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INDIAN INDUSTRIAL LABOUR

(WITH SPECIAL REFERENCE TO TEXTILE LABOUR)

BY

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PREFACE

I may at the outset warn the reader that no attempt has been made here to gloss over complications or to over-simplify the subject-matter. I have written the book in as simple a manner as the scope of the subject has permitted me, and endeavoured to give a succinct account of Indian Industrial Labour, with special reference to Textile Labour, avoiding as far as possible controversial issues and conflicting ideologies. To me the task has been a fascinating adventure. New theories, new facts, and new ideas are emerging as the *tempo* of Indian industrialization increases, since the subject is now being scientifically examined by individuals and corporate bodies from a practical as well as a theoretical point of view.

Broadly speaking, a study of this kind may be likened to looking at Industry through the wrong end of a telescope : the whole field of vision is brought into correct focus, but in miniature.

I have constantly kept in mind the needs of the fast developing institution of labour officers in the country. The establishment and maintenance of good industrial relations is mainly and essentially the function of the labour officer, who will have an increasingly important part to play in the future organizational set up in Industry. Carefully avoiding abstract reasoning, divorced from reality and practicability, I have mostly based my observations on practical experience. I believe that the professional man in the field of Industrial Labour will be in a position to correlate the thousand-and-one manifestations of the labour problem that he will encounter as he pursues his career. The sound understanding and the growing confidence thus acquired may be expected to give direction and strength to the development of his personality, upon which his ultimate success as a labour officer will largely depend.

I have not, at the same time, forgotten that the book might be equally useful to universities and colleges and stimulate sound and correct thinking among

students of the subject. It is thus designed to be not only useful as a manual for professionals, but also as a textbook. It is this combination which, I humbly submit, is a special feature of this book. If my reader has in some degree benefited from an intelligent reading of the book, I shall deem my efforts amply rewarded.

I am indebted to the *Indian Textile Journal*, the *Textile Age* and the *Indian Market* for having been good enough to permit me to reprint a series of articles previously published in their columns, with minor alterations to make them suitable for presentation in book form. The rest is now printed here for the first time.

I am fully conscious of the faults and shortcomings of the book, but these faults and shortcomings are mainly due to the circumstances in which it was written. The work had to be executed in snatches of leisure between long spells of arduous labours connected with my professional duties and obligations. Inevitably it suffers from the defects of such intermittent and somewhat haphazard effort. It has been impossible to fill certain gaps in the material originally collected a long time ago. All told, the book has taken nearly two years to complete.

In the end, I may point out that I alone am responsible for the facts and opinions to be found in this book, and that the Ahmedabad Manufacturing and Calico Printing Company, Limited, Ahmedabad, is in no way responsible for what is written here.

Bakul Bhuwan,
Calico Mills Compound,
Ahmedabad.
1st June, 1949.

T. N. RASTOGI

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“Labour is prior to, and independent of, capital. Capital is only the fruit of labour, and could never have existed if labour had not first existed. Labour is the superior of capital, and deserves much the higher consideration. Capital has its rights, which are as worthy of protection as any other rights. Nor is it denied that there is, and probably will be, a relation between labour and capital producing mutual benefits.”

—*The Life and Writings of Abraham Lincoln*
Edited by Philip Van Doren Stern

CHAPTER I

LABOUR AND INDUSTRIAL RELATIONS

With the participation of the Indian Government, Capital and Labour in the proceedings of the International Labour Conferences, Indian industrial labour has come into line with Western and American industrial labour in several spheres, though not in the economic sphere. The Central and Provincial Governments are together focussing their attention on securing uniformity in Central and Provincial labour legislation and creating a stalwart labour class in the country. The labour class also, under its own organization, is chalking out and formulating various methods and policies to consolidate its power for bettering home and factory life. It is claiming and obtaining a great voice in the control and conditions of its work and supervision over the terms of its employment. The Central and Provincial Governments by the application of the 'Just-cause' Calculus through legal instrumentalities would go a long way in establishing harmonious relations between Capital and Labour.

The improvement in labour conditions must be brought about in the context of the general economic life of the country. Unless this truth is recognized by all trade unionists, the standard of life of the Indian people cannot substantially improve. They must give their best for the attainment of this object. This will not only co-ordinate the various sectors of the industrial policy of the National Government but will also help them to remove the disparity between the earnings of industrial and agricultural labour and incidentally the consumers' interest will also be amply safeguarded. The employer must be given impetus to hold his own in the 'buyer's market'. Hence the 'Industrial Relations' between employers

and employees are of paramount importance and it is the bounden duty of the Government to establish industrial peace in the post-war competitive era through active intervention.

The formation of the National Government with a pronounced sympathy for the cause of labour has created a sense of freedom and exhilaration amongst the leaders of the working class movement and has resulted in constant agitation for further legislative measures for amelioration of the labour class. The manifold recommendations of various Labour Enquiry Committees will form the superstructure on which the edifice of the post-war labour policy of the Central and Provincial Governments is to be built. The change-over system, fixation of minimum wages, standardization of wages, rationalization, methodology of labour recruitment, educational and recreational facilities and, last but not the least, social security programmes are its major items.

In the industrial framework of India expansionism in production along with higher efficiency are possible by the maximum use of plants, fixtures and fittings in a scientific way and this is possible only when the 'labour equilibrium' is not disturbed. The employer must get the maximum possible work out of his expensive machinery and reduce his overhead as well as average cost per unit of production; and labour also, side by side, must get a fair standard of life necessary to work comfortably and peacefully. The worker must be in a position to enjoy a happy home life when he returns from work in the factory. These various complex problems have to be tackled properly and methodically.

The desideratum is the change-over system with all its advantages. The continuous employment of an individual worker in the second or third shift has impaired his health and efficiency greatly. This can be avoided by the interchangeability of the two or three teams of workers of the two or three shifts

as a matter of routine every month. The Bombay Presidency has taken a lead in this respect as an Interim Award of the Industrial Court has already promulgated it in the textile industry for one year as an experimental measure with effect from the 15th February, 1947.¹ But unilateral action by a single Provincial Government would be manifestly unfair to the industry as a whole and so the Central Government must examine the question on its merits in consultation with Provincial Governments, employers and labour, and explore the possibility of putting the system in force all over India within the shortest possible time.

Minimum wage-fixing machinery is the crying need of the hour in view of the radical leanings of the industry towards the adoption of measures of rationalization. Adequate care must be taken to see that the machinery does not, at any rate, impair the competitive position of the industry *vis-a-vis* the industry of foreign countries. The problem must be studied in this context to avoid the apprehension of an avalanche of foreign manufactured goods swamping the Indian markets in the new era.²

Standardization which is the next problem is generally opposed by employers on the ground that workers cannot be standardized in performance. The Government must understand that standardized wages should only represent the productivity of an average worker and progressive employers will naturally be inclined to pay the workers in proportion to their efficiency, as therein lies the mutuality of interests which is well understood and well recognized by intelligent industrial magnates.

Rationalization which is raising stormy protests from the rank and file of the labour class is the most

1. By another award of the Industrial Court the change-over system has been continued for a further period and is still in force in the industry in the Bombay Presidency.

² Dr R. K. Mukerjee : *The Indian Working Class*, (2nd Edn.), pp. 178-200.

important measure which free India must conceive boldly and execute vigorously. It is designed to minimize waste of human effort and raw materials, to increase industrial efficiency, reduce the cost per unit of production and thus safeguard the consumers' interest. There is no reason to doubt that rationalization as understood in India in 1948 would augment the total output of wealth, which will mean an increased 'National Dividend'.

The methodology of labour recruitment should be properly studied in the hard school of experience. The curtailment of the unlimited powers of the jobbers over the procedure of recruitment would diminish bribery and corruption which are rampant in an average Indian factory. The jobber, known in different parts of the country and in different industries by different names such as *sardar*, *mistry*, *mukadam*, *tindal*, *kangany*, *chowdhry*, etc., is almost a ubiquitous feature in the methods of recruitment and usually combines in himself a formidable array of functions. The Whitley Commission recommended the introduction in every mill of the post of the Labour Officer, who should be directly responsible for the enlistment of the labour force. The *Badli* Control System must be effectively maintained by him as it is here that the jobber is the king in the labour market. It is the duty of the Departmental Heads to report to the Labour Officer the probable number of absentees in their respective departments. The *badlis* should be asked to present themselves at the mill gate for filling up the temporary vacancies caused by the absence of permanent operatives. A record of employment, attendance and absentees must be maintained by the staff of the Labour Office and the Labour Officer should do the labour adjustment. Here co-operation among the Departmental Heads is indispensable. Thus *Badli* Control, though not totally eliminating the malpractices, will substantially curb the manipulations of the jobbers and lead to

the creation of a healthy labour force.³

Employment Exchanges will also be of great help in this direction, provided the Labour Officers have got the foresight to contact these institutions periodically and methodically. The Exchanges must endeavour to bring employers and employees closer by maintaining complete lists of workers seeking jobs and the number and nature of vacancies which employers desire to fill. Given a properly organized Employment Exchange in big industrial centres, with the creation of a separate Employment Department in each mill under a qualified and trained Labour Officer, who would make serious efforts to employ the 'methodology of labour recruitment' in consultation and collaboration with the public Employment Exchange, Indian industry would be able to develop 'institutional channels of recruitment'. If their respective functions are fully and properly discharged by the Employment Exchange and the Employment Department in each mill, they are bound to prove useful in galvanizing the labour market. The Labour Unions must also play their part. In the Madura Mills Co. in South India, there is a mutual understanding between the management and the Labour Union that vacancies should be notified to the Union. The Union maintains a tentative list and recommends therefrom the names for vacancies and the selection is made by the management

3. A new industrial worker, possessing an agricultural background and having no industrial bent whatsoever, enters the factory with a lack of knowledge of his place in industry. He is put on the job immediately and he tries to pick up whatever knowledge he can by the method of absorption. The senior operative from whom he tries to learn his work is not himself qualified to impart scientific training in a methodical way, and whatever little instructions he offers are at best patchy. Therefore, more often than not, the new industrial worker learns and perpetuates bad habits and slipshod methods, which cannot be rectified at a later stage. The methodology of recruitment must of necessity be equally defective. It would be desirable both to institute practical training 'on the job' and to introduce the 'vestibule system'. In the case of training 'on the job' a new worker should start from the bottom and by a process of up-grading should be promoted from one position to another with due regard to his susceptibilities and prejudices until he becomes a skilled operative. The 'vestibule system' connotes the idea that a part of the machinery is set aside, on which learners or probationers practise under the guidance of special instructors, without interfering with the normal apparatus of production.

usually from this list. The system is working very successfully in that centre. With the institution of Employment Exchanges, such an important function may be given to them for operation with advantage. Mr K. D. Jones, ex-Director, Employment Exchange, Directorate of Resettlement and Employment, Government of India, rightly observes: "It is hoped that the future will find the Employment Exchanges constituting an integral part of India's labour machinery. That it has a notable part to play in the economic development of the country, particularly in the sphere of social service, seems certain. The collection of manpower statistics, promotion of mobility of labour, distribution of manpower between industries, promotion of schemes for decasualization of labour, and administration of schemes for unemployment insurance and relief are only a few of those which have been mooted already as possible fields of useful work. There will obviously be need to expand the number of exchanges considerably if the scope of their work is to be extended along these lines. The important thing is that a beginning has been made and it is a beginning which is obviously impressing many clear-thinking Indians and making them realise the potentialities of a well-organised employment service."⁴

The system of Contract Labour which is a subject of severe criticism these days, is a special feature in many industries in India. The system seems to be firmly entrenched, while the exigencies of World War II (1939-45) appear to have only accentuated the tendency to employ contract labour. The Labour Investigation Committee in its Main Report points out: "The principal industries in which contract labour is largely employed are engineering, Central and Provincial Public Works Departments, the cotton textile industry in some areas (specially Ahmedabad), dockyards, cement, paper, coir-matting and mining. In the cotton textile industry, contract

4. T. L. A. Acharya : *Planning for Labour*, p. 70.

labour is largely employed for work such as mixing, combing, dyeing, bleaching, finishing, etc. In Ahmedabad, for example, about 10 per cent of the total number of workers are employed through contractors. In the cement, paper and coir-matting industries, contract labour forms from 20 to 25 per cent of the total. In mines, as already stated, the bulk of the labour engaged is through contractors. The raising contractors in manganese mines not only recruit their labourers but pay them wages and often provide welfare amenities. Even in such a well-organised and long-established industry like gold mining in Kolar, 6,358 workers out of 19,936 were under contractors. Even in mines employing labourers direct, such ancillary work as development, etc. is given to contractors. In Bengal dockyards, about 43 per cent of the total number of workers are employed through contractors. In plantations, contract labour is rare and is confined to felling trees, building quarters, or maintenance of roads, etc.”⁵

In spite of supervision by the management, the contractors can always adopt clever subterfuges to evade legal protection to contract labour. It is unfair that such labour should be denied the privilege and the protection of the Factories Act and the Payment of Wages Act and if employers co-operate with the Employment Exchanges and the Trade Unions, one bad system would be abolished or at least considerably weakened. This will bring about cordial relations between employers and employees and the clouds of distrust and suspicion would disperse in course of time.⁶

A healthy trade union movement will make strikes the last rather than the first weapon in the armoury of the working class. Ahmedabad has got to be congratulated in this sphere where the relationship between the Textile Labour Association and the labour class is that of the root of a tree to

5. Labour Investigation Committee, Main Report, p. 83.

6. N. G. Abhyankar : *Industrial Labour and Social Security*, pp. 95-97.

its fruit, and the growth of the whole movement is evidence of the depths of the roots and vigour of the branches. It is a matter for regret that neither Cawnpore nor Bombay can claim to be on an equal footing with Ahmedabad. In fact, Bombay is the chief seat of almost all types of labour troubles. It is, therefore, essential that other centres should follow in the footsteps of Ahmedabad and not Bombay. Ahmedabad has shown that the attainment of peaceful industrial relations does not rest with legislation. The relations between men and management are human relations. Jamshedpur and Coimbatore have also developed a very systematized technique of establishing harmonious industrial relations. These three centres, among others, have proved that peace, harmony and efficiency can best be achieved when Capital and Labour realize their own vital responsibility to get along together.

The "Labour Welfare Activities" of the employers in particular and of the State in general merit special consideration. They are not only conducive to an improvement in the conditions of the working class but are the best kind of investment to employers for promoting industrial efficiency. It is, therefore, thought expedient to devote a separate chapter to "Economics of Labour Welfare".

CHAPTER II

ECONOMICS OF LABOUR WELFARE

Labour welfare measures and their concern with basic social factors and economic processes, as well as with the planning of Labour Welfare Economics, call for separate detailed study and the findings will be the beginning of a new era in the field of labour work in our country.

Prof. H. S. Kirkaldy rightly observes: "The whole field of welfare is one in which much can be done to combat the sense of frustration of the industrial worker, to relieve him of personal and family worries, to improve his health, to afford him a means of self-expression, to offer him some sphere in which he can excel all others, to help him to a wider conception of life. If within the field of welfare and particularly that part of it which comprises sport and games a large measure of self-government can be left to the workers, even in the management of facilities provided by the employer, a sense of responsibility, initiative and co-operation can be fostered and often among those whose daily tasks afford them the least opportunity of developing characteristics so essential to industrial enterprise and wise citizenship."¹

Labour welfare has tremendous potentialities for fostering good industrial relations. We must use scientific procedures for labour welfare and organization and the labour force must be directed in the right channels in our fast developing technological machinery.² We must take cognizance of the changing character of our socio-economic life and reshape the destiny of labour in the light of these changing concepts. Mr Jagjivan Ram, Labour Minister, Government of India, opening in New Delhi the eighth

1. H. S. Kirkaldy : *The Spirit of Industrial Relations*, pp. 77-78.

2. Dale Yoder : *Labour Economics and Labour Problems*, pp. 17-38.

session of the Indian Labour Conference on April 21, 1947, observed: "Improved working and living conditions for workers and increased productivity should be our watchword." Fortunately, the Government of India have taken the lead. They have formulated a Five-Year Labour Programme of improving labour conditions both at factory and home. The major details of the programme are discussed in the next chapter entitled, "Labour Administration".

The Factories Bill, 1948, which was recently introduced in the Constituent Assembly of India (Legislative), has already been published in the Gazette for eliciting public opinion. The statement of objects and reasons of the Bill says that the existing law relating to the regulation of labour employed in factories in India as embodied in the Factories Act, 1934 needs amendment as experience of the working of the Act has revealed a number of defects and weaknesses which hamper effective administration. The proposed legislation differs materially from the existing law in several respects. Among the important features of the new Bill are extension to all workplaces of the basic provisions in regard to health, working hours, holidays, safety, welfare, lighting and ventilation, and removal of the distinction between seasonal and perennial factories. The new Bill is shortly going to become an Act.³ It would not be out of place to mention here that the first step should be to appoint more inspectors having requisite qualifications and to increase the staff in keeping with the number of industrial units. There should be a radical change in the outlook of the inspectors and their methods of inspecting factories. The Factory Inspector is and should be a welfare officer first and foremost, and since welfare work benefits both the employer and the worker, the Inspector should be regarded as a useful and necessary part in factory

3. The Dominion Parliament has recently passed the Bill as amended by the Select Committee with minor changes in its second and third readings, and the Bill has now become an Act.

organization. He must shed his bureaucratic robe and assume the role of a friend, guide and adviser. ⁴

It is unfair to think that labour welfare work is of exclusively a pseudo-philanthropic character, though its motivating forces touch the borders of humanitarianism. In fact, it is the most important sociological problem. Employers, trade unionists and Government must join hands in the social and economic uplift of the vast army of workers on which depends largely the destiny of 'Free India' during the next few years. ⁵

Day-to-day contact between labour and management provides an excellent opportunity for appreciating each other's views and reconciling insignificant and minor differences which might otherwise assume serious proportions. Labour and management must meet half-way and steer a midway course. Generally, workers suffer from a 'Natural Rights' complex which leads them to imagine hypothetical fears; but the trade unionists must teach them the lesson that they owe a duty to the nation

4. *Vide Eastern Economist*, May 3, 1946, pp. 722-24.

5. "The pioneer work in the field of labour welfare has thus been done in Cawnpore through the generosity and far-sightedness of some of its industrial magnates. But what has been accomplished is nothing as compared to what is required. There are about 75,000 industrial workers in Cawnpore today. The welfare work organized by factory owners does not reach a great majority. The conditions of housing, sanitation, water-supply and conservancy for most of the other workers are appalling. Education and medical relief are of the most primitive type and recreation facilities there are none. The average worker starts with debt which he secures from the Kabulee, the mistri or the bania who alike manage to keep their principal intact from month to month and year to year in spite of substantial contributions from the workers' monthly or fortnightly earnings. The only relief available to the worker from the dirt and squalor of his house and its surroundings and the clutches of the money-lender is the liquor or the grog shop. To raise the worker from degradation and disease it is necessary not only to provide cheap and sanitary house accommodation and clean and healthy surroundings, but also wholesome and healthy recreation, medical relief and education. It is necessary that the State and the municipality should come forward to relieve the sufferings of the factory workers whose importance to national and municipal economy none can deny. It also should be borne in mind that with the shortening of the working day, and consequent increasing leisure at the disposal of the worker, steps should be taken in time to create amenities which the worker can utilize gainfully. Idle hands are otherwise apt to find unhealthy and anti-social outlets. Utilization of leisure for pleasure and for profit requires planning. It cannot just be left to hazard." *Vide Report of the Cawnpore Labour Inquiry Committee appointed by the Government of the United Provinces, 1938, p. 85.*

at arge. A stoppage of production paralyses the productive effort of the nation and as such it is their bounden duty to harness every ounce of their energy in augmenting production in India during this transitional period as otherwise they will be responsible for leading the nation to a great crisis. Employers also must understand that a strong, well-trained, energetic, enthusiastic and contented labour force is the indispensable condition of industrial progress.

The techniques of constructive planning, purposive activity, recreation, labour integration and solidarity have got to be developed in a planned economy to enable the labour class to withstand greater conflicts of factory and home life. It is here that State intervention in 'Labour Welfare Economics' becomes indispensable. Progressive industrialists know well that they have to keep their working men satisfied; they launch various welfare schemes for this purpose and thus safeguard the interests of their working men. But the Government has to come into the picture because others do not, unhappily, realize the social aspect of human life.

In any scheme of labour welfare, education must occupy an important place. So vast is the field covered by this gigantic task that neither the Government nor the trade unionists, nor the employers alone can tackle it satisfactorily without help and co-operation from the others. It needs united efforts. The Grady Mission was greatly impressed with the excellent potentialities and qualities of Indian labour. Given good education along with satisfactory working conditions, Indian labour will prove to be industrious, skilful and dependable. A definite workable plan for their education is called for and the educational requirements peculiar to the factory environment should be discovered by all the parties and implemented at an early date.

The importance of the post-war planning of industrial health can hardly be over-emphasized as on it depends the productivity and efficiency of

Indian industries. Labour is the main switch of all the activities of the nation. Much, therefore, needs to be done for industrial labour. It is being increasingly realized that their cause is ultimately the country's cause, and their welfare, the nation's welfare. Health is commonly misunderstood to mean the absence of ailments. Health is not merely a negative concept implying the absence of illness but is also a positive one involving the presence of vitality in body and mind. The problem of introducing health insurance measures received the attention of the Government as early as 1927 but with no tangible results until Prof. Adarkar submitted his valuable report in 1944. The same as modified by Messrs Stack and Rao is now shortly to be implemented with slight changes for making it workable.

Nutrition plays a predominant part in promoting health and preserving the worker from physical ailments. Energy depends upon the intake of food. Several authorities on the subject have computed the minimum amount of calories required by an average factory worker. Dr Aykroyd has calculated 2,600 calories as the bare requirement of an Indian factory worker. His norm of 2,600 calories for the Indian factory worker would involve great stress and strain on the worker and a decline in his power of resistance which will lead to absenteeism and poverty. The Bombay Textile Labour Enquiry Committee adopted Dr Aykroyd's dietetic norm which is not based on any scientific investigation of the basal metabolism of groups of Indian workers, but Maj. Gen. S. S. Sokhey and Dr A.S. Erulkar set up their theoretical minima at a higher level as they felt Dr Aykroyd's norm to be doubtful. In fact, it should not be below 3,000 calories and the same should be taken as an absolute minimum for the 'living wage standard' in our country. ⁶

6. "An enquiry into over 2,000 families of the Jute Mill workers in Bengal shows that the food consumed by an average worker is equivalent to 2,700 calories after allowing for wastage. But the kinds of food that go

We may work out standard consumption units by applying Lusk's Coefficients of comparison of the food requirements of women and children with those of an average man to the average family structure in the absence of detailed enquiries of the average size and composition of working class families. But all these statistical investigations require a lot of planning. However, food must give sufficient heat and energy for the work and must bring about normal growth and repair of everyday wear and tear of tissues, thus ensuring their functional efficiency.

Industry should take keen interest in the type of food which the worker gets in the canteen or elsewhere and supplementary feedings furnished in between meals. The diet of the worker, including the constituents of his food, and the place where he takes it affect his morale and also his efficiency.

Canteens must be run on a non-profit basis with the staff drawn from among the workers. They should provide midday meals either free or at a nominal rate and any loss incurred under this item will be more than compensated for by the corresponding increase in labour efficiency. They must become industry's second power-house. Some private concerns like the Tatas at Jamshedpur and the Sigcol in Calcutta are admirable examples. The Tatas are selling a full meal, consisting of dal, rice, curry and *chapatis* at five pice and the Sigcol canteen provides a good lunch to workers free of cost. Really, this is a measure worth experimentation.

The chief concern at the moment is the solution of the industrial housing problem. In the interest of industry, it is of the utmost importance to solve this problem. We must first decide to build huge colonies, huge labour settlements, and to give labour an undertaking that every one of them will have a

[contd. from page 13]

to make up this total differ greatly with different workers. Only about 60% get a square meal, i.e., food consisting of two-third carbohydrates, one-sixth fats, one-sixth proteins and mineral salts, besides vitamins." —Vide T. L. A. Acharya : *Planning for Labour*, p. 100.

decent dwelling place.

Mr Jagjivan Ram speaking in Madras on January 2, 1947, mentioned that 50,000 houses for workers would be constructed annually. The Bombay Government seem to be very earnest about the housing problem. They have appointed a Housing Board and it is authoritatively understood that much of the spadework has already been done. Industrialists are also coming forward to co-operate in these efforts. The associations of both Capital and Labour should also join hands. In fact, all efforts should be consolidated and unison established for the welfare of labour *vis-a-vis* industry. Good housing with sufficient air, comforts, sanitary arrangements and good surroundings will undoubtedly increase the joy of home life and improve the health of industrial labour and is bound to greatly and substantially improve industrial efficiency as well.

Fatigue is a normal feature with industrial workers who have to repeat the same process several times on the same machine. The introduction of rest pauses will solve the problem of fatigue. This is an enforced breaking-off for a few moments from duty by the worker at frequent intervals: the moments of rest allow his body to recuperate and overcome the blood poisons so that he can work again with vigour and keen interest.⁷ The length of pauses, their number and incidence can be calculated and results tabulated if statistical methods are adopted on scientific lines. But such experiments should be conducted by the management by taking the workers into confidence and apprising them of the impending changes and advising them of the circumstances which necessitate such experiments. Fatigue can also be reduced by paying adequate attention to lighting arrangements at, and situation of, the place of work, the installation and location of the machinery and seating and working arrangements.⁸

7. Bernard Muscio : *Lectures on Industrial Psychology*, pp. 47, 48.

8. Henry J. Welch & George H. Miles : *Industrial Psychology in Practice*, p. 8.

The employment of women in Indian industries has come to stay—a process which is accelerated by the rising *tempo* of Indian industrialization. Without going into the intricacies of the problem, it can be said without fear of contradiction that women workers need separate welfare activities. It is an arduous task which needs careful planning and constructive wisdom. A complexity of indeterminate forces at work such as personal and social barriers, age-long antipathies, and deep-rooted prejudices of class, caste and sex necessitate separate welfare activities for this class of industrial labour. Therefore, separate welfare programmes have to be scientifically planned for women workers. A woman welfare officer should be in charge of this work. She must have insight, personality and indefatigable faith, and then she is bound to bring light and joy into the lives of working women in the factory.

Labour welfare schemes must show actuarial equilibrium between contributions and benefits, but at the same time their administration should not be based on too rigid and narrow principles. And employers, Government and labour must co-operate in the successful working of these schemes.

In conclusion, it is to be pointed out that it is the moral duty of industrialists to draw up welfare schemes for their workers whose work provides them with “economic profits”. Labour too is morally bound to reciprocate by learning the hard lesson of discipline and thereby to increase productivity and efficiency. This will lead to the augmenting of “national wealth” and raise the status of India in the realm of international trade and commerce.

CHAPTER III

LABOUR ADMINISTRATION

With the rising *tempo* of Indian industrialization, labour administration has become an important part of factory organization and needs as much attention as the technical processes of production and the complicated methods of marketing. Concerted action on the part of the workers and the substitution of collective for individual bargaining are inevitable concomitants of labour problems. Trade unionism has developed into a powerful and articulate force and, therefore, it has become imperative for the *entrepreneur* to have his own scientific labour administration with due regard to the susceptibilities and prejudices of the workers. That serves to avert friction with labour, and thus to augment production.

The Government of India and the various Provincial Governments, faced with the problem of strikes and lock-outs and animated by the basic idea of raising the economic well-being of the workers, have endeavoured to smooth the way and to assist in the maintenance or restoration of industrial peace. The Government of India have formulated a Five-Year Labour Programme which embodies the essentials of various labour Bills. This programme was prepared with a view to promoting discussion on various aspects of labour problems at the conference of Provincial Ministers, held on 14th and 15th October, 1946, and was approved by the conference. The programme is divided into three parts—legislation, administrative measures and joint measures. Under legislation, revision of the Indian Factories Act, enactment of health insurance legislation, fixing of minimum wages, amendment of the Trade Unions Act, revision of the Workmen's Compensation Act and modification of the Payment of Wages Act form the major planks.

Under administrative measures, we have expansion of the factory inspectorate, organization of a separate inspectorate for enforcing legislation regarding the regulation of conditions of work in shops and commercial establishments, transport services and plantations, the Maternity Act, conciliation and adjudication machinery, labour welfare organization, housing, provision of medical service in connexion with the health insurance scheme and co-operation between the Central and Provincial Governments in respect of collection and maintenance of statistics relating to cost of living indices and the like. Under joint measures are included a study of wages and dearness allowance and the administrative and financial aspects of unemployment insurance, methods of labour recruitment, constitution of works committees, institution of industrial training and expansion of existing schemes for imparting training to workers. It is futile to expect tangible results overnight. This, however, shows the solicitude of the Government for the welfare of the labour class, which, during the war years, has been overworked, ill-clad, and half-fed, and which is in no circumstances willing to submit any longer to the existing conditions. There is, however, a serious omission in the programme. No industry can afford to neglect the problem of discipline. It is the bounden duty of the Government to stress the need for discipline, and endeavour by various measures to maintain it, for discipline is the crux of the whole problem of the country's industrial development. We may recall the words of Sir Homi Mody in this connexion. In his speech at the eleventh annual general meeting of the Associated Cement Companies, Limited, in Bombay on 23rd January, 1948, he observed: "Another factor of even greater importance is the growing indiscipline amongst the working classes, and the methods they are incited to pursue by the more extreme elements among them, in order to enforce what they regard as their rights. This has brought about a position the gravity of which cannot be ignored. Labour

has secured in the last few years substantial gains in the matter of wages, dearness allowances and working conditions, and if its leaders fail to realize that any material advance must be conditioned by the capacity of the industry to pay, they would be creating a situation which must ultimately lead to heavy losses on the one side and widespread unemployment on the other, unless Industry in the country is to be heavily subsidised at the expense of the tax-payer."

Bombay leads in the matter of labour enactments. The Bombay Industrial Relations Act, 1946, is an important piece of labour legislation. When the Act comes into operation, it will set up effective machinery for the settlement of industrial disputes and the speedy development of responsible trade unionism.¹ The proposal for starting joint committees, whose formation under the Act is purely voluntary, is a new one.² Employers and trade unionists will have to meet half-way, if they desire to institute committees like the ones working so successfully in British industry. In fact, Great Britain should serve as a model in this respect. It is futile for employers to look upon joint committees as instruments for carrying out the company's policy. On the other hand, neither must trade unionists regard them as institutions for airing their grievances. No employer would like to give them a trial, unless trade unionists appreciate the fact that these joint committees should start with activities which will afford common ground and give little room for disputes. Efforts should be made by either side to see that this innovation does not merely remain on the statute book, but is worked to the satisfaction of both labour and capital. There is one very important feature of the Act that augurs well for the future, and that is in respect of emphasizing strikes and lock-outs as weapons to be used after

1. The Act has been in force since 29th September, 1947.

2. The situation has now changed. The formation of a joint committee has become compulsory under the amended Act of 1948, as power is taken by the Provincial Government, on an application made to it by the registered union, to direct its constitution.

all other means of peaceful settlement have been exhausted. This is a bold step. Strikes and lock-outs which are increasing yearly should under this Act, be reduced to the minimum. A timely note of warning may be sounded to hasty statisticians. It is not correct to twist statistical facts relating to strikes and lock-outs with reference to their frequency, the number of workers involved and the amount of working time lost, without considering them in the light of the increasing population, greater industrialization and the increasing number of wage-earners. Unless these factors are taken into account—and how often they are ignored—the statistics will not be satisfactory.

Modern industry calls for a physical adjustment to an automatic rhythm, an ability to meet the physical and nervous demands of increased speed, and immunization to noise and vibration. The effects of rhythm on the workers are particularly important. There must be a proper balance between action and rest, if fatigue is to be avoided and efficiency assured. In any given activity, every effort is followed by a suitable period of rest. There is a perfect balance between swing and recovery, rise and fall, exertion and repose. But in modern industry, the machine sets the *tempo*, and the worker must adjust himself to it. Since industrial rhythms are generally faster than the natural rhythms of the human body, accumulated fatigue, resulting first in an incapacity to respond to the demands of the job and then in illness, is likely to be the consequence. Prof. Irving Fisher, generalizing on this problem, has said: "A typical succession of events is first fatigue, then colds, then tuberculosis, then death." Sickness among workers is due to many and varied causes—occupational hazards, bad working conditions, a miserable home life, inadequate housing comforts, undesirable community surroundings, unintelligent regulation of personal lives and others. It is extremely difficult to determine how much illness can be attributed to fatigue; but there is no doubt that it is the main cause. Factories

equipped with first-rate hospitals have found that the incidence of tuberculosis is very high among industrial workers. The All-India Institute of Hygiene and Public Health, Calcutta, has indicated, as the result of a recent survey, that the incidence of active tuberculosis in the jute textile industry increases six-fold as the worker moves from his village to the industrial centre. In the industry, he inhales dust and fumes which affect his lungs and lower his power of resistance. Thus he falls an easy victim to the disease.

Job specification entails a detailed study of the actual and human requirements of jobs, assists promotion, makes the necessary training more exact through a classification of job instruction, determines the best method of doing and improving each job, establishes wage rates commensurate with the work done, places the responsibility for doing and supervising the work more definitely, prevents grievances through a more exact understanding of the job, and finally, increases labour efficiency.³

Hitherto, little time and study have been devoted to the highly important problem of nutrition, though the Government have occasionally issued literature in the form of leaflets, bulletins and brochures. The opinion of qualified observers is that the limited diet as well as the insufficient food consumption of workers have resulted in malnutrition and under-nourishment, and the high incidence of sickness among them bears out this opinion. It would appear that the diet of the average industrial worker falls far below the standards commonly considered necessary for good health, and that among many groups of workers the dietary intake is at a dangerously low level. The total food supply available to him under the present rationing scheme is totally inadequate, as also highly unbalanced. The solution of this problem is vital to the welfare of the working class. The first step in the matter of diet is an objective, scientific study of the chemical contents of the food actually consumed in

3. J. E. Walters: *Applied Personnel Administration*, pp. 147-164.

different industrial centres and its relation to the climate. This calls for industrial health surveys. Factories should undertake the responsibility both individually and collectively. This should constitute a major item in the programme of scientific labour administration, as it is useless to talk of productivity and labour efficiency without efforts to supply the working man with adequate quantities of food in order that he may take an interest in his work. The maxim that an army marches on its stomach is equally applicable to the army of industrial workers. The soldiers of industry must be properly fed and only then can we expect them to put their shoulders to the wheels of industry. Therefore, the duty of the Government while allocating food-grain quotas, is to give high priority to industrial towns. They should realize that industrial feeding is an important task, and that unless that is accomplished, all high sounding talk of production and labour efficiency is fruitless.

CHAPTER IV

EMPLOYER-EMPLOYEE RELATIONSHIP

The stereotyped relationship between employer and employee has outlived its usefulness. Labour is critical of the methods and strategies of management, for it has become in large measure both industrially and politically conscious and has changed its primary objective from the pursuit of individual well-being to that of communal well-being. This attitude of mind of labour tends to increase resentment against managerial policies which militate against the performance of its social duty and leads it to resist off-the-cuff managerial decisions.

Mr M. A. Master, President of the Federation of Indian Chambers of Commerce, speaking at a party given in his honour in Bombay on 9th October, 1947, pleaded for a new approach to the solution of capital-labour problems. He observed, "While I share the view that wealth must be produced before the principles on which it should be distributed can be examined, I cannot help observing that we shall have to revise our notions about, and make a more generous approach towards the solution of, this complicated problem. The claims and rights of labour and the duties and obligations of capital will have to be readjusted and resolved, not in the light of any preconceived social or economic theories, but in accordance with the immediate and urgent needs of the country and also with the just and proper demands of the workers." Indian employers still think that workers can be parcelled out like bales of cotton, the appropriate muscles being employed without reference to the volition of their owners. This is a wrong attitude. As a matter of fact, without the hearty co-operation of the workers, the most powerful mechanical contrivances and the most efficient organization are of little avail.

Therefore, the first step in scientific management is to enlist the hearty co-operation of the workers. The employers must devise suitable machinery to ensure such co-operation, besides re-orientating their outlook towards the workers. The workers must also wake up to the realization that each working day lost or each hour wasted or frittered away reduces the national dividend and contracts industrial production, which is tantamount to criminal negligence. It is truly a two-way traffic.

Mr Edward T. Elbourne observes, "To establish industrial co-ordination, now that Labour realises its strength and how to direct it, calls for a new orientation on the part of Management to which Capital must give its whole-hearted adherence. There must be a sense of common interest finding expression in mutual confidence and equitable remuneration for all parties. Given those conditions, there yet remains the need for giving efficient direction to potential willingness to co-operate. We only reach co-ordination when all efforts have one direction, when we pull together in fact. Human prejudice comes in here, and the seeds of long drawn-out exploitation in industry are not lightly eradicated. There must be a constant effort made to educate the sceptical in the new outlook, and mutual confidence between employer and employed can only be achieved on the basis of each employee acquiring confidence. The new burden thrown on management is a very serious one and no trouble must be spared to arrive at the best method. We must remember that actions speak louder than words, and if in any works we mean to deal fairly with each and every employee, without exception, we shall have in most cases to revise our administrative methods, otherwise the common undergrowth of suspicion and animosity will still find fruitful soil."¹ This equally applies to Indian labour conditions, the more so now when we have committed ourselves to a policy of rapid industrialization.

1. Edward T. Elbourne : *The Management Problem*, pp. 6, 7.

Frankly speaking, the politically and industrially conscious person, irrespective of whether we call him a worker or labourer or employee, does not want to be reduced to the status of a mere cog in the industrial machine. He does not want to be used as a pawn on the chess-board of capitalistic strategy and diplomacy. If he is so exploited, he develops a sense of frustration which is the mother of revolt. That is the negation of all enterprise and initiative. The man who in his house is master and centre of the family cannot readily adjust himself to an impersonal industrial relationship. Frustration is an industrial disease, and cannot be cured unless it has been properly diagnosed. It arises whenever a person feels that his job does not afford him full scope to utilize his energies. A special type of frustration arises when an employee feels that the persons who supervise his activities are incompetent—whether the incompetence is real or imaginary—and if no steps are taken to rectify his belief, the sense of frustration develops and sours his entire outlook towards his job. Akin to this is the overwhelming sense of frustration which arises when a fairly intelligent employee puts to his boss questions which are not answered but only laughed at. A still more deplorable cause of frustration arises when an idea suggested by an employee is taken up by his 'boss' and represented to the superior authorities as his own. There are several other types of frustration, and it is for the industrial psychologist to make an analytical study of them and tabulate the results. It is the duty of every scientific and enlightened management, however, to cure this industrial disease. It is more pronounced among the clerical staff in relation to the higher supervisory staff. The industry must recognize the dignity of man as man and foster a relationship in which he can feel that he is an important unit in the industry, and not for so many hours a day a labourer, worker or employee.

Prof. H. S. Kirkaldy observes, "In modern large-scale industry there are many workers who know little

of the purpose of the operations they themselves perform, who know nothing of the essential part these operations play in the scheme of production of their own factory or industry, far less of the national economy. They come to regard their own task as an unpleasant penalty to be paid as the price of the means of subsistence. They have no picture of their work as a part of an industrial or national project, as an essential element in the feeding and housing of themselves, their fellow-countrymen and their fellow-citizens of the world. They do not see their own humble labour taking shape in the form of new communications opening the world to international understanding. In short, the working man has become, and has come to regard himself as, a mere cog, the purpose of which he knows not, in a vast machine established for ends which in no way concern him. Every means which can be employed to make clear to the worker the essential part which he plays in his own department, the manner in which that department contributes an indispensable element in the output of the factory, the role which the factory has assigned to it in the industry of which it forms a unit, the place of that industry in the complex national economy, demonstrates to him his worth as an individual and his share as a partner in a great enterprise. Every means that can be devised to inform him of the plans of management, the new methods that are contemplated, the new products that are envisaged, the human needs they are designed to satisfy, proves to him that re-organization has a purpose which will benefit him and his fellow-men, and is not dictated by the personal whim of some unapproachable tyrant. Every opportunity that can be taken of listening to, discussing and adopting the practical suggestions which he can make for the better ordering of the tasks he performs will produce a double dividend in improved methods of production and in fostering the co-operative spirit on which all production depends.”²

2. Prof. H. S. Kirkaldy : *The Spirit of Industrial Relations*, pp. 75, 76.

Indian labour is in revolt. All over the country are heard the rumblings of discontent. Only the other day, there was a strike by the drawers-in of Bombay's textile mills as they were dissatisfied with the award of the Industrial Court which fixed their remuneration at 46 pies per thousand ends drawn in. The strike lasted for ten days before it was called off by the Central Strike Committee. The Committee passed a lengthy resolution explaining the reasons for calling off the strike ; and it was also understood that the drawers-in would give notice of the termination of the Industrial Court's award, with which they were dissatisfied, in accordance with the provisions of the Bombay Industrial Relations Act, 1946, which has come into force on 29th September, 1947. Under the Act, an award of the Industrial Court has a binding effect. In the case of any employer, his representatives in interest in respect of the undertaking are bound by it, and in the case of a registered union, all its present and future members are bound by it. It is further laid down that in the event of such a registered union acting as the employees' representative, the binding effect further extends to all the present and future employees in the industry in the local area affected by the dispute, as they are all deemed to be parties thereto. The award remains in force for the specified period stated therein, unless it exceeds one year, in which case it may be terminated (after the expiry of one year) by giving two months' notice, or if no specified period is stated therein, at least till the expiry of three months from the date on which it comes into operation, after which it may be terminated after two months' notice in writing in the prescribed manner by any of the parties thereto.

Further, though there is no express section in the Act corresponding to Sec. 23 of the Payment of Wages Act, 1936, or Sec. 17 of the Workmen's Compensation Act, 1923, by which contracting out is forbidden, there are two sections of the Act which, read together, prohibit any change in the terms of an award by

mutual consent of the parties thereto. The combined effect of Sec. 46 (3) and Sec. 116 (2) is that, although a registered agreement or settlement can be modified by mutual consent of the parties, an award cannot be modified by mutual consent of the two parties thereto, and any attempt in that direction would amount to an illegal change.³ This is the legal position. But still we find such illegal strikes being staged. Any one with some idea of the working of textile mills, knows only too well that the drawing-in department is a key section of the industry and that a stoppage here is capable of paralyzing the manufacturing activities of the entire industry. Thus, besides imposing enforced idleness on other workers in quick succession, particularly on weavers, a strike by the drawers-in tends to deprive the nation of cloth which is already in short supply. Actually, this did happen. The Bombay strike deprived the nation of 20 million yards of cloth, besides entailing a wage loss of about Rs. 45 lakhs to the workers. And yet the earnings of the drawers-in would be, on statistical calculations, about 27 per cent more under the award of the Industrial Court on the basis of their production during January, 1947.

Today, we have got the "lightning" strike, the "stay-in" strike, the "sympathetic" strike, the "wild-cat" strike. We have all the ingredients for a cataclysm. Labour is unappeased by the concessions made to it. This attitude of labour has a psychological background which cannot be dealt with by mere material concessions. Production cannot be maintained without the willing co-operation of the workers. And there is no drilling of men's hearts. As soon as they withdraw this willingness, the wheels start creaking, and only when the employer pours in oil, does the machinery resume smooth working.

3. The latest amendment to the Bombay Industrial Relations Act, 1946, makes provision for getting an award modified instead of terminated altogether, provided the award has run a life of one year. This would enable parties to apply for the modification of the whole or any part of an award, instead of terminating it by a notice and, thereby, to secure the benefit of the current award till its modification.

Increased production is essential both for the well-being of the nation and for an improvement in the economic conditions of industrial labour. These desired results cannot be obtained while strikes continue further to reduce production of goods which are already in short supply. Great Britain has started the slogan "Work or Want". That might well be the slogan for Indian industrial labour as well. Trade union leaders in this country should adopt it, overriding all other considerations. Price stabilization is not a matter for the workers alone. Employers must equally play their role by not insisting on price increases with every increase in cost, by allowing profit margins to decline from the existing high levels and by the provision of more amenities for labour. Enlightened employers understand this approach, but there are many who in 1948 still believe in the out-of-date ideas of exploiting labour and squeezing out the maximum profit (which has no relation whatever to the economic profit) at the expense of quality. Employers' organizations and the State must eradicate this ignorance. If that is not done at an early date, Indian industrialization will be impeded and the employers' own ill-advised actions will contribute to the continuance of the present deplorable economic position of the country. They will strike at their own roots: foreign goods will have to be imported in increasing quantities, and they will steadily lose their hold on their home markets. A note of warning has to be sounded: there is real danger. There is urgent need for a serious effort to reduce the general industrial unrest which has attained proportions unprecedented in our history.

Well conducted associations of employers and employees are essential for the social and industrial progress of the country, as they form the instruments for establishing harmonious relations between employers and employees. The establishment of sound machinery for conciliation and arbitration is equally needed for settling conflicting issues between capital

and labour. Negotiations for the conclusion of collective agreements provide for both parties the necessary opportunities to acquire adequate training in constructive statesmanship. Sir Harold Butler, in his report on industrial conditions in India, observed : "Notwithstanding the extensive reforms which have been carried out by the Indian legislatures during the past fifteen years, there are signs of acute discontent in most industrial centres. Strikes have been, and continue to be, frequent, most of them short and sporadic, but some bitter and prolonged. In fact, the problem of industrial relations may perhaps be considered to be the chief problem confronting Indian industry at the present time, and one upon which further industrial development to some extent depends. The prevalence of labour conflicts has been marked, taking into consideration the relatively small number of industrial workers." Since then economic conditions have changed tremendously. Political conditions have also become entirely different. Organizations of both capital and labour have made considerable headway. It is the duty of capital and labour, therefore, to exhibit true statesmanship in the settlement of their disputes.

Employers must be actuated by the human needs of the industry. The human aspect, which has hitherto been neglected in industry, should be immediately understood for the attainment of real success in our industrial organization. Measures should be accordingly introduced for developing happy relationships. These are urgently needed for accelerating the pace of Indian industrialization. There can be no denying the fact that the maintenance of discipline is indispensable for lowering operational costs, as efficiency and discipline are twin brothers. But industry must create and maintain conditions which will contribute towards co-operation and inculcate the spirit of discipline. Factory rules and regulations should be so framed as to evoke a hearty response, and once they have been drawn up, they must be faithfully observed

by all employees. Mr Jamshed R. Batliboi rightly observes, "As discipline in any organization must begin at the top, the main attributes of the chief executive (apart from a requisite knowledge of finance, plant efficiency and manufacturing technique) should be exemplary character, high organizational capacity and ability to gather round himself a band of loyal and willing co-workers who are prepared to do his bidding and act on his suggestions and guidance. His main duty would be to delegate work and authority, and allocate definite responsibilities to the right officials and subordinates, and install proper supervisory methods to ensure that each one fulfils his duties as planned. He must be able to evaluate the intelligence, ability and resources of his executives and subordinates at their true worth, and see that each one of them is well placed and suitably rewarded. As a disciplinarian, he must get all work done as scheduled, without any harshness or overstrain on the employees that might affect their health and efficiency, by inspiring and leading rather than by driving and bullying. He must know how to maintain an evenly balanced combination of familiarity and sternness, of praise and censure, and of reward and penalty. The good and bad qualities of the higher executive psychologically animate the minor ones, and the attitude of the minor executives is largely a reflection of the attitude of the higher management."⁴ These are matters of ever-increasing complications, needing greater and greater development of managerial technique. The role of the chief executive as a scientific industrial administrator is, indeed, bound up with the progressive development of managerial technique. The management must keep pace, not only with the growing complications of technical processes, but also with the changing status of labour.

The Indian worker today has a feeling of grave apprehension as to his economic position in the next few years when the dearness allowance will start

4. A. N. Agarwala (Editor): *Indian Labour Problems*, p. 309.

thinning down, while wages will show no substantial rise. The system of dearness allowance as prevalent in different parts of India and in different industries is a veritable museum of oddities. The scale of dearness allowance varies from industry to industry and from centre to centre. There are even considerable variations in the scale in the same centre. As a matter of fact, little or nothing has been done by the principal industries in India to revise in an upward direction the basic wage of their operatives. The industries have always sought to use the dearness allowance as an excuse for not increasing the wages. Indian labour is, therefore, apprehensive about the future.

The Central and Provincial Governments have more than once announced that labour will be adequately paid. It is not merely that the workers have lost all confidence in Government promises as regards their treatment. The employers it is feared simply will not consent to any genuine restoration of the *status quo ante bellum* as regards working conditions in their plants. Labour entertains doubts also about the capacity, nay even the willingness, of the Government to enforce the amalgamation of the dearness allowance into wages as a long-term policy. Workers cannot be persuaded to accept lower wages by arguments based on Economic theory. They will not listen to the theory that commodity prices should be the criterion for wages and that therefore, though they may be getting smaller wages, their real wages are much more than they used to be. These subtle distinctions are unintelligible to them. They are not supposed to understand the implications of money prices versus commodity prices. Further, industrial strife and class war are likely to be accentuated by a system under which labour conditions are determined according to the law of demand and supply. This law has no bearing on principles governing the employer-employee relationship. Trade unions repudiate its application. That is the truth, whether one likes it or not. The theory of the purchasing power of

money has no place in the doctrinaireism of trade unionists. Labour wants more comforts, better conditions of work and a reasonable standard of living. And all this means higher wages. Labour is ready to respond to the new gospel of "we do not live to work, but work to live" and is willing to make sacrifices for the cause. The employer who thinks he can set the clock back, hardly deserves to be commended for perspicacity. In the application of the common rule governing wages, industrial workers, whether through collective bargaining or through statutory awards by an industrial tribunal, industrial court or labour court, are bound to have a greater, not a smaller voice. The employer of the future may, as an individual, have the choice of engaging or continuing in the industry, and of deciding what quality and quantity of goods shall be manufactured; but he will certainly not be allowed autocratically to decide what wages he will pay. Mr Sidney Webb rightly remarked, "I have no panacea to offer for industrial unrest. The changing status of the wage-earner necessarily involves a further retirement, very gradually and possibly even slowly, from the position of autocracy in the factory which the employer has inherited; and a further taking into counsel, and even into partnership, of all the wage-earners, so far as concerns the conditions of their working life. We have got to remember that it is human beings like ourselves with whom we are dealing, husbands, fathers, and citizens like ourselves, whose services are rendered, exactly like our own, upon a basis of contract entered into on terms of, at any rate, nominal equality. We can, if we like, still take advantage of the wage-earners' poverty, or their ignorance, to bully them, to subject them to caprice or tyranny, or to insult them with foul language; but we do so at our peril. Not only are they apt to revolt—how many of the minor stoppages that still drag down the productivity of the factory or the mine are caused by some insolence of a foreman—but, as the manager of genuine professional efficiency well knows,

it is not in this way that any staff can be stimulated to its maximum productivity.”⁵ This was written in 1917. Since then industrial conditions and the employer-employee relationship have undergone a great change. We must congratulate British industry on these improvements and accomplishments. Indian industry is now changing at an ever-increasing speed, and it can be expected that within a decade or so, one's entire outlook on the employer-employee relationship will have been overhauled, as the Indian Government are committed to a policy of re-orientating the outlook of industry through a rapid process of evolution. The Government must open out an attractive vista of social possibilities.

5. Sidney Webb : *The Works Manager Today*, p. 108.

CHAPTER V

INDUSTRIAL HOUSING

Industrial housing is a triangular problem. First, it is a social problem—the problem of the slums. The slums are, in fact, the chief centres of overcrowding, because people belonging to the lowest strata congregate in them. This overcrowding is shocking and is better seen than described. What is called ‘overcrowding’ is usually measured by the number of persons to a room, and in such reckoning the dimensions of the room are of the utmost importance. The next point to take into account is the density of population. Density may be measured in three ways. The most common method is to take an area and divide the population by the surface, and generally the computation is done in terms of so many persons per acre. There is a certain significance in such statistics, but they obviously bear no relationship to actual housing conditions. At a given place, people might be massed together within a small space and densely crowded under roofs, while a large area of unoccupied space outside would considerably reduce the nominal density. The second method is to divide the population by the number of houses. This method affords a more accurate picture of the living density. The third method is to divide the population by the number of rooms. This method is not so good as the second one, though better than the first. A combination of the last two methods would throw sufficient light on the problem of housing, but unfortunately no adequate statistics are available with regard to the number of houses, much less of rooms. It is, therefore, very difficult to tabulate the results. Nevertheless, it is an undisputed fact that the density of labour population in industrial centres like Cawnpore, Bombay, Madras, Calcutta and Ahmedabad is extremely

high. The *cheris* of Madras, the *ahatas* of Cawnpore, the *bustees* of Calcutta and the *chawls* of Bombay and Ahmedabad outslum the slums of many other countries of the world. The Cawnpore Labour Inquiry Committee in their report point out: "Most of the workers have to live in slums locally known as *ahatas*, where small dingy rooms are let out on exorbitant rents. Most of these *ahatas* are extremely insanitary and overcrowded and lack adequate sunshine and ventilation, to say nothing of water, light and conservancy. Quite a number of huts are below the street level. The conditions under which men, women and children in their thousands—about 40,000 souls—live in these *ahatas* are indescribable. The space within each tenement where the worker lives with his family, often numbering eight to ten persons, is smaller than the space we usually have in our bathrooms. An animal, especially if it be a horse or a cow, is given more room than the poor tenant. A night visit to these areas is for a stranger a positively risky undertaking—a sprained ankle is almost a certainty, while a broken neck by stumbling into a blind well, or a goodly-sized hole, would not be an impossibility. Even the elementary service of public lighting is denied to these people. As for drainage and water-supply, such luxuries are thought to be superfluities. The underground rooms, in which thousands of Cawnpore workmen live reminded one of the members of the Committee of the 'dug-outs' of France during war-time. While the slum-dwellers should be somewhat protected from shot and shell in the event of an aerial bombardment, they are but easy victims to those ever-active enemies of mankind, namely, the germ and the bug. These have wrought havoc, especially amongst the ranks of infants, the young and the women. The rate of infant mortality in Cawnpore is still appallingly high. The paradox of the situation is that the *ahata*-owner, who has done the least for his tenants, stands to gain the most at the time of acquisition of land either by the Municipality or the

Improvement Trust. The entire situation is iniquitous. It should not be permitted to continue a day longer than possible. Little wonder that the so-called agitator in Cawnpore has such widespread and whole-hearted response from the labouring classes. The wonder is that they have kept silent for so long.”¹

In 1938-39 an official inquiry was conducted which covered in all 1,421 families living in *ahatas*. It was found that 64.6 per cent lived in one-room tenements, 31.3 per cent in two rooms, 3 per cent in three rooms and only 1 per cent in more than three. The average size of these rooms was 11.4' \times 8.5' \times 10.2' and the area on an average was 96.9 square feet, with a capacity of 988.4 cubic feet. Sanitary conditions were conspicuously absent. All these facts throw a flood of light on housing conditions in Cawnpore. Similar conditions prevail elsewhere and therefore further discussion of this question is hardly necessary. It is truly deplorable that such conditions should exist, and a speedy solution must be evolved.

There are four fundamental principles to be borne in mind in any attempt at tackling the problem. First, prevention is better than cure. Secondly, slums are as avoidable as any other recognized evil. Thirdly, slums are not entirely problems in humanitarianism. Fourthly, we must face all the facts involved in removing slums, above and below the surface, and go about the job as unemotionally as a student working on a problem in Algebra. The eradication of slums and their replacement by civilized housing must be undertaken, whatever the cost, because such efforts tend to strengthen the fibre of the nation. We cannot consider slum clearance as an isolated problem. No doctor can discuss diseases of the heart or of any other major organ without reference to the general state of health of the patient. Slum areas are indeed symptoms of a disorder, and not a disease in themselves; therefore, our planning must touch deeper levels. We must find the causes under-

1. *Vide* Report of the Cawnpore Labour Inquiry Committee, 1938, p. 78.

lying the symptoms and study the mental habits which permit slums to develop. We must, if necessary, administer drastic remedies, in large doses; mere palliatives will do no good at all. Slums are open sores on the urban corpus. The causes of these open sores are many and varied. Some are obvious, while others are somewhat submerged. The submerged causes are related in a large degree to the economic, psychological or physical deficiencies of the slum dwellers, and belong to the science of Sociology, and cannot be discussed in this chapter. But it is undisputed that they emphasize the need for establishing and implementing certain social standards for human environment.

Secondly, it is an economic problem. Insanitary housing accommodation seriously undermines industrial health and it is obvious to every one that industrial progress is largely dependent on industrial health. The Textile Labour Enquiry Committee, in its Final Report of 1940, remarked, "Of the needs of the workers, scarcely any one is so important as cheap and decent housing accommodation. It is now over twenty years since the Indian Industrial Commission emphasized the urgent necessity of improving the health and housing of the industrial population if the existing and future industries of India were to hold their own against ever-increasing competition."² Thirdly, it is the civic problem of urban disintegration and chaotic decentralization. It follows, therefore, that our approach to the problem has to be so revised as to ensure that the local authorities collaborate with industrial employers in the necessary planning and lay-out. The Textile Labour Enquiry Committee further observed, "Although Government should participate in the formulation and execution of housing programmes, the main responsibility for development should rest with the local authorities. This is in accordance with the practice followed in other countries. The British National

2. The Textile Labour Enquiry Committee Report, Vol. II—Final Report, Bombay, p. 267.

Housing Committee, for instance, in its report, *A National Housing Policy*, published in 1934, held the view that while provision for housing accommodation was to be planned under the aegis of a statutory housing commission, the local authorities themselves should undertake to build houses according to programmes drawn up from time to time. This is in consonance with the trend towards devolution of authority in India. It is the local body which is responsible for controlling the lay-out of areas and the construction of houses, for maintaining proper hygienic and sanitary conditions and for attending to the health and well-being of the residents. Overlapping of authority or divided responsibility is scarcely conducive to ordered progress..... The primary responsibility for performance of this service should be that of the local body, with the assistance of the Government in the raising of funds, the provision of land and the enactment of suitable legislative measures of control as suggested above. Experience in other countries indicates that the problem of the housing of low-paid industrial workers cannot be solved effectively except on a subsidized basis, for there is no prospect of the need being met satisfactorily through private enterprise building for profit. The main reason why private enterprise cannot be depended upon to meet the situation is that, considering the low scale of rents which alone it is within the capacity of the bulk of industrial workers to pay, landlords can earn a return on their investment only by ignoring considerations of health and hygiene in the building of their tenements and by permitting overcrowding.”³

The deplorable conditions under which industrial workers have to live and the consequent dangers to their health, efficiency and morale have shown the need for measures discussed by the Labour Enquiry Committee to cope with the fast-deteriorating situation. It is noticed that crime and vice breed and

3. *Ibid.*, pp. 275, 276.

flourish in the labyrinths of the slums. The triangular aspects of the problem should be studied simultaneously for a successful solution, because the clear-cut connexion between infectious diseases and congestion, and between digestive disturbances and lack of hygienic conditions has been discovered by conducting health surveys. Good housing conditions are of cardinal importance for maintaining and improving industrial health, efficiency and morale. Therefore, the provision of proper housing accommodation for industrial workers is essential in the interests not only of the workers, but also of society in general and of industry in particular.

Indian industrial housing arrangements must start *de novo* on a rationalized basis. The Government of India have examined the problem. They have informed the Provincial Governments that it would not be possible to construct houses for industrial workers at the original estimated figures of Rs. 1,300 per house, exclusive of land, that the cost of a house with accommodation on the scale contemplated, (but exclusive of water-supply, sanitary fittings and the cost of land) would be near about Rs. 2,250, and that any attempt in this direction on a large scale would militate against the economy of the country. As a matter of fact, houses would have to be constructed at a level of prices inflated by the post-war scarcities, and might cost three times as much as similar houses built before World War II. Nevertheless, the Central Government have realized that, in view of its gravity, the problem cannot be long kept in cold storage. They have urged that the Provincial Governments should consider such housing schemes as are pressingly required, and that the schemes should be interconnected with town-planning, clearance of slums and public health, which in their opinion will impose great responsibilities on employers, employees, governments and municipal bodies. They have, however, agreed to render financial assistance where necessary, besides offering technical advice in respect of architectural

designs with a view to the maximum economy. The Government of India are, thus, committed to a definite policy in the matter of housing. They have realized the magnitude of the problem on the one hand, and economic conditions in the country on the other. They have equally realized that industrial workers live interspersed with the general population and that, therefore, it would be unfair to consider the problem of industrial housing separately from the general problem of housing.⁴

The Bombay Government have gone somewhat further. They have appointed a Housing Advisory Committee under the chairmanship of the Hon. Mr Gulzarilal Nanda, Minister for Labour. The Committee have fixed a target of 125,000 tenements for all industrial towns in the Province, a goal to be attained within five years. The Committee have also adopted a programme for the construction of 15,000 tenements by the Government within a period of five years at a cost of Rs. 7½ crores, this expense being shared equally by the Central Government, the Provincial Government and the employers. If there should be no financial assistance forthcoming from the Government of India, the Provincial Government and the employers would each contribute Rs. 3¾ crores. The levy proposed is Rs. 2 per month per employee for industrial and/or commercial establishments employing more than 100 workers, Re. 1/8 per month per employee where there are from 50 to 100 workers, and Re. 1 per month per head where there are from 10 to 50 employees. Legislation will of course be necessary to ensure success for the scheme. It would be practicable to confine the levy, in the first instance, to big employers and to grant exemptions to employers in proportion to the number of houses built by them. Moreover, the Government should either raise 15-year loans to the extent of half the capital (exclusive of land) invested, subject to a maximum limit of Rs. 2,000 per tenement, at a rate of interest which

4. Report of the Health Survey & Development Committee, Vol. IV, p. 54.

for the creation of an All-India Industrial Housing Board and Provincial or Regional Boards. The proposed Housing Boards should be of a tripartite character. The Committee recommended: "We feel that regional dispersal of industries and industrial housing is a great necessity. The Housing Boards should attend to the dispersal of industries in rural and semi-urban areas to avoid the dreadful squalor and congestion in industrial towns in this country. On this point, we may quote the view of Sir William Beveridge, who says: 'It does not seem to me to matter very much whether the industries are near the raw materials or not; because the raw materials can travel; what I object to is that in this country instead of moving goods we move human beings as strap-hangers in suburban trains, miles and miles and miles every day. No, by proper distribution of industries I mean distribution with reference to places where people can live and live happily. If, for instance, we were making Britain a new industrial country I would not allow any factory to be put up anywhere without a previous plan as to where the people were going to live who were to work there. That's a new principle that I'd like to see adopted.' The question of dispersal has attained a further importance today on account of the emergence of the atom bomb and the strategic necessity of diffusing our industries in sparse regions. It may be added that some of the belligerent countries in World War II actually shifted their large plants to remote places to save them from destruction. The dispersal of industries assumes the existence of adequate transport facilities in the form of good roads and railway communications. This will help the employer in regard to economical marketing of his products. So far as new industries are concerned, there should not be any difficulty, provided Government plan in advance and do not allow a haphazard growth. The problem of transplantation of old industrial units for their ultimate dispersal in different areas may present some difficulty, though the

low price of land, labour and building materials in rural areas, as compared with prices in cities, may make the proposition a profitable one. In case some loss is incurred in the process, it should be possible for the Housing Boards to bear a part or the whole of it.”⁶

⁶. *Vide* Labour Investigation Committee, Government of India, Main Report, 1946, p. 344.

CHAPTER VI

WAGE STRUCTURE IN INDUSTRIES

To understand the economics of an industry, it is essential to have a clear idea of its wage structure. But no adequate and dependable statistics are available except in the cotton industry, and considerable difficulty is, therefore, experienced in the tabulation and interpretation of the economic facts about an industry. In recent times, certain statistics have been collected which give one an idea of the average annual earnings of industrial workers. Below is a tabular statement of the average annual earnings in several industries province-wise :—¹

Average Annual Earnings in Rupees

	Year	Textiles	Engineering	Minerals and Metals	Chemicals and Dyes	Paper and Printing	Wood, Stone and Glass
Madras ..	1939	173	230	180	148	263	104
	1940	187	242	155	221	245	121
	1941	195	251	179	153	208	163
	1943	345	305	242	194	299	180
Bombay ..	1939	373	474	281	255	396	264
	1940	382	519	324	268	392	231
	1941	412	574	287	273	388	297
	1943	823	794	546	566	501	413
Bengal ..	1939	216	260	333	225	371	184
	1940	268	288	404	234	462	170
	1941	257	333	318	264	389	192
	1943	363	423	339	355	437	304

1. A. N. Agarwala (Ed.) : *Indian Labour Problems*, pp. 49, 50.

	Year	Textiles	Engineering	Minerals and Metals	Chemicals and Dyes	Paper and Printing	Wood, Stone and Glass
Bihar ..	1939	163	260	603	137	214	285
	1940	176	305	610	171	243	180
	1941	201	293	632	160	238	211
	1943	204	335	664	233	279	232
U.P. ..	1939	259	224	144	153	244	147
	1940	297	258	177	168	231	167
	1941	307	239	183	170	236	147
	1943	561	401	357	296	314	241

In the above tabular statement, the figures for 1942 have been omitted as, in the absence of a uniform procedure in respect of dearness allowances and a multiplicity of other allowances included in the total wages, they were found to be misleading. Mr M. V. Seshagiri Rao, in an interesting article in *Indian Labour Problems*, edited by Mr A. N. Agarwala, has chosen a truly appropriate period for showing the trend of industrial wages. His tabular statement brings out three salient features. First, industrial wages are appallingly low. Secondly, they differ from province to province and industry to industry. Thirdly, they are moving upward. The second observation in respect of the divergence in wages is very important, and may be accounted for partly by the different cost of living indices in different industrial centres, local conditions of demand and supply and localization of industries, and partly by the absence of an effective and organized trade union movement on an all-India basis and the step-motherly behaviour of the former Government. With the political emancipation of the country achieved, conditions are of course, bound to change for the better.

For the first time in the industrial history of

India, an effort has been made to collect wage statistics on an all-India basis. The Rege Committee decided that *ad hoc* surveys should be carried out in various industries in order to obtain a complete picture of labour conditions, and the Committee selected the following industries for this purpose :—

- A. *Mining* : (1) Coal. (2) Manganese. (3) Gold. (4) Mica. (5) Iron Ore. (6) Salt.
- B. *Plantations* : (7) Tea. (8) Coffee. (9) Rubber.
- C. *Factory Industries* : (10) Cotton. (11) Jute. (12) Silk. (13) Woollen. (14) Mineral Oil. (15) Dockyard. (16) Engineering and Minerals & Metals. (17) Cement. (18) Matches. (19) Paper. (20) Carpet Weaving. (21) Coir Matting. (22) Tanneries and Leather Goods Manufacture. (23) Potteries. (24) Printing Presses. (25) Glass. (26) Chemical and Pharmaceutical Works. (27) Shellac. (28) Bidi-making, Cigar and Cigarette Manufacture. (29) Mica Splitting. (30) Sugar. (31) Cotton Ginning and Baling. (32) Rice Mills.
- D. *Transport* : (33) Transport Services (Tramways and Buses). (34) Non-gazetted Railway Staff.
- E. *Other types of labour* : (35) Port Labour. (36) Municipal Labour. (37) Central P.W.D. (38) Rickshaw Pullers.

All the reports of the Committee have been published. They contain a mass of useful information and present a true picture of labour conditions in different industries. We reproduce below two frequency tables on cotton textile wages for illustrative purposes :—²

- (a) Summary frequency table showing average daily basic wages of Workers in Cotton Mills surveyed in India (excluding Bombay Province).—(p. 49)

2. Report on an Enquiry into conditions of Labour in the Cotton Mill Industry in India—Rege Committee, pp. 197, 198.

- (b) Summary frequency table showing average daily net earnings of Cotton Mill Workers in different Centres in India (excluding Bombay Province).—(p. 50)

These two tables indicate that wages even in the cotton industry are far from satisfactory. Conditions in Bombay, Ahmedabad, Sholapur, Coimbatore and Cawnpore are of course, much better than elsewhere in the country, but the credit for that goes largely to the labour organizations in those centres. The present average wage, excluding dearness allowance, of a textile worker in Bombay is Rs. 44-13-7 per month according to the millowners. But even this is below a fair living wage, which was fixed by the Bombay Textile Labour Enquiry Committee at Rs. 50 to Rs. 55. I am inclined to maintain that this should be the minimum on the pre-war basis.

Going from the cotton industry to the plantations, which employ about 1.9 million workers, of whom 1.1 million work on tea estates, one comes across appallingly low wages. It is an interesting study, though the facts are shocking. The following is a succinct account of conditions among plantation labour by Dr Radha Kamal Mukerjee: “The basis of wage fixation is as follows: Usually there is the basic rate for the *hazira*, or the standard daily task, to which is added an extra for overtime task—*ticca*, *nagda*, or *doubli*. But in certain plantations the *hazira* task is by no means uniform. Planters have sometimes sought to check the increment of wages by reducing the basic *hazira* task, and at the same time introducing a second and a third *hazira*, or what is called the unit system. The time taken for the first *hazira* is ordinarily computed at four to six hours in the estates of Assam. In the Dooars, three and a half hours generally comprise the period for the first *hazira*; for subsequent *haziras* the unit is 2 to 2½ hours. The payment for *hazira* varies from 4 to 5 as. for men; from 3 to 4 as. for women, and 3 as. for children;

while the *ticca* is usually 4 as. for men and 3 as. for women. In the Dooars, the *hazira* rate for men is 4 as. for women 3 as. and for children 1 to 1½ anna. The standard piece rates of wages differ from garden to garden, owing to differences in the character of the soil and in the nature of the work. Thus in Assam a coolie is set the task of hoeing 15 to 30 deep *nals* for a full *hazira* of 5 as. ; for light cultivation the task is 35 to 70 *nals*, for which the same payment is made ; for forking, the task varies from 100 to 220 bushes in different gardens ; for pruning, the task of 8 to 10 *nals*, comprising 40 to 50 bushes, represents the *hazira* for the same remuneration. For skiffing, 80 to 120 bushes represent the *hazira*. For plucking, the *hazira* rate is usually 5 as. earned by both men and women workers. As soon, however, as the shoots are plentiful, *i.e.*, from July to October, the *hazira* system is replaced by the unit system. One pice for one lb. becomes the general wage rate. In many estates false weighment, as well as the computation of a seer of leaves as a lb., deprives the pluckers of their just earnings. During the plucking season the earnings of women exceed those of men. Some women earn about Re. 1 per diem working from 8 a.m. to 4 p.m., with an interval of half an hour for transit and weighment. This, however, sometimes includes the remuneration of children who add their quota of leaves to the basket....

.....The difficulty of ascertaining real wages in the plantations is aggravated not only by the fluctuating character of the *ticca* from season to season and from garden to garden, but also by the condition that the workers, in addition to money wages, obtain plots of land, firewood and grazing for cattle ; but there is no fixed principle behind the distribution of plots among the workers, many of whom obtain no land at all, while some can even obtain paddy for six months' family consumption from the garden plots. Such plots carry a nominal rent of 2 as. to Re. 1 per acre. It is estimated that over the entire Surma Valley three-fourths of an acre of rice

land is given to each coolie, the production of which may be computed to be from Rs. 18 to Rs. 20, representing Re. 1-8 per month per head of the total population."³ It is thus clear that wages vary from district to district, season to season, and operation to operation, and that nowhere in any season or for any operation, may they be called a fair living wage. But the conditions of factory workers, who on an average only constitute from 5 to 10 per cent of the total labour force on an estate, may be said to be comparatively better. The total number of factory workers in tea plantations in 1940 was 44,286, and their total wages during the year were Rs. 37,80,411. This means that the average income per annum was Rs. 86 in 1940.⁴ Certain allowances like the dearness allowance, cash allowance and allowances for the *Holi* and *Puja* ceremonies are also given. Besides, cloth and umbrellas are sold to workers at concession rates. That is not all. Free housing accommodation, free medical service, free fuel and similar benefits are also provided. In fact, it is these and other concessions that attract a fairly large labour force to the plantations. All this, however, only shows that labour in the plantations is weak and ill organized.

Workers in other industries fall in between these two types of labour discussed—textile labour at the top rung of the ladder, so to speak, and plantation labour at the bottom. These two extremes provide some sort of key to an understanding of the entire problem of industrial wages from the standpoint of the national interest and the need for an integrated national economy.

Higher wages, which represent a better standard of living, should be attained without disturbing the industrial peace. The Government of India have recently instituted machinery for dealing with employer-

3. Dr R. K. Mukerjee : *The Indian Working Class*, (2nd Edn.), pp. 100-104

4. *The Indian Journal of Social Work*, June, 1947, p. 36. (Bureau of Research and Publications, Tata Institute of Social Sciences, Byculla, Bombay; 8.)

employee relations in industries and undertakings falling within their sphere, namely, all industrial establishments owned and/or controlled by the Government of India, federal railways, mines and oilfields and major ports. This machinery has the Chief Labour Commissioner at the top, with three Regional Commissioners and a Deputy Labour Commissioner under him. It controls industrial relations and conciliation, labour welfare — administration of labour laws and maintenance of information on wages and conditions of work. In the province of Bombay, we have the Bombay Industrial Relations Act (1946), which regulates the relations between the two parties and decides industrial disputes. Other provinces too have similar machinery either already functioning or under active contemplation. Besides, we have the Industrial Disputes Act, 1947, a Central Act which applies to provinces where there is no alternative legislative measure in force. The battle of wages will be fought under the wings of this machinery. Experience has taught us that all labour disputes have, in one form or other, invariably centred on wages. It is obvious too that these disputes will assume increasingly alarming proportions during the transitional period, if adequate steps are not taken to meet the legitimate demands of the workers. This was happily realized at the third meeting of the conference of Labour Ministers where it was observed that “proper wage-fixing machinery is the crying need of the hour.” Those countries which even before World War II could boast of elaborate systems of wage regulation possessed an initial advantage in planning their war-time wage policies. They will also experience less trouble in the post-war period over wage fixation. In Europe, the U.S.A. and Australia, wage regulation during the war period formed an integral part of the whole scheme of price stabilization. In totalitarian countries such regulation was an easy matter, delays in negotiations between employers and workers being entirely eliminated. For instance, in Germany the Labour Trus-

tees were statutorily empowered to fix minimum rates of wages under an order issued on September 4, 1940. But it is doubtful if such a method is sound. Australia has developed an elaborate system for the regulation of minimum wages. The majority of trade unionists and even certain employers feel, however, that there is considerable room for further improvement. In India, the problem of wage regulation (which during war-time assumed truly alarming proportions) was even in the pre-war period a pressing one, as the following remarks of the Bombay Textile Labour Enquiry Committee will show: "A large variety of systems of minimum wage regulation is in operation today in the different countries of the world. We have to take account of the important features of these systems in order to recommend the arrangement that seems most suited to our conditions. We shall consider the question under two separate aspects: (1) The machinery for minimum wage regulation, and (2) the basis of the wage. There are at least four different types of agencies by which a minimum wage may be determined. These are: (i) an enactment, (ii) an arbitration court, (iii) a general board, and (iv) a special trade board. Much need not be said as regards the first method. In some States in Australia and the United States of America the limit below which no wage may be paid in an industry is laid down in a statute. The method is obviously rigid, and the usual result has been to put the legal wage at so low a figure as to give little effective protection. The method of the arbitration court is almost universal in Australasian wage legislation. Its application, however, pre-supposes compulsory arbitration. Further, the arbitration system can work successfully only where labour is organized in strong trade unions.....

.....
 The general board system is to be found in the United States of America, Canada and Australia. It may be observed that this system is prevalent usually in countries where a living wage basis has been

definitely adopted for wage regulation and where the protection of a national standard of living is an important objective of the regulation.

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 A separate board for each industry or trade is the type of minimum wage-fixing machinery which is the most widely adopted.”⁵ The Committee recommended the institution of trade boards whose constitution should be similar to that of the trade boards established under the British Trade Boards Acts of 1909 and 1918, and whose main duty should be to fix minimum time and/or piece rates in industry. It should communicate its final decision to the Minister in charge, after hearing objections from both parties, and the Minister in charge should in turn, issue an order without modifications, alterations or adjustments, reserving to himself, however, the right to send the decision back to the trade board so constituted for reconsideration. Further, the Committee discussed at length the problem of standardization of wages and recommended that Government should appoint a Standardization Committee, which could be an *ad hoc* committee designed to supervise the launching of the scheme of standardization. Prof. D. R. Gadgil, in his learned treatise *Regulation of Wages and other Problems of Industrial Labour in India*, has rightly remarked, “The advantages of standardization are that it does away with even that measure of diversity which is permissible under minimum wage regulation, and by bringing about a measure of fixity and determinateness in all wage payments, reduces still further the possibility of minor wage disputes. Standardization is, however, difficult to achieve and can be brought about only in special circumstances. Standardization cannot usefully be introduced in a new industry or in an industry which is still undeveloped in a region and in which conditions have not reached a certain degree of stability. It also requires the con-

5. Report of the Textile Labour Enquiry Committee, Bombay, Vol. II—Final Report, pp. 87-88.

centration of industry in a particular region. Standardization of wages has thus a limited field ; but within that field it must be set up as an objective to be soon attained. The field of standardization may be indicated by saying that it may be possible and desirable in centres of the cotton textile industry such as Bombay, Ahmedabad, Cawnpore, and Coimbatore, in the jute industry in Calcutta and its neighbourhood, and in the mining industry in the major coal fields. It may in this connexion be pointed out that a development which is to be desired in this country is that the Trade Boards which regulate minimum wages should go on to standardize wages in particular regions whenever they find the conditions to be suitable. The Trade Boards can themselves be looked upon practically as agencies for collective bargaining, and the experience they gather in the work of minimum wage fixation will be of the same character as is required in evolving a scheme of standardized wages." ⁶ The institution of a Trade Board on the above lines is the most pressing need of the hour, and such a Board should tackle the problem against the background of price stabilization, taking into consideration the broader issues of prices, costs and public finance. It should ensure that the statutory minimum wage does not become the maximum wage. Happily, the Asian Regional (Labour) Conference of the International Labour Organization held in New Delhi in October 1947, passed a resolution on a fair wage policy, incorporating therein a recommendation for a Wage Board to fix fair and equitable wages for workers. ⁷ Further, Pandit Jawaharlal Nehru, Prime Minister of India, in his inaugural address to the Conference, gave the assurance that India would try her best to implement the recommendations of such an organization. This augurs well for the future.

6. D. R. Gadgil : *Regulation of Wages and other Problems of Industrial Labour in India*. Publication No. 9 of the Gokhale Institute of Politics and Economics.

7. *Vide Eastern Economist*, November 14, 1947, p. 674.

The Minimum Wage Bill was introduced in the Central Legislative Assembly by Dr B. R. Ambedkar on 11th April, 1946. This requires Provincial Governments to fix minimum wages in a number of industries and occupations. For the fixation and revision of minimum wages, the Bill prescribes the following procedure: Provincial Governments are statutorily required either to appoint a committee consisting of equal numbers of representatives of employers and workers in the industry concerned to advise them in this behalf, or to publish their own proposals in their *Gazettes* giving at least two months' time to the interests affected to make adequate representations. After taking into consideration the advice of the committee or the representations received from interested parties, the Provincial Governments shall fix the minimum wage payable in the industry or undertaking concerned, and this shall come into force three months after official publication of the decision. This is the procedure to be followed in fixing minimum wages in any scheduled employment for the first time. But the Bill leaves any revision of the minimum wages once fixed to the Provincial Governments concerned, subject to the proviso that the interval before revision shall in no case exceed a period of five years. On revision of the minimum wages payable in any scheduled employment, it is obligatory on the Provincial Governments to appoint at least one committee to enquire into the existing conditions, and in the event of more than one committee being appointed, the Provincial Governments may, if expediency dictates it, appoint Provincial Advisory Boards for the co-ordination of their work.

The Minimum Wage Bill will soon be on the statute book.⁸ The prescription of minimum wages will give the worker in sweated industries a reasonable measure of protection. But the fixation of such minimum wages is a highly complicated problem. The Cawnpore Labour Inquiry Committee, in their report, point

8. The Bill has now become an Act the text of which is given in Appendix E.

out : " In fixing a minimum wage, we have necessarily to take the cost of living into consideration. We have to determine the standard. This is not an easy matter. The physiological, social and environmental elements of the problem have all to be carefully examined. Data have to be collected. Family budgets have to be obtained, studied and analysed. The requisite items have to be selected with care, and accurately weighed, quantitatively and qualitatively. All this is work of a difficult nature, requiring patience, precision and an understanding of the classes on whose behalf the cost of living is being determined. The family unit itself has to be defined and fixed. In the Indian social system this is not a matter easy of achievement. The traditions and social usages of the people have to be respected and duly appraised." ⁹

The Labour Investigation Committee have called attention to the unscientific wage structure of Indian industries and have suggested that the problem of standardization of occupational nomenclature and wages in different industries and units in the same centre of industry should be expeditiously tackled. ¹⁰ Differentials in wage rates in various occupations in an industry should be carefully and scientifically worked out. The Committee further remark : " This wage has, however, to be equitable. The theory of marginal productivity is not a mere pastime problem for the intellectual gymnastics of the economist. It is a stern reality of the market place. It is in the opinion of many economists, definitely and decidedly the ultimate factor which determines the distribution of the national dividend. Other agents or factors of production have also to be taken into due regard. Under existing conditions the industrial worker is not the only consideration. The industrialist, the businessman, the technician, the supervisory and

9. *Vide* Report of the Cawnpore Labour Inquiry Committee, p. 43.

10. The system of graded scales of pay recently agreed to at the Tata Iron & Steel Company, Jamshedpur, is an interesting experiment in relating wages to length of service.

administrative functionaries have also to be taken into account. The *entrepreneur* and the financier play an important part in the economic organization of the country. The modernization of the industrial structure of this land depends very greatly upon their initiative, capacity and energy. Much that has been achieved in India is largely due to their efforts, often against heavy odds. Cawnpore itself is manifestly a monument to the courage and the enterprise of the employers, first, British, and now both British and Indian. If it is desired that India should be rapidly industrialized, the confidence of the captain of industry and of the financier in the conduct of affairs should not be impaired. The profit motive has to be kept in mind, unless indeed it is contemplated to transform the very basis of the economic structure of the country.”¹¹

One may recall, in this connexion, the wise words uttered by Sir Chintaman Deshmukh, Governor of the Reserve Bank of India, at the annual meeting of the Bank, held in Calcutta in 1947. “India is suffering from a wage-price spiral,” he said, “and the higher wages paid to workers are almost automatically offset by higher living costs.” Therefore, in the wider interest of an integrated national economy, the wage structure of Indian industries should be judiciously drawn up and adopted for the economic welfare of the working class without in any way upsetting the price equilibrium and impeding the industrial development of the country.

11. Report of the Cawnpore Labour Inquiry Committee, p. 8.

CHAPTER VII

PLANNING OF SOCIAL INSURANCE

In India, Social Insurance as understood in Europe and elsewhere was little more than a slogan even as late as in 1943, when Prof. B. P. Adarkar was appointed Special Officer to prepare a report on Health Insurance for industrial workers. He submitted his report towards the end of 1944. Today, what was once a mere slogan has become a vigorous constructive programme.

Social Insurance has an economic background. It is being increasingly realized today that no nation can continue to waste its man-power with impunity. Every country must maintain and increase the moral vigour and physical resistance of its able-bodied population, prepare the way for future generations and take care of those who have been eliminated from productive work. The individual and collective efforts of the employers, the individual and collective agitation of the employees and the piecemeal legislative efforts of the State must be consolidated and co-ordinated for the greatest good of the greatest number. Such effort culminates in Social Insurance. Social Insurance is a beacon which affirms the ideals of democracy and lights the way to further progress. Under it empiricism is replaced by careful diagnosis, improvisation gives way to method, dilettantism to technique.

Social Insurance may be defined as the organization of provision, out of tripartite contributions from the workers, employers and the State, for a need which cannot be left safely to the individual's or employers' own resources. A proper understanding of 'Social Insurance' is still lacking, for too much emphasis is placed on the second word, and too little on the first. That is indeed unfortunate.

Social Insurance Provision may be viewed as no

more than the gathering together of a fund to meet contingencies whose total dimensions are uncertain, but whose appearance in some form or other is certain. These contingencies fall under the heads of sickness, maternity, invalidism, unemployment, old age and death. All these contingencies involve loss of earnings—partial or total—and benefits under the scheme are made available after certain objective tests of eligibility which are statutorily prescribed, the amount to be made available being likewise prescribed. The object of such insurance is to prevent those losses of productive life and capacity that can be avoided; to ensure that each makes the best possible use of his or her faculties; to ensure equality of opportunity; and in the attainment of these triple ends, to accord due respect to the inalienable values of individual dignity and liberty.

All schemes of Social Insurance should be based on a wide knowledge of social pathology and a study of the causes and effects of common industrial risks. The incidence and severity of these industrial risks vary from country to country, the variations being a function of age, income, housing, employment, in fact, of labour conditions in general. The losses due to these industrial risks cannot be expressed in terms of statistics. They are reflected in the dislocation of production and diminution of consumption.

We shall now present a bird's-eye view of Prof. Adarkar's scheme of Health Insurance with the modifications of Messrs Stack and Rao. We must, while examining the scheme, bear in mind that the introduction of a broad scheme of compulsory Health Insurance is fraught with great complications in any country, and more so in India where labour conditions are peculiar. These complications, however, are not insurmountable, though they do call for appropriate modifications of the usual pattern of Health Insurance organization.¹

1. *Vide International Labour Review*, Vol. LI, No. 4, April 1945, p. 459.

At the outset Prof. Adarkar's scheme makes four assumptions for its success. These are the adoption of a scheme of Unemployment Insurance and the creation of new employments in the post-war period, the establishment of a scheme of Old Age Pensions, the adoption of certain 'pre-medical measures' and finally, a National Health Drive. The scheme formulated by him is broad-based on the following eleven fundamental principles:

- (i) the scheme must be compulsory ;
- (ii) it must be contributory ;
- (iii) it must be simple, clear and straightforward ;
- (iv) it must take the existing framework of labour legislation as its formal basis ;
- (v) it must not be too ambitious in the beginning ;
- (vi) it must be financially sound, economical in working and actuarially balanced ;
- (vii) it must minimize disputes and litigation ;
- (viii) it must be workable in the peculiar circumstances of Indian labour and industry ;
- (ix) it must be in conformity with international labour conventions ;
- (x) it must not be saddled with financial responsibilities which belong to other measures of Social Security ; and finally,
- (xi) it must be sufficiently flexible.

The scheme covers employment in three major groups of industries, namely, those involving textiles ; engineering of every kind, including ship-building ; and the processing of metals and minerals.

Three main classes of undertakings within these groups would be excepted :

- (a) Public, or even private, factories where benefits at least equivalent to those offered by the scheme are already provided ;

- (b) undertakings in sparsely populated areas in which it is not practicable to organize insurance services (but in this case the owners must be required individually to provide equivalent benefits);
- (c) "seasonal" undertakings within the meaning of the Indian Factories Act, i. e., undertakings which operate for less than 180 days in the year.

The scheme covers permanent, temporary and casual workers and the upper income limit is Rs. 200 per month and the upper age limit is 60 years. The number of workers to be insured under it is estimated at 12,00,000. As regards contributions, they are payable every month and the agency of collection is the employer. It is to be financed out of the joint contributions of the employers and the insured persons. Prof. Adarkar recommends that the State should subsidize the scheme, but does not make this an indispensable condition. He does, however, postulate a State guarantee in the sense that the State should be prepared to cover a deficit, subject to repayment out of contribution income. The structure of contributions would be as follows :—

	Class A Earning more than Re. 1 per day	Class B Earning 8 as. to Re. 1	Class C Earning less than 8 as.
	Rs. a. p.	Rs. a. p.	Rs. a. p.
The employer pays per month .	1 4 0	1 4 0	1 4 0
The worker pays per month ..	0 12 0	0 8 0	0 4 0
Total per month ..	2 0 0	1 12 0	1 8 0

The employer's contribution is the same in all three classes. The joint contribution for class B is equal to about 10 per cent of the central wage of that class, assuming 25 working days in the month. The contribution is collected by means of stamps affixed to cards issued to each insured person, and it is due for the entire month even if the worker has only been employed for one day. Prof. Adarkar maintains that in the event of the State contributing towards the scheme, it should pay 8 as. per month per worker (2 as. from the Central Government and 6 as. from the Provincial Government) and relief should be given to the tune of 6 as. per worker to the employer and of 2 as. to the worker himself. The cash benefits would be available after a qualifying period of 6 monthly contributions and a waiting period for cash benefits of 3 days, whereas medical benefits would be available unconditionally. A permanent worker would be entitled to 90 days' cash benefits, a temporary one to 45 days' cash benefits, but a casual worker would receive only medical benefits. The scale of cash benefits would be as under :—

Period	Class A	Class B	Class C
	Rs. a. p.	Rs. a. p.	Rs. a. p.
Until first 6 contributions are paid	<i>Nil.</i>	<i>Nil.</i>	<i>Nil.</i>
After 6 contributions are paid to 24th contribution ..	0 6 0	0 4 0	0 2 0
After 24th contribution ..	0 12 0	0 8 0	0 4 0

The actuarial basis of the scheme would be budgetary, and not based on capitalization. The resources of the Fund would consist of contributions from the parties, donations and gifts, interest on investments, fines and penalties, loans from Governments under a guarantee system or in the open

market. The resources of the Fund are expected to support a morbidity figure of about 16.1 days on an average, and as the maximum rate of sickness is 14.6 per worker, it follows, that it embodies an ample safety margin.

The administrative machinery would be on a territorial basis, with unification and centralization, and provide for appropriate representation of the contributories, beneficiaries and the medical profession. There would be a Central Board of Health Insurance, which would be registered as a statutory corporation and be pyramidal in structure. It would be the policy-making organ whose instructions would be carried out by all Regional Boards. It would also be the custodian of the finances of the scheme. It would appoint the Commissioner of Health Insurance who would be the chief executive officer of the scheme. There would also be a Medical Commissioner attached to the Board, who would be responsible for the supervision of the entire medical service. The Regional Boards, which are designed to be set up for one or more provinces would supervise, through their respective regional Deputy Commissioners, the working of the administrative centres and the medical services in their respective areas. Local Committees would be attached to each administrative centre, and advise the officer in charge of the management at the centre. The functions of each centre would include the sale of insurance stamps, the payment of benefits, the settlement of disputes and, finally, the enforcement of compliance.

There would be a salaried Medical Service. Industrial areas would be classified under four heads in accordance with the density of the industrial population. They would have Health Centres and Dispensary Centres. Medical benefits would be provided through group practice at the Health centres, which would be fully equipped polyclinics serving at least 50,000 insured persons, while Dispensary

centres would only afford the ordinary medical services and serve industrial areas with more than 5,000 insured persons. The method of individual practice would be adopted for localities where the insured population is between 500 and 5,000. Industrial areas with an insured population of less than 500 would be excluded from the scheme, and here the employer would be required to provide equivalent benefits. Employers providing an adequate medical organization could be exempted on a periodical basis. This is a brief synopsis of the Adarkar Health Insurance Scheme.

Further developments took place when the International Labour Office was requested by the Department of Labour of the Government of India to send a deputation to visit India to examine the Adarkar scheme. Mr M. Stack (Chief of Social Insurance Services) and Mr R. Rao (Chief of the Asiatic Services) of the International Labour Office came to India in response to this invitation, visited various industrial centres and spent four weeks discussing the fundamental problems with Central and Provincial Government Officers. The following is a short sketch of their recommendations:—

Messrs Stack and Rao largely agreed with the fundamental principles enunciated by Prof. Adarkar in the opening pages of his Report. The two chief modifications suggested were a fundamental change in the organization of the medical service, and the integration of maternity benefits and workmen's compensation within the framework of the Health Insurance scheme. They proposed the inclusion of non-manual workers on equal terms with manual workers, irrespective of their income; the grouping together of those branches of insurance which called for a medical service, namely, sickness, maternity and employment injury; the determination of an inclusive contribution for all risks; the provision of a grant from taxation; the treatment of the family as a unit; the adequate grant of cash benefits; and,

finally, a simplification of the rules and administration. They suggested the following scale of wage classes and benefits :—

Class	Range of daily earnings		Basic earnings	Benefit, six days a week
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
I	0 8 0	to 1 0 0	0 12 0	0 8 0
II	1 0 0	to 1 8 0	1 4 0	0 13 0
III	1 8 0	to 2 4 0	2 0 0	1 4 0
IV	2 4 0	to 3 8 0	3 0 0	1 13 0
V	3 8 0	and over	4 0 0	2 7 0

In the case of permanent total disability or death due to employment, full pension should be payable on the above scale, and in the case of permanent partial disability, a proportionate pension should be payable as indicated in the schedule. The pension should be $\frac{2}{5}$ of the full pension for the widow on the death of the insured person and $\frac{1}{5}$ to each child up to three in number. A funeral benefit up to one month's earnings should be provided. Besides, the two international experts worked out the figures for monthly contributions and the monthly value of Government grants to health and employment injury insurance. They took Rs. 500 as the average annual basic earnings of factory workers, 240 days as the average number of contribution days and $6\frac{1}{2}$ per cent of the basic monthly earnings as the joint contribution of the employer and worker. The cost of medical care for insured persons and their wives and children was worked out at 4 per cent of the basic earnings, i.e., Rs. 20 on the average.

Having discussed the Adarkar scheme in brief and given a bare outline of the recommendations of Messrs Stack and Rao, we shall now examine the scheme on its merits and offer tentative conclusions on the planning of Social Insurance, describing, at the same time, Government's moves in this direction.

Prof. Adarkar's scheme is full of originality and imaginative understanding and is of pivotal importance. It has been built from the ground upward, not from the roof downward. Still, it is no more than a hypothesis, albeit a working hypothesis. It incorporates a novel system of an independent medical organization. The modifications of Messrs Stack and Rao are merely a shadow of Prof. Adarkar's conception of medical service. The two international experts were presumably excessively influenced by Sir Joseph Bore and other members of the Health Survey and Development Committee and failed to build their hypotheses on existing health conditions and the real scarcity of medical facilities in India. Messrs Stack and Rao are, it may be suggested, basically wrong in this matter. First, correct certification is essential for the success of the scheme. Malingering has got to be effectively checked. The Health Insurance authorities can exercise an effective control towards this end by virtue of their being at the helm of affairs. Secondly, adequate medical facilities can be provided by doctors under the Health Insurance scheme; other methods are bound to prove a failure under the existing local conditions. Thirdly, the human element, which should be a special feature of any Health Insurance scheme; cannot operate to the same extent under a national health service as under an independent medical service. Fourthly, an independent medical service is capable of tackling industrial diseases and suggesting methods for reducing the incidence of sickness. Fifthly and lastly, the insured person (for psychological reasons) is more quickly cured, as he feels that he is under the treatment of a doctor attached to an

organization which belongs to him. The patient's recovery is hastened when he is convinced that he is in the best of hands. An expensive treatment is often cheaper in the long run, as one learns through experience. Economy in respect of medical treatment runs counter to the very foundation of such service. The principal object of Social Insurance is restoration of health and working capacity. We can visualize a co-ordinated National Health Service in this country only when we, as in other advanced countries, attain to a very high standard of medical organization. But, unhappily, our country has to travel a long way yet in this direction.

Further, it is necessary to link maternity benefits and workmen's compensation with the Health Insurance scheme, as recommended by Messrs Stack and Rao. Maternity benefits are an indemnity for the loss of wages incurred by a woman who, voluntarily before childbirth and compulsorily thereafter, abstains from work in the interests of her own health and that of the child. It does not stand to reason that in this case the employer alone should be required to contribute when the tripartite contribution arrangement has been accepted for Health Insurance. Maternity benefits and workmen's compensation are part and parcel of the wider scheme of Health Insurance.

The Royal Commission on Labour remarks, "While a system involving State contributions or Government grants is desirable and would not be administratively impracticable, it is more than likely, in the absence of any general scheme of Sickness Insurance of which maternity benefits would form an integral part, that it would involve a disproportionate administrative cost In the event of any general scheme of social insurance being adopted, maternity benefits should be incorporated and the cost shared by the State, the employer and the worker."² There is no reason why this

2. *Vide Report of the Royal Commission on Labour, 1931, pp. 283, 284.*

integral part of Social Insurance should be treated separately. What applies to maternity benefits applies equally to workmen's compensation. The existing system of workmen's compensation in India is merely a copy of the British system, which, in its turn, was largely influenced by French jurists. Workmen's compensation is an integral part of Sickness Insurance. With the adoption of Sickness Insurance in one form or another, the time is ripe for the introduction of workmen's compensation too. That would result in manifold advantages. First, evasion would be reduced to the minimum. Secondly, the employer would be prevented from placing obstacles in the path of progress of Social Insurance. Thirdly, the payment of claims would become automatic. Fourthly, litigation would be cut down. Fifthly, medical benefits would be provided to workers direct, as the same medical organization could be called upon to look after them. Finally, and most important of all, it would obviate the complication involved in deciding whether a particular malady should be a charge on Health Insurance or workmen's compensation.³ Some modification of workmen's compensation on the lines of the International Labour Organization's Workmen's Compensation Conventions will have to be made with due regard to Indian conditions.

It is a matter of gratification that the introduction of a unified scheme of Health Insurance is now within sight. The Workmen's State Insurance Bill was taken up for discussion in the Central Legislative Assembly on 6th November, 1946.

The scheme envisaged is one of compulsory State insurance for certain benefits in the event of sickness, maternity and employment injury to workmen employed in, or in connexion with work of, factories other than seasonal factories. The word "workman" for the purposes of this Act does not include any member

3. A. N. Agarwala: *Social Insurance Planning in India*, pp. 53-76.

of his Majesty's Naval, Military or Air Forces, or any person solely employed in a clerical capacity or employed on remuneration which in the aggregate exceeds Rs. 400 a month, or any person in such employment as the provincial Government may, by notification in the official Gazette, specify in this behalf.

The administration of the scheme of Workmen's State Insurance shall be entrusted to a Corporation to be called the Workmen's State Insurance Corporation. The functions of the Corporation shall be performed by a Central Board, constituted by the Central Government, and consisting of twenty-nine members in all, including the Labour Minister of the Central Government as Chairman and the Health Minister of the Central Government as Vice-Chairman. Further, a Standing Committee of the Board shall be constituted by the Central Government, consisting of eleven members in all, including a Chairman, nominated by the Central Government. Lastly, a Medical Benefit Council shall be constituted by the Central Government, consisting of eleven members in all including the Director-General of the Indian Medical Service as *ex-officio* Chairman. This Council will advise on matters concerning the administration of medical benefits, certification of sickness, and other connected matters. The Central Government may appoint in consultation with the Board, a Director-General of Workmen's State Insurance, an Insurance Commissioner, a Medical Commissioner, a Chief Accounts Officer, and an Actuary for the Corporation, who shall exercise such powers and discharge such duties as may be prescribed. There shall be a Fund called the Workmen's State Insurance Fund, which shall receive all moneys on behalf of the Corporation, and the moneys shall forthwith be paid into the Reserve Bank of India or such other bank as may be approved by the Central Government, to an account styled the account of the Workmen's State Insurance Fund.

The Board shall, in each year, frame a budget showing the estimated receipts and expenditure, and shall submit a copy thereof to the Central Government. Further, it shall maintain correct accounts of the Corporation's income and expenditure in a prescribed manner. The report and the audited accounts of the Corporation shall be placed before the Central Legislature and published in the official Gazette. A quinquennial valuation of the Corporation's assets and liabilities shall be made by a competent person appointed with the approval of the Central Government.

A workman whose average daily wages do not exceed ten annas shall be exempted from payment of the contribution. The contribution payable in respect of the workman shall be based on his average wages, and shall be payable, in the first instance, by the employer who shall recover the amount from the wages of the workman concerned.

The weekly contributions to be paid by employers and workmen are as follows :—

Group of workmen	Workmen's contribution (recoverable from workmen)	Employer's contribution	Total contribution (workmen's and employer's contribution)
	Rs. a. p.	Rs. a. p.	Rs. a. p.
1. Workmen whose average daily wages are below 10 annas	<i>Nil</i>	0 5 6	0 5 6
2. Workmen whose average daily wages are 10 annas and above but below Re. 1	0 1 0	0 6 0	0 7 0

Group of workmen	Workmen's contribution (recoverable from workmen)	Employer's contribution	Total contribution (workmen's and employer's contribution)
	Rs. a. p.	Rs. a. p.	Rs. a. p.
3. Workmen whose average daily wages are Re. 1 and above but below Re. 1-8-0	0 2 0	0 7 0	0 9 0
4. Workmen whose average daily wages are Re. 1-8-0 and above but below Rs. 2	0 4 0	0 8 0	0 12 0
5. Workmen whose average daily wages are Rs. 2 and above but below Rs. 3	0 6 0	0 12 0	1 2 0
6. Workmen whose average daily wages are Rs. 3 and above.. .. .	0 8 0	1 0 0	1 8 0

The benefits conferred upon insured persons are:—

- (a) periodical payments while rendered incapable of working by sickness;
- (b) cash payments to a woman worker in the event of confinement;
- (c) periodical payments during continuance of incapacity for work by reason of employment injury;
- (d) periodical payments to the dependants of an insured person who dies by reason of employment injury;
- (e) medical treatment and attendance.

An insured workman shall be entitled to receive cash sickness benefit equivalent to one-half of the

average daily wages up to a total period of eight weeks during any continuous period of twelve months on the basis of average daily wages as shown in the second column of the following table :—

Group of Workmen	Average daily wages
	Rs. a. p.
1. Workmen whose average wages are below 10 as. a day	0 8 0
2. Workmen whose average daily wages are 10 as. and above, but below Re. 1	0 13 0
3. Workmen whose average daily wages are Re. 1 and above, but below Re. 1-8-0	1 4 0
4. Workmen whose average daily wages are Re. 1-8-0 and above, but below Rs. 2	1 12 0
5. Workmen whose average daily wages are Rs. 2 and above, but below Rs. 3	2 8 0
6. Workmen whose average daily wages are Rs. 3 and above	3 8 0

There shall be no payment of cash sickness benefit for an initial waiting period of three days. It shall be payable thereafter for full seven days in the week. A workman shall be qualified to receive the cash sickness benefit after paying contributions for a period of six months. Before he qualifies himself for sickness benefit, there shall have been paid in respect of him at least seventeen weekly contributions in a period of six continuous months prior to the week in which he claims the benefit. If he ceases to be an insured person for a continuous period of over six months, he shall be deemed to be a new entrant on his re-entry into the insurance scheme.

An insured woman shall be paid maternity benefit at the rate of twelve annas a day for a period of twelve weeks, of which not more than six weeks shall precede the confinement. Before she shall qualify herself for maternity benefit, there shall have been paid in respect of her at least twenty-six weekly contributions within a continuous period of twelve months immediately preceding the confinement week or the week in which she gives notice of pregnancy, whichever is more advantageous to her; and further, at least five out of the said twenty-six contributions shall have been paid before thirty-five weeks preceding the week in which the confinement takes place or notice of pregnancy is given. For the purpose of computing the continuous period of twelve months, any period during which the woman was in receipt of cash sickness benefit, or maternity benefit in respect of a previous confinement, or else disablement benefit not exceeding six months at full rates for temporary disablement, shall not be taken into account.

Disablement benefit shall be payable to a workman sustaining temporary disablement, permanent partial disablement, or permanent total disablement, and to the dependants of a workman who dies of an employment injury. Disablement benefit and dependants' benefit shall be an amount equivalent to one-half of the sum of the average daily wages for each of the weeks for which contributions were paid in respect of the workman during the period of fifty-two weeks immediately preceding the week in which the claim falls due divided by the number of weeks for which contributions were so paid. There shall be no payment in this respect for the initial waiting period of three days.

The amount of dependants' benefit shall not exceed one-half of the amount which would have been payable to the workman as benefit on permanent total disablement.

Medical benefits shall be provided in the case of

maternity, sickness and injury, and may be given either in the form of facilities for attendance at a hospital or dispensary as an out-patient, or for doctors visiting the home of the insured person, or else, for treatment as an in-patient in a hospital or other institution. Medical treatment shall include medical, surgical and obstetric treatment. Further, when an insured person is receiving treatment as an in-patient in a hospital or institution, the sickness benefits in cash and disablement benefit payable to him shall be reduced to one-half of the amount which he would otherwise be entitled to receive, subject to the proviso that such amount shall not be less than four annas per day.

An employer cannot dismiss, discharge or reduce any workman, or punish him in any other manner, during the period he is under medical treatment or is in receipt of cash sickness benefit or maternity benefit, or while he is in receipt of disablement benefit except in accordance with the regulations made under this Act; or in the case of a woman worker during such period of her absence from work as the result of an illness medically certified to have arisen out of pregnancy or confinement and rendering her unfit for work, as may be specified in the regulations.

There shall be a Workmen's Insurance Court, which shall decide disputes pertaining to the scheme and whose decisions shall not be challengeable in any civil court. Such court shall have all the powers of a civil court for the purposes of summoning and enforcing the attendance of witnesses, compelling the discovery and production of documents and material objects, administering oaths and recording evidence; and such Court shall be deemed to be a civil court within the meaning of Section 195 and Chapter XXXV of the Code of Criminal Procedure, 1898. A reference on question of law can be made to the High Court, and the decision shall thereafter be in accordance with the ruling of the High Court. An appeal

from an order of a Workmen's Insurance Court to the High Court shall lie only when a substantial question of law is involved, provided that it is presented within sixty days of the date of the order appealed against.

The Provincial Government is empowered to exempt any factory or group of factories from the operation of all or any of the provisions of this Act for a period not exceeding one year, and thereafter may, from time to time renew any such exemption for periods not exceeding one year at a time.

The Workmen's State Insurance Bill was subsequently referred to a Select Committee consisting of eleven members including the Hon'ble Mr Jagjivan Ram, and the committee submitted their Report on 11th February, 1948. The following are the more important amendments made by the committee:—

The committee have substituted the term "employee" or "employees" for "workman" or "workmen" wherever it occurs in the Bill. The Bill is now termed the Employees' State Insurance Bill. The scope of the Bill has been considerably widened, so that its benefits are extended to all perennial factory employees, including supervisory and clerical staff, whose income is not more than Rs. 400 a month. The Provincial Governments have been statutorily authorized to apply the Bill to other establishments or classes of establishments, industrial, commercial, agricultural or otherwise. The committee have converted the Board into a Corporation and made consequential changes in the Bill. They have added a new clause to introduce "Regional Boards, Local Committees, and Regional and Local Medical Benefit Councils", to be appointed by the Corporation. The Corporation may set up such bodies in such areas and in such manner, and delegate to them such powers and functions, as may be provided by the regulations. They have also added a clause in respect of the grant by the Central Government. The Central Government shall, every year during the first five years

make a grant to the Corporation of a sum equivalent to two-thirds of the administrative expenses of the Corporation, not including therein cost of any benefits provided by or under this Act. After this period, the question whether or not the Central Government should give any financial assistance will be reconsidered. Of great practical importance to workers is the raising of the exemption limit for non-contributory beneficiaries from ten annas to one rupee. Under the revised scheme, the weekly contributions to be paid by employers and employees are as under:—

Group of employees	Employees' contribution (recoverable from employees)	Employers' contribution	Total contribution (employees' and employers' contribution)
	Rs. a. p.	Rs. a. p.	Rs. a. p.
1. Employees whose average daily wages are below Re. 1	Nil	0 7 0	0 7 0
2. Employees whose average daily wages are Re. 1 and above, but below Re. 1-8-0	0 2 0	0 7 0	0 9 0
3. Employees whose average daily wages are Re. 1-8-0 and above, but below Rs. 2	0 4 0	0 8 0	0 12 0
4. Employees whose average daily wages are Rs. 2 and above, but below Rs. 3 ..	0 6 0	0 12 0	1 2 0
5. Employees whose average daily wages are Rs. 3 and above, but below Rs. 4 ..	0 8 0	1 0 0	1 8 0
6. Employees whose average daily wages are Rs. 4 and above, but below Rs. 6 ..	0 11 0	1 6 0	2 1 0

Group of employees	Employees' contribution (recoverable from employees)	Employers' contribution	Total contribution (employees' and employers' contribution)
	Rs. a. p.	Rs. a. p.	Rs. a. p.
7. Employees whose average daily wages are Rs. 6 and above, but below Rs. 8 ..	0 15 0	1 14 0	2 13 0
8. Employees whose average daily wages are Rs. 8 and above	1 4 0	2 8 0	3 12 0

A revision has also been made in Schedule II of the original Bill in respect of the average daily wages of an employee for the purpose of calculating the sickness benefit and disablement and dependants' benefits. The revised table is given below :—

Group of employees	Average assumed daily wages
	Rs. a. p.
1. Employees whose average daily wages are below Re. 1	0 14 0
2. Employees whose average daily wages are Re. 1 and above, but below Re. 1-8-0	1 4 0
3. Employees whose average daily wages are Re. 1-8-0 and above, but below Rs. 2	1 12 0
4. Employees whose average daily wages are Rs. 2 and above, but below Rs. 3	2 8 0
5. Employees whose average daily wages are Rs. 3 and above, but below Rs. 4	3 8 0
6. Employees whose average daily wages are Rs. 4 and above, but below Rs. 6	5 0 0
7. Employees whose average daily wages are Rs. 6 and above, but below Rs. 8	7 0 0
8. Employees whose average daily wages are Rs. 8 and above.. .. .	10 0 0

The benefits of medical treatment and attendance have been extended to the families of insured persons. The committee have also altered to some extent the scheme of the original Bill in respect of the qualifications for benefits. Under the revised scheme, if contributions have been paid during any contribution period, the benefits are payable in the corresponding benefit period. Further, the committee have excluded the weeks during which an employee is not available for work on account of sickness, confinement or disablement in calculating the required two-thirds of the number of weeks in the contribution period during which contributions are payable in order that an employee might qualify for the benefit. The minimum number of contributions has been reduced from seventeen to twelve. The same applies to maternity benefit, with the additional concession that only one contribution may be paid between thirty-five and forty weeks before the week in which the confinement takes place or notice of pregnancy is given.

It is expected that the Provincial Governments will contribute about a third of the cost of providing medical care and treatment.

The Dominion Parliament passed the Employees' State Insurance Bill as amended by the Select Committee with minor changes on April 2, 1948, after an interesting debate. During the third reading, the Labour Minister was congratulated from all parts of the House for his zeal and enthusiasm in piloting the Bill. ⁴

4. The Employees' State Insurance Corporation has already been constituted with thirty-one members who have been nominated by the Central and Provincial Governments as provided in the Employees' State Insurance Act. The relevant portions of the Act have already been brought into force from 1st September, 1948, in all the Provinces of India in order to enable administrative machinery to be set up and rules and regulations to be framed thereunder. A pilot scheme, which will serve as a model to other areas, will be put into force in Delhi Province and Ajmer-Merwara with effect from 1st October 1948. The scheme will soon be expanded to cover the rest of the country and thus two and a half million industrial workers will be benefited from State Insurance under the Act. It will be a landmark in the history of Indian labour legislation.

The expenditure under the scheme is expected to be Rs. 6 per head per year as against the Rhore Committee's proposal to raise it to Re. 1-14 in ten years from six annas per head per year as at present.

The Employees' State Insurance Act has several limitations. First, it caters to a very small proportion of the total population. Secondly, the cover for cash sickness benefits ceases after eight weeks. This is a very limited period. The Select Committee were of the opinion that sickness benefits should be extended at least to twelve weeks. But the committee did not like to disturb the arrangement in view of the fact that the scheme as a whole had been framed on the basis of an eight-week period. Thirdly, there is no provision for convalescent home benefits, dental benefits, or sanatorium benefits for insured persons who might develop tuberculosis. These limitations could not be removed under the existing conditions. In fact, the Government of India were in a dilemma—choosing between a comprehensive scheme with possibilities of failure and a modest scheme with limitations. They chose the latter alternative in the fervent hope that its scope might be enlarged at a later stage.

In India, it is not yet possible to go the whole hog in the matter of Social Insurance. The Government of India have, for the present, ruled out children's allowances and also unemployment benefits or old age or invalid pensions for industrial workers, as conditions are unfavourable for such far-reaching reforms. In this respect the Indian scheme falls short of the ideal. It is confidently believed, however, that this lacuna will soon be made good. Did not the Prime Minister of India, Pandit Jawaharlal Nehru, inaugurating the Asian Regional (Labour) Conference of the International Labour Organization, stress the Government's determination to try their utmost to implement the conventions of the I. L. O.? That was a courageous statement. It showed the anxiety of the popular Government to promote Social Insurance and other measures calculated to ameliorate the industrial workers' lot.

Universality of scope is the essence of the modern conception of Social Insurance as illustrated in the

Beveridge and Marsh Reports and the Wagner-Murray-Dingell Bill, and in its practical application in Denmark, Bulgaria and New Zealand. Social Insurance fosters a fresh, active solidarity in industry. It promises the worker support in the struggle for life. It responds to mankind's deep-seated yearning for freedom from fear through its promise of freedom from want. It exorcizes the spectre of anxiety. Almost every industrially advanced country in the world has recognized the importance of Social Insurance. Austria, Czechoslovakia, Estonia, France, Greece, Hungary, Japan, Yugoslavia, Poland and Lithuania have moved in the direction of equal contributions by employers and employees; in these countries the State does not contribute anything. Bulgaria and Latvia have, on the other hand, moved in the direction of equal contributions by employers, employees and the State. In Great Britain, employers and employees make equal contributions, and the State a smaller one. German and Norwegian schemes envisage employees contributing a larger sum than the employers; while in the U.S.S.R., the total cost is borne by the employers. Each country has evolved a scheme suited to its own particular requirements with due regard to world forces.

We can look forward to the day when the various measures adumbrated in this preliminary discussion will find practical expression in our scheme of Social Insurance, with agricultural labour drawn into the sphere of its application. Social Insurance in India is, after all, still in its swaddling clothes. Let the child be properly nursed to manhood.

CHAPTER VIII

LABOUR LEGISLATION

“The beginnings of labour legislation in India go back to the thirties of the last century, when, immediately after the abolition of slavery, various British colonies turned to India as a source of cheap labour, and considerable numbers of Indians began to emigrate as labourers under contracts of various types. As a result, the Government of India found it necessary to legislate for the regulation of the recruitment, forwarding and employment of Indian emigrants under the indenture system, and although this legislation applied only to emigration to foreign countries, it had a great influence upon the development of labour legislation within India, especially in connexion with the recruitment, forwarding and employment of tea-garden labourers in Assam.....

No need was then felt for a uniform policy in labour legislation covering all industries; in recent years, although the principal branches of organized industry are still regulated by separate legislative measures, the tendency has been to draft legislation in accordance with uniform general principles, partly to take account of the Conventions of the International Labour Organization which have either been ratified or generally approved by India.....

Under the Constitution of India which was in force up to the end of the period covered by this report, *i.e.* 31st March, 1937, the Government of India, as the Central Government, had authority to initiate legislative and administrative measures relating to labour for the whole of British India, but Provincial Governments were largely entrusted with the administration of central legislation and could, with the sanction of the Governor-General-in-Council, also undertake the enact-

ment of provincial labour legislation.”¹ Without going into recent political developments in the country, we may classify existing labour legislation under the following heads:

- I. Legislation in respect of working and employment conditions.
- II. Legislation in respect of workers’ organizations and industrial disputes.
- III. Legislation in respect of welfare and protective measures.
- IV. Legislation in respect of employer-employee relationship.

Let us discuss each of these types of legislation separately.

I. Legislation in respect of working and employment conditions covers the following :

1. The Indian Factories Act, 1934.
2. The Shops and Commercial Establishments Act, 1938.
3. The Children (Pledging of Labour) Act, 1933.
4. The Employment of Children Act, 1939.
5. The Indian Dock Labourers Act, 1934.
6. The Indian Mines (Amendment) Act, 1935.
7. The Tea Districts Immigrant Labour Act, 1932.
8. The Indian Railways (Amendment) Act, 1932.
9. The Indian Railway Servants’ Hours of Employment Rules, 1931.

II. Legislation in respect of workers’ organizations and industrial disputes covers the following :

1. The Indian Trade Unions (Amendment) Act, 1947.
2. The Bombay Trade Disputes Conciliation Act, 1934.

III. Legislation in respect of welfare and protective measures covers the following :

1. *Industrial Labour in India*, I. L.O., Geneva, 1938, pp. 62, 63.

1. The Workmen's Compensation Act, 1923.
2. The Mines Maternity Benefit Act, 1941.
3. The Land Acquisition Act, 1933.
4. The Payment of Wages Act, 1936.

IV. Legislation in respect of employer-employee relationship covers the following :

1. The Bombay Industrial Relations Act, 1946.
2. The Industrial Disputes Act, 1947.

We shall discuss in brief each of these legislative enactments to bring out its guiding principles and salient points.

I. Legislation in respect of working and employment conditions :

1. *The Indian Factories Act, 1934* : This is the most important piece of legislation in this category, and applies to all factories wherein 20 or more persons are employed and mechanical power is used. The Act distinguishes between perennial and seasonal factories. It authorizes Inspectors to enter, with such assistants (if any), being persons in the service of the Crown, or any municipal or other public authority, as they deem expedient, any place which is, or which they have reason to believe to be, used as a factory, or capable of being declared to be a factory. They may make such examination of the premises and plant and of any prescribed registers as they deem necessary, and take, on the spot or otherwise, any evidence from any person.

The following are the duties of an Inspector at such inspections:—

(i) He shall see that the provisions made in the Act and rules to secure the health and safety of the workers are observed.

(ii) He shall see that the adolescents and children employed in the factory have been duly certified and that no one who is obviously unfit is employed.

(iii) He shall see that a register of all persons employed in the factory is maintained in the prescribed manner.

(iv) He shall see that the rest periods and holidays provided for in the Act are granted, and that the limits of hours of work laid down are not exceeded.

(v) He shall see that the provisions relating to payments for overtime are duly observed in the case of persons exempted from the provisions of sec. 34 or sec. 36.

(vi) He shall see that abstracts and notices in the prescribed form and under the relevant provisions are duly displayed, and that the registers required by these rules are properly maintained.

(vii) The Inspector shall further enquire into the causes of every accident that has occurred since the last inspection.

(viii) The Inspector shall also ascertain how far defects pointed out at previous inspections have been removed, and to what extent orders previously issued have been complied with. Any defects that have come to light at the current inspection, as well as any orders passed by him under the Act, shall then be recorded in the inspection book. An extract from this record containing the orders of the Inspector, with such remarks on defects found to exist as the Inspector may wish to bring to the Manager's notice, shall be sent to the Manager, and a copy of this extract shall be sent to the District Magistrate.²

2. *The Shops and Commercial Establishments Act, 1938*: The Act makes provision for the regulation of hours of work in shops, commercial establishments, restaurants, eating houses, theatres and other establishments. 'Commercial Establishment', as defined in the Act, means an establishment which is not a shop but which does the business of advertising, commission, forwarding or commercial agency, or which is a clerical department of a factory or of any industrial or commercial undertaking or which is an insurance company,

2. The Factories Bill, 1948, was passed into law on the 28th August, 1948, in the Indian Union Parliament. The Act will come into operation from 1st April, 1949. It is estimated that nearly three and a half million industrial workers will benefit from this far-reaching measure. It is the sheet-anchor of a charter of rights for Indian industrial labour.

joint stock company, bank, brokers' office, exchange or such other class of establishments as the Provincial Government may by notification in the official Gazette declare to be a commercial establishment for the purposes of this Act. Further, 'Shop', as defined, means, any premises where goods are sold retail or wholesale, or both, or where services are rendered to customers, and includes offices, store rooms, godowns or warehouses, whether in the same premises or otherwise, used in connexion with such trade or business, but does not include a restaurant, eating house or a commercial establishment. 'Restaurant or Eating House' means any premises in which is carried on wholly or principally the business of the supply of meals or refreshments to the public or a class of the public for consumption on the premises, but does not include a restaurant attached to a theatre. 'Theatre' includes any place intended principally or wholly for the representation of moving pictures or for dramatic performances.

3. *The Children (Pledging of Labour) Act, 1933*: This Act is designed to prohibit the pledging by parents or guardians of the labour of children (below the age of 15) written or oral, expressed or implied, in return for any benefit or payment. A parent or guardian shall be punished with fine which may extend to Rs. 50, and a person who knowingly enters into an agreement with a parent, or an employer who knowingly employs a child, shall be punished with a fine which may extend to Rs. 200.

4. *The Employment of Children Act, 1939*: This Act regulates the admission of children (who have not completed their 15th year) to certain industrial employments connected with the transport of passengers, goods or mails by railway, or with the handling of goods within the limits of a port, such employment being an offence punishable with a fine extending to Rs. 500.

5. *The Indian Dock Labourers Act, 1934*: This Act is designed to ensure the safety of persons engaged in the docks, and contains rules prescribing safe

approaches over wharves, docks, or quays and means of access to a ship. It also lays down that there shall be affixed in some conspicuous place near the main entrance of every dock, wharf, quay or similar premises, in English and in the language of the majority of workers, abstracts of this Act and the regulations made under it.

The Act provides that the Governor-General-in-Council may make regulations :

- (a) for the safety of working places on shore and of any regular approaches over a dock, wharf or quay or other similar premises which workers have to use for going to or from a working place at which the loading and unloading of cargo or fuel are carried on, and for the lighting and fencing of such places and approaches ;
- (b) prescribing the nature of the means of access to a ship ;
- (c) prescribing the measures to be taken to ensure the safe transport of workers to a ship by water ;
- (d) prescribing the nature of access from the dock to the hold of a ship ;
- (e) prescribing the measures to be taken to protect hatchways and dangerous openings ;
- (f) for the efficient lighting of all such means of access ;
- (g) for the safety of workers engaged in removing or replacing hatch coverings and beams ;
- (h) for the safety of hoisting gear ;
- (i) for the fencing of machinery, etc. ;
- (j) for safety appliances on derricks, etc. ;
- (k) for precautions in regard to exhaust and live steam ;
- (l) for the employment of competent and reliable persons to operate lifting and transporting machinery ;
- (m) for safety in stacking and handling cargo ;

- (n) for facilitating the escape of workers from the hold, etc. ;
- (o) for precautions in the use of stages and trucks ;
- (p) for precautions in handling dangerous goods;
- (q) for the rendering of first-aid to injured persons and removal to the nearest place of treatment ;
- (r) for rescue from drowning ;
- (s) prescribing abstracts of the Act and regulations, notices of accidents, etc. ;
- (t) specifying the persons and authorities responsible for compliance with the regulations made under the Act ;
- (u) defining exemptions ;
- (v) defining any additional powers of inspectors ;
- (w) providing generally for the safety of workers.

The Government may make rules in respect of inspections and may appoint suitable persons to be inspectors for the purposes of the Act within local limits. All principal officers of the Merchant Marine Department are also inspectors under the Act *ex officio*, within the limits of their charges. The Act provides penalties extending to Rs. 500 for certain offences against its provisions, and also fixes a time limit of six months for any prosecution to be instituted in respect of an alleged offence.

6. *The Indian Mines (Amendment) Act, 1935* : This is an Act to amend and consolidate the law in respect of the regulation of mines, which are defined as "any excavation where operations for the purpose of searching or obtaining mineral are carried on". The hours of work above-ground are 54 in the week and 10 hours in the day. The period of spread-over for work above-ground is limited to 12 hours in the day, including at least one hour's rest for 6 hours' work. The weekly hours of work below ground are 54 hours in the week and 9 hours in the day. Further, these 9 hours are to be counted from the moment the first worker leaves the surface until the moment when the

last worker returns to the surface, so that, excluding the journey to and from the face, the actual hours of work underground are not likely to exceed 8 in some mines. The minimum age for the admission of children to employment in mines is 15 years, and adolescents between the ages of 15 and 17 years may be employed if they have been duly certified by qualified medical practitioners to be physically fit for the work and the certificate of fitness is in the custody of the manager of the mine and the certified person carries a token of such certification while at work for purposes of identification. The Act also provides that a record of accidents involving incapacity for 24 hours or more shall be entered in the prescribed register, that copies of such entries shall be submitted to the Chief Inspector of Mines twice a year, and that Local Governments shall publish the reports of courts of enquiry into accidents.

7. *The Tea Districts Immigrant Labour Act, 1932*: This Act regulates the conditions of work and methods of recruitment of plantation labour, and provides against certain malpractices in recruitment, discharge, migration and payment of wages. No child below the age of 16 is allowed to be assisted to migrate to a tea estate unless accompanied by his parents. A married woman living with her husband may only be assisted to emigrate with the consent of the husband. Every emigrant labourer has the right of repatriation at the expense of the employer on the expiry of three years after entry into Assam. Further, the Act provides for earlier repatriation in certain circumstances including repatriation of families of deceased labourers. The working of the Act is entrusted to the Controller of Emigrant Labour or any other person or authority vested with similar powers. His main duties are enforcement of the provisions in respect of repatriation from Assam (District Magistrates in Assam being empowered to exercise his powers in their own districts), supervision of the forwarding routes and supervision of recruitment.

8. *The Indian Railways (Amendment) Act,*

1932 : This Act regulates the hours of work of persons working on railways whose services are not of an intermittent nature. The working hours are limited to 60 a week, with provision for a compulsory weekly rest. Provision is also made for temporary exemptions from these limits in cases of emergency or exceptional pressure of work, when payment for excess hours is to be made at one-and-a-quarter times the ordinary rate of pay. A weekly rest of not less than 24 consecutive hours is to be granted each week commencing on Sunday to railway servants covered by the Act, with the exception of those whose work is essentially intermittent, or those to whom, under rules made by the Governor-General-in-Council, prescribed periods of rest on a scale less than this may be granted.

9. *The Indian Railway Servants' Hours of Employment Rules, 1931* : These rules limit the hours of work and provide for a rest day for certain categories of railway servants other than those engaged on the running staff (namely, drivers, guards and others who habitually work on running trains), or watchmen, watermen, sweepers and gatekeepers, whose employment may be declared to be intermittent and of a particularly light character ; or for those employed in a confidential capacity as supervisors and managers, and also for persons covered by the Indian Factories Act, 1934, and the Indian Mines (Amendment) Act, 1935. Exceptions to the weekly rest provisions are made for the permanent way and engineering works staff, who are granted one period of rest of not less than 48 hours in every month.

II. Legislation in respect of workers' organizations and industrial disputes :

1. *The Indian Trade Unions (Amendment) Act, 1947* : This Act is designed to give to workers the right of organization, and to give a legal corporate status to Trade Unions and accord them immunity from civil and criminal liability in respect of strikes. Trade unions have to submit an annual statement of their income and

expenditure, assets and liabilities, in the prescribed form to the Registrar. If any registered trade union defaults in respect of giving any notice or furnishing any statement or document required under the provisions of this Act, every officer or other person bound by the rules of the trade union to do so (or, if there is no such officer or person, every member of the executive of the union) shall be punishable with a fine which may extend to Rs. 5 and, in the case of continuing default, with an additional fine which may extend to Rs. 5 for each week after the first during which the default continues, subject to the proviso that the aggregate fine shall not exceed Rs. 50. Further, any person who wilfully makes, or causes to be made, any false entry in, or any omission from, any general statement required under the Act, or any copy of rules sent to the Registrar, shall be punishable with a fine which may extend to Rs. 500.

2. *The Bombay Trade Disputes Conciliation Act, 1934* : This Act is aimed at bringing about a purely voluntary settlement of any dispute between employers and employees, and authorizes the Provincial Government to appoint the Commissioner of Labour as the Chief Conciliator when necessary.³

III. Legislation in respect of welfare and protective measures :

1. *The Workmen's Compensation Act, 1923* : This Act, as amended in 1926, 1929 and 1933, with minor amendments up-to-date, applies to all manual workers whose monthly earnings do not exceed Rs. 400 and who are employed in factories, mines, railways, ports and in other occupations specified in the Act. If personal injury is caused to a workman through an accident arising out of and in the course of his employment, his employer shall be liable to pay compensation in accordance with the relevant provisions of the Act, and the amount of compensation shall be computed

3. The Act was superseded by the Bombay Industrial Disputes Act, 1938, and the latter is now superseded by the Bombay Industrial Relations Act, 1946.

on the basis of permanent or partial disability, the total salary earnings being taken into account and the first seven days of injury being excluded. The rates of compensation for different wage classes are shown in the following table⁴ :—

Monthly wages of the workman injured		Amount of compensation for—		Half-monthly payment as compensation for Temporary Disablement of Adult
		Death of Adult	Permanent Total Disablement of Adult	
More than Rs.	But not more than Rs.	Rs.	Rs.	Rs. A.
0	10	500	700	Half his monthly wages
10	15	550	770	5 0
15	18	600	840	6 0
18	21	630	882	7 0
21	24	720	1,008	8 0
24	27	810	1,134	8 8
27	30	900	1,260	9 0
30	35	1,050	1,470	9 8
35	40	1,200	1,680	10 0
40	45	1,350	1,890	11 4
45	50	1,500	2,100	12 8
50	60	1,800	2,520	15 0
60	70	2,100	2,940	17 8
70	80	2,400	3,360	20 0
80	100	3,000	4,200	25 0
100	200	3,500	4,900	30 0
200	..	4,000	5,600	30 0

4. This Schedule was substituted by Sec. 23 of the Workmen's Compensation (Amendment) Act, 1933 (15 of 1933).

The Act is administered by the Provincial Governments. Their duties are very extensive and include the receiving and settling of claims to compensation.

2. *The Mines Maternity Benefit Act, 1941*: This is a piece of Central legislation, and extends maternity benefits to women employed in coal-mines. It allows a woman worker rest with pay for four weeks before delivery and four weeks after it, subject to the proviso that the woman must have been in the service of the employer for nine months, and further that she must not work elsewhere during this period of absence from work. It also provides for the grant of a bonus to women workers who avail themselves of the services of a midwife during delivery. The Central Government have amended the Act, and it is now called the *Mines Maternity Benefit (Amendment) Act, 1945*. This amendment was intended mainly to meet conditions arising out of the lifting of the ban on the employment of women underground in coal-mines. Under it, the employment of a woman underground is prohibited during the 10 weeks preceding delivery and the 6 weeks following. For a subsequent period of 10 weeks, employment for more than 4 hours a day is prohibited in respect of mines where creches are not provided; if creches are provided, however, the woman can be employed for more than 4 hours a day, but not for more than 4 hours at any one time.

Note.—Most of the provinces have their own Maternity Benefit Acts too; and provinces where such enactments do not exist are taking steps to prepare legislation. We need not discuss these provincial measures separately, for they are based on the same principles as govern the Central Act. A tabular statement is, however, provided below to give readers a comparative idea as to the main provisions of the various provincial measures⁵:—

5. *Vide Indian Labour Gazette*, Vol. I, No. 11, May 1944, p. 287.

Province	Year in which passed	Qualifying period (months)	Maximum period for maternity benefits (weeks)	Rate of maternity benefits	Penalty for contravention of Act by employer Rs.
Bombay	1929	9	8	8 annas a day or average daily wages, whichever is less. But in the cities of Bombay and Ahmedabad 8 annas a day	500
C. P. & Berar	1930	9	8	8 annas a day or average daily wages, whichever is less	500
Madras	1934	240 days (8 months) within a period of one year	7	8 annas a day	250
U.P.	1938	6	8	8 annas a day or average daily wages, whichever is greater	Rs. 500 for the first offence and Rs. 1,000 for the second and any subsequent offence
Bengal	1939	9	8	Do.	500
Funjab	1943	9	60 days	12 annas a day	500
Mines (under the Indian Mines Maternity Benefit Act)	1941	6	8	8 annas a day	500
Assam	1944	150 days	8	1. In plantations Re. 1 per week for the period before confinement and Re. 1/4 per week for the period after confinement, provided the total cash payment is Rs. 14 2. In other employments Rs. 2 per week or average weekly wage or salary, whichever is greater	500

3. *The Land Acquisition Act, 1933*: This Act is designed to enable concerns employing one hundred or more workers to secure land at reasonable prices for the construction of dwellings for workmen and for providing other housing amenities. Local Governments are statutorily authorized to ensure that the houses intended to be erected are properly constructed and used. They are also authorized to prescribe the time, the conditions and the manner in which such dwelling houses or amenities are provided.

4. *The Payment of Wages Act, 1936*: The Act is designed to prevent delays in the payment of wages. It prescribes deductions from wages that are permissible, and regulates the imposition of fines on workers and the methods for the recovery of such fines. The employer is responsible for the payment to persons employed by him of all wages required to be paid under the Act. The wages of every person employed in any railway, factory or industrial establishment in which less than one thousand persons are employed shall be paid before the expiry of the tenth day after the last day of the wage-period in respect of which the wages are payable. Where the employment of any person is terminated by or on behalf of the employer, the wages earned by him shall be paid before the expiry of the second working day from the day on which his employment is terminated. All payments of wages shall be made on a working day. Deductions from the wages of an employee may be made by way of fines. Such deductions may be made for absence from duty; in respect of damage to or loss of goods expressly entrusted to the employee for custody, or for loss of money for which he is required to account, where such damage or loss is directly attributable to his negligence. Deductions are also authorized for house accommodation or for any other amenities and services supplied by the employer. There is an elaborate procedure for the imposition of fines, and their realization. The total amount of fine that may be imposed on any employee (not

applicable to any person who is under fifteen years) in any wage-period shall not exceed an amount equal to half-an-anna in the rupee of the wages payable to him in respect of that wage-period, and this fine shall be recovered from him within sixty days of the day on which it was imposed (not by instalments). The employed person shall be given an opportunity of showing cause against the fine. The fine shall be deemed to have been imposed on the day of the act or omission in respect of which it was imposed. All fines and all realizations thereof shall be recorded in a register to be kept by the person responsible for the payment of wages in the prescribed form; and all such realizations shall be applied only to such purposes beneficial to the persons employed in the factory or establishment as are approved by the prescribed authority.

IV. Legislation in respect of employer-employee relationship :

1. *The Bombay Industrial Relations Act, 1946* : This is the most important piece of legislation under this category, and is designed to establish harmonious relations between employers and employees. Provision is made for the maintenance of a list of approved unions, and all unions that satisfy, among others, certain conditions regarding regularity of meetings of the executive committee, Government audit of their accounts and the avoidance of resort to strikes so long as means of settlement and conciliation are available under the Act, will be placed on the list. They will be invested with substantial advantages, and will, in return, shoulder a corresponding set of obligations. They are accorded the right of inspecting any place where their members work and of collecting union dues on the employer's premises; and they are entitled to legal aid at Government expense in important proceedings before the Labour Court or the Industrial Court.

The Act provides for the constitution of Labour Courts. The jurisdiction of a Labour Court is four-fold, *viz.*, to decide matters arising out of standing

orders, to decide disputes referred to it for arbitration, to decide whether a strike, lock-out or change is legal or otherwise and, finally to try offences punishable under this Act. It has the powers of a Presidency or First Class Magistrate.

The Industrial Court shall have superintendence over all Labour Courts; and may call for returns, make and issue general rules; prescribe forms for regulating the practice and procedure of such Courts in matters not expressly provided for by this Act and, in particular, for securing the expeditious disposal of cases; prescribe the form in which books, entries and accounts shall be kept by the officers of such Courts; and lay down a table of fees payable for processes issued by such Courts. It shall be the duty of the Industrial Court to decide appeals under section 20 or 44 from orders passed by the Registrar; to decide appeals from decisions of the Commissioner of Labour under sections 36 and 39 and revision applications under section 37 regarding standing orders; to decide disputes referred to it under sub-section (6) of section 58; to decide all matters which may be referred to it by a Conciliator or a Board under section 61, or by an Arbitrator under section 69; to decide industrial disputes referred to it under section 71, 72 or 73; to decide matters referred to it under section 90; to decide questions relating to the interpretation of this Act or rules made thereunder and standing orders referred to it under section 91; to decide references made to it under section 99; to decide such other matters as may be referred to it under this Act or the rules made thereunder; and to decide appeals made under section 84 from a decision of a Labour Court.

Provision is made for setting up Joint Committees of representatives of employers and employees in various occupations and undertakings in an industry. This novel device is designed to establish direct and continuous touch between the representatives of employers and employees and to ensure a speedy consideration and disposal of the complications which arise in the day-

to-day working of the undertaking. A Joint Committee of this kind may be constituted for an undertaking or occupation with the consent of the employer and the registered union for the industry for the local area, provided there is a representative union of which at least fifteen per cent of the employees are members. It will stand dissolved on the expiry of three months' notice in that behalf given either by the employer to the union, or by the union to the employer.

Lastly, provision is made for the constitution of one or more Courts of Enquiry of such number of persons as the Provincial Government may think expedient to inquire into any industrial matters that may be referred to them by the Provincial Government, embracing conditions of work or relations between employers and employees in any industry, and any aspect of any industrial dispute. Every proceeding before a Court of Enquiry shall be deemed to be a judicial proceeding within the meaning of sections 192, 193 and 228 of the Indian Penal Code.

The Act, as the preamble shows, consolidates and amends the law dealing with the settlement of industrial disputes, and repeals all other previous Acts on the subject.⁶

2. *The Industrial Disputes Act, 1947* : This Act has been in force from 1st April, 1947. It has replaced the Trade Disputes Act, 1929. It embodies the essential principles of Rule 81 A. Its provisions in respect of the institution of Works Committees are novel. Such Committees are to be found in British industries, where they have been working satisfactorily. A Works Committee is invested with substantial pri-

6. This Act has been in force since 29th September, 1947.

vileges, rights and obligations ; it is called upon to look after the industry from the national standpoint. It has all the attributes of a democratic institution. (Appendix B discusses the subject thoroughly.) The constitution of Industrial Tribunals, consisting of one or more members possessing qualifications ordinarily demanded of candidates for appointment as Judges of a High Court is another very happy feature of this Act, which seeks to establish industrial peace in the country through legal instrumentalities.

The Act provides machinery for compulsory conciliation in all disputes in public utility services, and for voluntary conciliation in other industrial establishments. This is a happy arrangement. Included in the term 'public utility services' are the railway services ; any section of an industrial establishment on the working of which the safety of the establishment or the workmen employed therein depends ; the postal, telegraph and telephone services ; any industry which supplies power, light or water to the public ; any system of public conservancy or sanitation ; any industry specified in the Schedule (transport, other than railways, for the carriage of passengers or goods, by land, water or air, coal, cotton textiles, foodstuffs and iron and steel) which the appropriate Government may, if satisfied that public emergency or the public interest so requires, by notification in the Official Gazette declare to be a public utility service for the purposes of this Act, for such period as may be specified in the notification, subject to the proviso that the specified period shall not exceed six months at one time, but may be further extended up to six months every time by a similar notification. The term is indeed very comprehensive. Further, any settlement arrived at through

such conciliation machinery is binding for such period as mutually agreed upon between the parties, or, in the absence of agreement as to the period, for one year. It can be annulled on three months' notice by either party. Strikes and lock-outs are statutorily prohibited under the Act during the pendency of conciliation and adjudication proceedings, or while a settlement arrived at in the course of conciliation proceedings or an award by an Industrial Tribunal is in force. Courts of Enquiry, too, can be set up under the Act.

* * * * *

The Government of India have sponsored a Five-Year Labour Programme, which embodies the various labour Bills now under contemplation. These have already been briefly referred to in Chapter III on "Labour Administration". Tripartite Labour Conferences constitute a new and entirely wholesome development. They have already achieved substantial results in the field of labour legislation. The Fourth Labour Conference, held in New Delhi in August, 1942, was the first of the Tripartite Conferences. Though the proceedings lasted only for one day, the decisions taken were of far-reaching importance, for they resulted in the establishment of an organization in India for the consideration of labour questions, on the model of the International Labour Organization, composed of employers, employees and the State (including the Indian States). The establishment of this organization is a very significant event, and may be regarded as marking the culmination of the first stage in the creation of a stalwart labour class to be our country's pride. It has a three-fold aim, *viz.*, the

promotion of uniformity in labour legislation, the laying down of a procedure for the settlement of industrial disputes, and the discussion of all matters of all-India importance as between employers on the one hand and employees on the other. The influence of the International Labour Organization on India has been tremendous, and may well be measured by the progress made in Indian labour legislation. Our country has so far ratified 15 out of the I. L. O.'s 67 Conventions, and has incorporated a large number of the remaining Conventions in the new Five-Year Labour Programme, which, it may be confidently expected, will become the basis of Indian labour legislation during the coming years.⁷

Pandit Jawaharlal Nehru, Prime Minister of India, while welcoming the delegates to the Preparatory Asian Regional Conference in New Delhi on the 27th October, 1947—the first of the kind held in Asia—stressed the importance of bringing about a tremendous rise in the present subnormal standards of living in this continent. That means labour legislation in Asian countries, and India will have to play a conspicuous part in the battle for labour legislation. Further, Indian industrial labour has become conscious

7. These Conventions include: limitation of hours of work in industrial undertakings; limiting of employment of women during night; regulating night work of young persons employed in industry; rights of association and combination of agricultural workers; weekly rest in industrial undertakings; minimum age for admission of young persons to employment as trimmers or stokers; compulsory medical examination of children and young persons, etc.; workmen's compensation for occupational diseases; equality of treatment of national and foreign workers as regards workmen's compensation for accidents; inspection of immigrants on board ships; seamen's articles of agreement; marking of heavy packages transported by sea; permitting women holding responsible positions of management to work during night; prohibition of employment of women in underground work and mines (the emergency legislation permitting it, introduced in 1943, having been withdrawn in 1946); and protection against accidents of workers employed in the loading and unloading of ships (the ratification of this Convention was registered with the International Labour Office on 10th February, 1947).

of its rights and responsibilities. The process of awakening has been speeded up. It has been found by experience that well-considered labour legislation tends to secure for an entire industry conditions worked out by the best and most enlightened employers in it, and that it enables such employers to ameliorate labour's lot without being adversely affected by unfair competition from the less scrupulous among their ranks. And it must be remembered that labour legislation is beneficial not only to the employee and employer, but also to the State, for it fosters industrial peace and conduces to increased production.⁸

8. "Labour would have been placed in complete danger if the constitutional plan prescribed in the statement of the Cabinet Mission of May 16, 1946, had been accepted. Under that scheme, Labour was to be an exclusively Provincial subject. The Centre was shorn of every vestige of authority over Labour. Fortunately for Labour, that plan has become extinct. A new plan, called the plan of June 3, 1947, has taken the field. The new Constitution that is being framed under this plan is free from all the limitations imposed upon the authority of the Centre by the plan of May 16, 1946. By the new plan, Labour has escaped a most calamitous situation in which there could have been neither uniformity of legislation nor international solidarity. For it has not been possible for the makers of new Constitutions to revert to the peculiar type of Federal plan accompanied by a concurrent list which was a special feature of the Government of India Act, 1935. The new Constitution, from the point of view of Labour, will even be better than the Government of India Act, 1935. From the point of view of Labour, the provisions of the Government of India Act suffered from one defect. It lay in the provision that, so far as the concurrent list was concerned, the Central Government could make laws. But it had no power to execute its laws by its own machinery. For the execution of its Labour laws it had to depend upon the Provincial Governments. The new Constitution is based upon the principle that the Executive Authority of the Central Government shall be *co-extensive* with its Legislative Authority. This means that the Central Government will have the authority not merely to make laws, but will have the authority to administer them."—T. L. A. Acharya: *Planning for Labour*, p. 300.

CHAPTER IX

INDUSTRIAL PEACE

Besides mobilizing and utilizing scientific and technological research in ever-increasing measure, we have, in Free India, to discover ways and means of establishing industrial peace. This is a crucial period in the industrial history of our country, and the State is being called upon by the force of circumstances to devise a policy for securing industrial peace. This requires courage, imagination, foresight and vision. Political and economic wisdom, too, are needed if you would put an end to industrial unrest, stoppages, upheavals and conflicts, which are the natural consequences of the general dislocation that followed World War II. The reward of a wise and beneficent policy would be the future stability of our industrial life. Never before in the industrial history of our country have we witnessed labour unrest of the kind we see all around us today. On the State rests the onerous burden of moderating the ever-growing demands of organized labour and maintaining and increasing industrial production. It is heartening to find that the State has had the courage to design suitable machinery for bringing about co-operation and collaboration between labour and management.

Pandit Jawaharlal Nehru, Prime Minister of India, addressing the Industries Conference on December 18, 1947, supported the plea for an industrial truce for a specified period to accelerate production. Expressing concern over the downward trend of industrial production, he observed that among the many factors contributing to labour unrest were the consequences of war (a certain tired feeling following hard work) and the consequences of political upheavals such as partition and communal troubles. He, however, stressed the fact that the feeling among

the ranks of labour that they were not getting a square deal was the crux of the whole problem. Further, most of the employers were utterly indifferent. Instead of attempting a sympathetic understanding of the workers' point of view, they contrived, through ingenious and subtle devices, to convey their feelings of consternation. The Prime Minister, proceeding observed: "Nevertheless, the major fact confronts us that all manner of perils face us in India today. And although other perils may for the moment be at the forefront, the ultimate peril is the slow drying up of the productive capacity of the nation that affects us politically, economically and in every other way. And gradually, our strength goes down to resist those very perils that face us. Therefore, you have to stop this drying up of our productive capacity."¹

These are grave words. They indicate the urgency of increasing production by every means in our power. They underline the need for both capital and labour to respond to the calls that the country will make on them. The working class must not be allowed to brood on their grievances, real or imaginary. At the same time, employers must learn that the impersonalization of industries will deal a death-blow to industrial peace, and cause strikes, lock-outs, or the slowing down of production. I admit, of course, that profits are the legitimate remuneration of active organizers and risk-takers in private enterprise, but they should on no account be allowed to undermine the industrial edifice of the country by appropriating more than their fair share.

Organized capital and labour in several industries confront each other today with a more conscious sense of hostility than ever before. The distribution of fat dividends during the war and in the post-war period has accentuated labour unrest. Employers must understand that either the workers should be given a share of these inflated profits in the shape of higher

1. *Vide The Times of India, Bombay, December 19, 1947.*

wages, or the consumers should be afforded relief. Better still, both the worker and the consumer should benefit from the boom conditions.

In industry, as in political relations, if peace is to be attained, the spirit of democracy must be fostered. Industrial peace is not merely a negative concept—the reconciling of hostile forces in order to avoid ruinous strife—but a positive policy of co-operation, and of promotion of mutual gain and goodwill which are both the cause and effect of fruitful co-operation.

Happily, the Tripartite Indian Industries Conference, at its concluding sitting on December 18, 1947, unanimously adopted a resolution embodying the principle of industrial peace for the next three years. Mr R. A. Khedgikar declared, amidst loud acclamation: “We shall go back from the Conference and see that its appeal for industrial peace is endorsed by our respective organizations.” Speaking for industry, Sir H. P. Mody observed: “If labour play their part, I assure them that they will not lack our co-operation. I invite them to collaborate with us in building up an industrial structure worthy of this country.” This unanimity was achieved mainly owing to the forceful personality of Pandit Jawaharlal Nehru, who presided over the deliberations of the Drafting Sub-Committee of the Conference.

The resolution also recommended the fullest use of statutory and other machinery for settling industrial disputes in a “just and peaceful” manner, the establishment of machinery for the study and determination of fair wages and conditions of labour, and fair remuneration for capital, the association of labour in all matters concerning industrial production and the constitution of works committees.

The “truce” called by the Industries Conference will mark a turning point in the economic history of our country. Even with the Communist representatives falling in line, peaceful settlement of disputes

should quickly replace strikes, lock-outs and other conflicts that have been such a deplorable feature of our post-war industrial history. It would indeed help matters if the State immediately issued an official pronouncement on the harm wrought by labour's resorting to violence in their efforts to secure justice. There have been cases almost all over the country, in almost all industries, where members of the supervisory staff have been intimidated and assaulted on minor issues. The law, doubtless, takes its own course against the offender, but, meantime, lasting and even irreparable damage could be inflicted on persons and property, let alone the diminution of industrial production.² This would assuredly lend emphasis to the "truce" resolution and go a long way towards impressing on labour unions their true responsibilities.

The truce will also strengthen labour's legitimate position by building up arbitration machinery and bringing about a closer association of the workers with the management in all industrial enterprises. The increase in industrial production so vital to the national economy can only be achieved by maintaining stable and friendly relations between capital and labour.

Employers must recognize the true role of labour in industry and they must aim at securing for the Indian working classes a fair living wage and comfortable working conditions. Both capital and labour must learn to pay heed to the interests of consumers as well.

State intervention in industrial enterprises is indispensable in building up a strong edifice of industrialism. The complacency and the policy of drift that characterized the past must be abandoned. The spirit of labour unrest, coincidental with a fever of strikes and lock-outs, which seems to prevail all over

2. Speech delivered by Mr. Dharamsey Mulraj Khatau, the outgoing chairman of the Millowners' Association, Bombay, at the annual General Meeting on 15th May, 1947.

the world, can and must be banished from free India. The Provincial Governments are making strenuous efforts to translate the resolution on industrial truce into actual practice. Bombay, the U. P., the C. P. and Behar have moved swiftly in the matter. Mr Gulzarilal Nanda, Bombay's Labour Minister, convened a conference of trade union leaders on December 22, and assured the gathering that the working of the conciliation and arbitration machinery would be made more effective, and that the appointment of additional staff to deal with industrial disputes expeditiously was under way. Again, Mr Sampurnanand, U. P. Minister for Labour and Education, convened a joint meeting of representatives of Government, labour and employers at Cawnpore early in 1948, to devise measures by which the Delhi truce decision could be carried out in all its implications. Besides, the Congress Working Committee, at its three-day session at New Delhi, which concluded on 26th January, passed the following resolution unequivocally condemning strikes and lock-outs: "Having regard to the supreme urgency of stepping up over-all production to relieve the hardships caused by the acute shortage of essential commodities in the country, the Working Committee welcomes the timely lead given by the Industries Conference convened by the Government of India in December last to bring about management-labour collaboration in the maintenance of industrial peace, calculated to ensure the maximum production by avoiding all causes of friction between employers and labour and resolving all disputes through negotiation, conciliation and arbitration.

"It is, however, distressing that while the country is looking forward to a period of industrial peace and a vigorous production drive, as envisaged by the Industries Conference, there have been during the last few weeks, some ugly manifestations of labour trouble in certain areas by way of strikes, stoppages of work and lock-outs, which have given a rude shock

to the country and clearly constitute a threat to any programme of economic reconstruction and self-sufficiency.

“The Working Committee, therefore, condemns these developments as acts of great disservice to the country at this critical juncture in her history, which is bound to hinder progress, and prolong the hardship of the community in general, and the poorer classes in particular. Any interruption of production, whatever its cause and justification, cannot, in the context of the prevailing conditions, be viewed except as a challenge and a menace to the community.

“The Working Committee appeals to employers and labour to implement the decisions of the Industries Conference—to employers, to redress, without loss of time, all the legitimate grievances of their workers, pay them a fair wage and create healthy conditions of work; and, to labour, to understand their rights as well as obligations and to maximize the production of goods and services to the best advantage of the country.

“The Indian National Congress has, under the leadership of Mahatma Gandhi, pledged itself irrevocably to the cause of the toiling masses—whether they be workers in the field or factories—and will do everything in its power to mitigate their hardships and improve their standard of living. The Committee, however, notes with regret that certain elements are anxious to exploit the ignorance of the workers to advance their own ends, regardless of the real interests of the working class and impervious to their suffering and financial loss. The Committee cannot but view this development as a grave danger to the peaceful progress and economic development of the country.

“The Committee, therefore, appeals to labour to beware of this danger, to keep the interests of the country above any group or party interest, to rise equal to the grave crisis that faces the nation, to do everything in their power to increase production by

avoiding strikes and to make full use of the machinery set up by law for the redress of their legitimate grievances.”

The Congress Working Committee has truly sent forth a clarion call to India's industrial army. It has been realized in time that labour is the foundation of the entire political, social, commercial and industrial structure, that it is the creator of national wealth, and that working men, the great body of the people, are the bone and muscle of the nation, the very pillars of our temple of freedom.

Trade unionism will be called upon to undertake the great responsibility of maintaining industrial harmony. The trade union movement, which came into existence under the conditions and limitations of capitalism, and compelled hitherto to concentrate its attention on negotiations with employers over wages, dismissals, retrenchment, working conditions, hours of work and other allied problems, will now have to view the entire industrial picture from the national standpoint. Such negotiations will henceforth have to be conducted with the industrial truce foremost in one's mind. In drawing up proposals for the maintenance of industrial peace, fuller provision will have to be made for the special training of union members, and there will have to be large and drastic changes in the structure and working of the movement itself.³ I shall not enter into further details here as a separate chapter has been devoted to the subject of trade unionism. In any matter over which a clash arises between the views of the management and the rank and file of the labour class, it is a moral obligation on both sides to resort to such methods of settlement as are calculated to settle the whole dispute without disturbing the industrial peace. The new attitude demands that it shall not be made possible for any industry upon whose proper functioning other industries depend, to cease normal working because its rank

3. G. D. H. Cole and W. Mellor: *Workers' Control and Self-Government*, NFRB, p. 6.

and file quarrel about conditions of service, terms of employment or some such matter. Sir H. P. Mody, speaking at the eleventh annual general meeting of the Associated Cement Companies, Ltd., in Bombay, on 23rd January, 1948, rightly remarked: "At the industries Conference recently held at Delhi, at which representatives of the Central and Provincial Governments, employers and workers were present, certain far-reaching principles were laid down for governing industrial relations in the future, and for removing the existing inequalities of wealth and opportunity. Some of the objectives accepted by the industrialists present cut across their deepest convictions, but in the larger interests of the country, they accorded their support. All that labour was asked to do was to agree, on its part, to maintain industrial peace and to avert strikes or slowing down of production during the next three years. It is a matter of deep disappointment that, notwithstanding the agreement so reached, the weapon of strike is being used as freely and as irresponsibly as before. Such a flagrant breach of the understanding reached at the conference can only result in destroying the work it did. Employers in the country cannot be expected to make large-scale concessions, or associate labour with management in the task of production, unless and until labour recognizes its obligations and stops thinking exclusively in terms of its rights. Industrial production has declined heavily in the country since the cessation of hostilities, and an economic crisis can only be averted by the joint effort of all sections of the people engaged in productive activity. The position of India amongst the nations of the world will be determined not by plans and blueprints, but by the energy and efficiency with which she proceeds to develop her vast resources, and the maintenance of cordial relations between Capital and Labour must be the fundamental condition of progress in any direction." It is imperative that this sort of industrial warfare shall immediately disappear from industry, and that the opposing sides

shall no longer be permitted to block the thoroughfares of industry.

The first thing to be done in this respect is the institution in every undertaking of a works committee to which questions such as dismissals, retrenchment, the manning of machines, disciplinary measures, wages and conditions of work could be referred for settlement. An atmosphere of goodwill must prevail on both sides to make such committees a success. They must afford to the workers a greater share in, and responsibility for, the conduct of industry. The works committee, under the chairmanship of the works manager, should be representative of both the workers and the management. There should be no mental reservations on either side. On the side of labour, the rank and file of the workers should elect their own representatives; and on the side of the management, the supervisory, technical and administrative sections should be given due representation.⁴ This is a step forward in the right direction and will assuredly help in stabilizing industry, besides evolving a new social order out of the present day conflict. I may be permitted to reiterate that this proposal is designed to meet the conditions now prevailing in our industries. As the labour representatives in the works committee are likely to be active members of the labour unions the unions' support and sanction are assured in the event of a misunderstanding developing into an industrial dispute at a later stage; while the presence of the works manager will ensure a realistic appreciation of, and a spirit of compromise upon, the issue in question on the part of the management from the very beginning. It must be remembered on the part of the employers, however, that co-operation in an atmosphere of goodwill is possible only when the works committee operates in harmony with the labour unions. It must not try to undermine the prestige of the unions. Further, on the side of labour, unions must bear in mind that they should not fetter the discretion of

4. Cole and Mellor, *op. cit.*, p. 16

their own representatives in the works committee in matters that are often the representatives' primary concern and which do not in any way jeopardize the fundamental principles of trade unionism. Both labour and management must adopt the policy of give-and-take; only then can such an innovation bring about amity and goodwill, besides accelerating industrial production. In the development of this spirit, we may read a good omen for the future of Indian industries.⁵

Recrudescence of labour unrest in industry means gradual stagnation and a brake on the prosperity of the nation. We cannot allow extremists to put a brake on the wheels of industry. If they should succeed, then the higher wages, greater security of employment and better economic and social conditions for which an industrial worker aspires would simply be a dream.

In short, industrial peace and all that it means to the worker in wages, homes, education and amenities, can come only when both sides pull together, and pull harder than ever before.

In these days of industrial reconstruction, much is said about the urgent need for increased production.⁶ We have, however, not only to ensure a greater industrial output, but at the same time guarantee that the workers shall have a far greater measure of health and welfare facilities. Workers are not machines. There is need for a broader outlook, a saner and more human view of the daily tasks of the labourer, who assuredly deserves a better status in the work and life of the nation. If we desire to end the present state of strife, we need must pay greater attention to the mental and physical well-being of the workers. As a living part of industry they are indispensable, labouring as individuals, understanding the processes and objects of their effort. The new attitude would go a long way towards increasing output and ensuring

5. R. K. Mukerjee: *The Indian Working Class* (2nd Edn), pp. 350-352.

6. The Marquess of Londonderry: *Towards Industrial Statesmanship*, p. 11.

happiness to all classes of workers.

Labour legislation alone cannot supply the fundamental need—the humanization of industry and the establishment of a real harmony between capital and labour. Trade unionists must teach the workers to look at industry from a new angle. I regard the trade union movement as one of the greatest forces in our modern industrial world. I am fully aware of the benefits that trade unionism has brought to the country. The movement must now reorientate its structure to suit present needs and harness every ounce of its energy towards accelerating industrial production to the maximum, without in any way injuring the interests of labour.

Mr J. A. Hobson, in his book entitled *The Conditions of Industrial Peace*, rightly observes: “The absolute right to lock-out or to strike must go. It is unjust, in that it is an appeal to force in a matter of disputed right; it is inhuman, because of the misery it causes to the workers; it is wasteful of the resources of capital and labour; it is wicked, because it stirs up hate; it is anti-social in that it denies and disrupts the solidarity of the community. Common sense, as well as the finer feelings for peace, humanity and equity, demands that industrial disputes that cannot find amicable settlement between the parties immediately concerned must be submitted to some impartial board or court whose award, if the pressure of public opinion does not suffice for settlement, be made compulsory.”⁷

Strikes and lock-outs are, indeed, the primary epitheliomatous cancer of industry, if I may use such a strong expression. It is the frequency with which they recur and the grave industrial and social dislocation which they cause that have underlined the importance of preserving industrial peace. Strikes and lock-outs, however defensible they may be in the context of any particular industrial dispute, are, from the wider national standpoint, undoubtedly

7. J. A. Hobson: *The Conditions of Industrial Peace*, p. 30.

wasteful methods of securing changes. When the ultimate appeal is to force, the weaker party must, for the time being at least, capitulate ; but it is more than likely that it will take up arms again the moment it imagines itself strong enough to face the opposition. Of little worth then is the "truce" thus achieved. Force has got to be abandoned on both sides if you would ensure real industrial peace. Strikes, it is true, cannot be totally abolished in the regime of private enterprise. He would be a rash prophet, indeed, who would predict an entire cessation of conflict, and would erase the words "strikes" and "lock-outs" from the vocabulary of industry. But is it too much to expect that their evil can be mitigated ?

In the game of industry, both employers and employees must play as a team, if they desire to strengthen the fibre of the nation. Labour-management amity is possible only when both parties accept the fundamental principle of give-and-take. To avoid a strike it may be in the interests of either of the parties to relinquish, or at least to relax, its demands ; theoretical economics alone cannot resolve the problem. Obviously an industrial dispute—especially when it has reached the last stage—has little or nothing to do with pure economics.

Many and varied are the methods of maintaining industrial peace. Conciliation and arbitration are the very basis of peaceful relations in industry. The two methods are inter-connected. Conciliation is a process by which representatives of the workers as well as of employers are brought together before a third party with a view to persuading them to arrive at some sort of settlement ; arbitration is a means of securing an award on a conflicting issue by reference to a third party.⁸ The aim of both methods is to reduce to the minimum the possibilities of industrial warfare.

For a correct understanding of the issues involved in the adoption of different methods of peaceful settle-

8: A. N. Agarwala (Ed.): *Indian Labour Problems*, p. 80.

ment of labour disputes, it is necessary to bear in mind that industrial peace is in itself only a limited objective, whose value must be judged largely by the tangible results it yields in terms of a steady improvement in the conditions of industrial labour and increased output. It would not be out of place here to point out that the success of these methods also depends upon the sense of public responsibility that the State is able to instil in the minds of employers and employees alike. That involves a herculean effort, but one may hope that the State will be able to achieve this end in view of its solicitude towards the solution of the problem. The chances of establishing industrial peace are indeed bright judging from the recent statements of various Provincial Governments as well as those of responsible employers and labour leaders.

Prof. H. S. Kirkaldy rightly observes, " There is, however, in many countries a field in which the State plays an exceedingly important part, and that is in connexion with conciliation and arbitration. Unwise intervention by the State or unwise abstention from intervention, premature attempts at conciliation or too-long-delayed offers of advice and assistance, can prolong unnecessarily industrial disputes. Of conciliation there is little to be said except that the Government should provide a well-organized conciliation service ; that the fewer the rules and regulations there are regarding conciliation the better, because its success often depends on its informality and on the personality of the conciliator. With regard to arbitration under the aegis of the State, there is more need for definition and rules. We can assume that the State provides facilities for employers and workers to submit voluntarily to arbitration matters on which they have themselves been unable to agree. Even such arbitration—voluntary arbitration—while it is infinitely preferable to industrial warfare, should be regarded as a poor substitute for mutual agreement. It entails submission for decision to an outsider—who, however expert he may be, knows less of the dispute

than the parties—of a matter which is usually not one of interpretation but of substance. The analogy commonly drawn between litigation and industrial arbitration is by no means a perfect one. While the judge's function in civil litigation is usually that of ascertaining the facts and applying to them the known law, the arbitrator in an industrial dispute may find no dispute as to the facts, but merely a difference of opinion as to whether x or y is the proper hourly rate for a job. The arbitrator finds himself rather in the position of a law-giver than a law-interpreter. If he endeavours to apply justice and fairness to such a dispute, it may well be asked: 'What is justice and fairness in such a dispute except what the parties themselves are prepared to accept and work under?' The industrial arbitrator is therefore usually driven to abandon the search for some abstract justice and to ask himself what settlement the parties will accept, what terms will avert an industrial stoppage, and often ends with the undignified expedient of splitting the difference. Voluntary arbitration is worthy of encouragement subject to one condition, that it does not weaken the resolve of the parties to industrial negotiations to do all in their power to reach agreement without resort to arbitration."⁹

We shall examine in greater detail the machinery of conciliation and arbitration. Prof. Sidgwick has rightly pointed out that where two combinations meet each other, political economy is perforce silenced.¹⁰

Each party is determined to secure all it can and is suspicious of the doings of the other. It is of no avail starting negotiations unless the so-called negotiators are invested with plenipotentiary authority, or are at any rate accredited representatives. There are collateral advantages in the lengthy and prolix discussions during such proceedings. The best brains from both sides come to the front and bring cool judgement and wide experience—and withal a natural

9. Prof. H. S. Kirkaldy: *The Spirit of Industrial Relations*, pp. 55, 56.

10. Prof. Sidgwick: *Principles of Political Economy*.

anxiety to relieve the strain on the national economy imposed by an industrial dispute—to bear on the negotiations into which they enter. I have myself attended several proceedings of this kind, and even participated in some, and studied the problem carefully. Labour unions under a thoroughly democratic constitution—with the habitual reference of questions for decision by the whole body—have often been placed in a very awkward position. The advice of some of the saner officials is overborne by the impulse of prejudice or passion, and this impairs the chances of a constructive solution. But the fact remains that the opinions of an official whose integrity is above suspicion must exercise considerable weight. Further, the atmosphere favours an amicable settlement when the same body of persons meets several employers on different occasions. It has been found by experience that industrial relations run more smoothly when the employers meet the same, or very nearly the same, representatives on each occasion.

The machinery of conciliation encourages representatives of the two sides to meet one another round a common table, and thus establishes a presumption in favour of mutual concessions. There is organized machinery in existence, and there is fostered a habit, which may become almost instinctive, of using this machinery. The parties are accustomed to meet each other, and to endeavour to match argument with argument rather than force with force. Each party learns to recognize the difficulties which the other may have to confront; and this makes an understanding easier of achievement. There seems to be need, however, for a final court of appeal, before which the parties can place the matter in dispute for adjudication, should expediency dictate it. This thought must be habitually kept in the background by the contending parties, for otherwise the impetus to seek other ways out of the deadlock may be lacking. Arbitration must be resorted to only when all other methods have failed.

Arbitration presents several difficulties. There is, *ex hypothesi*, an initial disagreement between the two parties, and neither party can, in the very nature of things, help feeling that its case is the stronger. It is for this reason that the award of an industrial court or tribunal is invested with legal sanction. The Government of India as well as the Bombay Government have done well in accepting this convention—it has enhanced the value of such awards as have been given from time to time in industrial disputes. In so far as conciliation machinery is concerned, there appear to be very powerful reasons for excluding lawyers from its operations. Lawyers may come in, however, in arbitration proceedings, though even here their field is limited. I am not belittling the importance of the legal profession. What I am trying to emphasize is the fundamental principles which should be adhered to in the settlement of industrial disputes. I am fortified in my view by the fact that there may be an award of a definitive character, however defective it might be in the eyes of the law, which is binding on the two parties to the arbitration. It is laid down, therefore, that whereas the machinery of conciliation needs no lawyers, the machinery of arbitration may need them, though in a restricted sense.

There is necessarily an element of contentiousness in arbitration proceedings. Both parties come before an arbitrator with something like the anxiety of a gambler. But in the case of conciliation proceedings they are—or should be—desirous of marshalling facts and figures with a view to arriving at a settlement by means of mutual concessions.¹¹

11. "It would be instructive to know the various grounds on which the American labour movement is 'unalterably opposed to compulsory arbitration.' In the first place, they are opposed to it because 'resort to compulsory arbitration would promote and prolong industrial disputes.' Secondly, 'compulsory arbitration undermines self-government' in industry. Thirdly, 'compulsory arbitration takes away from employers and unions the responsibility for working out their mutual problems and transfers it to Government-created tribunals.' Fourthly, compulsory arbitration 'kills collective bargaining and replaces it with litigation.' Fifthly, 'by requiring even an hour of compulsory labour, it (compulsory arbitration) would subject Americans to

The successful evolution of arbitration machinery in the Ahmedabad textile industry since 1918 makes instructive reading. It is interesting to recall that the principle of arbitration was adopted in Ahmedabad after bitter strife between capital and labour. Gandhiji, when he returned to India from South Africa, found himself in the midst of an unprecedented labour struggle. I cannot narrate the story better than by quoting Mr Gulzarilal Nanda. "This is what happened in Ahmedabad in March, 1918," he observes. "The local textile industry was already big enough to employ half a lakh of workers. The weavers had asked for a rise in wages in view of the heavy increase in the cost of living due to conditions created by the World War. The employers, not willing to go beyond a small concession, declared a lock-out of all employees. Gandhiji examined every aspect of the question, and came to the conclusion that the workers were entitled to an additional remuneration to the extent of 35 per cent. The millowners were adamant in their refusal to consider this proposal, and would not go to arbitration. Gandhiji advised the workers that it was their duty to resist unbending arbitrary authority to their last breath. The workers took a solemn pledge that they would not resume work till their just demand had been accepted. Gandhiji planned every detail of the struggle and took charge of its entire conduct. He addressed daily meetings of the workers and issued a pamphlet every day containing information and directions for the workers. A time came—after about a fortnight—when, thanks to the propoganda of the millowners and the various devices employed by them to demoralize the ranks of the workers, a section began to show signs of weakness. This came about

[*contd. from page 120*]

involuntary servitude.' Sixthly, 'compulsory arbitration exposes workers to arbitrary restraints and penalties before trial and convictions.' Seventhly, it 'denies the working people the right to protest and resist a wrong and to strive peacefully for improvement in their conditions.' Lastly, compulsory arbitration 'means loss of personal freedom, loss of nobility, loss of the power of initiative, loss of hope and aspiration for self-betterment.'—

T. L. A. Acharya: *Planning for Labour*, pp. 191, 192.

partly on account of the strain of hunger and privation. Gandhiji could not brook the idea of even a single person turning away from his pledge because of want. He decided to go without food himself. Thus began his first historic fast. It was intended to be of indefinite duration. During this period, arrangements were made to relieve the hardships of the workers by providing them with alternative temporary employment. The building operations just then started for housing Gandhiji's Ashram at Sabarmati became the means of placing in the hands of the workers a few pice a day. Gandhiji's fast had not progressed far when the millowners were moved to revise their attitude to save Gandhiji's life. They accepted arbitration, and the workers eventually obtained an increase in wages to the full extent of 35 per cent. Gandhiji's fast, meanwhile, had raised the labour question in the country to the plane of a national issue of outstanding importance."¹² Thereafter, in 1920, he inaugurated the Ahmedabad labour union and nourished it during the period of its infancy. It is now grown to full manhood and is the strongest and soundest union in the country whose methods of peaceful settlement are unique.

There is hardly another instance in the history of industrial relations in this country where so many disputes have been settled amicably, where such strong mutual confidence has been established between labour and capital, and where such a spirit of conciliation has prevailed. Mahatma Gandhi has been closely associated with the Ahmedabad labour union since its very inception and has exerted a great influence on employers to be conciliatory in the settlement of industrial disputes. He has personally influenced workers on several occasions. For example, he recommended the Patkar award to the Ahmedabad labour class in the following manner: "I have been telling you ever since we came together that the industry is not exclusively for the millowners as mill-

12. Acharya, op. cit., pp. 116, 117.

owners or the workers. The millowners have invested their capital, your capital is your labour. Either would be worthless without the other.”¹³ Both the Textile Labour Association and the Millowners’ Association of Ahmedabad have alluded more than once to the friendly relations which exist in the city’s cotton textile industry. They have gained wisdom through experience, and learnt to respect the views of each other, and also to believe each other’s statements. Unfortunately, this praiseworthy spirit is now weakening rapidly. I must, therefore, sound a note of warning to both associations. It is likely, however, that they will realize the perils of industrial strife and bend their energies to the restoration of mutual amity, particularly in view of Government’s determination to preserve industrial peace in the wider interests of the nation. They should joyfully respond to the stimulus of necessity and lead the country on the road of co-operation.

In conclusion, I must repeat that it is essential for industrial peace that employers should unreservedly accept the principle of labour organization for the purpose of collective bargaining. Prof. Sumner H. Slichter, writing on collective bargaining, rightly remarks : “ Collective bargaining may be an arrangement through which management and workers cooperate more effectively than ever before to raise production, through which communication between management and employees is greatly improved, through which management keeps itself far better informed than ever before about the problems of its employees, and through which the employees learn more than they have ever known about the problems of the business. Or collective bargaining may be an arrangement through which unions impose wasteful make-work rules on the company and obstruct the introduction of improved equipment and processes ; through which the management and the union conduct hostilities, calling each other names, engaging in

13. *Vide The Times of India*, Bombay, January 18, 1935.

recriminations, perpetuating misunderstandings, and keeping each side afraid of the other.”¹⁴ This latter would be truly deplorable. Labour must perform its part in developing harmonious relations. It should permit management to retain reasonable initiative by way of incentives to efficiency. It is a two-way traffic. The greater the importance that both labour and management attach to common interests, the greater is the likelihood that they will work out mutually satisfactory industrial relations. Prof. Slichter discusses at length the theory of collective bargaining and maintains that it deserves respect. Collective bargaining, he declares, must not be a war of nerves, a competition in toughness, a process of mutual threatening. Nor must it be a contest in stubbornness.¹⁵

I have only scratched the surface, as it were. Readers would do well to look into Appendices B, C and D. They might also refer to the argument for Trade Boards in Chapter VI on “Wage Structure in Industries”. The whole problem of industrial peace should be envisaged in its broader setting. Labour is the direct expression of a personality, with the strongest feelings of possession. The author is convinced that the State can obtain success in its policy of a three-year industrial truce only by making it clear that it is resorting to emergency measures solely with a view to accelerating industrial production—that it is not its intention either to jeopardize the interests of labour or to ignore the valuable role of capital in private enterprise.

14. Sumner H. Slichter: *The Challenge of Industrial Relations*, pp. 48, 49.

15. *Ibid.*, pp. 52, 53

CHAPTER X

TRADE UNIONISM

The foregoing study of Indian industrial labour would be incomplete without a short sketch of the trade union movement in India. Trade unionism in this country has had a chequered history and a very stormy career. Though sporadic efforts had been made to organize labour since the eighties of the last century, they were just a medley of ill-directed and haphazard moves, as will be seen from the short account given below.

In 1875, Mr Sorabjee Shahpurjee Bengalee started an agitation for drawing the attention of Government to the deplorable conditions obtaining among industrial workers, especially women and children. Again, Mr Narayan Meghjee Lokhande, who started his career as a factory worker, dedicated his whole life to the cause of the labour movement. He had little desire for the limelight. In 1884, he organized a labour conference in Bombay. In 1889, Mr Lokhande and his followers sent a petition to the Governor-General asking for adequate protection, and organized a mammoth meeting of about 10,000 factory workers in Bombay, at which a representation was made to the Bombay Millowners' Association for the grant of a weekly holiday. This demand was happily conceded. This led to the formation of the Bombay Mill-hands' Association under the able leadership of Mr Lokhande. He also started a journal named *Dinbandhu*.

Unfortunately, the movement received a set-back on the death of these two pioneers, and nothing very remarkable happened during the succeeding years.¹

It is only after the end of World War I (1914-18) with the industrial revolution in the country, that trade unionism took firm roots. Conditions in India then were strongly reminiscent of those in England a

1. S. G. Panandikar: *Industrial Labour in India*, pp. 165-167.

hundred years ago. The agitation for statutory recognition of trade unions arose as the result of the legal steps taken against Mr B. P. Wadia on the issue of a strike in Madras in 1921 by textile mill workers who had been organized by him in a trade union. The employers obtained an interim injunction from the Madras High Court restraining Mr Wadia and his followers from further similar interference in the working of their mills.² The early phases of the movement were thus marked by clashes between the employers and workers. //In 1921 Mr N. M. Joshi, the veteran labour leader, introduced in the Central legislature a Trade Union Bill, but failed to get it passed, though later events led to the enactment of another measure on similar lines.

It was in 1920 that the All-India Trade Union Congress was established for the purpose of co-ordinating the activities of all labour organizations in India. There were three factors that proved propitious to its growth: first, boom conditions in industry; second, the influenza epidemic of 1918-19 (which had taken a toll of more than eight million of the country's inhabitants, the age group worst affected being that between twenty and forty years); and third, and most important, the great influence of the International Labour Organization.³ This period witnessed too the growth of political consciousness in the country, with the leaders of the Indian National Congress evincing increasing sympathy with the working class movement. Indian industrial labour was rapidly coming into its own.

The healthy development of the movement called for legal protection for labour organizations. The first Indian Trade Union Act which was passed in 1926 and came into force on 1st May, 1927, enabled the compilation of statistics of different industries

2. N. S. R. Sastry: *A Statistical Study of India's Industrial Development*, p. 148.

3. H. P. Oza and V. B. Kotdawala: *An Introduction to Industrial Labour Welfare*, p. 80.

on a provincial basis. This Act is a landmark in the history of the progress of trade unionism. Registration of trade unions was purely optional. The Act, however, offered to registered unions and their members a measure of immunity from civil and criminal prosecutions. Registered unions were required to submit annual returns of their membership, financial position, etc.

The movement gathered momentum soon thereafter as is seen from the following record :

“ Between 1927-28 and 1934-35, the number of registered trade unions increased from 29 to 213 and their total membership from 100,619 to 284,918. This total was not exceeded till 1937-38, when it reached 390,112. By 1943-44, it had risen to 780,967 and in 1944-45 there were 865 registered unions with a total membership of 889,388. This increase was achieved notwithstanding considerable difficulties of organization and the hampering effect of inadequate funds. In 1943-44, the number of registered trade unions in Bengal was 297, with a membership of 289,658 ; in Madras, 174 with a membership of only 49,451 ; and in Bombay only 82, but with a membership of 149,359. In 1944-45, there were 330 unions in Bengal, 93 in Bombay. The total number of unions whose activities were not confined to a single province was 30 in 1943-44, and 31 in 1944-45. The railway workers' unions numbered 82 in 1943-44, with a membership of 304,486 ; the textile workers' unions, 113, with 210,712 members ; and the seamen's unions 9, with 79,501 members.”⁴

In assessing this record, it must be remembered that neither registration nor submission of returns are compulsory under the Act. A complete picture of trade unionism is, therefore, hard to obtain. The

4. *Labour Policy in General, including the Enforcement of Labour Measures—* International Labour Office Publication, New Delhi, 1947, p. 248.

table given below indicates the number, membership and financial position of registered trade unions from year to year, starting with 1927-28 and ending with 1942-43. It was compiled by Mr K. Nagabhushanam and Mr V. Narasimhamurty and included in an article entitled 'Sixteen years of Indian Trade Unionism', which appeared in *Indian Labour Problems*, edited by A. N. Agarwala :

Year	No. of Regd. Trade Unions	No. of Regd. Unions submitting returns	Percentage of Unions falling to submit returns	Total Membership in ('000)	Average membership in ('000)	Women workers	Total Income in Rs. ('000)	Average Income of the Union per member
								Rs. a. p.
✓ 1927—28	29	28	3.5%	101	3.61	1,166	164	1 10 1
1928—29	75	65	13.0%	181	2.78	3,842	317	1 12 0
1929—30	104	90	13.5%	242	2.69	3,299	433	1 13 7
1930—31	119	106	11.0%	219	2.07	3,151	407	1 13 8
1931—32	131	121	7.5%	236	1.95	3,454	473	2 5 1
✓ 1932—33	170	147	3.5%	237	1.62	5,090	557	2 5 6
1933—34	191	160	16.0%	208	1.30	2,999	503	2 6 8
✓ 1934—35	213	183	14.0%	285	1.56	4,837	529	1 13 8
1935—36	241	205	15.0%	268	1.31	7,009	529	2 2 9
1936—37	271	228	15.9%	261	1.15	9,025	488	1 13 11
✓ 1937—38	420	343	18.3%	390	1.14	4,703	693	1 12 5
1938—39	562	394	30.0%	399	1.01	10,945	890	2 3 8
✓ 1939—40	666	450	32.4%	511	1.13	18,612	1,122	2 3 1
1940—41	727	483	33.6%	514	1.07	19,417	1,213	2 5 9
1941—42	747	455	39.0%	574	1.26	17,094	1,767	3 1 4
1942—43	693	489	29.4%	685	1.40	25,972	1,597	2 5 3

Until recently, there were two national trade union organizations, having a network of trade unions all over the country: (1) the All-India Trade Union Congress and (2) the Indian Federation of Labour. A third national organization, called the Indian National Trade Union Congress, was formed in May, 1947, under the presidentship of Dr Suresh Chandra Banerjee. Besides, there are other national federations

such as the All-India Railwaymen's Federation and the All-India Postal and Railway Mail Service Union.

Indian industrial labour has emerged from World War II fully conscious of its importance in the economic, social, commercial and industrial structure of the country.

We have already seen that the All-India Trade Union Congress was formed in 1920.⁵ In 1929, some of the unions, owing to fundamental differences in their views, seceded from the parent body and formed a new organization called the All-India Trade Union Federation, but these seceding units, after wandering in the wilderness for a time, merged with the original body. In 1941, there was formed another organization called the Indian Federation of Labour; it started with 182 unions with a total membership of 288,676, and in the course of time gathered considerable strength. A special enquiry conducted by Government in 1945, however, established the fact that the All-India Trade Union Congress was a more representative organization with a membership of 696,555, against the Indian Federation of Labour's 313,807.

5. By 1926 the Communists had started working in the movement. They introduced politics into its activities, and since then the organization has become an arena for a struggle between conflicting political ideologies. Through their militancy they secured a large following among workers in industrial centres and became all-powerful in the All-India Trade Union Congress, which had till then been entirely under the leadership of older moderate leaders who wanted it to hold itself aloof from politics. The Communists regarded the economic struggle as an integral part of the political, and looked upon trade union battles for higher wages, shorter working hours, better working conditions and the like as dress rehearsals of the political struggle for capture of power. They pinned their faith on the militant spirit of industrial workers. The moderates, who were stigmatized as weak-kneed, lost their hold in several industrial centres. This struggle culminated in bitter strife in the A.-I.T.U.C. at its Nagpur session, in December, 1929, under the presidency of Pandit Jawaharlal Nehru, over the issues of boycott of the Whitley Commission and affiliation of the A.-I.T.U.C. to the Pan-Pacific Trade Union Secretariat, a camouflaged Communist organization. Resolutions on both the points were passed by a narrow majority, and thereupon the moderates walked out of the A.-I.T.U.C., declaring their resolve to form a new rival organization. The Communists succeeded in carrying through their policy of securing the support of left-wing nationalists. When however, the Roy Group entered the movement on the basis of a 'Platform of Unity', a short time later, the Communists lost their hold on the organization.

The draft constitution of the new organization formed in 1947, the Indian National Trade Union Congress, into which had been incorporated the basic principles of compulsory arbitration in the absence of a peaceful settlement of an industrial dispute, and of withholding sanction or support from a strike until all avenues of peaceful settlement had been exhausted, was approved on May 4, 1947. This new organization is bound to exercise a wholesome influence on trade unionism, for its declared objects are to eliminate progressively social, political and economic exploitation and inequality, the profit motive, and the anti-social concentration of power in any form ; to place industry under State ownership and control ; to achieve self-government in industries ; to ensure full employment ; and finally, to promote the civic and political interests of workers.

The Congress Working Committee at its three-day session in New Delhi towards the end of January 1948, passed a resolution urging the maintenance of peaceful industrial relations. This resolution foreshadowed a bold and vigorous attempt on the part of the Congress to gain full control over the labour movement. Congressmen were bluntly told that they should not join any labour organization other than the Indian National Trade Union Congress. "As concrete evidence of its desire to help the healthy growth of trade unionism in the country," the resolution declared, "the Congress decided to encourage the Indian National Trade Union Congress, which is devoted to the cause of labour. It was hoped that Congressmen interested in labour welfare would cooperate with it and make it a useful instrument of service. Instances have, however, come to light in which Congressmen have identified themselves with other parallel organizations and thus have come into direct conflict with the I.N.T.U.C. in contravention of the Congress policy. This is likely to hamper the healthy growth of the labour movement along the right lines and may create confusion within the Congress.

“ The Working Committee considers it necessary to make it clear that Congressmen should not join any other labour organization and should actively support the I.N.T.U.C. This Committee calls upon subordinate committees to take up organization of labour as an important and indispensable item in their programme.”

The Textile Labour Association of Ahmedabad, which was established in 1920 by Srimati Ansuya-ben Sarabhai, sister of Mr Ambalal Sarabhai, under the direct inspiration of Mahatma Gandhi, and which today has a membership of about 45,000, joined the Indian National Trade Union Congress in May, 1947, the very month of its formation. Writing of the newly-formed Indian National Trade Union Congress, Mr Khandubhai Desai observes, “ The new organization is neither a challenge nor a rival to any organization that may now be working. It is conceived only as an instrument for a new and positive approach to the problems of labour organization that experience, over a period of years, has taught. The existing Trade Union Congress has failed to deliver the goods on behalf of the mute and unorganized working class. The Indian National Trade Union Congress is an attempt to go to the working class, with a new and fresh approach to the solution of their problems, and it is for the working class to decide whether or not to accept its lead. The sponsors of the Indian National Trade Union Congress are no strangers to the trade union movement, and because of their mature experience, they are confident of an enthusiastic response to their call from the working class. The working classes know the price they have had to pay for following the lead of a body which for all practical purposes exploited them to serve its own political or personal ends. The new organization has set before itself the task of contributing its share to the building up of the nation in its newly acquired freedom. . . . With adult suffrage assured by the new constitution, the working class, if properly organized and

made to realize its rights and responsibilities in the new set-up, is bound to play an important role in the country. The Indian National Trade Union Congress has before it a heavy programme of action; but it will have in its task the willing co-operation of the working class, which is becoming increasingly conscious of itself. It is the duty of the new organization to guide this consciousness into desirable channels so as to secure the maximum benefit to labour and the nation as well."⁶

The Hon'ble Sardar Vallabhbhai Patel, Deputy Prime Minister of India, addressing a labour rally at the Kamgar Maidan, Bombay, on 20th January, 1948, urged workers always to keep the interests of the country before them and to throw off their present destructive leadership and muster strong in support of the larger interests of the country. He referred to the rapid growth of the Indian National Trade Union Congress which within such a short period had secured a membership of five hundred thousand. The salvation of Indian industrial labour, he said, lay in repudiating the lead of the leftist elements that had been exploiting them for their own political purposes. They should join the newly-formed Indian National Trade Union Congress and thus promote the healthy growth of the labour movement. The Indian National Trade Union Congress should, on its part, concentrate on expounding its policy personally to every worker. This was not an arm-chair affair. It called for a great effort.

Trade unionism in India has unfortunately not been conducted along wholesome channels. Labour leaders are mostly outsiders, professional and public men, politicians and social workers. With a few exceptions, such leaders have little knowledge of the highly complicated technicalities of industry. Many of them are almost as remote from the rank-and-file members of the unions as are the heads of large corporations from their employees. Naturally, they

6. T. L. A. Acharya : *Planning for Labour*, pp. 173, 174.

can have little understanding of, or feel little genuine sympathy with, the aspirations of the industrial worker. The movement can only gain real strength from within. It must be led by the workers themselves, with a few full-time salaried officials of proved integrity who are animated solely by the idea of social service at the helm of affairs. There should be a technical adviser attached to the trade unions in each industrial centre. Dr Radha Kamal Mukerjee rightly observes, "Like the cognate field of the co-operative movement in the Indian villages, the labour movement in our cities and towns calls for a devoted band of intellectuals who will have to live unknown among the working folk for a long time to organize them and to train them for constructive trade union work."

One part of the trade union movement today has become so obsessed by dangerous half-truths about the workers' problems that it has lost sight of the moral necessity for devoting itself heart and soul to the task of labour welfare. It may not be amiss to emphasize here the fundamental truth that work is not in itself a debasing drudgery : it is a healthy function of the normal human being. Trade unionists must be made to understand the dignity of labour. They will have to substitute "working with" for "working for" a factory—that will serve to underline the dignity of labour. They must learn that one cannot bring a new social order into being by fomenting class hatred and class strife or by inciting the "have-nots" to battle against the "haves". It is not by abusing the "head workers" that one can usher in a new social order. Labour must work shoulder to shoulder with management in the faith that the larger interests of the two seemingly diametrically opposite parties are in fact identical, and that the only way to promote those interests is along the road of co-operation. It should be clearly borne in mind that industry is capable of yielding major benefits to both parties only if

7. Dr R. K. Mukerjee : *The Indian Working Class*, (2nd Edn.), p. 339.

each recognizes the other's rights, while at the same time accepting its own responsibilities.

I think that, with the formation of the Indian National Trade Union Congress, the time is now propitious for making it compulsory for industrial workers to join trade unions, and to assume definite responsibilities in respect of mobilization of man-power under proper Government control. Employers must understand that workers should be helped to organize themselves, allowed to ventilate their grievances and express their demands through trade unions free from intimidation or discrimination. At the same time, the movement will have to provide much more fully for the special training of its members. The details of such reorganization will vary greatly from industry to industry, but the fundamental principles are the same everywhere.

It is necessary not only for the workers but also for the State, employers and the public in general to have a clear conception of the purposes of trade unionism, of its functions and of its place in the industrial picture. One must consider not only the present functions of labour unions, but also their potential ones, and the new and ever-widening opportunities that may be open to them in the future industrial set-up in free India.

In these momentous days of industrial promise, with the State playing an increasingly active role, the reorganization of trade unions on sound lines is the crying need of the hour. Not only will trade unions have to shoulder greater responsibilities, but they will also find that in an increasing degree the solution of their problems brings them face to face with national and international issues of great complexity. They should thus prove training-grounds for co-operation in wider fields, breeding-grounds, not for suspicion and hostility, but for proper mutual understanding. All this will promote the happiness of Indian industrial workers who are rapidly learning to abandon their philosophy of *karma* and the fatalism that that doctrine engenders.

CHAPTER XI

PERSONNEL DEPARTMENT

With the progressive abandonment of the commodity theory of labour, it is no longer possible to differentiate between economic and labour issues. The basis of all sound labour and industrial relations is recognition of the human personality of the employee. Experience has shown that relations between employers and employees change almost overnight once the idea of recognizing the human personality of the employee has dawned upon the employer. All this involves a good personnel policy. Effective personnel management is no less essential than effective production management. The Institute of Personnel Management has defined personnel management as follows :

“ Personnel management is that part of the management function which is primarily concerned with the human relationships within an organization. Its objective is the maintenance of those relationships on a basis which, by consideration of the well-being of the individual, enables all those engaged in an undertaking to make their personal contribution to the effective working of that undertaking.”

Personnel management should affect every phase of management ; the responsibility for it rests upon all executives and persons in supervisory posts. The managing agents must realize that in a factory whose workers are properly looked after, there is less time lost through ill health ; loss of production through fatigue and loitering tends to be cut down ; the labour turnover is reduced to the minimum ; and last but by no means the least, those “ imponderables ” that we call morale, character, *esprit de corps* come into play and help increase productivity and efficiency. Where the busy manager cannot maintain personal contact with the increasing number of workers, where com-

plications arise in the processes of labour recruitment and where the various problems that arise call for more attention than the manager can possibly give them, there is a crying need for a personnel (labour) department with a specialized staff. It is obvious that no specialized department is necessary in a small factory; in all probability, one personnel (labour) officer, responsible to the manager, can serve the interests of anything from 200 to 500 employees. From this stage onwards, however, personnel problems assume alarming proportions and eventually necessitate a well-organized personnel department. In an industry where, irrespective of its labour strength, personnel management is an accepted principle it is generally recognized that the functions of the personnel department can be grouped into the following twelve divisions :

1. Employment.
2. Wages.
3. Industrial Relations.
4. Joint Consultation.
5. Legal Work.
6. Welfare.
7. Accidents.
8. Personnel Research.
9. Housing.
10. Statistics.
11. Education and Training.
12. General.

Let us discuss these functions one by one.

1. Employment: It is the personnel department that convinces the applicant for a job that that particular undertaking is the right place for him. Every applicant should be interviewed, if possible, and without undue delay. The employment section of the personnel department should be so furnished as to make the applicant feel at ease while waiting. He must be so impressed that he comes to believe that that is just the undertaking he would like to work for. The interviewer should primarily be a good listener, but he should also be capable of persuasive talk, so that he can set people at their ease and reassure the nervous or suspicious. Indeed, the interviewer has to do a great deal of mental tight-rope walking, and a sense of humour ought to stand him in good stead. The interview should, as a rule, be a "give and take" affair. The interviewer

should be gifted with maturity, poise, dignity, and friendliness. He should explain to the candidate in detail the terms of service and conditions of employment, in order to eliminate any chance of misunderstanding at a later stage. He should take into account mental, physical, social, moral and other factors in finalizing his selection. It would be of great advantage if psychological and intelligence tests can be applied. There is nothing occult or bizarre about such tests. They are a development of modern science, and are rapidly replacing the old academic type of entrance test. Nevertheless, they cannot be accepted as an infallible guide to successful selection. At best they are to the personnel officer what the stethoscope is to the doctor—an instrument for the exploration of relevant symptoms. Their application should ensure that there are fewer “square pegs in round holes”.

The personnel officer should maintain contacts with educational institutions, whence high-grade employees can be obtained. He should also keep in close touch with public and private employment agencies.

After the selection the personnel officer faces the major problem of correct placement of persons in jobs to which they are well suited by temperament, experience, training, and ability. For this he requires a knowledge of “job analysis”—a process which ensures rational dealing by eliminating muddled thinking.¹

1. It should be clearly understood that job analysis is not the same as job specification. The former is a complete analysis, classification and description of all the factors entering into a job; while the latter is a statement of the particulars resulting from an analysis of the job.

The methods of job analysis employed by the Chicago Council of the National Association of Employment Managers are given below in the belief that individual concerns in India will work out their own methods after adjustments to suit their particular requirements:

“1. Begin with one department in your factory which is best known to you and where you are sure of the co-operation of the foreman, the assistant foreman and other employees who may have to be consulted.

“2. Write up all you know about the job or have learnt from your own observation.

Next, labour recruitment should be carried out with great caution. The methods of labour recruitment have already been discussed at length in Chapter I, and the reader would do well to go through the relevant section again. Each worker should be allocated to the right job, and the personnel officer should ensure that the necessary arrangements are made for him to carry out his duties effectively, with due regard to his susceptibilities and prejudices. In a large organization, the levelling up of variations in output, through allocating workers to jobs for which they are best suited, is of paramount importance. It would be splendid if the personnel officer could arrange with the manager to fix a *labour quota* for each department. If this were done according to a definite system instead of by rule of thumb, you would get an accurate estimate of the number required. Any

[contd. from page 137]

" 3. Observe the job to be written up, notice what is done and how it is done, the type of employee doing the job, the working conditions, and any other factors shown in the outline below.

" 4. Get together with the foreman and explain to him the idea of job analysis, pointing out to him the value to his department in having you secure full knowledge of the requirements, the value it has to the company as a whole in furnishing information as a basis for the standardization of names and rates, the value to the safety department and nurses in having detailed information about each job, the working conditions, hazards, and any other arguments which you may feel will assist in selling the idea.

" 5. Secure from your foreman as complete a statement as possible on all the points to be covered. Be sure to evaluate his statements, and discriminate between facts, opinions, and bias, or prejudice.

" 6. If advisable, talk to the assistant foreman, die-setters, linemen, and experienced employees about the job. (Care should be taken that the foreman does not feel that you are doing anything in his department without his complete knowledge and consent.)

" 7. Consult the master mechanic on questions of equipment, the efficiency man, the spoilage clerk, and the superintendent, getting the requirements of the job from their particular angles and viewpoints.

" 8. Consult the safety man as to the hazards of the job.

" 9. Consult the nurse or doctor as to the health and physical requirements and the strains they may have observed.

" 10. Check at all times by observation of actual conditions, and give statements of facts instead of opinions wherever possible.

" 11. Write your analysis up from all this information. Give in as few words as possible an accurate, reliable, simple, and adequate description and definition.

" 12. Submit this analysis to the foreman for criticisms and suggestions, and if finally agreed upon by the foreman and employment department, submit it to the superintendent for final approval."

(Quoted from J. E. Walters: *Applied Personnel Administration*, p. 151.)

increase beyond this *labour quota* would have to be justified by the departmental head concerned, and he would be asked to reduce the number of employees should the amount of work decline. That would be to introduce a measure of planning where haphazard employment has long been the practice.

Again, the personnel department should act as a clearing house for records of all transfers. The personnel officer should also deal with leave and regularization. Finally, he should assist the manager in the promotion of employees, and "job analysis" may be employed as the basis for drafting the specifications of job requirements.

2. *Wages*: The personnel department has nothing to do with the actual payment of wages to the staff. That is the function of the pay department. The duty of the personnel officer is to see that the wage rates, allowances, etc. agreed to between the company and its employees are properly paid. He should maintain the wage structure of the company. It is his business, too, to study wage conditions in general. Again, he should ensure that there is uniformity in the interpretation and application of wage agreements and awards. Besides, he has to compare the wages paid in his own factory with the normal wages and discover reasons for any variations. He may be called upon to participate in all negotiations with the labour union in the factory or other similar bodies, but he should not be allowed to exercise direct authority or assume any personal responsibility in the discussions. The manager may delegate to him the right to conduct such negotiations, but he is not, and never should be, in any sense a plenipotentiary. He can only negotiate for and on behalf of the manager, who is the final authority in the matter. He can only propose or agree to such terms as he has reason to believe will meet with the approval of the manager, and for which the latter can secure the support of the managing agents. The personnel officer's freedom in these

negotiations is thus strictly circumscribed. Further, it is becoming increasingly the practice for time and motion study men to compile job specification and arrive at the wage structure on the work-load basis. As the personnel officer is required to deal with wage questions and participate in negotiations on matters concerning wages, a close relationship must naturally subsist between the personnel officer and the time and motion study men. They have a joint responsibility in ensuring that the workers and the labour union understand the system and all its implications. The personnel officer has, further, to maintain records of the wages paid in each section with a view to finding out labour costs for the reports he has to submit to the management.

Mr G. R. Moxon rightly observes, "The essential need of the wages division of the personnel department is seen in interpreting and ironing out queries and disputes which arise in executing the established wage policy. To take a few examples, the queries which flow in regularly each day to the personnel department arise from the inevitable changes in normal procedure which are always taking place throughout the works. Men are moved from one job bearing one rate of pay to another. Difficulties nearly always arise from exceptional conditions of overtime, payments for holidays and for breakdowns in plant. In addition, there must be a certain number of mistakes arising from bad recording, clocking and so on. Settling these differences speedily and fairly within the framework of the company's wage standards is an important service which the personnel department can render to the efficiency of the works. If these problems are not settled quickly they are certain to lead to friction or to a feeling of frustration on the part of the employees."²

3. *Industrial Relations*: There can be no real policy which does not spring from the managing agents themselves. The nearer, therefore, the personnel

2. G. R. Moxon: *Functions of a Personnel Department*, p. 13.

officer is to the executive heads and the managing agents, the more satisfactory is such policy likely to be. The "new order" in industry is the expression of a rational philosophy regarding the fundamental relations in industrial organization.

The study of man has become the paramount necessity of modern industrial life. The personnel officer must be imbued with an absorbing interest in the human aspect of his task. He is a sort of liaison officer, interpreting the management to the workers and *vice versa*. He bridges the gulf between the management at the top and the workers. In the past this function was just a part of the daily duties of the departmental heads. They often engaged and dismissed workers at their own sweet will, and kept an eye on them. They treated the whole problem of industrial relations as their own responsibility. They enjoyed almost complete independence in the sphere of employment. Conditions have, however, altered completely; departmental heads can no longer be autocrats. All the above functions have now been set apart for specialized treatment. The change has caused a good deal of heart-burning and confusion. The personnel officer should be very careful in handling industrial relations. He should not be allowed to exercise a direct, exclusive and personal responsibility in these matters; he can act only on behalf of the manager, representing his policy and enforcing it, endeavouring by persuasion, example and discussion to see that it is carried out effectively.

Industrial relations elude definition. They belong to the intangibles, like faith, or feeling. Employees' problems can seldom be solved *en masse*. Nevertheless, the personnel officer should try his best to make personal contacts with them, attend to their complaints, inquire into their grievances and report them to the manager, if necessary. He should be in close touch with the labour union, its officials and representatives, and correlate his own activities with

theirs. He should try to understand the attitude of the workers through *pratinidhis* (labour union representatives) who are better fitted to appreciate their sentiments. It is his duty to attend to the workers' complaints and grievances. His role would, indeed, be that of "guide, philosopher and friend".

Again, the personnel officer should ensure that nobody is wrongly dismissed, discharged or degraded, *i.e.*, he should see that the correct procedure is followed while disciplinary measures are taken, and that the previous record of the employee concerned as well as the gravity of the offence is taken into consideration. He should try to learn the habits of the workers, their psychological make-up, their hopes and fears, for only then can he confidently foster wholesome industrial relations.

4. *Joint Consultation:* Joint consultative machinery is one of the essentials of friendly industrial relations. The Industrial Disputes Act, 1947, and the Bombay Industrial Relations Act, 1946, have focussed interest on this aspect of the question. Such machinery should enable open criticism of managerial policies, decisions and methods to be made.

The personnel officer should draft the constitution of the works committee and lay down its procedure in conformity with legal requirements. He should interpret to the labour union and its representatives the company's attitude towards matters concerning the machinery of joint consultation. The works committee serves a valuable purpose in bringing the two parties together in an atmosphere conducive to mutual confidence and understanding. That helps to minimize the chances of errors in judgement.

It is wrong to think that all wisdom resides in the carpeted offices of the management. In fact, many things are apparent to the workers at the machine that are often inadvertently overlooked by higher management functionaries and their lieutenants.

It follows, therefore, that this consultative machinery is invaluable in keeping the management on the alert. The machinery will, however, inevitably fail if put forward only as a sop to labour—a piece of window-dressing.

It must be fully recognized that labour is a real partner in any enterprise and—though this may seem surprising—that labour has definite views of its own on the working of the industry. The employees will always co-operate better in an undertaking that they themselves have created, or have had a hand in creating, than in something which, however good, is imposed upon them arbitrarily.

5. *Legal Work*: A thorough and up-to-date knowledge of industrial legislation is essential to the personnel officer. He should attend to conciliation proceedings, and to cases before the Industrial Tribunal, the Industrial Court or the Labour Court and also to cases under the Factories Act, the Payment of Wages Act and the Workmen's Compensation Act. He should aim at minimizing industrial disputes. The personnel department should constitute a court of appeal for the workers and must, therefore, act with special circumspection. The department should also answer all queries from Government bodies, millowners' associations, labour associations and other institutions on all personnel matters.

6. *Welfare*.³ Welfare encourages and is a spur to action. Without adequate amenities, the employee

3. "Personnel management is, however, concerned with a vastly wider field of activities, whereas the scope of welfare work is usually limited to the provision of certain amenities for workers—such things as health and safety precautions, suggestion schemes, canteens, sports clubs. Investigations have shown that any visible improvement of worker morale which results from the introduction of such welfare amenities wears off as soon as workers realize this to be the full extent of the management's concern for them. Because of this limitation, welfare can never be a substitute for personnel management. It is incidental to, and not integral to personnel management." (H. W. Locke: *Fundamentals of Personnel Management*, p. 18.)

will have little interest in his work. Labour relationships are likely to provide managerial headaches, and might conceivably prove to be the one rock on which Indian industry might founder. Therefore, the foundations have to be laid for amity and co-operation in industry. The rough places have to be levelled, and any noxious weeds or dead roots removed before the sowing of the seed of friendliness takes place.

To keep the ship of industry afloat it is necessary to adopt, among other measures, welfare activities. They do much to iron out needless friction. In fact, welfare activities will bridge the gap as no amount of personal camaraderie on the part of executives, and no increase in wages can ever by themselves do. The reason is not far to seek. They affect the health and happiness of the workers. And happiness, as everybody knows, is clearly associated with efficiency. It makes the workers want to stay on. It gives them the will to work. In other words, it affects the quantity and quality of output and the labour turnover.⁴ Besides, employers should realize that workers are influenced not only by what is provided but also by the motives behind the provision of welfare amenities and the methods of their administration. Workers are quick to distinguish between welfare amenities designed merely to be a sedative and those offered as a sort of tonic to make them more

4. Labour turnover means the ratio of the total number of separations to the average number on the muster rolls. It can be calculated in the following manner :

$$T = \frac{S}{M} \times 100 \quad (\text{where } T \text{ represents the labour turnover per cent, } S \text{ represents the total separations, including those discharged or dismissed and those who have left, and } M \text{ represents the average number on the muster rolls})$$

The results will be obtained in terms of percentage on a monthly or yearly basis. Assuming that a factory has 5,000 workers on the muster rolls and has 500 separations in a year, the annual labour turnover will be as follows :—

$$T = \frac{500 \text{ (separations)}}{5,000 \text{ (average number on muster rolls)}} \times 100 \\ = 10\%$$

Similarly, the monthly labour turnover can be computed.

alert and energetic in all that concerns their employers.

Many people judge the welfare division on the quality of the canteens, creches, nursery schools, games, clubs, cinemas, sight-seeing excursions, libraries and reading rooms, educational aids, gratuity and retirement schemes, medical facilities, health insurance measures, co-operative credit societies, consumers' societies, and other facilities provided for the workers. These are only different manifestations of a welfare policy. It is the sincerity of purpose animating the policy that lends it true and lasting value. The machinery for administering welfare amenities should be very effective. It should be entrusted to the personnel department. To set welfare activity in motion without proper machinery is like trying to drive a car by pressing on the accelerator without first having released the brakes.

The personnel officer should also advise the employees on their personal problems, should this be warranted by circumstances.

7. *Accidents*: Industrial prosperity is ultimately measured in terms of production. The personnel department must co-ordinate its activities with those of other departments in helping to maintain and accelerate production. But the safety of the workers must be properly taken into account. There should be a safety inspector who should be required to make a general inspection of the machinery in the various departments at regular intervals. He should recommend improvements in the safety devices used in respect of machinery. He should see that all safety measures are understood and accepted by those responsible for carrying them out. He should also advise on the training of workers in the safety principles applicable to their jobs. The safety inspector should be made responsible to the personnel officer.

A suggestion box should be maintained in every factory, and 'safety award buttons' should be given

to individuals who make valuable suggestions for the prevention of accidents. Further, a special set of rules should be framed in respect of all precautionary measures for the prevention of accidents, and a copy of these rules should be given to every employee who should be required to keep it with him while at work. Again, propaganda may be usefully done by means of lectures, slides and posters. Safety posters should be exhibited at conspicuous places on bulletin boards. Workers should be taught the use of safety appliances like goggles, safety leggings and safety boots. An annual competition at which employees of the various departments are encouraged to exhibit safety models, posters and slogans, and prizes awarded to successful exhibitors may prove of inestimable value. A 'No-Accident Week' every year may also be organized.

The personnel officer should be made responsible for starting a safety first committee, which has a great educative value. He should arrange for monthly meetings of the committee. Besides discussing accidents and classifying them, ways and means should be found to reduce such accidents to the minimum. Obviously, the committee should meet under the chairmanship of the manager. The personnel officer should be the secretary of the committee.

Records furnishing information about the number of accidents in the various age-groups and the frequency and severity of accidents should be maintained by the personnel officer.⁵

5. The incidence of accidents may be measured as follows :

$$FR = \frac{A}{MH \div 1,000,000} \quad (\text{where } FR \text{ is the frequency rate, } A \text{ is the number of lost-time accidents, and } MH \text{ is the number of man-hours worked})$$

Thus, in a firm having 840 lost-time accidents while providing 116,000,000 man-hours of employment, the frequency rate would be 7.24.

Again, we may find out the severity of accidents by applying the following formula :

$$SR = \frac{LD}{MH \div 1,000} \quad (\text{Where } SR \text{ is the severity rate, } LD \text{ is the number of days lost, and } MH \text{ is the total man-hours worked.})$$

If, for instance, the 840 accidents mentioned above occasioned a total loss of 91,000 days, the severity rate would be $91,000 \div 116,000 = 0.785$.

A graphical statement of the frequency and severity rates can be prepared.

These records will furnish him with a kind of 'magnetic north' which will enable him to set his compass as he steers his way over the sea of day-to-day problems in respect of industrial hazards. But he should be reasonably freed from detailed work to be enabled to give thought to policy. He should have a specialized staff for maintaining all such records.

8. *Personnel Research*: It is characteristic of modern personnel management that it attempts to apply scientific methods to its special range of problems. Unless we investigate all problems in a scientific spirit, unhampered by tradition or prejudice, and unless we are willing to accept the fruits of our investigations as the basis for present action and further research, we cannot grow in knowledge and we shall be closing the door to advancement. But it must be borne in mind that an able and highly qualified man, who is capable of devoting himself exclusively to specialization in personnel problems and conducting research, is very hard to find.

There is a vast field for the personnel officer in which to conduct such research as might prove invaluable to the factory. It is not possible to give to this aspect of the question the attention it deserves within the short space at my disposal. I shall, however, try to give the most important directions in which research might be undertaken.

Personnel research should include investigation of all of the company's branches of personnel work. All personnel activities should be backed up by sufficient examination of their worth, validity, and reliability. The evaluation of these activities should be made in terms of the cost of each activity and the yield therefrom to the company.

I shall endeavour here to outline certain concrete plans in the hope that factories will realize their value and adopt them to their own advantage.

Further, the expenses per head on medical facilities and their relation to the total wage bill can be worked out as follows :

HOSPITAL EXPENSES FOR EMPLOYEES

For the year ending 31st Dec. 1948

Month	Total number of persons	Wages paid	Hospital Expenses	Expenses per head	Relation of expenses to total wage bill (percentage)
January					
February					
March					
April					
May					
June					
July					
August					
September					
October					
November					
December					
Total					

The amount of the compensation paid in relation to the total wage bill may be calculated in the following manner :

WORKMEN'S COMPENSATION

For the year ending 31st Dec. 1948

Month	Compensation paid (in Rupees)	Total wage bill (in Rupees)	Percentage
January			
February			
March			
April			
May			
June			
July			
August			
September			
October			
November			
December			
Total			

The percentage of women operatives to the total labour force and the percentage of women operatives taking advantage of maternity benefits to total female labour force may be obtained from tables prepared as follows :

MATERNITY BENEFITS

For the year ending 31st Dec. 1948

Month	Total labour force	Male employees	Women employees	Percentage of women employees to total labour force	Percentage of women employees taking advantage of benefits to total female labour force
January					
February					
March					
April					
May					
June					
July					
August					
September					
October					
November					
December					
Average					

The incidence of sickness may be tabulated on the following lines :

INCIDENCE OF SICKNESS

For the year 1948

Type of patients considered	Rejecting up to first 2 days of sickness		Rejecting up to first 3 days of sickness		Taking the whole period of sickness	
	January to July	August to December	January to July	August to December	January to July	August to December
Those who were absent from work all days						
Those who were absent from work for some days						
Those who worked during the period of sickness						
Those who took medicine						

Tabulation should further be done of numbers per thousand per month suffering from different diseases in different departments.

A tentative list of common diseases is given below:

1. Infections (smallpox, etc.)
2. Fevers.
3. Typhoid.
4. Malaria.
5. Ear, nose and throat.
6. Mouth.
7. Eye diseases.
8. Deficiency.
9. Teeth.
10. Respiratory.
11. Tuberculosis.
12. Abdominal.
13. Venereal.
14. Blood.
15. Heart.
16. Urinary.
17. Joint and Locomotion.
18. Nervous system.
19. Skin.
20. Midwifery.
21. Anæmia.
22. Jaundice.
23. Gynæcological.
24. Others.

The information conveyed by the above tables can also be graphically represented.

Over and above all this, research can be undertaken in respect of working class family budgets. This is by no means an easy task. It is preferable to have a different month each year for the purposes of this inquiry. The information thus obtained will give a correct picture of the living conditions of the workers.

Studies should also be undertaken on personnel problems such as: Do employees actually get tired out? What is the attitude of employees towards their work? Are rest periods desirable? Why does production fall off in the afternoon?

9. *Housing*: The problem of industrial housing has been discussed at length in Chapter V of the book. The object of any housing programme is to help workers to secure accommodation at nominal rents. Another object is to spare workers travel over long distances to and from their homes which affects efficiency. Experience has shown that concerns which provide adequate housing arrangements obtain the maximum efficiency. An extensive housing programme necessitates not merely the construction of houses but also the provision of sewers and drains, sewage disposal works, water supply mains, good roads, and marketing, educational and recreational facilities.

Employers providing housing accommodation for their employees should be very cautious in fixing the rents. In no circumstances should the rents be more than 10 per cent of their wage earnings. Again, the allocation of rooms, collection of rents, maintenance and general cleanliness should be entrusted to the personnel department. The allotment of quarters should be based on two factors, namely, length of service and the wages of the employees. A tabular classification should be made under the heading "Priority grouping for allotment of the company's

quarters by length of service and salary." Only by centralization of this function can the management hope to ensure that the most effective use is made of the housing facilities it provides.

10. *Statistics*: Statistical surveys are important. Annual analyses of the labour strength by age and length of service, of the employment of permanent, *badli* and temporary labour, of absenteeism, of the labour turnover, etc. are extremely useful. An annual report on the labour welfare programme of the company may be prepared. That will furnish an excellent opportunity for 'personnel stock-taking' and for the formulation or adjustment of policy.

The statistical division will have direct connexion with another division, namely, personnel research. To some extent it will also have close ties with the 'accident' division. Co-ordination of the work of these three divisions in greater or lesser measure is inevitable. All the statistical information may be presented in the form of graphs, for such pictorial representation is conducive to a quicker appreciation of its significance.

11. *Education and Training*: It is hardly necessary to emphasize the very obvious fact that without adequate facilities for education and training, a factory cannot run at its optimum efficiency. Apprenticeship training for supervisory staff is an important part of the work of the personnel department. With the help of tests and practical instruction, new entrants should be graded and taught work.

Industry has in the past paid too little attention to the training of new entrants. Today, such neglect would be disastrous. Every advantage should be taken of modern appliances of teaching—films, the epidiascope, the synchrophone, charts, etc.—to train workers in an interesting way.

Another aspect of this activity is encouraging employees to learn reading and writing in the literacy

classes conducted by the factory. It should not be difficult to run such classes from the fines realized under the Payment of Wages Act, and any deficit could be made good by the management. In India the problem is of great magnitude and complexity. But with a view both to increasing the efficiency of the workers and developing good citizenship among them, such literacy classes should be encouraged in every Indian factory.

Lastly, frequent works tours should be arranged both for the supervisory staff and for the workers. It must be realized that they have an instructional value that makes them more than worth the expenditure incurred on them.

12. General: Under this heading may be classed the publication of a works magazine, the preparation of an employee handbook, the holding of 'health exhibitions' and 'baby shows', etc.

The magazine, which may be weekly, fortnightly or monthly, should give information on wages, holidays, working conditions, safety measures, and the proceedings of the works committee. The constitution and the working of the works committee may profitably be discussed in the columns of the magazine. It would serve as a reference book for members, advise them of their powers and responsibilities, and lay down rules for the conduct of meetings. Workers should be encouraged to take a lively interest in this activity and to contribute articles, prizes being offered for meritorious ones. The magazine should also contain a message of good wishes from the managing agents to the employees. That would break down the high wall of suspicion that has separated management from labour in the past.

An employee handbook may well serve as a "Bill of Rights". It should lay down a code of behaviour and discourage breach of factory rules. It should set out clearly the individual's rights and his

obligations towards his fellow-workers.⁶ The following salient points should be borne in mind in preparing an employee handbook :⁷

“ 1. While the handbook should be as concise as possible, it must set out clearly the mutual rights and obligations of management and employees. It should be a constant reminder of the contract of employment and the personnel policy of the company.

“ 2. In conveying the personnel nature of the relationship between the individual and the company, it is important to address the contents of the handbook to the individual. It is essential, moreover, to use simple, straightforward language throughout.

“ 3. Rules should be, wherever possible, positive in implication rather than negative and restrictive; people respond much more readily to ‘do’ than to ‘don’t’.

“ 4. Except in self-evident cases, reasons and explanations of rules should be given. People are usually willing to accept rules which can be seen to be necessary.

“ 5. Attention should be given to the importance of getting employees to identify themselves with the company and its objectives. This will be assisted if, from the start, an employee can be made interested in the company’s history, its products or services and their uses.”

‘Health exhibitions’ constitute a very useful activity and the mill hospital should be asked to shoulder this responsibility. The personnel department should extend every assistance towards making these exhibitions a success. They serve to create among employees a genuine interest in matters of health. A ‘Baby Show’ for the workers’ children either in creches or nursery schools should also be held simultaneously with the health exhibition.

6. *Preparing an Employee Handbook*, Institute of Personnel Management, London, pp. 5-7.

7. *Ibid*, p. 11.

In the preceding pages I have tried to formulate the working basis of the personnel department, in broad outline. Individual units could adopt the scheme to suit their own particular requirements. The divisions I have indicated are only illustrative, and represent the foundation stone upon which the department should be broad-based.

The personnel department must be on a par with other departments of the factory in the matter of status. The engineer looks after maintenance and efficiency of the plant; the accountant deals with the financial aspect of the undertaking; the personnel officer, similarly, is a specialist responsible for the human beings employed in the organization.

Finally, I should like to recommend the formation of an association of personnel (labour) officers under whose auspices they can meet together, unhampered by trade secrets, and discuss common problems and ways and means of maintaining and developing professional efficiency. Regular meetings would enable them not only to profit through an interchange of information and thoughts, but also to foster and promote in their own area the principles of personnel management.⁸

8. At a meeting held on January 6, 1946, in the building of Calcutta University of almost all labour (personnel) officers from Calcutta's industrial area and its neighbourhood, the following resolution was passed:—

“This meeting of Labour Officers and Welfare Officers mainly from the Calcutta industrial area and neighbourhood does hereby resolve to form an Association to be called “The Association of Personnel and Industrial Welfare Officers”, who are actively engaged in the field of Labour Welfare or Personnel Management in India, for the purpose of furthering the following objects:—

- (a) To promote and encourage the study of personnel and industrial welfare problems;
- (b) to further the collection, analysis and dissemination of information relating to personnel and industrial welfare matters;
- (c) to extend the use of scientific methods in relation to personnel management and industrial welfare work;
- (d) to spread ideas concerning the importance of human values in industry;
- (e) to promote and safeguard the status of personnel and industrial welfare work and those engaged therein, or such extension, or modification of the above objects as may be approved at any subsequent representative meeting of members.

Attempts have been made in Bombay, too, to found a similar association. The need for an institution of this kind cannot be over-emphasized, and personnel officers of this vital industrial area should bestir themselves in this matter.

CHAPTER XII

AN EXPERIMENT IN PROFIT-SHARING IN MAJOR INDUSTRIES

The Marxian theory that profits are “stolen wages” is meaningless in the context of our present economic structure. The motive of profit, it cannot be denied, lies at the root of much of our industrial trouble today, but its total abolition would not solve the problem. Profit-sharing is an attempt to supply an equitable principle for the introduction of the wages-*plus*-profits mode of remuneration for all ranks in industry. Profit-sharing may be described as an agreement between employers and employees on payments to be made to the latter in addition to their wages. These constitute a pre-determined share of the profits realized by the business. The concept that wages are the share of labour, and profits that of capital, belongs to a bygone age. It is becoming ever more and more clear to the Government that in profit-sharing lies the hope of free India’s industrial future.

Profit-sharing was officially referred to for the first time in December, 1947, when the then Finance Minister, Mr R. K. Shanmukham Chetty, disclosed in the course of discussion on the Interim Budget that the Government were considering the possibilities of providing a scheme for profit-sharing in industry in order to provide labour with an adequate incentive to increase production. Profit-sharing reappeared in the ‘Truce resolution’ unanimously adopted by the Tripartite Industries Conference in New Delhi. Again, the Economic Programme Committee appointed by the A.-I. C. C. reiterated in its report the doctrine of profit-sharing; it even went a step further and laid down the broad principles on which any machinery designed for the purpose was to operate. This report

was an unofficial document; it was signed by Pandit Nehru only in his capacity as Chairman of the National Planning Committee. It must be clearly understood that the Economic Programme Committee was not an executive body; it could merely lay down the lines of general policy and leave it to the Legislature or the Government of India to take suitable measures in the light of economic, social and political expediency.

Much water has flowed down the Ganges since this report appeared. The Government have enunciated in their statement on industrial policy the principle of profit-sharing with a view to promoting healthier employer-employee relations. The Government have made it abundantly clear that they will no longer allow labour to be exploited, but ensure that it is treated as an honourable partner. The 3,000-word resolution on industrial policy states, among other things: "Government accept this resolution. They also consider that labour's share of the profits should be on a sliding scale, normally varying with production. They propose, in addition to the over-all regulation of industry by the State, to establish machinery for advising on fair wages, fair remuneration for capital and conditions of labour."

A Conference of Provincial Ministers was held in New Delhi on 3rd and 4th May, 1948, under the chairmanship of the Hon'ble Mr Jagjivan Ram, to advise on what the fair remuneration for capital should be, and how profits should be shared between capital and labour. The Conference held that it was necessary to set up a Committee of Experts in order to facilitate detailed consideration of the issues by the Central Advisory Council. Accordingly, an Expert Committee was appointed consisting of Sir Biren Mookerjee, Mr A. D. Shroff, Mr S. P. Jain, Prof. Radhakamal Mukerjee, Mr Asoka Mehta, Mr Khandubhai K. Desai and Mr V. B. Karnik, besides, of course, the usual representatives each of the

Ministry of Industry and Supply, Ministry of Labour, Ministry of Finance and Ministry of Commerce. Mr S. A. Venkataraman, Secretary, Ministry of Industry and Supply, acted as chairman of the Committee.

The Committee was requested to pay special attention to the following eleven points :—

- (1) How should 'capital employed in industry' be determined ?
- (2) How should depreciation and taxation be treated for the purpose of arriving at the gross profit to be allocated between capital, labour and reserves ?
- (3) What are the purposes for which provision should be made by way of reserves, and what should be the extent of such reserves ?
- (4) What should be a fair return on the capital employed in industry ? Should it be at a uniform rate for all industries or should the rate vary from industry to industry and, if so, on what principles ? If the fair return is not reached in some years, should provision be made for making it up later, and, if so, how ?

[Note :—The fair return should be such as not to discourage adequate investment.]

- (5) Should the fair return on capital employed in an industry vary with the level of taxation if the industry is (a) a joint-stock company; or (b) a private company ?
- (6) How should labour's share of the surplus profits (after making provision for a fair return on capital and reasonable reserves) be determined on a sliding scale, normally varying with production ?
- (7) Should surplus profits be shared every year or should a part be held for equalization or any other purpose such as

- provision against past or future losses ?
- (8) How should labour's share of distributable profits, as determined under (6) and (7) above, be distributed, that is, whether by each undertaking or by each industry or by industry as a whole in each region or for all industrial undertakings in the country or by a combination of these ?
 - (9) How shall Government undertakings be treated for (1) to (8) above ?
 - (10) What should be the nature of the machinery for the determination of fair return, etc. on the principles finally accepted by Government ?
 - (11) If, in the light of the considerations mentioned above, profit-sharing appears impracticable, what, if any, are the alternatives available to give effect to the principles underlying Government's declared policy ?

The Committee went to the roots of the matter. It clarified two essential points. First, it categorically declared that the Government of India's resolution on industrial policy did not envisage any limitation of either profits or dividends. Secondly, it stated that the resolution did not rule out any other method of remuneration to labour, in addition to fair wages. On this second point, the Committee averred that its terms of reference did specifically ask for a consideration of such alternatives in the event of labour's share in profits not being linked with production.

The question of linking labour's share with production was, according to the Committee, the crux of the problem, being fraught with great complications liable to make the scheme, in the ultimate analysis, worse than useless. The Committee examined the question of labour's share of surplus profits, calculated on a sliding scale, normally varying with production.

In this connexion, it referred to two ways of calculating the share in profits to be given to labour, assuming that the scale of provision for reserves and the rate of fair return on the capital employed had been pre-determined. The first was to assume that in periods of normal production in any undertaking labour's share was fixed at, say, 50 per cent of surplus profits, so that this share would increase or decrease with the quantum of production. Thus, if production increased in any one year by 20 per cent, then labour's share would be increased to 60 per cent of surplus profits; and if production fell by 20 per cent, labour's share would be reduced to 40 per cent. The second was practically the same as the first, with the only difference that the total output of the particular industry as a whole (and not of any individual undertaking) was to be taken into account for purposes of determining labour's share in profits.

After careful consideration, the Committee found that for practical purposes it was impossible to devise and apply such a sliding scale. It pointed out that profits in an industry depended on many variables besides labour, and, to that extent, they did not bear any measurable relation to what labour had done or failed to do. The productivity of labour is dependent, among other things, on the nature of the equipment and the organizational methods. Then, again, the Committee referred to the difficulties involved in measuring total production in terms of a common unit and in prescribing a norm of annual production, for the basic conditions, the final production and the production equipment vary from period to period and so do the size and composition of the labour force. These factors, the Committee pointed out, militate against the fixing of a proper basis for its purpose. Thus the Committee came to the inescapable conclusion that labour's share of the surplus profits can only be determined arbitrarily.

According to the Committee, profit-sharing must be viewed, in the final analysis, from three important

angles, namely, profit-sharing as an incentive to production, profit-sharing as a method of securing industrial peace and profit-sharing as a step in the participation of labour in management. The Committee held that it could not apply the third criterion in view of the fact that it raised political and economic issues outside its terms of reference. On the second point, the Committee was of the opinion that giving labour a share in the profits of industry, apart from wages, would create psychological conditions favourable to the restoration and maintenance of industrial peace, which is bound to augment production. On the first point, the Committee held the view that by distributing the share of labour—the total share itself being arbitrarily determined—among individuals in proportion to their total earnings in a preceding period, a measure of individual incentive to labour for increased production would be provided.

The entire problem was threshed out at expert level. After long deliberations the Committee produced a 24-page report containing lucid and definite recommendations. It expressed itself in favour of the introduction of a scheme of profit-sharing on a 50-50 basis as an experimental measure for a period of five years, in the first instance, in six well-established industries : cotton textiles, jute, steel (main producers), cement, manufacture of tyres and manufacture of cigarettes. The Committee did not plump for profit-sharing on a wide scale, considering such a course tantamount to undertaking a voyage on uncharted seas.

The Committee recommended a scheme whereby profit-sharing should normally be unitwise, but in certain selected cases, on an industry-cum-locality basis. To begin with, it wanted the industry-cum-locality basis to be tried out in the cotton textile industry in Bombay, Ahmedabad and Sholapur. Says the report : “ In these cases, the surplus profits of the units will be pooled for the purpose of ascertaining what should be the profit-sharing bonus payable

to labour in the industry in that locality. This bonus shall be payable, as a minimum, by every unit to its labour, irrespective of its profits. But in those units where half the surplus profits (i.e. the amount due to labour in that unit) exceeds the sum required to pay the minimum bonus referred to in the previous sentence, such excess shall also be paid to the workers of that unit. In all cases, however, individual cash disbursement will be limited to 25 per cent of a worker's basic wage, and any excess will be kept in his account, provident fund or otherwise. The net effect will be that labour employed in every unit in the locality will get a minimum share calculated on the basis of the total of half the surplus profits of all units in the locality which make surplus profits. The Committee recognizes that this proposal amounts to a fundamental departure from the principle of profit-sharing to the extent that it involves the payment of a minimum sum by units who have either incurred a loss or made a profit less than the average profit of the industry. Except in the case of such units, however, it would be a scheme of profit-sharing as ordinarily understood. The proposal moreover meets one of the employers' fundamental objections to profit-sharing on localitywise basis, inasmuch as it does not involve efficient units subsidizing workers of inefficient units."¹

Thus the Committee recommended the mean between what is desirable and what is practicable in the present circumstances in Indian industry. It wisely refused to allow its deliberations to be unduly influenced by the bogey of precedents and examples, though it was not unaware (as the report shows) that profit-sharing had been introduced by statute in Venezuela, Mexico, Palestine and New Zealand.

The Committee then proceeded to consider the various specific points on which decisions were required in order to formulate an experimental profit-sharing scheme in the selected industries.

1. *Vide Report of the Committee on Profit-Sharing*, p. 11.

First, the Committee examined 'capital employed in industry' in the light of the Government resolution on industrial policy. It examined five formulæ in this respect. They are :

- (1) Capital employed as computed for assessing E.P.T.
- (2) Present value of plant and fixed assets *plus* present value of stock-in-trade and stores *plus* that amount of cash in hand and borrowings which is necessary for the conduct of the undertaking.
- (3) Market value of shares.
- (4) Paid-up capital *plus* half the reserves.
- (5) Paid-up capital *plus* reserves.

After considering the merits of these five formulæ, the Committee came to the conclusion that paid-up capital *plus* reserves is the nearest practicable approximation to the capital employed in industry. This formula alone satisfies the two criteria which were laid down for testing purposes. First, it represents the actual capital employed in the business. Secondly, it is comprehensible to all and easily calculable.

The Committee considered that depreciation should be the first charge on gross profits. It stated : "Many of us are of the opinion that the rates of depreciation allowed for income-tax purposes are insufficient, and that revised rates, more in conformity with what is required under present conditions, should be adopted. We, therefore, recommend that the Government should give separate consideration to this matter. In the mean time, we think that, for purposes of computing surplus profits, depreciation should be allowed as for income-tax purposes, and that allocation of this amount to a depreciation fund should be made compulsory."²

The Committee further laid down that the first charge on net profits should be a compulsory allocation of 10 per cent to reserves. Then, after allowing 6 per cent as a fair return on paid-up capital *plus*

all reserves held for the purpose of the business, the surplus profits should be divided equally between labour and capital. It also recommended that if an individual worker's share exceeds 25 per cent of his basic wages, cash payment should only be made to the tune of 25 per cent, the excess being held on his account either in his provident fund or otherwise. The restriction of cash payments to 25 per cent of the worker's basic wages would appear to be a step in the right direction, and the Committee deserves to be congratulated on having exhibited constructive wisdom of the highest order.

It is a matter for gratification that the main body of the report contains agreed recommendations of the Committee, though it does include an additional note by Mr A. D. Shroff and five notes of dissent by Mr S. P. Jain, Prof. Radhakamal Mukerjee, Mr Asoka Mehta, Mr Khandubhai K. Desai and Mr V. B. Karnik. The contents of these notes of dissent vary from a proposal for an increase in the reserve allocation to 25 per cent and for the allocation of a smaller share of the surplus to labour to suggestions that the 'fair return' should be made on only half the reserves, and that the 'premium on new shares' be included in the definition of 'capital employed in industry'. There are other vital differences too, for example, on issues like regional profit-sharing and the practicability of a production bonus.

Among the notes of dissent to which particular attention may be drawn are those by Mr A. D. Shroff, Mr S. P. Jain and Prof. Radhakamal Mukerjee.

Mr A. D. Shroff, in his additional note, points out that in the case of companies which make fresh issues of capital several times, new capital is issued at premium and such premium received by the company is shown as a separate reserve called 'premium on new shares'. The very fact that this money is actually received by the concern proves that it must form part of capital *plus* reserves. This additional money is as much part of the capital as the actual face value

of the share capital. It may be recalled here that reserves, according to the Committee, include only those built out of profits on which taxes have been paid. Therefore, such additional money is excluded by the Committee in the formula adopted as representing capital employed in the business. Most people will be in entire agreement with Mr A. D. Shroff that the Committee has erred in unnecessarily narrowing down the definition of 'capital employed in industry' by excluding from its scope this form of additional money received by the business.

Mr S. P. Jain in his note of dissent has only condemned the suggested experiment—the compromise formula—as unworkable. He expresses surprise that, notwithstanding the impracticability of devising a system in which labour's share of profit can be determined on a sliding scale normally varying with production, the report makes no reference to the suggestion for a production bonus, which would fully realize the objectives underlying Government's policy without creating complications.

Prof. Radhakamal Mukerjee, the noted economist whose expert services the Government were able to secure, has condemned the proposed experiment, and suggested, instead, a formula for profit-sharing correlated to output which he considers not only practicable but also imperative in the present grave crisis arising out of the diminution of industrial production in the country. His formula for the determination of the workers' share in the divisible profits lays down that $12\frac{1}{2}$ per cent of such profits may be regarded as the basic minimum to be distributed to the workers of an industrial establishment on the basis of the principle of social justice. Further, the workers' share of the profits should range from $12\frac{1}{2}$ to 50 per cent in accordance with production. For every increase of *per capita* output over the standard output by one per cent, the additional divisible profit to the workers should be two per cent, subject to the proviso that the workers' share shall not exceed 50

per cent of the total divisible pool. The norm will have to be determined for each factory individually, 1943, 1944 and 1945 being reckoned as the base years. In the case of factories which came into existence after 1943, however, the norm shall be the same as of the representative units in each industry. According to this eminent authority, the cash distribution in any particular year should not exceed 25 per cent of the whole, and the balance should be distributed in the form of bonus shares, which, while they shall not form part of the capital, shall in every other way confer the same rights as ordinary shares. He has, in his note of dissent, very ably demonstrated how these bonus shares will enable the labour force to acquire a stable, continuing and expanding stake in the industrial establishment. His formula amply ensures fulfilment of the ends for which a sliding scale was devised, not the least of its merits being that it serves to relate wages to cost of living and to combat inflation. Besides, it is calculated to pave the way towards the realization of industrial democracy and the building up of a pattern of socialism suited to the Indian social tradition.

Prof. Mukerjee's remarks call for the most careful consideration. He has suggested that bonus shares, though they do not form part of capital, should in every other way confer the same rights as ordinary shares.³ He appears to believe that the employees—let us call them employee-shareholders—will align themselves alongside other shareholders and acquire the same rights and duties as the latter. He has, however, not stated fully and clearly what his conception of bonus shares is. The employee-shareholder must not be allowed the same freedom to dispose of his holdings as the ordinary shareholder. One is inclined to believe that the learned professor holds the same view, as his passing remark that such bonus shares would not form part of capital seems to suggest. It may be added, however, that it would

3. *Ibid.*, p. 16.

be advantageous to allow employees to encash such bonus shares for certain specified purposes. Though Prof. Mukerjee has not filled in these essential details of the picture, the issues merit serious consideration. If housing is given top priority among the specified purposes for which bonus shares are encashable in an agreed way, not only will the problem of industrial housing be solved without the least difficulty, but the ownership of such housing will ultimately lie with the workers. All this, of course, requires careful planning; and suitable machinery, in the shape of a corporation, for example, may have to be set up to work the scheme. These details, however, are outside the scope of the present work.

In the opinion of the Committee, reserves are the first charge on net profits; but it is not clear whether allocations to reserves are to be deducted from the net profit for the purpose of arriving at the surplus profit. According to the Committee, 10 per cent of the net profits shall be deducted for allocation to reserves as a compulsory measure; any amount over 10 per cent but not exceeding 20 per cent may be set aside by the management out of their own share of the surplus profit. The Committee left the extent of such extra allocation to the good sense of the management. Further, the decision on the question of treating bonus as an item of expenditure for taxation purposes has been left to Government. It must be borne in mind that the workers' share in the surplus profit will be reduced if bonus is subjected to taxation. It is not clear too, whether for purposes of computing the fair return on capital, finance obtained through borrowings will be taken into account. If that is not done, certain concerns, particularly in Ahmedabad, will be adversely affected.

The Committee should have put a fair wage as the first charge on profits. Prof. James A. Bowie rightly observes: "Profit-sharing can never be a substitute for good wages, or healthy conditions, or shorter hours, or a share in the control of industry.

The aspirations of labour are to reduce or regulate profit rather than to share it. It aspires to introduce democracy into industry, to stabilize wages and employment, to gain freedom and to consolidate its power through its trade unions. Cash profit-sharing by itself militates against them all. It makes the worker more dependent on his employer—the *direct* labour charges are often not 35 per cent of the total cost of the product, and in consequence 65 per cent of the cost, the selling price, and the profit is determined by the work of others. Thus, labour has simply to accept the statement of its employer that the profit was so much, and this much to the extent of 65 per cent was beyond the control of labour. It depended on the firm's shareholders, the directors, the general manager, the secretary, the works managers, the departmental managers, the superintendents, the foremen, the charge hands, the buyers, sellers, travellers, and agents, and on the general fluctuations of trade which are beyond control. Thus labour becomes dependent for its total returns on its superiors and we are further than ever from a state of industrial democracy. This criticism rightly conceived does not mean that all profit-sharing schemes are futile, but only that no employer need hope to cure the disease of industrial discontent by the introduction of a profit-sharing scheme. Industrial unrest is not merely a question of wages; it is probably more a question of status and control, and extra remuneration in whatever form is not a fit cure for the trouble."⁴

In fact, a fair wage to labour must be the first charge upon industry, whether it makes a profit or not. Two labour leaders, Mr Khandubhai K. Desai and Mr V. B. Karnik, have very strongly stressed this view. The Committee itself admits its justice in clause (b) of paragraph 7.⁵ But its terms of reference precluded it from examining this aspect of the problem; as the report states, it was understood that separate

4. James A. Bowie: *Sharing Profits with Employees*, pp. 55-6.

5. *Vide* Report of the Committee on Profit-Sharing, p. 4.

machinery was being established to decide and enforce fair wages. One cannot help feeling, however, that the Committee blundered badly in laying down in that particular paragraph that the prevailing wages may be assumed to be the equivalent of fair wages for the purposes of the Committee. It would have been better to adopt a non-committal attitude on this point. It is the duty of the Government to give serious consideration to the problem of fair wages at the highest level, and having arrived at definite conclusions, to ensure their widespread acceptance.

It may be asserted without fear of contradiction that a reduction in the prices of commodities is of far greater value to everyone concerned than the payment of more rupees which buy less and less.

The tendency of labour is blindly to demand a larger slice of the cake without doing anything to increase the size of the particular cake. It is extremely difficult to impress upon the worker the fact that the cost of the commodities he has to buy is influenced by what he himself produces. It is probably not his fault that the worker in a particular factory fails to understand the relationship between the effort he puts into his job and the prices of the things he himself buys ; but unfortunately the leaders to whom he looks for guidance omit, either through ignorance or intention, to make the relevant facts abundantly clear. It is surprising that neither Mr Khandubhai K. Desai nor Mr V. B. Karnik should have touched on this point in their notes of dissent. One fervently hopes that our labour leaders will realize the paramount importance of increasing production in order to enable labour to obtain a larger share of the benefits accruing and thus help create a prosperous India.

It would not be out of place to refer here to certain recent pronouncements of the Indian National Trade Union Congress, which is destined to play an important part in shaping the future of Indian labour and which is bound to influence the policies of the Central Advisory Board. Certain hasty suggestions made by

this body are not only contradictory, but also injurious, in the present context, to the best interests of the country. Suggestions, for instance, that there should be a national minimum wage of Rs. 100 a month and that no return of more than three per cent on capital *plus* reserves should be allowed while a 'living wage' is not being paid are contradictory; besides, they are pernicious to the true interests of the country. The leaders of the Indian National Trade Union Congress should exercise a certain degree of self-restraint, and so guide labour as to promote India's industrial prosperity.

Certain critical observers have expressed the opinion that the profit-sharing scheme, though admirable on paper, suffers from the defect that it is at the same time too revolutionary and too conservative. The Committee laid down that the scheme must be viewed, in the final analysis, from three important angles, namely, as an incentive to production, as a method of securing industrial peace and as a step in the participation of labour in management. Among these, the second, in respect of fostering industrial peace, was, in the eyes of the Committee, the most important. That is why the Committee provided that the benefits of profit-sharing in any year should be withheld, wholly or in part, from workers or sections of workers who, during that year, had participated in a strike declared illegal by competent authority. Similarly, if there had been an illegal lock-out, 'surplus profits' should be computed for the purpose of profit-sharing as if there had been no such lock-out. This implies pains and penalties for those who resort to such practices. If the working class is prepared to support the scheme, the scheme is bound to succeed and no doubt will. If, however, the working class is not prepared to renounce the weapon of the strike, even temporarily, the scheme will not work and the law which endeavours to enforce it will be brought into contempt. As regards the first criterion, that is, incentive to production, that will have been

achieved provided adequate wages are granted to labour and provided also that labour leaders instruct the working class in the need for increasing production in the interests of both their own welfare and the welfare of the country. That is a process in education. The third criterion, in respect of participation of labour in management, which, unhappily, was outside the terms of reference of the Committee, presents an issue of vital importance. It may be pointed out that Mr Asoka Mehta, in his note of dissent, regretted that its terms of reference precluded the Committee from examining the scheme from this angle. "That aspect of profit-sharing," he says, "rich with possibilities for improved production and better social order, has remained untapped."⁶

There are great potentialities, coupled with grave complications, inherent in any profit-sharing scheme. It supplements and is supplemented by adequate wage-fixing machinery, but the two processes, profit-sharing and wage-fixing, must be kept separate and distinct. The scheme of profit-sharing, which is designed to produce a new atmosphere in industry, calls, however, for great integrity on the part of both employers and employees lest it lead to an unholy alliance for the exploitation of the voiceless consumer in these days of acute scarcity of goods and commodities. It is important for labour and capital to develop a sense of common interest and of their responsibility to the consumer, upon whose continued goodwill the future of the enterprise ultimately depends. The scheme, when it sees the light of the day, will be judged finally on the effects it has on industrial production and the price structure of goods and commodities.

Commerce, in its issues of June 5, 1948, and October 2, 1948, called the experiment in profit-sharing a wild-goose chase. The *Eastern Economist*, in a recent issue, analysed the effects of profit-sharing in the case of six companies and arrived at the

6. *Ibid*, p. 18.

conclusion that the picture was not rosy.⁷ There would be either a negligible or an inadequate share left for labour after making the various allocations and appropriations provided for in the report, the journal declared. Other journals too have expressed very much similar views. Many individuals have quoted the examples of the Tata Iron and Steel Company and the Associated Cement Companies and have proved statistically that under the scheme of profit-sharing, the above two companies would be required to pay much less than what they have paid on their own initiative during 1947-48.

It is not our purpose to go into such statistical details. Suffice it to say that the scheme of profit-sharing should not be considered from the point of monetary award alone. It has far wider implications. It is a matter of the spirit and is a question of human dignity. It satisfies one of the basic rights of the workers. It paves the way to industrial democracy. It is something that will persuade labour willingly to put its shoulder to the wheel of industry.

The success of profit-sharing should not be measured by the level of profits accruing to labour, but by the quality of service that is offered to the community and the extent to which industrial employment is stabilized.

The scheme of profit-sharing recommended by the Committee aims at fostering and consolidating cordial relations between capital and labour in the present fabric of industry. It may truly be reckoned as a step forward in our journey towards economic sanity without doing violence to the existing industrial structure of the country.

The Government of India have set up a tripartite Central Advisory Council, with Mr Jagjivan Ram, Minister of Labour, as chairman, with a view to ensuring the fullest co-operation between capital and labour and the maintenance of stable and friendly relations between them. The main functions of this

7. *Vide Eastern Economist*, July 16, 1948, pp. 106-7.

body are to advise Government on the principles to be followed for the determination of fair wages to labour, fair return on capital employed in industry, reasonable reserves for the maintenance and expansion of undertakings, and labour's share of the surplus profits.

The Central Advisory Council may resolve itself into several committees, one for each major industry. These committees may, in turn, be split up into sub-committees to deal with specific questions such as production, industrial relations, wage fixation and distribution of profits.

The Advisory Council is expected to consider the main problem of profit-sharing at the highest level and make recommendations to Government. The Council's deliberations, it may be assumed, will take the report of the Committee of Experts as the starting point, though the scheme embodied in the main body of the report is not likely to be regarded as final and sacrosanct. Due weight will, of course, be given to the various dissenting notes, more particularly to that of Prof. Radhakamal Mukerjee. It is a heavy responsibility that rests on the shoulders of the Council and a responsibility that needs to be discharged in the most dispassionate manner. If the Council's labours are inspired by a lofty idealism and a spirit of service, the profit-sharing scheme that will emerge must needs be productive of the highest good both to capital and labour and contribute immeasurably towards the true prosperity of our country.

Note :—I have devised a scheme on "Profit-Sharing" which determines labour's share of the surplus profits on a sliding scale normally varying with production. It gives adequate incentive to industrial production, besides being conducive to securing industrial peace. The scheme is intended to be applied in the first instance to all industries other than the following six: cotton textiles, jute, steel (main producers), cement, manufacture of tyres and

manufacture of cigarettes. It could be given a fair trial side by side with the scheme recommended by the Committee on Profit-Sharing for a period of five years and, thereafter, the results reckoned and suitable adjustments made in the light of experience gained to make it applicable to all industries without exception.

Now, if for any industrial concern,

C = capital (paid-up capital *plus* reserves);

W = average total wages earned by labour per annum on the basis of the present wage structure, excluding dearness allowance;

(*Note* :— If it is decided to take the production of base years, say, 1943, 1944 and 1945 as the basis for calculation of wages, the total wages per annum should be adjusted for present wage rate and also adjustment made for loss of wages for days lost on account of strikes and lock-outs which would otherwise be working days.)

W' = total wages, excluding dearness allowance, during any particular year under consideration

= $\sum w'$, where w' = earnings of an individual worker, excluding dearness allowance, during the year under consideration;

P = the surplus profit to be distributed between capital and labour after making agreed allowances for reserves, depreciation, statutory payment of income-tax, and payment of the declared dividend within a definable limit of 6 per cent, etc.; then,

C is the actual contribution by capital towards production, and

W is the actual (average) contribution by labour towards production, since the wages earned by labour can be taken to be proportionate to production.

Now, if it is decided that the surplus profit should be distributed between capital and labour on an equitable basis, according to the contribution made by each towards production, it will be necessary to give some weightage to labour's contribution so as to make it at par with that of capital. This can be done by taking labour's contribution in the particular year under consideration to be $C \times \frac{W'}{\bar{W}}$ which will link it equitably both to the contribution of capital and to labour's own contribution towards production in that particular year.

The weightage given to labour's contribution will therefore be $\frac{C}{\bar{W}}$.

As the share of labour out of surplus profit is to be proportionate to its contribution to production and since the total contribution by labour during the year [when the total earnings by labour = W' ($= \sum w'$)] has been taken as $\frac{C}{\bar{W}} \times W'$, this contribution will be equal to C when $W' = W$, i.e., when wages do not go down in comparison with the average basic wage. The contribution by an individual worker will be $\frac{C}{\bar{W}} \times w'$ in that year.

Now, since P is the surplus profit to be distributed between capital and labour, and

C is the contribution by capital, its share of surplus profit will be proportionate to C ;

$\frac{C}{\bar{W}} \times W'$ is the contribution by labour, and its share will be proportionate to $\frac{C}{\bar{W}} \times W'$.

If K = capital's share out of the surplus profit and L = labour's share of the surplus profit,

$$\text{then, } K = \frac{P}{C + \frac{C}{\bar{W}} \times W'} \times C = \frac{P}{1 + \frac{W'}{\bar{W}}} = \frac{PW}{W + \bar{W}}$$

$$L = \frac{P}{C + \frac{C}{W} \times W'} \times \frac{C}{W} \times W' = \frac{P}{1 + \frac{W'}{W}} \times \frac{W'}{W} = \frac{PW'}{W+W'}$$

which will be equal to $P/2$ when $W' = W$.

If $W' < W$, then $L < P/2$,

and if $W' > W$, then $L > P/2$.

The share out of surplus profit of any individual worker whose basic earnings during the year under consideration are w' , will be

$$\frac{P}{C + \frac{C}{W} \times W'} \times \frac{C}{W} \times w' = \frac{P w'}{W+W'}$$

By the application of the above formulæ, labour's share of the surplus profits is linked with production which is reflected in its earnings. This should, therefore, offer an adequate incentive to production, besides being conducive to industrial peace.

It may be added that the weightage given to the labour's contribution may, however, be taken as constant so long as the number of workers in the industrial concern does not fluctuate significantly and so long as the wage structure remains unchanged. Suitable adjustments may, however, be made whenever such changes occur.

It may be pointed out in this connexion that the above working formulæ may be conveniently applied to any or all industries either unitwise, regionwise or industrywise. The definitions of the various terms used are taken to be the same as given in the Report of the Committee on Profit-Sharing. These working formulæ are easily comprehensible, besides being scientific in their application, and should not give rise to any major disputes in their application. It would not be out of place to mention that cash disbursement should only be to the tune of 25 per cent of the worker's basic wages and the remaining portion of the workers' share in surplus profits should go to provident fund and other specified purposes, among which, as already pointed out, the problem of industrial housing needs to be tackled most vigorously.

APPENDIX A

LABOUR POLICY IN TEXTILE MILLS

It is impossible to formulate a scientific labour policy for textile mills without taking into consideration general economic conditions in the country, for the appallingly low income of the average industrial worker is essentially part and parcel of the deep and widespread poverty of the Indian masses. The Report of the Royal Commission on Labour, published in 1931, gave ample food for thought to the Central and Provincial Governments, and this resulted in the formulation of judicious labour policies in the context of the general economic life of India. An enlightened labour policy should cover the entire labour front and must ensure to every worker a reasonable standard of decent civilized existence, good working conditions and social security. These three should form the common denominator of labour policy in all Indian industries, and should be laid down in conformity with international standards.

Textile mills should formulate their labour policies in collaboration with the Central and Provincial Governments and trade unions, and should be motivated by one guiding principle, namely, that all measures should guarantee the conditions necessary for stable employment. The problem of employment should not be viewed as a "residual problem", only to be tackled after all other problems have been successfully dealt with, but should be regarded as the "determining factor" in the formulation of policies and settlement of problems.

Jobbers in textile mills wield great power in the matter of the recruitment and subsequent dismissal or discharge of workers, though there is a tendency among certain journalists and economists to exaggerate the real state of affairs. The Royal Commission on Labour observed: "The jobber, who is known under different names such as *sardar*, *mukadam*, or *maistry*, is almost ubiquitous in the Indian factory system and usually combines in one person a formidable series of functions." Corruption and favouritism are rampant in Indian factories and are evils that call for immediate remedy. The Textile Labour Association, Ahmedabad in their reply to the questionnaire issued by the Textile Labour Enquiry Committee, commented: "Under the present system, the power of recruitment, dismissal and promotion has been left in practice entirely in the hands of head jobbers and *mukadams* whose calibre, status, education and competency for such a responsible task cannot be considered adequate for the purpose. It would not be out of place to state here in this connexion that, whereas hundreds of efficient and competent workers are roaming about in the city for want of employment, a large number of fresh and incompetent workers are seen working in the mills on jobs for which they have no qualifications except their willingness to pay the jobbers a price

for obtaining employment. The eagerness of the jobber to make money in this way is no less responsible for 'unjust dismissals, resulting in a very large turnover.' Since then, labour conditions have changed substantially as the result of the establishment of the Industrial Court at Bombay and the institution of the *Badli* Control system. Also responsible for the change are the peculiar conditions created in the labour market by World War II. In the context of changed labour conditions, it has now become imperative to examine the position of jobbers in the textile industry and find out ways and means of tackling the problem vigorously and scientifically.

It is an undisputed fact that all classes and categories of work in textile mills above the jobber's post are now completely closed to the ranks of Indian workmen. This circumstance has contributed substantially to engender in the jobber, who has no prospects of higher promotion, the temptation to abuse his position. In the opinion of the writer, there would be a great improvement if the jobber's function as *de facto* recruiter were relegated to the background and in view of his skill and experience, he could be promoted to the post of supervisor or assistant in the department. The present gulf between labour and supervisory staff in textile mills has got to be bridged in order to reduce manufacturing costs and to prevent friction between labour and management. The reform is essential for the creation of ideal conditions for increasing the vigour and efficiency of the Indian textile industry.

It has already been suggested that improvement of the economic position of the jobber is essential for the elimination of malpractices. But a jobber's promotion to the post of supervisor or assistant in the department is not a simple business. Such promotion presupposes vocational training, industrial education and an apprenticeship scheme.

In Japan, the textile industry suffered heavily owing to the corruption of the jobber (*oya bun*) who deducted nine to fifteen per cent from the wages earned by workers under him. To root out this evil, Labour Exchanges were instituted with headquarters at Tokyo, and these exchanges were assisted by Advisory Committees, on which were represented both labour and management.

It is gratifying that the Government of Bombay are contemplating a complete decasualization of textile labour under a tripartite agreement between the Government, employers and workers. The principal objects of the scheme, known as the Textile Workers' Decasualization Scheme, are: rationalization of the recruitment system in the industry; increasing efficiency and productivity by reducing the labour turnover; reducing the waiting period of unemployed textile workers; elimination of corruption and favouritism in the recruitment of workers; encouraging the systematic training of workers with a view to ensuring a steady supply of efficient workers.

The following are certain issues that arise in respect of this scheme :

1. What is the position of the present Government Employment Exchange *vis-a-vis* the new Employment Exchange ?
2. What is the connotation of 'rationalization' in labour recruitment ?
3. How shall the proper training period for a trainee be determined ?
4. In the absence of a proper procedure for determining the period of training, is it justifiable to impose a condition that labour staff should be recruited exclusively from such *badlis* as are covered by the scheme ?
5. The manager (or employment officer) should be assisted by a statistician, who should be made responsible for the computation and tabulation of *badli* results, and the Advisory Committee should be informed about the working of the scheme and asked to improve upon the existing system, wherever necessary.
6. The period of one year for every member of the Advisory Committee is too short. It should be at least three years.
7. How shall the Allocating Authority determine the wage-bill and distribute the cost of administering the scheme among individual textile mills ?
8. Both the Millowners' Association and the Labour Association should be requested to launch vigorous propaganda for about six months before the implementation of the scheme.
9. The State must finance the Labour Exchange.
10. Jobbers are undoubtedly responsible for the high incidence of labour turnover but this also depends on :
 - (i) rates of wages ;
 - (ii) terms of service ;
 - (iii) treatment of labour ;
 - (iv) prospects of promotion ;
 - (v) facilities for leave and holidays ;
 - (vi) housing conditions—both factory and town.

Absenteeism, like heavy labour turnover, is a special characteristic of textile mills. Labour turnover has to be distinguished from absenteeism : the former measures the *change* of labour personnel in a factory ; the latter measures the *extent* to which the workers fail to attend to their regular work in a factory. Absenteeism means more work for supervisors in respect of labour, resulting in niggardliness in respect of the maintenance of machinery in good working order, more damaged cloth, less efficiency, more consumption of stores, more wastage of raw materials, greater frequency and severity of industrial hazards and accidents, more

work in the labour office as well as the time-keeper's and paymaster's offices, and more complications in the maintenance of factory records such as S Form records for ten days' leave with pay in a year and service cards. The main causes of absenteeism are a faulty system of dearness allowance, inconvenient shifts, transport difficulties, bad working conditions, fatigue, boredom, defective supervision, inadequate welfare measures, bad housing and the agricultural background of many workers which forces them to spend several weeks for seasonal agricultural operations, marriages and festivals. But with the introduction of the 48-hour week in August, 1946, absenteeism has, despite unprecedented labour unrest, been on the decline. Since no standard procedure has been established either for collecting relevant statistics or for computing absenteeism rates, it is very difficult to compare and correlate the results of studies in various units of the textile industry. The total number of workers (with categories) and the total working hours lost, shift-wise, or day-wise should, however, be set down; and an analysis of these statistics, on the basis of department, age, sex, length of service and wages, will suggest a working hypothesis for formulating a judicious labour policy to reduce absenteeism. There is no magic wand to produce results overnight. It is a problem that may take several years to solve, and a lot of research may be necessary before we achieve success.

Wage policy is a kindred subject. National wage regulation and standardization should begin with the textile industry, for it employs the largest number of persons. Prof. D. R. Gadgil, in his *Regulation of Wages and other Problems of Industrial Labour in India*, observes: "The essential difference between minimum wages and standardized wages is that while under minimum wage regulation it is open to an employer to vary the wage in an upward direction, the standard wage rate cannot be varied in either direction." But in view of the present circumstances and the successful working of the standardization scheme in the textile industry in Ahmedabad, it can be safely laid down that wage standardization is more sound from the practical standpoint than wage regulation, as it brings about a measure of fixity in all wage payments and thereby effects stabilization in textile labour. In every scheme of standardization, a minimum occupational wage has got to be fixed, and Bombay has taken the lead in this respect through an award by the Industrial Court laying down that all the cotton textile mills in Bombay and Greater Bombay should pay their employees in accordance with the newly introduced standardized uniform wages with effect from 1st January, 1947, the balances outstanding as the result of adjustment to be paid in one or two instalments within a period of four months from the date of the award.

By another award the Industrial Court has framed a scheme of standardization of wages, etc. in the cotton textile industry of

Ahmedabad. The Court has directed all cotton textile mills in Ahmedabad to pay their employees (other than contractors' employees) from 1st July, 1947, wages in accordance with the standardized list of wages and rates appended to the body of the award, the outstanding balance after the adjustment being payable in one or two instalments within a period of four months from the date of the award.

Again, the Provincial Government, on 24th December, 1946, referred to the Industrial Court the disputes between the five cotton textile mills of Sholapur and their employees on standardization of wages, etc. On 20th August, 1948, the court directed the mills to pay their employees wages in accordance with the standardized list of wages and rates in the appended list, the additional dues under the award to be payable in not more than three instalments by 31st December, 1948, or by January 20, 1949, at the latest.

An award by the Industrial Tribunal appointed by the Government of West Bengal to adjudicate the dispute between the employers and workers of the thirty-six cotton mills of West Bengal also deserves special mention. The award has, for the first time in the Indian Union, linked wages to production. The Tribunal based its calculations on a comparative study of the average production of cloth in the mills of West Bengal and in Bombay, and the minimum wages paid by the Bombay mills. The Tribunal's objective was to ensure that there was not much disparity in the costs of production of similar articles in Bombay and West Bengal. The Tribunal found that, compared with the Bombay mills, most of the mills in West Bengal were small uneconomic units, and that the ratio of expenses was heavier in Bengal. (In the opinion of the author, overhead expenses in Ahmedabad are much lower than those in Bombay.) The production per man in Bengal works out at 1,835 lb. against 3,352 lb. in Bombay City and Island. Giving a start of 400 points to the unskilled worker in a mill in West Bengal, the present wages of such a worker have been fixed by the Tribunal at Rs. 20-2-5, at a cost of living index of 105, against Rs. 30 in Bombay. These basic wages will fluctuate in terms of the production of the worker. Quarterly examinations shall be held in each mill, and if the production is found to have increased or decreased, wages shall be correspondingly increased or decreased up to a maximum of Rs. 30 and a minimum of Rs. 16-9-1. Further, there is a provision in the award that skilled and semi-skilled workers shall be given additional payments on the basis of the nature of their work and the amount of skill involved therein. This additional payment is termed 'differential' in the award. The Tribunal seems to have been motivated by the basic idea of stepping up production; but it is doubtful whether the scheme will work. Nevertheless, it is full of momentous potentialities and its working will be watched with great interest.

Dearnness allowance has not been linked up with wages scientifically with the result that Productivity per Man Hour (PMH) has in recent years gone down in all categories of time-rate workers. Under the piece-rate system, the wages of workers are linked up with actual production, and it has been found by experience that it is an incentive to greater efficiency and productivity. The principal categories in the textile industry under the piece-rate system are frame-section tenters in the spinning department and weavers in the weaving department and in these occupations labour efficiency has not been much impaired by the unscientific system of reckoning dearness allowance. At the time when the Industrial Court gave its award on the method of payment of dearness allowance, no economist, business man, politician or labour leader expected that the cost of living would rise to about 250 per cent over the pre-war level, with the result that dearness allowance would be as high as Rs. 77 per month, to neutralize the rise to the extent of 96 per cent. On the 27th July, 1943, the Mill-owners' Association of Ahmedabad filed a petition in the Industrial Court praying for a reduction in the quantum of dearness allowance, contending that a downward revision was called for, in view of three factors operating to depress conditions in the industry, namely, 10.89 per cent of the looms being utilized for manufacturing cloth for Defence purposes; 45.11 per cent of the looms for manufacturing standard cloth; and only 44 per cent for satisfying the general requirements of the public. But the Court rejected the petition on the ground that the conditions then obtaining did not justify any reduction in the scales of dearness allowance.

Since then, conditions have changed. By an award of the Industrial Court for the Ahmedabad cotton textile industry given in 1945, dearness allowance was sanctioned to neutralize rise of cost of living to the extent of 76 per cent only instead of 96 per cent. It may be pointed out in this connexion that on 20th February, 1948, the Industrial Court through another award changed the old basis of calculating dearness allowance in the Bombay cotton textile industry. The Court laid down that dearness allowance should be calculated on the minimum wage and that the rise in the cost of living should be neutralized as far as practicable so far as the minimum was concerned. This limit in Bombay was fixed at 90 per cent. In effect the rate of dearness allowance in the Bombay cotton textile centre was changed from 1.75 pies to 1.9 pies per day for a rise of each point in the cost of living. Again, the Industrial Court gave another award on dearness allowance for the Ahmedabad cotton textile industry on 27th April, 1948, which laid down that the rise in the cost of living over pre-war level of 73 in the case of an employee earning Rs. 28/- (Rs. 28-0-6 according to the Assessor's report) for a month of 26 working days should be neutralized to the extent of 100 per cent and that the dearness allowance worked out on the above formula should be paid to all

employees earning up to Rs. 150/- per month with effect from 1st July, 1947, and for those earning more than Rs. 150/- per month it was left to the good sense of the Ahmedabad Millowners' Association. On arithmetical calculation it is found that the rate comes to 2.84 pias per day for a rise of each point in the cost of living index number over the pre-war figure.

It is difficult to assess the actual effect of dearness allowance on production, because during the last ten years, due to the introduction of new varieties of cloth, there are very few common varieties to serve as a basis of comparison. Without going deep into the technicalities of the matter, however, it can be laid down without fear of contradiction that dearness allowance should be linked up in some manner with the actual wages earned. That will create certain complications, it is true; but simplicity is not the sole criterion. In fact, simplicity has got to be sacrificed in the drive to augment productivity and labour efficiency. We may expect the Court to introduce rationalization in the methods of paying dearness allowance. That would promote efficiency in the textile industry at a period when it has to prepare to face world competition of the post-war era.

Mr I. G. Kennedy, the outgoing Chairman of the Indian Jute Mills Association, remarked at its annual general meeting in February, 1947: "All over the world today, there is prevalent the idea that it is possible to receive higher pay for less work and shorter hours, and I am afraid that this myth will soon be exploded, for it is perfectly obvious that wage levels inevitably become static unless productivity per worker increases. I urge the industry, in all earnestness, to concentrate upon securing higher efficiency of labour, for I believe this to be the most important issue which faces us today."

Social insurance is a vital part of labour policy, and, with the submission of the Report on Health Insurance by Prof. B. P. Adarkar, it has entered the sphere of practical politics. A social security programme should aim at the reduction and elimination of poverty among the masses. Before any social security scheme is implemented, the disparity between the earnings of agricultural, industrial and non-industrial labour should be minimized. As the burden of any such scheme will ultimately fall on the consumers, who are predominantly agriculturists, it should be formulated only after careful deliberation.*

Legislation should be framed on an all-India basis and should be applicable to all industries and occupations. It is equally necessary to see that similar legislation is enacted in the Indian States too.

* A Health Insurance Scheme has been introduced by the Employees' State Insurance Act, 1948. For fuller details see Chapter VII on "Planning of Social Insurance".

APPENDIX B

AN EXPLANATORY NOTE ON THE INDUSTRIAL DISPUTES ACT, 1947

The purpose of this 'Explanatory Note' is to state briefly the salient features of the Act for ready reference.

The Industrial Disputes Act, which came into force on 1st April, 1947, extends to the whole of India. The phrase 'appropriate Government' used in the Act in relation to any dispute in respect of any industry, Federal Railway Authority, mine, oilfield, or major port applies to the Central or Provincial Government concerned. Further, 'Industrial dispute' is defined as any dispute or difference connected with the terms of service and conditions of employment "of any person whatsoever". The Act also defines 'lock-out' as the closing of a place of employment, or suspension of work, or the refusal by an employer to continue to employ any number of persons employed by him. 'Strike' is defined as cessation of work by a body of persons employed in any industry acting in combination, or a concerted refusal, under a common understanding, of any number of persons who are or have been so employed to continue to work or to accept employment. Clerks and apprentices are also covered by the term 'workman'. The institution of Works Committees, consisting of representatives of employers and workmen, in every establishment employing a hundred or more workers, is a novel innovation. The total number of members of such a Committee shall not be more than twenty, and the number of workmen's representatives shall not be less than that of the employers' representatives. The Committee shall have a Chairman, a Vice-Chairman and two Secretaries. The Chairman shall be nominated by the employer from among his own representatives on the Committee; whereas the Vice-Chairman shall be elected by the Committee from among the workmen's representatives. Further, the two joint Secretaries, one from among the employer's representatives and the other from among the workmen's representatives, shall be elected. A member chosen to fill a casual vacancy shall serve for the unexpired portion of his predecessors' term of office. The Committee shall have the right to co-opt, in a consultative capacity, persons employed in the establishment who possess an intimate knowledge of the matter under discussion; but such co-opted members shall not be entitled to vote, and shall be present only for the specified period of the meeting during which the particular question on which their opinion is sought is before the Committee. The Committee must meet at least once a month, either during or outside office hours, and the employer shall provide the necessary facilities to the Committee for meetings, etc. It should also be noted that the term of office of a workmen's representative on the Committee other than a member chosen to fill

a casual vacancy shall be six years ; but on the first constitution of the Committee the term of office of such members shall be limited to two years or four, in order to ensure that as early as possible thereafter a third of the workmen's representatives shall retire every second year. The members whose term of office shall so terminate shall be decided by a special ballot. The Works Committee is designed to remove causes of friction between capital and labour, in so far as they affect the day-to-day working of a particular establishment. It will be seen that it provides democratic machinery for settling most of the outstanding differences between capital and labour. Further, there are 'Conciliation Officers' charged with the duty of mediating in, and promoting the settlement of, industrial disputes. A Board of Conciliation may also be constituted. The Act embodies provisions for the institution of a Court of Inquiry to examine any matter that seems to be connected with, or is relevant to, an industrial dispute. Then there is the provision for the constitution of Industrial Tribunals for the adjudication of industrial disputes ; these are to consist of such number of members as the appropriate Government deem expedient. But every member of the Tribunal shall be an independent person who is or has been a Judge of a High Court or a District Judge, or is qualified for appointment as Judge of a High Court. References to the Tribunal shall be made by the parties themselves or by the Government concerned.

An application for the reference of an industrial dispute to a Board of Conciliation, a Court of Inquiry or an Industrial Tribunal shall be made in the following manner :—

[FORM A]

Form of application under sub-section (2) of section 10 of the Industrial Disputes Act, 1947, for the reference of an industrial
 a Board of Conciliation.
 dispute to a Court of Inquiry.
 an Industrial Tribunal.

Whereas an industrial dispute is apprehended between.....
exists
and.....and it is expedient that

matters specified in enclosed statement which are connected with or relevant to the dispute
the dispute

should be referred for investigation and settlement
enquiry by
adjudication

a Board of Conciliation
a Court of Inquiry , an application is hereby made under
an Industrial Tribunal

sub-section (2) of section 10 of the Industrial Disputes Act, 1947,
 that the said matters a Board of Conciliation.
said dispute should be referred to a Court of Inquiry.
an Industrial Tribunal.

This application is made by the undersigned, who have been duly authorised to make this application by*.....

[*Where an application is made on behalf of the employees, state the manner in which the authority was given.]

A statement of the nature of the dispute and of the issues which

the signatory Board
signatories desire to be referred to the Court is enclosed.
Tribunal

- (Here insert
- a.* the parties to the dispute ;
 - b.* the specific matters in dispute ;
 - c.* an estimate of the number of workmen affected or likely to be affected by the dispute ;
 - d.* the efforts made by the parties themselves to adjust the dispute.)

Dated the.....19 .

Signature of Applicants.

This application shall be delivered personally or forwarded by registered post in triplicate to the Secretary to the Government of India in the Department of Labour. Thereupon the appointment of a Board, Court or Tribunal, together with the names of persons constituting such body, shall be notified in the Official Gazette.

A Conciliation Officer or a Member of a Board of Conciliation, Court of Inquiry or Industrial Tribunal shall enter the premises of an establishment for conducting an enquiry into any existing or apprehended industrial dispute, after giving reasonable notice to that effect. Every Board, Court and Tribunal shall exercise the powers of a Civil Court under the Code of Civil Procedure, 1908, while trying a suit, as regards enforcing the attendance of any person and examining him on oath ; compelling the production of documents and material objects ; issuing commissions for the examination of witnesses ; and such other matters as may be statutorily prescribed. Further, every inquiry or investigation by a Board, Court or Tribunal shall, to all intents and purposes, be a judicial proceeding within the meaning of sections 193 and 228 of the Indian Penal Code. A Conciliation Officer is empowered to inspect any relevant document in respect of the dispute on hand. Further, a Court or Tribunal may appoint, with the consent of all parties to the dispute, one or more persons as assessors, should expediency so dictate. Every Conciliation Officer and every member

of a Board, Court or Tribunal shall be deemed to be a public servant within the meaning of section 21 of the Indian Penal Code.

The Conciliation Officer shall initiate conciliation proceedings in an existing or apprehended dispute in an industrial establishment or in a public utility service. He shall endeavour to bring about a settlement of the dispute, and for this purpose he is empowered to do all such things as he thinks necessary towards achieving a fair and amicable settlement. In the event of a settlement being arrived at, he shall send a report thereof to the appropriate Government, together with a memorandum of the settlement signed by the parties concerned. If no such settlement is reached, the Conciliation Officer shall, without delay, send to the appropriate Government a full report, together with his remarks and also the facts, circumstances and the reasons which stood in the way of a settlement. Thereupon the appropriate Government may refer the dispute to a Board or Tribunal, should that be deemed expedient. The time limit for the submission of the report is fourteen days from the commencement of the conciliation proceedings. It must be noted, however, that this time limit can be reduced at the discretion of the appropriate Government. In the case of a Board of Conciliation, the time limit for the submission of a report is two months. This time limit can be extended by agreement between the parties to such period as may be specified in writing.

When an industrial dispute is referred to the adjudication of an Industrial Tribunal, such Tribunal shall conduct its proceedings expeditiously and submit its report to the appropriate Government without delay; and the Government, in turn, shall by a written order, declare the award to be binding. This award shall be enforced either wholly or in part by the Government for a period not exceeding one year.

Strikes and lock-outs are prohibited so long as any single avenue of peaceful settlement remains unexhausted. Any workman who commences, continues, or otherwise acts in furtherance of, an illegal strike shall be punishable with imprisonment, subject to the maximum limit of one month, and/or a fine, subject to the maximum limit of Rs. 50. An employer guilty of a similar offence in respect of a lock-out shall be punishable with imprisonment for a period not exceeding one month and/or a fine which may go up to Rs. 1,000. Similarly, penalties for instigating or financing illegal strikes or lock-outs, for breach of a settlement or award, for disclosing confidential information, and for other offences are also statutorily prescribed.

Where offences under this Act are committed by a company, or other body corporate, or an association of persons (whether incorporated or not), every director, manager, secretary, agent or other officer or person concerned with the management thereof shall be deemed to be guilty of such offences—unless it be proved

that they were committed without that particular person's knowledge or consent.

The *status quo* shall be maintained by the employer in respect of an industrial dispute during the pendency of any conciliation proceedings before an Industrial Tribunal, unless otherwise permitted by the Conciliation Officer, Board or Tribunal. But the employer can discharge, dismiss, or otherwise punish any workman for an act of misconduct which has nothing to do with the particular dispute. Offences punishable under this Act shall be tried by at least a Presidency Magistrate or a First Class Magistrate.

Lastly, Government is empowered to declare any specified industry to be a public utility service for purposes of the Act for a specified period, in the wider interests of maintenance of industrial peace, provided that the period so specified shall not, in the first instance, exceed six months, but may by a notification, be extended from time to time, by a period not exceeding six months.

Note.—In exercise of the powers conferred by section 7 of the Industrial Disputes Act, 1947 (India Act No. XIV of 1947), the Central Government have constituted an Industrial Tribunal with headquarters at Calcutta, consisting of a single member, namely, Mr S. P. Varma, an ex-judge of the Patna High Court, for adjudication of industrial disputes that may be referred to it under section 10 of the Act. The Tribunal will deal primarily with disputes in the 'Central sphere' outside the coal fields. The formation of the above permanent Industrial Tribunal with headquarters at Calcutta is a move in the right direction. This has been primarily done with a view to meeting the demand of front rank labour leaders who have been agitating for some time for the creation of a permanent machinery for expediting the settlement of industrial disputes.

APPENDIX C

THE INDUSTRIAL EMPLOYMENT (STANDING ORDERS)
ACT, 1946

The Industrial Employment (Standing Orders) Act, 1946, which requires employers to lay down conditions of employment, is an important piece of legislation. This Act is a companion to the Industrial Disputes Act, 1947, and the two together may well be described as laying the foundations of industrial democracy in the country. The actual text of the Act, which received the Governor-General's assent on 23rd April, 1946, is reproduced below :—

ACT NO. XX OF 1946

An Act to require employers in industrial establishments formally to define conditions of employment under them

Whereas it is expedient to require employers in industrial establishments to define with sufficient precision the conditions of employment under them and to make the said conditions known to workmen employed by them :

It is hereby enacted as follows :—

1. *Short title, extent and application.*—(1) This Act may be called the Industrial Employment (Standing Orders) Act, 1946.

(2) It extends to the whole of British India.

(3) It applies to every industrial establishment wherein one hundred or more workmen are employed, or were employed on any day of the preceding twelve months, and to such class or classes of other industrial establishments as the appropriate Government may from time to time, by notification in the official Gazette, specify in this behalf :

Provided that nothing in this Act shall apply to any industry to which, before the commencement of this Act, the provisions of Chapter V of the Bombay Industrial Disputes Act, 1938 (Bombay Act XXV of 1938) have been applied.

2. *Interpretation.*—In this Act, unless there is anything repugnant in the subject or context,

(a) “appellate authority” means an Industrial Court, wherever it exists, or in its absence an authority appointed by the appropriate Government, by notification in the official Gazette, to exercise in such area as may be specified in the notification the functions of an appellate authority under this Act ;

(b) “appropriate Government” means in respect of industrial establishments under the control of the Central Government or a Federal railway, or in a major port, mine or oil-field, the Central Government, and in all other cases, the Provincial Government ;

(c) "Certifying Officer" means the Labour Commissioner wherever he exists, or in his absence, an officer appointed by the appropriate Government, by notification in the official Gazette, to exercise in such area as may be specified in the notification the functions of a Certifying Officer under this Act ;

(d) "Employer" means the owner of an industrial establishment to which this Act for the time being applies, and includes—

- (i) in a factory, any person named under clause (e) of sub-section (1) of section 9 of the Factories Act, 1934 (XXV of 1934) as manager of the factory ;
- (ii) in any industrial establishment under the control of any department of any Government in India, the authority appointed by such Government in this behalf, or where no authority is so appointed, the head of the department ;
- (iii) in any other industrial establishment, any person responsible to the owner for the supervision and control of the industrial establishment ;

(e) "industrial establishment" means—

- (i) an industrial establishment as defined in clause (ii) of section 2 of the Payment of Wages Act, 1936 (IV of 1936), or
- (ii) a factory as defined in clause (j) of section 2 of the Factories Act, 1934, or
- (iii) a railway as defined in clause (4) of section 2 of the Indian Railways Act, 1890 (IX of 1890), or
- (iv) the establishment of a person who, for the purpose of fulfilling a contract with the owner of any industrial establishment, employs workmen ;

(f) "prescribed" means prescribed by rules made by the appropriate Government under this Act ;

(g) "standing orders" means rules relating to matters set out in the Schedule ;

(h) "trade union" means a trade union for the time being registered under the Indian Trade Unions Act, 1926 (XVI of 1926) ;

(i) "workman" means any person employed in any industrial establishment to do any skilled or unskilled, manual or clerical, labour for hire or reward, but does not include any member of the armed forces of the Crown.

3. *Submission of draft standing orders.*—(1) Within six months from the date on which this Act becomes applicable to an industrial establishment, the employer shall submit to the Certifying Officer five copies of the draft standing orders proposed by him for adoption in his industrial establishment.

(2) Provision shall be made in such draft for every matter set out in the Schedule which may be applicable to the industrial establishment, and where model standing orders have been prescribed, shall be, so far as is practicable, in conformity with such model.

(3) The draft standing orders submitted under this section shall be accompanied by a statement giving prescribed particulars of the workmen employed in the industrial establishment, including the name of the trade union, if any, to which they belong.

(4) Subject to such conditions as may be prescribed, a group of employers in similar industrial establishments may submit a joint draft of standing orders under this section.

4. *Conditions for certification of standing orders.*—Standing orders shall be certifiable under this Act if—

(a) provision is made therein for every matter set out in the Schedule which is applicable to the industrial establishment, and

(b) the standing orders are otherwise in conformity with the provisions of this Act; and it shall not be the function of the Certifying Officer or appellate authority to adjudicate upon the fairness or reasonableness of the provisions of any standing orders.

5. *Certification of standing orders.*—(1) On receipt of the draft under section 3, the Certifying Officer shall forward a copy thereof to the trade union, if any, of the workmen, or where there is no such trade union, to the workmen in such manner as may be prescribed, together with a notice in the prescribed form requiring objections, if any, which the workmen may desire to make to the draft standing orders to be submitted to him within fifteen days from the receipt of the notice.

(2) After giving the employer and the trade union or such other representatives of the workmen as may be prescribed an opportunity of being heard, the Certifying Officer shall decide whether or not any modification of, or addition to, the draft submitted by the employer is necessary to render the draft standing orders certifiable under this Act, and shall make an order in writing accordingly.

(3) The Certifying Officer shall thereupon certify the draft standing orders, after making any modifications therein which his order under sub-section (2) may require, and shall within seven days thereafter send copies of the certified standing orders authenticated in the prescribed manner and of his order under sub-section (2) to the employer and to the trade union or other prescribed representatives of the workmen.

6. *Appeals.*—(1) Any person aggrieved by the order of the Certifying Officer under sub-section (2) of section 5 may, within twenty-one days from the date on which copies are sent under sub-section (3) of that section, appeal to the appellate authority, and

the appellate authority, whose decision shall be final, shall, by order in writing, confirm the standing orders either in the form certified by the Certifying Officer or after amending the said standing orders by making such modifications thereof or additions thereto as it thinks necessary to render the standing orders certifiable under this Act.

(2) The appellate authority shall, within seven days of its order under sub-section (1), send copies thereof to the Certifying Officer, to the employer and to the trade union or other prescribed representatives of the workmen, accompanied, unless it has confirmed without amendment the standing orders as certified by the Certifying Officer, by copies of the standing orders as certified by it and authenticated in the prescribed manner.

7. *Date of operation of standing orders.*—Standing orders shall, unless an appeal is preferred under section 6, come into operation on the expiry of thirty days from the date on which authenticated copies thereof are sent under sub-section (3) of section 5, or where an appeal as aforesaid is preferred, on the expiry of seven days from the date on which copies of the order of the appellate authority are sent under sub-section (2) of section 6.

8. *Register of standing orders.*—A copy of all standing orders as finally certified under this Act shall be filed by the Certifying Officer in a register in the prescribed form maintained for the purpose, and the Certifying Officer shall furnish a copy thereof to any person applying therefor on payment of the prescribed fee.

9. *Posting of standing orders.*—The text of the standing orders as finally certified under this Act shall be prominently posted by the employer in English and in the language understood by the majority of his workmen on special boards to be maintained for the purpose at or near the entrance through which the majority of the workmen enter the industrial establishment, and in all departments thereof where the workmen are employed.

10. *Duration and modification of standing orders.*—(1) Standing orders finally certified under this Act shall not, except on agreement between the employer and the workmen, be liable to modification until the expiry of six months from the date on which the standing orders or the last modifications thereof came into operation.

(2) An employer desiring to modify his standing orders shall apply to the Certifying Officer in that behalf, submitting five copies of the standing orders in which shall be indicated the modifications he proposes, and where such modifications are made in agreement with the workmen, a certified copy of the agreement shall accompany the application.

(3) The foregoing provisions of this Act shall apply in respect of an application under sub-section (2) as they apply to the certification of the first standing orders.

11. *Certifying Officers and appellate authorities to have powers of Civil Court.*—Every Certifying Officer and appellate authority shall have all the powers of a Civil Court for the purposes of receiving evidence, administering oaths, enforcing the attendance of witnesses, and compelling the discovery and production of documents, and shall be deemed to be a Civil Court within the meaning of sections 480 and 482 of the Code of Criminal Procedure, 1898 (V of 1898).

12. *Oral evidence in contradiction of standing orders not admissible.*—No oral evidence having the effect of adding to or otherwise varying or contradicting standing orders as finally certified under this Act shall be admitted in any Court.

13. *Penalties and procedure.*—(1) An employer who fails to submit draft standing orders as required by section 3, or who modifies his standing orders otherwise than in accordance with section 10, shall be punishable with fine which may extend to five thousand rupees, and in the case of a continuing offence with a further fine which may extend to two hundred rupees for every day after the first during which the offence continues.

(2) An employer who does any act in contravention of the standing orders finally certified under this Act for his industrial establishment shall be punishable with fine which may extend to one hundred rupees, and in the case of a continuing offence with a further fine which may extend to twenty-five rupees for every day after the first during which the offence continues.

(3) No prosecution for an offence punishable under this section shall be instituted except with the previous sanction of the appropriate Government.

(4) No Court inferior to that of a Presidency Magistrate or Magistrate of the second class shall try any offence under this section.

14. *Power to exempt.*—The appropriate Government may by notification in the official Gazette exempt, conditionally or unconditionally, any industrial establishment or class of industrial establishments from all or any of the provisions of this Act.

15. *Power to make rules.*—(1) The appropriate Government may after previous publication, by notification in the official Gazette make rules to carry out the purposes of this Act.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may :—

- (a) prescribe additional matters to be included in the Schedule, and the procedure to be followed in modifying standing orders certified under this Act in accordance with any such addition ;
- (b) set out model standing orders for the purposes of this Act ;

- (c) prescribe the procedure of Certifying Officers and appellate authorities ;
- (d) prescribe the fee which may be charged for copies of standing orders entered in the register of standing orders ;
- (e) provide for any other matter which is to be or may be prescribed :

Provided that before any rules are made under clause (a) representatives of both employers and workmen shall be consulted by the appropriate Government.

THE SCHEDULE

[See sections 2 (g) and 3 (2)]

Matters to be provided in Standing Orders under this Act

1. Classification of workmen, e.g., whether permanent, temporary, apprentices, probationers, or *badlis*.
2. Manner of intimating to workmen periods and hours of work, holidays, pay days and wage rates.
3. Shift working.
4. Attendance and late coming.
5. Conditions of, procedure in applying for, and the authority which may grant, leave and holidays.
6. Requirement to enter premises by certain gates, and liability to search.
7. Closing and re-opening of sections of the industrial establishment, and temporary stoppages of work and the rights and liabilities of the employer and workmen arising therefrom.
8. Termination of employment, and the notice thereof to be given by employer and workmen.
9. Suspension or dismissal for misconduct, and acts or omissions which constitute misconduct.
10. Means of redress for workmen against unfair treatment or wrongful exactions by the employer or his agents or servants.
11. Any other matter which may be prescribed.

Note :—In exercise of the powers conferred by section 15, read with clause (b) of sub-section (2) of the above Act, the Central Government has framed the rules which are called "The Industrial Employment (Standing Orders) Central Rules, 1946". Schedule I of the Rules lays down the "Model Standing Orders". Further, there are three forms as embodied in Schedule II of the Rules : Form I shall be used for an application for certification of Standing Orders ; Form II shall be used by the Certifying Officer for forwarding a copy of the draft Standing Orders proposed by the employer concerned to the workmen concerned or the trade union, whenever it exists; and Form III lays down the system in which the register of all Standing Orders as finally certified under the above Act, will be maintained.

APPENDIX D

AN EXPLANATORY NOTE ON THE BOMBAY INDUSTRIAL RELATIONS ACT, 1946

This 'Explanatory Note' is intended to give the reader a bird's-eye view of the Act. It might be of service to busy mill executives, trade union officials, and Government executives, and might also help the general reader to grasp its various implications.

The Bombay Industrial Relations Act, 1946, which extends to the whole of the Province of Bombay, came into force on 29th September, 1947, superseding the old Bombay Industrial Disputes Act, 1938. The new Act gives, for the first time, a comprehensive definition of 'wages' as "remuneration of all kinds capable of being expressed in terms of money and payable to an employee in respect of his employment or work done in such employment, and includes any bonus, allowances (including dearness allowance), reward or additional remuneration ; the value of any house accommodation, light, water, medical attendance or other amenity or service ; any contribution by the employer to any pension or provident fund ; any travelling allowance or the value of any travelling concession ; any sum paid or payable to or on behalf of an employee to defray special expenses entailed on him by the nature of his employment ; and any gratuity payable on discharge." 'Lock-out' is defined as "the closing of a place or part of a place of employment or the total or partial suspension of work by an employer, or the refusal by an employer to continue to employ persons employed by him, where such closing, suspension or refusal occurs in consequence of an *industrial dispute* and is intended for the purpose of compelling any of the employees directly affected by such closing, suspension or refusal, or any other employees of his, or aiding any other employer in compelling persons employed by him, to accept any term or condition of or affecting employment." Further, 'strike' means "a total or partial cessation of work by the employees in an industry acting in combination, or a concerted refusal or a refusal under a common understanding of employees to continue to work or to accept work, where such cessation or refusal is in consequence of an *industrial dispute*."

The Powers of the Labour Officer under the Act are very extensive. He is statutorily authorized to enter and inspect at any time during working hours, and outside working hours after reasonable notice, any place used for the purpose of any industry ; any place used as the office of any union ; or any premises provided by an employer for the residence of his employees. He is also empowered to call for and inspect all relevant documents which he may deem necessary for the proper discharge of his duties and the proper exercise of his powers, the only condition being that such documents shall be treated as confidential. should the person in

whose possession they are demand it. He may convene, after giving reasonable notice, a meeting of employees for any of the purposes of this Act, and may require the employer to affix a written notice of the meeting at such conspicuous place in such premises as he may order, and may also affix or cause to be affixed such notice, specifying therein the date, time and place of the meeting, the employees or class of employees affected, and the purpose of the meeting. The Labour Officer can appear in any proceedings under the Act. Besides, it is his duty to watch the interests of the employees and promote harmonious relations between employers and employees; to investigate the grievances of employees and represent to the employers such grievances and make recommendations to them for their redress in consultation with the employees concerned; and to report to the Provincial Government the existence of any industrial dispute, together with the names of the parties thereto. He is not authorized to appear in any proceedings whatsoever in which the employees who are parties thereto are represented by a representative union. He may appear, should the representative union for an industry in a local area so desire. Further, any person who obstructs the Labour Officer from carrying out his duties shall, on conviction, be punishable with fine which may extend to Rs. 500.

An employer desiring to effect a reduction of a permanent or semi-permanent character in the number of persons employed or to be employed in any occupation or process or department, or in a shift; a permanent or semi-permanent increase in the number of persons employed or to be employed in any occupation or process or department; dismissal of an employee otherwise than under the standing orders; rationalization or other efficiency methods; starting, alteration or discontinuance of shift working except as provided for in the standing orders; withdrawal of recognition to unions of employees; withdrawal of any customary concession or privilege or change in usage; introduction of new rules of discipline or alteration of existing rules and their interpretation, otherwise than under the standing orders; changes in wages, and the period and mode of payment; and finally changes in the hours of work and rest intervals, shall be required to give 'Notice of Change' in the following manner:—

FORM K

[Section 42 (1) and rule 51]

BOMBAY INDUSTRIAL RELATIONS ACT, 1946

Notice of change to be given by an employer

Name of employer.....Address.....
Dated the.....day of.....

To

(The representative of employees)

Dear Sir/Madam,

In accordance with the provisions of sub-section (1) of section 42 of the Bombay Industrial Relations Act, 1946, I/we beg to inform you that it is my/our intention to effect the change/changes specified in the Annex to this letter.

Yours faithfully,

Encl: Annex.

Copies to :—

- *
- (1) The Chief Conciliator, Secretariat, Bombay.
 - (2) The Registrar, Bombay Industrial Relations Act, Secretariat, Bombay.
 - (3) The Conciliator for the local area, say, Ahmedabad.
 - (4) The Government Labour Officer, Ahmedabad.
 - (5) The Millowners' Association, Ahmedabad.
 - (6) Notice Board.

*Here insert the position which the person who signs this letter holds with the employer issuing this letter.

ANNEX.¹

The ' Notice of Change ' shall be given in the following manner if it is by an employee to the employer, through the representative of the employees :—

FORM L

(Section 42 (2) and rule 52)

BOMBAY INDUSTRIAL RELATIONS ACT, 1946

Notice of change to be given by employee to employer

Name of the representative of the employees.....

Address.....

Dated the.....day of.....,19 .

To

(The name of the employer)

Dear Sir/Sirs,

In accordance with the provisions contained in sub-section (2) of section 42 of the Bombay Industrial Relations Act, 1946, I/we hereby beg to give you notice that I/we desire the change/changes specified in the Annex. to this letter.

Encl: Annex.

Yours faithfully,

Copies to :—

Representative of employees.

(As for Form K)

ANNEX ¹

1 The nature of the change or changes desired to be effected or stated in the Annex.

If within seven days of the date of service of a 'Notice of Change' an agreement is arrived at in respect of the proposed change, a memorandum of such agreement signed by the employer or employers as well as by the representative of the employees shall be forwarded in the prescribed manner to the Chief Conciliator, the Registrar and the Labour Officer, and this memorandum shall be registered by the Registrar unless on enquiry he is satisfied that the agreement contravenes any of the provisions of this Act or is the result of mistake, misrepresentation, fraud, undue influence, coercion or threat. An agreement can also be arrived at between the two parties after seven days, provided the time limit has been extended by the consent of both parties ; and the Registrar shall register the memorandum of such agreement on its receipt. The Registrar, however, should be informed about such extension of the time limit. If the Registrar refuses to register an agreement, an appeal can be preferred to the Industrial Court against the decision of the Registrar. The registered agreement shall come into operation on the date specified therein, or, if no date has been specified, on its being recorded by the Registrar. If no agreement is arrived at as the result of the 'Notice of Change' within seven days, the party that has given such notice shall forward a full statement of the case within fifteen days of the date of service of such notice, in the following manner :—

FORM N

(Section 54 (1) and rule 62)

BOMBAY INDUSTRIAL RELATIONS ACT, 1946

*Report of Industrial Dispute*Name of the employer

Name of the representative of employees

Address.....

Dated the.....day of....., 19

To

The Conciliator for the local area for the industry concerned.

The Chief Conciliator, Bombay Industrial Relations Act,
Bombay.

The Registrar, Bombay Industrial Relations Act, Bombay.

Dear Sir,

In continuation of the copy of the notice which $\frac{I}{we}$ forwarded to you on the.....day of....., 19... $\frac{I}{we}$ beg to inform you that it has not been possible to reach an agreement with the $\frac{\text{representative of the employees}}{\text{(the name of the employer concerned)}}$ and that $\frac{I}{we}$ still desire that the change/changes proposed by that notice should be effected.

2. A full statement of the case is given in the Annexure.

3. The number of employees likely to be affected by the dispute is.....

Yours faithfully,

Representative of employees.

*Here insert the position which the person who signs this letter holds with the employer or association of employers.

(Mention the following overleaf)

ANNEX.

Full statement of the case

(The industrial dispute should be mentioned here in full)

There is a novel provision with regard to the constitution of Joint Committees in an undertaking or occupation. The formation of such Committees is purely voluntary in the eyes of the law.² A Joint Committee can be formed with the consent of the employer and the registered union for the industry for the local area, provided that no Joint Committee shall be so constituted in respect of an undertaking or occupation where there is no representative union, unless not fewer than fifteen per cent of the employees are members of a registered union. It shall be entered in a list of Joint Committees maintained by the Registrar on an application made to him in this behalf by the employer or the union. Thereupon all

2. The situation has, however, altered materially. The formation of a Joint Committee has become compulsory under the amended Act of 1948, as power has been assumed by the Provincial Government, on an application made to them by the registered union, to direct its constitution.

the provisions of this Act shall apply to it. It shall consist of ten members, of whom five shall be nominated by the registered union and five appointed by the employer, and the members shall be re-nominated and re-appointed every twelve months. The chairman shall be appointed by the members from among themselves. Failing this, he shall be appointed by agreement between the employer and the union; failing this too, he shall be appointed in rotation by the employer and the union. Three-fifths of the members from each side shall form a quorum. The Chairman shall have one vote, and in case of a tie the casting vote. The Committee may be dissolved on three months' notice on either side. Further, a representative of the registered union may attend meetings of the Committee to advise members representing the employees. A Minute Book of the proceedings shall be maintained. The Chairman, who shall convene and preside over meetings of the Joint Committee, shall circulate the agenda of the meeting to the members along with notice of the meeting at least 48 hours in advance, except in the case of a special meeting. He shall communicate the decisions of the Joint Committee to the registered union and the employer as well as to the Labour Officer and the Commissioner of Labour. Further, meetings of the Joint Committee shall ordinarily be held once a month; but in an emergency, on a request from either side, a special meeting of the Committee may be summoned at any time at not less than six hours' notice. Meetings shall usually be held during working hours, unless otherwise agreed upon between the two sides. No business other than that appearing on the agenda shall be transacted at any meeting unless by agreement between the two sides. The agreement shall be sent to the Registrar by registered post, and to the Labour Officer by ordinary post. The statement of the case referred to in section 54 shall be in Form N. (The Joint Committee does away with the necessity of giving a notice of change, and thus expedites the proceedings before the Conciliator.) Special intimation shall be sent in the following manner:—

FORM M

(Section 52 (2) and rule 61)

BOMBAY INDUSTRIAL RELATIONS ACT, 1946

Special intimation to the Conciliator

Name of the employer
registered union.....

Address.....Date.....
The Conciliator for the.....industry for the
local area of.....

Dear Sir,

$\frac{I}{We}$ beg to inform you that the change mentioned in Annex. I, being a change in respect of a matter not specified in Schedule I or III of the Act, was proposed in the Joint Committee, but that no agreement has been arrived at in respect thereof. $\frac{I}{We}$ desire that

the change as $\frac{\text{proposed in Annex. I}}{\text{now modified and shown in Annex. II}}$ should be made.

2. A full statement of the case is given in Annex. III.

3. The number of employees likely to be affected by the dispute is.

Yours faithfully,

Annex. I	Annex. II	Annex. III
Changes proposed in the Joint Committee.	Change as modified.	Full statement of the case.

A copy of every special intimation sent under sub-section (2) of section 52 shall be forwarded to the Chief Conciliator, the Conciliator for the industry for the local area concerned, the Registrar, the Labour Officer and such other person as may be prescribed.

The following shall go before the Commissioner of Labour or a Labour Court : All matters in respect of classification of employees, *e.g.*, permanent, temporary, apprentices, probationers, *badlis*, etc.; manner of notification to employees of periods and hours of work, holidays, pay days and wage rates; notice to be given to employees of the starting, alteration or discontinuance of two or more shifts in a department or departments; closure or reopening of a department or a section of a department or the whole of the undertaking; attendance and late-coming; leave (conditions, procedure and authority to grant); holidays (procedure and authority to grant); liability to search and entry into premises by certain gates; temporary stoppages of work, including playing off, and the rights and liabilities of employers and employees arising therefrom; termination of employment (notice to be given by employer and employee); suspension or dismissal for misconduct, suspension pending inquiry into alleged misconduct and the acts or omissions which constitute misconduct; means of redress for employees against unfair treatment or wrongful exaction on the part of the employer or his agent or servant. All these matters are given in Schedule I of the Act. The matters specified in Schedule III, *i.e.*, adequacy and quality of materials and equipment supplied to the workers; assignment of work and transfer of workers within the establish-

ment ; health, safety and welfare of employees (including water, dining sheds, rest sheds, latrines, urinals, crèches, restaurants, and such other amenities) ; matters relating to trade union organization, membership and levies ; construction and interpretation of awards, agreements and settlements ; employment, including reinstatement and recruitment, unemployment of persons previously employed in the industry concerned, and payment of compensation for stoppages, shall be referred to a Labour Court.

The Labour Court exercises wide powers under the Act. Chapter VIII of this book sets out its jurisdictional limits ; the same chapter describes also the position, functions and powers of the Industrial Court. The two courts constitute adequate legal machinery for the maintenance of industrial peace.

Courts of Inquiry may also be constituted at the instance of the Provincial Government, which shall inquire into such industrial matters, as may be referred to it by the Provincial Government, including any matter pertaining to conditions of work or relations between employers and employees in an industry, and any aspect of any industrial dispute ; and every proceeding thereunder shall be a judicial proceeding within the meaning of sections 192, 193 and 228 of the Indian Penal Code for all intents and purposes.³

I have intentionally avoided a discussion on conciliation proceedings, their nature and duration, and the procedure followed by the Conciliator in entering the industrial dispute in the register kept for the purpose ; I believe there is no difficulty in understanding the simple details given in Chapter X of the Act. It would not be out of place, however, to mention that such proceedings must be completed within one month of the date on which the dispute is entered by the Conciliator in the register, subject to further extension by a period of a fortnight at a time, but not, in any circumstances whatsoever, exceeding two months in the aggregate. But conciliation proceedings may take any length of time should both parties agree to such postponement, and this period shall be excluded for purposes of computation of the time limit. Further, the Chief Conciliator is empowered to intervene or to direct any Conciliator to intervene at any stage in any conciliation proceedings before another Conciliator, and thereafter he or the Conciliator so directed shall conduct the conciliation proceedings with or without the assistance of the original Conciliator. The Conciliator shall, in all cases, ascertain from the parties whether they are willing to submit the dispute to arbitration. Further, the parties can agree in writing to submit the dispute to arbitration by the Labour

3. Besides the constitution of Courts of Inquiry, provision has also been made by an amendment to constitute Wage Boards in the Province, consisting of an equal number of members nominated to represent the employers and the employees in the industry and also some independent members nominated by the Government. A Provincial Wage Board is proposed for all industries for purposes of co-ordination.

Court or the Industrial Court at any stage of the conciliation proceedings. Besides, a Board of Conciliation may be constituted at the instance of the provincial Government. Arbitration, as embodied in the Act, is voluntary in principle, but its application is to some extent compulsory; for though, on the one hand, it is not obligatory on the parties to refer the dispute to arbitration, on the other, sections 72 and 73 empower the Provincial Government to refer any industrial dispute to arbitration by the Industrial Court in the circumstances specified therein. We have already seen that the Conciliator is empowered to ascertain from the parties to the dispute whether they are willing to submit the matter to arbitration in the event of failure to reach agreement. All this clearly indicates the nature of arbitration.

Note :—The chief features of the latest amendment of the existing Bombay Industrial Relations Act, are: (1) strikes in sympathy with illegal stoppages will be illegal; (2) strikes to force a policy on Government where the matter can be settled by other remedies will also be illegal; (3) no union which had engineered an illegal strike during the six months preceding its application will be registered; (4) any change notified by an employer or employee can be made into a general issue affecting the whole industry concerned; (5) workers will elect their own representatives on Joint Committees; (6) transfer of cases from the Industrial Court to Wage Boards; and (7) provision for getting an award modified instead of terminating it altogether. These provisions with the exception of the illegalization of certain strikes seem to have been well received by prominent labour leaders. The provisions in respect of the transfer of cases from the Industrial Court to Wage Boards and the modification of an award are particularly welcome to them. It is expected that the Act in its latest form may set the pattern for similar measures in other provinces with a view to securing industrial peace.

APPENDIX E

MINIMUM WAGES ACT, 1948

The Indian Union Parliament passed the Minimum Wages Bill, 1948, as modified by the Select Committee, with minor changes, on 9th February, and it received the assent of the Governor-General on 15th March. The inclusion of agricultural labourers and labourers in sweated industries within the scope of the Act is indeed a revolutionary move. It may be recalled that the seventh session of the Indian Labour Conference, held in New Delhi on 27th and 28th November, 1945, expressed itself in favour of the enactment of minimum wage legislation and decided to constitute a committee to advise the Government on the preparation of legislation providing for the establishment of machinery for fixing minimum wages in sweated industries and agriculture. The actual text of the Act is reproduced below:—

MINIMUM WAGES ACT, 1948

(ACT No. XI OF 1948)

An act to provide for fixing minimum rates of wages in certain employments

WHEREAS it is expedient to provide for fixing minimum rates of wages in certain employments :

It is hereby enacted as follows:—

1. *Short title and extent.*—(1) This Act may be called the Minimum Wages Act, 1948.

(2) It extends to all the Provinces of India.

2. *Interpretation.*—In this Act, unless there is anything repugnant in the subject or context—

(a) “adult”, “adolescent” and “child” have the meanings respectively assigned to them in section 2 of the Factories Act, 1934 (XXV of 1934);

(b) “appropriate Government” means—

(i) in relation to any scheduled employment carried on by or under the authority of the Central Government, by the Federal railway authority, or a railway company operating a Federal railway or in relation to a mine, oil-field or major port or any corporation established by an Act of the Central Legislature, the Central Government; and

(ii) in relation to any other scheduled employment, the Provincial Government;

(c) “competent authority” means the authority appointed by the appropriate Government by notification in

its official Gazette to ascertain from time to time the cost of living index number applicable to the employees employed in the scheduled employment specified in such notification ;

(d) "cost of living index number" in relation to employees in any scheduled employment in respect of which minimum rates of wages have been fixed means the index number ascertained and declared by the competent authority by notification in the official Gazette to be the cost of living index number applicable to employees in such employment ;

(e) "employer" means any person who employs, whether directly or through another person, or whether on behalf of himself or any other person, one or more employees in any scheduled employment in respect of which minimum rates of wages have been fixed under this Act, and includes, except in sub-section (3) of section 26—

(i) in a factory where there is carried on any scheduled employment in respect of which minimum rates of wages have been fixed under this Act, any person named under clause (e) of sub-section (1) of section 9 of the Factories Act, 1934 (XXV of 1934), as manager of the factory ;

(ii) in any scheduled employment under the control of any Government in India in respect of which minimum rates of wages have been fixed under this Act, the person or authority appointed by such Government for the supervision and control of employees, or where no person or authority is so appointed, the head of the Department ;

(iii) in any scheduled employment under any local authority in respect of which minimum rates of wages have been fixed under this Act, the person appointed by such authority for the supervision and control of employees, or where no person is so appointed, the chief executive officer of the local authority ;

(iv) in any other case where there is carried on any scheduled employment in respect of which minimum rates of wages have been fixed under this Act, any person responsible to the owner for the supervision and control of the employees or for the payment of wages ;

(f) "prescribed" means prescribed by rules made under this Act ;

(g) "scheduled employment" means an employment specified in the Schedule, or any process or branch of work forming part of such employment ;

(h) "wages" means all remuneration capable of being expressed in terms of money which would, if the terms of the contract of employment, express or implied, were fulfilled, be payable to a person employed in respect of his employment or of work done in such employment, but does not include—

(i) the value of

(a) any house accommodation, supply of light, water, medical attendance, or

(b) any other amenity or any service excluded by general or special order of the appropriate Government ;

(ii) any contribution paid by the employer to any Pension Fund or Provident Fund or under any Scheme of social insurance ;

(iii) any travelling allowance or the value of any travelling concession ;

(iv) any sum paid to the person employed to defray special expenses entailed on him by the nature of his employment ; or

(v) any gratuity payable on discharge ;

(i) "employee" means any person who is employed for hire or reward to do any work, skilled or unskilled, manual or clerical, in a scheduled employment in respect of which minimum rates of wages have been fixed ; and includes an out-worker to whom any articles or materials are given out by another person to be made up, cleaned, washed, altered, ornamented, finished, repaired, adapted or otherwise processed for sale for the purposes of the trade or business of that other person where the process is to be carried out either in the home of the out-worker, or in some other premises not being premises under the control and management of that other person ; and also includes an employee declared to be an employee by the appropriate Government ; but does not include any member of the armed forces of the Crown.

3. *Fixing of minimum rates of wages.*—(1) The appropriate Government shall, in the manner hereinafter provided —

(a) fix, before the expiry of three years in the case of an employment specified in Part II of the Schedule, or two years in any other case, from the commencement of this Act, or, as the case may be, from the date of the notification under section 27 including the employment in the Schedule, the minimum rates of wages payable to employees employed in all scheduled employments ;

(b) review at such intervals as it may think fit, such intervals not to exceed five years, the minimum rates of wages so fixed and revise the minimum rates, if necessary :

Provided that the appropriate Government shall not be required to fix minimum rates of wages in respect of any scheduled employment in which there are in the whole Province less than one thousand employees engaged in such employment.

(2) The appropriate Government may fix—

(a) a minimum rate of wages for time work (hereinafter referred to as "a minimum time rate") ;

(b) a minimum rate of wages for piece work (hereinafter referred to as "a minimum piece rate");

(c) a minimum rate of remuneration to apply in the case of employees employed on piece work for the purpose of securing to such employees a minimum rate of wages on a time work basis (hereinafter referred to as "a guaranteed time rate");

(d) a minimum rate (whether a time rate or a piece rate) to apply in substitution for the minimum rate which would otherwise be applicable, in respect of overtime work done by employees (hereinafter referred to as "overtime rate").

(3) In fixing or revising minimum rates of wages under this section—

(a) different minimum rates of wages may be fixed for—

(i) different scheduled employments;

(ii) different classes of work in the same scheduled employment;

(iii) adults, adolescents, children and apprentices;

(iv) different localities;

(b) minimum rates of wages may be fixed by the hour, by the day or by any larger wage period as may be prescribed:

Provided that where any wage periods have been fixed under section 4 of the Payment of Wages Act, 1936 (IV of 1936), minimum wages shall be fixed in accordance therewith.

4. *Minimum rate of wages.*—(1) Any minimum rate of wages fixed or revised by the appropriate Government in respect of scheduled employments under section 3 may consist of—

(i) a basic rate of wages and a special allowance at a rate to be adjusted, at such intervals and in such manner as the appropriate Government may direct, to accord as nearly as practicable with the variation in the cost of living index number applicable to such workers (hereinafter referred to as the "cost of living allowance"); or

(ii) a basic rate of wages with or without the cost of living allowance, and the cash value of the concessions in respect of supplies of essential commodities at concession rates, where so authorised; or

(iii) an all-inclusive rate allowing for the basic rate, the cost of living allowance and the cash value of the concessions, if any.

(2) The cost of living allowance and the cash value of the concessions in respect of supplies of essential commodities at concession rates shall be computed by the competent authority at such intervals and in accordance with such directions as may be specified or given by the appropriate Government.

5. *Procedure for fixing minimum wages.*—(1) In fixing minimum rates of wages in respect of any scheduled employment for the first time under this Act, the appropriate Government shall either—

(a) appoint a committee to hold enquiries and advise it in this behalf with such sub-committees for different localities as it may deem expedient to appoint to assist such committee, or

(b) by notification in the official Gazette, publish its proposal for the information of persons likely to be affected thereby and specify a date, not less than two months from the date of the notification, on which the proposals will be taken into consideration.

(2) After considering the advice of the committee appointed under clause (a) of sub-section (1), or as the case may be, all representations received by it before the date specified in the notification under clause (b) of that sub-section, the appropriate Government shall, by notification in the official Gazette, fix the minimum rates of wages in respect of each scheduled employment, and unless such notification otherwise provides, it shall come into force on the expiry of three months from the date of its issue.

6. *Advisory Committees and sub-committees.*—For the purpose of revising minimum rates of wages fixed under this Act, the appropriate Government shall appoint as many advisory committees and sub-committees as it considers necessary to enquire into the conditions prevailing in any scheduled employment and to advise the appropriate Government in making such revision in respect of that employment.

7. *Advisory Board.*—For the purpose of co-ordinating the work of committees, sub-committees, advisory committees and advisory sub-committees appointed under sections 5 and 6 and advising the appropriate Government generally in the matter of fixing and revising minimum rates of wages, the appropriate Government shall appoint an Advisory Board.

8. *Central Advisory Board.*—(1) For the purpose of advising the Central and Provincial Governments in the matters of the fixation and revision of minimum rates of wages and other matters, under this Act and for co-ordinating the work of the Advisory Boards, the Central Government shall appoint a Central Advisory Board.

(2) The Central Advisory Board shall consist of persons to be nominated by the Central Government representing employers and employees in the scheduled employments, who shall be equal in number, and independent persons not exceeding one-third of its total number of members; one of such independent persons shall be appointed the Chairman of the Board by the Central Government.

9. *Composition of committees, etc.*—Each of the committees, sub-committees, advisory committees, advisory sub-committees and the Advisory Board shall consist of persons to be nominated by the appropriate Government representing employers and employees in the scheduled employments, who shall be equal in

number and independent persons not exceeding one-third of its total number of members ; one of such independent persons shall be appointed the Chairman by the appropriate Government.

10. *Procedure for revision of minimum rates of wages.*—(1) Before revising any minimum wages fixed under this Act, the appropriate Government shall consult all advisory committees appointed under section 6 to inquire into the conditions prevailing in the scheduled employment concerned, and the Advisory Board also.

(2) Revisions of minimum wages shall be notified by the appropriate Government in the official Gazette, and unless the notification otherwise provides, it shall come into force on the expiry of three months from the date of its issue.

11. *Wages in kind.*—(1) Minimum wages payable under this Act shall be paid in cash.

(2) Where it has been the custom to pay wages wholly or partly in kind, the appropriate Government, being of the opinion that it is necessary in the circumstances of the case, may by notification in the official Gazette, authorize the payment of minimum wages either wholly or partly in kind.

(3) If the appropriate Government is of the opinion that provision should be made for the supply of essential commodities at concession rates, the appropriate Government may, by notification in the official Gazette, authorize the provision of such supplies at concession rates.

(4) The cash value of wages in kind and of concessions in respect of supplies of essential commodities at concession rates authorized under sub-sections (2) and (3) shall be estimated in the prescribed manner.

12. *Payment of minimum rates of wages.*—(1) Where in respect of any scheduled employment a notification under section 5 or section 10 is in force, the employer shall pay to every employee engaged in a scheduled employment under him wages at a rate not less than the minimum rate of wages fixed by such notification for that class of employees in that employment without any deductions except as may be authorized within such time and subject to such conditions as may be prescribed.

(2) Nothing contained in this section shall affect the provisions of the Payment of Wages Act, 1936 (IV of 1936).

13. *Fixing hours for a normal working day, etc.*—In regard to any scheduled employment minimum rates of wages in respect of which have been fixed under this Act, the appropriate Government may—

(a) fix the number of hours of work which shall constitute a normal working day, inclusive of one or more specified intervals ;

(b) provide for a day of rest in every period of seven days which shall be allowed to all employees or to any specified

class of employees and for the payment of remuneration in respect of such days of rest ;

(c) provide for payment for work on a day of rest at a rate not less than the overtime rate.

14. *Overtime*.—(1) Where an employee, whose minimum rate of wages is fixed under this Act by the hour, by the day or by such a longer wage-period as may be prescribed, works on any day in excess of the number of hours constituting a normal working day, the employer shall pay him for every hour or for part of an hour so worked in excess at the overtime rate fixed under this Act or under any law of the appropriate Government for the time being in force, whichever is higher.

(2) Nothing in this Act shall prejudice the operation of the provisions of section 47 of the Factories Act, 1934 (XXV of 1934) in any case where those provisions are applicable.

15. *Wages of worker who works for less than normal working day*.—If an employee whose minimum rate of wages has been fixed under this Act by the day works on any day on which he was employed for a period less than the requisite number of hours constituting a normal working day, he shall, save as otherwise hereinafter provided, be entitled to receive wages in respect of work done by him on that day as if he had worked for a full normal working day :

Provided, however, that he shall not be entitled to receive wages for a full normal working day—

(i) in any case where his failure to work is caused by his unwillingness to work and not by the omission of the employer to provide him with work, and

(ii) in such other cases and circumstances as may be prescribed.

16. *Wages for two or more classes of work*.—Where an employee does two or more classes of work to each of which a different minimum rate of wages is applicable, the employer shall pay to such employee in respect of the time respectively occupied in each such class of work, wages at not less than the minimum rate in force in respect of each such class.

17. *Minimum time rate wages for piece work*.—Where an employee is employed on piece work for which a minimum time rate and not a minimum piece rate has been fixed under this Act, the employer shall pay to such employee wages at not less than the minimum time rate.

18. *Maintenance of registers and records*.—(1) Every employer shall maintain such registers and records giving such particulars of employees employed by him, the work performed by them, the wages paid to them, the receipts given by them and such other particulars and in such form as may be prescribed.

(2) Every employer shall keep exhibited, in such manner as may be prescribed, in the factory, workshop or place where the employees in the scheduled employment may be

employed, or in the case of out-workers, in such factory, workshop or place as may be used for giving out-work to them, notices in the prescribed form containing prescribed particulars.

(3) The appropriate Government may, by rules made under this Act, provide for the issue of wage books or wage slips to employees employed in any scheduled employment in respect of which minimum rates of wages have been fixed and prescribe the manner in which entries shall be made and authenticated in such wage books or wage slips by the employer or his agent.

19. *Inspectors*.—(1) The appropriate Government may, by notification in the official Gazette, appoint such persons as it thinks fit to be Inspectors for the purposes of this Act, and define the local limits within which they shall exercise their functions.

(2) Subject to any rules made in this behalf, an Inspector may, within the local limits for which he is appointed—

(a) enter, at all reasonable hours, with such assistants (if any), being persons in the service of the Crown, or any local or other public authority, as he thinks fit, any premises or place where employees are employed or work is given out to out-workers in any scheduled employment in respect of which minimum rates of wages have been fixed under this Act, for the purpose of examining any register, record of wages or notices required to be kept or exhibited by or under this Act or rules made thereunder, and require the production thereof for inspection ;

(b) examine any person whom he finds in any such premises or place and who, he has reasonable cause to believe, is an employee employed therein or an employee to whom work is given out therein ;

(c) require any person giving out-work and any out-workers to give any information which is in his power to give, with respect to the names and addresses of the persons to, for and from whom the work is given out or received, and with respect to the payments to be made for the work ;

(d) take copies of any register, record of wages or notices or of any portions thereof ; and

(e) exercise such other powers as may be prescribed.

(3) Every Inspector shall be deemed to be a public servant within the meaning of the Indian Penal Code (XVI of 1860).

20. *Claims*.—(1) The appropriate Government may, by notification in the official Gazette, appoint any Commissioner for Workmen's Compensation or other officer with experience as a Judge of a Civil Court or as a stipendiary Magistrate to be the Authority to hear and decide for any specified area all claims arising out of payment of less than the minimum rates of wages to employees employed or paid in that area.

(2) Where an employee is paid less than the minimum rates of wages fixed for his class of work under this Act, the employee

himself, or any legal practitioner or any official of a registered trade union authorized in writing to act on his behalf, or any Inspector, or any person acting with the permission of the Authority appointed under sub-section (1), may apply to such Authority for a direction under sub-section (3) :

Provided that every such application shall be presented within six months from the date on which the minimum wages became payable :

Provided further that any application may be admitted after the said period of six months when the applicant satisfies the Authority that he had sufficient cause for not making the application within such period.

(3) When any application under sub-section (2) is entertained, the Authority shall hear the applicant and the employer or give them an opportunity of being heard, and after such further inquiry, if any, as it may consider necessary, may, without prejudice to any other penalty to which the employer may be liable under this Act, direct the payment to the employee of the amount by which the minimum wages payable to him exceed the amount actually paid, together with the payment of such compensation as the Authority may think fit, not exceeding ten times the amount of such excess, and the Authority may direct payment of such compensation in cases where the excess is paid by the employer to the employee before the disposal of the application.

(4) If the Authority hearing any application under this section is satisfied that it was either malicious or vexatious, it may direct that a penalty not exceeding fifty rupees be paid to the employer by the person presenting the application.

(5) Any amount directed to be paid under this section may be recovered—

(a) if the Authority is a Magistrate, by the Authority as if it were a fine imposed by the Authority as a Magistrate, or

(b) if the Authority is not a Magistrate, by any Magistrate to whom the Authority makes application in this behalf, as if it were a fine imposed by such Magistrate.

(6) Every direction of the Authority under this section shall be final.

(7) Every Authority appointed under sub-section (1) shall have all the powers of a Civil Court under the Code of Civil Procedure, 1908 (V of 1908) for the purpose of taking evidence and of enforcing the attendance of witnesses and compelling the production of documents, and every such Authority shall be deemed to be a Civil Court for all the purposes of section 195 and Chapter XXXV of the Code of Criminal Procedure, 1898 (V of 1898).

21. *Single application in respect of a number of employees.*—(1) A single application may be presented under section 20 on behalf or in respect of any number of employees employed in the scheduled employment in respect of which minimum rates of wages have been

fixed and in such cases the maximum compensation which may be awarded under sub-section (3) of section 20 shall not exceed ten times the aggregate amount of such excess.

(2) The Authority may deal with any number of separate pending applications presented under section 20 in respect of employees in the scheduled employments in respect of which minimum rates of wages have been fixed, as a single application presented under sub-section (1) of this section and the provisions of that sub-section shall apply accordingly.

22. *Penalties and procedure.*—(1) Any employer who pays to any employee less than the minimum rates of wages fixed for that employee's class of work, or less than the amount due to him under the provisions of this Act, or infringes any order or rules made under section 13, shall be punishable with imprisonment of either description for a term which may extend to six months or with fine which may extend to five hundred rupees, or with both :

Provided that in imposing any fine for an offence under this sub-section, the Court shall take into consideration the amount of any compensation already awarded against the accused in any proceedings taken under section 20.

(2) Any employer who fails to maintain a register or record required to be maintained under section 18 shall be punishable with fine which may extend to five hundred rupees.

(3) No Court shall take cognizance of a complaint against any person for an offence under sub-section (1), unless an application in respect of the facts constituting the offence has been presented under section 20 and has been granted wholly or in part, and the Authority granting such application has sanctioned the making of the complaint.

(4) No Court shall take cognizance of an offence under sub-section (2) except on a complaint made by, or with the sanction of, an Inspector.

(5) No Court shall take cognizance of an offence—

(a) under sub-section (1), unless a complaint thereof is made within one month of the grant of sanction under sub-section (3) ;

(b) under sub-section (2), unless a complaint thereof is made within six months of the date on which the offence is alleged to have been committed.

23. *Exemption of employer from liability in certain cases.*—Where an employer is charged with an offence against this Act, he shall be entitled, upon complaint duly made by him, to have any other person whom he charges as the actual offender brought before the Court at the time appointed for hearing the charge ; and if, after the commission of the offence has been proved, the employer proves to the satisfaction of the Court—

(a) that he has used due diligence to enforce the execution of this Act, and

(b) that the said other person committed the offence in question without his knowledge, consent or connivance, that other person shall be convicted of the offence and shall be liable to the like punishment as if he were the employer and the employer shall be discharged :

Provided that in seeking to prove, as aforesaid, the employer may be examined on oath, and the evidence of the employer or his witness, if any, shall be subject to cross-examination by or on behalf of the person whom the employer charges as the actual offender and by the prosecution.

24. *Bar of suits.*—No Court shall entertain any suit for the recovery of wages in so far as the sum so claimed—

(a) forms the subject of an application under section 20 which has been presented by or on behalf of the plaintiff, or

(b) has formed the subject of a direction under that section in favour of the plaintiff, or

(c) has been adjudged in any proceeding under that section not to be due to the plaintiff, or

(d) could have been recovered by an application under that section.

25. *Contracting out.*—Any contract or agreement, whether made before or after the commencement of this Act, whereby an employee either relinquishes or reduces his right to a minimum rate of wages or any privileges or concession accruing to him under this Act shall be null and void in so far as it purports to reduce the minimum rate of wages fixed under this Act.

26. *Exemptions and exceptions.*—(1) The appropriate Government may, subject to such conditions, if any, as it may think fit to impose, direct that the provisions of this Act shall not apply in relation to the wages payable to disabled employees.

(2) The appropriate Government may, if for special reasons it thinks so fit, by notification in the official Gazette direct that for such period as it may specify the provisions of this Act or any of them shall not apply to all or any class of employees in any scheduled employment or to any locality where there is carried on a scheduled employment.

(3) Nothing in this Act shall apply, to the wages payable by an employer to a member of his family who is living with him and is dependent on him.

Explanation.—In this sub-section a member of the employer's family shall be deemed to include his or her spouse or child or parent or brother or sister.

27. *Power of Provincial Government to add to Schedule.*—The appropriate Government, after giving by notification in the official Gazette not less than three months' notice of its intention so to do, may, by like notification, add to either part of the Schedule any employment in respect of which it is of the opinion that minimum rates of wages should be fixed under this Act, and thereupon the

Schedule shall in its application to the Province be deemed to be amended accordingly.

28. *Power of Central Government to give direction.*—The Central Government may give directions to a Provincial Government as to the carrying into execution of this Act in the Province.

29. *Power of Central Government to make rules.*—The Central Government may, subject to the condition of previous publication, by notification in the official Gazette, make rules prescribing the term of office of the members, the procedure to be followed in the conduct of business, the method of voting, the manner of filling up casual vacancies in membership and the quorum necessary for the transaction of business of the Central Advisory Board.

30. *Power of appropriate Government to make rules.*—(1) The appropriate Government may, subject to the condition of previous publication, by notification in the official Gazette, make rules for carrying out the purposes of this Act ;

(2) without prejudice to the generality of the foregoing power, such rules may—

(a) prescribe the term of office of the members, the procedure to be followed in the conduct of business, the method of voting, the manner of filling up casual vacancies in membership and the quorum necessary for the transaction of business of the committees, sub-committees, advisory committees, advisory sub-committees and the Advisory Board ;

(b) prescribe the method of summoning witnesses, production of documents relevant to the subject-matter of the enquiry before the committees, sub-committees, advisory committees, advisory sub-committees and the Advisory Board ;

(c) prescribe the mode of computation of the cash value of wages in kind and of concessions in respect of supplies of essential commodities at concession rates ;

(d) prescribe the time and conditions of payment of, and the deductions permissible from, wages ;

(e) provide for giving adequate publicity to the minimum rates of wages fixed under this Act ;

(f) provide for a day of rest in every period of seven days and for the payment of remuneration in respect of such day ;

(g) prescribe the number of hours of work which shall constitute a normal working day ;

(h) prescribe the cases and circumstances in which an employee employed for a period of less than the requisite number of hours constituting a normal working day shall not be entitled to receive wages for a full normal working day ;

(i) prescribe the form of registers and records to be maintained and the particulars to be entered in such registers and records ;

(j) provide for the issue of wage books and wage slips and prescribe the manner of making and authenticating entries in wage books and wage slips ;

(k) prescribe the powers of Inspectors for purposes of this Act ;

(l) regulate the scale of costs that may be allowed in proceedings under section 20 ;

(m) prescribe the amount of court-fees payable in respect of proceedings under section 20 ; and

(n) provide for any other matter which is to be or may be prescribed.

THE SCHEDULE

[See sections 2 (g) and 27]

PART I

1. Employment in any woollen carpet making or shawl weaving establishment.
2. Employment in any rice mill, flour mill or dal mill.
3. Employment in any tobacco (including *bidi* making) manufactory.
4. Employment in any plantation, that is to say, any estate which is maintained for the purpose of growing cinchona, rubber, tea or coffee.
5. Employment in any oil mill.
6. Employment under any local authority.
7. Employment on road construction or in building operations.
8. Employment in stone breaking or stone crushing.
9. Employment in any lac manufactory.
10. Employment in any mica works.
11. Employment in public motor transport.
12. Employment in tanneries and leather manufactory.

PART II

Employment in agriculture, that is to say, in any form of farming, including the cultivation and tillage of the soil, dairy farming, the production, cultivation, growing and harvesting of any agricultural or horticultural commodity, the raising of live-stock, bees or poultry, and any practice performed by a farmer or on a farm as incidental to or in conjunction with farm operations (including any forestry or timbering operations and the preparation for market and delivery to storage or to market or to carriage for transportation to market of farm produce).

THE TRAINING OF SUPERVISORY STAFF

Industry needs in its supervisory staff not only technical knowledge, but also imaginative understanding and constructive human wisdom to handle sympathetically the human beings working in industrial establishments. It has been seen in Chapter XI ("Personnel Department") that the responsibility of handling the human beings working in an industry rests upon all executives and persons in supervisory capacities. Their knowledge of human relations will assist in eliminating industrial differences and strife. It will resolve the conflict of interest between capital and labour, and promote the development of healthy relations within the framework of the industry. A Memorandum by Mr. N. A. Howell-Everson on "The Training of Supervisory Staff" is reproduced here from Dr Walpole's book entitled *Management and Men* with the kind permission of the publishers. It is hoped that the Memorandum will be of great practical utility to the supervisory staff of industrial concerns in India too, as it discusses, among other things, the human aspect of industry :

PURPOSE OF TRAINING

It may be assumed that the members of any supervisory staff at the time of their engagement or appointment have been passed as satisfactory or at least adequate in respect of their technical capacity and experience. What they need, then, is training in the special technique of 'Supervision' or 'Foremanship', rather than in the technical details of the industry with which they are concerned.

This training will, in general, cover three main fields :

1. They must understand and appreciate the policy of the firm : particularly its Labour policy.
2. They must understand the routine organization of the firm : the functions of departments and of individuals ; the inter-relationships of departments ; and the channels of information, inquiry, and discussion between them.
3. They must learn how to handle men and women in accordance with the general labour policy of the company.

Equipped with knowledge in these three fields, and possessed of the requisite technical and trade knowledge of their job, they can be expected to carry out their duties as nearly satisfactorily as the idiosyncrasies of their individual characters will permit.

UNSATISFACTORY TRAINING METHODS

It is completely futile to expect them to pick up the necessary understanding under these headings for themselves. Left alone without guidance they will either carry out their duties in the way they have carried them out in the past, or in previous employment,

or else as they have seen other people carry them out in the days when they stood lower in the industrial hierarchy. The result will be that in one works or factory you might have a couple of dozen different and contradictory conceptions of the Foreman's function—some of them definitely bad ones—operating at the same time, with chaotic and possibly catastrophic effects.

Nor do I think that this knowledge can be put over by the mere issue of a manual or book of instructions. Apart from the fact that a good many supervisors will always find excellent excuses for postponing its study, there is no possibility of checking whether they have correctly *understood* it or not. Besides which, it has to be remembered that 'Foremanship' is a technique at least as complex as applied mathematics: you do not hand a copy of "The Geometry of the Screw Propeller" to an inexperienced man and ask him to go straightway and create air-screws.

In writing this, I am not advising against the issue of some kind of manual for supervisors. On the contrary, I think something of this kind may have considerable value—but as a work of reference and justification after the training in Foremanship has been completed, not as a substitute for it.

Thirdly, I do not think satisfactory results can be anticipated from a few occasional 'talks', at odd intervals, by the Works Manager, Personnel Manager, or even one of the Directors. The atmosphere in such cases is all wrong and the essential sense of continuity is broken from the start. Foremen and supervisors are accustomed to attend the Works Manager's Office, or less frequently the Managing Director's Office or Board Room, to receive instructions on specific matters of detail, to listen to new proposals and intentions, to receive admonition or praise, or to hear 'pep talks'—too frequently delivered by people who have less knowledge than their audience of the complexity and worry of the job. Even in the less common case where the supervisors are assembled for a 'pooling of experience' (in itself an excellent thing) the usual attitude of mind is far removed from that required for serious and objective study.

It is, indeed, quite likely that supervisors may resent being called away from their duties for 'training' of this kind. Half their attention may well be centred on the complicated job which they are afraid somebody is making a mess of in their absence, and they are probably wishing the 'old man' would hurry up and finish so that they can get back to their departments. In practice, the man who is giving the instruction in this haphazard form is probably also a busy executive with his own preoccupations, and his attitude of mind may well be similar to that of his listeners.

THE RIGHT ATMOSPHERE FOR TRAINING

I have already suggested that Foremanship has a technique of its own, distinct from any other of the techniques of industry, and

largely peculiar to the individual works or factory, since it is necessarily built round the policy and organization of the Company concerned rather than on general principles applicable to industry at large. Training in this technique, therefore, is not a matter of receiving instructions, but of mastering a new field of knowledge—a field, moreover, in which past experience has little relevance and may be a positive handicap if the trainee has previously worked with a firm having a different organization or holding different views.

This being the case, it is essential that the training be entered into in the spirit of *technical scholarship*, and every possible means should be taken to recapture the atmosphere in which the participants—perhaps many years previously—grappled with the techniques of applied chemistry, engineering, or textile design. This applies equally to the physical conditions under which the training is given, the methods employed in presenting it, and the actual subject matter of the Course.

PHYSICAL CONDITIONS

First, as regards physical conditions: if the atmosphere of technical scholarship is to be maintained, it is desirable that the Course should take place outside working hours (*i.e.* when the trainees' thoughts are not milling round the detail work of their respective departments or sections) and if possible, at some place removed from the works or factory. You are aiming to get your trainees to assimilate a conception of Supervisorship *as a function of Industry*, and to study certain related principles and master a good deal of background information. Anything which reminds them too sharply of their daily work will tend to make their minds work selectively—picking out the facts and ideas which they imagine will affect their present departmental jobs, and ignoring the rest.

On the positive side, there is much virtue in fresh and appropriate surroundings as a means of taking men's minds out of the rut of habitude, and encouraging them to think in a detached, scholastic way. Seebohm Rowntree recognized this when he planned his original Management Conferences at one of the oldest of the Oxford Colleges, and this principle is worth following by the individual undertaking. It is this detached, scholastic attitude—this sense of seeking for the truth though the sky falls—which the surroundings of your Training Course should aim to achieve.

In some localities, progressive educational authorities will be found willing to make available a room in the local university, technical college, polytechnic, or other educational establishment, and where this can be arranged the right initial atmosphere is automatically created. If this ideal arrangement is not practicable, a room in some hotel (not, most definitely, an unused ball-room, or a reception room surrounded by mirrors) or in some institute or church hall, is usually obtainable. In the extreme case, where the works is the centre of its own community (as in the case

of some of our model industrial villages), it may be necessary to conduct the training on factory premises. In such case I recommend it being given in the rooms farthest removed from the normal daily activities of the trainees.

Seats should be strongly built, but not *too* comfortable, since it is all too easy to sink into a state of semi-somnolence while a lecture progresses, especially after a hard day's work. It is an advantage if *individual* tables or desks can be provided, because these offer a means to determine the 'spacing' of the class, and thus make it impossible for cronies to hitch their seats too closely together and divert themselves by maintaining a running commentary on the Course or on other matters of mutual interest.

PLANNING THE COURSE

The Course itself must be very carefully planned in advance. It is authoritative, and goes to the trainees as the official view of the Company as to the attitude they are expected to take up and the procedure they are required to follow. Consequently it is entirely unsatisfactory to invite anybody to participate in the teaching on an extempore basis. The Board ought to be aware of, and approve, the matters of his discourse before he delivers it.

For this reason I advocate the preparation, in advance, of a condensed summary of each section of the Course—to which the lecturer speaks as does a barrister to his brief. These summaries, I suggest, can usefully be distributed to the trainees *after* each lecture, it being made clear to them at the outset that this will obviate the necessity for taking notes and thus enable them to give all their attention to the lecturer. The issue of some kind of folder or binding case to contain them is a handy encouragement to retain them for permanent reference.

Further to the preceding paragraph, and as a result of considerable experience both as student and lecturer, I deprecate note-taking whilst a lecture is in progress. Either the trainee tries to concentrate on the lecture, in which case his notes are scrappy, disjointed, telegraphic, illegible, and after the lapse of a few days incomprehensible; or else he concentrates on making a good note, in which case the essential background matter, and all the finer nuances of the lecture, are apt to be missed. Any attempt at a partial note is dangerous, because the trainee cannot know in advance which are the essential points to note, whilst if the lecturer has to keep on pulling up to indicate which points ought to be noted, he never gets into his stride at all. Anyhow, individual notes have a habit of getting mislaid and thus becoming valueless.

SCHEDULE AND TIME-TABLE

The Course should be planned to an exact schedule and timetable, which must be rigorously observed. Both lecturers and trainees must realize that there is only a limited amount of time

available for the consideration of particular subjects, and that no opportunity can be provided for wandering too far into the flowery by-paths of reminiscence and extraneous discussion. If it can be so arranged, it is good policy to have somebody of fairly senior rank (Works Manager or Personnel Manager) to act as a kind of permanent Chairman, opening and closing each session, introducing the lecturers, maintaining orderly discussion, and above all ensuring that the time schedule is not departed from.

Planned on these lines such a Course might be expected to occupy perhaps five sessions of two and a half hours each, with a short break in the middle of each Session. This could be arranged in either of two ways. If adequate deputy-supervision is available it is probably better to conduct the Course in the day-time—two and a half consecutive days ; which has the advantage of getting the trainees entirely away from the routine worries of their jobs whilst the training is in progress. The alternative is to run it in five consecutive evening sessions, by which method it is probably easier to obtain the most satisfactory lecturers—who, whether within the Company or outside it, have probably their own special duties to attend to during the day-time. Either way, it is, I think desirable that the sessions should be held on consecutive days, so that the sense of continuity is not lost.

Where the decision is in favour of morning and afternoon sessions, it is sometimes suggested that the trainees should look in at their respective departments either before or after the sessions. This, I think, is wrong. It is a mistake to intrude routine worries into the sequence of study : conversely, it is an advantage in creating the atmosphere of technical scholarship already referred to, that the trainees should occupy their day in an entirely different way—staying a half-hour longer in bed, maybe, having a longer period for the luncheon break, and going home with none of the familiar problems of their ordinary day's routine to disturb their thoughts from the consideration of what they have been hearing.

PLANNING THE SCHEDULE

In planning the schedule, the field of training should be broken up, so far as possible, into distinctive subjects, on such a basis that the presentation of each subject, can be accomplished in 30-45 minutes. Very few people except those who have developed the study habit by continuous usage can give concentrated attention to a single subject or speaker for longer than 45 minutes, as parsons and politicians know very well. The change of subject, and the slight break as one lecturer gives place to another, provides the necessary stimulus to revive fading attention.

I do not think it is at all likely that the best results will follow if the entire training is carried out by one person, and I should advocate, within reason, the widest variety of lecturers, including one or two who are not connected with the firm. (For example,

the subjects of trade union history and organization might well be handled by a friendly and knowledgeable trade union official.) In selecting the lecturers, it is important to avoid choosing them merely on the grounds of seniority. The man to be chosen is the man who knows most about the particular subject—always provided he has the capacity to 'put over' his knowledge. An inefficient lecturer gets nowhere, not only because his matter is not understood, but more, perhaps, because the attention of his audience tends to be diverted from his matter to his manner—a warning which also applies to the lecturer, however fluent, who indulges in bizarre and extravagant mannerisms. The Course, to be of value, must be an education, not an entertainment.

SCOPE OF THE COURSE

The scope and substance of the Course must depend largely on the individual management's own conception of the supervisory function. Does it want its supervisors to be creative, motivating forces in the development of the Company's policy, or merely that they should double the roles of taskmaster and policeman? Does it want to decentralize executive authority to the full length of the chain, or to centralize it in one individual? And so on.

Because of this wide variation of possible concepts, it is impracticable to lay down any detailed synopsis of the desirable training. A more generalized survey can, however, be attempted; and we can assume that the first full session would be devoted to the study of the Company's policy, with particular reference to its Labour policy. For this purpose an appropriate schedule might be as follows:

<i>Item No.</i>	<i>Period</i>	<i>Subject</i>	<i>Conducted by</i>
1	5 min.	Roll call and general instructions	'Chairman'
2	10 "	General introduction to Course	Managing Director
3	30 "	The Policy of the Firm stated	A Director or General Manager
4	45 "	What this Policy implies	Works Manager
5	10 "	Mid-session break	
6	45 "	The Supervisor's part in promoting the Firm's Policy: what his job really is	An appropriate lecturer
7	20 "	Questions on the Session's Work	

Such a schedule has the pedagogic merit of working from the abstract to the concrete and from the general to the particular. It commences with a very brief introduction to the whole Course, presented with the full authority of the Board Room—in which its primary purpose (not a conference or explanatory meeting, but a genuine course of training in a *new technique*), its scope, and the importance attached to it by the Management, may all properly be stressed. Next comes a clear and specific statement of the Firm's policy (its basic purpose and principles, and its current policy in regard to production, sales, administration and Labour) expounded by the senior executive—the man who is regarded as

the 'big boss' by all the executive personnel. And following this, the Works or Factory Manager—the immediate 'boss' of the factory staff—elaborates this statement of policy by indicating its implications in the day-to-day running of the factory.

After a short mid-session break,¹ the subject is taken up once more from the supervisor's own special angle—a general study of the part which he has to play in carrying the Company's stated policy into effect. This section has a secondary value in underlining the importance of the subsequent sessions, which deal more particularly with the functions and machinery of supervisorship as applied in this particular firm. This part of the session is undertaken by some selected person who, by training, experience, and very close intimacy with the Board's interpretation of its own policy, is best fitted to speak with authority and knowledge on the general issues involved.

The session closes with a period for questions, and it is worth while to note in this connexion that the term 'questions' is appropriate: 'discussion' is not. The purpose of the Course is to lay down the principles and practice of supervisorship as the Company wishes them to be observed, and while it is proper that questions in elucidation of obscurities should be encouraged, it is an error to allow the concluding periods of the various sessions to become opportunities for airing contradictory views. The trainees are there to learn what the Company expects them to do, not to explain why they propose to do something different.

It is impossible to attempt, even by way of example, an exact schedule for the remaining sessions of the Course. Variations in organization and practice, and in conceptions of ideal labour relationships, are too wide to permit of any standardized sequence. Some of the matters which will have to be dealt with if the Course is to be complete can, however, be indicated in broad outline.

Routine Organization

General Departmental Organization: what departments there are: their function: who controls them: their inter-relations.

General Personnel Organization: sequence of seniority: channels of instruction, information, inquiry, censure: functions and responsibilities of individuals.²

Detailed examination of functions of key departments: pre-planning: progressing: personnel, etc.

Routine: hiring and firing: pay: disciplinary control, etc.

Relations with the commercial side.

¹ This break gives trainees the chance to relax, stretch their legs, and generally revive attention. As a practical detail it can also be used for the purpose of opening windows and doors to freshen up the ventilation.

² Apart from generalized instruction, it is good for each supervisor to receive a written statement of the duties, functions, rights, and responsibilities pertaining to his own job. Senior supervisory executives should also have copies of the statements applying to all junior supervisors under their control.

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