out in detail.

Recommendation No.36.- Suggests that the rate of interest to be charged on loans given to industrial cooperatives should be somewhat favourable, but in any case not higher than what medium and large scale industries have to pay; for this purpose interest rates should be rationalised in such a way that they are uniform for the purpose, irrespective of the source of the funds, i.e. whether they come from Government commercial banks, or ~~cooperative~~ cooperative banks. Starting from the point that the interest to be charged to an industrial cooperative should not be less than the Reserve Bank of India rate, the Group have suggested differential rates for small industries and societies organised for socio-economic considerations. Government is of the view that the rate of interest will have to vary depending upon the nature of industry, the stage of development, the need for Government assistance etc. It however reiterates that the interest chargeable to industrial cooperatives is less than that ordinarily charged to individual entrepreneurs.

Recommendation No.41.- The Working Group estimates the number of societies at the end of the Fourth Plan to be 68,000 with a membership of 6.5 millions and working capital of 2,500 million rupees. It has also been estimated that the government expenditure on grants, rebates, development measures and other revenue items may be 650 million rupees and on share capital loans, share participation, loans for equipment, workSheds etc. to societies and loans to banks 1,000 million rupees. The estimated provision for the Fourth Plan would, therefore, be 1,650 million rupees by Government for cooperative development of industries. It has also been suggested that 50 per cent. of the small factories and industrial households in the urban and rural areas should be turned into cooperatives. The Working Group expects a faster growth in the cooperative of small industrialists in the field of mechanized industries most of which are expected to be service cooperatives. Government is conscious of the need for a fast growth of such societies and attempt will be made to include an appropriate provision in the Fourth Plan.

(The Gazette of India, Part I,Sec.1, 5 March 1966, pp.251-254).

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CHAPTER 5. WORKING CONDITIONS AND LIVING STANDARDS.

INDIA - FEBRUARY 1965.

50. General.

Madhya Pradesh Shops and Establishments (Amendment) Bill, 1966.

The Government of Madhya Pradesh published on 7February 1966 the Madhya Pradesh Shops and Establishments (Amendment) Bill, 1966, proposed to be introduced in the Legislative Assembly of the State. According to the Statement of Objects and Reasons of the Bill, during the working of the Madhya Pradesh Shops and Establishments Act, 1958 certain practical difficulties were experienced. It is, accordingly, proposed to amend the said Act for the purposes enumerated below:-

(i) for enlarging the scope of definition of the "commercial establishments" so as to include societies which carry on business whether for gain or not;

(ii) for making provision for the supply of identity cards by the employers of residential hotels, theatres, etc., to their employees;

(iii) for fixing working hours for women and reducing working hours of young persons.

For the purposes aforesaid, the Madhya Pradesh Shops and Establishments(Amendment) Bill, 1963 (4 of 1963) was previously introduced in the Vidhan Sabha and referred to the Select Committee. After the Select Committee had made its report, the Bill as amended by the Select Committee was placed before the House, but further action on the Bill was not possible after the 26 January 1965, as the language of the Bill was in English and under Article 210 of the Constitution, as it stood on and from that date, the business of the Vidhan Sabha could only be transacted in Hindi. Accordingly it is now proposed to introduce the Bill in Hindi, incorporating the modifications suggested by the Select Committee.

Opportunity has also been taken to remove certain other ambiguities and difficulties experienced during its working. Hence this Bill.

Some of the important amendments proposed to be made to the Madhya Pradesh Shops and Establishments Act, 1958, are the following:

(1) Section 11(1) of the Act dealing with hours of work is to be substituted by a new section providing that no employee in any shop or commercial establishment shall be required or allowed to work for more than 48 hours in a week and no employee shall be required to work - (i) in any shop, for more than nine hours on any day; (ii) in any commercial establishment, for more than ten hours on any day.

(2) A new section 18A provides that the employer shall furnish every employee in a residential hotel, restaurant or eating house an identity card which shall be kept by the employee when on duty and shall be produced on demand by an Inspector. Such card shall contain the following and such other particulars as may be prescribed, namely:-

(a) the name of the employer;
(b) the name, if any, and the postal address, of the establishment;
(c) the name and age of the employee;
(d) the hours of work, the interval for rest, if any, and the holiday, of the employee;
(e) the signature (with date) of the employer;
(f) the identity mark of an employee; and
(g) signature or thumb impression of the employee.

Another new section 23A requires the employer of every theatre or place of public amusement or entertainment to furnish every employee an identity card containing prescribed particulars.

(3) For the Chapter dealing with employment of children, young persons and women a new chapter is being substituted. The new provisions require that no child shall be required or allowed to work whether as an employee or otherwise in any establishment, notwithstanding that such child is a member of the family of the employer.

No young person or woman shall be required or allowed to work whether as an employee or otherwise in any establishment before 7 a.m. and after 9 p.m., notwithstanding that such young person or woman is a member of the family of the employer.

Notwithstanding anything contained in this Act, no young person shall be required or allowed to work whether as an employee or otherwise, in any establishment for more than five hours in any day.

No young person shall be required or allowed to work whether as an employee or otherwise in any establishment for more than three hours in any day unless he has had an interval for rest of at least half an hour.

No young person or woman working in any establishment, whether as an employee or otherwise, shall be required or allowed to perform such work as may be declared by the State Government, by notification, to be work involving danger to life, health or morals.

(Madhya Pradesh Gazette, Extraordinary, 7 February 1966, pp. 385-394).

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

India - February 1966.

Annual Report of the Activities Financed from the Iron Ore Mines Labour Welfare Fund during the Year ending 31 March 1965.

The Ministry of Labour and Employment, Government of India, published on 3 February 1966, the report of the activities financed from the Iron Ore Mines Labour Welfare Fund during the year ending 31 March 1965.

According to the reportthe Iron Ore Mines Labour Welfare Fund has been constituted under the Iron Ore Mines Labour Welfare Cess Act, 1961 (58 of 1961) which provides for the levy and collection of a cess on iron ore for the financing of the activities which promote the welfare of labour employed in the iron ore mining industry.

The Act provides for the levy of a cess at a rate not exceeding 50 paise per metric tonne of iron ore produced and the present rate of levy is 25 paise per metric tonne. The Act was enforced in the whole of India except Jammu and Kashmir and Union Territory of Goa, Daman and Diu with effect from 1 October 1963. It was extended to Goa, Daman and Diu with effect from 1 October 1964.

Under section 8 of the Act, the Iron Ore Mines Labour Welfare Cess Rules, 1963 have been framed. Advisory Committee have been constituted to administer the welfare funds. Five such Advisory Committees - one for Andhra Pradesh and Mysore, one for MadhyaPradesh and Maharashtra, one for Bihar, one for Orissa and one forGoa, Daman and Diu -constituted under the above Rules, have drawn up schemes on welfare activities for which proceeds of cess are to be utilised under the Act. These welfare activities relate to improvement of public health and sanitation, the prevention of disease and the provision and improvement of medical facilities, water supply, educational facilities, recreational facilities, the improvement of standard of living including housing and nutrition, provisionsof transport to and from the place of duty and on the whole the amelioration of social conditions of the iron ore mine workers. The following welfare measures have been undertaken by different Advisory Committee during 1964-65.

(i) Medical facilities.- Grants-in-aid to the extent of Rs. 45,071 to the dispensary-cum-maternity centres run by the mine owners for the benefit of the iron ore miners was paid during the year by the Advisory Committee in Orissa.

During the year a scheme for eye treatment of the iron ore miners at a cost of Rs.1,000 was implemented by the Advisory Committee in Bihar.

(ii) Educational facilities.- A scheme for the grant of scholarships to the children of the iron-ore-mine workers was introduced during the year both by the Advisory Committee for Orissa and Advisory Committee for Adnhra Pradesh and Mysore. In the case of Orissa Rs. 1,674 was disbursed as scholarships and the Advisory Committee for Andhra Pradesh and Mysore spent Rs. 1,400 as scholarships.

The Advisory Committee for Andhra Pradesh and Mysore implemented another scheme on educational facilities during the year under review viz., scheme on supply of uniforms to the ~~schoool~~ school going children of the iron ore mine workers. An expenditure of Rs.900 was incurred on the above scheme.

(iii) Recreational and Cultural facilities.- During the year under review the Advisory Committee for Orissa implemented a scheme on Holiday Home for the benefit of the iron ore mine workers. One holiday home at Bhubaneshwar and another holiday home at Gopalpur were set up and an expenditure of Rs. 6,454 was incurred on the above scheme.

The Advisory Committee for Orissa also incurred expenditure of Rs.4,090 towards grants-in-aid to the mine owners for running welfare centre for the benefit of iron ore workers.

During the year the Advisory Committee for Andhra Pradesh and Mysore introduced a scheme for supply of radio sets with loud speakers to the mines employing 50 workers or more for the recreational facilities. Radio sets at a cost of Rs. 1,247 were provided for the workers of three mines.

No welfare scheme had been implemented during the year under report by the Advisory Committee for Madhya Pradesh and Maharashtra and Advisory Committee for Goa, Daman and Diu, the latter having been constituted more recently.

For the assessment and collection of cess levied under the Act, Iron Ore Mines Cess Commissioners have been appointed in each of the iron ore producing States viz., Andhra Pradesh, Mysore, Madhya Pradesh, Maharashtra, Bihar, Orissa, Rajasthan and the Union Territories of Goa, Daman and Diu.

The Statement of Accounts for the year 1964-65 appended to the report shows receipts during the year at 3.757 million rupees which includes an opening balance of 0.804 million rupees; expenditure during the year amounted to 0.502 million rupees, leaving a closing balance of 3.255 million rupees.

(The Gazette of India, Part II, Sec.3, sub-sec (ii), 12 February 1966, pp. 393-394).

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CHAPTER 7. PROBLEMS PECULIAR TO CERTAIN CATEGORIES OF WORKERS.

INDIA - FEBRUARY 1966.

71. Employees and Salaried Intellectual Workers.

Increase in Dearness Allowance of Central Government Employees Announced.

The Government of India announced on 5 February 1966 an increase of Rs.5 to Rs.12 per month in the dearness allowance admissible to its employees drawing a salary up to Rs.1,000 per month.

The increased rates, effective from 1 December 1965, are expected to benefit about 2.5 million Central Government employees.

The decision to increase the dearness allowance to neutralize the 10-point increase in the cost of living index over 12 months was taken some days ago. But the announcement was deferred owing to strong protest by some State Governments who found it difficult to meet similar demands of their employees.

Under the new rates the dearness allowance for those drawing a monthly salary between Rs.70 and Rs.109 will go up by Rs.5 from the present Rs.33. For those in the pay range of Rs.110 - Rs.149, the increase will be Rs.8 from the present Rs.50.

Those drawing between Rs.150 and Rs.209 will get Rs.76 as dearness allowance, an increase of Rs.11. Those drawing between Rs.210 and Rs.399, will get Rs.93 as against Rs.81 at present.

For those getting between Rs.400 and Rs.1,000 the dearness allowance will go up from Rs.90 to Rs.100 with marginal adjustments up to Rs.1,100.

The increase announced on the basis of the Das Commission award will cost the Exchequer about 250 million rupees per annum. It has already been announced that there will be no more increases in dearness allowance of this type for the Central employees.

The Government proposes to evolve an alternative scheme to provide real benefits to its employees in future for any increase in the cost of living index.

The present increases are the second of this kind after the award of the Das Commission, when dearness allowance was made admissible also for those drawing a salary between Rs.600 and Rs. 1,000. There were four other ad hoc increases earlier on the basis of the recommendations of the Second Pay Commission, which submitted its report in 1960.

(The Statesman, 6 February, 1966).

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CHAPTER 8. MANPOWER PROBLEMS.

INDIA - FEBRUARY 1966.

81. Employment Situation.

Employment Exchanges: Working during December 1965.

According to a Review of the principal activities of the Directorate-General of Employment and Training for the month of December 1965, the following was the position of registration, recruitment, live register, vacancies notified and employers using employment exchanges:

Item	November 1965	December 1965	Increase (+) Decrease (-)
(1)	(2)	(3)	(4)
Registrations.	345,586	343,865	(-) 1,721
Placements.	51,534	54,140	(+) 2,606
Live Register.	2,600,550	2,585,473	(-) 15,077
Vacancies Notified.	80,814	77,763*	(-) 3,051
Employment using Exchanges.	14,275	12,636	(-) 1,639

* Includes 1158 vacancies notified by private employers falling within the purview of the Employment Exchanges (Compulsory Notification of Vacancies)Act,1959 against which submission action was not required.

Shortages and Surpluses.- Shortages were experienced during the month in respect of engineers, doctors, nurses, midwives, electricians, draughtsmen, stenographers, fitters, turners and teachers, while surpluses continued to persist in respect of clerks, untrained teachers, unskilled office-workers and unskilled labourers.

Gorakhpur Labour Organisation.- The Labour Depot, Gorakhpur, recruited and despatched 1,007 workers to various work-sites during December 1965.

Deployment of surplus and retrenched personnel.- During the month under review no persons were retrenched, 14 were registered and 7 were placed in employment. The detailed information is given below:-

Name of Project.	No. awaiting assistance at the end of November, 1965.	No. retrenched during the month.	No. of retrenched personnel (including those left voluntarily) registered during the month for employment assistance.	No. placed during the month.	No. left indicating no desire for assistance.	No. awaiting assistance at the end of the month.
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1. Damodar Valley Corporation.	219	-	-	-	-	219
2. Bhakra Nangal Project.	22	-	-	-	-	22
3. Bhilai Steel Project.	330	-	14	6	7	331
4. Durgapur Steel Project.	17	-	-	-	3	14
5. Special Cell of the Ministry of Home Affairs.	298	-	-	1	-	297*
Total.	886	-	14	7	10	883

* Class II - 50; Class II and IV - 247.

Note:- Total of Columns 2 and 4 is equal to the total of columns 5, 6 and 7.

Assistance to East Pakistan Migrants.- Upto November 1965, 29,102 East Pakistan Migrants have been registered and 1,272 placed in employment.

Employment Market Information, Vocational Guidance and Employment Counselling.- At the end of December 1965, Employment Market studies were in progress in 302 areas in the country.

One more Vocational Guidance Section at the Employment Exchange, Kanyakumari, Nagarcoil (Madras State) started functioning during December 1965. One hundred sixty-two Vocational Guidance Sections were thus functioning at the end of the month under report.

Two leaflets entitled 'Geologist' and 'Mining Engineer' in the 'Employment Outlook Services' were preapred and distributed during the month under report.

Preparation of the Aptitude tests to be used for I.T.I. recruitment in July, 1965 was completed.

Opening of additional Employment Exchanges.-The total number of employment exchanges including 36 University Employment Information and Guidance Bureaux, by the end of December 1965, was 412.

Employment Information and Assistance Bureaux.- Employment Information Assistance Bureaux have also been set up in Community Development Blocks. The number at the end of December was 239.

(Monthly Review of the Principal Activities of the Directorate-General of Employment and Training for the Month of December 1965: Issued by the D.G.E. & T., Ministry of Labour and Employment and Rehabilitation, Government of India, New Delhi).

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Occupational Pattern in Public Sector in Delhi: Clerks predominate.

Clerical workers form the largest proportion of the people employed in the public sector in Delhi.

There are about 100,000 clerks working in Government and semi-Government offices out of a total of about 400,000 people employed in them.

This is revealed in a study of the occupational pattern of the employees in the public sector in Delhi recently carried out by the Directorate of Employment and Training of the Delhi Administration.

The overall percentage of clerical workers both in public and private sectors is about 42.4 - 26.4 in public sector and 16 per cent in private sector - a little less than half the persons employed in Delhi.

Out of ~~the~~ a total of 100,000 clerical workers in various Government offices, 86.4 per cent. are ministerial assistants and clerks, 9.2 per cent. stenographers and typists, 2.4 per cent. book keepers and cashiers and 2 per cent. office machine operators.

Next to the clerical workers, professional and technical workers form 17.5 per cent. of the total employment in public sector.

A further break-up of these categories shows that teachers comprise 49 per cent., architects, engineers and surveyors 11.9 per cent., nurses, pharmacists and other medical and health technicians 10.2 per cent., draughtsmen and science and engineering technicians 13.7 per cent., social scientists8.2 per cent., physicians, surgeons and dentists 2.2 per cent., artists, writers and related workers 1.9 per cent. and other categories 2.9 per cent.

Of the administrative, executive and managerial workers, 83.8 per cent. are employed in various Government departments, 12.2 per cent. in banks, insurance companies and other financial institutions, 3.9 per cent. in construction, electricity and sanitation and .1 per cent. in the wholesale trade.

The study also reveals that except for craftsmen and production process workers, the proportion of women employees is higher in the public sector than in the private sector in ~~all~~ all the occupational divisions. The proportion of unskilled workers is almost equal in the two sectors.

During the recent years there has been an increase in employment potentials for professional technical workers and a corresponding drop in the proportion of clerical and unskilled workers. This is due to the large-scale expansion of postal and telegraphic, communications, water and electricity, educational, medical and health services, the report says.

(The Hindustan Times,
New Delhi, 12 Februrary, 1966).

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83. Vocational Training.

India - February 1966.

Labour Ministry's Training Schemes: Working during December 1965.

According to the Review on the Principal activities of the Directorate-General of Employment and Training for the month of December 1965, there were 365 institutes for training craftsmen and 34 centres holding part-time classes for industrial workers. The total number of seats including part-time classes for industrial workers stood at 117,340 and the total number of persons undergoing training was 100,951.

Central Training Institutes for Instructors.- The current session in all the C.T.Is commenced with effect from 1 October 1965. The admission position in the various C.T.Is. is:-

Name of C.T.I.	No.of trainees on roll
C.T.I. Calcutta.	574
C.T.I. Bombay.	369
C.T.I. Kanpur.	362
C.T.I. Madras.	249
C.T.I. Hyderabad.	232
C.T.I. Ludhiana.	163
C.T.I. (Cr. Road) (for Women, New Delhi).	94
	2,043

Special Short Term Courses.- Apart from the regular course for Craft-Instructors, the C.T.Is. also run a few short term and pilot courses. These courses are as detailed below:-

Training of Workshop Instructors.- The current session at Calcutta has commenced with effect from 1 November 1965 and is of threemonths duration. Similar course of 6 weeks duration for catering to the need of Industry under Apprenticeship Training Programme is also conducted at C.T.Is. Bombay and Madras.

Training of Storekeepers.- This is a short term course for 10 days duration for training of Storekeepers from I.T.Is. and is conducted at all C.T.Is.

Training of Surveyors.- This course is conducted at all C.T.Is. and cater to the need of the Apprenticeship Training Scheme.

Training of Instructors and Workshop Arithmatic and Drawing.- A pilot course for the training of Instructors in Workshop Arithmatic and Reading of Drawing is being conducted at C.T.I. for Instructors, Calcutta. This course is of 10 months duration. The present session has started w.e.f. 1 October 1965.

Equipment for Central Training Institutes.- Central Training Institutes for Instructors at Calcutta, Kanpur, Madras, Hyderabad and Ludhiana are being assisted by the Special Fund Programme of the U.N.O. while the one at Bombay is being assisted by the AID Agency of the United States. The value of equipment received in each C.T.I. upto December 1965 is given in the statement below:-

Name of Centre.	Value of aid	Receipt upto November 1965	Received during December 1965	Total receipts upto December 1965
	(In Millions)			
(1)	(2)	(3)	(4)	(5)
C.T.I. Kanpur.	1.560	1.329	0.011	1.340
C.T.I. Madras.	1.560	1.368	0.006	1.374
C.T.I. Hyderabad.	1.560	1.390	nil	1.390
C.T.I. Ludhiana.	1.560	1.342	nil	1.342
C.T.I. Calcutta.	1.910	1.641	0.006	1.647
C.T.I. Bombay.	1.933	1.695	nil	1.695

Sanction of Seats under the Training Scheme.- During the month of December 1965, 1,032 seats have been sanctioned under Craftsmen Training Scheme and 3 new ITIs. have been sanctioned during the Third Five Year Plan period. The progressive toyal number of seats and ITIs. etc., sanctioned so far is given below:-

a) Craftsmen Training Scheme.	76,930
b) National Apprenticeship Scheme.	4,770
c) Part-time Classes for Industrial Workers.	4,255
d) Number of New ITIs. sanctioned.	187

(Monthly Review of the Principal Activities of the Directorate-General of Employment and Training for the Month of December 1965: Issued by the D.G.E. & T., Ministry of Labour, Employment and Rehabilitation, Government of India, New Delhi).

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CHAPTER 9. SOCIAL SECURITY.

INDIA - FEBRUARY 1966.

90. General.

Employees' State Insurance Scheme: Merger with Provident Fund Scheme Recommended by Review Committee.

The tripartite committee which was set up in 1963 under the chairmanship of Shri C.R. Pattabhi Raman, Union Minister of State in the Ministry of Law, to review the working of the Employees' State Insurance Scheme, has recommended that action should be initiated to bring about an administrative merger of the Employees' State Insurance Scheme andthe Employees' Provident Fund Scheme, in its report submitted to Government.

It has emphasised the urgency of constructing and commissioning an adequate number of E.S.I. hospitals all over the country for provision of effective medical care to the insured workers and their families.

Treatment of T.B. Cases.- While suggesting measures for improving arrangements for treatment of T.B. cases, the committee has suggested launching of extensive campaigns to educate the insured persons against the risk of contagion and the precautuons to be taken to avoid it. It has stressed the need for provision of special facilities in E.S.I. dispensaries for tuberculosis patients and domiciliary treatment supplemented by improved facilities for deep X-ray and sputum smear examination.

Rehabilitation of Disabled Insured Persons.- On the subject of rehabilitation of the disabled insured persons, the committee has observed that the E.S.I. Corporation should undertake an effective programme of rehabilitation, re-training and re-employment of permanently disabled persons and institutional rehabilitationcare should be provided.

Guidelines have been indicated by the committee for the planning of social security measures in future.

In aphased programme, spread over two periods, social security would be provided to workers in shops and establishments, plantations, coal-mines and various other occupations.

Representation.- In the opinion of the committee, the representation of workers and employers on the Corporation is not adequate. The strength of the Corporation should be raised to 40 with employers and employees having 10 representatives each. Functions and powers of regional boards should be enlarged to enable them to give effective assistance in the administration of the scheme. Future planning should proceed on the basis of a unified scheme providing for diverse type of social security benefits with a view to economising in administrative costs and providing convenience to all parties concerned.

(A copy of the Committee's Report was sent to Geneva on 12 February 1966).

(Press Release issued by the Press Information Bureau, dated 13 March 1966; The Hindustan Times, dated 9 February 1966).

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92. Legislation.

India - February 1966.

Mysore Maternity Benefit Repealing Act,1965 (Act No. 1 of 1966).

The Government of Myosre gazetted on 17 February 1966 the text of the Mysore Maternity Benefit Repealing Act, 1965, as passed by the Mysore Legislature. The Act which received the assent of the President on 1 February 1966, proviees that the Myosore Maternity Benefit Act, 1959 (Mysore Act No.4 of 1960), shall stand repealed on the date notified by the State Government under clause (b) of sub-section(3) of section 1 of the Maternity Benefit Act, 1961 (Central Act 58 of 1961):

Provided that the repeal shall not affect-

(a) the previous operation of the Act so repealed or any thing duly done or suffered thereunder, or

(b) any right, privilege, obligation or liability acquired, accrued or incurred under the repealled Act, or

(c) any penalty, forfeiture or punishment incurred in respect of any offence committed against the repealed Act, or

(d) any investigation, legal proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture or punishment as aforesaid;

and any such investigation, legal proceeding, or remedy may be instituted, continued or enforced and any such penalty, forfeiture or punishment may be imposed as if the said Act had not been repealed:

Provided further that subject to the preceding proviso, any thing done or any action taken including any appointment or delegation made, notification, order, instruction or direction issued, rule or form framed or certificate obtained under the repealed Act shall be deemed to have been done or taken under the corresponding provisions of the Maternity Benefit Act,1961 (Central Act 58 of 1961) and shall continue to be in force accordingly, unless and until superseded by any thing done or any action taken under the said Act.

(Mysore Gazette, Part IV,Sec.2B,
17 February 1966, pp. 3-5).

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Punjab: Exployees' State Insurance Scheme extended to Certain Areas in the State.

In exercise of the powers conferred under the Employees' State Insurance Act, 1948, the Central Government has appointed the 27th day of February, 1966 as the date on which the provisions of Chapter IV (except sections 44 and 45 which have already been brought into force) and chapters V and VI (except sub-section (1) of section 76 and sections 77, 78, 79 and 81 which have already been brought into force) of the said Act, shall come into force in the following areas in the State of Punjab, namely:-

Serial No.	Village
I.	Nangla Gojra.
	Gonchi.
	Jhar Saintir.
	Kelgaon.
	Uncha Gaon.
	Ranhera.
	Majesar.
	Chandawali.
	Daultabad.
	Fatehpur Chandela in the District of Gurgaon.
II.	Kutbewal.
	Atta.
	Kurka Khurd.
	Goraya.
	Dallewal.
	Jant.D.
	Naya Pind Naicha.
	Bapa Rai.
	Sargundi.
	Mahal in theDistrict of Jullundur.
III.	Gurgaon.
	Molahera.
	Dundra Hera.
	Nathu-pur.
	Sikunder-pur.
	Sukhrah.
	Salakhara.
	Tharsa.
	Hidayarpur Chawni.
	Khandsa.
	Khandsa.
	Kadipur, in the District of Gurgaon.

Serial No.	Village
IV.	Rattan Heri. Rattan Heri. Alaur. Bulepur. Khanna Kalan. Rahoana. Kalal-Majra. Rasulra. Khanna Khurd. Khatra, in the District of Ludhiana.
V.	Hamayunpur. Bara. Brahman-Majra in the District of Patiala.
VI.	Para. Bhor. Kaneli. Rohtak (Proper). Katana. Sanari Kalarn, in the District of Rohtak.
VII.	Parnala. Hassanpur. Bahadurgarh. Sanko in the District of Rohtak.
VIII.	Nangal. Ramgarh. Chauni Phillaur. Khera. Phillaur in the District of Jullundur.

(Notification S.O.604 dated 22 February 1966, the Gazette of India, Part III, Sec.(ii), 26 February 1966, pp.593-594).

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Chapter 11. Occupational Safety and Health

115. Research, Investigation, Study.

India - February 1966.

President opens Central Labour Institute.

The Central Labour Institute in Bombay was declared open by the President, Dr. S. Radhakrishnan on 9 February 1966. The Governor of Bombay presided.

Housed in a 3.5 million rupees building on an 18-acre land gifted by the Government of Maharashtra on Sion-Trombay Road, the institute is a composite organisation for carrying out research and evolving schemes and means for the betterment of the human factor in industry.

The concept of the institute was devised in 1946 when the suggestions of Sir Wilfrid Garrett, retired chief inspector of factories in the U.K., were asked for.

In the limited field of industrial safety itself, no progress was considered possible unless efforts were first made for creating a climate in which prevention of accidents would not be looked upon as a matter of individual responsibility and risks but accepted as a function of management discharged in due recognition of its social and industrial advantages.

It was also felt that no activity in relation to any particular field of specialisation could make any appreciable impact without the active support from inter-related fields. Hence the decision to set up ~~star~~ a composite institute.

National Museum.- As a first step, a national museum of industrial safety, health and welfare was established under the First Plan. Later, from time to time were added a productivity centre, a training-within industry centre, an industrial hygiene laboratory, an occupational physiology sections, an industrial phychology section and a training centre. A library-cum-information centre was also established. All these centres and laboratories are now to be housed in the new building of the Central Labour Institute.

The training in new techniques in three centres of the eight-section institute has been a 60 per cent. increase in production and a considerable reduction in production costs in some large industries.

The institute received $ 100,000 (0.475 million rupees) from the U.S. Agency for International Development for scientific aparatus and technical publications as also technical experts in the initial stages. Assistance came from the International Labour Organisation, the Colombo Plan, the U.N. Special Fund and a number of Indian ~~Special Fund~~ and foreign industries also.

The institute has organised training and educational programmes to make men more fit for their jobs and is conducting scientific studies and research aimed at improving working conditions.

Welfare Centre.- The ~~succe~~ training and educational programmes conducted by the productivity centre, the training-within-industry centre and the training centre have benefited hundreds of industries in the public and private sectors and have returned thousands of workers and supervisors to their tasks armed with the knowledge of new and better techniques.

The industrial safety, health and welfare centre is the most important of theeight sections. It will explain and illustrate the dangers to life and limb and health incidental to industrial process and demonstrate the most effective safeguards. It will educate, train and conduct research on safety and health for promoting welfare.

In the process, it will emphasise the application of sound engineering and technological principles in the designing of factories and in the working of industrial processes. In it is a permanent exhinition of methods, arrangement and appliances for promoting safety and health.

The industrial hygiene laboratory provides professional assistance on industrial health problems, facilities for field investigation for detection of health hazards in industry and determination of the effects of environmental factors such as heat, noise and light as also the effects of toxic substances on a worker.

Training of Officers.- The success of the centre and the laboratory will depend on how measures for ensuring safety and health are translated on the shop floor. Since management's contact with the workers is through first-line supervisors, it is through them that efforts for improvement would have to be directed.

The training-within-industry centre wants to promote in industry itself an organisation structure with appropriate delegation of authority at each level. It seeks to train training officer for industry. The productivity centre seeks to convince the industrialists that a higher level of productivity would accrue not only from workstudy and other industrial engineering techniques but in improving conditions of work and ensuring the worker's health and safety.

The occupational physiology division studies such things as fatigue, the amount of energy expendedon a job and specified ideal working conditions and the nutritional needs of workers. It also carries out studies of Indian workers in their own environment.

The industrial psychology division studies the most effective means of avoiding fatigue and boredom, provision of incentives for work, the causes and remedies for irritation, discontent and unrest and the best methods of working and training.

The library-cum-information centre and the training centre are functional. It is proposed to provide residential accommodation at the institute.

The team-work required against health hazards can be seen in the hygiene section. A qualified physician examines workers to diagnose ill-effect of various toxic gases or dust or silica and then his engineer and chemist-colleagues take over and analyse any ill-effect and devise means and methods to remedy the conditions.

Such studies and research have been carried by the institute almost all over the country resulting in considerable improvement of working conditions. The activities of the institute have been extended with the establishment of regional institutes at Calcutta, Kanpur and Madras with facilities available on a reduced scale.

(The Times of India, Bombay,
9 February, 1966).

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LIST OF THE PRINCIPAL LAWS PROMULGATED DURING THE PERIOD COVERED BY THE REPORT FOR FEBRUARY 1966.

INDIA - FEBRUARY 1966.

CHAPTER 9. SOCIAL SECURITY.

Mysore Maternity Benefit Repealing Act, 1965 (Act No.1 of 1966) (Mysore Gazette, Part IV, Sec.2B, 17 February 1966, pp.3-5).

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minute NDC.1/988/66 dated 23.3.66

STANDING LABOUR COMMITTEE
(24th Session)

A G E N D A

1. Action taken on the main conclusions/recommendations of the 23rd Session of the Standing Labour Committee held at New Delhi on 27th March, 1965.

2. Amendment of section 10(b) of the Indian Trade Unions Act, 1926, so as to empower the Registrars to cancel the registration of a Trade Union, the executive of which has been found to have violated its registered rules.

3. Amendment of sub-section (3) of section 1 of the Industrial Employment (Standing Orders) Act,1946, to make provision that the Standing Orders once made applicable to an industrial establishment will continue to apply to it irrespective of any subsequent change in the number of workmen employed therein or in the constitution of such an establishment.

4. Reference of cases of adjudication whilst criminal cases are pending against workmen involved in the disputes.

5. Restriction of maternity benefit to the first three births.

6. Review of the working of the Code of Discipline.

7. Implementation of labour laws in public sector undertakings.

8. Constitution of National Arbitration Promotion Board.

9. ILO Convention (No.111) concerning Discrimination in respect of Employment and Occupation.

10. Joint Management Councils.

11. Industrial Co-Partnership.

12. Unemployment Insurance Scheme.

13. Payment by results.

14. Question of recognition of certain organisations as Central Trade Union Organisations of Workers.

15. Industrial Disputes Act,1947 - Proposal to exclude services in hospitals and dispensaries from the scope of.

16. The Role of Labour/Welfare Officers in Industrial Undertakings.

17. Draft scheme of legislation to regulate employment in film industry.

18. Constitution of the National Safety Council for industries other than mines.

19. Amendment to the Industrial Employment (Standing Orders) Act, 1946, to provide for appointment of Inspectors.

STANDING LABOUR COMMITTEE

(24th Session)

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Item 1: Action taken on the Main Conclusions/Recommendations of the previous (23rd) Session (New Delhi, March,1965).

MAIN CONCLUSIONS/RECOMMENDATIONS	ACTION TAKEN
Item 1: Action taken on the main conclusions of the 22nd Session of the Standing Labour Committee (New Delhi, December 9-10, 1964).	
(i) The workers' representatives referred to the Conclusion concerning amendment of the Industrial Disputes Act for empowering Tribunals to go into the merits of individual dismissals and pointed out that the Conclusion to amend the Act had been unanimously agreed to in the Standing Labour Committee earlier and should be implemented. The employers' representatives expressed the view that the job security of workers was adequate under the existing law. The Chairman then drew the Committee's attention to the Conclusion of the 21st Session of the Standing Labour Committee on this subject and agreed that Government would reconsider the matter.	(i) Government are accordingly reconsidering the matter.
(ii) The workers' representatives urged that the proposed legislation to make the setting up of fair price shops a statutory obligation on the part of the employers should be expedited, and the Chairman agreed.	(ii) The proposal for legislation was considered by Government carefully. It was felt that defaulting employers who had not yet arranged to set up fair price shops or co-operative stores should be approached again and intensive efforts made to persuade them to fall in line with the rest. The Union Labour Minister accordingly held discussions with the State Ministers concerned, of Maharashtra and West Bengal.

P.T.O.

Discussions at official level were also held with the representatives of most of the State Governments to locate and resolve the difficulties that had come in the way. All the State Governments, Employing Ministries, Central Organisations of Employers were also requested to pursue the matter as vigorously as possible. On July, 31,1965, the Labour Minister met the representatives of the Central Organisations of Employers and impressed upon them the need to ensure that their constituents open 'Shops' and Cooperative Stores immediately. The attached Statement indicates the position regarding the setting up of Fair Price Shops, Co-operative Stores etc., as on 1st December,1965; the coverage is about 70% in the Central Public Sector and 59% in the private sector and the State Public Sector together.

Since the method of persuation has achieved a measure of success, it has been decided that for another six months, efforts to persuade the employers to set up fair price shops/consumers' co-operative stores should continue.

With a view to resolving the various difficulties being experienced in the setting up of consumers' co-operative stores/fair price shops and to chalk out a programme, 4 zonal meetings are also being held with the representatives of State Governments, Central Organisations of Employers and Workers, etc., at Delhi on 16-17th January,1966 (covering the Northern States),Bombay on 1st-2nd February (covering Gujarat and Maharashtra),

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Madras on 19th-20th February (covering the Southern States) and Calcutta on 23rd and 24th February, 1966 (covering Eastern States).

Item 2: Conclusions of the Bonus Sub-Committee.

The Employers' representatives and some of the workers' representatives stated that the conclusions of the Sub-Committee on the Bonus Bill had not been correctly recorded. There was no agreement about the proposed Bonus Bill. After some discussion the Chairman announced that Govt. would go ahead with the proposed Bonus Bill keeping in view the opinions expressed by different parties.

An Ordinance to give effect to the recommendations of the Bonus Commission as accepted by Government was issued on May 29, 1965. The Ordinance has since been replaced by the Payment of Bonus Act, 1965.

Item 3: Report of the Sub-Committee appointed on the Draft Bill regarding Contract Labour.

After some discussion the Chairman announced that Govt. would go ahead with the proposed legislation concerning contract labour, keeping in view the opinions expressed by different parties.

The relevant clauses of the Bill have been redrafted in the light of tripartite discussions and further consideration in the Labour Ministry. The draft is under the consideration of the Government.

Item 4: General Labour Policy - Application of Labour Laws to certain States.

The item was deleted from the agenda.

No action is called for.

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Item 5: Rights of Unrecognised Unions.

The consideration of the item was deferred to the next session of the Indian Labour Conference along with the proposed review of the working of the Code of Discipline.

The matter was placed before the Indian Labour Conference which met on October 30-31, 1965 but its consideration was deferred to the next session of the Standing Labour Committee. The subject is being separately placed before the Committee vide Memorandum on item 6.

Item 6: Proposed Amendments to the Factories Act.

A Sub-Committee consisting of four representatives each from the employers' and workers' side and a few representatives from the State Governments should look into the various proposals and finalise them as early as possible. No further reference to the Indian Labour Conference or the Standing Labour Committee for this purpose was necessary.

A Sub-Committee was accordingly constituted with Shri N.N. Chatterjee, Joint Secretary, Ministry of Labour as the Convenor. It met in May, 1965. A draft Summary for the Cabinet incorporating the proposed amendments as finalised in the light of discussions in the Sub-Committee was circulated to the Employing Ministries for their comments on the various proposals for amendment. The comments received were considered in the Inter-Ministerial Meeting held in December, 1965. Further action in the matter is being taken in the light of discussions at this Meeting.

STATEMENT

Number of consumers' co-operative societies & fair price shops in industrial establishments employing 300 or more workers.

Description	No. of consumers' cooperative stores/fair price shops Position as on 1.12.1965.
Cooperative societies for industrial workers in the States & Union Territories:	1032 (including 54 Br.)
Cooperative societies for industrial workers in the Central Govt. undertakings:	640 (including 103 Br.)
Cooperative societies in coal mines:	274
Cooperative societies in mica mines:	19 (including 5 Br.)
Wholesale stores in coal mines:	9
Wholesale stores in mica mines:	1
Total:	1975 C.C.S.
No. of fair price shops in Private Sector:	529
Public Sector:	21
Total:	550 F.P.S.
Grand Total: Cooperative Stores & Fair Price Shops:	2525
(Excluding 162 Branches):	2363

Total number of establishments employing 300 or more workers in

1.	Private Sector	2476
2.	Public Sector	797
3.	Coal Mines	400
4.	Non-coal Mines	168
	Total:	3841

Coverage: $\frac{2363 \times 100}{3841}$ about 61%

Department of Cooperation:

Central stores so far registered to which primary cooperative societies for industrial workers are also affiliated.	224
No. of primary societies set up for general consumers under the scheme of the Ministry of Community Development and Cooperation:	5423

Fair price shops run by State Governments for the general public in the country: 1,08,182

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Standing Labour Committee
(24th Session)
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Item 2: Amendment of section 10(b) of the Indian Trade Unions Act, 1926 so as to empower the Registrars to cancel the registration of a Trade Union, the executive of which has been found to have violated its registered rules.

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MEMORANDUM

The Government of West Bengal in 1962 suggested that section 10(b) of the Indian Trade Unions Act, 1926 might be suitably amended so as to empower the Registrars to cancel the registration of a Trade Union, the executive of which has been found to have violated its registered rules. The proposal was considered at the 20th Session of the Standing Labour Committee held in New Delhi on the 17th October, 1962 and the following conclusion was arrived at:-

> "It was agreed that the Registrars need not be given very wide powers. The State Governments would, however, examine the difficulties experienced by them in this regard and formulate, in consultation with the State Labour Advisory Committee, proposals concerning the specific types of violations for which Registrars might be given powers to cancel registration. The subject should thereafter be considered at a subsequent session of the Standing Labour Committee or the Indian Labour Conference."

2. In pursuance of the above decision taken at the Standing Labour Committee, the Government of West Bengal and other State Governments were addressed on the 1st December, 1962 to let the Ministry of Labour and Employment know the State Governments' proposals concerning the specific types of violations for which Registrars of Trade Unions might be given powers to cancel registration of a Union, after consulting the respective State Labour Advisory Boards. Replies ~~have since~~ been received from all the State Governments except the Governments of Mysore and West Bengal. A gist of the replies received from the State Governments is attached. ~~It will~~ be seen therefrom that the Governments of Bihar and Uttar Pradesh are themselves taking steps to amend the Indian Trade Unions Act, 1926 in its application to their respective States. The Governments of Andhra Pradesh, Assam, Punjab, Andaman & Nicobar Islands, Manipur and Tripura are in favour of the

proposal to amend section 10(b) to a limited extent. The Governments of Kerala, Madhya Pradesh, Madras, Maharashtra and Delhi are, however, not in favour of the proposal to amend the section for the present. The Governments of Gujarat and Himachal Pradesh have not offered any comments on the proposal. In the case of Orissa, there was no unanimity on the question, while in the case of Rajasthan, the State Labour Advisory Board decided to defer the question for the present.

3. The Standing Labour Committee may consider whether any amendment of the Indian Trade Unions Act is called for and if so, in what respects.

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Gist of replies received from the State Governments regarding the proposal to amend section 10(b) of the Indian Trade Unions Act, 1926

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(1) Andhra Pradesh - For serious irregularities like non-holding of election, launching strike without ballot or on issues which have nothing to do with industrial relations, maintenance of spurious membership and mismanagement of funds, cancellation of registration or/and disqualification of the office-bearers, guilty of the irregularities for elective offices should be effected.

(2) Assam - The State Government is in favour of the amendment

(3) Bihar - The State Government has undertaken to draft an amendment in section 10(b) of the ITU Act in giving powers to the Registrar to cancel registration of unions which are found to have acted in violation of its own rules. Provision is being made in the proposed amendment for issue of warning to the unions in the first instance.

(4) Gujarat - The State Government have no remarks to offer.

(5) Kerala - The Registrar need not be given wider powers than those exercised at present. In the State the authority conferred under section 10(b) is being utilised to cancel the registration in case of failure to submit annual returns inspite of due notices.

(6) Madhya Pradesh - The consensus of opinion of members of the State Labour Advisory Board was not in favour of the amendment.

(7) Madras - The State Labour Advisory Board has decided that the present arrangements may continue. The State Government also agree with this decision.

(8) Maharashtra - The State Government have suggested that instead of empowering the Registrars to cancel the registration of unions, the Labour Courts may be given power to deal with complaints and to declare acts, which are not in accordance with the constitution, as ultra-vires. The Labour Courts may also be empowered to give a direction to the Registrar to cancel registration of a Trade Union which is found to ignore its constitution persistently.

(9) Mysore - Final reply is still awaited.

(10) Orissa - There was no unanimity at the meeting of the State Labour Advisory Board on the proposal to amend section 10(b)

(11) Punjab - The State Government have communicated the following 4 types of violation for which the Registrar may be empowered to cancel registration of a Trade Union:-

(a) Register of membership was not shown to members of the Union on demand.

(b) Elections of office bearers of the Union were not conducted inspite of a demand from the members.

(c) Accounts of the Unions were not shown to the members inspite of written requests.

(d) Unfair means were used in conducting the elections of office bearers.

The matter, however, could not be discussed at the State Labour Advisory Board meeting as the INTUC members refused to sit with the AITUC representatives.

(12) Rajasthan - The powers to Labour Courts may be given to settle such disputes by amending the Act as unions are not in a position to enter into litigation on account of meagre funds and also because the Civil Courts decide such disputes in the context of such labour claims. This has not been discussed at the State Labour Advisory Board meeting.

(13) Uttar Pradesh - The State Government propose to enact its own Trade Union Act and provide there-in for suspension and eventual cancellation of the registration of a trade union for violation of any rule of its constitution.

(14) West Bengal - Final reply is still awaited.

(15) Andaman - The State Labour Advisory Committee felt that wide powers to the Registrar are likely to affect the autonomy of the Trade Unions but some provision was necessary to safeguard the rights of the members of the union. The Committee felt that the Registrars be given powers to deal with situations regarding the executive refusal to convene general body meeting despite the requisition made by the required number of members and the executive refusing to comply with the direction of the Registrar to hold a general body meeting within a period of 2 months from the date of notice.

(16) Delhi - The Labour Advisory Board felt that the existing provisions were quite sufficient.

(17) Himachal Pradesh - Have no proposal tooffer.

(18) Manipur - The Government of Manipur is in favour of the amendment.

(19) Tripura - The Registrar may be given power to cancel the registration of a Trade Union when it does not deposit the money in any Private Bank or Government Savings Bank in violation of the rules.

(11) Punjab - The State Government have communicated the following 4 types of violation for which the Registrar may be empowered to cancel registration of a Trade Union:-

(a) Register of membership was not shown to members of the Union on demand.

(b) Elections of office bearers of the Union were not conducted inspite of a demand from the members.

(c) Accounts of the Unions were not shown to the members inspite of written requests.

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(19) Tripura - The Registrar may be given power to cancel the registration of a Trade Union when it does not deposit the money in any Private Bank or Government Savings Bank in violation of the rules.

Standing Labour Committee
(24th Session)

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Item 3: Amendment of sub-section (3) of section 1 of the Industrial Employment (Standing Orders) Act, 1946, to make provision that the Standing Orders once made applicable to an industrial establishment will continue to apply to it irrespective of any subsequent change in the number of workmen employed therein or in the constitution of such an establishment.

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(Prepared by the Govt. of U.P)

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Sub-section (3) of section 1 of the Industrial Employment (Standing Orders) Act, 1946, provides that the Act shall apply to an industrial establishment wherein one hundred or more workmen are employed, or where employed on any day of the preceding twelve months. The first proviso to the sub-section further lays down that Government may apply the provisions of this Act to any industrial establishment employing such number of persons less than 100 as may be specified in the notification. The State Government is advised that the Act will cease to apply to an industrial establishment if subsequently the number of workers therein falls below 100 or the number specified in notification issued under the proviso. This is liekly to stand in the way of efficient administration of the Act.

2. Quite often there are efforts on the part of employers to push down the employment level, in marginal cases, to escape the coverage under the Act. Besides, there will remain considerable uncertainty about continued application of the Act to industrial establishments having marginal employment level because addition or reduction of a few workmen may change the position from time to time. Sometimes, this may also be due to the change in trade conditions on account of which the employers may have to adjust their requirements of thelabour force, and to bring them again within the purview of the Act a fresh notification will have to be issued. And this process may be a recurring one, and will not be conducive to smooth working of the Act. Then, there have been instances of an industrial establishment breaking itself into two or more units, with the result that since the number of Workmen in each units is considerably less than the establishment for which the standing orders were initially certified, these units plead that they are not governed by the Standing Orders.

3. An uncertain and fluid position as indicated above, would hinder proper enforcement of the Act. The workmen in all industrial establishments having

certified standing orders under the Act enjoy certain definite terms and conditions of service. It would be highly undesirable if there is no finality about the standing orders. The conditions of employment having once been defined should not be liable to frequent changes as it may have serious repurcussions on industrial relations and lead to industrial unrest.

4. In order, therefore, to ensure that an industrial establishment to which the Act has once applied or been made applicable should continue to be governed by it even if subsequently there is a change in the conditions, like reductions in the number of workers employed, it appears necessary to make a specific provisions in the Act that the Standing Orders once made applicable to an industrial establishment will continue to apply to it irrespective on an subsequent change in the number of workmen employed therein or in the constitution of such an establishment. It is, therefore, suggested that a suitable amendment may be made in the Industrial Employment (Standing Orders) Act, 1946.

Standing Labour Committee

(24th Session)

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Item 4:- Reference of cases of adjudication whilst criminal cases are pending against workmen involved in the disputes.

MEMORANDUM

(Prepared by the All-India Trade Union Congress)

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During discussion with the Chief Labour Commissioner while screening some cases of victimisation of the workers for reference to adjudication, it was made known to us that no progress can be made as a criminal case against the individuals is pending in the Court of Law and that whether the case is fit for reference to adjudication or not even in such cases will be considered only when the judgement of court is received.

We protested against this procedure.

It very often happens that the employers organise violent occurrances or frame up workmen for violent actions either directly or indirectly. On the one hand the police intervenes and challans them in a court of law, of course after investigation which may last months. Simultaneously, the employer gives chargesheets, makes a show of inquiry and dismisses the worker.

The court case continues for months and in some cases for years. If appeals are made to Higher Courts, still longer.

Meanwhile the dismissed worker approaches the Conciliation Officer, R.L.C., C.L.C. and the Government for reference of his case to either arbitration or adjudication.

While conciliation proceedings do take place, the cases are kept pending in the Ministry of Labour or rejected as far as reference to adjudication is concerned. To wait till the court of law gives its judgement which takes years, when the worker is out of job is simply atrocious.

It is stated that Supreme Court in a judgement has permitted the employer to take 'Disciplinary Action' against the workers even when the proceedings in the criminal case is not finally decided.

Then for the same act - sometimes outside the limits of work place - the workers have to suffer twice. Moreover, he has to remain in or nearabout the place of work to attend to criminal proceedings in the court but without job.

If legally the employer cannot be asked to suspend departmental/factory proceedings till the criminal proceedings in the court of law are finally decided, the least the workers should be given relief is reference of his case to arbitration or adjudication without waiting for the decision of his case in the court of law

Though it would be more appropriate as is done in the case of Government employees, if there is any criminal case involving moral turpitude the employee may be suspended from service and not removed from service. He should be paid suspension allowance during the period to keep his family alive.

Any action by the employer should only follow after the final decision of the Court of Law. If he is acquitted from the Court, the chargesheet from the employer looses much of

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(Prepared by the Government of West Bengal)

Subject:- Payment of subsistence allowance to charge sheeted workmen who are suspended pending enquiry.

Employers in the State do not follows any uniform policy in the matter of payment of subsistence allowance to charge sheeted workmen who are suspended pending enquiry against them. Instances of such suspension are numerous and in the majority of such cases enquiry proceedings are not completed within a reasonable period of time. The result is that the persons concerned remain not only in a state of mental anxiety but also suffer from economic distress. Unscrupulous employers often take undue advantage of the absence of any statutory provision in this regard. Provisions have been made in the Industrial Disputes Act, 1947 for payment of compensation to laid off and retrenched workmen.

It seems now desirable to suitably amend the Industrial Disputes Act, 1947 with a view to making provisions for payment of subsistence allowance @ 50% of wages of the workmen concerned during the period of their suspension not as a measure of substantive punishment but as a security measure pending enquiry.

This will provide sure and substantive relief to the workmen and at the same time check the tendency to suspend workmen on flimsy grounds.

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SUPPLEMENTARY MEMORANDUM
(Prepared by the Ministry of Labour & Employment)

Item:- (1) Reference of industrial disputes concerning workmen against whom prosecutions are pending in Courts of Law for the same set of charges on the basis of which they have been dismissed by the management (suggested by A.I.T.U.C.).

(2) Amendment of Model Standing Orders to provide for the payment of subsistence allowance to workmen pending completion of domestic enquiries by the managements and/or finalisation of criminal cases pending against them (suggested by A.I.T.U.C.)

(3) Provision for the payment to workmen of subsistence allowance at 50% of wages during the period of their suspension, not as a measure of subsistantive punishment but as a security measure, pending enquiry (suggested by the Government of West Bengal).

The All India Trade Union Congress in a memorandum has raised issues regarding (i) the grant of adjudication in cases where criminal cases are pending against the workmen but the employers, on similar charges, had chargesheeted them and taken action to dismiss them from service under the provisions of their Standing Orders and (ii) the payment of subsistence allowance to workmen pending completion of domestic enquiry by the managements and/or financial of criminal cases pending against them.

The West Bengal Government have also suggested that workers who are suspended should be entitled to a subsistence allowance @ 50% of their wages pending enquiry.

2. With regard to item (1) above, on receipt of certain failure reports from Conciliation Officers in industrial disputes in respect of workmen againt whom criminal proceedings were pending in Courts of Law and against whom management also instituted disciplinary proceedings, it was considered desirable, on the basis of practice followed in the Ministry and the advice of Ministry of Law, to await the decisions of the Courts in question and thereafter examine the disirability of granting adjudication on the basis of decisions of the courts concerned. Regarding the institution of departmental proceedings against a workman during the pendency of criminal proceedings against him it seems sufficient to refer to two decisions of the Supreme Court on the point:-

(1) The Supreme Court in Delhi and General Mills Ltd. Vs. Kushal Bhan has observed as under:-

> "It is true that very often employers stay enquiries pending the decisions of the criminal trial Courts and that is fair; but we cannot say that principles of natural justice require that an employer must wait for the decision at least of the criminal trial Court before taking action against an employee. In Shri Bimal Kanta Mukherjee v.Newman's Printing Works (1956-I L.L.J.453) this was the view taken by the Labour Appellate Tribunal. We

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may, however, add that if the case is of a grave nature or involves questions of fact or law, which are not sure, it would be advisable for the employer to wait the decision of the trial Court, so that the defence of the employee in the criminal case may not be prejudiced."

(2) The Supreme Court observed as under in A.I.R. 1965 S.C. 155: Tata Oil Mills v. Workmen:-

"There is yet another point which remains to be considered. The Industrial Tribunal appears to have taken the view that since criminal proceedings had been started against Raghavan, the domestic enquiry should have been stayed pending the final disposal of the said criminal proceedings. As this Court has held in the Delhi Cloth and General Mills Ltd. v. Kaushal Bhan, 1960-3 SCR 227 (AIR 1960 SC 806) it is desirable that if the incident giving rise to a charge framed against a workman in a domestic enquiry is being treated in a criminal court, the employer should stay the domestic enquiry pending the final disposal of the criminal case. It would be particularly appropriate to adopt such a course where the charge against the workman is of a grave character, because in such a case, it would be unfair to compel the workman to disclose the defence which he may take before the criminal court. But to say that domestic enquiries may be stayed pending criminal trial is very different from anything that if an employer proceeds with the domestic enquiry in spite of the fact that the criminal trial is pending, the enquiry for that reason alone is vitiated and the conclusion reached in such an enquiry is either bad in law of mala-fide."

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It seems equally desirable to await the out-come of the criminal proceedings before the matter is referred to adjudication.

3. Under the rules applicable to Government servants - Central Civil Services (Classification, Control and Appeal) Rules, 1957 and to Railway servants (Discipline and Appeal Rules for Railway servants other than those employed in the Railway Protection Force) a Government servant or a Railway servant may be placed under suspension where a case against him in respect of any criminal offence is under investigation or trial. A Government servant or Railway servant who is detained in custody whether on a criminal charge or otherwise, for a period exceeding 48 hours shall be deemed to have been suspended with effect from the date of detention by an order of the competent authority and shall remain in suspension until further orders. According to the latest orders, regarding departmental proceedings and prosecutions against Government servants involved in criminal misconduct, prosecution should be the general rule in all those cases which are found fit to be sent to court after investigation and in which the offences are of bribery, corruption or other criminal misconduct involving the loss of substantial public funds. In such cases departmental action should not proceed prosecution. In other cases involving less serious offences or involving malpractices of a departmental nature, departmental proceedings are regarded as sufficient.

4. The second point for consideration is whether a workman under suspension pending a domestic enquiry or a criminal case against him may be given a subsistence allowance during the period of suspension.

We are not considering the case of suspension awarded as penalty under the standing orders. We are only considering cases where a workman is suspended pending a departmental enquiry or a criminal proceedings against him. In case of Government servants, such an allowance is admissible under F.R. 53 which reads as under:-

"53(1) - A Government servant under suspension shall be entitled to the following payments, namely:-

(i) in the case of Commissioned Officer of the Indian Medical Department for a Warrant Officer in Civil employ who is liable to revert to military duty, the pay and allowance to which he would have been entitled had he been suspended while in military employment;

(ii) in the case of any other Government servant:-

(a) A subsistence allowance at an amount equal to the leave salary which the Govt. servant would have drawn if he had been on leave on half average pay or on half pay and in addition dearness allowance if admissible on the basis of such leave salary -

Provided that where the period of suspension exceeds twelve months, the authority which made or is deemed to have made the order of suspension shall be competent to vary the amount of subsistence allowance for any period subsequent to the period of the first twelve months as follows:-

(i) the amount of subsistence allowance may be increased by a suitable amount, not exceeding 50% of the subsistence allowance admissible during the period of the first twelve months, if, in the opinion of the said authority, the period of suspension has been prolonged for reasons to be recorded in writing, not directly attributable to the Govt. servant;

(ii) the amount of subsistence allowance may be reduced by a suitable amount, not exceeding 50% of the subsistence allowance admissible during the period of the first twelve months, if, in the opinion of the said authority, the period of suspension has been prolonged due to reasons to be recorded in writing, directly attributable to the the Govt. servant.

(iii) the rate of dearness allowance will be based on the increased or as the case may be, the decreased amount of subsistence allowance admissible under sub-clause (i) and (ii) above.

(b) any other compensatory allowance admissible from time to time on the basis of pay of which the Govt. servant was in receipt on the date of suspension;

Provided that the Government servant shall not be entitled to the compensatory allowances unless the said authority is satisfied that the Government servant continues to meet the expenditure for which they are granted.

(2) No payment under sub-rule (1) shall be made unless the Government servant furnishes a certificate that he is not engaged in any other employment, business, profession or vocation

"Provided that in the case of Government servant dismissed, removed or compulsorily retired from service, who is deemed to have retired from service, who is deemed to have been placed or to continue to be under suspension from the date of such dismissal or removal or compulsory retirement, under subs-rule (3) or sub-rule (4) of rule 12 of the Central Civil Services (Classification, Control and Appeal) Rules, 1957, and who fails to produce such a certificate for any

period or periods during which he is deemed to be placed or to continue to be under suspension, he shall be entitled to the subsistence allowance and other allowances equal to the amount by which his earnings during such period or periods as the case may be, fall short of the amount of subsistence allowance and other allowances that would otherwise be admissible to him; where the subsistence allowance and other allowances admissible to him are equal to or less than the amount earned by him, nothing in this proviso shall apply to him".

There is also a provision in the Bank Award (Desai Award) that subsistence allowance during the period of suspension may be granted to an employee on the following conditions:-

(i) For the first three months one-third of the pay and allowances which the workman would have got but for the suspension.

(ii) Thereafter, (a) where the enquiry is departmental by the bank, one-half of the pay and allowances for the suceeding months. (b) where the enquiry is by an outside agency, one-third of the pay and allowances for the next three months and thereafter one-half for the suceeding months until the enquiry is over.

The Model Standing Orders, however, do not contain any provision for the payment of subsistence allowance during the period of suspension pending enquiry or criminal proceedings.

5. The issue raised by the West Bengal Government is whether the workers who are suspended should be allowed subsistence allowance @ 50% of their wages pending enquiry. This point is covered by item 2 raised by the A.I.T.U.C.

6. The following two issues are placed before the Standing Labour Committee for their consideration and decision:-

(i) whether the industrial disputes, concerining workmen against whom prosecutions are pending in the court of law for the same set of charges on the basis of which they have been dismissed by the management, should be referred to adjudication before finalisation of the criminal cases.

(~~ii~~) (G) whether Model Standing Orders should be modified to provide for the payment of subsistence allowance to workmen pending competition of domestic enquiries by the management and/or finalisation of the criminal cases pending against them.

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Standing Labour Committee
(24th Session)

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Item 5:- Restriction of maternity benefit to first three births.

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(Prepared by the Ministry of Health)

The question whether maternity benefits to women employees working in different factories, mills industrial concerns and plantations should be restricted to encourage family planning, was discussed in the meeting of the Central Family Planning Board at Bombay. A copy of its resolution is appended. It was recommended that this question be considered by the All India Organisations of Employers and Workers at a Tripartite Conference.

RESOLUTION OF THE CENTRAL FAMILY PLANNING BOARD ON "MATERNITY BENEFITS" PASSED AT THEIR 16TH MEETING HELD IN BOMBAY.

The Central Family Planning Board recommended that All India Organisations of employers and workers may consider the question of restricting maternity benefits to women worker after the 3rd child at a tripartite meeting of the Ministry of Labour and Employment.

STANDING LABOUR COMMITTEE
(24th Session)

Item 6: Review of the working of the Code of Discipline.

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At its tenth meeting on March 11, 1965, the Central Implementation and Evaluation Committee decided that a review of the working of the Code of Discipline in all its aspects particularly the functioning of the State Implementation Committees be undertaken and placed before the Indian Labour Conference. It was also decided that before the Conference reviewed the working of the Code, a Seminar should be organised. In pursuance of the above-mentioned decision, a Seminar was held on August 21, 1965 at New Delhi. The Seminar, which was inaugurated by the Union Minister of Labour and Employment, was attended by the representatives of State Governments/Administrations, the Employing Ministries, public sector undertakings and Central employers' and workers' organisations. The papers circulated at the Seminar and its conclusions are enclosed (Annexures I, II and III). The representatives at the Seminar generally felt that the Code of Discipline had worked well and introduced a positive approach in industrial relations and there was need to take further steps to ensure more faithfull observance of the Code so that its salutary effect could be sustained and enlarged. Most of the suggestions made towards this end were constructive and helpful.

2. The representatives of two workers' organisations (H.M.S. and A.I.T.U.C.) urged the adoption of ballot to determine the representative character of unions for the purpose of recognition. The representative of the INTUC was, however, opposed to ballot on the ground that it would equate a union member with a non-member in the matter of voting and the object of the Code to promote stable paid membership of unions would be defeated. He further suggested that the quality of a union and not merely its numerical membership should be the basis for grant of recognition. The representative of Hind Mazdoor Sabha stressed that free collective bargaining unhampered by compulsory adjudication would lead to the development of a healthy and strong trade union movement. In this connection the INTUC representative felt that a developing country like India with a planned economy could not afford the luxury to abolish adjudication and let collective bargaining be the only means to settle industrial disputes. It was also suggested that effective steps to revitalise the inter-union Code of Conduct be taken so as to eliminate inter-union rivalries which have often threatened industrial peace.

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3. The Committee may consider the general points raised in the preceding paragraph. The following conclusions (Annexure III) of the Seminar are for the consideration and approval of the Committee:-

(1) Implementation Machinery should take prompt action on complaints made to it under the Code of Discipline. As far as possible, enquiries into complaints should be completed within a period of three months, and the breaches, on being established, should be brought home to the erring party which should be asked to set them right immediately or give an assurance that it would avoid such breaches in future. When serious and persistent breaches occur the Implementation Machinery should insist on sanctions being applied by the concerned Central Organisation. To make the Code effective the Central Organisations should not hesitate to apply sanctions against erring members.

(2) The Implementation Machinery should always inform the complainant party of the action taken on its complaint.

(3) The Central employers organisations should ensure that their members establish a grievance procedure in their establishments on the lines of the model grievance procedure. They should send to the Implementation Machinery concerned a list of their members who have so far set up a grievance procedure. Unions should co-operate with managements in the establishment of grievance procedure.

Public sector companies and corporations should also ensure that this essential requirement of the Code is fulfilled without further delay.

(4) Employers should not delay the grant of recognition to a union recommended by the Implementation Machinery on the result of verification conducted under the Code. If an employer does not recognise such a union within a period of three months, in spite of the request of his Central Organisation, the matter may be brought before the Implementation Committee concerned.

(5) Every effort should be made to avoid delay in the verification of membership of unions for recognition. If there is undue delay in any particular case and if there is a demand for revising the date of reckoning the matter should be placed before the Implementation Committee and its decision taken before changing the date of reckoning.

(6) For the purpose of recognition the principle of simple majority may be followed. The employers' representatives however, felt that for dislodging a recognised union, a rival union should have a majority of at least 10% membership over the recognised union

(7) The existing practice of continuing recognition of union for at least two years should continue.

(8) The existing provision for entitlement to recognition, namely, that a union should have functioned for at least one year in the establishment concerned should continue.

(9) Both employers' and workers' organisations should take all steps to promote voluntary arbitration as a means to settle disputes particularly those relating to matters of local interest not involving wide repercussions or large financial stakes and of individual cases of retrenchment, dismissal, discharge and victimisation.

(10) The Central employers' and workers' organisations should take greater interest in the screening of labour disputes before these are taken to courts and in settling those out of court which are already pending in courts.

4. There was no agreement on three points (Nos.5, 6 and 7) raised at pages 10 and 11 of the main note at Annexure I and it was decided to refer these to the Conference. These points and the views expressed thereon at the Seminar are mentioned below:

(i) Point No.5:

The criteria under the Code provide that the membership of a union for the purpose of recognition should be counted only of those employees who had paid their subscriptions for at least three months during the period of six months immediately preceding the date of reckoning. This criterion cannot be given effect to in cases where subscriptions are collected on an annual basis. Should unions in such cases be advised to amend their constitutions to provide for monthly payment of subscriptions?

The representative of Hind Mazdoor Sabha reiterated that in case of annual subscription the paid membership of workers should be considered on a specified date such as December 31 or June 30 depending on whether the request for verification is made in the first half or the second half of the calendar year.

(ii) Point No.6:

Recognition of an industry-wise union under clause 3 of the Criteria for recognition of unions involves the question of definition of 'Local area' for the industry concerned. In the case of coal industry it has not been possible to define 'local area' as there is divergence of opinions between the employers' and workers' organisations. Should the 'local area' for coal industry be defined as a 'State'?

There was no decision on the question of recognition of an industry-wise union under clause 3 of the Criteria for Recognition of Unions and it was agreed to place this matter before the Conference.

(iii) Point No.7:

The Indian Labour Conference at its 22nd session in July, 1964 decided that 'unions not recognised under the Code of Discipline should, however, have the right to represent individual grievances relating to dismissal and discharge or other disciplinary matters affecting their members. Both the AIOIE and EFI did not accept this decision and desired the whole question to be discussed at a tripartite meeting. Should the above decision of the Indian Labour Conference be reviewed?

There was divergence of views at the Seminar on the question of rights of unrecognised unions. It was, therefore, decided that the matter be placed before the Conference to review the decision already taken in this respect at its 22nd Session in July, 1964.

5. The Standing Labour Committee may consider the above points.

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Annexure I

SEMINAR ON THE WORKING OF THE CODE OF DISCIPLINE

/ NEW DELHI - AUGUST 21, 1965 /

At its tenth meeting on March 11, 1965, the Central Implementation and Evaluation Committee decided that a review of the working of the Code of Discipline in all its aspects particularly the functioning of the State Implementation Committees be undertaken and placed before the Indian Labour Conference. The Committee also decided that before the Conference reviewed the working of the Code a seminar should be organised. The Central Implementation and Evaluation Division has been reviewing the working of the Code every year. Reviews from June 1958 to 1963 have been considered either by the Central Implementation and Evaluation Committee or the Indian Labour Conference. Two notes on the working of the Code both in the Central and the State spheres during 1964 are enclosed (Appendices I & II).

2. The Central employers' and workers' organisations were requested to send notes by May 15, 1965 giving their views on the working of the Code. So far only the All-India Manufacturers' Organisation has sent a note. More important of the provisions of the Code and the views expressed by the A.I.M.O. are discussed below:-

(i) Work-stoppages and mandays lost.

3. The All-India Manufacturers' Organisation has observed

> 'The Code of Discipline despite its agreed acceptance does not show any progress in reducing the number of mandays lost. The provisional figure for 1964....shows that the industrial relations are on the same road as they were in 1958.....The real reason for deterioration in the statistical position is more of political nature due to the inter-union rivalry, apathy of State Governments to take prompt action and gear the implementation machinery into action and lack of application of adequate sanctions against parties committing the breaches. The real remedy lies in the stringent enforcement of the Code only. This should be carried out in practice by giving all out assistance, at both State and Central levels and securing maximum co-operation from the representative organisations.....' Another question which should not be lost sight of is the question of independent units and unions which are not affiliated to those Central organisations which have ratified the Code.....'. As far as these are concerned, 'the State Governments should act as principal organisations and take action as if they were members to whom the Code applied irrespective of the fact whether they have ratified it or not. Unless this is done a large majority will escape from the moral binding and the assurance obtained for the observance of the principles underlined in the Code.....'

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4. In this connection the A.I.M.O. has suggested:

> 'Strikes should be defined and the procedure for declaration of a strike should be laid down and punishment should be prescribed for breaches thereof. As far as hartals and strikes in regard to non-industrial matters are concerned the same should be completely banned and the workers' organisations giving call for the same should be held liable for such breaches. Unless legal protection is given and strict action taken for wrongful resort to strike the evil will not end. We are not against the workers' inherent right to strike but we are against its use in an indiscriminate manner and for .... non-industrial matters without going through the prescribed procedure'.

5. The Code of Discipline was evolved at a time when industrial unrest was on the increase. The mandays lost owing to work-stoppages attained the peak figure of 78 lakhs during 1958. In the following year the voluntary approach to industrial relations brought about through the Code helped reduce the time lost to about 56 lakhs mandays. The average annual time loss during the four year period from 1959 to 1962 work out to about 58 lakhs. On account of the Emergency created by the Chinese aggression and the upsurge of patriotism in the country, the number of disputes was considerably reduced during 1963 and a spirit of co-operation prevailed in all sections of the industry. The number of mandays lost declined sharply in November, 1962 and the mandays lost during 1963 as a whole were only 32.68 lakhs. The number of mandays lost during 1964, however, is estimated at 72.68 lakhs.

The table below gives the year-wise position and the percentage of mandays lost as compared to that in 1958:

Year	No. of mandays lost (in lakhs)			% as compared to 1958
	Central sphere	State sphere	Total	
1958	15.60	62.40	78.00	-
1959	8.52	47.81	56.33	72.2
1960	9.20	55.95	65.15	83.5
1961	3.64	45.55	49.19	63.0
1962	4.62	56.58	61.20	78.4
1963	2.93	29.75	32.68	41.9
1964 (Provisional	6.52	66.16	72.68	93.1

6. It would not be appropriate to compare the mandays lost in 1964 with those in 1963 which was an abnormal year and had the impact of the Chinese aggression. Compared to the average of about 58 lakhs mandays lost during the pre-Truce period of four years the figure for 1964 shows an increase of 26 per cent. The increase in the mandays lost in

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1964 was due to various reasons, such as the steep rise in the price level of food articles and other essential commodities which adversely affected labour relations. To this may be added the agitation for nationalisation of banks, oils and wholesale trade in foodgrains etc. and such other demands, the non-fulfilment of which resulted in a few strikes. The discontent among the working classes on account of delays in the implementation of the recommendations of the Bonus Commission and those of the Wage Boards for some of the industries were other causes which contributed towards increase in mandays lost. Thus it will be seen that all the work-stoppages in 1964 were not resorted to in furtherance of purely labour or economic interests of the workers. Several of these were organised on political considerations or on account of inter-union or intra-union rivalries.

(ii) Working of the State Implementation Committees

7. The observations of the A.I.M.O. in this respect are:

> 'The State Implementation and Evaluation Committees beyond bringing to the notice the breach of the defaulting party, cannot set right the dispute. This is particularly so when the workers' union is recalcitrant and as has been the experience the Government who is the guardian becomes only a passive onlooker on such occasions .... Many cases have been brought to our notice wherein the State Implementation and Evaluation Machinery and Government have not acted promptly though the breach was brought to their notice in the prescribed manner and Government was apprised of the actual situation through officers concerned. It is this delay on the part of the Implementation Machinery which has dampened the enthusiasm of the employers and has shaken their faith in the implementation of the Code. The Code will only succeed if the implementation is prompt, just and efficient. The question of sanctions should be insisted upon after a breach is set right and normal position restored. The first necessity is to stop the recurrence and continuance of the breach and remedy should follow.

8. In this connection A.I.M.O. has suggested:

> "In case of an SOS message the Central Government should ask for a report of the State Government and give such advice as it deems fit and if necessary a communication may be addressed to the Minister so that necessary relief and assistance will be forthcoming. A certain time limit should be laid down within which the breach should be set right. In case no result comes the Central Government should assume powers to deal with the matter direct".

The A.I.M.O. has also referred to 'the recent tendency of unions to resort to violence, etc. and such illegal and anti-social activities to finish industrial disputes' and observed:

> 'Unless the provisions of the Indian Penal Code or the Criminal Procedure Code are brought into operation this evil will not stop. Labour laws

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do not give adequate protection to law abiding citizens ..... a serious view should be taken and the guilty parties prosecuted by Government and the protection clause available under the labour laws should not operate .....'

'It should be clearly understood that no protection under the Code or State assistance will be forthcoming unless the breach is rectified by the union or unit seeking such assistance. It should also be laid down that any office-bearer found guilty of the breach of the Code should be debarred from being a member of the union. In short, no party guilty of a breach of the Code should be allowed to participate in the industry'

9. The Standing Labour Committee and the Indian Labour Conference have already laid down sanctions for breaches of the Code. It is for the Central employers' and workers' organisations to ensure that they apply sanctions against erring members. Whatever sanction is laid down has to be applied to both the parties. As far as the Government is concerned, action under law can be taken independent of the action that might be taken under the Code. Action under the Indian Penal Code or Criminal Procedure Code can be taken by the State Government concerned when the breaches of the Code involve questions of law and order.

10. The Central Implementation and Evaluation Division in the past received some complaints from All-India Organisation of Industrial Employers and Employers' Federation of India that the Implementation Committees in some States were not taking clear cut decisions on the breaches of the Code reported to them. The matter was taken up with the State Governments concerned and the latter issued necessary instructions to the Implementation Officers to ensure that enquiries into breaches of the Code were undertaken expeditiously and decisions were taken on them promptly. The brochure on 'Implementation Machinery - its functions and procedures' brought out by the Central Implementation and Evaluation Division already lays down the procedure to be adopted in taking action on the breaches of the Code. This procedure has been brought to the notice of all the State Govts. and Central employers' and workers' organisations. It is necessary that complaints under the Code are dealt with promptly in accordance with the prescribed procedure so that the Code could be enforced effectively.

11. The position regarding the frequency of meetings of the State/Administration Implementation Committees during the last five years is as under;-

State	No. of meetings held in				
	1960	1961	1962	1963	1964
Andaman & Nicobar Islands.	-	-	-	-	2
Andhra Pradesh	2	1	3	1	2
Assam	3	1	2	1	1
Bihar	3	1	4	-	5
Delhi	5	1	4	5	8
Gujarat	-	1	1	1	-
Himachal Pradesh	-	-	-	-	-
Jammu & Kashmir	-	-	-	4	-

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State	No. of meetings held in				
	1960	1961	1962	1963	1964
Kerala	9	3	6	4	4
Madras	2	1	2	4	1
Madhya Pradesh	1	-	2	-	2
Maharashtra	2	-	1	-	-
Manipur	2	-	2	-	-
Mysore	2	-	3	2	1
Orissa	3	-	-	1	-
Punjab	8	1	2	1	3
Rajasthan	2	-	2	-	-
Tripura	-	-	-	1	-
Uttar Pradesh	2	1	1	1	2
West Bengal	7	1	4	-	4

(iii) Voluntary Arbitration

12. Vountary arbitration which the Code of Discipline advocates as a means of settling disputes has been further stressed in the Industrial Truce Resolution which was adopted in November 1962. Since the adoption of the Truce Resolution both employers and workers are taking greater interest in arbitration. In November 1963 the Employers' Federation of India and the All India Organisation of Industrial Employers jointly organised a seminar on voluntary arbitration wherein some important recommendations were made. The seminar was an outcome of the interest shown by employers in the settlement of disputes by voluntary arbitration. The table below gives statistics in this regard both in the Central and the State spheres:

	No. of cases in which parties were asked to accept arbitration		No. of cases in which parties accepted arbitration.	
	1963	1964	1963	1964
(i) Central sphere.	610	790	156	185
(ii) State sphere	3,085	3,384	344	291

(iv) Implementation of awards, agreements, settlements and labour laws.

13. The positive effect of the Code of Discipline can be appropriately judged from the cases in which implementation of

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awards, agreements, settlements, etc. was secured by invoking the provisions of the Code. The position in this respect during the past four years is as under:-

Years	Central sphere		State sphere	
	Total No. of complaints.	No. got implemented.	Total No. of complaints.	No. got implemented.
	1	2	3 *	4 *
1961	262	145(55)	9,836	3,735(38)
1962	456	200(44)	119	66(50)
1963	637	216(34)	192	94(49)
1964	969	244(25)	370	204(55)

(v) Other infringements of the Code got set right.

14. The position regarding the cases in which infringements of the Code, other than those relating to non-implementation, (e.g. unfair labour practices, unilateral action, non-recognition of unions, etc.) were brought home to the parties responsible for these or where acts of omission and commission got set right by persuasive efforts is indicated below:-

Year	Central sphere		State sphere	
	Total No. of complaints. dealt with.	No. in which infringements set right, etc.	Total No. of complaints dealt with.	No. in which infringements set right, etc.
	1.	2	3	4
1961	447	88(20)	655	175(27)
1962	511	149(29)	702	202(29)
1963	696	244(35)	385	232(60)
1964	988	369(37)	1,595	669(42)

* This pertains only to labour laws; figures relating to State sphere for 1962 to 1964 pertain only to awards, agreements and settlements.

Figures within brackets indicate percentage to totals in cols. (1) and (3).

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(vi) Recognition of Unions.

15. Provision regarding recognition of unions are vital from the point of view of trade union organisations. More and more unions have been taking recourse to the provisions of the Code to secure recognition. The extent of recognition secured to unions both in the Central and the State spheres on the recommendations of Implementation Machinery during the period 1960 to 1964 is indicated below:-

	No. of unions recognised under the Code in the	
	Central Sphere	State sphere
1960	2	9
1961	4	-
1962	3	29
1963	6	32
1964	8	28
Total:	23	98

16. Organisation-wise classification of unions which have secured recognition under the Code is given below:-

	No. of unions recognised	
	Central sphere	State sphere
I.N.T.U.C.	10	41
A.I.T.U.C.	3	17
H.M.S.	1	7
U.T.U.C.	4	4
Independent unions	5	20
Total	23	89*

17. It has been experienced that even after verification of membership of unions some employers are reluctant to recognise the majority union for one reason or the other. This entails unnecessary correspondence. The Central employers' organisations concerned have also not always succeeded in wearing down the resistance of their members in this respect. To make the Code effective it seems desirable to specify a period, say three months, within which an employer must necessarily recognise the union

* Organisation-wise break-up in respect of 9 cases is not available.

which on verification is found to represent a majority of workers and is recommended by the Implementation Machinery for recognition. If an employer does not recognise the union within this period despite persuation by its Central Organisation the matter may go before the Implementation Committee concerned and the Central Organisation of the employer be advised to apply sanction against the employer.

18. In connection with the working of the Criteria for Recognition of unions some difficulties have been experienced from time to time. On the recommendation of the eighth meeting of the Central I & E Committee some points were referred to the Central employers' and workers' organisations in February, 1964 for comments so that the matter could be placed before a tripartite meeting. These points and the comments of the various organisations are discussed below:-

Point No.1

(a) Should the date of reckoning in cases in which the verification of membership for some reason or the other has taken an unduly long time be changed to make the verification results more up to date and realistic?

The A.I.O.I.E. considers that ' for the purpose of recognition, up to date verification of membership of unions would be appropriate'. The E.F.I. feels that 'there should be a time limit for conducting verification and if, owing to some unavoidable reasons, the verification is delayed the date of reckoning should be changed and verification done on the basis of up to date figures'. The A.I.M.O. considers that 'where verification has been carried out no party should ask for reverification within a period of 3 months from the date of finalisation of the verification. If, however, a decision is not taken on the verification the request of either party for reverfication may be considered. After a period of one year reverification may be made compulsory.

AITUC feels that 'there should not be undue delay in the verification and that suitable steps should be undertaken to ensure that the party responsible for delay does not benefit from the delay'. UTUC is not in favour of changing the present practice and desires that the system of verification should be so tightenend that the claims for recognition are determined positively within the prescribed period. If any extraordinary case of delay takes place, the matter should be placed before a joint meeting of the Central Organisations and their unanimous decision should be followed.

Point No.2

(b) Should the recognition of a union be withdrawn in favour of a rival union if the result of verification shows the latter to be more representative than the former by a narrow margin? If not, what should be considered as a marrow majority.

AIOIE feels that if a fresh verification after two years of the first recognition reveals that the membership of the recognised union has gone down and there is considerable difference between its membership and that of the rival union, the majority union should be recognised. The EFI is of the view that 'where a union has not been recognised under the Code, the representative character of a union or unions claiming recognition may be determined on the basis of simple majority. Where there is a recognised union and a rival union claims recognition the representative character of the latter should be established by a substantial majority. An agreed percentage of the total complement in the establishment may be fixed in this regard as, otherwise, inter-union rivalry to oust the existing recognised union will increase and reflect adversely on the labour management relations'. E.F.I. has suggested that the union seeking recognition should have at least 10 per cent more membership than the union it seeks to displace. The AIMO feels that as far as possible no union once recognised should be replaced for a period of 2 years and after this period the result should be decided by the majority formula, the minimum percentage for the purpose of "narrow majority" being 10.

A.I.T.U.C. has suggested that the principle of majority following should govern the rules of recognition, and any further condition is not necessary. UTUC also holds similar views:

Point No.3

(c) When a union has been recognised under the Code of Discipline there is to be no change in its position for a period of two years. Should the question of a recognised union be reopened after say, a period of one year, and reverification ordered in a case in which prima facie the situation in respect of the membership of the contending unions has changed so materially as to warrant fresh verification?

The AIOIE, EFI and AIMO do not favour any change in the existing procedure of continuing recognition for two years on the ground that reopening of the question of recognition within this period will encourage inter-union rivalry and disturb industrial relations. AITUC feels that 'normally no change should be made in the status of recognition for at least 2 years from the date of recognitions. If, however, there are any exceptional cases no rule need be framed for it and such cases can be brought to the notice of the Central I & E Committee and action taken if unanimous decision is reached'. UTUC is also not in favour of any change in the existing procedure but feels that in extraordinary cases, the matter may be referred to a joint meeting of the Central Organisations and their unanimous decision implemented.

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Point No.4

(d) One of the conditions to be fulfilld by a union for claiming recognition under the Code is that it should have functioned for a period of one year after recognition under the Trade Unions Act. This requirement, however, need not be fulfilled if it is the only union functioning in the establishment. Concurrently, another criterion to be fulfilled is that the union should not have been found responsible for a breach of the Code within one year immediately before claiming recognition. Should the claim of a union for recognition be considered even if it has not completed one year after registration but prima facie represents a clear majority of workers in an establishment after six months of its existence?

The E.F.I. is of the view that 'the criterion of the Code that a union should have completed one year after registration under the Trade Unions Act for the purpose of recognition should not be disturbed. If, however, any management wishes to waive this condition it should be left to the management's discretion, provided there is only one union which claims recognition. The AIMO is not in favour of considering recognition of new unions till they have built up good relationship in the units or industries in which they are registered. Both AITUC and UTUC are of the view that one year period should normally be insisted upon.

Point No.5

(e) The criteria under the Code provide that the membership of a union for the purpose of recognition should be counted only of those employees who had paid their subscriptions for at least three months during the period of six months immediately preceding the reckoning. This criterion cannot be given effect to in cases where subscriptions are collected on an annual basis. Should unions in such cases be advised to amend their constitutions to provide for monthly payment of subscription?

The Central Implementation &Evaluation Committee which considered the matter at its 7th meeting in July, 1962 desired that the views of Central Workers' Organisations be invited. When consulted INTUC favoured the reckoning of membership being done as on March 31 of the year in which the membership was claimed. AITUC said that verification procedure should be amended to take into account the membership of unions collecting subscriptions on an annual basis. H.M.S. suggested that if a demand for verification was made between April 1 and September 30 in a year membership should be counted as on March 31 but if the demand was made between September 30 and March 31 the date of counting membership should be March 31 of the following year. UTUC suggested that unions should amend their constitution to provide for monthly or quarterly.

subscription. There was thus no unanimity of views. The matter was placed before the Standing Labour Committee in December, 1963 but it was not discussed on the ground that the Central Implementation and Evaluation Committee would review the procedure. This review has not yet been undertaken. It appears to be simpler to ask the unions to amend their constitutions to make them conform to the Criteria for Recognition of Unions in this respect.

Point No.6

(f) Recognition of an industry-wise union under clause 3 of the Criteria for recognition of unions involves the question of definition of 'local area' for the industry concerned. In the case of coal industry it has not been possible to define 'local area' as there is divergence of opinions between the employers' and workers' organisations. Should the 'local area' for coal industry be defined as a 'State'?

On consultation, all the Central employers' organisations and INTUC agreed that the local area should be a State. AITUC was of the view that all coal mines belonging to a management or a colliery be considered as 'local area'. H.M.S. desired that the matter should be considered by a tripartite meeting. The Industrial Committee on Coal Mines considered this question at its ninth meeting in August, 1964 but on the suggestion of workers' representatives it was decided not to pursue the question. The matter has again been raised by one of the Central Workers' organisations and it is necessary to decide the question.

Point No.7
(g) The Indian Labour Conference at its 22nd Session in July 1964 decided that 'unions not recognised under the Code of Discipline should, however, have the right to represent individual grievances relating to dismissal and discharge or other disciplinary matters affecting their members.' Both the AIOIE and EFI did not accept this decision and desired the whole question to be discussed at a tripartite meeting. Should the above decision of the Indian Labour Conference be reviewed?

The decision of the Indian Labour Conference follows from clause II(v) of the Industrial Truce Resolution which says that 'all complaints pertaining to dismissal, discharge, victimisation and retrenchment of individual workmen not settled mutally, should be settled through arbitration. The Truce Resolution does not differentiate between cases concerning recognised or unrecognised unions. The matter was placed before the Standing Labour Committee at its 23rd Session in March 1965. The consideration of the question was, however, deferred to the next session of the Indian Labour Conference which is to review the working

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of the Code. The question is, therefore, open for discussion.

(vii) Grievance Procedure

19. Wherever necessary the Implementation Machinery impresses upon employers the need to set up grievance procedure for the redress of day-to-day grievances of individual workers. It has, however, been experienced that some of the employers do not show the requisite eagerness to establish a grievance procedure. In a number of cases the Implementation Machinery has to continue the persuasive efforts for considerable time even after invoking the good offices of the concerned employers' organisations. It is necessary that the organisations should take greater interest in this respect and ensure that all their members establish a grievance procedure in their establishments.

(viii) Screening Machinery

20. The Central Implementation & Evaluation Division has successfully persuaded the Central employers' and workers' organisations to set up machinery to screen cases before appeals are filed by their members against the decisions of industrial tribunals, labour courts, etc.... While all the Central Organisations have intimated that they have set up screening machinery, not all of them are functioning effectively. Despite prolonged persuasive efforts, which are still continuing, only E.F.I., A.I.O.I.E., A.I.M.O., H.M.S. and UTUC have been sending statistics regarding the screening of cases. INTUC and AITUC have not sent any statistics in this regard. The extent of screening of cases by various organisations during 1959 to 1964 is indicated below:-

	Total number of cases taken up for screening by the Screening Machinery	No. of cases in which members were persuaded not to file appeals.
E.F.I.	127	20
A.I.O.I.E.	37	6
A.I.M.O.	3	1
H.M.S.	65	37
U.T.U.C.	95	81
Total:	327	145

(ix) Out-of-Court Settlement

21. To reduce tension caused by litigation the Central I&E Division has been striving to bring about out-of-court settlement in cases pending in High Courts and the Supreme Court. During the period June, 1958 to December, 1964 the Division succeeded in settling 26 (or 45%) of the 58 cases taken up for out-of-court settlement. In 30 cases attempts of the Division did not succeed as the parties preferred to have the final decision of the courts on account of the legal principles being involved in the disputes and in 2 negotiations are continuing.

22. The Implementation Set-Up in the States also succeeded in bringing about out-of-court settlements in 231 (or 29% of about 800 cases in which attempts for settlement were made by them during June 1958 to December 1964. Whatever success has so far been achieved in this respect is of great significance because out-of-court settlements exercise a very healthy effect on industrial relations. For greater success it is necessary that the Central employers' and workers' organisations should take more interest and extend their full cooperation to the Implementation Machinery to get as many disputes settled out of court as possible.

Points for consideration:

23. The following suggestions are for consideration:-

(i) Implementation Machinery should take prompt action on complaints made to it under the Code of Discipline. As far as possible enquiries into the complaints should be completed, within a period of three months, and the breaches on being established should be brought home to the erring party and it should be asked to set right the breaches or give an assurance that it would avoid such breaches in future. In serious and persistent breaches the Implementation Machinery should insist on sanctions being applied by the concerned Central Organisation. To make the Code effective the Central organisations should not hesitate to apply sanctions against erring members; which of the sanctions they need apply in a particular case has to be decided by them on the merits of the case.

(ii) The Implementation Machinery should inform the complainant party of the action taken on its complaint.

(iii) The Central employers' organisations should ensure that their members establish a grievance procedure in their establishments. They should send to the Implementation Machinery concerned a list of their members which have so far set up grievance procedure. Public companies and corporations should also ensure that this essential requirement of the Code is fulfilled.

(iv) Employers should not delay in granting recognition to a union recommended by the Implementation Machinery on the result of verification under the Code. If an employer does not recognise such a union within a period of three months, even at the request of the Central organisation, the matter may be considered by the Implementation Committee.

(v) The existing procedures in the criteria for recognition of unions should continue. Every effort should be made to avoid delay in the verification of membership of unions for recognition. If there is undue delay in any

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particular case the matter be placed before the Implementation Committee and its decision taken for changing the date of reckoning.

(vi) Unions whose constitutions provide for annual payment of membership fee should amend their constitutions to provide for payment of monthly subscription.

(vii) For the purpose of industry-wise recognition in coal mines 'local area' may be deemed to be a State.

(viii) The rights of unrecognised unions already laid by the Indian Labour Conference at its 22nd Session in July 1964 should continue.

(ix) Both employers' and workers' organisations should give up their hesitation in accepting voluntary arbitration to settle disputes particularly those relating to matters of local interest not involving wide repercussions or large financial stakes and of individual cases of retrenchment, dismissal, discharge and victimisation.

(x) The Central employers' and workers' organisations should take greater interest in the screening of labour disputes before these are taken to courts and in settling those out of court which are already pending in courts.

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APPENDIX I

REVIEW OF THE WORKING OF THE CODE OF DISCIPLINE IN THE CENTRAL SPHERE DURING 1964.

The Code of Discipline continued to guide industrial relations in the country during the year under review. It generally helped employers and workers to settle their disputes by constitutional means. The position of mandays lost owing to work-stoppages from 1958 to 1964 is as under:-

Year	No. of mandays lost in the Central sphere (in lakhs)	% in terms of 1958 figures.
1958	15.60	-
1959	8.52	54.6
1960	9.20	59.0
1961	3.64	23.3
1962	4.62	29.6
1963	2.93	18.7
1964(Provisional)	6.52	41.8

2. Prior to the inception of the Code in June, 1958, there was a rising trend in the number of mandays lost. It reached the peak figure of 15.60 lakhs in the Central sphere in 1958. Soon after the adoption of the Code not only was the rising trend arrested but a downward trend followed up to 1963 except for a slight rise in 1960 due to strike by some Central Government employees and in 1962 due to prolonged strikes in three collieries. It would be seen that the figure for 1964 is more or less the same as the average for the four years of pre-Truce period (1959-1962) which is 6.5 lakhs. The increase in the mandays lost in 1964 was due to various reasons such as rise in the price level of food articles and other essential commodities which adversely affected labour relations.

ACCEPTANCE OF THE CODE

3. Efforts to extend the Code to some more sectors of employment have yielded encouraging results. The Code was accepted in 1962 by the Port Trust authorities with certain clarifications which were not acceptable to the concerned employees' organisation. A joint meeting of the representatives of Port Trusts and their employees' Organisations was held on November 12, 1964 to discuss the clarifications. Except for the clarification on the Criteria for recognition of unions, both the parties agreed to the remaining clarifications. A Sub-Committee comprising the representatives of both the parties was appointed to finalise the Criteria, for recognition and send its recommendations to the Ministry. As soon as the Criteria for recognition of unions is evolved by the Sub-Committee, the Code would be made applicable to Port Trusts. The Dock Labour Boards have agreed to accept the Code after it is acceptaed by Port Trusts. The State Bank of India and their employees' organisations have accepted the Code with some clarifications. Similarly, the Life Insurance Corporation, the general insurers and their employees' organisations have accepted the Code with some clarifications. The Code is being implemented in the State Bank and the Insurance Industry. In the case of private banks, the employers' and employees' organisations have accepted the Code with some clarifications except those on the Criteria for recognition of unions. A Sub-Committee of the employers' and employees' organisations has been appointed to go into the question. The Sub-Committee's recommendations are awaited.

The Reserve Bank have accepted the Code with some clarifications. The Central Implementation and Evaluation Division has written to the concerned employees' organisations to intimate their acceptance. The Ministry of Defence has kept the question of application of the Code to Defence undertakings in abeyance till the conflict between some of the provisions of the Code and the recognition rules included in the Joint Consultation and Compulsory Arbitration Scheme drafted by the Home Ministry is resolved. The Ministry of Railways drafted a Code to suit their conditions. This Code was not accepted by the employees' federations. Later, the Railway Ministry intimated that the federations desired to stick to the Permanent Negotiating Machinery with some modifications in preference to the Joint Consultation and Compulsory Arbitration Scheme as such there was no need to accept the Code. To decide the question finally the two federations were requested to intimate their definite views regarding the acceptance of the Code. While one federation (AIRF) has stated that it would like the Code to be adopted by the Railways in addition to the Permanent Negotiating Machinery because of the statutory provisions regarding recognition in the Code the other federation (NFIR) condsiders that it is no longer necessary to accept the Code. The All India Railwaymen's Federation has been informed that the provisions of the Code are not statutory. It has been requested to confirm if in the circumstances its views stand. Its reply is awaited.

CENTRAL IMPLEMENTATION AND EVALUATION MACHINERY

4. The membership of the Central Implementation and Evaluation Committee was enlarged to include a representative of the Public sector. The Committee held one meeting at which it considered the working of the Code of Discipline during 1963. It also considered a few individual cases of infringement of the Code. More important of the conclusions of the Committee were:

(a) Evaluation studies of industrial relations and the extent of implementation of labour laws in Heavy Electricals Ltd., Bhopal and Fertilizer Corporation, Sindri be made in consultation with the State Governments and the Ministries concerned;

(b) Existing sanctions under the Code of Discipline should be enforced effectively, and

(c) the recommendations of the 20th Session of the Indian Labour Conference regarding settlement of disputes of local interest by arbitration should be implemented. It was clarified that arbitration under the Arbitration Act was not Arbitration as contemplated under the Code of the Truce Resolution.

STANDING COMMITTEE ON INDUSTRIAL TRUCE RESOLUTION

5. The second meeting of the Standing Committee on Industrial Truce Resolution was held on March 16, 1964 to discuss the agitation organised by AITUC Unions through hunger strikes, demonstrations and late attendance and the resolutions adopted by Hind Mazdoor Sabha, regarding rise in prices, threat of a general strike and its future attitude towards the Code of Discipline and the Industrial Truce Resolution. As all India Trade Union Congress absented

from the meeting, the Committee expressed disapproval of its non-participation. The Committee reviewed the general labour situation in the country and impressed upon the representatives of workers' organisations to give up agitational approach and abide by the Code of Discipline and the Industrial Truce Resolution so that stability in industrial relations was not disturbed. At its third meeting held on November 13, 1964, the Committee approved the draft scheme for a bill on fair price shops to be opened by employers for their employees. The proposal for introducing a scheme for payment of wages in kind which was recommended by the Indian Labour Conference at its 22nd Session in July, 1964 was dropped. The Committee was later disbanded and its functions were assigned to the Central Implementation and Evaluation Committee.

VOLUNTARY ARBITRATION

6. Employers are now taking recourse to voluntary arbitration in more and more cases in the Central sphere. Of the 790 cases in the Central sphere in which conciliation failed during 1964 voluntary arbitration was agreed to in 185 cases. The position regarding the cases in which conciliation failed during November, 1962 - December, 1964 and arbitration was accepted by the parties is as under: -

(i)	No. of disputes in which conciliation failed.	1,479 (351)*
(ii)	No. of disputes in which parties agreed to arbitration.	347 (33)
(iii)	No. of cases not fit for adjudication and, therefore, presumably not fit for arbitration.	364 (150)
(iv)	No. of cases referred to adjudication.	505(41)
(v)	No. of cases where settlements were arrived at later.	71(42)
(vi)	No. of disputes under examination by the Chief Labour Commissioner or Labour Ministry.	192(85)

7. It will be seen that of the disputes which failed in conciliation, 23.00% were settled by arbitration; if cases settled otherwise or considered unfit for adjudication or those under examination are to be excluded the percentage of arbitration comes to 39.67. Out of the cases available for adjudication and arbitration, 60.33% were referred to adjudication and 39.67% to arbitration. In 111 cases where employers did not agree to arbitration and the disputes were referred to adjudication, the Central Implementation and Evaluation Division pointed

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*Figures within brackets relate to public sector; these are included in the total figures.

out the infringements of the Industrial Truce Resolution to the employers concerned or their Central Organisations.

PREVENTIVE ACTION

8. The Central Implementation and Evaluation Division keeps a watch on the trouble spots and intervenes to prevent situations from worsening. During the year 1964 the Division took preventive action in 121 cases and succeeded in averting threats of strike in 76 cases by taking prompt action. In 16 cases, however, the efforts of the Division did not succeed. In the remaining cases the outcome of the efforts of the Division is not yet known.

STATISTICAL ASSESSMENT

9. During 1964, the Central Implementation and Evaluation Division received 2,316 complaints of breaches of the Code of Discipline. Of these, 606 or (26%) concerned the State sphere and were dealt with through the concerned State Implementation Machinery and the remaining 1,710 (or 74%) were in the Central sphere. In addition, 476 complaints which were pending at the beginning of 1964 were also dealt with during the year. Of the total of 2,186 Central sphere cases, 229 (or 10%) were either endorsements or otherwise did not require action by the Division. Of the remaining 1,957 cases, 201 were not substantiated on enquiry, 134 were settled mutually, in 613 infringements were established on enquiry and these were either got set right or were brought to the notice of the erring parties with the request to avoid them in future and in 1,009 investigations were in progress at the close of the year. Of the 613 cases which were established on enquiry, the responsibility of various organisations for breaches of the Code was as under:-

A - Employers' Organisations.	No. of cases.
Employers' Federation of India.	101
All India Organisation of Industrial Employers.	86
All India Manufacturers' Organisation.	Nil
Employers not affiliated to any Central Organisation.	169
	356
B - Workers' Organisations.	
Indian National Trade Union Congress.	49
All India Trade Union Congress.	32
Hind Mazdoor Sabha.	43
United Trade Union Congress.	3
Unions not affiliated to any Central Organisation.	97

10. Two statements of the cases of infringement of the Code according to industries and organisations and action taken thereon are enclosed (Annexure I & II).

COMPARATIVE POSITION OF PUBLIC AND PRIVATE SECTORS

11. The following table indicates the action taken by the Division on complaints under the Code of Discipline relating to public and private sector undertakings in the Central Sphere during 1964:-

No. of complaints requiring action by the Division.	No. where investigations were completed			No. under investigation.
	Not substantiated on enquiry.	Mutually settled	Breaches brought to the notice of guilty parties or set right or disputes settled.	
1	2	3	4	5
I. Against Employers				
Public sector	255 (100)	29 (11.3)	21 (8.3)	51 (20.0)	154 (60.4)
Private sector	1,324 (100)	164 (12.4)	103 (7.8)	305 (23.3)	752 (56.6)
Total	1,579	193	124	356	906
II. Against Workers.					
Public Sector	98 (100)	1 (1.0)	1 (1.0)	74 (75.5)	22 (22.5)
Private Sector	280 (100)	7 (2.5)	9 (3.2)	183 (65.3)	81 (29.0)
Total	378	8	10	257	103

N.B. Figures within brackets indicate percentages to total.

I. INFRINGEMENTS BY EMPLOYERS

(i) Implementation of awards, agreements, labour laws, etc...

12. A measure of success of the Code is the increase in the number of settlements. Some of the managements which were not affiliated to any of the Central Organisations also readily set right the ommissions on their part when these were brought to their notice. The

..6..

Division dealt with 969 complaints of non-implementation of awards, agreements and enactments during 1964. Of these, 105 (or 10%) were not substantiated on enquiry, in 244 (or 25%) the breaches were set right by persuasive efforts or settlements were brought about and the rest were under correspondence with the managements or their Central Organisations. A few typical cases where employers were successfully persuaded to set things right are mentioned below:-

(a) In a colliery, the management was paying to their Category III workers annual increments at the rate of 6 paise per day instead of 8 paise per day prescribed in the Das Gupta Award. At the Division's intervention, the management rectified this omission.

(b) A colliery management was found responsible for non-payment of proper wages, bonus, interim increase, etc., On the Division's taking up the matter, the management set right all these omissions.

(c) At the Division's intercession, the management of a colliery paid interim relief as recommended by the Coal Wage Board to weekly paid workers.

(d) It was complained to the Division that the management of a colliery was not taking into account the wages of workers for paid and closed holidays for the purpose of calculation of bonus. At the intervention of the Implementation and Evaluation Division the management regretted the mistake and rectified the irregularity.

(e) At the intervention of the Division the management and the union concerned agreed to settle a dispute regarding the non-implementation of an award and other irregularities in the colliery.

(f) As a result of persuasive efforts of the Division, a colliery management got its Standing Orders certified as required under law.

(g) After persistent efforts of the Division the management of a colliery paid arrears of weekly wages and monthly salaries to its workers.

(h) The Division received a complaint about non-implementation of Coal Award by a Colliery management in respect of payment of special allowance. At the intervention of the Division, the management agreed to pay a sum of Rs. 250/- to each of the workmen towards full settlement of the claims.

(i) At the intercession of the Division, a colliery management paid variable dearness allowance and interim relief to pick miners and machine loaders and also set right other irregularities.

(j) At the instance of the Division, a contractor working in a coal washery paid Rs.4,420/- as bonus and variable dearness allowance to 69 workers and agreed to pay Rs.2,025/- to another 45 workers who were not available at the time of payment.

(k) At the intervention of the Division the management of a colliery implemented the recommendations of the Wage Board for Iron Ore Mines regarding interim relief in respect of all categories of workers.

(l) A colliery management was found responsible for making incorrect payment for lead and lift and pushing of empty tubs, non-payment of variable dearness allowance and less payment to shale pickers. At the Division's intervention, the management rectified all these irregularities.

(m) A complaint was received about the non-payment of arrears of variable dearness allowance and interim relief as recommended by the Wage Board for Coal Mines by a management. As a result of persistent efforts by the Division, the management rectified the omissions.

(n) A colliery management was found responsible for not having paid correct overtime to some workers for doing work on paid festival holidays. At the intervention of the Division, the management rectified the omission.

(ii) Unfair labour practices.

13. The Implementation and Evaluation Division dealt with 362 complaints of unfair labour practices, such as, victimisation, harassment and violence by management officials. Of these, 81 complaints were not substantiated on enquiry. Of the remaining 281 cases 47 were settled mutually, in 43 the breaches were pointed out to the concerned managements or their Central Organisations and 191 were under investigation. A few typical cases in which managements were advised to set right the omissions and to avoid such breaches in future are as under:-

(a) A complaint was received in the Division about the victimisation of a worker for his trade union activities by the management of a colliery. At our instance the matter was settled amicably.

(b) Some quarry labourers threatened direct action in case the management did not reemploy the quarry workers who had been retrenched. As a result of intervention by the Division, the matter was settled amicably between the two parties and the direct action did not take place.

(c) In a dispute regarding the retrenchment of an underground trammers' sardar, the management of a colliery was not accepting arbitration though the union was agreeable to it. On the Division's taking up the matter, the management re-appointed the worker.

(d) It was complained to the Division that the promotion of a colliery worker, in a public sector undertaking, which was long overdue was being withheld by the management. At the intervention of the Division both the parties agreed to settle the dispute mutually.

(iii) Recognition of Unions.

14. The Division dealt with 40 claims for recognition of unions during 1964 of these were not found valid on enquiry, in 8 the majority unions - 3 belonging to Indian National Trade Union Congress, 2 to United Trades Union Congress, 1 to Hind Mazdoor Sabha and 2 to independent Unions - were granted recognition after verification of their

membership and the rest were under investigation or verification.

15. The following table shows the overall position regarding the cases of non-recognition of unions received by the Division during June, 1958 - December 1964:-

Reported by	Number of cases.	Number where claims were not found valid.	Number where recognition was granted.	No. under investigation/ verification.
INTUC or its affiliates.	24	10	10	4
AITUC or its affiliates.	24	15	3	6
HMS or its affiliates.	8	5	1	2
UTUC or its affiliates.	7	3	4	-
Independent unions.	34	12	5	17
Total:	97	45	23	29

(iv) Establishment of grievance procedure.

16. In 34 cases it was reported to the Division that the managements had not set up a grievance procedure. In 7 cases the managements were successfully persuaded to set up grievance procedure and in the rest the Division was in correspondence with the managements concerned.

(v) Unilateral action

17. Of the 25 complaints of unilateral action such as retrenchment and change in working conditions, settlements were brought about between the parties in 9 and in 16 breaches were under investigation.

(vi) Lock-out

18. Twenty complaints of lock-out were dealt with during the year, 4 of these were not substantiated on enquiry, in 7 settlements were brought about and 9 were under investigation.

II. INFRINGEMENTS BY WORKERS.

(i) Strikes

19. The Division dealt with 302 cases of strike including sit down and stay-in strikes. In 2 the disputes leading to strikes were settled mutually and no responsibility was fixed;

3 were not substantiated on enquiry, in 225 cases the breaches were pointed out to erring unions or their Central Organisations with the request to avoid them in future and the remaining 72 were under enquiry at the close of the year. The organisation-wise responsibility in the 225 substantiated cases is as follows:-

Unions belonging to		Number of cases
INTUC	..	39
AITUC	..	25
HMS	..	42
UTUC	..	3
Independent unions	..	94
More than one union	..	22

(ii) Unfair labour practices and unilateral action.

20. Of the 35 complaints of unfair labour practices and unilateral action dealt with by the Division during 1964, 3 were not substantiated on enquiry, 5 were settled mutually, in 16 breaches were pointed out to the unions concerned and 11 were under investigation.

(iii) Coercion, intimidation, rowdyism and violence.

21. The Division dealt with 41 complaints against workers of coercion, intimidation, violence, etc. Of these 2 were not substantiated on enquiry, 3 were settled mutually, in 16 breaches were pointed out to erring unions and 20 were under investigation.

SANCTIONS BY EMPLOYERS AND UNIONS OR ASSURANCES GIVEN FOR MORE FAITHFUL OBSERVANCE OF THE CODE.

22. The Central employers' and workers' organisations and/or their constituent members applied sanctions in some cases although the number of cases where the former have done so is far less than that in the case of the latter. A few cases where the Central employers' and workers' organisations and/or their constituents have applied sanctions or gave an assurance to abide by the Code faithfully in future are mentioned below:-

A. BY EMPLOYERS

(a) In a colliery, a union resorted to a strike without notice to protest against the non-payment of bonus, leave wages and train fare. While the breach in respect of strike was brought to the notice of the union the management was also requested to pay proper dues to the workers. In reply the management assured the Division that it would observe the provisions of the Code and mantain good relations with the workers in future.

(b) The management of a colliery did not attend conciliation despite repeated requests by the Central Industrial Relations Machinery. The management to which the breach of the Code was pointed out expressed regret for this lapse and gave an assurance that it would not recur.

(c) In a dispute regarding the termination of services of two workers and denial of work to another, a colliery management did not accept arbitration to settle it though the concerned union agreed to it. When the Division pointed out the breach the management admitted that due to certain reasons the matter could not be referred to arbitration but it gave an assurance that it would be more careful in future.

(d) A union complained to the Division that the Assistant Superintendent of a mine abused one of the members of the union and also used filthy language. On the Division's pointing out the breach, the management gave an assurance that it would abide by the Code of Discipline in future and would honour the spirit of the Code in its dealings with the employees and union officials.

(e) In a dispute over alleged wrongful stoppage of work to an employee, the management of a colliery did not agree to refer the dispute to arbitration though the union was willing to do so. On the Division's pointing out the breach to the concerned central employers' organisation, it advised the management to abide by the tripartite decisions to settle such minor disputes by arbitration.

(f) In two disputes regarding the retrenchment of five workers of a Colliery and continuation of four workers as temporary, the managements did not accept arbitration, after the conciliation had failed, whereas the unions concerned were agreeable to do so. At the intervention of the Division, the Indian Mining Federation advised its affiliates to faithfully observe the provisions of the Code and the Truce Resolution in future.

(g) In two disputes between a colliery management and their workmen the management did not attend the conciliation proceedings in spite of notices issued to it; nor did it send any reply to the Conciliation Officer's letter requesting it to agree to settle the disputes by arbitration. On the Division's taking up the matter with its Central Organisation, the management settled a good number of disputes with the union and assured that there would be no further trouble between the management and its workmen.

B. <u>BY UNIONS/ORGANISATIONS</u>

(a) Some workers of a quarry struck work without notice and without utilising the existing machinery for the redress of their grievances. On the Division's pointing out the breach of the Code and the Industrial Truce Resolution the concerned Central Workers' Organisation advised its affiliate to ensure that there was no occasion for a breach of the Code on its part in future

(b) Some workers in a colliery refused to push empty tubs and demanded extra payment. At the request of the Division, the concerned Central Organisation advised its affiliate to be careful in future and avoid such breaches of the Code.

(c) Certain workers of a Colliery indulged in violent and riotous activities. On the Division's taking up the matter, the concerned Central Workers' Organisation advised its affiliate to abide by the Code in future.

(d) Some workers belonging to a Colliery struck work without giving any notice and without first utilising the existing avenues for the settlement of disputes. At the intervention of the Division, the Central Workers' Organisation concerned advised its affiliate to be more careful in future and not to violate the Code of Discipline and the Industrial Truce Resolution.

(e) Certain workers belonging to a Quarry workers' Union struck work without giving any notice. At the instance of the Division, the Union condemned in an open meeting the action of the workers responsible for stoppage of work.

(f) A Union in a Port threatened to resort to strike in case its demands regarding revision of wage rates, festival holidays, etc., were not conceded by the management. At the intervention of the Division the concerned Central Workers' Organisation advised its affiliate to be more careful and to adhere to the provisions of the Code and the Industrial Truce Resolution for the fulfilment of its demands.

(g) Some workers of a Colliery struck work without notice at the instigation of a union official. When the matter was taken up with the union, it reprimanded the official for his action; the latter tendered an unconditional apology both to the management and to the union.

(h) When a breach of the Code by union was pointed out by the Division to the concerned Central Workers' Organisation it intimated that the union had expressed regret for the breach. The Central organisation warned the union against any repetition of such a breach in future.

(i) In three cases where some colliery workers resorted to a strike without notice and without utilising the existing avenues for the settlement of disputes, the Central Organisations of the concerned unions to which the breach was pointed out by the Division, advised their affiliates to avoid such action as would be in violation of the Code of Discipline and the Truce Resolution.

OUT-OF-COURT SETTLEMENTS

23. The Division dealt with 4 cases of industrial disputes for out-of-court settlement. In 2 of these it was not possible to effect a compromise and in 2 the negotiations are continuing.

SCREENING MACHINERY

24. The following table gives the position of cases screened by the Screening Machinery of Central employers' and workers' organisations during 1963 and January-June, 1964*:-

Organisations	No. of cases screened		No. in which appeals were allowed by screening machinery.		No. in which members accepted the advice of the Screening machinery not to file appeals	
	1963	1964 (Jan. to June)	1963	1964 (Jan. to June)	1963	1964 (Jan. to June)
I. Employers' Organisations:						
E.F.I.	24	9	22	7	2	2
A.I.O.I.E.	9	NS	9	NS	-	NS
A.I.M.O.	2	NS	2	NS	-	NS
II. Workers' Organisations:						
I.N.T.U.C.	Not supplied.					
A.I.T.U.C.	Not supplied.					
H.M.S.	27	12	12	4	15	8
U.T.U.C.	38	NS	7	NS	31	NS
Total	100	21	52	11	48	10

* Information for the later period is not available.

N.S. - Not supplied.

25. To minimise litigation in public sector undertakings, the following procedure for screening appeals against awards of tribunals, etc. was evolved by the Division:-

(a) Whenever a public undertaking desires to file an appeal against an award for judgment of a Labour Court/Tribunal, High Court, etc. it should first make a reference, with the facts of the case to the administrative Ministry concerned;

(b) if the administrative Ministry, after consulting the Law Ministry, also feels that an appeal should be preferred, it should consult the Labour Ministry; and

(c) where the administrative Ministry and the Labour Ministry do not agree the matter should be placed before the Committee of Economic Secretaries.

It has been emphasised that all this examination and consultation should be done expeditiously so that the appeal, if found necessary does not get time-barred. Since September 1964 when the screening procedure came into force the Division received 6 cases for advice; in 4 of these the Division advised the managements not to file appeals.

EVALUATION STUDIES.

27. The Central Implementation and Evaluation Division completed the following evaluation studies during the year under review:-

(i) Study of implementation of labour enactments and industrial relations in -

(a) Hindustan Shipyard Ltd. Visakhapatnam.

(b) Praga Tools Ltd., Secunderabad.

(c) Hindustan Steel Ltd., Durgapur.

(ii) Study of the implementation of the Bipartite Agreement and the report of the Court of Inquiry on abolition of contract system in coal mines.

(iii) Analysis of appeals relating to industrial disputes decided by the Supreme Court with a view to finding whether they involved any important principle of law or substantial monetary stake.

(iv) Study of implementation of industrial awards in Central Sphere during 1962-63.

ANNEXURE I

Industry-wise classification of Central sphere cases under the Code of Discipline reported to the Division during 1964.

Sl.No.	Name of Industry	No. of cases (requiring action) reported to the Division.	Percentage to total.
1.	Mining and Quarrying		
	i) Coal	1,006	65.2
	ii) Iron Ore	105	6.8
	iii) Others:		
	(a) Mica	28	1.8
	(b) Gold	18	1.1
	(c) Manganese	14	1.0
	(d) Others (including unspecified)	125	8.1
2.	Ports and Docks -	117	7.6
3.	Banks	71	4.6
4.	Defence	14	1.0
5.	Railways	8	.5
6.	Insurance	6	.4
7.	Oil fields	3	.2
8.	Miscellaneous (including services mints, Govt. Presses, etc.)	27	1.7
		Total: 1,542*	(100.00)

N.B. * (i) In addition, there were 168 cases which did not require action by the Division as these were either endorsements or subjudice or involved no union or concerned units to which the Code was not applicable.

(ii) In addition, 476 cases (of which 61 did not require action) were pending at the beginning of 1964. A break up of these 476 cases is given in Annexure I of the Review of the working of the Code of Discipline in the Central sphere during 1963.

ANNEXURE II

Classification of Central sphere cases of violation of the Code of Discipline dealt with during 1964.

plaints by	No. of cases pending at the begin-ing of 1964.	No. of cases repor-ted to the Divi-sion during 1964	Total Cols. 2 & 3	No. of cases requir-ing no action being endor-sements or con-cerned units to which the Code was not applica-ble.	No. not subs-tanti-ated on enqui-ry.	No. where the parties brought together & mutual settlements reached & where no res-ponsibi-lity was fixed.	No. of cases where breaches were brought to the notice of the parties with request to adhere to the Code in future and where the responsibility for violation on enquiry rests on.								No. of cases i investi-tion/ne tiatin at the of 196
							EFI	AIOIE	AIMO	OTHERS	INTUC	AITUC	HMS	UTUC	OTHERS	More Than One Union	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
I. Workers' Unions.																	
i) INTUC	100	233	333	30	28	36	9	15	-	32							18
ii) AITUC	64	190	254	25	51	29	9	4	-	11							12
iii) HMS	30	75	105	7	11	9	2	2	-	9							6
iv) UTUC	7	16	23	8	1	-	-	1	-	-							1
v) Other Unions.	117	335	452	61	68	19	13	2	-	23							26
II. Employers' Organisations.																	
i) E.F.I.	4	11	15	4	-	3	-	-	-	-	-	3	-	-	1	1	
ii) AIOIE	1	20	21	6	1	1	-	-	-	-	4	1	-	-	-	-	
iii) AIMO	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
iv) Other Employers.	4	63	67	3	2	2	-	-	-	-	6	4	4	-	17	1	2
III. C.L.C. Orgn. etc.	149	767	916	85	30	35	68	62	-	94	39	24	39	3	79	29	3
Total:	476	1710	2186	229		134	101	86	-	169	49	32	43	3	97	33	10

ANNEXURE II

Classification of Central sphere cases of violation of the Code of Discipline dealt with during 1964.

eints by	No. of cases pending at the begin-ing of 1964.	No. of cases repor-ted to the Divi-sion during 1964	Total of Cols. 2 & 3	No. of cases requir-ing no action being endor-sements or con-cerned units to which the Code was not applica-ble.	No. not subs-tanti-ated on enqui-ry.	No. where the parties brought together & mutual settlements reached & where no res-ponsibi-lity was fixed.	No. of cases where breaches were brought to the notice of the parties with request to adhere to the Code in future and where the responsibility for violation on enquiry rests on.										No. of cases u investi-tion/ne-tiatinn at the of 1964
							EFI	AIOIE	AIMO	OTHERS	INTUC	AITUC	HMS	UTUC	OTHERS	More Than One Union	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
ers' ns.																	
INTUC	100	233	333	30	28	36	9	15	-	32							183
AITUC	64	190	254	25	51	29	9	4	-	11							125
HMS	30	75	105	7	11	9	2	2	-	9							65
UTUC	7	16	23	8	1	-	-	1	-	-							13
Other Unions.	117	335	452	61	68	19	13	2	-	23							266
Employers' enisations.																	
E.F.I.	4	11	15	4	-	3	-	-	-	-	-	3	-	-	1	1	3
AIOIE	1	20	21	6	1	1	-	-	-	-	4	1	-	-	-	2	6
AIMO	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Employers.	4	63	67	3	2	2	-	-	-	-	6	4	4	-	17	1	28
. C.I.C. Orgn. etc.	149	767	916	85	30	35	68	62	-	94	39	24	39	3	79	29	320
tal:	476	1710	2186	229	-	134	101	86	-	169	49	32	43	3	97	33	1009

APPENDIX - II

REVIEW OF THE WORKING OF THE CODE OF DISCIPLINE AND THE INDUSTRIAL TRUCE RESOLUTION DURING 1964 IN THE STATE SPHERE

I

GENERAL

This review is based on the annual reports sent by the State Governments/Administrations; Governments of Maharashtra, Orissa and the Administrations of Himachal Pradesh, have however, not sent any reports so far. On the basis of the reports received it can be concluded that the Code of Discipline and the Industrial Truce Resolution have generally worked well during the year 1964 although the industrial relations in some of the States/Union Territories were not as satisfactory as they were during the previous year. The general observations made by the reporting State Governments/Administrations on the working of the Code are mentioned below:-

(1) Andhra Pradesh

There has been a profound effect of the Code of Discipline and the Industrial Truce Resolution on the industrial relations. There has been a definite emphasis on mutual negotiations and settlement of disputes. The employers' and workers' organisations took greater interest in the formation of Emergency Production Committees, Consumers' Cooperative Societies and opening of Fair Price Shops.

(2) Bihar

The Code of Discipline has, in course of time, proved to be the most important factor in promoting labour management relations and has helped maintain peace in industrial fields. It continued to have its healthy effect on industrial relations in the State. This was refelcted in an increase in the cases of mutual discussions, settlements and agreements between employers and workers. Unions have been gradually realizing the importance of the Code and have been asking for more and more assistance from the implementation machinery for the redress of their grievances and for securing recognition. The impact of the Code has also been reflected in the acceptance of the grievance procedure and setting up of grievance machinery by a large number of employers. Workers and employers also took increased recourse to voluntary arbitration during the year.

(3) Gujarat

The restraining influence of the Code was perceptible By and large it can be said that the goodwill and understanding between the parties and the readiness to solve their problems mutually and amicably have been maintained. The Implementation unit, with the limited staff at its disposal has been making efforts to take effective steps on all aspects of the Code.

(4) Jammu & Kashmir

The Code of Discipline has mostly been adhered to by both employers and workers. No breaches of the Code were reported during the year under review.

(5) Madhya Pradesh

The employers' and employees' organisations and their individual members are generally alert and faithful towards the Code and its spirit.

(6) Madras

Most of the employers and a lage number of unions have been adhering to the principles laid down under the Code. The State Implementation Machinery, with the assistance of the State Labour Department, has been endeavouring to promote observance of the Code by both employers and workers. No difficulties were experienced during the year in the working of the Code, except in respect of persuading independent employers to recognise unions under the Code.

(7) Mysore

By and large the Code has created a sense of awareness in the minds of the parties to the need to follow certain principles to promote industrial peace; it has improved industrial relations to a great extent and more independent managements and unions have realised the significance of the Code of Discipline and have adopted it. The main difficulty experienced in the working of the Code has been in respect of some managements, affiliated to the central organisations of employers, as these managements have taken the stand that they are not bound by the acts of their central organisations; consequently considerable time is taken in entering into correspondence with the central organisations. Some managements and unions are not coming forward to adopt the principles of the Code since it is only a moral obligation and there is no law to enforce it.

(8) Punjab

There has been no marked improvement in the violations of the Code of Discipline and the Industrial Truce Resolution and the violations of the Truce Resolution were on an increase during 1964.

(9) Rajasthan

After the Chinese invasion and declaration of emergency, there was substantial decline in the number of work-stoppages and mandays lost but during the year 1964, labour situation somewhat worsened in comparison to the previous year, the number of mandays lost in 1964 having gone up to 68.8 thousand from 21.3 thousand in 1963.

(10) Uttar Pradesh

The general compliance of the Code has continued to be satisfactory. However, labour situation during 1964 deteriorated slightly as compared to the previous year, the number of mandays lost during these years being 77.3 thousand and 50.8 thousand respectively. There has been slight improvement in regard to retrenchment and closures.

(11) West Bengal

Though the Code has continued to be a guiding principle, it seems that the workers have developed a doubt in its efficacy. This is evident from the fact that there were 218 work-stoppages during 1964 as against 167 in 1963, the corresponding figures of mandays lost being 16.5 lakhs and 7.7 lakhs respectively.

(12) Andaman & Nicobar Islands

Both Unions and managements of Public and Private Sectors are generally adopting the Code of Discipline and following it with full confidence.

(13) Delhi

The working of the Code has been fairly satisfactory. There has been a noticeable trend among a particular section of trade unions to force issues by resort to direct action instead of through constitutional machinery of conciliation and adjudication. Besides, the rising trend of prices and the general reluctance of employers to grant compensatory increase in wages has also been partly responsible for recourse to agitational methods. Difficulties have been experienced in getting the unions recognised under the Code and in setting up Grievance Procedure, as employers in general seem to be reluctant in taking initiative in according recognition to unions and in setting up mutually agreed grievance procedure. It has been observed that in the case of reported breaches the parties cited certain extraneous circumstances in justification of the breaches. This makes it difficult for the Implementation Committee to decide the issues promptly.

(14) Manipur

There has been no strike, lock-out, violence, etc. during the year. Hence the working of the Code may be presumed as satisfactory and the situation remained more or less the same as in the previous year.

(15) Tripura

The working of the Code has been satisfactory. The goodwill and understanding between employers and workers and the readiness to solve their problems mutually and amicably have increased. No difficulty has been experienced in the working of the Code.

II

Cooperation by Employers & Workers

2. The comments of the State Governments/ Administrations regarding the cooperation extended by employers and workers in the working of the Code of Discipline

are given below:-

In Andhra Pradesh the extent of cooperation extended by employers and workers in the observance of the Code has been quite appreciable notwithstanding stray cases of breaches of the Code complained against each other by both employers and workers.

In Assam both employers and workers have co-operated with the State Implementation Machinery in enquiries into breaches of the Code as well as in the implementation of the decisions of State Implementation Committee.

In Bihar the extent of cooperation from employers and unions was satisfactory. Both the parties showed keenness to implement unanimous decisions of the State Implementation and Evaluation Committee. However, some difficulties were experienced in the matter of enquiries in respect of strikes where parties did not give prompt and complete information.

In Gujarat the extent of cooperation of employers and unions has generally been satisfactory. It has been observed that in the course of enquiries into strikes the parties do not give prompt and comprehensive replies with the result that completion of the enquiries takes a considerably long time. Managements have shown lack of cooperation in the matter of recognition, (only one union having been accorded recognition during the year under review) and setting up of grievance procedure.

In Jammu & Kashmir both employers and workers have by and large welcomed the Code as a great step forward in bringing about industrial unity.

In Kerala employers and workers have fully cooperated with the Implementation Committee in enforcing the Code.

In Madhya Pradesh cooperation is generally extended by both employers and workers and the Code is by and large respected by them.

In Madras both employers and employees have been extending full cooperation in observing the principles laid down in the Code has also contributed to cordial relationship between employers and employees and has promoted their mutual confidence and trust.

There were cases when the managements voluntarily recognised unions.

Observance of the Code

In Punjab earnest cooperation is not coming forth from the representatives of employers and employees. All sorts of assurances are given by the parties to abide by the Code but these are seldom honoured. Whenever any violation is pointed out to a party, it sticks to its own point of view and never admits its fault.

In Rajasthan industrial peace has been disturbed on account of the hardship caused to workers by the rise in prices. Trade unions have also availed themselves of this opportunity in mobilising workers to agitate for some relief to them.

In Andaman & Nicobar Islands Employers and Unions have been fully cooperative in the enforcement of the provisions of the Code of Discipline and Industrial Truce Resolution.

In Uttar Pradesh employers and workers have shown awareness regarding the implementation of unanimous decisions arrived at before the State Implementation & Evaluation Board and the State Joint Advisory Council. However, in regard to the reference of disputes to arbitration and withdrawal of writs there has been little response particularly from the employers due to which material progress could not be achieved in this respect.

In Delhi employers and unions affiliated to central organisations have been fairly cooperative in ensuring observance of the Code. In the textile industry both managements and unions reported breaches against each other requiring detailed investigations by the Implementation Committee.

In Tripura due to wide-spread awareness of the Code and constant persuasion, both employers and unions have extended their cooperation in ensuring observance of the Code.

III

IMPLEMENTATION MACHINERY

A. Implementation Units.

3. Implementation Units are functioning in all the States/Administrations, Whereas in Andhra Pradesh, Kerala, Madhya Pradesh, Madras, Mysore and Punjab these are under the charge of whole time officers, in the remaining States/Administrations part-time officers are entrusted with the implementation work.

B. Implementation Committees.

4. Implementation Committees have been set up in all the States/Administrations. In Andhra Pradesh there are two Committees one for the public and the other for the private sector. In Uttar Pradesh, besides the Implementation and Evaluation Board, there is also the State Joint Advisory Council which is performing more or less the same functions.

C. Chairmanship of the Implementation Committees.

5. Implementation Committees in twelve States(Andhra Pradesh, Assam, Bihar, Gujarat, Maharashtra, Madhya Pradesh, Mysore, Orissa, Rajasthan, Uttar Pradesh, West Bengal and Manipur) have their respective Labour Ministers as their Chairman. In Punjab although the State Labour Commissioner is the Chairman of the Committee, its meetings are, as far as possible, presided over by the State Labour Minister or the Deputy Labour Minister. In Kerala although before the Governor's Rule the Labour Minister used to be the Chairman of the Committee, at present the State Chief Secretary presides over the meetings of the Committee. The Committees in Jammu and Kashmir and Tripura are presided over by the Labour Secretaries. In Delhi the Chairman, Public Relations Committee is the Chairman of the Implementation & Evaluation

Committee. In Himachal Pradesh and Madras, Senior Government officials are the Chairmen of the Committees. In Andaman and Nicobar Isalnds, the Labour Commissioner presides over the meetings of the Committee.

D. Frequency of Meetings of the Implementation Committees.

6. The frequency of meetings held by the Implementation Committees in the reporting States/ Union Territories is as under:-

(1) Andhra Pradesh	One meeting each by the Committees for the Public Sector and the Private Sector.
(2) Andaman & Nicobar Islands	Two
(3) Assam	One
(4) Bihar	Five
(5) Delhi	Eight
(6) Kerala	Four
(7) Madras	One
(8) Madhya Pradesh	Two
(9) Mysore	One
(10) Punjab	Three
(11) Uttar Pradesh	Two
(12) West Bengal	Four

The Implementation Committees in Gujarat, Jammu and Kashmir, Manipur, Rajasthan and Tripura did not hold any meeting during the year under review.

E. Local Committees.

7. Local Committees have been functioning in two States, Andhra Pradesh and Rajasthan, the number of such Committees being two and six respectively. The Government of Mysore, which had been considering formation of local committees at the Divisional Level, has deferred the question for the time being.

F. Important decisions taken by the Implementation Committees.

8. The Implementation Committees in the reporting States/Administrations besides considering individual cases of infringement of the Code at their meetings took some important policy decisions. More important of these are mentioned below:-

(1) Andhra Pradesh. The Public Sector Committee at its meeting endorsed the proposal of the I&E Cell for the creation of the posts of Personnel Officers in some major employing Departments of the Government like Medical and Public Works Departments, to act as Liaison Officers and to expedite finalisation of matters relating to industrial relations. It was also agreed to constitute formal joint committees at the departmental level in each employing department to review and expedite, when necessary, the implementation of agreed items in joint meetings.

(2) Bihar

At one of its meetings the Implementation Committee decided that the constitution of the Tripartite Arbitration Board as recommended by the Centre, was not necessary. At another meeting it was decided that once the Committee took a decision that a union should be recognised by the management, the Labour Department might treat the disputes raised by that union as having been raised by a recognised union.

(3) Uttar Pradesh. It was decided to strengthen the Panel of Arbitrators by including eight more persons.

(4) West Bengal (a) It was decided at one of the meetings that the delay in the disposal of cases of non-implementation of awards and agreements and complaints regarding violation of the Code should be curtailed to the minimum and efforts should be made by the Implementation Machinery to dispose of such cases within three months from the date on which the complainant establishes its case to the satisfaction of the officer dealing with the case.

(b) It was decided that before a finding regarding the breach of the Code by a party was brought to its notice the party concerned should be given a hearing by an officer of the State Labour Directorate.

(c) The Committee also decided that all cases where arbitration was recommended by the Conciliation Officer but was refused by either party to the dispute should be before the Committee for necessary action.

IV

SANCTIONS UNDER THE CODE OF DISCIPLINE

9. Only the Government of Bihar has reported a case where sanction was applied by a Central Organisation at the recommendation of the State I&E Committee. At one of its meetings the Committee took the decision that the General Secretary of the Hatia Project Workers Union (INTUC) should be censured. In accordance with this decision the Bihar Committee of the INTUC censured the concerned General Secretary of its affiliate.

V

EXTENSION OF THE CODE OF DISCIPLINE TO INDEPENDENT EMPLOYERS AND UNIONS

10. The State Implementation Machinery continued its efforts to persuade more and more independent employers and unions to accept the Code. The Government of Andhra Pradesh has intimated that the Code was extended to 84 independent employers and unions but the break-up has not been given. Similarly, in the case of Madhya Pradesh 16 independent employers and unions accepted the Code. The required information has not been supplied in the case of Jammu and Kashmir, Kerala, Manipur and West Bengal. In Assam and Tripura no new employer or union has been brought within the pale of the Code. The position in

respect of the remaining States/Union Territories is as follows:-

State/Administration	No. where the Code has been accepted by Independents	
	Employers	Unions
(1) Bihar	13(17)	25(33)
(2) Gujarat	Nil	76(76)*
(3) Madras	269 (NA)	820(NA)
(4) Mysore	38(116)	35(138)
(5) Punjab	99(NA)	90(NA)
(6) Rajasthan	Nil	129(NA)
(7) Uttar Pradesh	27(27)	131(131)
(8) Delhi	N.A.	41(NA)@

VI

PREVENTIVE ACTION

11. The extent of success achieved in averting threatened direct action by prompt action is indicated below:-

State/ Administration	No. where preventive action was taken.	No. where preventive action was successful
(1) Andhra Pradesh	5	5
(2) Bihar	22	16
(3) Gujarat	75	75
(4) Jammu and Kashmir	N.A.	9
(5) Kerala	Nil	Nil
(6) Madhya Pradesh	18	10
(7) Madras	34	28
(8) Mysore	8	6
(9) Uttar Pradesh	224	74
(10) Andaman & Nicobar Islands	2	1
(11) Delhi	60	50
(12) Tripura	2	2

12. In the case of the Governments of Punjab Rajasthan, West Bengal and Minipur the required information is not available, However, in the case of the Government of Punjab it has been reported that preventive action is taken in almost all cases of threatened direct action but no statistics are maintained by them in this regard.

SOS MESSAGES:

13. Only the Governments of Bihar and Uttar Pradesh have intimated that S.O.S. messages were received by them. In the case of the former work-stoppages were averted in 10 of the 11 cases of S.O.S., the corresponding figures for Uttar Pradesh are 33 and 69 respectively.

*In Gujarat every trade union is asked to accept the Code at the time of its registration.

@Besides, 2 associations of unions also accepted the Code.

N.B. Figures in brackets indicate the number which was requested to accept the Code

VII

RECOGNITION OF UNIONS

14. The Implementation Units in the reporting States/Administrations dealt with 197 complaints regarding non-recognition of unions during the year under review; 126 of these were pending at the beginning of 1964. Statewise breakup of these cases and action taken on them are given in Annexure I. The position of the cases as reported by various Central Organisations is as follows:-

Organisation.	No. of complaints pending on Jan. 1,1964.	No. of complaints received during 1964.	No. where claims were not found valid and were not pursued.	No. where recognition was secured.	No. under investigation.
1	2	3	4	5	6
i) INTUC	44	24	4	16	48
ii) AITUC	28	15	7	3	33
iii) H.M.S.	11	8	3	2	14
iv) UTUC	5	3	2	1	5
v) Independent Unions.	38	21	28	6	25
TOTAL:-	126	71	44	28	125

15. Of the 28 unions which were recognised at the intervention of the State Implementation Machinery 7 were in Andhra Pradesh, 6 in Punjab, 5 in Bihar, 4 in Madras, 3 in U.P. 2 in Mysore and one in Gujarat.

VIII

VOLUNTARY ARBITRATION

16. The extent to which voluntary arbitration was accepted by the parties to settle their disputes is given below:-

State/Administration.	No. of cases where parties were requested to accept arbitration.	No. where the parties agreed to take recourse to arbitration.
1	2	3
(1) Andhra Pradesh	N.A.	9
(2) Assam	N.A.	N.A.
(3) Bihar	104	55
(4) Gujarat	52	Nil
(5) Jammu & Kashmir	Nil	Nil
(6) Kerala	N.A.	N.A.
(7) Madhya Pradesh	102	3
(8) Madras	326	29
(9) Mysore	N.A.	3
(10) Punjab	399	32

1	2	3
(11) Rajasthan	208	14
(12) Uttar Pradesh	1,907	84
(13) West Bengal	N.A.	N.A.
(14) Delhi	286	62
(15) Manipur	Nil	Nil
(16) Tripura	Nil	Nil
Total:-	3,384	291

N.A. Not available

17. Besides the cases in which arbitration has already been accepted, some cases are reported to have been under negotiation at the end of the year; the number of such cases being 14,129, 10 and 308 for the States of Bihar, Punjab, Rajasthan and Uttar Pradesh respectively.

IX

OUT-OF-COURT SETTLEMENTS

18. The progress in respect of out of court settlement of disputes, as reported by the State Governments/ Administrations does not seem to be satisfactory, as is evident from the following:

	No. of cases settled out of court
(1) Bihar	3
(2) Kerala	1
(3) Madras	3
(4) Mysore	16
(5) Rajasthan	2
(6) Uttar Pradesh	10
(7) Delhi.	89
Total:	124

19. The remaining State Governments/Administrations have not reported any case of out-of-court settlement.

X

INFRINGEMENTS OF THE CODE

(a) Overall Position

20. The Implementation Units in the reporting States/ Administrations dealt with 2,050 cases of infringements of the Code, 724 of which were pending disposal at the beginning of the year 1964. The Implementation Machinery in West Bengal dealt with the maximum number of complaints viz. 466 or 22.7% of the total; next in order being Mysore, Bihar, Uttar Pradesh and Kerala which dealt with 431 (or 21%), 280 (or 13.7%), 201 (or 9.8%) and 147 (or 7.2%) respectively. Of the total number of 2050 cases, 285 (or 13.9%) did not require any action and 238 (or 11.6%) were not substantiated on enquiry. Of the remaining 1527 cases, 307 (or 20.1% were settled mutually, in 505 (or 33.1%) responsibility for violations of the Code was fixed on employers or unions and the remaining 715 (or 46.8%) were under investigation. Statewise details of action taken are given in Annexure II.

(b) Organisationwise Responsibility

21. Organisationwise responsibility in respect of the 505 cases, which were established on enquiry, is as follows:-

	No. of cases in which the responsibility for violation was fixed
I. Employers	
i) Employers' Federation of India	54
ii) All India Organisation of Industrial Employers	8
iii) All India Manufacturers' Organisation.	41
iv) Independent	195
Total	298
II Unions	
i) Indian National Trade Union Congress	51
ii) All India Trade Union Congress	51
iii) Hind Mazdoor Sabha	16
iv) United Trades Union Congress	16
v) Independent	73
Total:	207

22. It would be seen that of the Central Employers' Organisations the Employers' Federation of India accounted for the maximum number of infringements of the Code. Amongst the Central Workers' Organisations, the All India Trade Union Congress and Indian National Trade Union Congress accounted for an equal number of infringements. Independent employers and unions were however, responsible for the largest number of cases of infringements.

(c) Breachwise classification

23. Breachwise classification of the complaints received

(b) Organisationwise responsibility

21. Organisationwise responsibility in respect of the 305 cases, which were established on enquiry, is as follows:-

	No. of cases in which the responsibility for violation was fixed
I. Employers	
i) Employers' Federation of India	56
ii) All India Organisation of Industrial Employers	8
iii) All India Manufacturers' Organisation.	41
iv) Independent	195
Total	298
II Unions	
i) Indian National Trade Union Congress	51
ii) All India Trade Union Congress	51
iii) Hind Mazdoor Sabha	16
iv) United Trades Union Congress	16
v) Independent	73
Total:	207

22. It would be seen that of the Central Employers' Organisations the Employers' Federation of India accounted for the maximum numbers of infringements of the Code. Amongst the Central Workers' Organisations, the All India Trade Union Congress and Indian National Trade Union Congress accounted for an equal number of infringements. Independent employers and unions were however, responsible for the largest number of cases of infringements.

(c) Breachwise classification

23. Breachwise classification of the complaints received

by the State Implementation Machinery during 1964 is as follows:-

A- Infringements by workers

Nature of Infringements	No. of cases reported.	No. substantiated.
i) Strikes, including sitdown and stay-in strikes.	421	249
ii) Unfair Labour-practices.	33	12
iii) Rowdyism or non-peaceful demonstration	31	9
iv) Unilateral action	19	4
v) Coercion, intimidation, etc.	19	6
vi) Recourse to violence etc.	8	3
vii) Others	83	13
Total	614	296

B. Infringements by Employers.

i)	Non-implementation of awards agreements and settlements.	370	204
ii)	Lockout without notice	137	33
iii)	Unfair labour practices, etc. e.g. negligence of duty, insubordination, etc.	73	21
iv)	Unilateral action.	40	4
v)	Non-recognition of unions.	36	11
vi)	Non-setting up of Grievance Procedure.	13	4
vii)	Increase in work-load	3	-
viii)	Others	65	4
	Total	737	281
	Grand Total	1,351	577

Footnote

(1) Total of 1351 given in this table does not tally with the figure 1326 given in Col.4 of Annexure II. This discrepancy is due to some difference in the figures supplied by some State Governments.

(2) The number of complaints regarding non-recognition of unions given in this table does not tally with the figures given in Section VII of this Note.

ANNEXURE I

State-wise classification of cases of recognition of Unions dealt with during 1964

Sl. No.	State/ Administration.	No. of complaints pending at the beginning of 1964	No. of complaints received during the year 1964	No. where claims were not found valid.	No. where recognition was secured	No. under investigation at the end of the year.
1	2	3	4	5	6	7
1.	Andhra Pradesh	20	21	17	7	17
2.	Assam	2	2	-	-	4
3.	Bihar	12	11	6	5	12
4.	Gujarat	15	-	3	1	11
5.	Jammu & Kashmir	-	-	-	-	-
6.	Kerala	2	1	1	-	2
7.	Madhya Pradesh	-	-	-	-	-
8.	Madras	8	11	-	4	15
9.	Mysore	4	-	-	2	2
10.	Punjab	20	2	2	6	14
11.	Rajasthan	8	-	6	-	2
12.	Uttar Pradesh	27	22	9	3	37
13.	West Bengal	N.A.	N.A.	N.A.	N.A.	N.A.
14.	Delhi	6	-	-	-	6
15.	Manipur	2	-	-	-	2
16.	Tripura	-	1	-	-	1
	Total:	126	71	44	28	125

N.A. Not available

ANNEXURE II

CLASSIFICATION OF THE CASES OF VIOLATION OF THE CODE OF DISCIPLINE DURING THE YEAR 1964 AND THE ACTION TAKEN THEREON

States/ Administration	No. of cases pending at the beginning of the year	No. of cases reported during the year	No. requiring no action	No. not substantiated on enquiry	Settled mutually	No. of cases where breaches were brought to the notice of the parties with request to adhere to the Code of Discipline and where the responsibility for violation on enquiry rests on								Total of columns (8) to (16)	No. of cases under investigation at the end of the year in which no responsibility was fixed
						EFI	AIOE	IMO	OTHERS	INTUC	AITUC	HMS	UTUC	OTHERS	
2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Andhra Pradesh	66	57	34	24	29	-	-	-	7	-	-	-	-	2	9	27
Assam	30	28	1	1	-	-	-	-	-	-	-	-	-	-	-	56
Bihar	69	217	45	50	25	-	-	38	-	14	4	3	5	9	73	93
Gujarat	19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19
Jammu & Kashmir	Nil															
Kerala	60	87	38	27	3	1	-	-	2	14	17	1	7	3	45	34
Madhya Pradesh	4	104	10	46	7	-	-	-	-	2	-	-	-	16	18	27
Madras	7	31	7	2	8	1	-	-	1	2	4	5	-	5	18	3
Mysore	278	153	3	-	85	10	2	1	15	12	9	1	-	21	71	272
Punjab	1	59	19	-	38	-	-	-	1	-	-	-	-	-	1	2
Rajasthan	Documents Not supplied															
Uttar Pradesh	-	201	112	35	36	-	2	2	3	-	3	5	1	-	16	2
West Bengal	154	312	16	49	60	42	-	-	166	7	11	1	3	16	246	95
Delhi	34	34	-	4	1	-	4	-	-	-	3	-	-	1	8	85
Manipur	Nil															
Tripura	2	13	-	-	15	-	-		-	-	-	-	-	-	-	-
Total:	724	1326	285	238	377	54	8	41	195	51	51	16	16	73	505	71

Annexure II

NOTE SENT
BY
COUNCIL OF INDIAN EMPLOYERS
(Constituted by EFI and AIOIE)

Note on the
Working of the Code of
Discipline in Industry.

..

It is now over six years that the Code of Discipline in Industry has been in operation. Evolved at the 15th Session of the Indian Labour Conference held in 1957 and ratified by the central organisations of employers and workers at the 16th Session of the Indian Labour Conference held at Nainital in May 1958, the Code is a voluntary instrument which is intended to make the employers and workers conscious of their obligations towards each other and the community as a whole. The Code, in one sense, has not added to the obligations of employers and workers; the obligations cast upon them by the various enactments have been given a moral-character with the main object of minimising the cases that need recourse to adjudication and confining cases for reference to adjudication where some substantial point of law is involved. It was felt that voluntary and inner restraint would be much more effective rather than the law or any other outward agency. That was the underlying current of thought when the Code was evolved.

2.1 How has the Code worked in the light of its objectives and in terms of its major premises? By and large the Code in its initial stages did create an atmosphere which reflected a greater sense of awareness both amongst the employers and workers of their obligations. The rise and fall in the number of man-days lost may be taken as in index of the success or failure of the Code. The figures of man-days lost after the adoption of Code show tendency to fall. The table below gives the trend in the number of mandays lost before and after the ratification of the Code:

Year	Number of Mandays lost (in lakhs)
1957	64
1958	78
1959	56
1960	65
1961	49
1962	61
1963	33
1964	73

2.2 The Code of Discipline was ratified in 1958 and mandays lost during that year were of the order of 78 lakhs, 14 lakhs more than in the previous year. In 1959 the figure sharply came down to 56 lakhs. Again there was a rise in the year 1960 and a steep fall in 1961. The year 1962 registered an increase of 12 lakhs mandays lost on the previous year but less than in 1958 or 1957. However, in 1963 the figure was the lowest, viz. 33 lakhs only. In 1964 the position was almost as bad as at the time of the ratification of the Code. These figures taken together reveal a fluctuating pattern but do not show any definite trend.

3.1. As the employment situation varies from year to year it would not be inappropriate to compare the number of mandays lost with the total employment. Let us take the major sectors of the economy, viz. manufacturing, mining and plantations. Let it be assumed that the total of mandays lost is entirely applicable to only these three main sectors. In the following table an attempt has been made to work out a ratio between the total employment and the number of mandays lost. In so doing the figures have been rounded off and this does not affect the main picture.

Year	Employment (in lakhs)	Mandays lost (In lakhs)	Ratio
(1)	(2)	(3)	(2:3)
1957	54	64	1:1.2
1958	53	78	1:1.5
1959	55	56	1:1.0
1960	56	65	1:1.1
1961	58	49	1:0.8
1962	60	61	1:1.0
*1963	64	33	1:0.5
1964	64	73	1:1.1

3.2. It will be seen that after introduction of the Code, with the exception of 1961 & 63 the ratio had remained almost constant in 1959, 1960, 1962 and 1964. The year 1963 is of course significant in the history of industrial relations. This is mainly due to the situation arising out of the Chinese Agression on our borders and consequent adoption of Industrial Truce Resolution. But immediately after the tension of the northern borders lessened the industrial relations took an adverse turn. The number of mandays lost in 1964 reached the same level as before the Chinese agression i.e. 1962 when related to the total employment.

4.1 Therefore, it is necessary to go below the surface of statistics to assess the situation. In 1961 the two constitutents of the Council of Indian Employers, viz. Employers' Federation of India and the All India Organisation of Industrial Employers, organised a Seminar on the Code of Discipline in Industry. The feeling at the Seminar then was that the Code had created a sense of awareness in the parties to the need to follow certain principles to promote industrial peace. In 1963 the provisions of the Code were reinforced by the Industrial Truce Resolution. But there are no two opinions that the working of the Code during the past six and odd years has revealed certain weaknesses and drawbacks which need to be removed.

5. The main weaknesses are the following:-

(1) Workers often indulge in demonstrations and threats against management staff, although the Code prohibits rowdyism and non-peaceful demonstrations.

* The figures of employment in Plantations are not available after 1960 and for those of mining and factories after 1962 and 1963 respectively. Therefore they have been kept constant after 1960 for plantations, 1962 for mining and 1963 for factories.

(2) Short strikes without notice are frequently indulged in, and the unions generally disown such strikes by saying that they were not parties to it.

(3) Political strikes called "bandhs" became very common in 1964 and such "bandhs" were organised in various States, including Maharashtra, Kerala, Gujarat, Madras, Madhya Pradesh and West Bengal. In West Bengal alone, there were three general strikes in 1964, on 16th April, 20th May and 26th September. Since the adoption of the Code, there have been sixteen general strikes in West Bengal.

(4) Owing to inter-union rivalry, the position of the recognised union becomes very difficult and industrial peace is distrubed. The State Governments refer to conciliation and adjudication demands raised by unrecognised unions which enjoy their patronage.

(5) The procedure for verification of membership of unions for the purpose of recognition of the Code is elaborate and time-consuming.

(6) In several cases, unions do not co-operate in the establishment of grievance procedure.

(7) Unions which are not affiliated to any of the central workers' organisations are not bound by the Code and have been responsible for many strikes and stoppages. In the Western Region, the Implementation Officer tries to persuade such unions to accept the Code and abide by it; the results are not satisfactory.

(8) A very persistent and justified complaint is that the implementation machinery in several States is not functioning expeditiously. Reports of breaches submitted to it are not being disposed of promptly, there are many instances of breaches committed two or three years ago not being examined and their report not finalised. There are several such cases in Kerala and Mysore.

(9) In some States the implementation machinery is virtually non existent and that meetings are rarely convened.

(10) Some of the unions insist on arbitration of individual cases of dismissals when it suits them, although they have no intention to abide by the other provisions of the Code.

(11) There is no deterrent punishment for repeated breaches of the Code.

6. There is a general feeling amongst some employers that the Code is actually functioning as one way traffic

in favour of the unions who indulge in breaches of the Code with impunity and invoke it for the purpose of making their claim for recognition and for securing voluntary arbitration and other rights, whenever they are not sure of getting a legal remedy. The following are some of the suggestions which should be implemented in order to make the Code effective and a live force:

(a) Breaches of the Code should be taken up promptly by the Implementation Officer who should record a finding within three months. The breach should be brought home to the parties who should be asked to set it right.

(b) Unions which resort to illegal strikes and stoppages should not be entitled to any assistance from Government by way of granting conciliation, adjudication, etc. until the workers discontinue the strike, go-slow, etc. which are prohibited under the Code.

(c) In view of the urgent need to increase production, the penal provisions of the Industrial Disputes Act should be invoked and action taken against unions which promote or instigate illegal strikes.

(d) Inter-union rivalry and intra-union rivalry have been responsible for serious labour trouble and work stoppages. Agreements reached with recognised unions are challanged by rival unions and disputes are raised which are taken to the Conciliation Officer. It is, therefore, suggested that the inter-union Code of Conduct, which has remained a dead letter, should be strictly enforced.

(e) Where a recognised union already exists and is functioning in an establishment, no right should be given to the unrecognised union to raise disputes.

(f) Threatened breaches of the Code should be immediately investigated by the Implementation Officer who should direct the union concerned to desist therefrom.

(g) State Governments should take serious notice of illegal strike indulged in by some of the trade unions and they should use their powers under various enactments to deter workers from resorting to frequent illegal stoppages.

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ANNEXURE III

SEMINAR ON THE WORKING OF THE CODE OF DISCIPLINE

(August 21, 1965 - New Delhi)

CONCLUSIONS

The representatives of employers, workers and Government who participated in the Seminar generally felt that the Code of Discipline had worked well and introduced a positive approach in industrial relations and that there was need to take further steps to ensure more faithfuly observance of the Code so that its salutary effect could be sustained and enlarged. Most of the suggestions made towards this end were constructive and helpful.

2. The representatives of two workers' organisations (HMS and AITUC) urged the adoption of ballot to determine the representative character of unions for the purpose of recognition. The representative of the INTUC was, however, opposed to ballot on the ground that it would equate a union member with a non-member in the matter of voting and the object of the Code to promote stable paid membership of unions would be defeated. He further suggested that the quality of a union and not merely its numerical membership should be the basis for grant of recognition. The representative of Hind Mazdoor Sabha stressed that free collective bargaining unhampered by compulsory adjudication would lead to the development of a healthy and strong trade union movement. In this connection the INTUC representative felt that a developing country like ours with a planned economy could not afford the luxury to abolish adjudication and let collective bargaining be the only means to settle industrial disputes.

3. It was also suggested that effective steps to revitalise the inter-union Code of Conduct be taken so as to eliminate inter-union rivalries which have often threatened industrial peace.

4. The main conclusions of the Seminar are as under :-

(1) Implementation Machinery should take prompt action on complaints made to it under the Code of Discipline. As far as possible, enquiries into complaints should be completed within a period of three months, and the breaches, on being established, should be brought home to the erring party which should be asked to set them right immediately or give an assurance that it would avoid such breaches in future. When serious and persistent breaches occur the Implementation Machinery should insist on sanctions being applied by the concerned Central Organisation. To make the Code effective the Central Organisations should not hesitate to apply sanctions against erring members.

(2) The Implementation Machinery should always inform the complainant party of the action taken on its complaint.

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(3) The Central employers' organisations should ensure that their members establish a grievance procedure in their establishments on the lines of the model grievance procedure. They should send to the Implementation Machinery concerned a list of their members who have so far set up a grievance procedure. Unions should co-operate with managements in the establishment of grievance procedure.

Public sector companies and corporations should also ensure that this essential requirement of the Code is fulfilled without further delay.

(4) Employers should not delay the grant of recognition to a union recommended by the Implementation Machinery on the result of verification conducted under the Code. If an employer does not recognise such a union within a period of three months, in spite of the request of his Central Organisation, the matter may be brought before the Implementation Committee concerned.

(5) Every effort should be made to avoid delay in the verification of membership of unions for recognition. If there is undue delay in any particular case and if there is a demand for revising the date of reckoning the matter should be placed before the Implementation Committee and its decision taken before changing the date of reckoning.

(6) For the purpose of recognition the principle of simple majority may be followed. The employers' representatives, however, felt that for dislodging a recognised union, a rival union should have a majority of at least 10% membership over the recognised union.

(7) The existing practice of continuing recognition of a union for at least two years should continue.

(8) The existing provision for entitlement to recognition, namely, that a union should have functioned for at least one year in the establishment concerned should continue.

(9) There was no agreement on the question of amending the constitution of unions to provide for collection of subscription for membership on a monthly basis instead of annual basis. The representative of Hind Mazdoor Sabha reiterated that in case of annual subscription the paid membership of workers should be considered on a specified date such as December 31 or June 30 depending on whether the request for verification is made in the first half or the second half of the calendar year. It was, however, decided to refer this question to the Indian Labour Conference for decision.

(10) As there was no decision on the question of recognition of an industry-wise union under clause 3 of the Criteria for recognition of unions it was agreed that the matter should go before the Indian Labour Conference.

(11) In view of divergence of views on the question of rights of unrecognised unions it was decided that the matter be placed before the Indian Labour Conference to review the decision already taken in this respect at its 22nd session in July 1964.

(12) Both employers' and workers' organisations should take all steps to promote voluntary arbitration as a means to settle disputes particularly those relating to matters of local interest not involving wide repercussions or large financial stakes and of individual cases of retrenchment, dismissal, discharge and victimisation.

(13) The Central employers' and workers' organisations should take greater interest in the screening of labour disputes before these are taken to courts and in settling those out of court which are already pending in courts.

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STANDING LABOUR COMMITTEE
(24TH SESSION)

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Item 7: IMPLEMENTATION OF LABOUR LAWS IN PUBLIC SECTOR UNDERTAKINGS.

M E M O R A N D U M

At its 10th meeting held in March, 1965, the Central Implementation and Evaluation Committee discussed the implementation of labour laws in public sector undertakings and decided that this item be placed before the next meeting of the Indian Labour Conference so that all aspects of industrial relations including implementation of labour laws in public sector undertakings be discussed.

2. Government's policy in the matter of application of labour laws has been that there should be no discrimination between the public and private sectors. The Second Five Year Plan recommended that "there should be no attempt on the part of any public employer to evade the responsibility of an employer on the ground that he is not working for profit. The management of public sector undertakings should not normally seek exemptions from labour laws or ask for other concessions not available to the private sector." This approach was clarified by the Union Labour Minister who declared in the Public Sector Conference held in January, 1959, that in the application of labour laws there should be no discrimination between the private and public sectors. In the words of Third Five Year Plan: "The employers of the public sector have a special obligation to follow labour policies which are conducive to securing and keeping a competent working force at a reasonable cost." The sixteenth Session of the LabourMinisters' Conference (January 1960), while reiterating that there should be the same standards for the enforcement of labour laws in the public sector as in the private sector, went a step further and recommended that the public sector should not only be an enlightened employer but also a progressive employer, and serve as a model for the private employer.

3. Government's efforts have always been directed towards ensuring that the policy of no-discrimination between the public and the private sectors in the matter of application of labour laws is fully implemented. The provisions of the several labour laws regulating industrial relations in the private sector, viz. the Industrial Disputes Act, 1947, Trade Unions Act, 1926 have been made applicable to public sector employees. So far as settlement of industrial disputes is concerned, the jurisdiction of Central and State spheres is demarcated under the Industrial Disputes Act, 1947. Representatives of the public sector are associated with the Central Implementation and Evaluation Committee, the Indian Labour Conference and other tripartite bodies so that the public sector undertakings are kept aware of and become a party to the various tripartite decisions.

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The meetings of Heads of public sector undertakings have also gone a long way in bringing about better understanding amongst the public sector managements of their obligations under law and under the Code of Discipline and the Industrial Truce Resolution. Similarly, the appointment of an Additional Secretary in the Ministry of Labour and Employment was made to enable public sector undertakings to get timely advice in matters relating to labour. He has also been appointed a member of the Boards of Directors of two public sector undertakings.

4. The problem of industrial relations in the public sector undertakings has received considerable public attention in recent years because of serious labour trouble in some of them. Complaints have been made from time to time that public sector undertakings do not implement certain essential protective and welfare measures statutorily provided and further that they disregard their obligations under the Code of Discipline, particularly in regard to the acceptance of voluntary arbitration, reference of cases to adjudication, setting up of grievance procedure and recognition of unions. Such instances of non-implementation on the part of the public sector undertakings were placed before the Second and Third Meetings of Heads of Public Sector Undertakings held in July, 1963 and July, 1964 respectively. The meetings recommended that labour laws should be fully implemented, through greater cooperation between the managements of these undertakings and the Central/State Labour authorities concerned. The Estimates Committee in its 52nd report (1963-64) observed that all public undertakings have not fully implemented the labour laws and, that these lapses have often been due to "lack of fuller understanding on the part of the management of the obligations which the labour laws and Government's labour policy impose on them." The Labour Minister in the course of his reply to the Budget Debate in the Parliament in April, 1965, stated: "I might say in all humility that we in the Labour Ministry are not very much satisfied with the way in which these labour laws are being implemented in the public sector. We would wish that they are implemented in a much better way."

5. The All-India organisations of workers, who have been complaining of non-implementation of labour laws in public sector undertakings, were requested to send memoranda giving their views in the matter, supported by specific instances. With the exception of the United Trades Union Congress, no trade union organisation has sent a memorandum. The State Governments who are concerned with the implementation of labour laws in many of these public sector undertakings, have generally stated that the extent of implementation of labour laws by public sector managements has been satisfactory and that even in cases where initially there were some lapses, the managements have taken adequate steps to rectify the defects pointed out to them by the Labour Inspectorate.

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6. All complaints of non-implementation of labour laws or non-observance of the Code of Discipline by the public sector undertakings are looked into by the Central Implementation and Evaluation Division or the State Implementation Machinery concerned (where labour relations fall in the State sphere) with promptness. Wherever the complaints are found correct on inquiry, steps are taken to get the omissions rectified.

7. Suggestion have been put forward from time to time, for bringing about an improvement in the implementation of labour laws in these undertakings. The Estimates Committee in their 52nd report (1963-64) recommended that "a periodical review by the Administrative Ministries and the Ministry of Labour and Employment is also necessary to ensure that the undertakings comply with the labour laws." Shri A. P. Sharma, M.P. in the course of the debate on the Labour Ministry's demand for grants in Parliament (April 1965) called for the setting up of "a small committee to review the working and implementation of labour laws in the public sector."

8. It may be mentioned that the second meeting of the Heads of Public Sector Undertakings (July 1963) which discussed the question of non-implementation of labour laws in the public sector recommended that "there should be an annual review of the position regarding the implementation of labour laws in the public sector undertakings. At the plant level such reviews should be conducted by the State Labour Commissioner or the Chief Labour Commissioner in cooperation with the General Manager and at the Government level jointly by the Ministry of Labour and the Employing Ministries concerned." This recommendation was brought to the notice of the State Governments and the Chief Labour Commissioner with the request to undertake such reviews in individual undertakings. Such studies of industrial relations and implementation of labour laws have also been carried out by the Implementation and Evaluation Division of the Ministry of Labour and Employment in collaboration with the Managements and the State Labour Departments in the following public sector undertakings;

(1) Hindustan Housing Factory, Delhi.
(2) Hindustan Insecticides, Delhi.
(3) Hindustan Machine Tools, Bangalore.
(4) Hindustan Steel Ltd., Bhilai.
(5) Hindustan Steel Ltd., Durgapur.
(6) Heavy Electricals Ltd., Bhopal
(8) Hindustan Shipyard Ltd., Vishakhapatnam.
(8) Fertilizer Corporation of India, Sindri.
(9) Praga Tools Ltd., Secunderabad.

Similar reviews in other public sector undertakings are proposed to be taken up in due course. These reviews deal in detail with the various aspects of labour management relations with special reference to implementation of labour laws and the Code of Discipline. These studies reveal that the position regarding implementation of Labour Laws in these undertakings is generally satisfactory although there were some instances of non-observance of safety provisions. These evaluation studies/reviews to some extent meet the requirements of what is contemplated in the

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Estimates Committee's recommendation. The Conference may, however, like to recommend that such reviews be carried out in each undertaking periodically, say once in three years.

9. As regards the suggestion for the setting up of a small Committee to review the working and implementation of labour laws in the public sector; the Conference may consider whether such a step is called for at the present juncture particularly when the position in this regard is reported to be satisfactory and is expected to improve further with the several steps the Government have already taken.

10. The Standing Labour Committee may like to consider whether:

(1) any special measures are called for to ensure full implementation of labour laws and the provisions of the Code of Discipline, particularly those relating to acceptance of voluntary arbitration, adjudication and recognition of unions;

(2) in view of the steps already taken by Government to ensure better implementation of labour laws and for the improvement of industrial relations in public sector undertakings, it is necessary to set up a separate committee to review the working of the implementation of labour laws, at this juncture, and if so, what should be its composition and functions;

(3) a review of industrial relations with special reference to implementation of labour laws and the Code of Discipline may be carried out in each public sector undertakings at least once in three years, by the Ministry of Labour and Employment in collaboration with the Administrative Ministry and the State Labour Department concerned.

STANDING LABOUR COMMITTEE
(24th Session)

Item 8: Constitution of National Arbitration Promotion Board.

MEMORANDUM

Clause II(iv) of the Code of Discipline enjoins on managements and unions to settle their differences, disputes and grievances by mutual negotiation, conciliation and voluntary arbitration. At the 17th Session of the Indian Labour Conference, held at Madras in July, 1959 it was decided to have increased recourse to mediation and voluntary arbitration in the settlement of disputes and to avoid, as far as possible, recourse to adjudication. The Conference recommended that matters of local interest, not having any wide repercussions should, as a general rule, be settled through arbitration. At the 20th Session of the Indian Labour Conference, held in August 1962 it was decided that "whenever conciliation fails, arbitration will be the next normal step except in cases in which the employer feels that for some reasons he would prefer adjudication, such reasons being creation of new rights having wide repercussions or those involving large financial stakes".

2. The Industrial Truce Resolution, unanimously adopted on November 3, 1962 at a joint meetings of the representatives of employers and workers, provides among other matters, that there should be maximum recourse to voluntary arbitration. Clause II(v) of the Truce Resolution says further that "all complaints pertaining to dismissal, discharge, victimisation and retrenchment of individual workmen, not settled mutually, should be settled through arbitration. For this purpose, the officers of the conciliation machinery may, if the parties agree, serve as arbitrators". For purposes of effective implementation of these provisions the officers of the Central Industrial Relations Machinery were instructed to act as arbitrators in disputes of local nature affecting individual workmen or a group of workmen. If the parties were agreeable, even larger issues could be taken up for arbitration, but in such cases arbitration was to be undertaken only by the senior officers of the Machinery. The officers were further instructed that they should arbitrate under clause II(iv) of the Code of Discipline and not under the provisions of the Industrial Disputes Act (Section 10A) with a view to expediting the disposal of cases and eliminating procedural delays which were inherent in the cases of arbitration undertaken under the provisions of the I.D. Act. As most of the officers of the Central Industrial Relations Machinery were new to this job, short training courses were arranged by the Chief Labour Commissioner for those officers who were required to handle arbitration cases.

3. At the Informal Meeting of Labour Ministers held on July 12, 1963 it was decided that the possibility of

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setting up tripartite arbitration boards at the Central and State Levels might be explored. The Labour Ministers also recommended that the function of such Boards would be to promote arbitration and look after all arrangements necessary for facilitating arbitration.

4. The following functions of Arbitration Board were suggested for consideration of the first meeting of the Standing Committee on Industrial Truce Resolution held on August 5, 1963:

(i) To review periodically the extent of acceptance of voluntary arbitration by employers and workers.

(ii) To study cases where arbitration is not agreed to with a view to examining the factors inhibiting its wider acceptance and making suggestions to remove them.

(iii) To compile and maintain up-to-date panels of suitable persons to serve as arbitrators for different areas and industries and lay down their fees, etc.

(iv) To evolve principles, norms and procedures for the guidance of arbitrators and the parties.

(v) To advise parties in important cases to accept arbitration for resolving differences or disputes and thereby avoiding adjudication or litigation in courts.

(vi) To look into the difficulties experienced by parties in securing speedy settlement of disputes by arbitration and expedite arbitration proceedings wherever necessary.

(vii) To specify from time to time the types of disputes which would nromally be settled by arbitration in the light of tripartite decisions. The Board, in particular, may lay down norms for deciding which disputes should be considered of a local nature, or having wide repercussions or creating new rights or involving large financial stakes.

5. The subject was, however, not discussed by the Standing Committee, nor could it come up before its subsequent meetings.

6. The various steps taken by the C.L.C. gave a fillip to the idea of voluntary arbitration and the number of disputes in which voluntary arbitration was accepted by the parties showed an pappreciable increase after the adoption of the Industrial Truce Resolution. Attention is invited in this connection to the pamphlet "ATTITUDES OF EMPLOYERS AND UNIONS TO VOLUNTARY ARBITRATION" (from 1.7.1961 to 30.6.1963) issued by the Ministry of Labour and Employment (Implementation and Evaluation Division) and the study of arbitration cases, in the central sphere, conducted by the Chief Labour Commissioner, which was circulated at the 21st Session of the Standing Labour Committee held on December 27-28, 1963 at New Delhi.

7. Both these studies reveal that unions were invariably prepared to accept arbitration but in some of the cases the employers were not inclined to do so, although the number of cases, in which they agreed to take recourse to voluntary arbitration, showed a steady increase. Conclusions reached in the Seminar on Voluntary Arbitration, organised by the Employers' Federation of India and the All-India Organisation of Industrial Employers on November 28-29, 1963 in New Delhi, throw some light on the apprehensions and doubts prevailing in the minds of the employers with regard to voluntary arbitration. The Seminar recommended among others that matters involving -

(i) heavy financial stake;

(ii) wide repercussions or creation of new rights; or

(iii) substantial question of law;

should not be considered appropriate for voluntary arbitration. The Seminar further pointed out that the cases of workmer, dismissed for security reasons, or for gross mis-conduct, such as assault on supervisory staff and also those disputes in which either of the parties is guilty of breach of the Industrial Truce Resolution or the Code of Discipline should not be considered appropriate for voluntary arbitration. It was also suggested that disputes raised six months after the cause of action should be excluded from the purview of arbitration. The Seminar further emphasised that cases relating to dismissal, discharge, retrenchment of individual workmen which normally would have been fit for reference to adjudication should be considered appropriate for reference to voluntary arbitration.

8. Difficulties experienced in persuading the parties to accept voluntary arbitration for speedy and effective settlement of industrial disputes were discussed at a meeting of the Labour Secretaries and Labour Commissioners of the various State Governments held at New Delhi on April 21-22, 1964. Some of the points, raised at the meeting, having a bearing on the question of guiding principles for reference of disputes to voluntary arbitration, were as under:-

(a) Employers at times complain that unions insist on acceptance of voluntary arbitration in frivolous and vexatious cases as well as in those cases which had no merit 'prima facie'.

(b) Conciliation Officers should ask the parties to agree to arbitration in those cases only which, according to them, were fit for reference to adjudication.

(c) Disputes involving important principles of law or those having repercussions on industry as a whole or cases of dismissal which involve violence should not normally be referred to arbitration.

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(d) Purely administrative matters, such as, promotion, etc., where a regular channel for appeal against the decision made, was available to the worker should be excluded from the purview of voluntary arbitration.

It was felt in some quarters that in the event of a dispute, voluntary arbitration should be attempted first and if any of the party/parties fails/fail to agree to the same, conciliation should be undertaken next, According to the decision of the 20th session of the Indian Labour Conference quoted in the first paragraph of this memorandum arbitration is to be resorted to only after conciliation.

9. The Central Implementation and Evaluation Committee at its ninth meeting held on August 29, 1964 considered the question of settlement of disputes by arbitration and reiterated the decision taken by the Indian Labour Conference at its 20th Session in August, 1962. The Committee also clarified that arbitration under the Arbitration Act was not arbitration as contemplated under the Code of Discipline or the Industrial Truce Resolution. Thus the question of arbitration has been considered from time to time at various meetings. There appears to be a need to lay down some model principles on arbitration.

10. During his reply to the debates in the Lok Sabha in April 1965 on the demands for grants of the Labour Ministry, the Union Minister of Labour and Employment announced the decision ' to set up a National Arbitration Promotion Board to propagate the idea of arbitration, for evolving appropriate principles and for drawing up a panel of arbitrators'. He also stated that this Board would not deal with individual cases of arbitration.

11. Keeping in view the various suggestions made, conclusions of the employers' Seminar and the discussions held at the meeting of the State Labour Secretaries and the State Labour Commissioners, draft model principles for reference of disputes to voluntary arbitration have been drawn up and are appended (Annexure). These are more or less on the lines of the Model Principles for reference of disputes to adjudication, adopted at the 17th Session of the Indian Labour Conference held at Madras in July, 1959.

12. In view of the position stated above the Standing Labour Committee may consider:

(i) the composition of the National Arbitration Board and whether such Boards should be constituted at the State levels also,

(ii) the functions of the Board suggested in paragraph 4 of the note or suggest modifications and additions, and

(iii) the draft model principles embodied in the Annexure.

Annexure

DRAFT MODEL PRINCIPLES FOR REFERENCE OF DISPUTES TO VOLUNTARY ARBITRATION UNDER THE CODE OF DISCIPLINE

The right to refer a dispute to voluntary arbitration rests with the parties concerned. Ordinarily therefore, there should be no difficulty when both the parties to a dispute agree to refer the same to voluntary arbitration.

2. Arbitration should normally be sought when efforts to settle a dispute through mutual negotiations/conciliation have failed.

3. Disputes may not, however, be referred to voluntary arbitration:-

(a) If there is a strike or lockout declared illegal by a Court or a strike or lockout resorted to without seeking settlement by means provided by law and without proper notice or in breach of the Code of Discipline as determined by the machinery set up for the purpose unless such a strike (or direct action) or lock-out, as the case may be, is called off;

(b) If the issues involved are such as have been the subject matter of recent judicial decisions or in respect of which unduly long time has elapsed since the origin of the cause of action.

Individual disputes

4. Disputes covered by item II(v) of the Industrial Truce Resolution i.e. those pertaining to dismissal, discharge, victimisation and retrenchment of individual workmen not settled mutually should normally be referred to arbitration and in particular -

(a) if there is a case of victimisation or unfair labour practices;

(b) if the Standing Orders in force or the principles of natural justice have not been followed; or

(c) if it appears *prima facie* that injustice has been done to the workers.

5. Cases of discharge and dismissal wherein breach of Code of Discipline has been established by the Implementation Machinery concerned may not be referred to voluntary arbitration.

6. Cases in which breach of the Code of Discipline has been alleged but not established may not be referred to voluntary arbitration unless the concerned officer of the Industrial Relations Machinery, dealing with the case, after investigation, prima facie comes to the conclusion that there is no breach of Code of Discipline involved or there is a room for doubt in reaching a conclusion as regards the breach of Code of Discipline.

7. In respect of a dispute, which either of the parties alleges to be frivolous or vexatious, the dealing officer of the Industrial Relations Machinery may not normally press the other party for its reference to arbitration unless he, after preliminary investigation, feels that the dispute merits such a reference.

Collective and General Disputes

8. Disputes which do not fall in the category of individual disputes i.e. those which concern an industry as a whole or a large number of workers or those having large financial bearing may also be referred to arbitration if the parties agree, provided the arbitrator is a person of status i.e. a senior officer of the Industrial Relations Machinery concerned or a judicial authority including a retired judge, etc.,

9. Such disputes, however, may not normally be referred to arbitration if (a) a substantial question of law is involved or (b) new rights are sought to be created which are likely to have wide repercussion.

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STANDING LABOUR COMMITTEE
24 TH SESSION

Item 9: ILO Convention (No.111) concerning Discrimination in respect of Employment and Occupation.

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MEMORANDUM

1.1 The ILO Convention (No.111) concerning Discrimination in respect of Employment and Occupation aims at eliminating discrimination in employment and occupation between one citizen and another on the basis of race, colour, sex, religion, political opinion, national extraction or social origin. For this purpose, it requires each ratifying member State to declare and pursue a national policy designed to promote, by methods appropriate to national conditions and practice, equality of opportunity and treatment in employment and occupation.

1.2 The ratifying member States are also required to undertake, by methods appropriate to national conditions and practice, to seek the co-operation of employers' and workers' organisations and other appropriate bodies in promoting the acceptance and observance of the policy of non-discrimination. The text of the Convention is attached.

2.1 The General principle of non-discrimination is embodied in the Constitution of India. So far as public employment is concerned equality of opportunity is one of the Fundamental Rights of the citizens.

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2.2 The Convention was ratified by the Government of India in 1960 mainly on the strength of these Constitutional provisions.

3.1 There are, however, no legal provisions to ensure equality of opportunity and treatment in employment in the private sector. By and large, the principle is being observed in practice, though perhaps not always by all.

3.2 The ILO Committee of Experts on the Application of Conventions and Recommendations has recently stressed that the national policy to promote equality of opportunity and treatment in employment and occupation, should embrace all sectors of activity as the Convention covers both public service and private employment and occupations and even independent workers. The Committee has also emphasised the importance of enlisting the co-operation of employers' and workers' organisations in eliminating discrimination in employment in the private sector.

4. The Standing Labour Committee, may, therefore, like to recommend that the central organisations of employers and workers should impress upon their affiliates the need for observing in practice the principle of non-discrimination in employment even where it is not enforceable by law.

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Enclosure to Memorandum on Item 9 "ILO Convention (No.111) concerning Discrimination in respect of Employment and Occupation."

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CONVENTION (NO. 111) CONCERNING DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION

Text of the Operative Articles

Article 1

1. For the purpose of this Convention the term "Discrimination" includes -

(a) any distinction, exclusion or preference made on the basis of race, colour, sex, religion, political opinion, national extraction or social origin, which has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation;

(b) such other distinction, exclusion or preference which has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation as may be determined by the Member concerned after consultation with representative employers' and workers' organisations, where such exist, and with other appropriate bodies.

2. Any distinction, exclusion or preference in respect of a particular job based on the inherent requirements thereof shall not be deemed to be discrimination.

3. For the purpose of this Convention the terms "employment" and "occupation" includes access to vocational training, access to employment and to particular occupations, and terms and conditions of employment.

Article 2

Each Member for which this Convention is in force undertakes to declare and pursue a national policy designed to promote, by methods appropriate to national conditions and practice, equality of opportunity and treatment in respect of employment and occupation, with a view to eliminating any discrimination in respect thereof.

Article 3

Each Member for which this Convention is in force undertakes, by methods appropriate to national conditions and practice -

(a) to seek the co-operation of employers' and workers' organisations and other appropriate bodies in promoting the acceptance and observance of this policy;

(b) to enact such legislation and to promote such educational programmes as may be calculated to secure the acceptance and observance of the policy;

(c) to repeal any statutory provisions and modify any administrative instructions or practices which are inconsistent with the policy;

(d) to pursue the policy in respect of employment under the direct control of a national authority;

(e) to ensure observance of the policy in the activities of vocational guidance, vocational training and placement services under the direction of a national authority;

(f) to indicate in its annual reports on the application of the Convention the action taken in pursuance of the policy and the results secured by such action.

Article 4

Any measures affecting an individual who is justifiably suspected of, or engaged in, activities prejudicial to the security of the State shall not be deemed to be discrimination, provided that the individual concerned shall have the right to appeal to a competent body established in accordance with national practice.

ArticeArticle 5

1. Special measures of protection or assistance provided for in other Conventions or Recommendations adopted by the International Labour Conference shall not be deemed to be discrimination.

2. Any Member may, after consultation with representative employers' and workers' organisations, where such exist, determine that other special measures designed to meet the particular requirements of persons who, for reasons such as sex, age, disablement, family responsibilities or social or cultural status, are generally recognised to require special protection or assistance, shall not be deemed to be discrimination.

STANDING LABOUR COMMITTEE
(24th Session)

Item 10: Scheme of Joint Management Councils.

MEMORANDUM

Brief History

1.1 The Second Five Year Plan recognised the need for closer association of workers with management and recommended the setting up, in the first instance, of Councils of Management consisting of representatives of management, technicians and workers, in the larger industrial establishments.

In order to gain first hand knowledge of the many problems of detail which would arise in giving effect to this recommendation a Tripartite Study Group was sent to U.K., Sweden, France, Belgium, Germany and Yugoslavia in 1956. The Study Group submitted its report in 1957 in which it favoured an effective system of consultation rather than one in which workers had direct participation in management.

1.2 The report of the Study Group was considered at the 15th Session of the Indian Labour Conference held in July, 1957. The Conference accepted all the recommendations except the recommendation in respect of permissible legislation as the employers agreed to introduce the Scheme on a voluntary basis. The employers' representatives, however, agreed that if the scheme did not succeed during the next two years, the Government may take steps to bring in legislation.

A small tripartite sub-Committee was set up to work out the details of the scheme. The sub-Committee met in August, 1957 and laid down criteria for the selection of undertakings for introducing the scheme as experimental measure. A list of 53 units was also tentatively drawn up for the setting up of Joint Management Councils.

1.3 In 1958 a Seminar on Labour Management Cooperation was arranged at New Delhi. It considered the various aspects of the scheme. The representatives of employers, employees and Government including the employing Ministries unanimously approved of the setting up of Joint Management Councils. Agreement was also reached about the constitution and functions of the Council and on matters in which the Council could share administrative responsibilities.

A second Seminar on Labour Management Cooperation was arranged in March, 1960 to review the progress of the Scheme. The Seminar considered that the scheme had passed the pilot stage and

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should be extended to as many units as possible. It was also agreed that suitable machinery at the Central and State levels be set up to organise promotion drive and exercise a watch over the working of the Scheme.

1.4 For the peaceful evolution of the economic system into a socialistic frame work, the third Five Year Plan recommended the setting up of Joint Management Councils in all industrial undertakings, found suitable for the purpose, so that progressively, "In the course of a few years, it may become a normal feature of the industirla system." At the meetings of the Standing Labour Committee held in April, 1961 and October, 1962 the representatives of the employers' and workers' organisations re-affirmed support for the scheme.

1.5 In 1961 the Government of India set up a Committee on Labour Management Cooperation consisting of representatives of Government, of the Central Organisations of Employers and Workers, the Director of the I.L.O. India Branch and the Director of the National Produc-tivity Council, under the Chairmanship of the Labour Minister, to advise on all matters connected with the implementation of the Scheme. Recently this Committee was re-constituted.

Some of the recommendations of the Committee at its meeting on 15th July, 1965 were: that more effective publicity should be given to the working of the scheme; that the decisions of Joint Management Councils should be periodically reported to a larger body of employees; that at the level of the operatives, matters relating to recruitment, training, seniority etc. should be decided in consultation with the Joint Management Council; that a few well established industries should be selected for intensive effort in implementing the scheme; that efforts should be made to introduce the scheme in large industrial co-operatives; that Regional Seminars on Joint Management Councils should be organised; and that the nomenclature 'Scheme of Joint Management Councils' should replace 'Worker Participation in Management.' A copy of the conclusions of the Meeting is appended.

Progress of the Scheme.

2.1 Joint Management Councils are at present functioning in 99 industrial undertakings - 34 in the Public Sector and 65 in the Private Sector. These include manufacturing, mining and plantation industries. Besides these, the State Bank of India has also constituted a Central Consultative Committee at the Central Office and a circle Consultative Committee at each of the six local Head Offices.

Some of the Joint Management Councils are not meeting regularly. In some others the Joint Management Councils have ceased to function.

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2.2 In accordance with the conclusion of the second Seminar and the meeting of the Standing Labour Committee held on 17.10.1962, all the State Governments except Gujarat and Jammu & Kashmir have set up special cells for the purpose of promoting the scheme and resolving difficulties that may arise in its functioning. Separate Committees, mainly tripartite, for the purpose of providing advice and guidance in the matter of promotion and working of the scheme have also been constituted in the following States: Assam, Maharashtra, Madhya Pradesh, Orissa, Punjab, Rajasthan and West Bengal.

2.3 On the basis of the recommendation of the Inter-Ministerial meeeting held on 15-1-1962 the Central Board of Workers' Education organised three Regional Seminars one at Calcutta in March, 1962 and two at Bombay in June, 1962 and January, 1965 to promote the scheme of Joint Management Councils and to acquaint employers and workers with the philosophy and techniques of Joint consultation. The subject of Joint Management Council forms a part of the syllabus for workers' Education courses.

2.4 Evaluation studies in 30 undertakings in which Joint Management Councils functioned were undertaken during 1961 and 1962. The studies have shown that Joint Management Councils are an important instrument of labour policy contributing to healthier economic growth and industrial progress, and that wherever the councils have worked in the true spirit, they have resulted, in varying degrees, in better industrial relations, a more stable labour force, increased productivity, reduction in waste, better profits and closer understanding between management and workers.

Difficulties Encountered

3.1 The main obstacle in the progress of the scheme is the attitude of employers, both in the private and public sector. Industrial management, by and large, appear to be sceptical regarding new ideas and do not take kindly to change. Some employers have an apprehension that Joint Management Councils will make inroads into purely management functions. Actually the scheme does not envisage the delegation of managerial responsibilities except in regard to some minor items like administration of welfare facilities, supervision of safety etc. The Ministry of Labour and Employment have been trying to dispel fears and misunderstandings regarding the scheme through correspondence and personal discussions to the extent possible.

3.2 Managements are also inclined to quibble about setting up Joint Management Councils. If industrial relations are bad that is advanced as an excuse for not seeting up Joint Management Councils. If industrial relations are good that again is an argument for not setting up Joint Management Councils lest such a step would result in the disruption of good relations.

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3.3 In many industrial undertakings in the private and public sector arrangements for informal consultation with the Union and/or representatives of workmen exist and in managements' view these arrangements are yielding good results. They are hesitant to replace their informal system by a formal system of setting up Joint Management Councils. Formal and informal systems of Joint consultation, however, are not mutually exclusive. One is complementary to the other. Undertakings which already have an informal system of joint consultation should find no difficulty in putting it on a more firm and formal basis.

3.4 A more genuine difficulty often pointed out is regarding multiplicity of joint bodies which cause confusion and duplication of effort. The Works Committee, the Joint Management Councils, the Emergency Production Committee, Production Committee, the Safety Committee, the Canteen Committee, the Suggestions Committee, etc. are some of the joint bodies.

The setting up of a Works Committee is a statutory obligation. In the larger industrial establishments there should not be any difficulty in Works Committees and Joint Management Councils functioning effectively side by side particularly when the functions of both have been clearly demarcated. The Safety Committee, the Canteen Committeee, the Suggestions Committee, etc. can conveniently function as sub-Committees of the Joint Management Council. The Production Committee/ Emergency Production Committee can merge in the Joint Council or function as another sub-Committee of the Council.

In the smaller establishments, however, there may be no harm in the Works Committee itself separately functioning as a Joint Management Council. If there is the proper understanding the functions of the Works Committee could be widened to include the main functions of Joint Management Councils also.

Emergency Production Committees.

During the last three years over 2000 Emergency Production Committees have been formed in the Manufacturing, Mining and Plantation industries throughout the country with a view to increasing production during the Emergency through labour-management collaboration. The principle underlying the Emergency Production Committee and the Joint Management Council is the same, namely labour-management collaboration. In the E.P.C. labour management collaboration is envisaged in the limited field of production and productivity and in the Joint Management Councils in a few additional fields such as the day to day working of the enterprise, industrial relations, labour welfare, etc. If employers who have accepted the principle of labour management collaboration in the field of production by setting up E.P.Cs could be persuaded to enlarge the field of collaboration and widen the functions of E.P.Cs. to include the

essential features of the scheme of Joint Management Councils, a firmer foundation will have been laid for the implementation of labour policy enunciated in the Five Year Plan and unanimously accepted and acclaimed by several tripartite bodies including the Indian Labour Conference.

3.5 The central organisations of Employers and Workers have often acclaimed the scheme and promised whole hearted support for its implementation. Their constituents, however, do not appear to have the same enthusiasm. Similarly in regard to the public sector, although at the conference of Central Ministers held in February, 1961 and in departmental meetings, the consensus of opinion has been that Joint Management Councils should be set up in all undertakings which fulfil the essential conditions, when it comes to actual implementation the heads of public sector undertakings and sometimes the Ministries concerned often hesitate.

3.6 The nomenclature of the scheme has caused apprehensions in the minds of employers both in the public and private sector. To many employers the very phrase "workers' Participation in Management" conjures up a fear of interference by workers' representatives in management decisions. Though the Joint Management Council does not encroach upon executive authority or any of the purely management functions, we might have a simpler description to make the scheme less ambiguous. The Committee on Labour Management Cooperation in its meeting held on 15th July, 1965 recommended the nomenclature 'Scheme of Joint Management Council' in place of 'Scheme of Workers' Participation in Management'.

3.7 Multiplicity of trade unions and inter union rivalry render the problem of representation of workmen on the joint council difficult. This has inhibited the progress of the scheme. The Seminars on Labour Management Co-operation have laid down the following rules for giving representation to employees:-

(a) where there is a representative union registered under a statute, that representative union should nominate the employers' representative on the Council;

(b) where there is no law for the registration of unions as representative unions, but there is only one union well established; and that union should nominate the employees' representatives on the Council;

(c) where there are more than one well established and effective unions, the Joint Councils should be formed when the unions among themselves agree as to the manner in which representation should be given to the employees.

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Points for Consideration

4.1 The Conference might like to re-affirm its faith in the scheme of Joint Management Councils and recommend to the Employers' and Workers' Organisations and the Employing Ministries that wherever the essential conditions are fulfilled (i.e. (i) there is one strong recognised trade union, (ii) there has been a consistent fair record of good industrial relations), Joint Management Councils should be set up.

4.2 Wherever arrangements exist for informal consultation with the union and/or representatives of workmen the arrangements should be put on a formal basis by setting up a Joint Management Council.

4.3 In the larger industrial establishments the Works Committee and Joint Management Council should function separately.

In smaller establishments the Works Committee itself might separately function as a Joint Management Council or if there is proper understanding between the management and labour the functions of the Works Committee may be widened to include the main functions of Joint Management Councils also.

4.4 The Conference might consider the feasibility of appealing to industrial undertakings which have set up Emergency Production Committees to widen the scope of their functioning and set up Joint Management Councils.

4.5 The Standing Labour Committee might consider and endorse the conclusions of the Committee on Labour Management Cooperation at its meeting held on 15th July, 1965.

SECOND MEETING OF THE COMMITTEE ON LABOUR MANAGEMENT CO-OPERATION, 15TH JULY '65.

Present:

Ministry of Labour & Employment

1. Shri D. Sanjivayya. — Chairman
2. Shri R.K. Malviya.
3. Shri P.M. Menon.
4. Shri K.J. Vidyasagar.

All India Organisation of Industrial Employers.

5. Shri C.H. Desai.

All India Manufacturers Organisation.

6. Shri Hans Raj Gupta.

Indian National Trade Union Congress.

7. Shri A.N. Buch.

Hind Mazdoor Sabha.

8. Shri H.K. Sowani.

United Trade Union Congress.

9. Shri R. Ramnathan.

I.L.O. (India Branch)

10. Shri V.K.R. Menon.

National Productivity Council.

11. Shri H.A. Jhangiani.

Conclusion

(a) General

1. The Committee on Joint Management Councils should ordinarily meet once in 6 months.

2. More effective publicity may be given to the working of the scheme of Joint Management Councils. The pamphlet on Joint Management Councils should be translated in all 14 regional languages and widely circulated. A documentary film on Joint Management Councils should be prepared and widely exhibited.

3. A brief report on the working of the Joint Management Councils should be prepared and published every year.

4. The Labour Welfare Officers may be made convenors of Joint Management Councils.

5. Decisions of Joint Management Councils should be reported to a larger body of employees in all big concerns at least once in 6 months. The constitution of such bodies may be determined by the Joint Management Councils themselves.

6. At the level of operatives, matters relating to recruitment, training, confirmations, seniority and promotion, should be decided in consultation with Joint Management Councils.

7. A few well established industries (e.g. Cotton Textiles, Cement, Sugar etc.) should be selected for intensive effort in implementing the scheme. A sub-Committee consisting of one representative each of employers, workers and Government should be set up for this purpose. The employers' and workers' representatives were requested to send in their nomination after consulting the organisations of employers and workers.

8. Efforts should be made to introduce Joint Management Councils in large industrial co-operatives.

9. The decisions of this meeting should be communicated to all State Labour Ministers.

10. Reports relating to the progress of the scheme should be obtained from = State Governments and included Statewise in the action taken statement circulated to the members of this Committee.

11. The question of giving a sitting fee to the members of Joint Management Councils was brought up and it was decided to leave the matter to the discretion of the managements of the undertakings.

(b) Agenda Subjects.

12. Fresh assessment reports on the working of Joint Management Councils in as many undertakings as possible should be prepared and placed before the next meeting of the Committee.

13. Regional Seminars should be organised and members of Joint Management Councils from all undertakings in a region should also be invited to participate in the Seminar.

14. In referring to the scheme we should adopt the nomenclature Joint Management Council and not scheme ofWorkers Participation in Management.

15. The subject of Industrial Co-Partnership may be brought tup for discussion in the Indian Labour Confer nce.

Standing Labour Committee
(24th Session)

Item No.11 - Industrial Co-partnership

MEMORANDUM

The subject of Industrial Co-partnership was discussed in the last meeting of the Committee on Labour Management Cooperation on the 15th July, 1965. The Memorandum submitted to the Committee is appended. The Committee decided that the "subject of Industrial Co-partnership (which is of considerable importance) may be brought up for discussion in the Indian Labour Conference". The Standing Labour Committee may like to examine the question of feasibility of promoting industrial co-partnership in organised industries. The methods to be adopted for the promotion of the idea and the form in which co-opartnership can be introduced may also be considered.

APPENDIX

COMMITTEE ON LABOUR MANAGEMENT COOPERATION
(NEW DELHI - 15TH JULY 1965)

Subject:- INDUSTRIAL CO-PARTNERSHIP

MEMORANDUM

The closer association of labour with management is the philosophy underlying the Scheme of Joint Management Councils sponsored by the Ministry of Labour and the Planning Commission and accepted by the Indian Labour Conference as fundamental to the establishment of industrial democracy in this Country. The purpose for which this Committee has been constituted is to advise on measures to be taken for wider acceptance and more extensive implementation of the scheme both in the public and in the private sector.

2. In recent months, suggestions have come from certain quarters that the scope of the Scheme should be widened to include Co-Partnership. The idea was also mooted by some Members of Parliament during the recent debate on the Budget Grants of the Ministry of Labour & Employment. The principle behind Co-partnership is that in industry the master and servant relationship between management and worker is fast disappearing and now it is more and more being realised that workers are partners in an enterprise, jointly striving with management for its prosperity. To make this partnership real the workers should be enabled to share in the prosperity of the Enterprise. Profit sharing is one way of embodying the principle of partnership in practice. Employee share holding is another. From the outset Profit Sharing and Co-Partnership were considered analogous, and often one was confused with the other. Co-Partnership seems to have undergone several changes in meaning over the years. At one time it meant that the employee share as a shareholder. Later it was defined as profit-sharing plus share-holding; later again, it was conceived as profit-sharing plus share holding plus some share of control through a Co-Partnership Committee.

3. The following definition of Co-Partnership enunciated by the Industrial Co-Partnership Association of United Kingdom, in 1919 is still considered authoritative:

"(1) That the worker shall receive, in addition to the standard wages of the trade, some share in the final profit of the business or the economy of production.

(2) That the worker shall accumulate his share of profit or part thereof, in the capital of the business.

(3) That the worker shall acquire some share of the control of the business in the two following ways:

(a) by acquiring share capital, and thus gaining the ordinary rights and responsibilities of a Shareholder;

(b) by the formation of a Co-Partnership Committee of workers, having a vice in the internal management".

4. During 1955 the Ministry of Labour in U.K. conducted an inquiry into co-partnership and the report on this inquiry was published in 1956. In that report it has been stated that there is no generally agreed definition of Co-Partnership but " by implication the term covers any arrangement in which a business is so organised and conducted that the employees feel that by virtue of their services, they are genuinely partners with employers in a joint undertaking although there may be no partnership in a legal sense". The Ministry of Labour description does not emphasise employee shareholding and is virtually the same in content as that of our scheme of Joint Management Council.

5. While in regard to Co-Partnership the main trend over the years has been to emphasise partnership based on common service rather than on employees investment, such partnership can be reinforced by partnership in capital also.

6. Industrial Co-Partnership which we might sponsor may be a widening of the Scheme of Joint Management Councils, in suitable undertakings, so as to include employees share holding. It may not be a new scheme but only an extension of the Scheme of Joint Management Councils, a further stride in progress towards industrial democracy. We should persist in and redouble our efforts towards establishing more and more Joint Management Councils wherever conditions are favourable; and, where Joint Management Councils are a success. Thereby we would be giving fuller meaning and content to the idea of industrial democracy.

/at the same time, also endavour to introduce schemes of Co-Partnership in those undertakings/

7. The advantages of Co-Partnership would be:

(1) Stock holding in industry would be more broad based.

(2) The workers would acquire a feeling that the Enterprise belongs to them.

(3) It would give a sense of dignity and status to the employees.

(4) It would help emphasise common purpose between management and labour in production efforts.

(5) The scheme might prove a deterrent to industrial strife.

(6) The Scheme might help as an anti-inflationary measure.

8. Some of the difficulties in implementing the scheme may be:-

(1) The Bonus Commission did not favour the idea of giving any part of bonus to the workers in a form other than cash. The workers organisations may have to be persuaded to accept bonus wholly or partly in shares.

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The fact that in most of the cases wages are still below a 'living wage' standard further complicates the problems.

(2) There would be limitations to the application of the scheme to the public sector where the stock is wholly held by Government.

(3) It may become necessary to impose restrictions regarding re resale of shares acquired by workers.

(4) Unless preferential voting rights are accorded for the shares held by workers, their control over the affairs of the industry as shareholders would be very remote.

9. Point for consideration.

(1) As the main characteristics of industrial Co-Partnership are already reflected in the scheme of Joint Management Councils, we might await wider extension of the scheme of Joint Management Councils before seeking to introduce the principle of employee-shareholding.

(2) How the public sector could also be brought within the scope of a scheme of Co-Partnership which would include employee-shareholding.

(3) How best the employees could be helped to acquire shares in an Enterprise.

(a) by issuing the whole or part of bonus in the form of shares.

(b) through a trusteeship scheme wherein the whole or part of the bonus would be paid to a trust and the trust would acquire and hold shares in the Enterprise.

(c) by arranging for loans repayable in easy instalments to enable interested workers to acquire shares in the Enterprise.

(d) by reserving a share of the capital issue for the employees which they could purchase at more favourable terms than the public.

(e) in any other manner.

(4) The Committee might suggest the names of Enterprises where the Scheme of Co-Partnership might be tried first.

Standing Labour Committee
(24th Session)

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Item 12 Unemployment Insurance Scheme.

MEMORANDUM

(Prepared by the Department of Social Security)

Social Security measures for the prevention of want, which are now used to mitigate the effects of numerous risks that imperil the livelihood of workers, have to come to occupy an important place in the social legislation of modern times. Social Security (Minimum Standards) Convention, 1952, adopted by the International Labour Conference on the 28th June 1952, lists unemployment as one of the major risks with which modern security legislation should deal. The human consequences of unemployment are self-evident and need hardly to be over-emphasised. They can be catastrophic for the individual workers and families effected. The great mass of wage earners can hardly save anything to protect themselves for any length of time against contingencies of unemployment. Not only unemployed workers and their families suffer due to loss of income resulting from unemployment, but the harmful effects of unemployment may also extend to society of which they are the members. The decline in morale, ill-health, loss of skills and deterioration in living standards of the workers rendered unemployed may threaten the entire social fabric of society. Apart from the hardship inflicted on the persons concerned, unemployment involves a waste of productive resources and impairs the morale of the nation. It is, therefore, now recognised that it is moral responsibility of the State not only to reduce the extent of unemployment but to lessen its impact on the workers and their dependants by adopting social measures, which will ensure atleast a part of the income that they enjoyed before losing their jobs. Unemployment insurance has been found to be the best method of providing income security to workers against this risk.

2. In recognition of the need for suitable measures directed against the risk of unemployment, programmes of unemployment insurance have been functioning in some countries for many years, which fall into the following three broad categories:-

(i) Compulsory Insurance Schemes, which require by law that specific classes of persons shall be enrolled in the schemes and generally provide contributions by employers, employees and Government have been in operation in various countries in Western Europe, Canada, Union of South Africa, United Kingdom, United States of America and Japan.

(ii) Voluntary Insurance Schemes, which are basically different from Compulsory Schemes and under which contributions are collected and benefits are paid by private funds or societies, have been in force in Denmark, Finland and Sweden.

(iii) Non-insurance Schemes, which are financed exclusively by Government and for which no contributions are made by workers, provide for unemployment allowance according to need at the time of unemployment. Such Schemes have been in operation in Australia, France, Luxembourg and New Zealand.

3. The details of scope, qualifying periods, benefit rates, duration of benefits and contribution rates of the above mentioned types of schemes, which are in force in some countries are given in Annexures D, E, F, G and H respectively. Extracts of the I.L.O. Social Security (Minimum Standards) Convention, 1952 in respect of unemployment benefit are reproduced in Annexure 'I'.

4. A number of countries having no unemployment insurance Schemes adopted legislation from 1936 onwards requiring employers to pay indemnities to alleviate the effects of unemployment in the form of lum sum payments to workers discharged for reasons other than misconduct. Provisions on these lines for lay off and retrenchment compensation were introduced in 1953 under the Industrial Disputes Act, 1947. These measures, however, afford limited protection and are not a substitute for unemployment insurance.

5. On the suggestion of the Planning Commission, Ministry of Labour and Employment had set up in 1954 a working group to make a prelimanary study of the problem of unemployment insurance and to examine its desirability and feasibility. The Group submitted its report in 1955. A scheme of Unemployment Insurance was recommended by the Group, which provided for payment of cash benefit in the event of unemployment to industrial workers at the rate of about half the daily wage for a maximum period of 13 weeks in one year. The employers and the employees were to contribute approximately 2-per cent and 1 per cent of the wages respectively, while the Government was to bear the cost of administration. The Scheme was to replace the existing provisions regarding retrenchment and lay off compensation in the Industrial Disputes Act, 1947. It was felt that the workers who were already getting lay off and retrenchment compensation under the Industrial Disputes Act without any contribution might not like to come under the proposed Scheme for which contributions were to be paid by them. The Scheme was, therefore, not considered feasible.

6. The Third Five Year Plan contains a provision of a sum of Rs. 2crores for assistance to workers threatened with unemployment to give assistance to them in the form of loans to tide over the immediate difficulties. Informal meeting of the Labour Ministers held in 1961 appointed a Sub-Committee to draw up a detailed scheme for Unemployment Relief. The Sub-Committee formulated a draft Scheme which was circulated to the employing Ministries and the State Governments for their comments. It was subsequently discussed at the informal meeting of the State Labour Ministers on the 8th August, 1962 and also at an Inter-Ministerial meeting held on the 19th November, 1963. For various reasons, however, the Scheme was not pursued further by the Ministry of Labour and Employment.

7. The matter was considered afresh by the Department of Social Security, which was set up in June 1964, under the Presidential Order of the 14th June, 1964, to promote welfare and social security measures in India. The Schemes of the Employees' Provident Fund and the Coal Mines Provident Fund, placed under the charge of this Department, contain provisions for refund of Provident Fund accumulations to the members of the two Funds rendered unemployed on account of retrenchment to enable them to tide over the period of unemployment and to mitigate their suffering due to loss of income. The workers, who can hardly save anything to protect themselves against the contingencies of unemployment, have to fall back upon their old age and their nominees and heirs in the event of their premature death. While such relief to the member of the Funds is necessary, the main object of the provident fund is defeated. The members of the Funds, who withdraw their provident fund accumulations have also to qualify again for the membership of the Funds on re-employment. In order to preserve the provident fund for old age and other contingencies and to provide suitable financial assistance during unemployment, it was considered by the Department of Social Security that a beginning could be made with an Unemployment Insurance Scheme for the members of the two Provident Funds, keeping in view the main recommendations of the Working Group on Unemployment Insurance, which was set up by the Ministry of Labour and Employment, in 1954, basic principles of the I.L.O. Convention, 1952, and programmes of Unemployment Insurance in operation in various countries. After gaining some experience, the Scheme could be extended to other classes of workers.

8. A draft Scheme of Unemployment Insurance was prepared accordingly in January 1965 by the Department of Social Security for the members of the two Provident Funds. It was circulated to various Ministries, State Govts., the Employers' and Workers' Organisations for comments on the 15th February, 1965. The draft Scheme was also placed before the Boards of Trustees Employees' Provident Fund and Coal Mines Provident Fund at their meetings held in February and May 1965 for their views, as the Scheme was intended for the members of the two Provident Funds. The Secretary, Department of Social Security, who is Chairman of the two Boards, also discussed the Scheme, with the authorities administering such Schemes in the United Kingdom and U.S.A. during his visit to these countries, who commended the Scheme and made useful suggestions. The scheme was modified in the light of the comments recieved, views expressed by the Trustees of the two Funds and the report prepared by the Actuary, E.S.I. Corporation. The Actuary's report is attached as Annexure B. A revised Scheme was prepared and placed before the joint meeting of the Central Board of Trustees, Employees' Provident Fund and the Board of Trustees, Coal Mines Provident Fund held at New Delhi on the 16th and 17th July 1965. The resolutions adopted by the Boards of Trustees of the two Funds at their two meetings held in February and May 1965, are attached for information as Annexure C. At the joint meeting of the two Boards, held in July 1965, some representatives of employers raised a question whether the Boards were competent to discuss the

Scheme. As the Scheme is intended to cover the members of the two Provident Funds for the present, the employer and workers who are contributing to the two Funds have to make contributions to the Scheme and the two Provident Fund Organisations are to administer the Scheme, it was considered necessary to consult the two Boards before placing the matter before the Indian Labour Conference. Suitable changes have been made in the Scheme in the light of discussions in the joint meeting. The modified Scheme, attached as Annexure A is now for consideration of the Indian Labour Conference. The provisions made in the Scheme are explained in the following paragraphs.

9. Scope of the Scheme: Most of the Established Unemployment Benefit Programmes are of compulsory insurance type. Compulsory insurance involves the question of what categories of workers shall be required to come under insurance. Unemployment Insurance can offer protection only in relation to the previous normal employment of a worker. The intensity of the need for protection is not the same for all workers. The employment of salaried employees like civil servants is more stable than that of employees receiving wages. The need for protection is also influenced by age of workers. Aged workers may not need unemployment protection if they have other social security measures for protecting them. Workers receiving above average income can save more easily than low paid workers and may, thus, be able by themselves to build up a certain amount of protection against unemployment. The only need for protection that can be recognised in the case of workers normally employed on a part time basis including seasonal workers is the diminution in the amount of such part time employment. For a country which has to make a start in this direction, it is not possible to have a very wide coverage from the beginning. The scope of unemployment insurance should also take into account the administrative feasibility of applying it to different groups. In addition to the enrolment of workers in Insurance Schemes and the collection of contributions, Unemployment Insurance administration also involves the task of verifying whether a benefit claimant actually is unemployed and unable to find new work. This is done by requiring him to register with Employment Exchanges and by checking there whether another job is available. Keeping in view these considerations, a limited Scheme of Compulsory Unemployment Insurance for members of the two Provident Funds whose incidence of unemployment on account of retrenchment is known, has been proposed. The scope of the scheme has been limited for the present as follows:-

(i) The members of the Employees' Provident Fund, the Coal Mines Provident Fund and Exempted Funds under the Employees' Provident Funds Act, 1952 shall be eligible to join the Scheme subject to certain exceptions.

(ii) The members of the Employees' Provident Fund and the Coal Mines Provident Fund are entitled to withdraw the full amount standing to their credit in the Provident Fund on attaining the age of 55 years and 50 years respectively. The basic principle followed in Unemployment Insurance Scheme is that aged workers may not need unemployment protection

if they have other social security measures for protecting them. Accordingly, the members of the Fund on attaining the age as mentioned above when they can withdraw the full amount at their credit in the Provident Fund will not be entitled to withdraw any unemployment insurance benefit, even though they may continue in employment. The same principle has been applied to exempted funds also. The contribution of such employees to the Scheme will also cease a year before attaining the age mentioned above. It has also been provided in the Scheme that a part of the contributions will be refunded to the employees who do not claim any unemployment insurance benefit until they withdraw their full accumulations in the Provident Fund.

(iii) It was proposed earlier to exclude the members of the Employees' Provident Fund and exempted Funds under the Employees' Provident Funds Act, 1952, whose pay exceeded Rs. 500/- per month and the members of the Coal Mines Provident Fund, whose total emoluments exceeded Rs. 500/- per month, as normally employees receiving above average income could save more easily than low paid workers and thus build up themselves some amount of protection against unemployment. At the joint meeting of the two Boards held in July 1965, it was urged by the representatives of workers and mine managers that all members of the above mentioned Provident Funds should be covered, as it would be discriminatory and there was no justification to exclude the employees receiving pay exceeding Rs. 500/- per month from the Scheme, the number of such employees was small, the employees once covered might have to be retained under the Scheme on crossing the pay limit of Rs. 500/- per month, while those receiving pay exceeding Rs. 500/- per month initially or at the time of introduction of the Scheme would be excluded and even limited protection to the extent of pay of Rs. 500/- per month would be very significant for those in receipt of higher pay at the time of unemployment. The consensus of opinion at the meeting was to cover all members of the Provident Funds irrespective of their pay, but to limit the contribution and the benefit to pay of Rs. 500/- in the case of the employees in receipt of pay exceeding Rs. 500/- per month. In other words, an employee in receipt of pay of Rs. 700/- p.m. would pay contribution limited to Rs. 2.50 p.m. and receive benefit not exceeding Rs. 250/- p.m. during unemployment based on pay of Rs. 500/- p.m. only. Provision has been made in para 4 of the Scheme accordingly.

(iv) An 'excluded employee', as defined in the Employees' Provident Funds Scheme, 1952 and the Coal Mines Provident Fund Scheme 1943, who withdraw their Provident Fund accumulations or otherwise do not remain members of the Provident Funds will obviously be excluded from the Scheme.

(v) The workers in 'seasonal' factories and establishments, become eligible for membership of the Employees' Provident Fund, they work for not less than two third of the period for which such factories or establishments work. Such workers can be assumed for purposes of unemployment insurance to suffer a compensable wage loss, if unemployed during their normal working season. Such workers are entirely excluded from the Unemployment Schemes in some countries. Coverage of such workers would make the Scheme costly. It is, therefore, proposed to exclude such workers from the Scheme at present. It is, however, felt, as was suggested at the joint meeting of the Boards of Trustees

that permanent employees in such seasonal factories and establishments should not be excluded from the Scheme. Provision has been made on these lines in the Scheme.

(vi) Casual, subsidiary, occasional and part time employment, are excluded from coverage under most of the schemes in operation in various countries, as such employments are often not sufficient to complete minimum contribution and qualify for the benefit and a person in such employment cannot be regarded as having suffered any appreciable loss of wages. Accordingly, casual and badli workers will be excluded from the Scheme. Badli workers and such other workers who become members of the Provident Fund on completing the required attendance qualification and who make necessary contribution will be eligible for the benefit of the scheme like other workers.

10. Eligibility for benefits: The broad principles for eligibility for unemployment insurance benefit laid down in the I.L.O. Convention of 1952 and universally followed in the Unemployment Insurance Programmes operating in various countries are briefly as follows:-

(i) The contingency to be covered in suspension of earnings due to inability of a worker to obtain suitable employment who is capable of and available for work. A worker is entitled to receive the benefit only when he becomes unemployed involuntarily. It is, therefore, proposed to pay the benefit under the Scheme on termination of service on account of retrenchment as defined in the Industrial Disputes Act, 1947 resulting in suspension of earnings except that in case of leaving of service voluntarily for a just cause the benefit shall be payable. This will be subject to the condition that a worker must be available for and capable of employment.

(ii) The most desirable thing that can be provided to the unemployed worker is a job. Cash benefit replacing some of the income lost through unemployment represents only a second best solution of his difficulties. It is in the interest of a worker himself that he should be required as a condition for receiving the benefit to register himself in and Employment Exchange, attend the Exchange periodically to ascertain whether employment is available or not and undergo such training as may be provided for his placement in a suitable job.

(iii) A worker must not have lost his employment through mis-conduct.

(iv) If an employee is without work because of sickness or any other form of incapacity and is entitled to draw sickness and disablement benefit under other laws, he should draw the same benefit instead of unemployment insurance benefit. If a worker is paid unemployment insurance benefit as well as sickness benefit during the same period, he will receive almost full wages and he may have no incentive to resume work.

(v) A minimum qualifying period of contribution is necessary to become entitled to the benefit and the period commonly prescribed is one year. At the joint meeting of the two Boards, it was desired by some workers' representatives that it was not necessary to prescribe any minimum qualifying contribution period. A minimum qualifying period of contribution is necessary to provide funds for paying the benefit. This guarantees that at least a basic minimum amount of contribution will have been paid in respect of beneficiaries. If a worker could qualify for benefits from the date of joining the Scheme or after a few days, it would hardly be possible to maintain the solvency of any Unemployment Benefit scheme. Provisions have been made in the Scheme on the above lines.

(vi) General principle followed in Unemployment Insurance Programmes is that a worker who goes on strike can hardly be regarded as being without a job against his will and a worker who is rendered unemployed as a direct consequence of his participation in a labour dispute should ordinarily be disqualified for receipt of unemployment benefit. A provision was made earlier to disqualify such persons from the benefit of the Scheme. Such provision is, however, not considered necessary since a worker whose services are terminated on account of retrenchment as defined in the Industrial Disputes Act 1947 will be eligible for the benefit. A worker on strike cannot be said to be retrenched under the Industrial Disputes Act.

11. Waiting period: Although earnings of a worker ceases as soon as he stops working, there are significant reasons for delaying the payment of unemployment insurance benefit for a brief period after termination of employment, commonly called a 'waiting period' Under established Unemployment Insurance Scheme, the payment of compensation for unemployment does not begin from the day the wage loss begins. Normally a person has to undergo a short period of non-compensated employment. Many workers, who undergo an ordinary shift of employment are without work for some days. If there is no waiting period, the Scheme will have to compensate every single small case of wage loss even though resulting from merely normal adjustments between demand and supply. This is also necessary to control abuses in the form of intentional unemployment, a purpose of which may be to enjoy short vacation at the expense of Insurance Fund. The handling of a claim, assembling all evidence and making of payment involve several processes for which an administrative agency always needs a certain amount of time, to determine whether or not a claim is admissible. The I.L.O. Convention, 1952 provides for a waiting period of 7 days during which no unemployment benefit is paid. In a new Scheme with little or no experience some caution is necessary and it is necessary to provide a longer period. Accordingly, it is proposed to provide a waiting period of 15 days for the present, during which no benefit shall be payable. It was urged by the

workers' representatives at the Joint meeting of the two Boards that while there was no objection to the waiting period being provided, the unemployment insurance should be paid from the date of retrenchment if the period of unemployment exceeded the waiting period. For the reasons explained above, it is not proposed to make any change in this regard at present. After gaining some experience, the position may be reviewed.

12. Continuity of membership of the Provident Fund: Since one of the important considerations for starting the Scheme with the members of the two Provident Funds is to ensure that their provident fund accumulations are preserved for their old age and other contingencies for which they are meant, it follows that membership of retrenched members of the Fund should be continued during the period they receive unemployment insurance benefit, so that they may not have to qualify for the membership of the Fund again and their provident fund accumulations may be retained. Provision has been made in the Scheme accordingly.

13. Rate and duration of benefit: Unemployment benefits are normally paid in cash. The benefit should in principle be large enough to tide workers over a period of temporary loss of earnings and to enable them to meet all non-deferable expenses. It is neither necessary nor desirable that the benefit should replace lost earnings in their entirety. The workers are expected to defer temporarily certain non-essential items of expenditure. Benefits equal to previous earnings may destroy incentive and will of unemployed persons to return to work. In the case of new Schemes, the simplest procedure is to fix the benefit rate at one half of wages. Accordingly, provision has been made in the Scheme that unemployment benefit at the rate of 50% of monthly average pay in the case of members of the Employees' Provident Fund and exempted Funds and 50% of total emoluments in the case of members of the Coal Mines Provident Fund calculated on earnings of 12 completed months before termination of employment should be paid. The minimum and maximum duration of benefit ranges from 3 to 6 months in various countries. The I.L.O. Convention, 1952 provides that duration of benefit may be limited to 13 weeks within a period of 12 months. Accordingly provision has been made in the Scheme for payment of unemployment insurance benefit for a maximum period of six months or until a retrenched person is re-employed, whichever is earlier.

14. Payment of retrenchment compensation under the Industrial Disputes Act:

An important question which was discussed at the Joint Meeting of the two Boards and on which no agreement was reached was whether retrenchment compensation payable under the Industrial Disputes Act, 1947 should be paid to insured persons under the Scheme in addition to unemployment insurance benefit. As pointed out earlier, provision for retrenchment compensation introduced in 1953 under the Industrial Disputes Act, 1947 cannot be regarded as a substitute for unemployment insurance. The advantages of the proposed Unemployment Insurance Scheme over the existing provisions for retrenchment compensation under the Industrial

Disputes Act, 1947 are briefly as follows:-

(i) The Scheme is based on social insurance principle. The funds under the Scheme will be pooled together and spent on those who deserve the help. The funds accumulated in good days will be available to meet the situation during a depression.

(ii) A pre-requisite of an Unemployment Insurance Scheme is the provision of Employment Exchanges and training facilities so as not only to make good a part of the loss of income of the worker but also to place him back in a job as early as possible.

(iii) The burden of the cost of the Scheme will not be placed on any one party. The retrenchment compensation is payable by the employer which at times falls heavily on those who may be having a hard time.

(iv) Unemployment Insurance Benefit will be admissible as a recurring benefit which will be admissible to a worker as and when he is retrenched subject to certain limits.

(v) The workers with a small contribution will be provided with suitable protection and facilities for re-employment. They will also be entitled to get retrenchment compensation if unemployment exceeds six months.

(vi) The incidence of compensation payable by employers will be reduced to the extent the workers entitled to such compensation get re-employed within six months.

(vii) The retrenched workers will not have to withdraw their provident fund accumulations so long they get unemployment insurance benefit and continuity of their membership of the Provident Fund will be assured.

(viii) The main point which was made out by the workers' representatives at the Joint Meeting of the two Boards was that the retrenchment compensation which the workers had been enjoying since 1953 should not be taken away although there was no objection to pay the compensation after exhausting the unemployment insurance benefit. It was also desired that the compensation should be deposited with the Unemployment Insurance Fund to ensure its payment to the workers after expiry of duration of unemployment insurance benefit. While a section of employers' representatives suggested payment of retrenchment compensation in monthly instalments after duration of unemployment insurance benefit and refund of such portion of compensation as remained unpaid on re-employment of a person to the employers, the majority of the

employers' representatives were opposed to the payment of retrenchment compensation in addition to the unemployment insurance benefit. As stated above, retrenchment compensation which is paid on length of service without any contribution from workers and which have been enjoyed since 1955 cannot be taken away entirely. At the same time, the purpose of the Unemployment Insurance will be defeated if such compensation was paid on retrenchment in addition to the unemployment insurance benefit. Accordingly, the formula suggested in the Scheme for retrenchment compensation after exhausting unemployment insurance benefit seems to be the best solution of the problem.

15. Rate of contribution: Under existing Unemployment Insurance Programmes, the contributions payable by employers and employees are expressed as a percentage of wages. The percentage varies from 0.5 to 5.6% of wages. On the basis of data collected, the Actuary, Employees' State Insurance Corporation has recommended in his report attached as Annexure 'B' that contributions may be levied at 05% of pay from employees and employers for the present. The cost of administration is to be paid by the Central Government which may be fixed at 10% of the amount of employers and employees' contributions for the present. The amount of contribution has been kept as low as possible which is not likely to place any undue burden on employers and employees.

16. Administration of the Scheme : The administration of the Scheme is proposed to be vested in a separate Board but the work of collection of contributions, examination of claims, authorisation of payments and accounting work is proposed to be entrusted to the existing two Provident Fund Organisations with necessary additional staff to keep cost of administration as low as possible instead of creating an entirely new administrative machinery for this work. The records of retrenched members of the two Provident Funds are available in the Provident Fund Organisations and they have to co-ordinate the work of payment of benefit, continuity of membership of the Funds and non-payment of Provident Fund accumulations for the period of unemployment insurance benefit. It is, therefore, all the more necessary to entrust the work to the two Provident Fund Organisations for the present. The Employment Exchanges shall act as agencies for registration, placement and training of retrenched employees.

G E N E R A L

After approval of the Scheme, necessary legislation will be undertaken and provision will be made for adjudication of disputes, penalties for contravening provisions of the Scheme, power to recover damages for delayed payments of contributions and other relevant matters.

The enclosed Scheme as in Annexure 'A' is for consideration and approval of the Standing Labour Committee.

DRAFT UNEMPLOYMENT INSURANCE SCHEME

Scope

Subject to the exceptions in para 3 below the Scheme shall apply, in the first instance, to all establishments covered by the Employees' Provident Funds Act, 1952 and the Coal Mines Provident Fund and Bonus Schemes Act, 1948 and will cover for the present employees who are members of the Employees' Provident Fund and the Coal Mines Provident Fund and also exempted Funds under the Employees' Provident Funds Act, 1952. The term, "insured person" in this Scheme means an employee covered under the Scheme.

2. The Central Government may, after giving not less than 3 months' notice of its intension to do so, by notification in the Official Gazette, extend the Scheme to any other class of employees.

3. The following categories of employees shall be excluded from coverage under the Scheme until the Scheme is extended to them by the Central Government under para 2 above:-

(1) a member of the Employees' Provident Fund over 55 years of age;

(2) an 'excluded employee', as defined in the Employees' Provident Funds Scheme, 1952.

(3) all employees except permanent employees, employed in a "seasonal factory" or a "seasonal establishment" as defined in the Employees' Provident Funds Scheme, 1952 casual and badli workers.

(4) a member of provident fund of any 'exempted establishment' as defined in the Employees' Provident Funds Act, 1952, over 55 years of age or such age as may be prescribed for withdrawing the full amount of Provident Fund.

(5) a member of the Coal Mines Provident Fund -

(a) over 50 years of age;

(b) an 'excluded' employee as defined in the Coal Mines Provident Fund Scheme, 1948.

(6) other employees over 55 years of age (when the Scheme is extended to any other class of employees under para 2).

4. A member of any of the Provident Funds mentioned in para 1 above whose "pay" as defined in the Employees' Provident Funds Scheme, 1952 or "total emoluments" as defined in the Coal Mines Provident Fund Scheme, 1948 exceeds Rs. 500/- per month at the time he is otherwise entitled to come under the Scheme or after joining the Scheme, shall pay contribution and receive unemployment benefit limited to pay or total emoluments of Rs. 500/- per month, as the case may be.

Eligibility for benefits.

5. The benefit shall be payable on termination of service on account of mass or individual retrenchment as defined in the Industrial Disputes Act, 1947 resulting in loss of employment and suspension of earnings subject to the conditions laid down in paragraphs 6 & 7.

6. In order to receive the benefit, an insured person should satisfy:-

(1) that he is capable of and available for work but unable to obtain suitable employment;

(2) that he produces each month a certificate from the Employment Exchange in which he is registered that he has been reporting to the Exchange at special intervals or when called by the Exchange and that he has not been offered any suitable employment;

(3) that he is unemployed through no fault of his own;

(4) that he is registered as an applicant for employment in an Employment Exchange and has submitted an application for the benefit in the prescribed form;

(5) that contributions in respect of him while employed have been paid for not less than one year preceding the date on which a claim for benefit is made;

(6) that in case he is eligible for or in respect of sickness benefit under the Employees' State Insurance Act, 1948, he shall not be entitled to receive unemployment insurance benefit for the period for which he is eligible or he draws sickness benefit.

7. An unemployed insured person shall not be entitled to receive the benefit if -

(1) he left his employment voluntarily without just cause;

(2) he becomes unemployed on account of discharge for misconduct;

(3) he refuses to accept an offer of a suitable employment without good cause or does not follow up opportunities of obtaining such employment or refuses opportunities of training aimed to assist him to find employment.

8. An insured person shall not be entitled and shall not be paid the benefit from the date of re-employment or the expiry of the benefit period.

ng period

9. An insured person shall be entitled to receive the benefit from the date of expiry of a waiting period of 15 days from the date of termination of employment and no benefit shall be paid to him for waiting period.

Continuity of membership of Provident Fund

10. During the period an insured person remains unemployed and draws the benefit of the Scheme he shall continue his membership of the Fund of which he was a member before termination of his services, without having to subscribe to the Fund, and he shall not be entitled to draw his accumulations in that Fund. On his re-employment in an establishment or coal mine under the same Fund his membership shall be continued from the date of his employment without putting in the required attendance qualification again and in case he is re-employed in an establishment or coal mine under a different Fund he shall be eligible to become member of that Fund and his past accumulations shall be transferred to that Fund without having to satisfy the required attendance qualification from the date of his employment.

Rate and duration of Benefit

11. Unemployment Insurance benefit shall be payable to an insured person at the rate of 50% of average pay in the case of the members of the Employees' Provident Fund of any exempted establishment as defined in the Employees' Provident Funds Act, 1952 and 50% of average total emoluments in the case of members of the Coal Mines Provident Fund calculated on the basis of pay and total emoluments, as the case may be, for a period of 12 completed months before termination of employment. The terms "pay and total emoluments" will have the same meaning as laid down in the Employees' Provident Funds Scheme, 1952 and the Coal Mines Provident Fund Scheme, 1948.

12. The benefit shall be payable until re-employed or for maximum period of 6 months whichever earlier in one or more spells during the benefit period of 12 months as may be specified, from the date of expiry of waiting period of the termination of employment.

Payment of retrenchment compensation under the Industrial Disputes Act.

13. An insured person covered by the lay off and retrenchment compensation provisions of the Industrial Disputes Act 1947, shall be entitled to the retrenchment compensation admissible to him under the Act, in addition to the unemployment insurance benefit, but such compensation shall be payable only after completion of maximum duration of six months of unemployment benefit and if the insured person is not re-employed during that period. In order to ensure payment of retrenchment compensation, the employer shall deposit the retrenchment compensation due to an insured person within one month of the date of retrenchment with the Unemployment Insurance

Fund which shall be payable to the insured person as indicated above and in the event of his being re-employed within six months, the amount shall be refunded to the employer. An insured person shall also be entitled to the "lay off" benefit admissible under the Industrial Disputes Act, 1947 but during such lay off, he shall not draw unemployment insurance benefit.

Repayment of part of contributions to insured persons

14. An insured person, who does not claim any unemployment insurance benefit until his full accumulations in the provident funds become refundable to him or his nominees or heirs, shall be paid at the time of refund of his accumulations in the Provident Fund an amount equal to 20 per cent of his own share of contribution to the unemployment insurance Fund, provided he made contributions for at least 10 years to the Fund.

Rate of contribution.

15. The contribution shall be paid by the employer to the unemployment insurance Fund at the rate of .50 per cent of pay in case of members of Employees' Provident Fund or Provident Fund of any exempted establishment as defined in the Employees' Provident Funds Act, 1952 and .50 per cent of the total emoluments in the case of the members of the Coal Mines Provident Fund, for the time being payable to each insured person, and the insured person's contribution shall be 50 per cent of apy or total emoluments as the case may be. The rate may be varied by the Central Government according to requirements from time to time. The contribution of employer and employees shall cease a year before an insured person attains the age prescribed for withdrawing the full Provident Fund at the credit of the insured person. The employer shall be responsible to pay his contribution as well the contribution of the insured persons within the prescribed time each month and he will be entitled to deduct the contribution of an insured person from his wages.

Unemployment Insurance Fund and its administration.

16. A unified Unemployment Insurance Fund shall be set up consisting of contributions from employers and employees from which unemployment insurance benefit shall be payable to insured persons. The cost of administration shall be met by the Central Government from its revenues and for this purpose administrative charges shall be paid to the Fund by the Central Government at the rate of 10 per cent of the contributions of employers and employees for the present. The administrative organisation for the Scheme shall be as follows:-

(a) A separate Board shall be set up to administer the Unemployment Insurance Fund and the Scheme.

(b) The work of collection of contributions, examination of claims, authorisation of payments, accounting work and adjudication of disputes etc. shall be handled by existing two Provident Fund Organisations for their members with

suitable additional staff. The payment of the benefit may be arranged through the offices of the two Provident Fund Organisations and other agencies as may be considered suitable from time to time.

(c) The Employment Exchanges shall act as an agency for registration, placement and training of retrenched employees and an effective co-ordination of work between the Exchanges and the two Provident Fund Organisations shall be arranged.

Penalties

17. Suitable provision shall be made for adjudication of disputes, penalties for contravening provisions of the Scheme, power to recover damages for delayed payments of contributions and recovery of the contributions due as arrears of land revenue, on the lines of the provisions in the Employees' Provident Fund Act, 1952 and the Coal Mines Provident Fund and Bonus Schemes Act 1948 in the legislation for the Scheme.

ANNEXURE B

ACTUARY'S NOTE ON UNEMPLOYMENT INSURANCE SCHEME

I. ASSUMPTIONS MADE:

(a) Contigency covered: Unemployment Insurance benefit is to be given to such of those ex-employees as lose their erstwhile employment due to retrenchment either in group or individually. The term 'retrenchment' is to have the same meaning as in the Industrial Disputes Act.

(b) Coverage:- All employees who are covered under (a) Employees' Provident Fund and (b) Coal Mines Provident Fund Acts whether exempted or unexempted are to be included. A proposal is that compulsory coverage would be in respect of only such of those of the above mentioned categories of employees as do NOT come within the purview of the Industrial Disputes Act; such of those for whom the provisions of the Industrial Disputes Act apply would have an option whether or not to come within the purview of the Unemployment Insurance Scheme.

(c) The distribution of employees that are likely to come under two categories of the proposal are likely to be,

(in lakhs)

Scheme	Compulsory	Exempted	Optional Unexempted	Total
EPF	Not more than 0.50	16	26	42
CMPF	Negligible		4	4
Total	Not more than 0.5	16	30	46

(d) Separate SCHEMES: The SCHEME should be separate and independent for the workers under the

(i) EMPLOYEES' PROVIDENT FUND SCHEME; and

(ii) COAL MINES PROVIDENT FUND SCHEME.

2. DATA:

(a) Statistics as to the No. of employees covered and No. of persons who were retrenched under both the SCHEMES were furnished in respect of a few months.

5 months- EPF
4 months - CMPF

(b) From these figures, it was apparent that the incidence of unemployment due to retrenchment varied widely from month to month under both the SCHEMES, the amplitude of variation being much more in the case of CMPF. As between the EPF SCHEME and the CMPF SCHEME the average rate of unemployment in the CMPF was about 1.5 times that prevailing in the EPF.

3. FACTORS TO BE PROVIDED:

For working out the rates of contribution, allowance has to be made providing for the following important factors:-

(a) Unemployment may vary according to the industry-wise, size-wise and area-wise composition of the institutions to be covered by the SCHEME and these may differ from those for which statistics have been furnished.

(b) The outlook towards retrenchment may not continue to be the same as it was prior to the implementation of the SCHEME. It is presumed that there would be sufficient safeguards in the scheme against excessive retrenchment.

(c) Where option is to be given, allowance has to be made for the effect of 'adverse selection', as it should ordinarily be assumed that only persons who would stand to gain by coming into the SCHEME would opt for the SCHEME.

(d) Collection of contribution may not be for full period of employment due to absence on loss of wages due to sickness, unemployment authorised leave, lay off etc.

(e) Statistics furnished relate to only a few months and allowance has to be made for these being non-representative of the likely normal experience over longer periods.

(f) A 'return of contributions' benefit is now proposed in respect of those who do not draw unemployment insurance benefit for a minimum specified period of contributory service. The cost of this benefit also has to be provided for.

4. RATE OF CONTRIBUTION:

Based on the statistics furnished, after making allowance for the more important factors which may affect the rate of incidence, receipt of contributions etc., (vide para 3 ante) I feel that the proposal regarding (a) option and (b) separate SCHEMES being run for the EPF and CMPF, should be reviewed in the light of Financial Consideration apart from purely administrative points of view. I accordingly give my recommendations as regards the appropriate rates of contributions under four alternative headings so as to facilitate a proper appraisal and choice of the appropriate type of SCHEME that would be suited under the given circumstances.

EPF only (OPTION being given)

(a) Where the SCHEME is (i) compulsory to employees covered by the EPF SCHEME but NOT by the ID Act: and (ii) optional to the employees covered by both EPF Scheme and the ID Act.

1(i) From the paragraph 1 (c) ante the No. of employees who could be covered under the compulsory category may be very much less than 0.50 lakhs. While separate figures in respect of retrenchment of this category of workers are not made available, we may anticipate at least for the duration of the first few years of the SCHEME, particularly in an expanding economy a rate of retrenchment which may not be different from the industries covered by the EPF SCHEME as a whole.

(ii) As regards exercise of option, it should be observed that at present employees covered by the ID Act are entitled to retrenchment compensation under the ID Act, without their having to pay any contribution. Further, the ID Act benefit is financially more in value for persons who have put in not less than six years' service on the date of their retrenchment. In these circumstances, it is but reasonable to expect a strong 'adverse selection' as regards exercise of the 'option' - i.e. only those persons who are sure to gain by coming into the Unemployment Insurance SCHEME, would exercise the option to come into the SCHEME. The incidence of unemployment among this category may be comparatively heavier than that applicable to the entire group of the employees covered under the EPF SCHEME. No precise estimate, in the absence of data, could be formed of the quantum of this excess.

(iii) To begin with, I am constrained to recommend a total contribution of 1½ per cent of wages made up of Employees' Contribution of ¾ per cent of the wages and employers' contribution of ¾ per cent of employees' wages.

(b) Where the SCHEME is made compulsory to all the employees covered by the EPF SCHEME without any option for any category of workers to join or not to join:

EPF only (No option- i.e. compulsory to all employees under EPF SCHEME)

In view of the wider coverage comprising institutions where the rate of retrenchment is likely to be comparatively (i.e. compared to (a) ante) lighter, I recommend a total contribution of 1 per cent of the wages of the worker, being payable equally by the employer and employee, namely, ½ per cent of the wages by each of the parties.

(c) CMPF SCHEME

(CMPF only (Compulsory to all)

(i) From the nature of the proposal, there does not appear to be any category of employees worthy of note for whom the SCHEME could be compulsorily enforced because almost all employees of Coal Mines would appear to be covered under the I.D. Act. The SCHEME, therefore, can NOT function as a viable unit if option is given to all the employees of Coal Mines for reasons adduced in sub-para 4(a) (ii) ante.

(ii) The incidence of retrenchment in the CMPF as could be deduced from the figures furnished indicates that (a) the rate of retrenchment is likely to vary widely from month to month. and (b) the rate of retrenchment is higher than that experienced under the EPF SCHEME, being nearly 1½ times the later experience.

(iii) I recommend that a contribution of 1½ per cent of the wages of the worker payable equally by the worker and the employer i.e. each party paying ¾ per cent of the wages.

unified SCHEME for EPF & CMPF (compulsory for all

(d) Where the SCHEME is to be made compulsory for all the employees covered under both the EPF and CMPF SCHEME and one unified SCHEME is to be established.

In view of the comparatively large number of persons to be covered under the EPF SCHEME as compared with the total coverage under the CMPF, the experience of the former SCHEME is likely to have preponderating effect in the composite SCHEME. I recommend a total contribution of 1 per cent of the wages of the worker payable equally by the worker and the employer, each of them paying ½ per cent of the wages as contribution.

5. SAFEGUARDS:

(i) The recommendations as to the contribution in para 4 ante should be subject to the following safeguards so that the Unemployment Insurance Fund continues to be solvent and adequate to meet its liabilities. It should be noted that in making the recommendations as to the contributions in para 4 ante, I have proceeded on the assumption that the SCHEME'S finance would be based on "assessment principle" i.e. the 'revenue' should match the 'expenditure' under the SCHEME over short periods of time, i.e. over periods of, say 3 to 5 years, and that its financial position, including the rates of contribution should be subject to periodic actuarial review. In these circumstances, I have recommended in para 4 ante, just though, but not excessive, rate of contribution in the hope that it would be reviewed periodically at intervals of 3 to 5 years.

(ii) With this end in view the following safeguards are to be provided as part and parcel of the recommendations made under para 4 ante.

(a) In the Statute promulgating the Unemployment Insurance SCHEME, a provision should be incorporated enabling the Central Government to vary the contribution rate from time to time subject to a maximum of 5 per cent of the workers' wages- $2\frac{1}{2}$ per cent being payable by the employer and the balance $2\frac{1}{2}$ per cent by the employees. The Central Government should be enabled to make the variation on the advice of an Actuary. (This would obviate the necessity for approaching the parliament, at short intervals, for revision of the rate of contribution, so long as it is within the approved ceiling).

(b) After the SCHEME has been in force for a period of 2 years, a review should be made of the assets and liabilities of the SCHEME by a qualified Actuary; (This would be necessary as, in the absence of reliable statistics, we should take the earliest opportunity to test the continued adequacy of the rate of contribution, solvency etc. in the light of experience gained.) Provision should also be made for quinquennial valuations thereafter.

6. EXPENSES ON ADMINISTRATION:

(a) In the recommendation made in para 4 ante, no allowance has been made for the expenses on administration, as the same is intended to be met entirely by the Central Government. The amount of expenditure on administration would depend on (i) the nature, function and type of offices that are to be set up for disbursement of cash payment, verification of claims,

certification etc. and (ii) the total number of insured persons covered by the SCHEME.

(b) The SCHEME provides a sum of 10 per cent of the total contribution towards expenses on administration. This sum may NOT be sufficient, if option is given to the employees of the EP & CMP Funds coming within the purview of the I.D. Act, since the number of persons to be covered on a compulsory basis may be very small and the number opting for the SCHEME may also not be sizable particularly at the inception of the SCHEME; in that event it may not be possible within the available amount to set up sufficient number of field offices, which are necessary for an effective administration of the SCHEME.

7. OPTION:

7.1. As regards allowing options to workers covered by the ID Act, the following points need careful consideration:-

(a) The general experience is that where option in such matters is given, it is only those that are absolutely sure of their benefit, that exercise it. Where there is even a doubt as to the possibility of any benefit to themslves, no such option would be exercised. In the present case, employees within the purview of the ID Act would be entitled for retrenchment compensation free of any contributions on their part and it is highly doubtful whether any of them would opt for the Unemployment Insurance SCHEME. The temptation of 'continuing membership of P.F. SCHEME' during periods of unemployment, would not, by itself, be a sufficient incentive even for those (i.e. those who have put in less than six years' service) who are likely to get comparatively/ for which they have to contribute.

/ a higher cash benefit under the SCHEME

(b) Any insurance SCHEME of such high social importance should aim at having as broad a base as possible; giving options would weaken this principle.

(c) There may not be sizeable number coming within the purview of the SCHEME for a sufficiently long time and the SCHEME, consequently, may not be viable.

(d) The persons who would come within the covered group are likely to be the ones experiencing an increasingly higher retrenchment rate; consequently, the contribution rates may have to be increased in course of time.

(e) If the coverage is small, as it is likely to be if option is given, the expenses on administration would be proportionately heavy vis-a-vis contributions collected.

B (vii)

(f) Many pockets of sparse areas are likely; economic and effective administrative arrangement may be very difficult.

7.2 Taking all the above factors, namely,

(a) the number that would initially be covered under the compulsory categories of the EPF & CMPF would almost be negligible, the former being very much less than 50,000 out of total about 42 lakhs and in the latter almost 'nil' out of a total of about 4 lakhs;

(b) the number that is likely to opt for the SCHEME in both the categories in view of the benefits they are now enjoying without payment of any contribution on their part would be comparatively smaller at least for a few years after the commencement of the SCHEME:

(c) the difficulties of setting up viable number of administrative offices to effectively administer the SCHEME for the small number of employees that would be covered initially; and

(d) other circumstances referred to in sub-paragraph 7.1 ante.

I recommend the adoption of a unified SCHEME for the employees covered both under the EPF & CMPF applied on a compulsory basis to all those covered by both the schemes (vide para 4(d) - ante). This would be a viable unit having as broad a base as circumstances would permit, thus adding to the forces that would go to build up a stable SCHEME. This would also have the added advantage of the possibility of the expenses on the administration being within the allotted 10 per cent of the contributions at least for the first few years of the implementation of the SCHEME.

Sd/- V.R. Natesan,
13.7.1965
Actuary,
Employees' State Insurance
Corporation, New Delhi.

ANNEXURE-C

Resolutions adopted at the meetings of the Boards of Trustees, of two Provident Funds.

.....

1. Resolutions adopted by the Central Board of Trustees, Employees' Provident Fund:-

(i) At the meeting held on the 6th February, 1965, that

"The Board decided / the proposed Scheme might be placed before the Board at its next meeting for further consideration after working out more details. It was also decided to place on record that the workers' representatives on the Board welcomed the Scheme in principle."

(ii) At the meeting held on the 19th May, 1965.

" while the objective of a Scheme of Unemployment Insurance was appreciated by the Board, further clarifications of the issues raised were necessary. A detailed Scheme should be prepared and placed before a special meeting of the Board of Trustees to be called soon and before the next meeting of a tripartite body preferably the Indian Labour Conference. The Employers' Organisation agreed to supply whatever information was called for from them".

2. Resolutions adopted by the Board of Trustees, Coal Mines Provident Fund:-

(i) At the meeting held on the 11th February, 1965.

"The Board desired that Government might circulate the Scheme to the Employers' and Employees' Organisations for their views and then place it for consideration in a high level tripartite meeting."

(ii) At the meeting held on the 21st May, 1965.

" The Board discussed the draft Scheme of Unemployment Insurance and accepted in principle the desirability of an Unemployment Insurance Scheme. The Board decided that the Scheme complete in all details should be prepared and placed before a joint meeting of the Board of Trustees, Employees' Provident Fund and Coal Mines Provident Fund by the middle of July, 1965. The Scheme may thereafter be placed before the next meeting of a tripartite body, preferably the Indian Labour Conference".

ANNEXURE 'D'

Scope of Compulsory Unemployment Insurance Schemes in some countries

Country	Persons covered	Occupational exclusions	Other exclusions
Canada	All employees and apprentices except specific exclusions.	Agricultural employees private domestic servants Fishermen Teachers Employees of non-profit institutions Private duty nurses Professional athletes Members of the Canadian forces and police forces.	Salaried employees earning over $ 4,800 per year. Spouses and unpaid children Casual employees Subsidiary employees Part-time employees Employees in sparsely populated areas. Commission Agents Corporation directors.
Japan	All employees except specific exclusions Special schemes for seamen and day-labourers	Agricultural employees Teachers and scholars Employees of non-profit institutions Public employees Employees of ambulant enterprises	Employees of firms with less than five employees Seasonal employees Probationers Employees of the National, Municipal, town or village Government agencies or others of a similar kind.

Country	Persons covered	Occupational exclusions	Other exclusions
Norway	All employees and apprentices except specific exclusions Special scheme for seamen	Family employees in agriculture Domestic servants except in hotels Civil servants Fishermen Reindeer breeders Homeworkers	Employees earning under 1,000 Kroner per year Employees over 70 Seasonal employees Occasional employees, Subsidiary Employees Employees receiving no cash wages Commission Agents.
United Kingdom	All employees and apprentices except specific exclusions	--	Employees under 15 Employees over 65 (women 60) Spouses and family labour in home Part-time employees Casual employees Subsidiary employees Commission Agents.
United States	All employees except specific exclusions Special scheme for Railway employees	Agricultural employees Household domestic servants Employees of non-profit institutions Student nurses and interns Newsboys Fishermen	Employees of firms with one to three Employees. Family Labour - Casual employees Commission Agents.

II. Scope of voluntary Unemployment Insurance Schemes.

Country	Persons covered	Occupational exclusions	Other exclusions
Denmark	Paid employees in industry, commerce, agriculture, clerical work, handicrafts, catering, transport and excavation except specific exclusions. Conditional on existence of fund in occupation and locality.	Employees in other industries	Employees with private means Employees under 18 or over 60 Temporary employees persons unfit for regular employment Unpaid employees Subsidiary employees
Finland	All wage earners except specific exclusions Conditional on existence of fund in occupation and locality	--	Salaried employees Employees under 15 or over 70 Employees not of Finish citizenship
Sweden	All employees except specific exclusions Conditional on existence of fund in occupation and locality	--	Employees under 16 Employees over age fixed by fund Family employees Physically or morally unfit employees

III. Scope of Non-Insurance Unemployment Allowance Scheme

Country	Persons covered	Occupational exclusions	Other exclusions
Australia	All persons except specific exclusions	--	Persons under 16 Persons over 65 (Women 60) Temporary residents (less than one year) Seasonal workers with sufficient income Intermittent workers with sufficient income Aboriginal Natives
France	All employees except specific exclusions Self-employed writers, artists, actors, musicians Graduates of schools Special insurance schemes for docers and building employees	Share-fishermen	Employees under 21 Employees over 65 persons not normally employed Seasonal employees Subsidiary employees Physically unfit persons Wives of employees

Country	Persons covered	Occupational exclusions	Other exclusions
Luxembourg	All employees except specific exclusions	Agricultural employees	Employees under 16
	Graduates of schools	Domestic servants	Persons not usually employed
			Seasonal employees
			Commission agents
			Wives of regular employees
New Zealand	All persons except specific exclusions	---	Persons under 16
			Persons qualified for old-age benefit
			Residents of less than one year's standing
			Wives of husbands able to support them

ANNEXURE 'E'

E- i)

I. Qualifying periods for unemployment benefits under Compulsory Unemployment Schemes in some countries

Country	Length of qualifying period	Reference period	Reference period prolonged
Canada	30 weeks of contribution	2 years preceding claim	Unto 4 years for excepted employment, incapacity, or work stoppages during disputes
	and		
	8 weeks of contribution	1 year preceding claim	
Japan	6 months of insurance	1 year preceding unemployment	---
Norway	45 weeks of insured employment	4 years	---
United Kingdom	26 weeks of paid contribution	Since first entry into insurance	Weeks credited for incapacity and unemployment
	and		
	50 weeks of paid or credited contribution	Contribution year preceding current benefit year	
United States	Most states, total wages equal to specified multiple (typically 30) of weekly benefit, or specified sum	12 months (commonly first 4 of 5 preceding quarters; or otherwise four quarters: calendar year preceding unemployment)	
	A few states: specified weeks of employment.		

II. Qualifying periods for Unemployment Benefits under Voluntary Unemployment Insurance Schemes.

Country	Length of qualifying period	Reference period	Reference period prolonged
Denmark	12 months of membership of fund	12 months preceding unemployment	--
	26 weeks of employment	18 months preceding unemployment	--
	39 weeks of employments	--	--
Finland	26 weeks of membership of fund	26 weeks preceding unemployment	--
Sweden	20 weeks of contribution and 52 weeks of contribution	12 months preceding unemployment Since entry into insurance	For sickness, maternity leave instruction, military service

III. Qualifying periods for Unemployment benefits under non-insurance Unemployment Allowance Schemes.

Country	Length of qualifying period	Reference period	Reference period prolonged
Australia	None required	--	--
France	150 days of paid employment	12 months preceding unemployment	--
Luxembourg	200 days of employment	12 months preceding unemployment	Days credited for illness, incapacity, military service up to 100 days
New Zealand	None required	--	--

PROVISIONS CONCERNING UNEMPLOYMENT BENEFIT RATES

I. Under Compulsory Unemployment Insurance Schemes

Canada (Act of 11 July, 1955):

Benefit for single workers : $ 6.00 per week (wage class I) upto $ 23.00 per week (wage class IX) for weekly wages of $ 57.00 or more.

Benefit for workers with dependant: $ 8.00 per week(wage class I) upto $ 30.00 per week (wage class IX) for weekly wages of $ 57.00 or more.

Approximate percentage range: 50 to 35 per cent. for single workers, 70 to 50 per cent for workers with dependants.

Japan (Act of 20 May, 1949):

Benefit rate: 60 per cent of assumed wage of beneficiary's wage class.

Maximum daily benefit: 460 yen.

Norway (Act of 17 July, 1953):

Basic benefit: 3 kroner per day for annual wages of 1,000 to 2,000 kroner (first wage class) upto 10 kroner for annual wages of 8,000 kroner and over (fifth wage class).

Dependants' supplements: 2 kroner per day for first dependant and 1 kroner for each additional dependant. Maximum rates: 90 per cent of wages. Approximate percentage range: 90 per cent. to 35 per cent.

United Kingdom (Act of 22 December, 1954):

Baisic benefit: 40s. per week (30s for married women living with husband and 23s. for youths without dependants).

Dependants' supplements: 25s. for adult dependant, 11s.6d. for first child, and 3s.6d. for each additional child.

United States (Legislation as of 1955):

Basic benefits:

About half the States pay weekly benefit equal to fixed fraction of from 1/26 to 1/20 of quarterly taxable wages, amounting to between 50 rer cent. and 65 per cent. of wages below the wage ceiling. About half the States pay weekly benefit equal to weighted percentage of weekly, quarterly or annual wages, resulting in range of approximately 75 per cent. to 50 per cent. of

Dependants' supplements: about one quarter of the States provide fixed supplement, generally from $ 1 to $ 3 per week, in respect of dependants: usually payable for maximum of two or three dependants and most commonly only for children.

Maximum benefit: virtually all states prescribe maximum weekly basic benefit amount, varying from $ 22 to $ 36; wage ceiling of $ 3,000 per year.

II. Under Voluntary Unemployment Insurance Schemes.

Denmark (Act of April, 1955):

(Voluntary funds fix actual rates, subject to statutory limits.)

Maximum daily benefit amount: 9.00 kroner for single persons and 12.20 kroner for persons with dependants, varied with changes in cost-of-living index.

Dependants' supplements: may be paid at rate of 1.30 kroner a day per child.

Rent allowance: not to exceed 54 to 81 kroner per month, varied with cost-of-living index and size of commune.

Fuel allowance: may be made for minimum of 40 days from 1 October to 31 March, 61 kroner for single persons and 95 kroner for breadwinners.

Maximum rates 80 per cent. of going wages in occupation for workers with children, 66⅔ per cent of such wages for other workers.

Finland (Act of 14 June, 1951):

(Voluntary funds fix actual rates, subject to statutory limits)

Maximum benefits: 66⅔ per cent. of going wages in occupation or 360 marks per day whichever is less for workers supporting child or parent incapable of work; three quarters of proceding maximum for other workers.

Sweden (Act of 8 May, 1953):

(Voluntary funds fix actual rates, subject to statutory limits.)

Maximum basic benefit: 20 kroner per day (actual benefits in 1953 ranged from 5 to 17 kroner).

Dependants' supplements: 2 kroner for adult dependant or house-keeper and 1.50 kroner for each child per day.

Maximum rates: 60 per cent. of going wages in occupation for non-breadwinners and 80 per cent of such wages for bread-winners.

III. Under Non-Insurance Unemployment Allowance Schemes.

Australia (Act of 25 September, 1952):

Basic benefit: £2.10s. per week (£2 for youths aged 18 to 20 and £1.10s. for those aged 16 to 17).

Dependants' supplements: £2 for dependant spouse or house-keeper, and 5s. for first child.

Means test: other income in excess of £1 per week deducted from benefit.

France (Decree of 18 February, 1954):

Basic benefit: 300, 290, 260 or 225 francs per day according to size of commune.

Dependants' supplements: 130, 125, 115, or 100 francs per day, according to size of commune, for non-employed spouse or dependant parent.

Maximum rate: 66⅔ per cent. of wages of household.

Means test: benefit plus other income of household may not exceed prescribed maximum.

Luxembourg (Decree of 17 December, 1952):

Benefit rate: 60 per cent. of wages under wage ceiling.

Means test: other income in excess of 25 per cent. of benefit deducted from latter.

Newzealand (Act of 1 October, 1954)

Basic benefits: £3 7s. 6d. per week (£2 5s. for youths aged 16 to 19)

Dependants' supplement: £3 7s.6d. for wife or housekeeper.

Means test: benefit reducible at administrative discretion in respect of other income or property.

ANNEXURE 'G'

MAXIMUM DURATION OF UNEMPLOYMENT BENEFITS

I. Under Compulsory Unemployment Insurance Scheme

Country	Normal maximum benefit period	Execution or additional limits
Canada	36 weeks	May not exceed one-half of weeks of contributions in last 2 years.
Japan	180 days in 1 year	-
Norway	15 weeks in 12 months	May not exceed one-third of contributions weeks minus benefit weeks in last 4 years.
United Kingdom	180 days for each unemployment	Extended 3 days for each 5 weeks of contribution in last 10 years, minus 1 day for each 10 days of benefit in last 4 years, for employees with 5 years, of insurance; maximum duration - 492 days.
United States	About half of States: 26 weeks in year Most other States: 20 to 25 weeks in year.	Total benefits in year Commonly limited to about one-third of wages in previous year.

(G - ii)

II. Under Voluntary Unemployment Insurance Scheme

Country	Normal Maximum benefit period	Exceptions or additional limits
Denmark	250 days in year for most funds	Statutory minimum: 90 days
Finland	120 days in 12 months	240 days in 24 months
Sweden	138 to 156 days in 12 months for most funds	Statutory minimum and maximum: 90 and 156 days.

(C iii)

III. Under Non-Insurance Unemployment Allowance Scheme.

Country	Normal maximum benefit period	Exceptions or additional limits
Australia	Unlimited	--
France	Unlimited	Administrative termination authorised in specified circumstances; allowances decreased 10 per cent. for each year of unemployment.
Luxembourg	26 weeks in 12 months	--
New Zealand	Unlimited	--

ANNEXURE 'H'

CONTRIBUTION-RATES FOR UNEMPLOYMENT INSURANCE

(Percentages of insured wages, unless otherwise indicated)

Country	Employer	Employee	Public authorities
Canada £	1.0 to 1.3	1.0 to 1.3	0.4 to 0.5
Japan £	0.8	0.8	0.8
Norway	0.5 to 1.3	0.5 to 1.3	0.3 to 0.6, plus deficit
United Kingdom	*	*	*
United States	0.0 to & 4.0	--	--
Denmark %	0.2	2.0	2.7
Finland	--	@	50 to 67% of benefits
Sweden	--	@	40 to 75% of benefits
Australia	*	*	--
France	--	--	Whole cost
Luxembourg	--	--	Whole cost
New Zealand	*	*	*
Netherlands	1.1 to 5.6	1.1 to 5.6	1.2

* Single joint contribution for several social security branches.

£ Wage classes used; figures shown represent approximate range.

% Averages for all funds; rates for employees vary among funds from 0.2 to 4.0 per cent.

@ Vary by industry.

& Varies among individual employers; national average 1.2 per cent. in 1954

ANNEXURE I

Convention (No. 102) concerning minimum standards of Social Security.

The General Conference of the International Labour Organisation,

Having been convened at Geneva by the Governing Body of the International Labour Office, and having met in its Thirty-fifth Session on 4 June 1952, and

Having decided upon the adoption of certain proposals with regard to minimum standards of social security, which are included in the fifth item on the agenda of the session, and

Having determined that these proposals shall take the form of an international Convention,

adopts this twenty-eighth day of June of the year one thousand nine hundred and fifty-two, the following Convention, which may be cited as the Social Security (Minimum Standards) Convention, 1952:

**** **** ****

Part IV. Unemployment Benefit

Article 19

Each member for which this Part of this Convention is in force shall secure to the persons protected the provision for unemployment benefit in accordance with the following Articles of this part.

Article 20

The contingency covered shall include suspension of earnings, as defined by national laws or regulations, due to inability to obtain suitable employment in the case of a person protected who is capable of, and available for work.

Article 21

The persons protected shall comprise -

(a) prescribed classes of employees, constituting not less than 50 per cent of all employees; or

(b) all residents whose means during the contingency do not exceed limits prescribed in such a manner as to comply with the requirements of Article 67; or

(c) where a declaration made in virtue of Article 3 is in force, prescribed classes of employees, constituting not less than 50 per cent of all employees in industrial work places employing 20 per cent or more.

Article 22

1. Where classes of employees are protected, the benefit shall be a periodical payment calculated in such a manner as to comply either with the requirements of Article 65 or with the requirements of Article 66.

2. Where all residents whose means during the contingency do not exceed prescribed limits are protected, the benefit shall be a periodical payment calculated in such a manner as to comply with the requirements of Article 67.

Article 23

The benefit specified in Article 22 shall in a contingency covered, be secured at least to a person protected who has completed such qualifying period as considered may be necessary to preclude abuse.

Article 24

1. The benefit specified in Article 22 shall be granted throughout the contingency, except that its duration may be limited -

(a) where classes of employees are protected, to 13 weeks within a period of 12 months; or

(b) where are residents whose means during the contingency do not exceed prescribed limits are protected, to 26 weeks within a period of 12 months.

2. Where national laws or regulations provide that the duration of the benefit shall vary with the length of the contribution period and/or the benefit previously received within a prescribed period, the provisions of sub-paragraph (a) of paragraph 1 shall be deemed to be fulfilled if the average duration of benefit is at least 13 weeks within a period of 12 months.

3. The benefit need not be paid for a waiting period of the first seven days in each case of suspension of earnings, counting days of unemployment before and after temporary employment lasting not more than a prescribed period as part of the same case of suspension of earnings.

4. In the case of seasonal workers the duration of the benefit and the waiting period may be adapted to their conditions of employment.

STANDING LABOUR COMMITTEE

(24th Session)

Item 13: Payment by Result

M E M O R A N D U M

Attached herewith is a note on 'payment by result' prepared by Dr M.L. Gupta, Assistant Economic Adviser in the Ministry. Part I of the note contains definition and objectives of 'payment by result', growth of the system, its application in India, suitability or otherwise of payment by result in certain types of industries/occupations, its merits and demerits and the spirit in which a plan of payment by result is to be approached. Part II states certain prerequisites which have to be ensured in introducing a plan of payment by result. Main sources of information pertaining to India with the limitations of the data available are discussed in Part III. An attempt has been made in Part IV to indicate the extent of payment by result introduced in various sectors and industries in India. The main features of plans of incentive payments commonly found in similar undertakings are also given. Part V presents a broad picture that emerges from the foregoing account and states the points to be emphasised in the Indian context. The importance of developing this system from the viewpoints of workers, employers and the community has been made clear. Also the need of complete association of employers and workers in any studies undertaken by technical experts for determining workloads has been stressed.

2. The main points emerging out of this note for consideration of the Standing Labour Committee are:

(a) What steps can be taken to complete the information base given in the note?

(b) Should a recommendation be made to extend 'payment by result' to those undertakings in which it has not been tried but where some units of the industry concerned have already introduced the system? If so, should there be a tripartite group to process the matter?

(c) What steps should be taken to secure co-operation of the experienced industrial units for sharing their experiences with other undertakings which feel inclined to embark upon incentive wage plans?

(d) Whether certain aspects of this matter require further study and; if so, what steps should be taken to undertake the studies?

(e) In general, what other steps should be taken to promote further the growth of the system of payment by result in Indian Industry.

Item 13 of the agenda of the Standing Labour Committee
(24th Session)

NOTE ON PAYMENT BY RESULTS

(Prepared by Dr M.L. Gupta, Assistant Economic Adviser, Ministry of Labour and Employment)

I

The term 'payment by result' connotes a system of remunerating workers under which the earnings of a worker (or a group of workers) are directly, promptly and automatically related to his output by a pre-determined formula relating his actual performance to a specific standard of performance. The systems of payment by result can broadly be classified into (1) those which relate to individual workers and (2) those which relate to groups of workers in a section or department of an industrial establishment. In a very broad sense, piece-rate wages come within the connotations of payment by result. However, piece-rate wages which are determined completely proportionate to output, have little incentive as such and these are ordinarily excluded from the modern concept of payment by result. It is important to emphasise this point as in many circles piece-rate wages and payment by result are often taken as synonyms which is not correct. Although a little in-built incentive exists in a piece-rate wage, it can at best be regarded as an elementary form of payment by result - quite different from the modern concept of payment by result. It may be added that the terms 'wage incentive plans' and 'payment by result' will be used in this note interchangeably.

2. Modern wage incentive plans have developed mainly in two systems. Under the first system, employers and workers share the savings in direct labour costs resulting from increased production. The logic underlying the plans under this system is that the sharing feature would eliminate the possibility of management's desire to cut rates. The Halsey, Rowan plans are examples of plans under this system. The second system is the method of setting standards of performance with the underlying logic that doing so would automatically eliminate rate cutting and restrictions of output. F.W. Taylor was the was the chief exponent of this system in 1880's. Many plans similar to his have been devised since then.

3. The principal objective of payment by result is to offer an incentive (generally a financial incentive) to individual workers or group of workers to produce work of an acceptable quality over and above a specified quantity or standard thereby raising labour productivity and workers' standards of living and enabling the management to achieve lower cost per unit of output at the same time.

4. The need for payment by result is all the more urgent in India where earnings of workers are very inadequate and their level of living is low. The Second Five-Year Plan recommended introduction of payment by result subject to adequate safeguards

for workers and emphasised that earning beyond the minimum wage should be related to results. A specialist from abroad, has expressed the view that there is tremendous scope for incentive schemes in India so much so that in amany of the Indian factories a good incentive plan would eventually increase effort by over 100%. The Russian team of experts which went into the details of wage structure and systems of wage payment in 28 undertakings of the public sector in India, has advocated a phased change-over to payment by result. The Sub-Committee of the Projects Coordination Committee emphasised the place of payment by result in Indian conditions of limited resources. More recently the idea of payment by result has gained further ground in official and industrial circles in the country.

5. Payment by result does not hold good in some sectors of the economy and in certain occupations, but it is eminently suitable in certain industries. Industries in which measurement of individual or group output is impossible or difficult, industries in which control of quality is necessary, industries in which work is specially hazardous, payment by result is not suitable and wages there have to be time-rated. Then there are some jobs which can be remunerated under an incentive scheme, but others such as the job of an Inspector who has to approve or reject, the jobs of men in the service of an electricity sub-station or a fire-brigade and the like which involve "attending" rather than "working", have to be paid for by time.

6. For an objective consideration of the subject, it may be appropriate to mention that payment by result is not an unmixed good. It has the merit of (a) increasing productivity and/ and lowering / output cost of production, (b) enabling workers to enhance their total wages almost immediately, (c) reducing the need of direct supervision and watching over labourers, (d) helping the management to estimate labour costs in advance more accurately than under payment by time and thus enabling the management to exercise budgetary control, (e) reducing labour turnover, absenteeism and late coming to work places etc. At the same time it suffers from the disadvantages of (i) possible loss in the quality of products, (ii) possibility of development of a feeling on the part of the management to absolve itself of the responsibility of improving productivity or the management's abdiction of its responsibility for improving methods, processes and designs which are vital to enhance productivity, (iii) some workers earnings more than enough after introduction of payment by result and their affording to sit back from work a few times, thus increasing absenteeism, (iv) considerable cost involved in preparing the necessary ground for introduction of an incentive plan (as will be clear shortly), (v) possible disregard of security regulations with the result of accident rate going up, and the like. The I.L.O.'s conclusion in this respect is that on balance it would appear that in many industries or undertakings, a well-designed system of payment by result introduced with the agreement of the workers in accordance with the conditions in the country concerned and accompanied by appropriate safeguards for the workers can yield advantages to all concerned

In this connection, it is important to note that no scheme, however scientific, can be free from objection from one side or the other, and that mutual acceptance of workloads is far more important than the science which provides a formula for workload.

II

7. In introducing a plan of payment by result; certain prerequisites have to be ensured both on the scientific and organisation-cum-psychological planes. The scientific prerequisites include work study comprising methods study and work measurement, job evaluation, restudy and review of job contents with regular intervals, trained staff to operate the scheme smoothly and fairly to all concerned. Among these, methods study and work measurement are most fundamental.

8. By methods study one can have detailed acquantance with the modes of operation and laxity or wastages involved in the methods used in an undertaking. Further, the best methods for performing a job are determined, and job conditions and methods of doing the work are standardised. Work measurement requires (a) dividing the job into elemental motions, (b) recording the time required for each element, (c) determining the average time for each element, (d) adjusting the average observed time for each element to establish the time required by a 'normal' workers, (e) determining allowances for personal time, unavoidable delays and fatigue and (f) adding all the 'normal' elemental times and the necessary allowances to get the standard time for the job. Methods study and work measurement (put together known as work study) are so vital before launching any modern scheme of payment by result that if such a scheme is installed now without complete work study, it is considered to be a lack of foresight and bad factory planning. The other scientific prerequisites mentioned above appear to be relatively simple to follow and, in any case, it is not possible to explain them in a brief note of this type.

9. On the side of organisational-cum-psychological prerequisites, the first and foremost thing is the existence of good relations between the management and workers concerned - a requisite which alone can pave the way for necessary collective bargaining between these parties for introducing an incentive plan. A authoritative view in this respect is that the task of installing a successful incentive scheme is one of the most difficult and complex of management jobs and should be approached with great care and forethought.

10. Next, a plan of payment by result can be operated successfully if the output and the work effort of a workers or a group of workers are capable of accurate measurement, if the quality of the product is capabele of being controlled and adequate devices have been evolved for it, and if there is sizeable scope for an increase in the output of an undertaking or of an industry in relation to demand and related market conditions. Further, in order to give a direct motivation to an individual worker to contribute his best, it is only desirable and necessary that his earnings should be directly connected with his

productive activity, and this can happen either when the incentive plan is applicable to individual workers or to homogeneous groups of workers. If it is a general overall scheme which covers all the workers in a large undertaking with different departments and shops, the day to day contributions of individuals workers or groups of workers doing a variety of jobs in the undertaking will be so remote from the final product that the incentive intended to be offered to them will cease to be a direct motivating force at the workers' level. It will be especially true when the relative importance of contributions of individual workers or of small homogeneous groups of workers towards final product are not the same.

11. Another requisite is that quality of work is maintained not only to satisfy the management (as one of the most common experience the world over regarding payment by result in initial stages has been adverse effect on quality), but even in the long-term interest of workers themselves; for if an undertaking's name goes down in the market because of deteriorating quality, sooner or later it is bound to lose market, its profitability, capacity to face competition thus finally spelling disaster to the workers and management by its eventual closure.

12. A plan of payment by result in an undertaking should cover as large number of workers (of all types) as possible, with details of the plan adjusted to different types of workers. If workers engaged in direct production lines only are covered, and their colleagues engaged in maintenance and service departments are excluded from the purview of an incentive plan, this situation may lead to non-cooperation, reluctance to do any extra work on the part of the excluded workers, friction, wastages and the like. It may be added that there should be an agreement in advance between management and employees regarding any possible redundancy as a result of introduction of an incentive plan.

III

13. In our country piece-rate wages (often regarded by some as payment by result) have been in vogue in many branches of various industries. In the recent past, several relatively simple schemes of payment by result have been introduced in quite a few industrial undertakings, docks, etc., and a touch of incentive seems to have been given in coal mines and plantations. In this sphere a systematic but very limited enquiry was undertaken by the Labour Bureau in 1955, followed by the First Wage Survey of 1958-59 in which some information on the features of the incentive schemes in vogue was obtained from select undertakings on a sample basis. More recently in 1963-64, the Second Wage Survey has been conducted and a schedule eliciting information on incentive payments was also convassed in the Survey. But an important limitation of the Second Wage Survey data is that not much information has been collected regarding special features of the incentive schemes. Wherever these were found in operation in the sampled units of industries covered by the Survey. The data of the Wage Surveys as also

sources including completed reports of Wage Boards have been studied for preparing this note.

14. The Second Wage Survey has certainly tried to improve the range and scope of data collected in regard to incentive plans existing in select industrial units surveyed, but the schedules of this Survey were not designed especially to elicit information regarding the special features of the incentive schemes. In important industrial undertakings where incentive schemes are known to be in operation now as revealed by this Survey, it may be necessary for the Ministry of Labour and Employment to have detailed ad hoc studies of a group of diverse industries to assess precisely as to what form of payment by result would suit in different cases and what can be recommended to those undertakings which have either not introduced an incentive scheme so far or which have not succeeded in a particular type of incentive scheme that they happened to choose for themselves.

IV

15. For Dock Workers, incentive tonnage schemes have been formulated and given a trial at most of the major ports in the country. A typical feature of these schemes is to lay down daily wages of workers of different categories and to make an incentive payment for the actual outturn over and above the prescribed minimum norm with reference to the Rates Table. Under these schemes, minimum guaranteed earnings to workers are provided. If in any shift, the incentive earning of a worker due under the scheme falls short of the said minimum, the employer makes up the deficiency provided that the fall in earnings is due to circumstances beyond the control of workers. The general impression gathered from the major ports is that the incentive schemes have resulted in substantial increases in the workers' earnings and the outturn of cargo handled has improved.

16. Incentive schemes are wide-spread in the coffee, tea and rubber plantations. The report of the Central Wage Board for Coffee Plantations industry which has just been released states that in the coffee-plantations, picking and gleaning are time-rated-cum-incentive jobs; spraying, manuring and pruning are time-rated, and shade lopping, wooding, pitting and trenching are task-rated jobs. There is, however, no uniform practice followed regarding task-rated and time-rated jobs. In many occupations, time rates are not linked to the full 8 hour day, but to the performance of tasks. For instance, in the case of picking, daily wage is paid for picking of specified quantum of coffee and for every additional unit of output the worker is paid an incentive payment, the minimum wage having been guaranteed. It is also reported that the prescribed tasks are usually such that the workers can complete them in less than 8 hours. Data collected under the Second Wage Survey for this industry corroborate incentive payment for picking

and gleaning operations in most of the estates. The same Survey furnishes data for the inference that in the tea plantations, incentive payments take the form of "extra plucking wages" in a large number of estates. In rubber plantations, according to the same source, incentive payments are made for extra tapping in the form of "extra pound wages" or " "over pound wages" for tapping trees more than the fixed norm.

17. In coal mines, piece-rate wages seem to be widespread, but incentive schemes as well have been introduced in a few mining areas (in 1 out of 10 sample cases). For the coal mining in the public sector, the National Coal Development Corporation has introduced an incentive scheme in the year 1963 for class 'A' workers, class 'B' workers and supervisors. To illustrate, the incentive amount payable per day to a class 'A' worker is equal to his daily wage multiplied by the excess of his labour productivity index (expressed in percentage) minus 50 per cent productivity index. To guard against inadvisable payments to inefficient workers, the scheme lays down that for an incentive period no incentive shall be paid to any worker working in a quarry whose individual index is less than half of the labour index of the group to which he belongs. Separate formulae have been laid down for class 'B' workers and supervisors. In the manganese mines, incentive plans have made little headway. In 1 out of 50 mines in the sample of the Wage Survey it was found that a production bonus scheme for dressers and miners who represent about two-fifths of its total number of workers was in operation. A few of the iron ore mines of the Survey sample have production bonus scheme for groups of workers, for a sizeable proportion of their total employees - one such mine in the public sector has production bonus scheme for over 90% of its workers.

18. The cotton textile industry, besides having piece-rate wages for a large proportion of its employees, has the systems of individual incentive payment as well as group incentive payment in different mills. The occupations generally covered under incentive schemes in this industry are those of jobbers, double siders, oilers, single siders, drawing tenters and the like. A leading mill has been paying 'efficiency reward' (incentive bonus) for the last three decades. In all the sections where the scheme is in force, production is registered on meters fitted to the machines. On the basis of the machine speed, the maximum production that can be obtained on a particular machine is calculated. Average normal production target for that machine is found out on the basis of its 100% production and normal expected losses due to usual reasons. Any production over and above it shows less time lost (or time saved) by the workers concerned and is encouraged by the efficiency reward. Incentive schemes for individual workers are in operation in about one-third units of the Jute textile industry. The occupations covered are those of weavers, warp winders, hessian warp spinners, etc.

In the silk textile industry, individual incentive schemes are practised in quite a few units (about 18% of the sample units) for reelers cocoon, warpers, weavers, etc. The general pattern is that after crossing a pre-fixed production norm, the workers are paid incentive bonus for the excess production. In the woollen textile industry also (in about 5% units) incentive schemes have been noticed for cardin , spinning, finishing departments etc. and they are akin to those just mentioned for the silk textiles.

19. In the iron and steel industry, where employment in individual plants is large, it is gratifying that incentive schemes have been introduced in all the public sector plants and in the major plants of the private sector covering over 90% (in some cases almost cent per cent) workers. In the allied industries such as metal rolling, rough casting and forging and bolts and nuts, the proportion of units having incentive wage plants is not significant (being only 30%, 6% and 4% respectively), but wherever payment by result has been introduced, large proportions of workers are getting incentive wages. Interestingly enough, one industrial undertaking producing bolts and nuts, besides special steel and some engineering goods, has over 6,000 workers in employment and the individual incentive scheme in operation there covers all workers without exception according to the Wage Survey.

20. In agricultural implements, textile machinery and machine tools industries also, group as well as individual incentive schemes have been observed in 8%, 15% and 14% units of the sample. The general pattern is that after a fixed norm of output is crossed, the workers get incentive bonus for different limits of work at different rates. In a unit of the textile machinery industry, practically all of the 800 workers employed are benefited by its incentive scheme.

21. In the electircal machinery industry, most of the big units but overall about one-third units of the industry have incentive schemes. In two units of this industry employing about 500 and 1,500 workers respectively, nearly all workers are stated to be covered by a production bonus scheme. In the other units lesser proportions of workers are benefited by the incentive schemes.

22. In the ship building industry, the relevant information available about 1 unit out of 14 included in the Wage Survey sample is that about 2,400 workers out of a total of about 2,700 workers get incentive payments. It may be interesting to note that most of the major railway workshops (7 out of 9 in the sample) have incentive production schemes - some for individual workers and others for groups of workers. A typical statement of an incentive scheme in the railway workshops is that for different items of work time limits are fixed. If a worker completes the work allotted to him earlier than the scheduled time he gets incentive bonus either for half of the time taken or for the time he saved whichever is less. In the motor vehicle industry, only 1 unit is reported to have started an incentive wage plan, but the remarkable point

of this case is that nearly 1,300 workers get the benefit of the plan. In the cycle manufacturing industry, incentive bonus schemes are prevalent in quite a few units (about 20% units according to the Wage Survey data).

23. An incentive wage plan has been in operation for practically all workers employed in 1 of the 4 units surveyed of the hydrogenated oil industry. In that unit standard time is fixed for a standard performance. The time saved is ascertained and production bonus is paid in proportion to the time saved by various groups of workers.

24. In the cigarette manufacturing, paper and paper products, sugar, cement, tanneries, chemicals, glass, artificial manures, soap and match industries also, incentive wage schemes for individual as well as groups of workers have been practised for some time and have made a good impression on workers' earnings and output of factories. The proportions of units having incentive plans to the total units of the industry concerned are reported to be significant in cigarette manufacturing (66%), glass (16%), paper (14%), Cement (29%), Sugar (21%) and heavy chemicals industries (57%).

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25. It would be seen in the foregoing account of incentive production schemes in select Indian Industries (for which an attempt has been made to collect information through the First and the Second Wage Surveys) that payment by result has established its foothold on the Indian economy. The broad picture that emerges from this account is as follows:-

(a) The incentive schemes or plans of payment by result introduced so far are, by and large, relatively simple.

(b) Not all the units in different industries have introduced incentive schemes. Only some have done so, although for certain industries such as the iron and steel and the railway workshops it can be said that payment by result is practised now in almost all the units of these industries. In docks and plantations also, incentive wage schemes seem to have made an impressive progress.

(c) The incentive schemes are designed to reward the workers in some cases on an individual performance basis, and in other cases on the basis of the performance of groups of workers. Furthermore, in some cases workers get benefit both on account of their individual performance as also because of their part in the collective performance of the group to which they belong.

(d) There are wide variations in the extent of monetary benefits available per worker in different industries, and a generalisation cannot be hazarded in this respect.

26. Certain aspects of payment by result are of universal validity and most of them have been covered earlier specially in Part II of this note. What needs to be stressed in the Indian conditions seems to be that

(i) a distinct effort should be made for improving industrial relations in the country with a view to prepare the necessary ground for collective bargaining (in order to determine specific incentive plans),

(ii) workers should be educated specially to understand that no damages will be caused to machinery and equipment due to their haste in speeding up output performance or as a result of carelessness or by negligence,

(iii) as payment by result envisages unrestricted supply of raw materials, power and related inputs in the production process and as there has been scarcity of these factors for many industries in the past, payment by result can be introduced advantageously only in those industries where the availability of these factors is not likely to be unduly restrictive,

(iv) workers of 'production' department as well as those engaged in 'maintenance' and 'service' departments should be given the benefit of payment by result. Only a few undertakings seem to have practised the system in such a comprehensive manner. It is felt that it should be done widely to develop team spirit in industry but if the basic wage rates for different categories of workers do not appear to have been determined rationally, there would be a case for job evaluation before suitable incentive plans are introduced.

27. Payment by result, despite some of its disadvantages already indicated, has a special importance in our present context of planned economic development. Often, it is said that wages are not only not "fair" or of the level of "living wage", but even lesser than "the need-based minimum" wage. On behalf of the industry, an argument is repeatedly advanced by many that workers' productivity is low and there is not enough cushion for an improvement in their wages. Further, incentive payment should be determined after assessing the prevailing wage situation in an industrial undertaking. It has to be seen as to what extent the wages prevalent for different groups of workers are fair. Cases are not unlikely in which for reasons of (i) bargaining, (ii) wage policy pursued by certain employers and (iii) other related factors, the existing wage level may be favourable to workers in relation to their productivity. It is argued that from the angle of the national economy, many of our export industries are handicapped to compete in the world markets because of relatively high costs of production at home. These conflicting situations can, to a large extent, be reconciled by introduction of payment by result which will give the workers more earnings because of his having worked better;

make the industry pay for the higher output achieved; and lead to a general ease in the supply position of many consumers goods and industrial materials because of higher output. The competitive capacity of our export oriented industries will also improve when, the overhead costs being fixed, higher output will be possible with lesser cost per unit of output.

28. As emphasised in Part-II of this note, methods study and work measurement (work studies) are essential for introduction of a plan of payment by result. Work studies would have to be undertaken at the individual undertaking level as conditions in each factory vary. At each factory it will be necessary to evolve certain yardsticks for uniform comparison of the various products, regrouping of operatives on the basis of work performed, evolving suitable targets or standards for individual groups based on their direct contribution and inter-related factors for purposes of control, and documenting the existing operating procedures in a standard practice for future comparisons. A cost analysis has also to be made to decide the extent of incentive payments desirable and accordingly the incentive payments, in percentages or otherwise, will have to be worked out.

29. The Productivity Centre of the Labour Ministry would be able to undertake pilot studies in a few selected industrial units with the participation of representatives of the management and workers from the concerned factories. Thereafter, the Productivity Centre may provide necessary technical guidance to individual factories for evolving their own plans.

30. Our experiment of payment by result can be enlarged stage by stage. Willing units in an undertaking can learn from the experiences of other units of the same industry which have already successfully tried one or the other incentive wage plans. As already mentioned, work studies can be completed in some cases with the help of the Productivity Centre. The gains of experiences in this sphere should be consolidated, for a rushed job is bound to lead to later troubles.

STANDING LABOUR COMMITTEE

(24th Session)

Item 14: Question of recognition of certain organisations as Central Trade Union Organisations of Workers.

M E M O R A N D U M

At present the Government of India have recognised four central trade union organisations viz., INTUC, AITUC, HMS and UTUC, for representation at Tripartite forums like the Indian Labour Conference. Representation to workers' organisations on ILO conferences and committees is given to the most representative organisation based on verified strength in accordance with the constitution of the ILO. Similarly, seats for labour on various Boards and committees set up by the Government of India for different industries are also allotted on the basis of the relative membership figures of these four organisations in the concerned industries. The same principle is also followed in regard to representation in development councils. The membership strength of the four central trade union organisations industry-wise and state-wise are worked out by the CLC's organisation by conducting biennial verification of of the membership of the trade unions affiliated to them as per the procedure adopted at the 16th session of the Indian Labour Conference. A copy of the procedure for verification of membership is enclosed. The following was the result of the verification of membership conducted last as on 31st March, 1963:-

Organisation	Membership	
	Claimed	Verified
I.N.T.U.C.	18,28,783	12,68,339
A.I.T.U.C.	10,37,884	5,00,967
H.M.S.	5,84,851	3,29,931
U.T.U.C.	1,82,643	1,08,982

2. In the year 1957, the Bharatiya Mazdoor Sangh had approached the Government for recognising that organisation as a central trade union organisation claiming a membership of 72,000 in 19 trades. The Ministry of Labour and Employment requested that organisation in January 1958, to furnish the particulars of their affiliated unions and their membership as on 31-7-1957. In response thereto, 57 unions claiming total membership of 11,796 intimated that they were affiliated to the Bhartiya Mazdoor Sangh. In view of their insignificant claimed membership, no action was taken to recognise that organisation. Now a request has been made by the Hind Mazdoor Panchayat claiming a membership of 1,88,445 in 219 unions. Similarly the Indian Federation of Indian Trade Unions has also requested recognition stating that they represent not less than 3,00,000 workers.

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3. At the seventeenth session of the Indian Labour Conference held in Madras in 1959, it was decided that Organisations claiming representation on the Indian Labour Conference should have an all-India character with a minimum membership of one lakh spread over a number of States and a sizeable membership at least in the majority of industries. The entitlement to representation on the Standing Labour Committee should be more restricted. The allocation of seats to each organisation should be based on the relative strength of each organisation determined in accordance with the latest available data regarding its membership.

4. It is for consideration (i) whether the Government of India should recognise any more central trade union organisation; (ii) if so, whether the same procedure adopted in assessing the membership claimed by Bharatiya Mazdoor Sangh in 1958 should be adopted for undertaking a preliminary verification before recognising the concerned organisation; (iii) what should be the minimum strength for eligibility of an organisation to such recognition; and (iv) whether the organisation concerned should be asked to convey its acceptance to the existing verification procedure before the recognition.

ANNEXURE-I

Revised procedure for verification of membership of Trade Unions.

(1) The existing procedure of requesting the four All India Organisations viz. Indian National Trade Union Congress, All India Trade Union Congress, United Trade Union Congress and Hind Mazdoor Sabha) to furnish particulars of their claimed membership on or before the 15th August of the year in which verification is conducted will remain unchanged. The unions affiliated to these organisations are required to furnish the annual return to the Registrars on or before 31st July of the year in which verification is conducted. The All India Organisations may therefore furnish the claimed list by 15th of August to the Chief Labour Commissioner.

(2) A copy of the claims of membership submitted to the Chief Labour Commissioner by each of the All India Organisations will be made available to the other organisations in the 3rd week of August. These four organisations will be given a fortnight's time to raise objections, if any, in writing with regard to the claim furnished by other organisations. Any objection received in this connection after the prescribed time limit i.e. 15 days will not be taken into consideration. The Chief Labour Commissioner will get these objections examined through the field officers of his machinery during the course of verification and they will be asked to make specific enquiries in respect of these objections.

(3) In the meanwhile scrutiny will be made by the Chief Labour Commissioner of the claims furnished by the organisations to ensure that the claimed lists are furnished in the prescribed form giving details in respect of registration and affiliation number. The total membership and the grouping of the trade unions in the various sub-heads will also be examined. The claimed lists along with the objections, as referred to above, will be sent to the various Regional Labour Commissioners for verification by the 3rd week of September. The Regional Labour Commissioners will complete the verification work within a period of 8 weeks.

(4) The verified lists will reach the Chief Labour Commissioner's office by the 3rd week of November. The copies of the verified lists will then be furnished to the four All India Organisations in the 1st week of December. They will be again given a fortnight's time to raise objections in writing, if any, in respect of verification results of the unions affiliated to their own organisations, as well as to the other organisations. Any objections received after the prescribed date will not be taken into consideration.

(5) Objections received will be placed before a Committee composed of one representative each of the four Central Trade Union Organisations. This Committee will meet under the Chairmanship of the Chief Labour Commissioner or his representatives. All the objections raised will be taken into consideration by the Committee and efforts will be made to resolve the disputes. Such of the disputes which this Committee fails to resolve will be reported along with the necessary particulars to the Ministry of Labour and Employment.

STANDING LABOUR COMMITTEE

(24th Session)

Item No. 15: Industrial Disputes Act, 1947 - Proposal to exclude services in hospitals and dispensaries from the scope of.

MEMORANDUM

The Industrial Disputes Act, 1947, at present covers the services in hospitals and dispensaries within its fold. The First Schedule to the Act also enables the 'appropriate Government' to declare these services as public utility service for a period of six months at a time, when the public emergency or public interest so requires.

2. A proposal that the services in hospitals and dispensaries should be excluded from the purview of the Industrial Disputes Act, 1947 has come up for consideration of the Government of India. The main arguments in favour of the proposal are as follows:-

(a) Hospitals are establishments of the Medical Services which have been characterised as "Social Services" in consonance with the concept of a Welfare State. They render an essential public service.

(b) Hospitals are not commercial departments, and the profit motive, if any, is completely subsidiary.

(c) Hospitals are perennial institutions with no possibility of any 'lay-off" in the sense of retrenchment or temporary closure as in an industrial undertaking on account of shortage of material or equipment, break-down of machinery, etc. as is envisaged in the Industrial Disputes Act.

(d) For the efficient running of a hospital, discipline amongst the staff is of utmost importance. The enforcement of discipline becomes difficult when collective action can be resorted to through the formation of labour unions. On the other hand, slackness and indiscipline thrive.

(e) When the employees strike, it is not production that suffers but the already suffering patients.

(f) The provision for the declaration of hospitals as public utility service is mainly intended to avoid lightning strikes and is not sufficient for maintaining order and discipline among the hospital staff in the interest of the patients.

(g) The special role of hospitals in Nation's life and the noblest human qualities and the highest type of service called for while serving these institutions, are jeopardised when hospital workers take cover under the protection afforded to them under the Industrial Disputes Act at the expense of the ailing patients.

(ii) In view of the small number of hospitals available in the country as compared to the needs of our growing population and also to prevent, in time, the all-round deterioration of standards of cleanliness, discipline and service, hospitals which have hitherto been considered as 'industry' for purposes of the Industrial Disputes Act should cease to be so regarded.

(i) The Medical Colleges being educational institutions are not covered by the provisions of the Industrial Disputes Act, but, the hospitals used for their teaching and demonstration work, are. Several of the categories of staff of Class IV, including drivers and peons are common to educational institutions and the hospitals. The present position is that those in the hospitals are covered by the provisions of the Act while the others are not. This position is therefore such that calls for a review.

3. The following arguments are adduced against the exclusion of hospital from the Industrial Disputes Act:

(a) So far as the argument of rendering essential public service is concerned, the service in hospitals and dispensaries has been included already in the First Schedule of the Act for purposes of declaring it an essential public utility service. When any service is declared as such, the employees are prohibited from resorting to strikes without proper notice of 14 days. The penal provisions for any breach of this provision should be sufficient deterrent to lightning strikes.

(b) Though there is no profit motive by and large in the organisation of hospital services, yet there are a number of such institutions, where the presence of this motive cannot be denied, e.g. private nursing homes. The conditions of service, etc. of their employees cannot be left entirely to the discretion of their employing authorities and some safeguard has to be provided against exploitation of labour and unfair labour practices by them.

(c) It is obvious that there is need for strict discipline in these services, but it is difficult to concede that the so-called indiscipline among them is a result of their being governed by the Industrial Disputes Act. Removal of this group of workers from the scope of the Industrial Disputes Act will not take away the right of association under the Constitution. They will still be able to organise themselves and make demands. Proper Conduct Rules and Service Rules laying down the acts of misconduct and the procedure for taking action for any breach thereto can be prescribed for all the institutions and enforced whenever there is any breach on the part of the staff. The Industrial Disputes Act does not take away the right of disciplinary action against the staff who are either slack or indulge in acts of indiscipline. Such staff can be dealt with under

(d) If the services are excluded from the purview of the Industrial Disputes Act, the regulations of strikes and lock-outs provided in Chapter V of the Act would also not apply and the employees would be in a position to go on strike without any bar.

(e) If an Association or Union, the members of which are in a position to act in concert, raises demands or disputes and the parties are unable to come to a settlement between themselves there must be some accepted procedure laid down for considering the demands properly and for finally deciding the disputes in an orderly manner. The Industrial Disputes Act attempts to provide the necessary procedure and machinery for this purpose. The Act provides for various stages of handling the relations between the employers and workers from joint consultation and settlement by mutual negotiation to conciliation, and arbitration or adjudication when necessary. If any group of organised workers are to be excluded from the scope of this Act, it would still be necessary to have some alternative machinery which will also have to provide for the basic requirements of fact-finding, mediation and, where necessary, for binding arbitration or adjudication. This would not be basically different from the Industrial Disputes Act.

(f) The proposal was considered by the 16th Session of the Indian Labour Conference held at Nainital in May, 1958 and the consensus of opinion was that a convention should be established whereby the staff in such institutions would not go on strike provided that an effective machinery for the speedy redress of their grievances was set up by the employer.

4. The Standing Labour Committee may consider the proposal and advise in regard to the desirability of excluding the services in hospitals and dispensaries from the scope of the Industrial Disputes Act, 1947.

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STANDING LABOUR COMMITTEE
(24th Session)
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Item - 16 - The role of Labour/Welfare Officers in Industrial Undertakings.

MEMORANDUM

As early as 1932, the Royal Commission on Labour highlighted the importance of Labour/Personnel/ Welfare Officers, and expressed the view that the officers would be helpful to labour mostly in respect of their welfare. The Second World War created a different situation and the Government felt an urgent need to have some officers to maintain good industrial relations and increase productivity during the war. Later the Rege Committee also laid emphasis on this institution. This trend of thought led the Government to make the appointment of Welfare Officers in factories and mines a statutory obligation of the employers. The conditions of service, duties, status, etc. of these officers are now regulated by the relevant Rules framed under the Factories and Mines Act. There is a similar enabling provision in the Plantations Labour Act, 1951. At the 11th Session of the Industrial Committee on Plantation held on 30th and 31st October, 1964, the question of implementation of the provisions of the Plantation Labour Act was discussed. That Committee desired that the Act should be fully implemented and the duties of the Welfare Officers should be clearly defined in the Rules. Accordingly State Governments have been requested to take necessary action regarding framing of Rules in respect of Welfare Officers under Section 18 of the Plantation Labour Act, 1951. The position regarding the relevant statutory provisions is given in appendices I, II and III. Model Welfare Officers Recruitment Rules framed under the Factories Act are given in Appendix IV.

1.2. Matters connected with the duties, status, etc. of Welfare Officers have often come up for consideration at different Committees and Conferences, tripartite of otherwise.

1.3. The primary object of the appointment of Welfare Officers is to secure the welfare of labour. The question of securing the welfare of labour has to be considered from two angles, namely; (i) responsibility of the Government and (ii) the responsibility of the employer. Government has a responsibility to see that by suitable legislation certain basic minimum welfare standards are prescribed and the prescribed standards

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are properly enforced. On this basis, certain welfare provisions have been included in the aforesaid labour legislations. Government's responsibility for enforcement is sought to be discharged through its staff of Inspectors. In the different matter of Industrial relations the responsibilities of Government are discharged by the relevant officers under the Industrial Disputes Act. The employers have the responsibility of seeing that the welfare amenities prescribed by law are fully provided, and if it is possible for them to do so, to do even more for labour than what is laid down by the basic provisions, of the law, and also to see that their relations with labour are properly managed. For the purpose of discharging their responsibility in this respect, all large employers should have a good welfare and personnel department adequately staffed by trained people with the necessary antitudes and personality for this type of work.

1.4. It is often urged that very little is to be gained by compelling the employers by law to employ the Welfare Officers on their staff and attempting to give such Welfare Officers an 'independent' status vis-a-vis the employers by prescribing their salary scales, laying down their functions, and providing for appeals in disciplinary cases to Government authorities. It has been urged that a Welfare Officer employed by the management can function effectively only if he has the confidence of his employer, as well as of Labour and the growth of this confidence is not necessarily facilitated by such legislative provisions.

1.5. It has been sometimes pointed out that in the framing of the relevant statutory rules regarding the functions and conditions of service of Welfare Officers there appears to be mixing up of two very different concepts, namely, enforcement of standards which is the function of an independent authority under Government, and promotion of good personnel administration which is the primary responsibility of management. It has been argued that in actual practice the present legal provisions and rules have not really helped very much in promoting sound personnel administration.

1.6. It is against this background of legal provision that the institution of the Welfare Officers has been a target of criticism from different angles by workers, employers and conscientious Welfare Officers. The workers believe that as the Welfare Officers are appointed and paid by the employers, they are always under the influence of the employers against the interests of the workers. Employers are often of the

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view that Welfare Officers do not generally command the trust of the trade unions and hence are ineffective. The conscientious Welfare Officers complain that though they have been statutorily thrust upon the employers, they cannot do much to serve the cause of welfare of the labour as they hold little real power and the employers' managements are not always willing to follow their advice. Complaints have also been heard that Labour Officers do not find themselves free to devote themselves to the welfare of labour, and that they are some time required even to work against the interest of labour and thereby defeat the very object of their appointment.

1.7. In order to find out facts and also the reasons for general dissatisfaction with the working of the institution of welfare officers, the Ministry issued a comprehensive questionnaire covering all aspects of the system of appointment of Welfare Officers and its working to a representative cross-section of employers' and workers' organisations, professional institutions and associations, State Governments, Union Ministries and Central Government Departments. Over 250 replies were received. An analysis of the views expressed on the more important questions is given in the subsequent paragraphs.

Utility and Working of the present system:

2.1. On the basic question of the utility of having Welfare Officers the views expressed are virtually unanimous. All establishments having such officers have found that the system has enabled management to devote more time to production and generally resulted in improved morale and out-put and reduction in absenteeism and accident rates. It has also led to some uniformity in decisions on labour matters, ensured better implementation of labour laws, awards and agreements, and helped in promotion of labour welfare in an organised manner. Welfare Officers have also been instrumental in improving relations by minimising grievances.

2.2. The professional institutions consider it absolutely necessary that each establishment should have an officer to attend to the workers' problems.

2.3. It is, however, generally held on both sides of the industry that the Welfare Officers have not been able to exercise the influence it was hoped that they would have and that they are in a very difficult position. They are able to play a useful part where they get management support, but these are firms which would probably appoint Welfare Officer in any case.

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Deficiencies and Inadequacies of the System:

3.1. While the utility of the system is generally acknowledged, opinion is divided on the question of continuing it on a statutory basis. The State Governments, trade unions organisations, professional institutions, public undertakings and a majority of private undertakings are of the view that the stage has not yet been reached for repealing the present legislative measures. A number of people among trade unions and Government officials as well as employers also consider that if the relevant legislation was revoked, there would be little change in practice of employing labour officers, though there might be some temporary set back. Although there is not sufficient support for repeal of the present statutory provisions, the views generally expressed suggest that removal of some features against the proper development of personnel management deserves consideration.

3.2. Some deficiencies and inadequacies of the present system have been pointed out by the different groups replying to the questionnaire. According to the employers' group, statutory protection is a handicap for the Welfare Officers in gaining the confidence of the management, and without such confidence their effectiveness is also undermined. On the other hand, such protection tends to encourage detachment and even irresponsibility. Personnel management including the welfare work is a part of the responsibility of the management. If management does not accept this responsibility, it is unlikely that any Welfare Officer whether paid by the State or paid by the management in accordance with the statutory obligations will be able to function satisfactorily or will have influence in the firm. Despite initial difficulties which might be experienced by Welfare Officers, they would be able to do a better job in the long run if the statutory protection from disciplinary action or dismissal, as well as the regulations governing their appointment, are removed. The regulations have the effect of putting the Welfare Officers in a difference category from other officers of the firm. This detracts from the status of the Welfare Officers and the authority they have. According to Miss Towy Evans, an I.L.O. Expert on Personnel Advisory Service, the condition of the compulsory appointment of welfare officers, the restrictions on their dismissals and the duties that they are required to perform, encourage an attitude of mind in both managers and welfare officers which militates against the development of personnel management.

3.3. The professional associations are of the view that the Welfare Officers have to function in an environment of uncertainty, and are often ineffective as the employers do not always appreciate their real role

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and tend to treat them as outsiders. The duties of the Welfare Officers should be specifically and clearly defined. They should also be relieved of duties like attendance at Courts or conciliation proceedings. They often feel helpless in matters involving finance, which constitute the bulk of greivances of individual workers; and should, therefore, be given more powers to execute welfare measures.

3.4. The All-India Trade Unions Organisations have, however, complained that the Welfare Officers have often to carry out the policy of the management against the interest of workers, as they depend on the management for their pay and increment. More protection is, therefore, necessary for safeguarding these officers against managements' displeasure which they are bound to incur, at times.

3.5. The State Governments are of the view that the statutory protection given to the Welfare Officers is a necessity and does not constitute any handicap.

3.6. The professional institutions point out that there is confusion in the demarcation of fuctions between Welfare Officers and personnel officers. According to them Welfare Officers should have executive powers with regard to the planning and implementation of welfare measures and a statutory protection should be given to them in performing this function.

3.7. Views expressed are almost unanimous that the status of the Welfare Officer should be specified and equated to that of senior executive heads so that they may assume more responsibility and inspire confidence among workers.

Neutrality of Welfare Officers:

4.1. The question of "neutrality" has been somewhat controversial. "Neutral" or "Independent" status of Welfare Officer, in the sense that he is a third force between the management and labour, is not favoured by any group. The authority of the Welfare Officer stems from the management. It has been almost unanimously held that the Welfare Officer will only operate effectively if he enjoys the confidence of the management and if he regards himself as part of the management team. He must also enjoy the confidence of the workers too. His "neutrality" sould be ensured by the management itself by giving him full freedom of expression and encouraging an outlook free from prejudice and bias.

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4.2. While opinion is almost unanimous that in situations like strikes or lock-outs Welfare Officers should maintain a neutral attitude towards the issues and seek to promote understanding and settlement by explaining the view-points of one party to the other, there is some difference in approach as to how they can play this role. Some consider that Welfare Officers should not openly align themselves with the management, although they should have the employers' interest in mind. Others consider that they should only give the correct interpretation of the rules and advise management and labour in the interest of both. Yet, others are of the view that Welfare Officers should function independently within the frame-work of the policies of the management.

4.3. One prevalent practice that seems to detract the Welfare Officers from enjoying the confidence of the workers relates to their appearance before the Labour Courts, tribunals, etc. on behalf of the management. The State Governments and trade Unions consider this to be an unhealthy practice as it amounts to taking sides. Professional institutions and associations are also against this practice. Opinion among the employers is divided. While a good many of them do not follow this practice at all, others see no objection in giving the Welfare Officers a chance to use influence in bringing about settlements, or in permitting him to appear as an independent witness, if necessary. According to them there is no harm in Welfare Officers appearing in the courts in cases where the cause is correct and in accordance with the laws in force. Often, in small organisations, there is no alternative arrangements possible, and, being part of the management, the Welfare Officer is supposed to do this work.

Duties of Welfare Officers:

5.1. The enquiry reveals that in the majority of cases Welfare Officers perform the duties as laid down in the Rules framed under the Factories or Mines Act. In plantations, no such Rules have yet been framed and the designation and duties of these officers vary rather widely.

5.2. Often, no distinction is made between Welfare Officer and Personnel Officer, In big organisations the Welfare Officer often belongs to the personnel department and in small establishments an officer from some other department is, at times, entrusted with the additional duties of a Welfare Officer in order to ensure compliance with the legal requirements.

.....7/-

5.3. On the question of prescribed list of duties of Welfare Officers, opinions expressed are evenly divided. While according to one section the duties prescribed at present are fairly exhaustive, the other view is that they are vague and have no relation to the realities of the situation. Elaboration of duties has the effect of restricting responsibility to certain prescribed duties. As such duties should be defined only in broad terms. It would be sufficient to limit the statutory functions of the Welfare Officers to those which are strictly concerned with welfare. This shorter list should not, however, be restrictive; in other words, if the Welfare Officers can gain the confidence of the management sufficiently to undertake other personnel duties, so much the better.

5.4. On the question of differentiation of welfare work and personnel work, barring a few, almost all the employers consider that welfare work is an aspect of personnel management. Bigger establishments are generally in favour of separate sets of officers for the two branches of work, specially at the lower and intermediate level, there being one coordinating officer at the top. While there may be reasons in any particular organisation for separating the welfare duties from other aspects of personnel management, it is not intended to imply that there is some conflict between them or that there is any justification for differing approaches to them.

Status and Designation:

6.1. The Model Rules under the Factories Act require that Welfare Officers should be given an appropriate status corresponding to the status of the executive heads of the factory. The views generally expressed are that the provision has not been effective. All parties agree that there is need for raising the status of Welfare Officers, and that this should be more precisely indicated in the Rules. The Study Team on Labour Welfare set up by the Government of India in 1959 was also of the view that Welfare Officers should be of a fairly high status.

6.2. The replies received show that the officers performing the duties of a Welfare Officer are variously designated as Labour Advisers, Industrial Relations Officer, Management Relations Officers, Staff Officers, Labour Welfare Officers, Labour Officers etc.,. This lack of uniformity in designation often results in confusion in duties. The consensus of opinion is that the mere fact that the functions which the Welfare Officers are supposed to perform, include the functions of personnel management, should not be the consideration to change the designation of the Welfare Officers, as provided under the Rules, to Personnel Officers.

Training of Welfare Officers:

7.1. At present the selection of Welfare Officers is restricted to those who possess a degree or diploma in Social Work. Opinions expressed in the replies is unanimous that some practical experience in Social Work and some special training is necessary to enable the Welfare Officers to discharge their duties efficiently. Some of the employers have suggested that there should be adequate arrangements for giving the Welfare Officers comprehensive training in labour laws, welfare subjects and establishment matters. To enable them to keep abreast of developments, periodical refresher courses have also been suggested.

Points for consideration.

8. In the light of the views summarised in the foregoing paragraphs, the Committee may consider the following points:-

(i) Whether the provisions under the various Acts making it obligatory upon the employers to appoint Welfare Officers should be retained and whether they should be modified in any manner.

(ii) Whether the statutory protection provided to the Welfare Officers affect in any way their effective working; if so, whether the protection given should be amended, removed or enhanced.

(iii) Whether the status of the Welfare Officers should be raised, and if so, to what level in the managerial set up.

(iv) Whether the duties of Welfare Officers, as at present prescribed, should be modified. If so, in what respect.

(v) Whether the appearance of Welfare Officers before Labour Courts and Tribunals etc. should be prohibited.

(vi) Whether the functions of a Welfare Officer and of a Personnel Officer should be demarcated.

(vii) Whether there should be a uniform designation of the officer performing the duties of a Welfare Officer, and he should be designated as such irrespective of the additional duties that he may be required to perform.

P....9/-

(viii) Whether there is any need for modifying the existing system of training of Welfare Officers. If so, which type of training i.e. training before appointment or training while in service, should be emphasised.

Conclusions of 21st Session of the Standing Labour Committee held in New Delhi on 27th December, 1963.

The Standing Labour Committee at its 21st Session held in New Delhi on 27th December, 1963 arrived at the following conclusions:-

(i) It was agreed that the most important point was to demarcate suitably the functions of Welfare Officers and Personnel Officers. If this was done, many of the difficulties now being experienced would be removed. It was decided that this should be done.

(ii) The statutory provision concerning appointment of Labour/Welfare Officers should be continued.

(iii) It was also agreed that the Labour/Welfare Officers should not be employed for dealing with disciplinary cases against workers or appear in Courts on behalf of the management against workers in labour dispute cases.

Action taken on the above conclusions

Regarding item (i) The question of demarcating the duties of the Labour Officers was examined in consultation with the Ministry of Law and it was decided that the duties of the Labour Officers as laid down in Rule 11 of Labour Officers (Central Pool) Recruitment and Conditions of Service Rules, 1951 do not require any amendment. Broadly speaking the Labour Officers are to function as Liaison Officer for the purpose of harmonious relations between the management and the workers also for the specified purposes. There is nothing among the duties at present worded which imposes executive responsibilities on the Labour Officers. The role of the Welfare Officers/Labour Officers is essentially advisory. By commanding respect of the Management as well as of workers, he can reduce frictions and restore industrial harmony, if disturbed. It is felt that the duties of the Labour Officers are already demarcated because the role that Personnel Officers play is different and the nature of their responsibilities are also different. Being executive officers of the Management the Personnel Officers do not play neutral role of the Welfare Officers.

.....10/-

Regarding item (iii) The decision of the Standing Labour Committee were brought to the notice of all the Labour Officers through the employing Ministries/Departme

Points for consideration

It will be seen from above that of the 8 points mentioned in para 8 above the Standing Labour Committee had covered items(i), (ii), (iv), (v) and (vi) at the last session. The Committee may now consider the remaining points mentioned at items (iii), (vii) and (viii) namely:-

(i) Whether the status of the Welfare Officers should be raised, and if so, to what level in the managerial set up.

(ii) Whether there should be a uniform designation of the officer performing the duties of a Welfare Officer, and he should be designated as such irrespective of the additional duties that he may be required to perform.

(iii) Whether there is any need for modifying the existing system of training of Welfare Officers. If so, which type of training i.e. training before appointment or training while in service, should be emphasised.

APPENDIX - I

FACTORIES ACT, 1948

Under section 49 of the Factories Act, 1948, Model Rules were framed in 1951 dealing with the appointment of Welfare Officers in factories employing 500 or more workers. The Model Rules were subsequently adopted by all the State Governments. A copy of the Model Rules is attached. (Appendix-IV).

The rules framed by the State Governments of Bihar, U.P., M.P., Kerala, Rajasthan, Delhi, Himachal Pradesh and Tripura under section 49(2) of the Factories Act, 1948 provide that in case of discharge of a Welfare Officer by the management he shall have right of appeal to the State Government. Other States do not appear to have made such a provision in their rules. In the case of rules framed by the Governments of West Bengal and Madras it is provided that if the management terminates the services of a Welfare Officer otherwise than under the terms of contract, the reasons for the termination of service shall be reported to the State Government. Under the rules framed by the Government of Assam an order of discharge or dismissal of a Welfare Officer shall be subject to the previous approval of the State Government to whom occupier of the factory concerned must furnish full details and circumstances leading to the order of discharge or dismissal.

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APPENDIX - II

THE MINES ACT, 1952

The relevant Rules framed under Section 58 of the Mines Act, 1952, regarding appointment of Labour Officers etc. are reproduced below:-

72. Welfare Officers - For every mine wherein 500 or more persons are employed ordinarily, the owner, agent or manager shall appoint a suitably qualified person as Welfare Officer, and where the number of persons so employed in mines exceeds 2,500 such welfare officer shall be assisted by one suitably qualified additional Welfare Officer for every additional 2,000 persons or part thereof employed.

2. No person shall act as a Welfare Officer of a mine unless he possesses -

(a) a University degree;

(b) a degree or diploma in Social Science or Labour Welfare from any institution recognised by Government and preferably practical experience of handling labour problems in any industrial undertaking for at least three years; and

(c) a knowledge of the language of the district in which the mine is situated or the language understood by the majority of persons employed in the mine;

Provided that in case of a person already in service was a Welfare Officer in a mine the above qualifications may, with the approval of the Chief Inspector, be relaxed.

(3) Where by any reason of temporary absence, illness or any other similar cause, the Welfare Officer is unable to perform his duties, the owner, agent or manager shall authorise in writing a person whom he considers competent to act in his place.

Provided that no such authorities shall have effect for a period in excess of 30 days except with the previous consent of the Chief Inspector or Inspector.

(4) A written notice of every such appointment, authorisation, discharge or dismissal and of the date thereof shall be sent by the owner, agent or manager to the Chief Inspector within 7 days from the date of such appointment, authorisation, discharge or dismissal.

....13/-

(5) The post of Welfare Officer shall be advertised in a newspaper having a wide circulation in the State.

73. Duties of Welfare Officers - The duties of Welfare Officers shall be -

(i) to establish contacts and hold consultation with a view to maintain harmonious relations between the management and persons employed in the mine;

(ii) to bring to the notice of the management the grievances of employees, individual as well as collective, with a view to securing their expeditious redress;

(iii) to promote relations between management and employees which will ensure productive efficiency as well as amelioration in the working conditions and to help workers to adjust and adapt themselves to their working environments;

(iv) to assist in the formation of Works and Joint Production Committees, Co-operative Societies and Safety-First and Welfare Committees and to supervise their work;

(v) to help the management in regulating the grant of leave with wages and explain to the workers the provisions relating to leave with wages and other leave privileges and to guide the workers in the matter of submission of applications for grant of leave for regulating authorised absence.

(vi) to advise on welfare provision, such as housing facilities, food stuffs, social and recreational facilities, sanitation, individual personnel problems and education of children;

(vii) to supervise welfare activities, statutory or otherwise, including education and training of employees;

(viii) to suggest measures which will lead to raise the standard of living of workers and in general promote their well being;

(ix) to perform any other duty connected with the welfare of the persons employed in mines.

(2) Every Welfare Officer shall keep a record of his day-do-day work and shall, at the end of every year, forward to the Chief Inspector through the manager of the mine concerned, a summary of the report of his work during the year;

.....14/-

74. Conditions of service. (1) A Welfare Officer shall be given appropriate status corresponding to the status of the other executive heads of the mine.

(2) The conditions of service of a Welfare Officer shall be the same as of other members of the staff of corresponding status in the mine:

Provided that before the owner, agent or manager discharges or dismisses a Welfare Officer, who has satisfactorily completed a probationary period of six months, he shall consult the Chief Inspector or an Inspector authorised in this behalf by the Chief Inspector.

(3) A Welfare Officer shall not be given less than two hundred rupees as his basic pay per mensem.

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APPENDIX - III

III - PLANTATIONS LABOUR ACT, 1951.

Section 18 of the Plantations Labour Act reads as under:-

18. Welfare Officers - (1) In every plantation wherein three hundred or more workers are ordinarily employed the employer shall employ such number of Welfare Officers as may be prescribed.

(2) The State Government may prescribe the duties, qualifications and conditions of service of officers employed under sub section(1)

The State Governments concerned have not so far framed rules under this section.

.....

APPENDIX IV

Model Rules under Section 49(2) and 50 of the Factories Act, 1948 (Act No. LXIII of 1948) / as modified in the light of the recommendations made by the Committee appointed to go into questions relating to the working of Labour and Welfare Officers in its meeting held on 21.1.57 in New Delhi /

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1. Short Title and Commencement:-(1) These Rules may be called Welfare Officers (Recruitment and Conditions of Service) Rules, 1951.

(2) They shall come into force on such date as the State Government may, by notification in the Official gazette, appoint in this behalf.

2. Definitions - In these rules, unless the context otherwise requires:-

(a) 'Act' means the Factories Act, 1948 (LXIII of 1948);

(b) the expressions, 'factory' and 'occupier' have the meanings respectively assigned to them in the Act.

3. Number of Welfare Officers.- Within six months of the date specified in a notification issued under sub-rule (2) of rule 1 the occupier of every factory where five hundred or more workers are ordinarily employed, shall appoint at least one Welfare Officer: provided that, where the number of workers exceed two thousand one Welfare Officer shall be appointed for every two thousand workers or a fraction / over 500 / thereof. / Provided where there are more than one Welfare Officer, one of them shall be called the Chief Welfare Officer and the others Assistant Welfare Officers/.

4. Qualifications.- A person shall not be eligible for appointment as a Welfare Officer, unless he:-

(a) possesses a degree of a University recognised by the State Government in this behalf;

(b) has obtained a Degree or Diploma in Social Science from any institution recognised by the State Government in this behalf; and

(c) has adequate knowledge of the language spoken by the majority of the workers in the factory to which he is to be attached.

Provided that in the case of a person who is acting as a Welfare Officer at the commencement of these rules, the State Government may, subject to such conditions as it may specify, relax all or any of the aforesaid qualifications.

5. Recruitment of Welfare Officers.- (1) The post of a Welfare Officer shall be advertised in / two papers having wide circulation in the State one of which should be an English newspaper/.

(2) The selction shall be made from among the candidates applying for the post by a Committee appointed by the occupier of the Factory.

(3) The appointment when made shall be notified by the occupier to the State Government or such authority as the State Government may specify for the purpose, giving full details of the qualifications, etc. of the Officer appointed and the conditions of his service.

6. Conditions of service of Welfare Officers.- (1) A welfare officer shall be given appropriate status corresponding to the status of the other executive heads of the factory. / A Welfare Officer shall be paid a minimum salary of Rs.200.00 p.m./

(2) The conditions of service of a Welfare Officer shall be the same as of other members of the staff of corresponding status in the factory: provided that, in the case of discharge or dismissal, the Welfare Officer shall have a right of appeal to the State Government whose decision thereon shall be final and binding upon the occupier.

7. Duties of Welfare Officers.- The duties of a Welfare Officer shall be :-

(i) to establish contacts and hold consultations with a view to maintaining harmonious relations between the factory management and workers.

(ii) to bring to the notice of the factory management the grievances of workers, individual as well as collective, with a view to securing their expenditious redress and to act as a / Liason Officer between the Management and Labour/.

(iii) to study and understand the point of view of labour in order to help the factory management to shape and formulate labour policies and to interpret these policies to the workers in a language they can understand.

....18/-

(iv) to watch industrial relations with a view to using his influence in the event of a dispute between the factory management and workers and to help to bring about a settlement by persuasive effort.

(v) , (vi) and (vii). [Deleted]

(viii) to [advise on fulfilment by the concerned departments of factory] of obligations, statutory or otherwise, concerning the application of provisions of the Factories Act, 1948 and the rules made thereunder, and to establish liason with the Factory Inspector and the Medical Services concerning medical examinations of employees, health record supervision of hazardous jobs, sick visiting and convalescence, accident provision and supervision of safety committees, c s systematic plant inspection, safety educations, investigation of accidents, maternity benefits and workmen's compensation.

(ix) to promote relations between [the concerned departments of the factory] and workers which will [bring about] productive efficiency as well as amolioration in the working conditions and to help workers to adjust and adopt themselves to their working environments.

(x) to encourage the formation of Works and Joint Production Committees, Co-operative Societies and Safety-First and Welfare Committees, and to supervise their work.

(xi) to [encourage] provision of amenities, such as canteens, shelters for rest, creches, adequate latrine facilities , drinking water, sickness and benevolent scheme payments pension and superannuation funds, gratuity payments, granting of loans, and legal advice to workers.

(xii) to help the factory management in regulating the grant of leave with wages and explain to the workers the provisions relating to leave with wages and other leave privileges and to guide the workers in the matter of submission of application for grant of leave for regulating authorised absence.

(xiii) to [advise on provision of Welfare facilities] such as housing facilities, food stuffs, social and recreational facilities, sanitation, advice on individual personnel problems and education of children.

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(xiv) to advise the factory management on questions relating to training of new starters, Apprentices, workers on transfer and promotion, instructors and supervisors, supervision and control of notice-board and information bulletins to further education of workers and to encourage their attendance at Technical Institutes.

(xv) to suggest measures which will serve to raise the standard of living of workers and in general promote their wellbeing.

8. Powers of Exemption:- The State Government may, by notification in the official gazette, exempt any factory or class or description of factories from the operation of all or any of the provisions of these Rules subject to compliance with such alternative arrangements as may be approved.

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STANDING LABOUR COMMITTEE
(24TH SESSION)
..*.

ITEM 17: Draft scheme of Legislation to Regulate Employment in Film Industry.

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The question of initiating special legislation for regulating the working conditions and wages in the film industry has been under examination in the Ministry of Labour and Employment at the instance of Ministry of Information and Broadcasting since 1959. In September 1960 the Ministry consulted the State Governments mainly concerned with this legislation namely Maharashtra, West Bengal and Madras. An examination of the replies received from these States showed:-

(i) The existing labour and other legislation does not apply effectively to the industry as a whole, and

(ii) there is need for a central legislation, at least to cover the production wing of the industry. Comprehensive legislation in one State would induce the industry to migrate to other, a point which had been made by the Maharashtra, Government. Besides it cannot be argued that the Industry would remain localised mostly in three States for a long time. Andhra for instance is now taking a good deal of interest in film production. Again a Central legislation would secure a degree of uniformity regarding the treatment of the basic problems of the industry which a piece of State legislation cannot adequately secure.

In the meantime there have been several Private Members' Resolutions, Bills etc. in Parliament on the subject.

2. An inter-ministerial meeting was held, in November 1964, in which the representatives of the Ministries of Law, Finance (Department of Revenue and Company Law Administration), Information and Broadcasting, Deptt. of Social Security and Commerce (Chief Controller of Imports and Exports) participated. The general conclusion was that it was not necessary to appoint another Committee of Enquiry in order to assess the facts of exploitation of low paid workers and the other evils that the Industry suffered from. It was also inter alia agreed that there should be a special legislation on the lines of the Working Journalists (Conditions of Service) and Miscellaneous Provisions Act, 1955 to regulate the conditions of work of workers of certain categories and drawing emoluments upto Rs. 500/- per month as in several other Labour laws. Some of the other recommendations made are indicated below:-

(i) There should be a provision in the proposed Act for the registration of the Producers. It should also be examined whether the Producers should be asked to produce any certificate or to make a security deposit as a guarantee for payment of wages to the workers. It could also be examined whether the Board of Censors

exhibition. The Bill should make a provision for hours of work on the lines of the Working Journalists (Conditions of Service) and Miscellaneous Provisions Act and also make provision for night shooting and employment of children under certain conditions. As for the purely casual workers while their wages could be fixed under the Minimum Wages Act, it might not be possible to apply all the provisions to them. There should be provision for retirement/ retrenchment benefits to regular workers.

(ii) The concerned State Governments should also be asked to include the film industry in Schedule I to the Minimum Wages Act and also generally ensure the enforcement of the relevant labour laws already in existence.

(iii) The proposed legislation should cover the production and exhibition sectors as it was felt that the distribution sector employs very few people.

The general feeling was that welfare legislation of this kind might not raise the cost of production of films appreciably as nearly 65% of the total cost was on account of the high emoluments of top stars.

4. Draft outline of the proposed legislation (copy attached vide Annexure I) was prepared and circulated for comments on 6th October 1965 to the State Governments and Union Territories, the Central Ministries concerned and 55 organisations of Employers and Workers in the Film industry as suggested by the Ministry of Information and Broadcasting. They were requested to furnish their comments so as to reach this Ministry by 6th November 1965. Replies have, however, been so far received from 7 State Governments, 5 union territories and 27 organisations of Employers and Workers. Views of the Ministry of Information and Broadcasting and also the Governments of Maharashtra and Madras where there is a considerable concentration of film production units are still awaited.

5. The Government of Maharashtra has constituted a Committee to enquire into wages and other service conditions of employees engaged in the production sector of the film industry in the Maharashtra State. The terms of reference to the Committee are as follows:-

(i) To enquire into the service and working conditions of the employees (including wages and dearness allowance) engaged in the production sector of the film industry in Maharashtra State.

(ii) To examine what measures are essential to ameliorate the service and working conditions of such employees.

(iii) To suggest the machinery for giving effect to such measures as may be recommended by the Committee.

(iv) The Committee may also examine whether enactment of new legislation is essential. If so, on what lines

The Committee has held four meetings in addition to three informal meetings with the representatives of Associations of employees and employers and has issued a Questionnaire to the various parties concerned. Time was given upto the 15th January 1966, for sending replies to the Questionnaire. As the Committee has yet to record evidence, discuss various issues and come to some conclusions before preparing its report, the Government of Maharashtra propose to extend the time limit for submission of its report by a further period of six months.

6. A Study group was set up in December 1965 to report how far it is practicable and useful to set up a 'Wage Board' for the Film Industry. The group includes representatives of the Ministry of Labour and Employment, Information and Broadcasting and the State Governments of Maharashtra, Madras and West Bengal. The report of the Group is expected within two to three months.

7. Replies received from the Workers' and Employers' Associations indicate that whereas the workers organisations have welcomed the proposal to regulate employment in film industry the employers organisations have generally opposed it. The Employers Associations have requested that the proposed legislation, which according to them, will cut at the very roots of the motion picture industry, should be put off, and efforts should be made to bring about closer co-operation and understanding between the labour and employers through a machinery of conciliation. They have stated that the financial position of every sector has to be thoroughly examined before any legislation involving financial burdens on the industry.

In regard to individual clauses of the Bill there is a wide divergence of opinion between the employers and workers organisations especially in respect of scope of the coverage of the Bill, the definition of the term 'worker', hours of work, leave, holidays, gratuity etc. A statement briefly indicating the views so far received is attached (Annexure II).

8. The Government of Kerala have stated that a provision on the lines of Section 18 of the Kerala Shops and Commercial Establishments Act, 1960, which provides for the right of workers to appeal before a prescribed authority against unlawful discharge or dismissal from service, may also be incorporated in the proposed legislation.

The Government of West Bengal has suggested that in regard to registration (as proposed in Section II(1) of the Draft legislation) is concerned, the State Governments may also be empowered to prescribe fees for such registration. Besides this necessary provision may also be made in the /proposed legislation vesting the State Governments with the power of exemption from any or all the provisions of the proposed legislation/ /subject to such conditions as the State Governments may specify. That Government has also suggested that the State Shops and Establishments Acts should be included in the list of Acts under Section VI of the proposed legislation.

The Delhi Administration has inter alia stated that cinema employees in Delhi are already covered by the Delhi Shops and Commercial Establishments Act which provides for registration of establishments, restriction of hours of

work to 48 hours a week or upto 9 hours on any day and restriction on the employment of women and children during the night. That Administration has suggested that the draft legislation should be amended to exclude employees working in the cinema establishments as in that case the special provision made would be justified in respect of film production industry.

The Government of Andhra Pradesh has suggested that the daily hours of work should be '9' instead of '8' as shown under Clause III(1) of the Draft outline and the limit of wages under Clause 1(3) may be reduced to Rs.400/- instead of Rs. 500/- so as to conform to the provisions of the Factories Act and Payment of Wages Act respectively. Further the benefits of the Maternity Benefit Act, 1961 may also be extended to this industry.

The Government of Gujarat has intimated that there are no studios engaged in the production of Cinematograph films in the Gujarat State, The film studios which fall within the purview of the Factories Act are covered by the Act and all the Rules made thereunder are applied to film studios. Thus even if some studios engaged in the production of Cinematograph films happen to be established in Gujarat in future and they fall within the definition of "factory" as defined in the above Act, they will be governed by the provisions of that Act and Rules framed thereunder. As regards provision in Section II(2) relating to Certificate of Payment of Wages for Exhibition that Government has stated that such a provision may give rise to a number of complications in practice. It may be quite difficult for the Chief Inspector to certify that all wages of workers engaged in the production of films have been paid. That Government have, therefore, suggested that some other practical way may be found out for improving the position with regard to the payment of wages of the workers. If the provisions of the Payment of Wages Act are not considered inadequate to meet the requirements of the situation, a simple and summary mode of recovery of the wages on the lines of Section 33-C of the Industrial Disputes Act may be considered.

The Government of Goa, Daman and Diu have stated that there is no unit in the union territories at present which is engaged in the production or processing of a film. That Government have however suggested that a provision empowering the State Governments or the Central Government to frame rules for carrying out the provisions of the law may be made. In the opinion of the State Government there are no particular reasons for giving a discriminatory treatment for the workmen employed in the Film industry as compared with the workmen employed in other industries so far as giving of notices to the workmen proposed to be retrenched is concerned / Section V(2)_

9. The Hind Mazdoor Sabha and All India Cine Employees Federation have suggested the appointment of a Tripartite Wage Board to determine the question of wages, work and employment and a joint machinery without which the bill is not likely to be complete and would not be worthwhile making. The Hind Mazdoor Sabha has also stressed the necessity of providing a welfare fund.

10. - Some of the Employees Associations have suggested additional provisions in regard to grant of National and Festival holidays, Risk Insurance and protection of existing advantageous privileges enjoyed by workers because of any statute, award, contract, custom, or usuage at the time of the proposed legislation.

11. The Governments of Andhra Pradesh, Kerala, Orissa, Bihar, Punjab and West Bengal have already fixed rates of minimum wages under the Minimum Wages Act in the Cinema Industry.

12. The Standing Labour Committee may consider the proposal for enacting legislation to regulate employment in the Film Industry as the draft outline and state whether it is acceptable in principle.

ANNEXURE I

DRAFT OUTLINE OF LEGISLATION TO REGULATE EMPLOYMENT IN FILM INDUSTRY

Scope and application I. (1) "Film industry" shall mean all establishments engaged in production including processing or exhibition of cinematograph films as defined in the Cinematograph Act, 1952.

(2) The Act shall apply to every establishment in the film industry employing 10 or more workers on any day during the preceding 12 months.

(3) "Worker" means any person employed in any film industry establishment to do any skilled unskilled, manual supervisory, technical, artistic or clerical work in relation to production, processing or exhibition of cinematograph films and includes an artist, a musician, a singer and a dancer but does not include a person who, being employed in supervisory capacity, draws wages exceeding 500 rupees per mensem.

Registration II (1) Every employer engaged in production and/or processing of films shall have his establishment registered under the Act with such authority as may be prescribed by the State Governments.

Certificate of payment of wages for exhibition. (2) Not withstanding anything contained in any other Act, no film shall be allowed to be exhibited unless it has been certified by the Chief Inspector of the State in which the registered office of the producer is situated that all wages of workers engaged in the production of the film have been paid. If any dispute arises as to whether all wages of workers have been paid or not, the Chief Inspector may allow exhibition of the film pending settlement of the dispute subject to furnishing of adequate security by the producer.

Hour of work III (1) No worker in the film industry shall be required or be allowed to work for more than 8 hours a day or more than 48 hours in a week.

(2) Every worker shall be allowed during any period of seven consecutive days rest for a period of not less than 24 consecutive hours, the period between 10.00 p.m. and 6.00 a.m. being included therein. The State Government may lay down the circumstances under which a worker employed in the production of films may be allowed to work for more than 8 hours in any day or 48 hours in any week, but in no case for more than 10 hours in a day and 54 hours in a week as the case may be.

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(3) Every worker employed in the film industry shall be entitled to -

(a) earned leave on full wages for not less than the 1/11th of the period spent on duty; and

(b) leave on medical certificate on 1/2 of the wages for not less than 1/18th of the period of service.

Employment of women and children.

IV. (i) Notwithstanding anything contained in the Factories Act, 1948, the State Governments may make rules laying down the circumstances under which workers including women and children may be employed in the production of cinematographic films between 7.00 p.m. and 6.00 a.m.

Glare and shadows

(2) Notwithstanding anything contained in sub-section 3 of section 17 of the Factories Act, 1948, the State Governments may lay down standards for controlling glare or formation of shadows in the production of cinematographic film.

(3) Notwithstanding anything contained in Section 67 of the Factories Act, 1948 the State Governments may allow employment of a child, who has not completed its fourteenth year, in the production of cinematographic film.

Rest-rooms

(4) In any place where workers are employed between 10.00 P.M. to 6.00 A.M. the employer shall provide sufficient number of rest rooms or such other accommodation as may be prescribed by the State Governments.

Gratuity

V. (1) Any worker, who has been in continuous service whether before or after the commencement of the Act for not less than three years, whose services are terminated by the employer or who retires on reaching the age of superannuation or who resigns or dies while in service, shall without prejudice to the benefits or rights accrued under the Industrial Disputes Act, 1947 be paid by the employer gratuity which shall be equal to 15 days' average pay for every completed year of service or any part thereof in excess of 6 months.

Period of notice for retrenchment

(2) Section 25F of the Industrial Disputes Act, 1947 in its application to the workers in the film industry shall be construed as if in clause (a) thereof, for the period of notice referred to therein, in relation to the retrenchment of a workman; the following periods of notice in relation to the retrenchment of a worker employed in the film industry had been substituted, namely -

(a) three months in the case of workers who have been in continuous service for a period of not less than three years;

(b) two months in other cases.

VI. Subject to the above provisions, the following Acts shall apply to workers employed in the film industry;

1. The Factories, Act, 1948.

2. The Payment of Wages Act, 1936

3. The Workmen's Compensation Act, 1923.

4. The Industrial Disputes Act, 1947.

5. The Employees' State Insurance Act, 1948.

6. The Employees' Provident Funds Act, 1952.

7. The Industrial Employment (Standing Orders) Act, 1946.

VII. (1) The State Governments may, by notification in the official gazette, appoint a Chief Inspector and Inspectors for the purposes of this Act.

(2) Any person required to produce any document or to give information to the Chief Inspector or Inspectors under this Act shall be legally bound to do so.

(3) If any employer contravenes any provision of this Act or any rule or order made thereunder, he shall be punishable with a fine which may extend to 500 rupees and/or imprisonment which may extend to six months.

ANNEXURE - II

STATEMENT INDICATING COMMENTS/AMENDMENTS SUGGESTED BY SOME OF WORKERS AND EMPLOYERS ASSOCIATIONS IN RESPECT OF CERTAIN PROVISIONS IN DRAFT LEGISLATION TO REGULATE EMPLOYMENT IN FILM INDUSTRY

Reference to provision in the draft legislation.	Comments / Amendments suggested by Workers' associations	Comments / Amendments suggested by Employers' associations
Scope and application Clause I(1) Definition of "Film industry"	Persons employed in Distribution Sector of the film industry and ancilliary services such as, Special Effects, Publicity, Exihibition Decoration etc. may be covered.	1. Establishments of film distributors be expressly excluded from the scope and application of the legislation in as much as such establishments are purely commercial firms coming under the purview of the Shops and Establishment Act of the State Government. 2. The term "film production" may be substituted for "film industry" and the word "exhibition" omitted therefrom.
Clause 1(2)	(1) The qualifying figure of 10 or more workmen needs to be brought down to 1, as large numbers of independent producers, viz. who do not have regular establishments generally employ less than 10 and in many cases only a clerk and a peon. (2) The qualifying period of preceding 12 months is unreasonable in view of the fact that many concerns change names and titles.	The Act should apply only to estabbishments employing 20 or more workmen as in other enactments namely Employers Provident Funds Act, Employment (Standing Orders) Act, Factories Act etc.
Clause 1(3) Definition of "worker"	(1) The categories of workers 'highly skilled and semi-skilled' may be included. (2) The Act may be made applicable to all workers irrespective of the amount drawn by them. (3) Casual and contractual workers may be brought into the scope of the Act.	The legislation should confine itself to permanent employees of a concern and not to contractual workers.

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II (1) Registration	(1) Provision may be made in respect of "Workers employed in "Distribution" and "Exhibition" wings. (2) The employers in the Industry or at least the trade unions in the industry should be made to register themselves before the /appropriate authority as this would facilitate introduction of decasualisation scheme at least in certain categories of workmen.	Studios and Laboratories are regis under the Factories Act. Others whom Shop and Establishments Act applicable are registered under t Act. There is no necessity to re under any other Act and multiply control on the working of the un the film industry.
II(2) Certificate of payment of wages for exhibition.	(1) The following sentence in between the first and the second sentences may be added :- "The Chief Inspector of the State in which the registered office of the Producer is situated, shall insist on the Producers to get the Clearence Certificate from different recognised associations of technicians and artists before issuing the certificate for exhibition". (2) The Report on the Enquiry into the conditions of Labour in Film Industry in Bombay State inter alia indicates that there is the need to have licensing system in order to weed out such film productions which do not have sufficient financial backing or gurantee. It further suggests that deposits amounting to 3 months' wages be called for from all the licensed producers in order to arrest the defaults. (3) The Rules and procedures for making claims as well as inquiry there into, should be clearly stated as to leave no ambiguity.	(1) Almost all the Associations whom replies have been received ha suggested dropping this provisio devising some other measure for gaurding the legitimate interest workers. One of the Associations even stated that such a procedure unheard of in any other trade or and in any other country.

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II(1) Hours of work	(1)The period of 8 hours a day to be inclusive of 1 hour rest or it should be 7 hours a day and not more than 42 hours in a week. (2)The following proviso may be added: "Provided however that workers engaged in office or in clerical work in Production, Distribution or Exhibition of films would not be required to work for more than 7 hours a day inclusive of 1 hour rest or for more than 39 hours a week". (3) No worker may be required to work for more than 4 hours at a time. (4) This clause may be redrafted as under:- "Every worker shall be allowed during any period of seven consecutive days rest for not less than 36 consecutive hours.... The State Government may lay down..... for a worker of film industry to work for more than 8 hours in any day or 48 hours in any week or 7 hours a day and 39 hours a week on double overtime wages.	(1) Hours of work etc. are generally governed by the Factories Act in film studios. In view of the intermittent nature of the work in film shooting with considerable time spent in preparations for "takes" on the set and with several 'human' factors coming in into play in the production of pictures, extension of time is required occasionally to take shot for which the preparations have been completed. Certain relaxations in the provisions of the Factories Act are necessary for the proper working in film studios. (2) Since the working cinemas is of an intermittent nature 9 hours work is allowed with a spread over of 11 hours with exception in certain cases. (3) To stipulate the time of working for women and children with conditions attached thereto will create problems in the actual execution of work on the sets. May be, sometime workers will have to put in more work and may be for longer hours too. This is a necessity.

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3)(a)&(b) Leave	(1) According to the existing settlements, awards and agreements the workers in the industry get 15 days sick leave with full wages, even when they are covered by the Employees State Insurance Scheme. The clause may be suitably amended.	Provision for leave is made in the Factories Act and the Shops and Establishments Act in different states. The trade union have also separate agreements with the exhibitors or Industrial Tribunal Awards govern these priveleges and amenities. It is not necessary to provide for 1/11th of the period spent on duty as leave.
	(2) In clause (a) it may be specified that employees are entitled to leave "annually"	
	(3) The leave on medical certificate may be on full wages.	
	(4) There should be provision for the grant of casual leave for unforeseen reasons of not less than 14/15 days in a calendar year. (The Madras Shops and Establishments Act 1947, gives each worker in the Cinema theatre 12 days privilege leave, 12 days sick leave and 12 days casual leave.	
	(5) Sick leave benefit may be increased adequately, say, 1/9th of the period of service with full pay.	
	(6) For the purpose of leave and gratuity and similar other benefits the employees should be divided into 3 categories namely casuals, contractuals and permanent. The quantum of sick leave should apply to permanent workers. In the case of other two categories they should be given benefit of some allowance on percentage basis. 10% of the total earning during the year would be fair, just and reasonable amount by way of compensation.	
)Employment omen and children.	(1) This clause should not be applicable to the cases of artistes - actors and actresses. The word 'processing' may be added after the word "production"	It has to be mentioned that women are employed in cinema also as attendant to women's cloak rooms and they also be engaged as booking clerks and ushers as in foreign countries
)Rest Houses	(1) There is a need to prescribe the ratio in regard to the rest rooms, hygienic conditions, canteens, etc. The provisions made under the Factories Act are thoroughly inadequate.	

(4) Rest House (Contd.)	(2) Rest room provision should be made all time instead of from 10 P.M. to 6 A.M. as provided in the draft.	
1) Gratuity	(1) Substitute the word "pay" by the word "wages". (2) The gratuity should be equal to 30 days average pay instead of 15 days as proposed in the draft legislation. (3) A proviso may be added to the clause as under: "Provided however that in cases of workers who have completed 10 years/15 years service the quantum of gratuity would be one month's average pay for each completed year of service." (4) The period of continuous service referred to in the clause may be changed to 1 year instead of 3 years. (5) It is better to rename the provision as "Separation Allowance" because the term gratuity has acquired meaning in the parlance in industrial law. (6) 240 days service cannot be reached within a block of 12 months by contractual labour. In case of such workers certain adhoc basis for retrenchment compensation may be adopted. 6¼% of all earnings would be a reasonable percentage.	(1) Compulsory provision of gratuity in concerns in the film industry would throw a financial burden which cannot be borne by the smaller units. Such a general provision for payment of gratuity after 3 years service is not made even by the Industrial Tribunal in their Award. (2) In some of the better class of cinemas in the cities like Bombay, agreements with Union provide for payment of gratuity after 10 years of service with a provision for maximum to be paid in any case.

of setting up National and State Safety Councils but

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V(2) Period of notice for retrenchment.		(1) There is no justification for increasing the period of notice from one month as provided in the Industrial Disputes Act which is provided in the case of all trades and industries.
VI Application of Labour Laws.	(1) The following Acts may be added in this clause: (i) The Minimum Wages Act (ii) The Bonus Act, 1965 (iii) The Maternity Benefit Act (iv) The Shops and Establishments Act (v) The National and Festival Holidays Act	There is no justification in extending the following facts: (i) The Factories Act (ii) The Employees State Insurance Act (iii) The Employees Provident Funds Act (iv) The Industrial Employment (Standing Orders) Act to small units engaging 10 workers.
	(2) It will not be adequate unless suitable amendments are carried out in the Factories Act, Payment of Wages Act, Workmen's Compensation Act, Industrial Disputes Act, Employees State Insurance Act, Employees Provident Fund Act, Industrial Employment (Standing Orders) Act to meet the requirements. Since it would not be feasible or practicable or both to carry out numerous amendments into the bodies of labour legislation a special legislation itself be made all comprehensive.	
VII(3) Penalties	The amount of fine and period of imprisonment may be increased to P.1000/5000 and imprisonment to one year against R.500 and 6 months respectively.	

500 rupees and/or

STANDING LABOUR COMMITTEE

(24th Session)

Item 18: Constitution of the National Safety Council for industries other than mines.

MEMORANDUM

The item "Industrial accidents" was one of the subjects discussed at the 19th session of the Standing Labour Committee (April, 1961). With a view to arrest the rising trend of accidents, the Committee recommended the setting up of Safety Councils at the National and State levels to organise compaigns aimed at promotion of greater safety and exploring the possibility of securing co-operation and assistance from the Employees' State Insurance Corporation in this regard. In pursuance of this recommendation a draft scheme was drawn up after taking into account the practice prevailing in other countries. Detailed information in the matter was obtained from the National Safety Council of Australia, Royal Society for the Prevention of Accidents U.K. National Safety Council of America and Industrial Accident Prevention Associations, Ontario, Canada. All these organisations are voluntary bodies set up with the help of industry and maintained exclusively on the initiative and asistance from industry. Some of these receive substantial grants from accident insurance companies while the Canadian organisation is wholly financed by them.

2. The draft scheme was circulated to the State Governments, organisations of employers and workers and other concerned interests for eliciting their views. The scheme was re-examined in the light of the comments that were received and was revised suitably. The question of setting up of National and State Safety Councils was discussed in the President's Conference on Industrial Safety held in New Delhi from 11th-13th December, 1965. The consensus of opinion was in favour of setting up National and State Safety Councils but since responsibility for safety lies with management, labour, as well as Government, the details on the formation of these councils were left to be worked out and placed before the Standing Labour Committee.

3. The question of financial assistance from Employees' State Insurance Corporation was earlier examined in consultation with the Ministry of Law and the legal position is that it will not be permissible to provide any financial assistance for the purpose in view since the Employees' State Insurance Fund can be spent only for the benefit of insured persons and not for promotion of general welfare measures for non-covered workers. In the initial stages it will therefore, be necessary for Government to finance a considerable portion of the expenditure of the Council, and it is hoped that gradually the Council will develop into a voluntary organisation exclusively supported by the industry.

4. The Draft Constitution of the National Safety Council of India and a note summarising the same are attached. At the concluding Plenary Session of the Conference, a point of view was expressed by the workers' side that

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the Council should be so constituted as to provide adequate representation to all interests. Accordingly the Draft Rules and Regulations of the Council now provide that the Board of Governors shall consist of 50 members besides the Chairman and two experts and that 16 of the members would be appointed on the Council by Government - 8 representing the Central organisation of workers and 8 the Central organisation of employers.

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Annexure

Setting up of the National Safety Council of India

The National Safety Council of India will be registered as a Society under the Societies Registration Act, 1961. Its functions will be to promote safety measures, collect data on safety and to be a repository of up-to-date information on accidents, etc.etc. The number of members of the Council will not be restricted and any person or organisation interested in industrial safety will be eligible for its membership. Membership fee or fees will be levied. The Council will meet annually and each member will be entitled to vote. Voting by proxy will be permitted. At the annual meeting, the Council will receive reports from the officers, elect their President and Vice-President, for the ensuing year, elect the members of the Board of Governors, and transact other business. A safety conference may also be arranged.

2. During the intervals between the Council meetings Board of Governors will be responsible for the general policies and programmes of the Council and shall have power to take all necessary steps for the attainment of the Council's objectives. The Board will consist of 50 members and various sections of the industry would be represented on the Board. The Chairman and two members having special knowledge about safety matters would be appointed by the Government of India besides, Government would appoint 8 members representing the Central Workers Organisations and 8 members representing the Central Employers Organisations. The President and Vice President of the Council and the Executive Vice-President would be ex-officio members. The rest of the 29 members would be elected by the Council. The term of the office of members will be three years, with about one-third retiring every year. The Board will meet twice a year but oftener if necessary. It will have sub-committees which would meet according to the requirements of their work. The Board would have a Secretary who will be a whole-time employee of the Council. He will prepare minutes of the meetings and perform all work in connection with meetings and he will be the executive officer on the administrative side of the Council. The Board will appoint annually from amongst the members of the Council an Executive Vice-President who will be responsible, with the assistance of the Secretary, for controlling the affairs of the Council and for promoting its plans. He will work in an honorary part-time capacity.

3. In the initial stages it will be necessary for Government to finance a considerable portion of the expenditure of the Council. It is hoped that gradually the Council will develop completely as a voluntary organisation exclusively supported by the industry. Expenditure from all its funds would then be controlled by the Council itself. The Board of Governors will be responsible for preparing and laying before the Council's annual general meeting income and expenditure accounts duly audited by qualified Auditors.

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4. The main activity of the Council will be carried out through a number of conferences and sub-conferences called sections. The members of these will be persons who are experts in the field of accident prevention. Each Conference will present periodically to the Board for its approval a statement of its current policies and procedure. The conference will deal with accident prevention problems in a particular sector of industry or industries for purposes of programme development and supervision and for representation on Board of Governors. It will supervise and coordinate activities, policies and procedures of sectors of industry assigned to it. A conference will have a membership of 40 to 50, and local safety organisations would be represented on it.

5. A copy each of the (i) "Memorandum of Association of the National Safety Council of India", (ii) "Rules and Regulations of the National Safety Council of India" and (iii) Bye-Laws of the National Safety Council of India" is attached.

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MEMORANDUM OF ASSOCIATION

of the

NATIONAL SAFETY COUNCIL OF INDIA

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1. The name of the Association is "National Safety Council of India."

2. The registered office of the Council shall be at New Delhi or Bombay.

3. The objects and purposes for which the Council is established are:-

a) To devise, advocate, encourage and promote methods, procedures, research (including research in the designs of machinery) and public support leading to increased safety, protection, and health among industrial workers by adoption of precautionary measures of all kinds calculated to prevent accidents, minimise the danger and mitigate the consequences thereof.

b) To organise, and conduct programe, lectures, conferences and other activities for promoting free discussions of all matters and questions relating to safety measures, procedures and research.

c) to conduct educational compaigns with a view to arouse and maintain public opinion and interest of the employers and workers, and their support of safety and accident prevention and to encourage all persons and other associations to adopt institute and support safety measures and accident prevention programmes.

d) to collect, corelate, publish, distribute and disseminate educational and informative data, reports and all other material relating to methods and procedure on safety and to serve as a national forum for the voluntary exchange of such information, experience and ideas on safety and accident prevention.

e) to cooperate, enlist and develop cooperation between all persons and other organisations and agencies both public and private interested in the promotion of industrial safety.

f) to assist in the organisation of State Safety Councils and to provide leadership, organisational guidance and material to promote industrial safety throughout the country.

g) to examine and suggest improvements in the Central and State laws calculated to prevent accidents, minimise the danger and mitigate their consequence

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h) to organise deputations to Ministers of Central and State Governments or to any public body in relation to bills in respect of safety, health and welfare of industrial workers presented in Parliament.

i) to organise contests and to establish fellowships and scholarships for educational purposes and to award competitive prizes for suggestions and essays tending further interest of Industrial safety.

j) to establish a library and to print and publish any newspapers, periodicals, books, leaflets or films that the Council may think desirable for the promotion of the aims and objects of the Council.

k) to secure from Central and State Governments recognition and financial support for carrying out the objects and aims of the Council.

l) to undertake advertising in the press or adopt such other audio-visual means for making know the aims and objects of the Council.

m) to organise public meetings or make personal or written appeals for procuring contributions to the funds of the Council in the shape of donations or annual subscriptions.

n) to provide suitable premises for meetings and carrying on the work of a complete organisation for the purpose of carrying into effect the aims and objects of the Council.

o) to purchase, take on hire or otherwise, acquire land, building or other property; movable or immovable, wherever situated in India or dispose of such property or any part thereof and to erect on any such land any building and to alter or add to and maintain any building erected upon such land for purpose of carrying out the aims and objects of the Council.

p) to raise and borrow money on bonds, mortgages promisory notes or other obligations on securities founded or based upon all or any of the properties and assets of the Council or without any securities and upon such terms and conditions as it may think fit and to pay, out of the funds of the Council, all expenses of and incidental to the raising of money, and to repay and redeem any money borrowed.

q) to sell, exchange, lease or otherwise dispose of all or any portion of the properties of the Council movable or immovable, on such terms as it may think fit and proper without prejudice to the interests and activities of the Council.

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r) to draw, accept, make, endorse, discount and deposit Government of India and other promisory notes, bills of exchange cheques or other negotiable instruments for carrying out the aims and objects of the Council.

s) to invest funds or moneys of the Council in such a manner as may, from time to time, be determined by it.

t) to take any gift or property whether subject to any trust or not, for any one or more of aims and objects of the Council.

u) to undertake and execute any trusts the undertaking whereof may seem desirable or convenient and either gratutously or otherwise.

v) to procure the Council to be registered or recognised in any State of the Indian Union or any part of the World.

w) to make rules and regulations for the conduct of the meetings and affairs of the Council and to adopt and vary them from time to time.

x) to regulate expenditure and to manage the accounts of the Council.

y) to make rules and regulations as it may, from time to time, consider to be necessary for regulating the management of the affairs of the Council and

z) to do all other acts and things as the Council may consider necessary, conducive or incidental to the attainment or enlargement of the aforesaid objects and aims or any of them.

4. The income and property of the Council shall be utilised solely towards the promotion of the aims and objects of the Council and no part of the same shall be paid or transferred directly or indirectly by way of dividend, bonus or profit to the members of the Council provided that nothing shall prevent the payment in good faith of remuneration to any officers or servants of the Council or to any other person not being a member of the Council in return for any services actually rendered to the Council nor prevent the payment of interest on money borrowed from any member of the Council nor the payment to any member for any occasional services.

5. The fourth paragraph of this memorandum is a condition on which a licence is granted by the Government of India to the Council in pursuance of the provisions of the Societies Registration Act, 1961.

For the purpose of preventing any evasion of paragraph four of this Memorandum of Association, the Government of India may, from time to time, on application of any member of the Council impose further conditions which shall duly be observed by the Council.

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6. Every member of the Council undertakes to contribute to the assets of the Council in the event of the same being wound up during the time he is a member, or within one year afterwards for the payment of debts and liabilities of the Council contracted before the time at which he ceases to be a member and of the costs, charges and expenses of winding up the same for the adjustment of the rights of contributions among themselves such amount as may be required not exceeding twenty-five rupees.

7. If on winding or dissolution of the Council, there shall remain, after the settlement of all its debts and liabilities, any property whatsoever the same shall not be paid or distributed among the members of the Council or any of them but shall be given or transferred to some other institution having aims and objects of the Council and satisfying conditions laid down in para four of this memorandum and in the event of there being no such institution, the same shall be dealt with in such a manner as the Central Government may determine.

8. The liability of members is limited.

9. True accounts shall be kept of the sums of money received and expended by the Council and the matter in respect of which such receipts and expenditure takes place and of the property credit and liabilites of the Council and subject to any reasonable restrictions as to the time and manner of inspecting the same that may be imposed in accordance with the regulations of the Council for the time being shall be open to the inspection of the members.

Once at least in every year the accounts of the Council shall be examined and the correctness of the balance sheet ascertained by one or more properly qualified auditors.

10. The Central Government may appoint one or more persons to review the work and progress of the Council and to hold enquiries into the affairs thereof and to report thereon in such manner as the Central Government may stipulate.

Upon receipt of any such report the Central Government may issue such directions as they may consider necessary in respect of any of the matters dealt within the report and these directions shall be taken notice of by the Council for its further guidance.

11. There shall be a Board of Governors under the Council to manage the affairs of the Council.

12. A copy of the rules and regulations of the Council certified to be a correct copy by the members of the Board of Governors is filed with the Registrar of Joint Stock Companies Delhi or Bombay, along with the Memorandum of Association.

13. No additions, alterations or amendments shall be made to the memorandum unless the same shall have previously been submitted to and approved by the Registrar of Joint Stock Companies, Delhi and Bombay.

14. We the several persons whose names and addresses are subscribed hereto, are desirous of forming a Society, named as National Safety Council of India (under the 'Societies Registration Act of 1961') in pursuance of this Memorandum of Association.

Witnesses.

Names, addresses and description of subscribers.

Rules and Regulations of the National Safety Council.

1. Introduction - In these regulations, unless the context otherwise requires "The Council" means "the National Safety Council of India" and the "Board of Governors" means the Board constituted under these regulations.

2. Principles - The Council shall be an independent, non-commercial, nor-profit and non-political organisation.

3. Symbol - The Council will decide its own symbol.

4. Membership -

(a) For the purpose of registration the number of members of the Council shall be taken as unlimited.

(b) Any person or organisation agreeing to the principles of the Council and interested in industrial safety shall be eligible to its membership and the names of members shall be entered in the register of the Council.

(c) The Board of Governors may, from time to time, elect any person or persons who shall sign a written consent to his or their election to be honrary members for life or such other period as the Board may determine. However, members shall, subject to the provisions of clause (d) be entitled to all the rights of members but they shall not be entitled to receive any publications of the Council free of charge.

(d) Each member shall have one vote each but an honorary member shall not be entitled to vote. Voting by proxy shall be permitted.

(e) Membership fees and services shall be determined by the Board of Governors.

5. Board of Governors:

(a) The Board of Governors shall consist of 50 members, besides the Chairman who shall be nominated by the Government of India. Eighteen of the members shall be appointed by the Government of India as follows:-

(i) 2 experts having special knowledge about safety matters:

(ii) 8 to represent the Central Organisations of Employers.

(iii) 8 to represent the Central Organisations of Workers.

Composition of the Board of Governors shall be as follows:-

The President, the Vice President and the Executive Vice President of the Council shall be ex-officio members of the Board. The rest of the members (29) shall be elected by the members of the Council at the Annual

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Council Meeting; term of office shall be for three years and it shall be staggered in such a way that approximately one third of members retire each year; each member shall not serve for more than two consecutive terms but may serve after a lapse in the office.

Any vacancy may be filled as prescribed in Bye-laws.

(b) The Board shall meet twice a year but oftener if necessary and quorum of the Board as a Whole shall be one quarter of the total number of members of the Board. The act of the majority of the members present at a meeting at which quorum is present shall be deemed to be the act of the Board as a whole except where otherwise provided by the Bye-laws.

(c) During the intervals between Council meetings the Board shall be responsible for the general policies and programmes and finances of the Council and shall have power to take any necessary steps for attainment of the Council's objectives.

(d) There shall be such Standing Committees of the Board, with such duties as may be prescribed by Bye-Laws or by specific direction of the Board. Appointment to such Committees shall be made by the Chairman of the Board, subject to the confirmation by the Board of Governors as a whole. Such Committees may meet as often as necessary.

6. Meetings -

(a) There shall be an Annual Council Meeting to receive reports from the officers, to elect members of the Board of Governors and the elective officers and to transact other business.

(b) Special Council meetings may be held at the instance of the President, resolution of the Board or petition signed by 25 Council members filed with the Secretary. At such meetings no business other than the specified in the call of the meeting shall be transacted.

(c) Times and places of Council meetings and the notice to the members shall be as provided in the Bye-Laws.

(d) A quorum for such meetings shall be 5 per cent of the total possible votes.

7. Officers of the Council: (a) The elective officers of the Council shall be President and Vice-President. They shall be elected annually at the Annual Council Meeting and they will serve till the next election.

(b) The appointive officers shall be the Chairman of the Board of Governors, the Executive Vice-President and the Secretary. The Executive Vice-President shall be appointed annually by the Board and Chairman and Secretary shall be appointed by the Government of India.

(c) Vacancies in elective offices and appointive offices filled through appointment by the Board may be filled at any time by the Board as a whole. Other appointive offices may be filled and their duties laid down in such manner as prescribed in bye-laws.

(d) Except as otherwise provided, the duties of officers shall be as prescribed by bye-laws.

8. Elections

(a) To name candidates for election to the Board and elective offices and for placing nominations of the said candidates there shall be a Nominating Committee. The Committee shall be appointed by the Chairman of the Board and the appointment will be confirmed by the Board at least six months prior to each annual council meetings. One of the members shall be elected Chairman of the Committee subject to confirmation by the Board.

(b) The Nominating Committee at least 30 days before the annual meeting of the Council shall report to Secretary nominations for election to the Board of the Governors and to other elective offices.

(c) Twenty or more Council members entitled to vote may in writing; make additional nominations for election to the Board of Governors and to other elective offices. Such nominations shall be filed with the Secretary at least 20 days before the annual Council meeting.

(d) The Secretary, shall publish the nominations of the Nominating Committee at least 25 days before the Annual Council Meeting. If there are additional nominations, the Secretary shall publish them with the committee nominations by mailed notices if necessary, to the members at least ten days before the annual council meeting.

(e) Members of the Board and other officers elected at the Annual Council Meeting shall take office immediately upon adjournment of the meeting.

9. Conference Organisation-

(a) There shall be a conference to deal with the accident prevention problem for a particular section of industry or industries for the purpose of programme development and supervision and for representation on the Board of Governors as provided in the rules or Bye-laws.

(b) The Conference shall supervise and coordinate activities, policies and procedure of sectors of Industry assigned to it.

(c) The Board shall establish, combine or dissolve the Conference and specify in Bye-Laws the Conferences to be established, and how it shall be constituted and composed. The Board shall define the scope and function of the Conference and approve proper terms of each Conference.

10. State and Local Safety Organisations -

(a) The Council shall promote the development of State and local safety councils for the purpose of carrying on organised accident

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prevention and the Board as a whole shall through Bye-Laws or other-wise determine the requirements to be met by such State and local safety organisations as apply for the membership of the Council.

(b) The Board shall through Bye-Laws or otherwise determine the relationship between the National Safety Council and State and Local Safety Organisations.

11. Finances -

(a) Fund for the operation of the Council shall be secured through public support, grants and contributions, membership dues, interest on investments and the sale of safety publications, materials and services to members and others as provided in the Bye-Laws and other funds made available for the purpose.

(b) The Council's funds shall be disbursed as directed by the Board.

(c) The bankers of the Council shall be the State Bank of India or any other bank approved by the Board. All funds of the Council shall be paid into the Council's account and shall not be withdrawn except through cheques signed by the Secretary or any other official duly empowered by the Chairman.

(d) The Board shall cause true accounts to be kept of the receipts and payments and assets and liabilities of the Council and of all sales and purchases of goods by the Council. The books of accounts shall be opend for inspection of the members of the Council at all times at the Council's Office.

(e) The Boards shall cause to be prepared and laid before Council's annual general meeting income and expenditure accounts balance sheets and group accounts duly audited by any registered auditor.

(f) The Board shall formulate a code of delegation of financial powers to the Secretary of the Executive Vice President.

12. Membership Roll

(a) The Board shall keep a roll of members of the Council and every member of the Council shall sign the roll and shall state therein his occupation and address.

(b) If a member of the Council changes his address, he shall notify his new address to the Secretary who shall thereupon enter his new address in the roll of the members. If he fails to notify his new address, the address on the roll shall be deemed to be his address.

13. Bye-Laws -

The Bye-Laws may be amended by the Board as may be required. The proposed amendments shall be read at the meeting of the Board and if approved they shall be mailed to all the members of the Board within fifteen days. The amendments thereafter shall be put to vote at a subsequent meeting of the Board and it shall be adopted if those, voting for it at the meeting plus absent Board members expressing their approval in writing constitute two thirds of the total number of members of the Board. The Bye-Laws so adopted shall be effective after publication.

14. Indemnity -

The Board and every officer or servant of the Council shall be indemnified by the Council against, and it shall be duty of the Board out of the funds of the Council to pay all costs, losses and expenses which the Board or any such officer or servant may incur or become liable to by reason of any contract entered into or act or deed done by the Board or such officer or servant as such Board, officer or servant in any way in the discharge of the duties of the Board or such officer or servant, including travelling expenses.

15. Amendments -

These Rules and Regulations may be amended by the approval of two thirds of the votes at any Council meeting provided the list of the proposed amendments is announced to the members of the Council at least fortyfive days in advance of the meeting. Amendments may be proposed by the resolution of the Board or by petition of fifteen members of the Council.

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BYE LAWS OF NATIONAL SAFETY COUNCIL

1. Principal Office - Principal office of the Council shall be located in New Delhi or Bombay or such other place as may be decided by the Board of Governors.

2. Membership dues and services -

(a) Payment of Dues - All dues are payable annually in advance on the anniversary of the membership acceptance date. Failure to pay dues shall terminate membership.

(b) Official Publications - Each member of the Council shall receive a copy of the Council's magazine and other periodicals and publications.

(c) Distribution of publications and services - The Board of Governors shall determine and publish -

(i) The kinds and quantities of materials and services which members shall receive by virtue of membership.

(ii) The terms under which materials and services will be made available to members and non-members.

3. Council Meetings -

(a) Annual Council meetings shall be held in October or November on a date and at a place chosen by the Board of Governors at least ninety days in advance of such meeting.

(b) The Secretary shall issue the notice of the annual Council meeting in the Council's Magazine at least 45 days in advance of such meeting. Such notices shall announce nominations for elections of members of the Board of Governors and elective officers and shall propose any amendments to the Rules and Regulations as well as Bye laws.

(c) Special meetings may be held at any place indicated in the petition addressed to the Secretary and agreed by the Board. The date of meeting shall be fixed by the Board and it should not be less than 20 days or more than 40 days after the date of notice issued by the Secretary to the members of the Council. The notice shall state the purpose for which the meeting is being called.

(d) Verfication of the credentials of the proxies and the counting of the votes shall be done by the persons appointed by the Secretary; result of the ballot shall be announced at the earliest practicable time.

(e) If quorum is not present, the meeting may be adjourned for not more than seven days at a time without notice and any business may be transacted at such meeting which might have been transacted at the original meeting.

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(f) All notices of the Council other than annual general Meetings may be given by advertisement alone in any leading newspaper.

(g) A notice may be served by the Council upon any member either personally or by sending it through the post in a pre-paid letter addressed to such member at his registered address as appearing in the register of the members.

4. Board of Governors -

(a) With the exception of the members of the Board of Governors nominated by the Government other nominees for election to the Board must be members of the Council; any vacancy on the Board may be filled until next annual Council meeting through election by the Board.

(b) The Board after election shall hold its first regular meeting on the following day of the annual Council meeting and the second regular meeting shall be held after six months at a place determined by the Board.

(c) The Secretary shall issue notice of the meeting of the Board to every member of the Board whose term of office has not expired and to each person nominated by the Government at least five days prior to the meeting of the Board and in case of subsequent meetings, the notice shall be issued 15 days prior the date of the meeting.

(d) The Chairman of the Board may call special meeting of the Board on a written demand of three members of the Board served on the Secretary. The written demand shall state the object of the meeting. Secretary shall issue notice of the meeting to the members of the Board ten days in advance or a telegraphic communication five days in advance. No other subject other than that specified in the written demand shall be discussed at a special meeting.

(e) The Board may appoint Standing Committee to deal with finance and budget to be approved by the Board and any other matter such as Membership, Public Relations and Information, Research and Education and Production. Each such committee shall serve during the term of the Chairman of the Board and it shall report to the Board directly.

(f) The Board of Governors may also appoint Council Committees for carrying out such activities as may be assigned to it. At least one member of such Council shall be a member of the Board. Persons who are not members of the Council may also be invited to serve on these Committees.

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5. Officers -

The following shall be elected officers of the Council:-

1) President, and
2) Vice-President.
3) The Executive Director of the Council shall also act as Secretary and Treasurer and his remuneration will be determined by the Board.

6. Duties of the various officers -

(a) The Chairman of the Board of Governors -

(i) Shall preside at the Board meetings,

(ii) Perform other duties assigned to his position.

The Board of Governors shall choose one person from among them to be a Vice-Chairman who will succeed the Chairman in case he is unable to serve the office due to any cause.

(b) The President shall be the Chief Public Officer of the Council and responsible to the Board of Governors. He shall preside at the meetings of the Council, call special meetings, represent Council in public affairs and solicit public support to Council programmes.

(c) The Vice President shall present to the Board the details of the conferences, represent the Council in public affairs at the request of the President, serve as a link between the Board of Governors and the Conferences or Standing Committees established for carrying out various activities of the Council.

(d) The Secretary shall -

(i) Prepare minutes of all meetings, record votes at each meeting and distribute minutes to all the members of the Council.

(ii) Act as Secretary to the Board of Governors and distribute minutes of the meetings to the members of the Board.

(iii) Supervise all work in connection with elections and meetings of the Council.

(iv) Receive and file minutes of all other meetings and conferences.

(v) Maintain names, addresses, etc., of all the members of the Council, Board of Governors and other Committees and Conferences and their sections and offices of the Council.

(vi) Perform all the work in connection with special Council and Board meetings.

(vii) Record all the resolutions of the Council, Board of Governors and other Committees and bring them to the attention of all concerned.

(viii) Handle funds and keep them in the depository in accordance with the instructions of the Board of Governors.

(ix) Report on the receipts and disbursements of the Council and on its assets and liabilities.

(x) Sign cheques and all the bills of the Council and if necessary, delegate this duty to someone else approved by the Board of Governors and to supervise the auditing of the Council's books.

(e) The Executive Vice-President shall be the Chief Executive Officer responsible to the Board of Governors who shall -

(i) be in charge of business affairs and property of the Council, develop and implement plans of the Council and ensure that the Council is properly represented in other organisations.

(ii) Employ staff to assist him in performing his duties subject to the delegation of financial powers and the rules governing the employment and conditions of service of staff.

7. Appointed officers -

(a) The Board may create additional posts of officers as it may deem advisable and prescribe the method of recruitment, filling of vacancies, fixing their pay scales and duties to be performed.

(b) Duties of officers not specified in these Bye-Laws shall be as determined and specified by the Board of Governors.

(c) Except where specifically stated, all officers shall carry out their responsibilities through the Board.

8. Conferences -

(a) To begin with there shall be a conference in the field of industry but at a later stage there may be more conferences in other fields of activity.

(b) Each conference may have different sections such as textiles, engineering, chemical as may be determined by the Board of Governors.

(c) The Vice-President shall be responsible for the conferences and shall serve as a link between the conference and the Board of Governors.

(d) The Conference shall present periodically to the Board for its approval a statement of its current policies and procedures governing the activities of the conference and the sections.

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9. Membership of Conferences -

The Conference shall consist of the following:-

(a) Chairman and Vice-Chairman of each section,
(b) One representative from each of the groups,
(c) One representative from each of the State Safety Councils and local Safety Organisations, if any,
(d) Twentyfive persons appointed by the Vice-President and approved by the Board of Governors.
(e) All the appointments shall be for the period ending with the next Annual Council meeting. Each conference may suggest to the Vice-President persons to be added to its membership during the year or to be appointed for the following year.

10. The Conference shall meet in connection with the annual Council meeting or at a time directed by its Chairman.

11. Officers and Committees of the Conference -

At the annual meeting of the Council the conference shall elect one Chairman, one Vice-Chairman and other officers as may be necessary. A staff representative named by the Executive Vice-President shall serve Secretary of the conference without vote. The Chairman may name appropriate committees with the approval of the Conference.

12. Representation of the Conference on the Board of Governors.

a) The Conference shall be represented on the Board by two elected members of the conference.

b) The Conference, three months before the annual Council meeting, shall choose its members to be recommended to the nominating committee for nomination as members of the Board. The persons selected shall be reported to the Secretary for transmission to the Nominating Committee.

13. Organisation of Sections-

a) A section shall consist of persons whose common purpose, service, occupation, background and methods of operation are conductive to a cohesive, a coordinated effort in accident prevention.

b) Each section shall meet at the time of the Annual Council meeting and elect Chairman, Vice-Chairman and other officers to form section Executive Committee for the ensuing year.

14. The Chairman, if he considers it so necessary, may authorise deviation from any of the provisions of a Bye-Law after recording the reasons therefor in writing, and shall report the matter to the Board for confirmation at the next meeting of the Board.

STANDING LABOUR COMMITTEE

(24th Session)

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Item 19: Amendment to the Industrial Employment (Standing Orders) Act, 1946 to provide for appointment of Inspectors.

MEMORANDUM

The Industrial Employment (Standing Orders) Act,1946, requires employers of industrial establishments to which the Act is applicable to submit draft standing orders proposed for adoption in the industrial establishments concerned to the Certifying Officer for certification. It also prescribes penalties for non-submission of draft standing orders for certification and for doing any act in contravention of the standing orders finally certified under the Act. It does not, however, provide for any machinery for the proper implementation of the provisions of the certified standing orders. Further, a large number of individual cases relating to alleged violation of the certified standing orders were, it has been reported, sponsored by the Trade Unions in the shape of disputes and had to be dealt with as such, in the absence of a proper inspecting and enforcement machinery. Some of these disputes, it is stated, could be averted by proper enforcement of the certified standing orders if the Act had contained a provision for appointment of Inspectors who could carry out regular inspections of the establishments having certified standing orders.

2. In Order to overcome the above-mentioned difficulties, it has been suggested that a provision might be incorporated in the Industrial Employment (Standing Orders) Act,1946 itself for empowering the appropriate Government to appoint Inspectors under the said Act to facilitate adequate and satisfactory enforcement of the provisions of the said Act and of the certified standing orders made thereunder. In this connection attention of the Government has been invited to section 15 of the Madhya Pradesh Industrial Employment (Standing Orders) Act,1961 (relevant extracts enclosed for ready reference). An Inspector can, in the course of inspection, easily check whether Standing Orders as duly certified under the Act exist and are posted as required by the Act but it is doubtful whether, violation of the certified standing orders can be detected except on the basis of complaints from the workers or their organisations.

/and the U.P.Industrial Employment (Standing Orders) Rules,1946

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The State Governments/Administration who were consulted in the matter have, however, not objected to the amendment being made in the Act except the Delhi Administration who have pointed out that the proposal is not likely to reduce the number of disputes. Besides, they have stated that there are not appreciable number of disputes regarding violations of certified standing orders.

3. The Standing Labour Committee may consider whether the Industrial Employment (Standing Orders) Act, 1946 may be amended suitably in order to provide for appointment of Inspectors and ~~whether the Inspectors should have the responsibility~~ of enforcing the Act and the Rules and the provisions of the Certified Standing Orders of the individual establishments.

(27)

APPENDIX

Extracts from the Madhya Pradesh Industrial Employment (Standing Orders) Act, 1961.

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15. Appointment of Inspectors and their powers and duties - (1) The State Government may, by notification, appoint such officers of the Labour Department not below the rank of a Deputy Labour Officer, as it may think fit, to be Inspectors for the purposes of this Act. Such notification shall define the class of undertakings in respect of which and the areas within which they shall exercise their respective jurisdictions.

(2) It shall be the duty of every such Inspector to ensure within the area of his jurisdiction the proper implementation of the provisions of this Act and the rules made thereunder.

(3) An Inspector may, within the area of his jurisdiction make such enquiries and collect such information from the employers and employees as he may consider necessary for the purposes of this Act.

Extracts from the U.P. Industrial Employment (Standing Orders) Rules, 1946.

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Rule 2(vii):- "Inspector" means an officer appointed by the State Government by notification in the official Gazette, for the purposes of carrying out the provisions of the Act, and of these Rules, and includes a Labour Officer.

RULE 2A:- (1) Powers of Inspectors - For the purposes of the enforcement of the Act, the Rules, and the Standing Orders duly certified there-under the Inspector shall have the power:-

(a) to enter at all times any place, which is or which he had reason to believe, is an industrial establishment under section 2(e) of the Act and may examine the premises and all registers, records and notices.

(b) to photograph or cause to be photographed any place of work or machinery, or to obtain copy of a photograph, sketch or test measurement or any register or documents.

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(c) to inspect any building, room or work-place within the industrial establishment;

(d) to call for explanation for any irregularity found in his inspection;

(e) to make enquiries from such persons on the premises of the industrial establishment as he may consider necessary;

Provided that no such persons shall be compelled under this rule to give an answer to any question, the answer to which might tend to incriminate him;

(f) to summon and examine the records of any registered trade union or a Federation of the trade unions for the purposes of rules 5 and 9 of these rules; and

(g) to seize any records, registers, documents, articles, which he may consider necessary.

IMMEDIATE

Supplementary Memorandum

Item 12: Unemployment Insurance Scheme.

(Prepared by the Deptt. of Social Welfare)

Reference Momorandum and draft Unemployment Insurance Scheme, which were considered at the 23rd Session of the Indian Labour Conference held on the 30th and 31st October, 1965, and which have already been circulated for consideration by the Standing Labour Committee.

2. The Indian Labour Conference discussed briefly the Scheme of Unemployment Insurance and the Workers' representatives welcomed the idea in principle. The Employers' representatives desired to have more time to study the Scheme. As many details had to be considered it was decided to place the item before the next session of the Standing Labour Committee.

3. In order to enable the All India Organisations of Employers and Workers and State Governem and Central Ministries, etc. to study the Scheme and examine details, the Memorandum and the dract Scheme were circulated to them in November, 1965 for their comments. The comments received so far have been examined.

4. The proposal contained in the draft Scheme for payment of retrenchment compensation under the Industrial Disputes Act, 1947, after exhausting unemployment insurance benefit, has been reconsidered in the light of comments received, ILO Conventions and provisions in the existing Schemes in various countries. It is clear that retrenchment compensation allowed at present on length of service can neither be reduced nor taken away but the ILO Conventions provide that in such cases payment of unemployment insurance benefit should be suspended for the duration of the period for which an insured person receives compensation substantially equal to his loss of earnings. A number of existing schemes expressly provide for suspension of unemployment insurance benefit accordingly. An insured person is not regarded as being unemployed so long he receives compensation for the loss of his job. It is, therefore, now proposed that retrenchment compensation may be paid first on retrenchment of an employee and he may draw unemployment insurance benefit after expiry of the duration of the period for which he receives wages substantially equal to his loss of earnings. If a retrenched employee, for example, receives retrenchment compensation

equal to his wages for four months, he will be entitled to draw unemployment insurance benefit unless re-employed before four months, from the 5th month after his retrenchment for the maximum period of six months or until re-employed whichever is earlier. This will not only protect existing benefit of retrenchment compensation fully but also reduce reduce incidence of cost of unemployment insurance benefit benefit both for employers and employees. A note of actuarial calculations made on this basis is enclosed. On the basis of the acturial calculations made it is now proposed to reduce the rate of contribution by employers and employees from 0.50 % to 0.35% of pay or total emoluments.

5. Some of the other comments received related to payment of unemployment insurance benefit during strike, lock-out, closure, discharge for mis-conduct and during waiting period. As fully explanined in parass10 and 11 of the Memorandum, already circulated, the contingency to be covered by the Scheme, which is based on universally accepted principles and ILO Conventions, is suspension of earning due to inability of a worker to obtain suitable employment, who is capable of and available for work, on retrenchemnt as defined in the Industrial Disputes Act, 1947. Unemployment Insurance benefit is not paid on loss of employment as a direct result of stoppage of work due to a trade dispute, as it is not considered appropriate for a social security scheme to take part or assist in a labour dispute in any way. An Unemployment Insurance Scheme is also not intended to insure a person against his own mis-conduct. As regards the waiting period the ILO Convention provides that the benefit need not be paid for the first seven days. In case of a new Scheme a waiting period of longer durqtion is justified.

6. It was proposed earlier to refund a part of contributions to an insured person, who pays contributions for at least 10 years and does not claim any benefit till his full accumulations in the provident fund become refundable to him or his nominees/heirs. On reconsideration, it is

· felt that consistent with the spirit of social insurance and in order to promote early re-employment an additional amount equal to benefit of one month or two months may be paid to a beneficiary, who may find employment through his own effort before receiving the benefit for less than two months and three months respectively, instead of refund of a part of contributions.

7. A note regarding cost of social security in India is also attached (Annexure 'BB').

8. The Scheme with the above modifications is for consideration and approval of the Standing Labour Committee.

Annexure 'AA'

ASSISTANT ACTUARY'S NOTE

ON

UNEMPLOYMENT INSURANCE SCHEME

It has now been proposed in the scheme for the unemployment insurance benefit to be paid for a maximum duration of six months only after the retrenchment compensation payable under the Industrial Disputes Act, 1947 has been exhaused.

2. Because of the deferment of the liability of the unemployment insurance fund, the average duration for which the Fund is liable to pay the benefit is likely to be reduced slightly. It has been assumed that the duration for which unemployment benefit may be payable from the Fund would be on average about four months instead of six months.

3. On the basis of certain calculations made, the total contribution for the scheme may roughly be estimated as 0.70% of the salary made up of employees' contribution of 0.35% of the wages, the employer also contributing an equal amount. It has been assumed in making the calculations that the scheme is to be made compulsory for all the employees concerned under both the Employees' Provident Fund and Coal Mines Provident Fund scheme and one unified scheme is to be established.

4 The same safeguards as stipulated in the note dated the 13th July,1965 of the Actuary, Employees' State Insurance Corporation, should be provided. These safeguards are:

(a) In the statute promulgating the unemployment Insurance scheme, a provision should be incorporated enabling the Central Government to vary the contribution rate from time to time subject to a maximum of 5 per cent of the workers' wages - 2½ per cent being payable by the employer and the balance of 2½ per cent by the employee. The Central Government should be enabled to make the variation on the advice of the Actuary (This would obviate the necessity for approaching the Parliament, at short intervals, for revision of the rate of contribution so long as it is within the approved ceiling).

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(b) After the SCHEME has been in force for a period of 2 years, a review should be made of the assets and liabilities of the SCHEME by a qualified Actuary; (This would be necessary as, in the absence of reliable statistics, we should take the earliest opportunity to test the continued adequacy of the rate of contribution, solvency etc. in the light of experience gained). Provision should also be made for quinquennial valuations thereafter.

5. If the contribution rate is reduced, the amount available for the expense of administration, which is provided as 10% of the total contribution, would be reduced prorata. The adequacy of the 10% of the total contribution for administrative expenses can be examined later.

Sd/- C.R. Ramanarayanan
Assistant Actuary
Employees' State Insurance Corporation.

ANNEXURE 'BB'

INTERNATIONAL LABOUR OFFICE

THE COST OF SOCIAL SECURITY 1958-1960

In order to demonstrate the relative incidence of the cost of social security on the national economy in the various countries, the figures for total receipts, total expenditure and expenditure on benefits have been related to the gross national product at market prices (market value of all goods and services produced in a country)

TABLE 3

Countries.	Financial Years.	In percentage of gross national product.		
		Receipts	Expenditure	
			Total	Benefits
Ceylon.	1956-57	4.0	4.0	3.9
	1957-58	3.4	3.3	3.3
	1958-59	3.8	3.7	3.5
	1959-60	4.5	4.5	3.5
India	1956-57	1.4	1.0	1.0
	1957-58	1.7	1.2	1.2
	1958-59	1.7	1.4	1.3
	1959-60	1.9	1.4	1.4
Japan	1957-58	5.8	4.7	4.3
	1958-59	6.7	5.6	5.1
	1959-60	6.4	5.3	4.8
	1960-61	6.6	5.2	4.7
Malaya	1957	5.1	3.3.	3.1
	1958	5.3	3.7	3.5
	1959	5.0	3.2	3.2
	1960	5.1	3.1	3.1
United Kingdom	1956-57	10.0	9.7	9.1
	1957-58	10.0	9.9	9.3
	1958-59	11.0	10.8	10.2
	1959-60	11.1	11.1	10.4
	1960-61	11.1	11.0	10.4
United States	1956-57	6. 0	5.2	4.9
	1957-58	6. 3	5.9	5.6
	1958-59	6. 7	6.5	6.2
	1959-60	7 . 0	6.3	6.0

Break up of receipts and expenditure for 1959-60 for India

	In millions of Rupees	
	Receipts	Expenditure
1. Social Insurance and assimilated schemes.	601.8	261.7
2. Public Employees; Military and civilian.	1004.3	744.0
3. Public health services.	826.4	826.4
4. Public assistance and assimilated schemes.	0.8	0.8
Total	2433.3	1832.9
Cost of social insurance schemes. (In percentage of gross national product).		
(a) cost borne by employers.	0.23	0.10
(b) cost borne by employees.	0.24	0.10
Total	0.47	0.20
Labour cost as a percentage of production cost.	About 15-20%	
Cost of Unemployment Insurance Scheme as a per centage of total production cost -	-(At 20% labour cost)	
(a) To be borne by employers.	.07% (i.e.Rs.7 per Rs.1000)	
(b) To be borne by employees.	.07% (i.e. Rs.7 per Rs.1000/-	

STANDING LABOUR COMMITTEE
(24th Session)

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Item 12:- Unemployment Insurance Scheme.

SUPPLEMENTARY MEMORANDUM
(Prepared by the All India Trade Union Congress)

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1. Although the present scheme is very limited in its scope and coverage, is based on contribution by workers and is not part of an integrated social security scheme, the principle underlying it, viz. extension of security to cover unemployment is welcome.

2. However, there are many objections to the proposed scheme, in details:

(i) Even if it is accepted that as a first step, only those workers who lose their jobs should be covered, confining the scheme to merely retrenched workers is wrong. The Supreme Court has made a distinction between retrenchment and closure, necessitating a change in the Industrial Disputes Act. As the scheme now stands, in case of closure of a factory, the workers will not get any benefit. Then there is also the question of the workers whose services are terminated by discharge simpliciter. In the Draft Scheme, such workers will be excluded.

Under the Draft Scheme, it is proposed to exclude from unemployment benefit a worker who has been dismissed for misconduct. As is well-known, 'misconduct' can cover all types of offences, some of them being even rather innocuous ones and many others depending merely on the psychological mood of the employer.

A dismissed worker can get little redressal even from courts, as the Supreme Court has severely circumscribed the eventualities in which courts can intervene. He loses the employer's contribution to the PF; under the Bonus Act, he loses his bonus and now under the Draft Scheme, he would lose his unemployment benefit also.

Again, take the case of a worker dismissed and later reinstated. It can happen that after protracted litigation, the Courts might hold the dismissal illegal and order reinstatement of the workmen but with no back wages. The dismissal having been held as wrongful, it would be adding another injustice to deprive the worker of the very limited unemployment benefit.

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A worker who has "left the service voluntarily without just cause" will also not be entitled to benefits under the Draft Scheme. This is too vague a clause and will leave the door ∠ wide open for endless disputes and varying interpretations.

In fact, a much more logical and correct position would be to make the scheme applicable in all cases of termination of service. In case of voluntary resignation, a minimum qualifying period, say, five years, could be provided.

To restrict the scheme only to retrenched workers, while leading out workers whose services have been terminated by closure or other causes would be illogical, discriminatory and unfair.

Apart from termination of service, 'unemployment' may be caused by strike and lock-out also. Even if strike is left out of consideration, there is no reason why the Scheme should not cover cases of lock-out.

(ii) The draft scheme extends only to permanent workers and specifically excludes "badli" workers along with casual and temporary workers. But there is no reason why "badli" workers who have qualified for PF Scheme should be excluded.

(iii) The next aspect which deserves serious attention is the question of benefits. The position as it stands as per the Draft Scheme is that a worker will get 50 per cent of his total wages for a period of six months or till he finds re-employment whichever is earlier. However, his retrenchment compensation will be held over for six months and if in this period, he does not find a job, he will be paid the compensation. If he finds a job, the compensation will lapse to the employer. This is manifestly a gross injustice. The TU movement has through bitter and prolonged struggles won the right of a retrenched worker for compensation from the employer. For this, he does not have to make any contribution. Now, when a contribution is proposed to be levied, it is suggested that if he finds a job, he should lose this right. This is a position the TU movement can never accept. The Unemployment Insurance Scheme has to be an addition to existing benefits, not in lieu of them.

Again, this provision will lead to ridiculous results. Consider the case of a worker with 20 years' service. He would now be entitled to one month's wages as notice pay and ten months' wages as retrenchment compensation. Under

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the scheme, his notice pay is not specifically protected which should have been done. But what is even worse, if he finds employment within six months' of his being retrenched, he would at the most get three-months' wages (at the rate of 50 per cent of wages per month). When did not have to pay anything, he got eleven months' wages as compensation; when he has been forced to pay, he will get only three months' wages.

On the other hand, a worker with, say only five years' service who does not get a job within six months would get three months' wages as insurance benefit, plus one month's wages as notice pay. The iniquity in the draft scheme is thus quite evident.

/and 2½ months wages as retrench-ment benefit

(iv) A major question of principle is the monthly contribution of 0.5 per cent of wages which will be levied both upon the worker and the employer alike. Already, huge sums have accumulated under the ESI Scheme and are lying unutilised so far as benefits to workers are concerned. These could be easily used for unemployment benefit. Apart from this, it has to be pointed out that if a worker was employed and is deprived of his job, the responsibility of providing him with minimum subsistence should be that of the community (through the government) and the employer. This is all the more so when an overwhelming majority of workers do not get even the minimum need-based wage. The employers' contribution under ESI could be raised to the statutory limit and this would yield a sizeable sum.

(v) The proposed waiting period should be curtailed to seven days and, in case unemployment extends beyond this period, payment should be retrospectively paid for these seven days also.