

NCI No. 573-0-38 ✓

J-483

REPLIES
TO THE
QUESTIONNAIRE

ISSUED BY

THE NATIONAL COMMISSION ON LABOUR
GOVERNMENT OF INDIA

*

SUBMITTED BY

THE INDIAN ENGINEERING ASSOCIATION
6 NETAJI SUBHAS ROAD
CALCUTTA-I

October 1967

NATIONAL COMMISSION ON LABOUR

QUESTIONNAIRE

Section One

1. Name and address of the respondent :
(Person/undertaking/organisation/state)
2. The name of the Central Organisation of employers/workers to which you are affiliated.
3. If union, please give the number of members. When was the union formed ?
4. If an undertaking/establishment, please give:
 - (a) Commodity produced/nature of activity.
 - (b) Number of employees as on 1-1-67.
 - (i) Workers
 - (ii) Others
 - (c) When was the undertaking established ?

I. RECRUITMENT AND INDUCTION

Recruitment

1. (a) How is labour recruited at present in industrial establishments ? Is recruitment effected through (i) jobbers, (ii) contractors, (iii) advertisements, (iv) introduction by existing employees, (v) employment exchanges or (vi) any other method ?

(b) How far are the present recruitment arrangements satisfactory for different types of employees and different levels of skill ?
2. In what categories of employment is labour in short supply ? What steps should be taken to minimise the effects of such shortages ?
3. Does lack of mobility affect supplies in different categories of labour ? If so, what remedial measures would you suggest ?
4. To what extent is industrial labour migratory in Character ? What problems does such labour pose in recruitment and retention ?
5. How do the existing statutory provisions in regard to employment of women affect recruitment of women labour ? Consistent with international conventions on conditions of work for women, what modifications would be necessary in the existing provisions for promoting employment of women ?
6. What are the advantages and disadvantages of recruitment of casual labour ? If employment of casual labour is a disadvantage, what steps should be taken to decasualise such labour ?
7. In view of the present unemployment situation, what place should be given to the absorption of 'physically handicapped' in recruitment policy ? Should there be a statutory provision for reserving a portion of the vacancies to physically handicapped persons ?
8. In establishments within your knowledge, is there any discrimination in the matter of recruitment on grounds of caste, community, region, language, etc ? Under what circumstances is such discrimination justified ?

Induction

9. Are the existing programmes for 'on-the-job' training of workers adequate? What are the directions in which improvement should be sought?
10. What steps should be taken to encourage an employee to avail of the facilities outside the place of work for improving his skill? Is there any system of granting study leave to the employees in your establishment? If yes, please give details.
11. (a) What should be the outline of a rational promotion Policy? What place would you assign in this policy to seniority, merit and trade test?
- (b) Should recruitment to positions at higher levels be made from among the existing employees only? If so, upto what level?

II. CONDITIONS OF WORK

Working Conditions

12. (a) Conditions of work in factories, mines and plantations, etc., are presently regulated by the Factories Act, 1948, the Plantations Labour Act., 1951 and the Mines Act, 1952 etc. The Main provisions of such acts *inter alia* relate to (i) safety and welfare, (ii) hours of work, rest interval, weekly off, etc., (iii) employment of young persons and women, (iv) annual leave with wages, (v) occupational diseases and (vi) overtime payment. What changes are necessary in these provisions? How should the implementation of these acts be improved? (See also Q. 19).

(b) What other steps are needed to ensure proper working conditions?

13. In the matter of national and festival holidays, what is the extent of difference in the total number of holidays from region to region? Is this difference justified? If not, is it possible to bring about uniformity in the total number of holidays in different regions?

14. What changes are necessary in the existing arrangements for regulating conditions of work in employments other than in factories, mines and plantations?

15. What, in your knowledge, is the extent of prevalence of employment of child labour? In what industries/activities is employment of child labour relatively high? Are you satisfied with the existing statutory provisions about employment of child labour and their implementation?

16. How have the existing arrangements regarding regulation of conditions of work of contract labour and labour employed by contractors worked? In what directions are improvements necessary? (See also Q. 209)

17. What are the statutory benefits/provisions, in the implementation of which trade unions and employers' organisations can jointly play a useful role? How should such arrangements be made effective at the plant level? Should there be any standing arrangements for this purpose?

Safety and Health

18. Is the existing rate of accidents high in establishments within your knowledge? What have been the main causes of such accidents?

19. What steps should be taken to establish training programmes with special emphasis on safety for the benefit of new entrants to industrial establishments? Are any refresher courses necessary for those who are already in employment? How should such courses be organised?

20. Safety standards in some industries have been evolved by bipartite agreements. How have these agreements worked in practice? How can this bipartite approach be extended to other industries? How should the agreed arrangements be made effective at the plant level?

21. In view of the anticipated growth of new industries like machine building, chemicals, fertilisers, petrochemicals, etc., requiring stricter safety standards, what steps should be taken to arouse safety consciousness among workers and employers?

22. Against the background of expanding industry and advancing technology involving a faster tempo of production, how should provisions concerning industrial safety (Appendix I) in the Factories Act, 1948, the Mines Act, 1952 etc., be amended?

23. (a) What are the difficulties experienced in procuring safety equipment for installation in industrial establishments ?

(b) Is the supply of safety equipment to workers for their personal use adequate ? Is there any reluctance on the part of workers to use such equipment ? If so, what measures would you suggest to overcome this reluctance ?

24. What should be the elements of an 'Industrial Health Service' for introduction in India ? How should the introduction of such a service be phased ?

25. As a corollary to replies to the above, do the provisions for workmen's compensation require to be amended ? If so, in what manner ?

III. TRADE UNIONS AND EMPLOYERS' ORGANISATIONS

Federations of Employers' and Workers' Organisations

26. What are the factors which have influenced the development and organisational pattern of trade unions/employers' organisations since Independence ?

27. What has been the effect of legislative provisions on the growth of trade unions/employers' organisations ? (See also Q.58)

28. Do you think that the *modus operandi* of trade unions/employers' organisations have changed during the last decade ? If so, what are the characteristics of this change ?

29. Do you think that the attitudes of trade unions and employers' organisations towards (a) each other and (b) Government have undergone any change during the last decade ? If so, state the direction of this change.

30. The traditional role of trade unions/employers' organisations has been to secure protection to advance the interests of their members. In view of the national objectives of establishing a socialist society and achieving planned economic development: (a) What should be the changes, in the nature and scope of activities of the trade unions/employers' organisations ? (b) What are the changes needed in their organisational pattern and attitudes ? (c) What are the fields of activity in which they have an independent role to play ? (d) In what others should they function in cooperation (i) between themselves and (ii) jointly with Government ? (See also Q. 75).

31. How have trade unions/employers' organisations helped in the evolution of a better society ? How do they represent their views and discuss their affairs with Government and other public authorities and agencies ? Does this system of communication need improvement ? If so, in what direction ? (See also Q. 124 & 227).

32. How can trade unions/employers' organisations contribute towards maintaining a high level of employment ? Or is this solely the concern of Government ?

33. Bipartite consultations being one of the effective means of reducing the areas of conflict between employers and their employees, what steps should trade unions/employers' organisations take for promoting such consultations ?

34. What are the existing arrangements for communication between the central organisations of employers and workers and their constituents ? How should these arrangements be improved ?

35. Are there occasions when central organisations of employers and workers refuse to affiliate employing units/unions at the plant level ? If so, on what grounds ?

36. To what extent are the obligations undertaken by the organisations of employers and workers at the national level implemented by their constituents ? Are there any effective sanctions for noncompliance with these obligations ? How far have they been used in recent years ? How could these sanctions be made more effective ?

37. Do difficulties arise in reconciling the actions of the unions/employers at the plant level with national policies evolved jointly by trade unions/employers' organisations? Could you cite instances of such difficulties? How are such difficulties resolved?

38. What should be the responsibility of all-India organisations of employers and workers towards (i) promoting the interest of their constituents in all matters affecting industrial relations, (ii) implementation of laws, voluntary agreements, etc. (iii) training of management personnel, (iv) providing guidance to constituent units, (v) settling of industrial disputes in constituent units and (vi) improving the efficiency of industry? (See also Q. 166). How should they be equipped for discharging these responsibilities?

Trade Unions—Constitution and Finance

39. How are trade unions constituted at the plant level? What are the different forms of constitution? Are there any common objectives mentioned under the rules of different trade unions? What are these common objectives?

40. How are the officers who man the trade unions appointed? How many of them are paid?

41. How does a trade union get new members? Are all membership applications accepted? If not, by what criteria are applicants accepted or rejected? In what ways do unions compete for membership?

42. What steps do trade unions take to encourage members to interest themselves in the conduct of unions affairs? How effective are such steps?

43. How are the activities of a trade union conducted? How is the policy decided? Who is responsible for implementing the policy once it is decided? To what extent does the rank and file influence the formulation of the policy?

44. What in your opinion is the extent of prevalence of the system of 'closed shop' or 'union shop'? State its merits and demerits in Indian conditions.*

45. Do trade unions have enough income to fulfil their role in promoting members' interests? If not, what steps should unions take for augmenting their resources? Is any statutory provision needed for enlarging trade union finances?

46. What reasons, if any, are there against increasing members' subscription so as to provide an adequate income for trade unions?

47. Is the introduction of 'check-off' **system advisable in Indian conditions? If it is, should the privilege of the system be given to recognised unions only or to all registered unions?

48. In what ways do trade unions help members/dependents of members in their personal difficulties like unemployment, sickness, and personal injuries? How are dependents helped in case of member's death?

Trade Union—Leadership and Multiplicity

49. What has been the impact of political parties on the pattern of trade union development in India?

50. Reference is often made to the influence of outsiders in trade unions. Please define the term 'outsider' and state what the influence of outsiders has been on trade unions.

51. How should internal leadership in a union be built up and strengthened?

52. Does the existing legislation encourage multiplicity of trade unions? If so, what are the remedial measures?

53. How far has the Inter-union Code of Conduct (Appendix II) adopted by the four central labour organisations in 1958 been effective in regulating inter-union relations and avoiding inter-union rivalries? How could the Code be made more effective?

* 'Closed shop' is an establishment where only members of a union in good standing are hired or retained as employees.

'Union shop' is an establishment in which the employer has agreed to keep only union men on pay-roll and in which non-union men may be hired on a stipulation that they join the union within a specified time.

** 'Check off' is the practice in which employer deducts union dues from pay and hands over these deductions to the Union.

Trade Union Recognition

54. What are the advantages and disadvantages of a union registration ? Are there any aspects in which the powers of the Registrar of Trade Unions could be altered or enlarged with advantage ?
55. Has there been a change in the attitude of employers towards trade unions, particularly in the matter of recognition of unions ? If yes, what have been the contributory factors ?
56. Has the Code of Discipline in Industry (Appendix III) contributed towards securing recognition for trade unions ?
57. Do the existing provisions under the Code of Discipline in regard to recognition of unions provide a satisfactory arrangement in this regard ? Specifically, are the provisions regarding (i) the procedure for verification, (ii) the procedure for grant and withdrawal of recognition, (iii) the period of recognition and (iv) the rights of the recognised unions (Appendix IV) satisfactory ? If not, what improvements would you suggest in them ? (see also Q. X111).
58. Would you suggest giving effect to the provisions of the Indian Trade Unions Amendment Act 1947 in the matter of recognition of unions ? Or, should provisions similar to the Bombay Industrial Relations Act, 1946 or similar Acts elsewhere in India for recognition of unions (Appendix V) be written into the Indian Trade Unions Act, 1926 ? Are there any other suggestions in this regard ? (See also Q. 27).
59. What are the advantages of industrywise unions ? What will be the difficulties in their recognition ? How should the subject to be dealt with by unions at the plant level and by the industry union be demarcated ? (See also Q. 86).
60. What are the advantages and disadvantages of naming a union as the sole bargaining agent in an industrial unit ?
61. For determining the representative character of a trade union for purposes of grant of recognition, should the method of election by secret ballot be adopted ? If so, explain the details of the method and the administrative arrangements necessary for the purpose. (See also Q. 86).
62. If a union is elected as the sole bargaining agent in an establishment, what should be the rights and responsibilities of other unions in the establishment ?
63. Considering that categorywise unions, particularly of technicians, are assuming greater importance how should their rights and obligations be defined in relation to (a) the employer and (b) unions of other categories of employees ?
64. What facilities should an employer extend at the work-place for the activities of unions ?
65. What has been the attitude of the Government as employer towards trade unions ?

IV. INDUSTRIAL RELATIONS

Introductory

66. What should be the criteria for determining the effectiveness or otherwise of Government's industrial relations policy ? In terms of these criteria, give your assesment of the working of the policy since Independence, with special reference to the legislative and other arrangements for prevention and settlement of Industrial disputes.
67. Are the patterns of industrial conflict changing since Independence ? In particular, how have the social, economic and political factors affected the intensity of industrial conflict ?
68. Is it possible to pick out some significant factors in units within your knowledge which in recent years have helped in improving industrial relations at the plant level ? will these factors continue to be of significance in future ?
69. What have been the causes of industrial unrest since Independence ? Have there been any special circumstances which have contributed to industrial unrest ? How could their effect be minimised in future ?

70. What has been the impact of inter-union rivalry on industrial relations ?
71. What improvements are necessary in the present arrangements for prevention of industrial disputes ? What would be the role of mediation service in the prevention of disputes ?
72. What is the role of fact-finding enquiries in improving industrial relations ?
73. How is the state of industrial relations in a unit affected by the existence of trade unions ? What difference, if any, exists in the climate of industrial relations where the relevant trade union organisation is (a) strong, (b) weak, and (c) non-existent ?
74. What has been the contribution of factors like (a) recognition of union, (see also Q. 54 to 65) (b) arrangements for dealing with individual and collective grievances, and (c) strengthening bipartite consultative arrangements, in promoting industrial harmony ?
75. In maintaining and promoting harmonious employer-employee relationship, what should be the respective obligations of (i) Central organisations of employers and workers, (ii) local management, (iii) local union and (iv) the Government Central or State ? (See also Q 30).
76. What role have labour/personnel officers played in preventing disputes and maintaining harmonious employer-employee relationship ? How far have they been effective ? Suggest measures to improve their effectiveness.
77. What should be the arrangements for proper communication between workers and management at the plant level ?
78. To whom do managements delegate their authority in dealing with employees ? To what extent do managements include specialists for dealing with personnel matters ?
79. To what extent are the standing orders subject to agreement between employees and managements ? In how many cases are they drawn up by management alone ?
80. To what extent do the Employment Standing Orders Act, 1940 and the Model Standing Orders formulated under that Act serve the purpose for which the Act was framed ?
81. What are the disciplinary rules imposed by managements ? Do the procedures prescribed under the Model Standing Orders in dealing with disciplinary cases require modification, and if so, on what lines ?
82. Has the Model Grievance Procedure (Appendix VI) evolved under the Code of Discipline served its purpose ? If not, is there need for statutory provision for the formulation of an effective grievance procedure ? What should be the main elements of such a provision ? How would it affect existing bipartite arrangements ?
83. What is the attitude of trade unions and employers' organisations to the introduction, either by voluntary agreement or statutorily, of a system of grievance arbitration ? Would such a system help in improving labour-management relations ?
84. What are the existing facilities for training management and trade union personnel in industrial relations ? To what extent are they used ?

Collective Bargaining

85. What is the extent of prevalence of the system of collective bargaining in this country ? How far has it succeeded ? What has been the effect of legislation on the growth of collective bargaining ? (See also Q. 193).
86. If collective bargaining has to be encouraged at the industry level, how should the representative character of the bargaining agent for workers be determined ? (See also Q. 59 and 61).
87. Do you agree with the statement (a) collective bargaining has its uses when unions have sufficiently built up their strength and even for strengthening unions and (b) adjudication system provides an arrangement by which satisfaction can be given to parties without open industrial conflict as also for protecting the weaker party ?

88. What should be the role of (a) collective bargaining and (b) adjudication as methods for safeguarding industrial peace in the years to come ?

89. In disputes arising over a charter of demands, is it feasible to separate areas of difference between the employer and the union into those where collective bargaining could exclusively operate and others which could be left to adjudication ?

90. What should be the limits of collective bargaining under conditions imposed by planned development ? (See also Q. 193).

Joint Consultation

91. Do trade unions, through collective bargaining and joint consultation, provide an effective form of democracy within the enterprise ?

92. The Industrial Disputes Act, 1947, provides for the setting up of works committees "to promote measures for securing and preserving amity and good relations between the employer and the workmen." Have they been functioning satisfactorily wherever they have been set up ? If not, what factors have militated against their setting up and proper functioning ?

93. To meet the criticism that works committees have been languishing for want of definition of their specific functions, an illustrative list of functions (Appendix VII) of works committees was evolved by the Indian Labour Conference. Assuming that there can be clash of functions between the trade union and works committee, can this list be the basis for demarcation/definition of works committees' functions ?

94. Suggest measures for improving the utility of the works committees with particular reference to their composition and functions.

95. Have joint management councils and emergency production committees been successful in achieving the objective of better industrial relations and increasing production/productivity ? Have they created a climate of mutual trust between employers and employees ? (See Appendix VIII for functions of Joint Management Councils).

96. What effects do profit-sharing and copartnership schemes have on relations between management and employees ?

97. (a) Is it feasible to introduce a scheme of workers' participation in management by making the workers shareholders ?

(b) If it is considered feasible, what steps should be taken to facilitate the introduction of such a scheme ?

(c) Does such shareholding give adequate voice to workers in running of the establishment ?

(d) Are there any other methods by which workers can participate in management ?

Conciliation

98. To what extent has the conciliation machinery given satisfaction to the parties to a dispute ?

99. Statistics of settlement of industrial disputes show that conciliation machinery has played a pivotal role in maintaining industrial peace. At the same time, many major disputes may not be amenable to settlement through conciliation machinery. Do you agree with this assessment of the functioning and utility of the machinery ?

100. What changes in the organisation and staffing of the machinery and powers of conciliation officers would you advocate ? Please indicate the specific changes/improvements which will make for a more expeditious and effective disposal of conciliation work ?

101. Should conciliators be named arbitrators in disputes handled by their colleagues ?

Adjudication

102. What are the criteria for assessing the suitability or otherwise of the present system of adjudication ? Do you think the system has played an important role in maintaining industrial peace ? Should the system be retained ?

103. In case adjudication machinery is to be retained, what powers should it have in industrial disputes relating to discharge and dismissals ?
104. Are the existing arrangements for reference of disputes at adjudication satisfactory ? If not, how can the arrangements be improved ?
105. Should the authority for appointment of industrial tribunals be vested in the Labour Departments ? If not, where should it lie ?
106. There is a section of opinion that the existing procedures and practices involving different stages like conciliation, adjudication, etc., in settlement of disputes take an unduly long time. What measures would you advocate for expeditious settlement of disputes ?
107. Do you think the revival of the Labour Appellate Tribunal would help in the expeditious settlement of disputes ?
108. How should the cost of adjudication to the parties be reduced ?
109. What measures should be taken to ensure full and speedy implementation of tribunal awards and agreements ?

Code of Discipline

110. Has the Code of Discipline served its purpose ?
111. Which provisions, if any, of the Code of Discipline should be given a legal shape ? (See also Q. 57).

Voluntary Arbitration

112. What is the role of voluntary arbitration in the achievement of good industrial relations ? In what way can the Central Organisations of employers and workers promote voluntary arbitration ? Should a provision for voluntary arbitration be incorporated in all collective agreements ?
113. Please indicate the areas of industrial disputes where voluntary arbitration could be preferred to adjudication.
114. Are you in favour of setting up standing arbitration boards ? If so, indicate (a) their composition, (b) procedure for setting up of such boards and (c) subjects to be referred to them.
115. What professional group provides the best arbitrators ? Civil servants ? Lawyers ? Academics ? Businessmen ? Trade unionists ? Technicians ? Others ?
116. What should be the arrangements for meeting the expenses of arbitration ?

Strikes and Lockouts

117. Do you consider that the existing restrictions on workers' right to strike and the employers' right to declare a lockout need to be modified in any way ? If so, please indicate these modifications together with reasons in support of these modifications.
118. Do union rules provide for a procedure to be gone through before giving a call for strike ? If so, to what extent is this procedure observed in practice ?
119. If a strike is called/lockout is declared, is prior notice always given to the other party ? In what cases, if any, no such notice is given ?
120. In how many cases within your knowledge have workers been able to secure wages for the strike period when the strike is declared legal ? Are there cases where strike pay is given when the strike is illegal ?
121. In what ways do trade unions seek to prevent victimisation of their members ? To what extent do they succeed ?
122. Are there instances of workers going on strike without sanction of the union ?
123. In what way in practice do trade unions and managements keep in touch with each other during a strike in order to facilitate a settlement ? What is the role of Government machinery in such cases ? Should Government intervene in cases where a strike is (i) legal, (ii) illegal ?

General

124. What has been the role of tripartite committees like the Indian Labour Conference, Standing Labour Committee, Industrial Committees, etc., in evolving through mutual discussions and agreements acceptable arrangements in the various fields of labour relations ? (See also Q. 31)
125. Are you in favour of Central Government being made responsible for industrial relations in public sector undertakings under the control of the Central Government ?
126. How should public utilities be defined in the context of a planned economy ? Should there be any special provisions for avoiding work stoppages in public utilities ?
127. What steps should be taken to minimise industrial conflicts in (a) the public sector, (b) the cooperative sector ?
128. For the purpose of labour-management relations, is there a case for treating the public/cooperative sector differently from the private sector ?
129. Has collective bargaining been possible in the small-scale sector ? To what extent does this sector make use of the industrial relations machinery ?

V. WAGES

Introductory

130. How does the current availability of unskilled labour affect the level of wages ?
131. What has been the relationship between wages in agriculture and other unorganised sectors and wages in industry ?
132. Should wages in agriculture and unorganised industries be allowed to influence wages in industry ?
133. To what extent is the existing level of wages a result of the traditional mode of wage settlement, collective bargaining, awards, etc. ?

Minimum Wage

134. As set forth in the report of the Committee on Fair Wages, "The minimum wage must provide not merely for the bare sustenance of life, but for the preservation of the health and efficiency of the worker. For this purpose, the minimum wage must also provide for some measure of education, medical requirements and amenities." Should this concept of minimum wage be modified in any way ?
135. The 15th Session of the Indian Labour Conference accepted certain norms (Appendix IX) in regard to the size of the worker's family and minimum requirements of the family relating to food, clothing, housing and other items of expenditure. Attempts made by some wage fixing authorities to quantify this minimum wage have brought out the difficulties in implementing the formula. In what respects do the standards require reconsideration ?
136. If it is not feasible to provide the minimum wage referred to above to the working class, is it possible to suggest a phased programme for implementing the need-based minimum as recommended by the Indian Labour Conference ?
137. The Committee on Fair Wages made its recommendations about minimum wage against the background of conditions in the industrial sector. Do these ideas require modification if they are to be relevant to non-industrial workers who predominate in the economy ?
138. If the idea of fixing a National Minimum Wage is to be accepted taking into account the replies to questions 134 to 137 above, how is it to be worked out in practice ?
139. As between different regions in the country it is not only that prices of consumption goods vary, but the content of the minimum needs themselves can be different. How are these variations to be provided for in arriving at the National Minimum ?

140. Would you favour any change in the definition of 'minimum', 'fair' and 'living' wage given by the Committee on Fair Wages ? What in your opinion could have been the concept of 'living wage' referred to in the Constitution ? (Appendix X).

Dearness Allowance

141. Considering the need for protecting real wage, how should one provide for revision of wages/wage rates for changes in price level ? Should this be by revision of the wage itself or by a provision of a separate component to absorb price changes ?

142. In view of the prevalence of several methods to provide or the payment of a separate allowance to meet changes in cost of living, is it feasible to apply any one system on a uniform basis ? Which system would be most appropriate ?

143. If a system in which dearness allowance adjusted to changes in cost of living is favoured :—

(a) Which index number viz., (i) All India, (ii) regional, or (iii) local should be preferred ? (b) What should be the frequency at which revision should be made—monthly/quarterly/half-yearly, etc. ?

(c) What should be the extent of change in the index which should warrant such revision in dearness allowance—each point/slab of 5 points/slab of 10 points, etc. ? Give reasons.

144. In determining the quantum of dearness allowance, what should be the principles governing the rate of neutralisation of price rise ?

145. Considering that payment of a cost of living allowance is meant to ensure that real wage of employees is not eroded by price increases, should be the capacity to pay of an industry/unit be a relevant consideration in fixing the rate of dearness allowance ?

146. In areas/activities where part of the wage is in kind, what adjustments should be made in fixing the quantum of dearness allowance ?

Fringe Benefits

147. How should fringe benefits be defined ? What should be their scope and content ? To what extent do such benefits affect production costs ?

148. How far can the fringe benefits be a substitute for higher money earnings ?

Wage Differentials

149. Do the existing wage differentials in the plants within your knowledge appropriately reflect the considerations mentioned in the report of the Committee on Fair Wages, viz., degree of skill, strain of work, length of work, training requirement, responsibility undertaken, mental and physical strain, disagreeableness of the task, hazards of work and fatigue ?

150. What has been the effect of the existing systems of dearness allowance on wage differentials ? What steps would you suggest to rationalise present arrangements ?

Methods of Wage Fixation

151. As between different methods of wage fixation obtaining at present, namely, statutory wage fixation, wage fixation through collective bargaining, fixation through wage boards, and wage fixation resulting from adjudication, etc., which method or methods would be more suitable for adoption in future ? If one or the other arrangements is needed for different sectors, indicate sector-wise the arrangement needed.

152. In collective bargaining for wage fixation, should the principal emphasis be laid on national agreements ? If so, what adjustments should be made to meet local needs ?

153. Tripartite wage boards came in vogue because it was felt that an arrangement by which parties themselves can have a hand in shaping the wage structure in an industry could be more enduring than the one where an award is handed down by a third party. Has this expectation been fulfilled ?

154. (a) In what respects should the operation of wage boards be modified to improve their working ?
(b) Should wage board recommendations have legal sanction ?

Wage Policy

155. (a) How could the criteria of fairness to labour, development of industry, capital formation, return to entrepreneur, etc., be taken into account in wage fixation ?

(b) It is said that in the balance between fair wages to workers, fair profits to entrepreneurs and fair returns to treasury, the consumers are often left behind. How far is this criticism valid ? How best can the situation be remedied ?

156. In the context of planned development, the question of taking an integrated view of policy in regard to wages, incomes and prices is often emphasised. What should be the objective and scope of such a policy ? Indicate the guidelines for such a policy in the light of the perspective for the growth of the economy. Changes in the existing institutional arrangements for implementation of such a policy may also be indicated.

157. Do you suggest a policy of 'wage freeze' ? If so, how can it be implemented under the existing system ? What are the implications of this policy for other incomes ?

158. Is there a need for sectoral balance in wage structure between the public and private sectors ? If there is, how should it be achieved ?

Mode of Wage Payment

159. What are the existing practices in regard to payment of wages in kind ? Would you suggest its extension to units where it is not obtaining at present ?

160. To what extent is the method of paying unskilled workers on time scale of pay common ? Would you favour its extension ?

161. Do you favour the suggestion that the total wage packet should consist of three components, namely, the basic wage, the other depending on price changes and the third which takes into account productivity changes ? If so, how should this suggestion be made operative ?

General

162. How far can the administration of the Minimum Wages Act, 1948 be considered to be satisfactory ? Outline in detail the difficulties experienced in its implementation. Offer suggestions against each difficulty on how best it could be overcome (See also Q. 210).

163. Is the scheme for payment of annual bonus embodied in the Payment of Bonus Act, 1965, satisfactory ? If not, what are your suggestions ? How does the latest decision of the Supreme Court affect the Scheme of the Act ?

164. What should be the place of bonus payments in the future system of remuneration ?

VI. INCENTIVE SCHEMES AND PRODUCTIVITY

165. What steps should be taken to introduce a system of payment by results in industries/activities where this system would be appropriate ?

166. Please state your views on the following guiding principles for introduction of incentive schemes.

(a) Employers and workers should formulate a simple incentive system at the unit level and implement it on some agreed basis through collective bargaining. In every case, introduction of incentive schemes should be preceded by an agreement with trade unions.

(b) In evolving wage incentive schemes, it should be ensured that these do not lead to rate-cutting. The worker's normal wages should be protected where it is not possible for him for circumstances beyond his control to earn an incentive.

(c) Individual or group incentives can be framed to cover both direct and indirect groups of workers.

(d) An incentive scheme cannot be evolved without a work study undertaken with the cooperation of workers. Nevertheless, it should always be open to employers and workers to evolve a scheme by agreement or any other acceptable basis.

(e) Efforts should be made to reduce time-rated categories to the minimum. This will ensure that all employees have an equal chance to increase their earnings with increase in productivity.

(f) Wage incentive should generally provide extra earnings only after a mutually agreed level of efficiency has been achieved.

(g) To ensure quality of production, incentive payments should be generally allowed only if the output has been approved on inspection by the management.

(h) Incentive earnings should not fluctuate very much. This requires a certain degree of planning so that material delays, machine-breakdowns etc., are controlled.

(i) The scheme should itself safeguard adequately the interests of the worker if he is forced to remain idle due to circumstances entirely beyond his control such as non-supply of raw materials, machine breakdowns etc.

(j) Apart from financial incentives, non-financial incentives like better security of employment, job status, etc. have also a place in increasing productivity.

167. What should be the respective roles of labour, management and Government in raising productivity ?

168. How should the gains of productivity be measured ? Can they be allocated to different factors of production ? How should the gains be shared ?

169. Have increases in productivity matched with wage increases in the years since Independence ? Please give supporting statistics.

170. Has any undertaking within your knowledge experimented, in recent years, with productivity techniques ? How did the employees react to these experiments ? Did this result in increasing workload ? If so, how was this situation met ?

171. What place would you assign to suggestion schemes and institution of awards for outstanding work to improve productivity ?

172. What are the factors contributing to labour turnover and absenteeism ? How do they affect improvement in productivity ? (See also Q. 183).

173. What is the place of the motivation of worker for improving his standard of living in the successful working of incentive schemes ?

174. What is the effect of (a) 'go-slow', (b) 'Work to rule' and (c) "unions' ban on overtime" on creating a climate for improving productivity ?

175. What is the role of rationalisation in improved productivity ? The 15th Session of Indian Labour Conference had made some recommendations (Appendix XI) for regulating the process of rationalisation. Have these recommendations helped rationalisation ? Do these recommendations still provide a useful framework for the purpose ? If not, what changes would you suggest ?

176. (a) What should be the place of 'automation' in the perspective of development ?

(b) How would automation affect labour-management relations ?

(c) Should there be a special machinery to study the problem ?

177. How far has the National Productivity Council been effective in generating enthusiasm among employers and workers in increasing productivity ?

VII. SOCIAL SECURITY

178. (a) What effect do the social security schemes have on stability of employment and on industrial relations ?

(b) Have some of the benefits, based as they are on a qualifying period for entitlement, led to larger labour turnover ? If so, what should be the remedial measures ?

179. The Convention on Minimum Standards of Social Security adopted by the International Labour Organisation refers to the following branches of social security, namely, medical care, sickness benefit, unemployment benefit, old age benefit, employment injury benefit, family benefit, maternity benefit, invalidity benefit and survivor's benefit.

(a) To what extent is each one of the above benefits available at present ?

(b) What is the cost of existing social security schemes in relation to the total cost of production ? How has it varied over the last 15 years ?

(c) Are the scope and coverage of each one of the benefits mentioned above adequate ?

(d) What should be the priority for enlarging the scope and coverage of the various existing benefits ?

(e) How should the programme for introduction of the benefits not currently available be phased ?

180. The benefits referred to in question No. 179 are generally available only to persons who are in wagepaid employment; there will still be large numbers of persons like traders, artisans and small shopkeepers who are self-employed and who will remain uncovered by the scheme. What advance steps should be taken to bring these groups within organised social security schemes ?

181. The E.S.I.S. Review Committee has made a number of recommendations in its Report both for improving the administration of the ESIS and for introducing an integrated social security scheme. As regards the latter, it has recommended that planning should now proceed to evolve a comprehensive social security scheme covering in a single enactment various risks of cessation of income or wage loss to which a wage earner is exposed. Towards this end it has specifically suggested :—

(i) The Government should in consultation with the Indian Labour Conference set up an expert machinery to evolve a 'blue print' for a comprehensive scheme of social security which should also form a strong financial and administrative base for inclusion of benefits which are at present not available.

(ii) Action should be initiated forthwith to bring about an administrative merger of the ESI Scheme and the EPF Scheme. Steps should be taken to examine the problem in all its details and to accomplish this with the least delay.

What are your suggestions on the above recommendations ?

182. Should the provisions for exemption from the ESI scheme be tightened ? How should this be achieved ?

183. In so far as the ESI scheme is concerned, there is a view that absenteeism among workers in the factories covered by the scheme has tended to increase consequent upon the introduction of the scheme. No concrete evidence has been forthcoming so far either in support of the above contention or against it. What is the experience in the industrial unit/units within your knowledge ? What remedies would you suggest to minimise such absenteeism ? (See also Q. 172).

184. Should the administration of the medical benefits under the ESI Scheme remain the responsibility of State Governments ? Or should the Corporation itself take it over ? If State Governments are to continue administering medical benefits, what should be done to ensure that a uniform standard of medical benefits are available to insured persons in all States ?

185. What should be the respective shares of contribution from employers, workers and Government in any scheme of social security ?

186. Should the Employees' Provident Fund Scheme be continued as at present or should steps be taken to convert it into either a pension scheme or a provident fund-cum-pension scheme ?

187. If it is to continue in the present form, would you suggest any change in the pattern of investments of the funds and in the rate of interest accruing to beneficiaries ?

188. Are any changes called for in the Scheme to make the administration more satisfactory ?

189. Should a part of the provident fund be set apart for giving insurance cover to the members of the EPF scheme ?

190. What should be the place of gratuity payments in an overall social security programme ?
191. Would you suggest any changes in the existing provisions relating to lay-off and retrenchment provided to employees against the hazards of job insecurity resulting from temporary employment and other fluctuations ?
192. Should the administration of some of the social security benefits be handed over to trade unions ? What pre-conditions should trade unions satisfy for being eligible to take over such administration ?

VIII. LABOUR LEGISLATION

193. To what extent should labour-management relations in a planned economy be governed by legislation/collective bargaining ? (See also Q. 85 and 90).
194. What have been the factors that have affected the proper and effective implementation of the various labour laws ? (Appendix XII). Have these laws achieved the purpose/objectives for which they were enacted ? If not what factors have hindered the achievement of these objectives ? (See also Q. 12)
195. (a) How have the existing legislation and other provisions for protecting the interest of labour worked in practice ?
- (b) To what extent have the above provisions helped to implement the Directive Principles of State Policy on labour matters as embodied in the Constitution ?
- (c) What changes or further improvements in the existing arrangements would you suggest for fuller realisation of the Directive Principles (Appendix XIII) keeping in view the present state of our economy and the country's development in the foreseeable future ?
196. Are the present constitutional arrangements under which labour is a concurrent subject satisfactory, particularly from the point of view of the administration of labour laws ? Are any modifications by way of centralisation/decentralisation of certain activities and functions necessary ?
197. What has been the influence, direct or indirect, of international labour conventions on the progress of labour legislation in India ? To what extent has the Constitution helped or hindered such progress ?
198. On the basis of the principles evolved out of case law over a number of years, what are your suggestions for reviewing and amending labour legislation in this country ?
199. Has there been too much legislation in the field of labour ? If so, what are the aspects in regard to which there is over-legislation ?
200. Is there need for consolidation and codification of existing labour Laws ? Please suggest the lines on which codification should be undertaken.
201. Since 1958 the general emphasis in labour policy has been on voluntary approach in preference to legislation. This has resulted in fashioning tripartite instruments like the code of discipline, industrial truce resolution, etc. Has this policy been successful ? Should it be continued ?
202. Please comment on the suitability of (i) labour legislation so far enacted and (ii) voluntary arrangements so far built up.
203. What is the extent of enforcement of labour legislation in public sector ? Are exemptions from the applicability of certain provisions of labour laws more common in the public sector ? What is the rationale for claiming such exemptions ?
204. Are there instances of political or other rights which are normally available to an individual being denied to employees in the public section and their dependants ? How are such denials justified ?

IX. RURAL AND UNORGANISED LABOUR

205. Rural labour faces two inter-related problems which demand urgent solution : one is social, centering round its low social status in the rural hierarchy and the handicaps resulting therefrom, and the other is economic, resulting from chronic lack of sufficient employment opportunities. What is your assessment of the effectiveness of the remedial steps taken by Government ?

206. It is suggested that in countries with vast rural underemployment, special emphasis should be placed on a broadbased programme for the promotion of productive employment in rural areas by a combination of technical and institutional measures, relying to the extent possible on the efforts of the people concerned and based on adequate study of the nature, prevalence and regional distribution of rural under-employment. How should such a broad-based programme be framed for implementation ?

207. With a view to creating incentives and social conditions favourable to fuller and fruitful utilisation of local manpower in rural areas, the International Labour Organisation suggested the following action programmes :—

(a) Local capital-construction projects, more particularly, projects making for a quick increase in agricultural production, namely, small and medium irrigation and drainage works, storage facilities and feeder roads;

(b) Land development and settlement;

(c) Labour intensive methods of cultivation and animal husbandry;

(d) Development of other productive activities, such as forestry and fishing;

(e) Promotion of social services, such as, education, housing and health services ;

(f) Development of viable small scale industries, such as, local processing of agricultural products and manufacture of simple consumers' and producers' goods needed by rural people;

(g) Special efforts to develop rural manufacturing activities that are ancilliary and complementary to large-scale urban industry, etc.

Which of these suggestions are feasible in the Indian context ?

208. (a) There is a considerable body of workers, largely unorganised and employed in small industries in rural/urban areas, not covered by the protective provisions of the present labour legislation. How should such protection as is desirable be reached to them ?

(b) Specifically, considering the nature of their employment, the size and location of the units/industries in which they are engaged, please suggest practical methods by which their position can be improved in regard to their employment, wages and working conditions.

209. What steps should be taken towards progressive reduction of contract labour ? How should contract labour be brought effectively within the scope of state action ? (See also Q. 16)

210. To what extent are the difficulties in the implementation of Minimum Wages Act, 1948, in rural areas real ? How could they be overcome ? (See also Q. 162).

211. Do you favour a separate agency for the effective implementation of the Minimum Wages Act, 1948, for agricultural labour ? Or should it be merged with local village or the block development staff ?

X. LABOUR RESEARCH AND INFORMATION

212. Most of labour statistics are a bye-product of labour legislation. They suffer, therefore, inter alia, from the limitations arising out of lack of uniformity in the concepts, coverage and frequency of collection. The time-lag in their publication, non-response from primary units, inaccuracy of returns, changes in industrial classification are further difficulties in making labour statistics more useful. What steps should be taken to remedy the situation ? Is the implementation of the Collection of Statistics Act, 1953 the answer ?

213. There is a feeling that the practice of entrusting the administration of labour laws to different officials, the statutory requirements of maintenance of different registers and sending of different filled-in returns under these Acts, result in a good deal of unproductive work and unnecessary duplication. If this feeling has a basis, what steps should be taken to improve the situation ?
214. Does the all-India Consumer Price Index Number currently compiled reflect adequately price changes affecting urban working class ? Should consumer price index numbers be compiled for every region of the country for the purposes of wage fixation ? What principles should be followed in compiling the 'all-India' and regional indices ?
215. Data presently collected and compiled in respect of work-stoppages (strikes and lockouts) mostly consist of: (a) number of work-stoppages, (b) number of workers involved, (c) number of man-days lost, (d) total wages lost in rupees, and (e) total production lost in rupees. Are they adequate for measuring industrial unrest in the country ? If not, what other aspects of industrial unrest require quantification ?
216. At present statistical data are collected only in respect of work-stoppages arising out of industrial disputes. Is it necessary to collect similar information on work-stoppages due to reasons other than industrial disputes ?
217. The current emphasis in the collection of labour statistics is on data which will help in understanding the economic aspects of workers life. Social and sociological aspects have been comparatively neglected. What are your suggestions for filling up the gap ? For better comprehension of labour problems which particular aspect of these statistics would you emphasise ?
218. Statistical data (employment, unemployment, consumption expenditure, etc.) are being collected in respect of rural population annually by the National Sample Survey. Would it be feasible to make these data available separately for rural labour for each State/region ? What other statistics would be required for framing an operational programme ?
219. Are the present arrangements for research and studies in the field of labour adequate to meet the requirements of policymaking in labour and economic matters ?
220. What are your suggestions for improving the quality of labour research ?
221. What is the present state of labour research undertaken by employers'/workers' organisations ?
222. How should the trade unions be encouraged to strengthen their research activities ?
223. How should labour research be promoted in universities and research organisations ?
224. Are the present arrangements for associating the research personnel outside Government for a deeper analysis of data available with Central and State Governments adequate ? What steps should be taken to strengthen this association ? Should co-ordination of research work done by different agencies be achieved ?
225. What is the extent to which the existing information on labour matters is being put to use ? Who are the main users ? Give a critical assessment of the utility of the existing information.
226. Are the existing arrangements for publicising the research activities of the various agencies adequate ? What has been the role of the press in such publicity ? What improvements, if any, would you suggest ?
227. How do trade unions/employers'/organisations inform the public of their activities ? To what extent do they succeed ? (See also Q. 31)
228. It is often said that while industrial conflict gets more than its due share of publicity, industrial harmony does not. Do you agree with this view ? What are the reasons for this ?
229. What role has the press played in educating the public on labour matters and with what results ? Would you suggest any improvement ? If so, how should this be brought about ?
230. What role has the press played in shaping decisions on industrial disputes ? Has it helped or hindered the promotion of just and good industrial relations ?

REPLIES TO THE QUESTIONNAIRE

PREAMBLE

A. The engineering industry is young. Its growth can be traced to the period following independence of this country. The Wage Board for the Engineering Industries which covered establishments working and/or shaping ferrous and non-ferrous metals and employing more than 50 workers has within its purview 4,000 units. Including the small scale sector—this industry employs about 10 lakh workers today. It is the largest employer of labour in India and its potential for reducing the unemployment problem of the country is vast.

B. It is a basic industry and many other industries are dependent on this. In support of this mention is made of the manufacture of tea, sugar, and textile machinery, structural fabrication, foundry, steel casting, cable, cranes and hoists, machine tools, welding equipment, mining equipment, steel tubes, boilers and unfired pressure vessels, etc. The cost of production in this industry has a direct bearing on the cost of production of consumer goods in the country.

In this connection the following from page 156 of the I.L.O. Report on "International Co-operation in dealing with Manpower, Social and Labour Problems in the Metal Trades in the Developing Countries" presented at the Eighth Session of the Metal Trades Committee at Geneva in December 1965 will be of interest :—

"It would seem, however, that whatever degree of development has already been attained, the metal trades have a major part to play. They may indeed be looked upon as one of the corner-stones of industrialisation, since they supply other industries with the equipment they need. The manufacture of machinery and electrical equipment—key factors in industrialisation—comes within their province; machinery for fashioning wood and metal, electrical plant, textile machinery and machinery for other manufacturing industries. They produce most of the equipment required by the basic industries; mining, petro-chemicals, iron and steel, cement, power generation. The manufacture of transport equipment falls within their domain, as well as that of materials for the building industry and for public works.

Agriculture has an essential role to play in the economy of developing countries, but without agricultural equipment, from the simplest hand tool to the most intricate machine, men could not cause the soil to bring forth its fruits. Again, it is the metal trades which provide this equipment, one effect of which is that little by little the animal is coming to be replaced as a means of traction by the motor, which is more profitable and more versatile, provided that it is of a type suited to local conditions and needs. It is the metal trades, too, which supply the equipment used by the food and drink industries to process the products of cultivation, stockbreeding and fishing.

If we add to this the fact that the tertiary sector also is closely dependent on the equipment furnished to it by the metal trades, we may say, in short, that the whole of the economy is indebted to them.

Even in the less developed countries, the growth in the demand for certain products and consumer goods such as bicycles, cars, sewing machines, radios, electric motors or agricultural machinery is leading to the establishment of more and more assembly plants for the manufacture of these metal and electrical goods. In the initial stages of their development these industries generally use imported equipment which accounts for a high proportion of the cost of the finished article. But gradually this imported equipment comes to be replaced by material manufactured locally. In this way the assembly plants form a nucleus of industrial development towards which gravitate a large number of secondary industries and thanks to which, little by little, skilled workers are trained while at the same time an industrial tradition is born and fostered.

Even outside industry, metal trades products form part of everyday life, whatever level of development has been reached—household utensils, hand tools for everyday use, etc. A great many of them are easy to manufacture and do not require a large outlay of capital nor the use of highly skilled labour.

Through these various forms of production, intended either for national use or for internal consumption or for foreign markets, the metal trades constitute a means of saving or earning foreign currency. Furthermore, they are usually characterised by the need for a large labour force. Finally, they have a galvanising effect on other branches of activity by making use of as well as engendering new scientific knowledge and techniques and creating opportunities for employment in these branches. They are thus an efficacious and indispensable means of enrichment and economic expansion, the more so since they include both small and large scale undertakings. It should not be forgotten that small undertakings capable of stimulating activity in other sectors of the economy can often do much more, by and large, to achieve sustained economic growth than over-sized firms whose output may well by far outstrip home demand. It is, in fact, desirable that these two categories of production units should complement each other, dividing the work between them according to their respective capacities, whether by means of subcontracting or not.

So it is that the metal trades, in a variety of forms and developed to varying degrees, make themselves felt in all countries, and it is in the interest of the less advanced countries to ensure that they can develop properly”.

C. It is essentially a small and medium scale industry. In opening the first session of the Industrial Committee on Engineering in August, 1966, the Union Labour Minister staged: “An important feature of the engineering industry is the predominance of a considerable number of small concerns. Nearly 77% of the establishments employ not more than 50 workers”. In West Bengal, e.g. there are only 70 odd engineering establishments employing more than 250 workers. The number of engineering establishments employing less than 250 workers is in the region of 1,200. The proportion of large establishments to the small and medium scale establishments will be similar in Maharashtra. In Madras, as at 30th June, 1964, out of a total of 908 engineering establishments, 707 employed less than 50 workers each, 153 establishments between 50 and 250 workers each, and only 48 establishments over 250 workers each. In most other States—Uttar Pradesh, Rajasthan, Punjab, Kerala and Delhi—it will be found that this is essentially a small and medium scale industry.

D. It is dependent mainly upon the knowhow, machinery and other forms of assistance from foreign countries. The following statement will bear this out :—

**Number of Foreign Collaborations Approved
(Industrywise)**

	1957	1958	1959	1960	1961	1962	1963	1964 (Jan-June)
1. Plantations	3	6	4	—	—	—	—	—
2. Sugar	4	2	2	—	—	—	1	—
3. Cotton textiles	9	4	3	2	—	1	3	3
4. Jute textiles	1	1	—	1	—	—	—	—
5. Silk and woollen	—	1	5	2	3	1	—	—
6. Iron and steel	2	—	1	1	—	—	5	14
7. Transport equipment	4	4	11	20	6	9	15	21
8. Electrical machinery, apparatus, appliances, etc.	11	11	12	72	73	44	57	31
9. Machinery, other than transport and electrical	8	11	26	107	143	82	85	51
10. Aluminium	1	1	2	1	1	1	—	—
11. Basic industrial chemicals	5	—	4	2	3	3	4	4
12. Medicines and pharmaceuticals	4	10	9	6	3	9	2	1
13. Other chemical products	6	9	14	21	29	18	15	10
14. Cement	3	3	4	3	1	—	2	—
15. Rubber and rubber manufactures	2	3	3	5	3	—	—	2
16. Paper and paper products	2	2	1	9	8	8	1	1
17. Electricity generation and supply	—	—	3	—	—	—	1	—
18. Trading	4	1	4	2	1	—	2	—
19. Shipping	—	2	1	—	—	—	—	—
20. Banks and insurance	3	4	3	—	—	—	—	—
21. Others	9	28	38	126	129	123	108	61
Total :	81	103	150	380	403	299	301	199

E. This industry is being pressed by Government to enter the export market. Starting from a small figure of Rs. 3 crores in 1950, the total export earnings from engineering goods in 1966 was Rs. 37.17 crores. The total export from the country in 1965-66 was Rs. 809 crores. Therefore, it will be noticed that in spite of an appreciable increase in the volume of export in this industry, its total contribution to the foreign exchange earnings in this country is still insignificant. The target for export of the engineering goods in 1970-71 is Rs. 100 crores.

F. The main problem before the engineering industry is its inability to maintain the current level of production on account of shortage of raw materials and foreign exchange and paucity of orders. From 1966 to date, the wagon building, structural fabrication, foundry, textile machinery, cycle, automobile, industrial furnaces, cables and instrumentation sectors are affected by recession. Devaluation of the rupee in June 1966 has increased the cost of production in sectors using non-ferrous metals such as copper, lead, zinc, tinplate and tin, as these have to be imported to meet the requirements of production in India.

G. The essential needs of the engineering industry today in India are :—

- (i) Supply of vital raw materials which are not available from indigenous sources, to maintain the present level of production and employment;
- (ii) supply of adequate foreign exchange to import knowhow and spare parts for maintenance of the machinery;
- (iii) supply of funds for financing expansion of the existing establishments and setting up of new units to strengthen the economy and contribute to reduction of the volume of unemployment;
- (iv) adequate supply of skilled and technical manpower;
- (v) providing suitable incentives to industry through tax relief, wherever possible;
- (vi) availability of power and at reasonable rates;
- (vii) ability to export by reducing the present high cost of production;
- (viii) proper utilisation of the existing idle capacity in many branches of the industry;
- (ix) a sympathetic attitude towards the capacity to pay in the small and medium size establishments which is the pattern in the engineering industry at present and will be so for years to come in future; and
- (x) industrial peace—absence of strikes (political, sympathetic and others), acts of violence, coercion and intimidation by workmen.

I. RECRUITMENT AND INDUCTION

Recruitment

1. (a) The distribution of workers in the engineering industry by broad occupational groups may be said to be along the following lines, as may be gauged from the reports on survey of labour conditions in various sectors of the engineering industry published by the Labour Bureau, Government of India, as below—

	Professional, Technical and Related Personnel	Administrative, Executive and Managerial Personnel	Clerical and Related Personnel (including supervisory)	Production and Related Workers (including Supervisory)	Watch and Ward and other Services
(i) Textile Machinery and Accessories	2.8%	0.5%	5.4%	87.6%	3.7%
(ii) Metal Founding Factories	1.6%	1%	4.3%	88.5%	4.6%
(iii) Electrical Machinery	6.2%	0.7%	8.8%	80.9%	3.4%
(iv) Bicycle factories	3.3%	0.6%	7.6%	88.7%	4.8%
(v) Metal Extracting and Refining Factories	5.9%	2%	5%	80.9%	6.2%
(vi) Agricultural Implements	2.3%	1.2%	5.5%	86.4%	4.6%
(vii) Metal Rolling Factories	1.3%	0.7%	3.2%	90.6%	4.2%
(viii) Motor Vehicle Manufacturing and Repairing	2.4%	0.6%	7.2%	85%	4.8%

On an average, it can be stated that 85% of the employment in the engineering industry is related directly to production, and the balance 15% is composed of non-production workers.

Recruitment through jobbers is non-existent in the large and medium scale engineering establishments. The position regarding employment of contract labour is as follows :—

(i) Textile Machinery and Accessories	— Nil
(ii) Metal Founding Factories	— 22% of production workers.
(iii) Electrical Machinery	— Nil
(iv) Bicycle Factories	— Nil
(v) Metal Extracting and Refining Factories	— 25% of production workers.
(vi) Agricultural Implements	— 5.3% of production workers.
(vii) Metal Rolling Factories	— 27% of production workers.
(viii) Motor Vehicle Manufacturing and Repairing	— 0.18% of production workers.

(Reference Reports by Labour Bureau, Govt. of India)

From the foregoing it will be noted that recruitment of workers through contractors is not the general practice in the engineering industry. It is more prevalent in the small scale sector than in the organised large scale sector. Contract labour where employed is only for such items of work which are essentially of intermittent nature, such as loading, unloading, building and construction, ash removing, tramming, supply of coal, rod cutting, moulding, casting, etc. The main reason for such employment is that the jobs are of an ad hoc nature, as their duration was conditioned by the quantum of work orders received from time to time and the availability of raw materials. Such employment relieved the employers from the botheration of making supervisory arrangements.

Under the Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959, the engineering establishments are required to notify all vacancies, with some exceptions, to specified Employment Exchanges, before filling them. The Employment Exchanges, therefore, are automatically a source of recruitment of labour. Unfortunately, the engineering establishments are not happy with the supply from this source, particularly in respect of skilled and highly skilled workers. Recruitment of Watch and Ward staff and unskilled and semi-skilled workers is effected through the Employment Exchanges to a certain extent.

Advertisements are resorted to generally in respect of professional, technical, administrative, executive, skilled and highly skilled personnel. This is particularly true of engineering establishments situated away from the main source of supply of such personnel. Factories in Durgapur, Bhopal, Jamshedpur, Poona, Baroda, Visakhapatnam, Hyderabad, Madurai, Coimbatore, Surat, etc., have to take recourse to advertisements in newspapers which have wide circulation in Bombay, Madras, Calcutta and Delhi.

In many engineering establishments, the settlements with the recognised unions stipulate filling in a percentage of the vacancies from among the relations of the existing employees. The certified Standing Orders particularly in the Jamshedpur area provide for certain priorities being given for purposes of employment, viz. ex-employees with good records, near relatives of employees, people of the locality, people of the State etc. Many State Governments advocate preference being given to the "sons of the soil". This naturally acts as an indirect pressure and limits the scope of careful selection. For technical and administrative personnel, "campus recruitment" is undertaken by many engineering establishments. Liaison is established by them with the technical teaching institutions and students in their final year are selected for employment and often even before they complete their examinations. For recruitment of management trainees, for example, many engineering establishments are in touch with the Institutes of Management in Calcutta and Ahmedabad.

In the organised sector of the engineering industry, the Personnel Officer is in charge of recruitment. Selection of skilled, highly skilled, clerical, administrative and technical personnel is effected by a committee composed of the Personnel Officer, the end user, and one other independent member of the management staff.

1(b) Engineering establishments in Calcutta, Bombay, Madras and Delhi, do not experience any difficulty in recruiting employees in the different occupational groups with varying levels of skill. The establishments situated away from these main sources of supply quite frequently have to spend considerable amount of time and effort in recruiting skilled, highly skilled, administrative and technical personnel. Until the current recession set in from about the middle of 1966, recruitment of skilled and highly skilled workers was quite a headache, particularly in the engineering establishments away from the urban areas.

2. Supply is short in the following occupations :—

- | | |
|--------------------------|--|
| (a) Stenographer | (h) Statistical Quality Controller |
| (b) Draughtsmen | (i) Cost Accountant |
| (c) Miller | (j) Management Accountant |
| (d) Turner | (k) Personnel Officer |
| (e) Die Maker/Tool maker | (l) Forge Technicians |
| (f) Comptist | (m) Personnel for systems analysis and data processing |
| (g) Industrial Engineer | (n) Design staff |

In respect of managerial and technical personnel, quality is rare. If an employer is looking for an administrator with technical background, he may have to scan the entire Indian market.

If the tempo of industrial development up to the end of 1965 is revived in India at a future date, shortage in the supply of the occupations mentioned above will be a limiting factor. The pace of training should not be relaxed on account of the current recession in the economy of the country.

3. Engineering establishments away from the urban areas suffer in their recruitment of skilled, technical and managerial personnel on account of lack of mobility. The acceleration of education in regional languages will add to the problem of mobility. Provision for housing may increase mobility up to a point, but problems connected with the education of the children particularly in the regional languages in each State might hamper mobility in spite of provision for housing.

4. Production workers in the engineering industry are still migratory in character. In West Bengal, for example, a sizeable percentage of unskilled and semi-skilled workers hail from the neighbouring States. The same is the position in Bombay. This factor contributes to high rate of absenteeism which affects productivity. Immigrant labour craves for return to his village whenever possible. The system of lump sum payment at the time of retirement in India in preference to pension scheme, is mainly the result of the migratory character of industrial labour. The following figures will give an idea of labour turnover in the engineering industry :—

	Accession Rate %	Separation Rate %
(i) Textiles Machinery and Accessories	... 5.2	4.1
(ii) Metal Founding Factories	... 5.4	5.1
(iii) Electrical Machinery	... 3.9	2.6
(iv) Bicycle Factories	... 3.1	2.8
(v) Metal Extracting and Refining Factories	... 2.6	2.4
(vi) Agricultural Implements	... 9.0	8.2
(vii) Metal Rolling Factories	... 10.8	9.1
(viii) Motor Vehicles Manufacturing and Repairing	... 3.1	2.4

(Ref. Reports by Labour Bureau, Government of India)

5. The volume of employment of women in the engineering industry is negligible. The following figures will support this :—

(i) Textile Machinery and Accessories	... 0.2%
(ii) Metal Founding Factories	... 0.4%
(iii) Electrical Machinery	... Nil
(iv) Bicycle Factories	... 0.2%
(v) Metal Extracting and Refining Factories	... 6.2%
(vi) Agricultural Implements	... 0.03%
(vii) Metal Rolling Factories	... 0.8%
(viii) Motor Vehicles Manufacturing and Repairing	... 0.1%

(Ref. Reports by Labour Bureau, Government of India)

There is little scope for promoting employment of women in the engineering industry. There are female apprentices now in the I.T.I's and polytechnics but the industry is reluctant to engage women skilled labour.

6. Casual labour is employed in the engineering industry to fill in vacancies caused by absenteeism, and temporary pressure of work. The following figures will give an idea of the extent of employment of casual labour in the engineering industry :—

	<i>Percentage of casual Labour to total labour force</i>
(i) Textile Machinery and Accessories	17
(ii) Metal Founding Factories	2.7
(iii) Electrical Machinery	Nil
(iv) Bicycle Factories	11.4
(v) Metal Extracting and Refining Factories	0.8
(vi) Agricultural Implements	6
(vii) Metal Rolling Factories	6.5
(viii) Motor Vehicles Manufacturing and Repairing	6.1

(Ref. : Reports by Labour Bureau, Government of India)

On account of the migratory character of labour, the demand for leave is limited to certain periods—sowing season, harvesting season, and marriage season. The industry has found it impossible to devise any scheme whereby absenteeism can be regulated. The current recession has added to uncertainty of economic activity and during such periods, employment of casual labour for short periods is resorted to.

The restrictions on lay-off and retrenchment by various State Governments also necessitate recruitment of casual labour. From the point of view of the industry, it is not a disadvantage to employ casual labour. In fact, the rate and nature of absenteeism, uncertainties of economic activity and emotional and uncompromising opposition to retrenchment and lay-off render employment of casual labour imperative in Indian industry.

7. Recruitment of the physically handicapped should be left to persuasive methods. Many employers are sympathetic to this and the present methods of persuasion should continue. Many sectors of the engineering industry have numerous hazardous operations and legislation for absorption of the physically handicapped will be very undesirable, if not dangerous.

8. The limiting factors in the matter of recruitment of the right person in the right job have been outlined in the reply to Question 1(a). Many State Governments are encouraging discrimination in the matter of recruitment. This is a very unhealthy feature. The spread of education in the regional languages will impose further restriction in the matter of recruitment in future.

Induction

9. The engineering industry has paid considerable attention to "on-the-job" training of workers. The following figures prior to the passage of the Apprentices Act, 1961, will establish this :—

	<i>Apprentice as a Percentage of total employment</i>
(i) Textile Machinery and Accessories	8.4
(ii) Metal Founding Factories	5.9
(iii) Electrical Machinery	16.5
(iv) Bicycle Factories	1.8
(v) Metal Extracting and Refining Factories	0.5
(vi) Agricultural Implements	10.4
(vii) Metal Rolling Factories	0.2
(viii) Motor Vehicles Manufacturing and Repairing	6.1

(Ref. : Reports by Labour Bureau, Government of India)

Since the passage of the Apprentices Act, 1961, the following trades in the engineering industry have been designated for training of apprentices :—

(i) Fitter	(xiv) Plumber
(ii) Turner	(xv) Millwright/Mechanic (Maintenance)
(iii) Machinist (Miller)	(xvi) Tool and Die Maker
(iv) Machinist (Grinder)	(xvii) Instrument Mechanic
(v) Machinist (Shaper, Slotter and/or Planer)	(xviii) Refrigeration and Airconditioning Mechanic
(vi) Pattern Maker	(xix) Mechanic (Motor Vehicle)
(vii) Moulder	(xx) Mechanic (Diesel)
(viii) Blacksmith	(xxi) Mechanic (Tractor)
(ix) Sheet Metal Worker	(xxii) Mechanic (Earthmoving Machinery)
(x) Welder (Gas and Electric)	(xxiii) Draughtsman (Civil)
(xi) Electrician	(xxiv) Draughtsman (Mechanical)
(xii) Lineman	(xxv) Fitter Structural
(xiii) Wireman	

This represents 60% of the total number of trades designated for training under the Apprentices Act.

10. Facilities for attending day-release classes for improving skill are available only in large cities. In Calcutta, many engineering establishments grant study leave to their skilled workers to attend various courses at the Calcutta Technical School, School of Printing Technology, etc. Unfortunately, such facilities are rare in the rural or semi-rural areas. There should be an extension of such facilities throughout India if we are to encourage advancement in skill and promotion from within.

11. (a) For operating a rational promotion policy, the first pre-requisite is to recruit workers for each occupation with an eye for potential for promotion at least to the next two or three higher levels. Thereafter, there should be a system of annual performance rating for each employee. This will serve as a basis for locating the employees who are deserving of promotion. For all vacancies an effort should be made in the first instance to effect promotion from within. Recruitment from outside to the higher occupations should be resorted to only when no person is available from within. Selection of the candidate from within for a higher vacancy should be based on the system of seniority-cum-efficiency arising out of the annual performance reports. Trade test may not be necessary if there is a proper system of annual performance rating. Management should accept the dictum that if they cannot fill a vacancy in a higher job from within, there is something lacking in its selection, training and annual performance rating. There should be a full-time executive to deal with manpower in a unit.

11. (b) Promotion generally takes place in the engineering industry from—

- (i) unskilled to semi-skilled
- (ii) skilled to highly-skilled
- (iii) semi-skilled, skilled or highly-skilled to charge-hand
- (iv) charge-hand to supervisor
- (v) supervisor to foreman
- (vi) foreman to management staff.

As the engineering industry is now able to recruit literate labour for the semi-skilled and skilled occupations, promoting up to the rank of foreman from within should be possible in many cases. Many engineering establishments earmark a percentage of vacancies in the executive level for promotion from within. Though management trainees fill in a number of these vacancies, they are generally in competition with a percentage promoted from within. This is a very healthy practice and has contributed to the morale of the organisation to a very large extent.

II. CONDITIONS OF WORK

Working Conditions

12. The provisions in the Factories Act, 1948, regarding working conditions are quite elaborate. Implementation of these, particularly in the small scale sector, will ensure satisfaction to the workers. Generally

speaking, legislation to ensure satisfactory working conditions to labour is quite elaborate in India. The aim for the next decade should be proper implementation of the legislation. The restrictions on overtime work frequently create difficulties in respect of rush work. Workers generally are not averse to working overtime if the rates of payment are complied with. In view of the current need for increasing production, consideration may be given to relaxation of the provisions regarding the volume of overtime work.

13. The following are the provisions for national and festival holidays in different sectors of the engineering industry as may be gauged from the reports by the Labour Bureau, Government of India.

(i) Textile Machinery and Accessories	... Minimum : 1 day Maximum : 14 days
(ii) Metal Founding Factories	... Minimum : 5 days Maximum : Over 15 days
(iii) Electrical Machinery	... Minimum : 2 days Maximum : 16 days
(iv) Bicycle Factories	... Minimum : 4 days Maximum : 15 days
(v) Metal Extracting and Refining Factories	... Minimum : 6 days Maximum : 16 days
(vi) Agricultural Implements	... Minimum : 5 days Maximum : More than 10 days
(vii) Metal Rolling Factories	... Minimum : 5 days Maximum : 15 days
(viii) Motor Vehicle Manufacturing and Repairing Factories	... Minimum : 10 days Maximum : Over 16 days

(Ref. : Reports by Labour Bureau, Government of India)

Generally speaking, Western Region has provision for lesser number of national and festival holidays as compared to the Eastern Region. It is difficult to bring about uniformity in respect of only one aspect of the conditions of service—festival and national holidays. Furthermore, any attempt at standardisation will mean demand from labour for uniformity at the highest level. This India can hardly afford, for leave and holidays in India are one of the highest in the whole world. The festive holidays in some of the other countries are indicated below :—

Germany	10	France	1
Belgium	10	Great Britain	5

14. No comments.

15. The following from the reports by the Labour Bureau, Simla, will establish that child labour is not generally employed in the engineering industry :—

(i) Textile Machinery and Accessories	Nil
(ii) Metal Founding Factories	Nil
(iii) Electrical Machinery	Nil
(iv) Bicycle Factories	Nil
(v) Metal Extracting and Refining Factories	Nil
(vi) Agricultural Implements	Nil
(vii) Metal Rolling Factories	Nil
(viii) Motor Vehicle Manufacturing and Repairing Factories	Insignificant proportion in a few small units.

(Ref. : Reports by Labour Bureau, Government of India)

16. The extent of employment of contract labour has been indicated in our reply to question No. 1. The Contract Labour (Regulation and Abolition) Bill, 1967, will deal with any problem associated with this category of workmen.

17. The provision for appointing Canteen Managing Committees under the Factories Rules in different States is an example of this. The Works Committees deal with many other aspects in relation to implementation of statutory provisions. The Association is of the opinion that the Works Committee can cover the entire aspect of implementation of statutory benefits.

Safety and Health

18. The following figures from Indian Labour Statistics relating to Frequency Rates of Total Injuries by Industries per One Lakh Mandays Worked in 1961 will be of interest :—

(i) All industries	...	16.18
(ii) Metal Products (except machinery and transport equipment)	...	21.29
(iii) Machinery (except electrical machinery)	...	22.76
(iv) Electrical machinery (Apparatus and appliances, etc.)	...	13.64
(v) Transport equipment	...	34.62

It will be noted that the accident rate in some sectors of the engineering industry is higher than the average for all industries. This is understandable in view of the nature of work in various sectors of the engineering industry. The rapid growth of the industry since independence and the inexperience of workers in many sectors of this industry partly accounts for these.

19. Proper induction on safety matters at the time of recruitment can help in reducing the incidence of industrial injuries. According to the Indian labour Statistics, the main causes of industrial injuries are :—

- (a) Machinery moved by mechanical power
- (b) Falling bodies
- (c) Stepping on or striking against objects
- (d) Handling goods or articles
- (e) Hand tools
- (f) Molten metals or hot or corrosive substances
- (g) Persons falling.

Unwillingness to use safety guards and protective equipment is also a major cause of accidents. Line management at the factories should bring this to the notice of the workers. Refresher courses for those already employed may be a help, but the experience of the industry has been that there is insufficient interest in such courses from among workmen and trade union leaders.

20. Bipartite approach may be experimented with, though it is doubtful if this will yield satisfactory results. The most important thing is that line management should be safety-conscious, and they can contribute materially to inculcating alertness among their workers.

21. Safety Committees at the departmental level may help. Every accident resulting in industrial injury should be analysed by the Safety Committee. Inter-departmental safety competition has been tried in many industrial establishments with salutary results. Handsome prizes may be awarded where the safety record is exemplary.

22. The Association maintains that encouraging results can be obtained if the existing legislative provisions regarding safety are conscientiously enforced. Inspection of industrial establishments in the small scale sector should be strengthened.

23. The engineering industry in India is now sufficiently developed to supply machine guards throughout the country. The machinery building sector should be encouraged to take an interest in ergonomics. Safety equipment can be supplied by such firms as Mine Safety Appliances Ltd. The engineering industry in India can be further developed to make the country self-sufficient in safety equipment and appliances.

24. Some of the large industrial establishments in India have set up their own industrial health service. This is a comparatively new experiment even in the industrially advanced countries. A beginning has been made in India by the Regional Labour Institutes set up by the Government of India. The Chief Adviser, Factories, Government of India, has undertaken many important services at :—

- (a) The Industrial Hygiene Laboratory, Bombay .
- (b) Industry Physiology Section, Bombay
- (c) Regional Labour Institute, Calcutta
- (d) Regional Labour Institute, Madras
- (e) Regional Labour Institute, Kanpur

The All India Institute of Hygiene and Public Health in Calcutta is also doing valuable work in this field. There is a Society for Study of Industrial Medicine with its headquarters in Bombay. Annual conventions are arranged by this organisation to create an interest in industrial medicine.

25. The Workmen's Compensation Act was extensively amended in 1962. The ESIS Review Committee in 1966 made certain recommendations for improvement in the administration of disablement benefits. No further amendment is necessary, but the implementation machinery could, with advantage, be strengthened.

III. TRADE UNIONS AND EMPLOYERS' ORGANISATIONS

Federations of Employers' and Workers' Organisations

26. The Indian Engineering Association has a long tradition of service to the engineering industry in India. It was first established in 1895 as the "Engineering and Iron Trades Association". The name was changed to the "Indian Engineering Association" in 1912. Three principal objectives of the Association are :—

- (a) to provide for engineering industries in India the means of formulating, making known and influencing general policy in regard to economic, fiscal, commercial, labour, social and technical questions, and to act as a national point of reference for those seeking industry's views;
- (b) to develop the contribution of engineering industries to the Indian national economy;
- (c) to encourage the efficiency and competitive power of engineering industries in India, and to provide advice, information and services to that end.

Its headquarters are in Calcutta and its Regional organisations in the North with headquarters in Delhi, in the West with headquarters in Bombay and the South with headquarters in Madras. It is a founder member of the Employers' Federation of India which was constituted in 1933 with its headquarters in Bombay. As a general rule, the Association's views on staff and labour matters which may involve other industries besides engineering are channelled through the Federation and its Regional Committees.

One of the main promotional activities of the Association is to provide the members with expert labour advisory services. There are Industrial Relations Departments functioning in Calcutta, Bombay and Madras.

The pattern of dealing with matters pertaining to industrial relations in India has been set by :—

- (a) Indian Labour Conference
- (b) Standing Labour Committee
- (c) Industrial Committees
- (d) State Labour Advisory Board
- (e) Provident Fund Board of Trustees—Central and Regional
- (f) E.S.I. Corporation—Central and Regional Boards
- (g) Board of Workers Education—Central, Regional and Local
- (h) Committees on Employment—Central and State
- (i) Implementation and Evaluation Committees—Central and State
- (j) Wage Boards.

These envisage collective handling of industrial relations problems through employers' and workers' organisations. As a result, there has been a natural development of employers' organisations at the national level, State level and industrial level. Industrial establishments find it necessary to make representations collectively through the employers' organisations.

27. As far as the employers' organisations are concerned, tripartite consultative machineries and organisations at the national and State levels have contributed to their growth. Wage Boards, for example, envisage representations from the employers' and workers' organisations. Comments on proposed legislation on labour matters are also sent through the employers' organisations.

28. The employers' organisations have strengthened the advisory services on labour matters during the last decade. In the engineering industry, however, on account of the preponderance of small scale units, a large number of establishments are still not affiliated to any employers' organisation. Because of the diversity of the products in the engineering industry, the Indian Engineering Association in course of the last three or four years have set up Divisions to deal with the special problems of raw material, manufacture, product design, expertise, etc. There are at present 21 Divisions in the Association, as detailed below :—

- | | |
|--|--|
| (a) Boilers and Unfired Pressure Vessels | (l) Mining Equipment |
| (b) Cranes and Hoists | (m) Railway Wagons and Components |
| (c) Construction Equipment | (n) Refrigeration and Airconditioning |
| (d) Electrical Engineering | (o) Road Rollers |
| (e) Electrical Installation | (p) Ship Building and Repairing |
| (f) Electric Lighting Fittings | (q) Steel Tubes |
| (g) Foundry | (r) Structural Fabrication |
| (h) Industrial Fans, Blowers and Compressors | (s) Sugar Machinery |
| (i) Industrial Furnaces | (t) Tea Machinery |
| (j) Machine Tools and Small Tools | (u) Technical and Engineering Services |
| (k) Instrumentation and Electronics | (v) Welding. |

29. The tripartite forums at the national and State levels have encouraged mutual respect between the trade unions, employers, organisations and the Government. The provision for "settlements" under the Industrial Disputes Act by the amendment of 1956 has encouraged bipartite negotiations at the plant level between employers and trade unions. The labour advisory service in the employers' organisations have had to play their part in these negotiations. Unfortunately, bipartite settlements have been placed on a lower footing in law than in the tripartite settlements. This has hampered the growth of collective bargaining at the plant level.

30. Even if the national objective is establishment of a socialist society, in a democratic background, the role of trade unions and employers' organisations must continue to be to protect interests of their members and Government will exercise the moderating influence. In order that Government can do this in an objective manner, it should not sponsor or be associated with any trade union or employers' organisation. Many employers' organisations have advisory services for their members. The trade unions should similarly develop various services and welfare activities for their members. With the possible exception of the Textile Labour Association, Ahmedabad, advisory service and benefits to members are not provided by the trade unions in India. As a result, the trade unions have to rely on continuous agitation for their survival. In industrial units, where there are long term comprehensive settlements, absence of constructive welfare activities for members renders existence of a trade union rather difficult. Trade unions in India should engage paid officials and staff if they are to shoulder increased responsibilities in a planned economy and socialist pattern of society.

31. By setting up a proper secretariat and by engaging experts for different advisory services, the employers' organisations have built up a central pool of information which enables them to provide adequate help to their members and to represent their views to Government backed up by solid facts. Communication is effected through circulars, news bulletins, research papers, booklets, annual reports, etc. In this connection, the following publications from the Association are attached :—

- (a) Weekly Labour News Digest, (b) Monthly Bulletin, (c) Annual Report for 1966.

Many central trade union organisations have similar journals and publications for their members. Their task is more difficult on account of the low level of literacy. Communication could, with advantage, be improved upon in the trade unions by setting up a proper secretariat.

32. The main responsibility towards maintaining a high level of employment rests with the Government. The economic policies adopted by the Central and State Governments will determine the pace of investment which in turn will contribute to the employment potential of the country. In a planned economy, Government must accept the major responsibility in this regard. The employers' organisations can play their limited part by disseminating information on opportunities for investment, market research, possibilities of export, availability of land, sources of labour supply and techniques of productivity and man management. The trade unions on their part can contribute towards employment by creating a climate of satisfactory industrial relations and adopting a constructive and positive attitude towards industrial development. If the trends in the growth of industries in India in the last 20 years are properly studied, it will be realised that investment has increased in States where the industrial relations climate is satisfactory. If general strikes, hartals and bundhs are indulged in frequently in a particular State on issues extraneous to the employer/employee relationship, a high level of employment in that State cannot be maintained.

33. As stated before, bipartite settlements having been placed on a lower legal footing than tripartite settlements, it is difficult to promote plant level collective bargaining. Inter-union rivalry is increasing every day and the Inter-Union Code of Conduct can be considered to be a dead letter. The Industrial Disputes Act confers upon all registered trade unions the right to raise any dispute, and this makes a mockery of recognition of trade unions. The 1965 amendment to the Industrial Disputes Act inserted Section 2A empowering individual workmen to raise disputes relating to discharges, dismissal, retrenchment or termination of service. This further weakens plant level bipartite negotiation with one *sole* bargaining agent. The remedy lies in a thorough revision of the related statutes which should provide for sole bargaining agent and enforceability of bipartite agreements on all workmen.

34. Please refer to our reply to Question 31.

35. There is no provision in the Constitution of the Indian Engineering Association for dis-affiliation of any member. In the application for membership of the Association, however, there is provision for examination of the minimum wage rate in the establishment. Compliance with the minimum wage rate prescribed by any adjudication or Wage Board is one of the conditions precedent to the admission of a member to the Association. There are many instances of applications for membership of the Association having been turned down.

36. The Association advises its constituents wherever appropriate to implement the obligations undertaken by it at the national level or State level. It does not defend a member when it has not implemented these obligations when a dispute is raised. It is, however, a voluntary Association of engineering establishments and there is no provision for any penal action against constituents who do not comply with the obligations. Moral pressure, however, is exercised.

37. Difficulties do arise frequently in reconciling agreements at the national level with the views or attitudes of members at the plant level. Some of these instances are :—

(a) The Code for Discipline

When this was adopted in 1957, members of the Association were advised that it was intended to be a guide-line, and members were expected to live up to the obligations contained therein. When, however, in 1958 the criteria for recognition of the unions were appended to this, there was resentment among the members, and they even felt that they have been misguided in the first instance when they were told that the Code was only expected to exert moral pressure. The subsequent constitution of the Evaluation and Implementation Committees at the national and State levels was considered by many members to be a further breach of the original understanding of the Code.

(b) The Industrial Truce Resolution of 1962

This attempted to make voluntary arbitration under the Industrial Disputes Act compulsory in certain instances. This was strongly resented by the members of the Association. They feel irritated when they are charged with non-implementation of the Industrial Truce Resolution when they refuse to agree to arbitration in instances of dismissals, discharges and retrenchment.

(c) Wage Boards

It was the understanding of the members of this Association that only the unanimous decisions of the Wage Boards would be implemented. Experience, however, has proved that the majority recommendations of the Wage Boards are being enforced by Government. Modification of the majority recommendations is effected only in favour of the workers. The circumstances under which the majority recommendations of the Wage Board for the Engineering Industries with regard to interim relief were implemented by the Union Government, will lend support to the view that Government had succumbed to the pressure from the AITUC. Members feel that they were let down by this Association when they were advised to agree to the setting up of the Wage Board on the understanding that only the unanimous decisions would be implemented by Government.

38. In a democratic set-up, the employers' organisations can only advise their members with regard to implementation of the laws and agreements at the national or State levels. This Association has reason to believe that more pressure is exercised in this regard by the employers' organisations in respect of their members than the Central trade unions. For example, the Employers, Federation of India has set up machineries to screen applications for appeals to High Courts or the Supreme Court, but the AITUC and the INTUC has not done anything in this regard. The Association propagates participation in various schemes for the training of management personnel. It is in close touch with the technical training institutes and gives wide publicity to their training schemes. It cooperates very closely with the Directorate General of Employment and Training, New Delhi. It has also established liaison with the Administrative Staff College, Hyderabad, Institutes of Management, Calcutta and Ahmedabad, the Management Associations, the Productivity Councils and the All India Institute of Social Welfare and Business Management in Calcutta. Many members of the Association have high-powered Training Officers who organise their own training courses for their management personnel.

The Association set up a Productivity Sub-Committee in 1966 to bring about an improvement in the efficiency of industry. Copies of two booklets published by the Association for the benefit of the members, are attached.

In view of the provisions for intervention by Government in industrial disputes, the Association's function in promoting industrial peace has its limitations. The provisions for compulsory adjudication and the unfair status granted to bipartite settlements deter free and frank negotiations at the plant level and at the level of the employers' organisations.

Trade Unions—Constitution and Finance

39 to 43. No comments.

44. The Association is not aware of the prevalence of the system of "closed shop" in the engineering industry. The Indian Constitution and the Indian Trade Unions Act do not envisage "closed shop". If only there is provision in law for one sole bargaining agent in a unit and that bipartite settlements with the sole bargaining agent cover all workmen in an establishment, the trade unions will become effective in India and they can play their part in the maintenance of industrial peace. Provision for "closed shop" will be unnecessary, for automatically the sole bargaining agent will cover a large majority of the workers in a plant.

45. Please refer to our reply to Question No. 30.

46. No comments.

47. The Association is in favour of the "check off" system, but the privilege should be granted only to the sole bargaining agent. This may help in improving the finances of the trade unions, thus enabling them to set up proper secretariat.

48. Please refer to our reply to Question No. 30.

Trade Union—Leadership and Multiplicity

49 to 53. Trade unions in India being invariably wings of political parties, politics dominate the field of industrial relations. The Labour Departments of the State Governments have invariably become victims of political pressure, and as a result, objective examination of the issues involved in disputes is frequently absent. M.Ps and M.L.As dominate the State Labour Directorates and the conciliation machinery is inhibited by their influence. In fact, many M.L.A's have, for all practical purposes set up their offices in the Labour Directorate.

Compulsory adjudication during the last 20 years has evolved a large volume of case laws. The decisions of the High Courts and Supreme Court have established very definite norms. If these were applied objectively by the Conciliation Officers without interference from the politicians, many disputes could be speedily disposed of at the conciliation stage. Instead, the general pattern of the conciliation machinery has been to refer disputes automatically to adjudication in the absence of any settlement in order to "pass the buck" to the tribunals. In West Bengal in 1965, 60% of the applications under Section 33A of the Industrial Disputes Act were settled out of court. Similarly, over 50% of the disputes in the engineering industry under section 10 of the Industrial Disputes Act were settled out of court. It is suggested that careful analysis of the trends in adjudication in different States should be undertaken in order to eliminate unnecessary recourse to adjudication, with a view to reducing the pressure of work at the tribunals and thus expedite the publication of the awards.

Trade union officials who are not workmen employed in a plant are considered to be "outsiders". In the present scheme of things and with the rights conferred on the individuals and trade unions under the Industrial Disputes Act, internal leadership of a union cannot grow. In many commercial establishments today, there is internal leadership which can conduct the day to day affairs of the unions. They, however, find it necessary to invite patronage of an M.P. or M.L.A. in order that they can influence the conciliation machinery. As stated before, the current provisions of the Industrial Disputes Act and the Indian Trade Unions Act will encourage multiplicity of unions at the plant level. It is necessary to amend these pieces of legislation to foster growth of one strong union in each plant.

As stated before, inter-union Code of Conduct has remained completely ineffective. There is no implementation and evaluation machinery in respect of this Code. In the present scheme of things, this Code cannot be effective. What is necessary is proper amendment of the Industrial Disputes Act and the Indian Trade Unions Act.

Trade Union Recognition

54 to 65. The only achievement of the Code for Discipline in Industry has been to secure recognition for trade unions. It has not fostered the growth of discipline in industry, for breaches of the Code by unions are not taken proper cognisance of by the Implementation and Evaluation machineries at the national and State levels. If the State Governments had any respect for the Code, they could not support gheraos in certain States.

The engineering industry has a very satisfactory record of recognition of unions at the plant level. If multiplicity of trade unions could be rooted out by legislation, there would have been an acceleration in the recognition of trade unions.

It is, however, important to determine whether the growth of industry-wise unions can be fostered in respect of every industry. Industries such as cotton, jute, tea, coal mining, etc. lend themselves to an industry-wise approach in view of the homogeneous nature of their manufacturing activities and identity of the products. In engineering, this is not desirable in view of the diversities of the processes of manufacture, raw materials used, size of the establishment, capital expenditure, standard of technical skill, etc. The Association, therefore, pleads that in respect of the engineering industry the aim should be to foster the growth of plant level trade unionism rather than industry-wise trade unionism. Similarly, the conditions of service should be determined on a unit basis and not on an industry-wise basis. Wage Board as a machinery of wage fixation is not appropriate for an industry of this nature.

The present procedure for verification of membership of the unions is most cumbersome and time-consuming and is, therefore, not made use of by the trade unions. They, therefore, rely more on the organisational strength, political influence and coercive tactics to obtain recognition from their employers.

The representative character of a trade union should be determined by election by secret ballot only from among the members of the respective unions, who have paid their subscriptions in full at least for a year preceeding the date of the secret ballot. Once the sole bargaining agent is elected by this method, there should be no change at least for two years. The election by secret ballot should be conducted by a representative of the Registrar of Trade Unions in the State. The rights and responsibilities of the sole bargaining agent

can be easily drawn up from the Code for Discipline in Industry. The following facilities may be conferred on the sole bargaining agent :—

- (a) To collect subscriptions through the “check off” system
- (b) To represent the workmen through the Grievance Procedure
- (c) To raise issues and enter into collective agreements with the employers
- (d) To put up notices on the notice board, subject to certain restrictions
- (e) To nominate its representative on the various joint consultative bodies
- (f) To hold meetings within the premises after working hours with the prior permission of the management.

The growth of category-wise unions is at present not noticeable in the engineering industry. The only example of this is separate unions for the manual and clerical workmen. On the whole, one union for one establishment is more desirable than occupation-wise unions, as it is important that in the initial stages of the development of sole bargaining agents, multiplicity of trade unions is avoided.

In a planned economy with the objective of the socialist pattern of society, it is most important that the Government becomes the model employer both at the national and the State levels. As most of the theories of social justice are propounded by the Government, it is most important that the author of the social philosophy demonstrates that it is workable and it would contribute to the development, growth and prosperity of the undertaking. The pattern hitherto has been that the various theories and policies are propounded by the Labour Ministry or the State Labour Department, but they are not acted upon by the same Government which is an employer either in a department or in an industrial or commercial undertaking. This is a very anomalous situation, for any department of Government should, in the view of the Association, only propagate such philosophies and policies that it can implement in respect of its own employees in all departments and undertakings. Furthermore, the balance sheets of the public sector undertakings must decisively improve if the Government's philosophies and policies are to inspire confidence in the private sector.

IV. INDUSTRIAL RELATIONS

Introductory

66. The Industrial Disputes Act, 1947, intended “to make provision for the investigation and settlement of industrial disputes”. Provision was made for compulsory adjudication in order that work stoppages could be avoided. The Industrial Employment (Standing Orders) Act, 1946, required employers in industrial establishments formally to define conditions of employment under them. The Code for Discipline envisaged grievance procedures at each establishment at the plant level in order that grievances could be dealt with at the lowest possible level in the shortest possible time. Certain establishments are declared “Public Utility Services” under the Industrial Disputes Act in order that in these vital establishments there are no “wild-cat” strikes and strikes that can be avoided by reference to adjudication.

In spite of these elaborate provisions to ensure that production in the industries continues unhampered and at the same time the legitimate grievances of the workmen are dealt with in a constitutional manner, the fact that in 1966 the loss of mandays on account of work stoppages was 50% in excess of that in the previous year, clearly indicates that the industrial relations policy of the Government has not achieved its desired goal. India occupies the third highest place in the world in respect of the days lost per 1,000 workers employed, as may be seen from the I.L.O. statistics reproduced below :—

<i>Average for 10 years</i>			
(1956—1965)			
U.S.A.	1,020	Australia	359
Italy	885	U.K.	288
India	666	Netherlands	49
Ireland	632	Sweden	7
Japan	389	Switzerland	5

General strikes and hartals predominate industrial relations in West Bengal. Since 1964, these are characterised as “bundhs” and are becoming a feature in many other States. The employers in the industrial establishments are helpless spectators of staggering loss of production on account of bundhs organised as a protest against rising prices, border disputes, demand for an establishment in the public sector being set up in a particular State, etc. In the years preceding the general elections, there was an increase in the spate of the bundhs. It is appreciated that in a democratic set-up the right to strike is fundamental as far as the workers are concerned. This has been stated unequivocally by the Supreme Court of India. If, however, it is felt that in a developing economy there should be some restraint on this right under certain circumstances, the provisions for restraint should be enforced. It is a matter for consideration whether the object of compulsory adjudication has been achieved. If not, this legal provision should be removed, leaving it to the parties to indulge to trial of strength if they choose to do so.

67. The following background factors have had their impact on industrial relations since independence :

- (a) Democratic Constitution with provision for adult franchise
- (b) Federal character of the Constitution with labour being a concurrent subject
- (c) Certain directive principles in the Constitution
- (d) 24% literacy in the country as a whole—a much lower percentage among the industrial workers
- (e) Growth of population at the rate of 7 to 10 million per year
- (f) Inflation as a result of a developing and controlled economy and deficit financing
- (g) Deteriorating food situation from the beginning of the Third Plan
- (h) Qualitative depreciation in the field of education in the country
- (i) Emphasis on regional loyalty as against national integration
- (j) Lack of respect for the rule of law and general deterioration in discipline
- (k) Emphasis on social approach to the industrial relations problems, in disregard of economic realities
- (l) Emphasis on the objective of raising the standard of living, ignoring altogether moral values.

68. Industrial units with sound financial position, forward-looking professional management, prospects of growth in the future and an objective personnel policy have developed practices and relationships with workers at the plant level which have improved industrial relations. The current recession in the economy of the country and the altered political structure after the elections in 1967 might alter the satisfactory industrial relations at these plants. Inter-union rivalry is increasingly becoming a factor to be reckoned with.

69. The following is the percentage distribution of the causes of work stoppages from 1961 to 1964 :—

Causes	1961	1962	1963	1964
Wages and allowances	30.4	30.2	27.8	34.9
Bonus	6.9	12.3	10.0	7.9
Personnel and retrenchment	29.3	25.2	25.9	27.4
Leave and hours of work	3.0	0.7	4.6	2.0
Others	30.4	31.6	31.7	27.8
Total	100.0	100.0	100.0	100.0

(Ref. : *Indian Labour Statistics 1966*)

It will be noted that the three major areas of conflict are emoluments, disciplinary action and retrenchment. Inflationary economy and increasing unemployment are the two major contributing factors affecting industrial relations. Although money wages have increased considerably since independence,

the real wages have not helped very much in raising the standard of living. If the current recession in the economy entrenches itself, the unemployment problem will be intensified. In spite of the unprecedented protection to an individual in employment enjoyed by an Indian worker as a result of the case laws on dismissals and discharges, workers now resist bitterly even the issue of a chargesheet in instances of assault, theft etc. The volume of dismissals has reduced considerably in the Indian industry as may be seen from the following statement regarding settlement of claims in 1963-64, compiled by the Provident Fund authorities (Reference Annual Report of the Working of the Provident Fund Scheme, 1964-65).

(i) Superannuation	...	9,536	(v) Migration	...	816
(ii) Retrenchment	...	34,770	(vi) Permanent invalidation	...	7,752
(iii) Dismissal	...	3,458	(vii) Death	...	9,342
(iv) Resignation and termination of service	...	89,824	(viii) Others	...	6,362

It will be noted that less than 3% of the claims related to dismissal.

Workers' resistance to retrenchment is understandable, but without rationalisation and automation, Indian industry cannot compete in the world market. The provision for lay-off compensation in the Industrial Disputes Act was intended to act as a sort of unemployment insurance at the expense of the employer alone but today every act of lay-off is resisted by the workers with encouragement from the Labour Departments of many State Governments. Carrying surplus labour on the pay roll of an industrial establishment does not protect the employer from demands for increased wages and emoluments. In many industries, such increases are automatic, as the dearness allowance is linked to the consumer price index. Industries that do not envisage growth in the future are in a difficult position, for they cannot meet the problem of rising wage bill on account of a steady rise in the consumer price index numbers by effecting economies through rationalisation and automation. This state of affairs is impairing the competitive position of the old establishments.

70. As stated before, inter-union rivalry has affected adversely the climate of industrial relations. The inferior legal status conferred on bipartite settlements and the rights conferred on all registered unions under the Industrial Disputes Act are contributing to inter-union rivalry.

71. The following improvements are suggested :—

- (a) Strengthening of the conciliation machinery of the State and Central Governments: the strength of the conciliation machinery has not kept pace with the growth of the industrial and commercial establishments since independence.
- (b) Expeditious disposal of cases by tribunals. Postponement of hearings should be the exception and not the rule.
- (c) The norms laid down by the High Courts and Supreme Court should act as guide-lines for the Conciliation Officers. Many disputes can be nipped in the bud by applying these norms. The adjudication machinery should not be utilised for "passing the buck".
- (d) The emolument structure of the conciliation machinery should be looked into. With the rising cost of living, this appears to be out of date, with the result that quality cannot be attracted.
- (e) It may be advisable to examine whether labour should continue to be a concurrent subject.
- (f) The penal provisions regarding illegal strikes should be enforced. If this is not feasible, then they should be done away with.
- (g) The machinery for implementation of awards should be strengthened. Penal provisions regarding non-implementation of awards should be enforced.

A mediation service in today's context is not likely to be successful. Politics dominate industrial relations. It will be very difficult for a mediator to discharge his duties in an objective manner. Furthermore, there may not be adequate supply of mediators in the country acceptable to employers and trade unions. Any service institution will develop if it can deliver the goods. A mediation service can be successful if it can sell itself to *both* the parties.

72. Fact-finding enquiries have not helped much in improving industrial relations. The Bonus Commission for example, did not solve the bonus problem. The Pay Commissions set up by the Government have not contributed to industrial peace in the Government employee sector. The Das Commission, Gajendra-gadkar Commission, etc., on dearness allowance have not satisfied the Central Government employees. Similarly, many State Governments have set up Pay Commissions which have not yielded satisfactory results. There have been many studies of specific situations affecting industrial relations but these have not contributed much to their improvement. Courts of Enquiry under the Industrial Disputes Act have not met with much success.

73. The political affiliation of a trade union, its objective, the personality of the main executives and the attitude of the employer to a trade union have their impact on the industrial relations of a unit. Generally speaking, a strong trade union has contributed materially to industrial peace but many strong unions become weak with passage of time, depending on the changes in the Government and the changes in the political parties. Strong trade union leaders, mellowed by experience, may become weak latter with infiltration of militant elements. Weak unions cannot deliver the goods and are invariably a nuisance. Absence of trade unions may be a blessing or a curse, depending on the circumstances. With a benevolent employer who implements all laws, awards and recommendations of the Wage Board, the climate of industrial relations may be very good. On the other hand, absence of a trade union may present real difficulties, as the law of the country envisages settlements with such bodies.

74. Please refer to the replies to Questions Nos. 54 to 65.

75. The Central organisations of employers and workers can exercise a superintending influence, but the essence of harmonious employer/employee relationship lies with the management and the union at the plant level. If the Government pursues vigorously the policy of non-interference in the employer/employee relationship, the plant level negotiating machinery might grow.

76. The designation "Personnel Officer" is still not widely prevalent in India industry. The more easily understood terms are Welfare Officer or Labour Officer. A personnel/Labour/Welfare Officer can only function within the orbit of the top management policy. Personnel Officers at the plant level frequently confine themselves to the day-to-day grievances and welfare activities. Matters pertaining to conditions of service are, in many cases, dealt with by the head of the establishment, who is a member of line management. In industries where there is industry-wise collective bargaining, the major conditions of service are determined outside the plant level. The plant level Personnel Officer, therefore, has a limited function and whilst he can contribute to industrial peace by expeditiously disposing of the day-to-day grievances, the major issues affecting conditions of service may still affect the industrial relations of the plant.

In recent years there has been a qualitative depreciation of the Personnel Officers at the plant level, in keeping with the general deterioration of quality in the administrative structure of the industries. This is partly due to the pace of development since independence. The quality of training at the various institutes conferring Diploma on Social Welfare and/or Labour Welfare could be improved. The training imparted by the Labour Departments of the State Governments leaves much to be desired. Many industrial establishments have excellent management training schemes that provide line management personnel for the industries. Unfortunately, Personnel Officers are rarely recruited through this source. The tendency today is not to treat personnel as a specialist function. Decision-making in personnel matters is left to Accountants, Engineers, Salesmen, etc., and not to high-powered Personnel Officers. This has had an adverse impact on the quality of personnel management and industrial relations in the establishments.

77. Communication at the plant level can be effected through—

- | | |
|----------------------------------|--------------------------------|
| (a) Notices on the notice boards | (c) Circular letters, and |
| (b) House magazines | (d) Joint consultative bodies. |

The percentage of literacy being low and diversities of languages being a problem, a good deal of communications still has to be effected verbally through line management. Therefore, the importance of training of line management as a part of the communication scheme cannot be over-emphasised. Unfortunately, management training is still in a developing stage in India.

78. Please refer to the reply to Question No. 76.

79 to 81. Under the Industrial Employment (Standing Orders) Act, all standing orders certified by the Certifying Officer are subject to vetting by the trade unions at the establishment. There is no legal provision for standing orders in the commercial establishments. Furthermore, establishments employing less than 100 workers are not required by the law to draw up the standing orders. The Association is of the opinion that standing orders should be drawn up in respect of all establishments employing 50 or more workmen.

82. A formal grievance procedure at the plant level is still the exception in India and not the rule. Even in establishments where the Code for Discipline has been accepted by the unions as a pre-condition for recognition, there is reluctance on the part of the recognised unions to cooperate with the management to draw up a formal grievance procedure. The Implementation and Evaluation machineries of the State Governments have not taken any action when it has been pointed out that a grievance procedure is an obligation under the Code. Trade unions in West Bengal prefer the quick method of forcing spot decisions from management by means of coercive tactics such as gheraos. Therefore, they are reluctant to evolve a formal grievance procedure. Even if there is a formal grievance procedure and workers do not abide by it, there is no support from the conciliation machinery of the State Governments to compel trade unions to adhere to the procedure.

It is doubtful if any statutory provision for grievance procedures will be effective, for there is no penalty for non-adherence to the procedure. Even if the penal provisions are stipulated, they will not be enforced. Perhaps management will have to continue to persevere with persuasive methods to ensure adherence to a grievance procedure where it is drawn up. In view of the pronouncements from people in authority in certain States that gheraos are justified, grievance procedures have no chance of being established.

83. Until such time as grievance procedures are properly established and adherence to them is insisted upon, any system of grievance arbitration is bound to fail.

84. The following facilities exist today :—

- (a) In-company training schemes,
- (b) Training courses by the Management Associations, Productivity Councils, Institutes of Management, Administrative Staff College, Small Industries Service Institutes, the National Institute for Training in Industrial Engineering, the Indian Institute of Personnel Management and the National Institute of Labour Management.
- (c) Workers' Education Scheme, and
- (d) Training schemes for union executives by some of the Central trade union organisations.

The larger industrial establishments make use of these facilities but the small scale sector is indifferent to them.

Collective Bargaining

85 to 90. Collective bargaining is extensively practised in the engineering industry. Many large industrial establishments have evolved a tradition of long term comprehensive settlements through collective bargaining. The impediments to the growth of the collective bargaining machinery are :—

- (a) Inferior status to bipartite settlements in law when compared to the tripartite settlements,
- (b) Inter-union rivalry,
- (c) Lack of respect for the Inter-Union Code of Conduct,
- (d) Ineffectiveness of the verification procedure,
- (e) Provision for compulsory adjudication which discourages free and frank discussion of the issues, for fear that failure to arrive at a settlement might mean that conciliation starts from the point at which collective bargaining had ended. Experience has shown that irrespective of the merits of an offer made by management, the Conciliation Officer must improve upon the same.
- (f) Rights conferred upon all registered trade unions (though not recognised) under the Industrial Disputes Act.

Collective bargaining and compulsory adjudication cannot co-exist. Protection of the weaker party had been advanced as an argument in 1947 when there was insistence on compulsory adjudication. Today it is necessary to have a proper probe to ascertain who is the weaker party. The Association maintains that in the small and medium scale units, the weaker party is the employer and not the trade unions. It will be in-expedient to isolate from a charter of demands issues that can be settled by collective bargaining. If the balance of the issues are referred to adjudication, it is almost certain that the tribunal will make absurd concessions in order to concede at least something to labour. Comprehensive collective bargaining agreements are in the nature of a package deal and there is an important element of give and take in the ultimate solution of the disputes. If the "give" part of the issues is separated from the "take" part of the issues, it would effect the employers adversely.

From the statistics relating to work stoppages in India, it is doubtful if it can be maintained that adjudication has safeguarded industrial peace in the past. It will not contribute to maintenance of industrial peace in the future.

Joint Consultation

91 to 97. In the context of the very limited experience in this country with democracy based on adult franchise, joint consultation has very limited chance of success. The method of election to the Works Committee as provided initially in the Industrial Disputes Act should have been given a fair trial for a longer period. Subsequent amendments provided for consultation with trade unions in regard to elections to the Works Committees and this has hampered the growth of the Works Committee. Trade unions are very suspicious of Works Committee as a machinery for promoting good relations between the employer and the workmen. The demarcation of the functions between Works Committees and trade unions has resulted in lack of enthusiasm in the Works Committees among the workmen. When all the "meaty" matters are dealt with by the trade unions, workers are not enthusiastic about the Works Committees.

Joint Management Councils are nothing better than glorified Works Committees and these are not likely to make any progress in improving the industrial relations climate. Fundamentally, many employees are opposed to the concept of "joint management". They are agreeable to *association* of workers with the management but are opposed to *participation* of the workers in management.

Introduction of democratic institutions cannot be hastened by legislation. If one examines the performance of the self-governing institutions such as the Municipalities, Corporations, District Boards, Universities and Panchayats, one should not be disappointed with the poor performance of the Joint Management Councils and the Works Committees. The unsatisfactory performance of the cooperative movement in India is also a pointer to the need for caution in accelerating the pace of setting up democratic institutions. Literacy, discipline, respect for conventions etc. must precede successful functioning of democratic institutions in the country.

Profit-sharing schemes have not contributed to happy employer employee relationship. Disputes relating to bonus have become annual irritants at the plant level (about 10% of the work stoppages relate to bonus issues) and the Payment of Bonus Act has failed to improve the climate in this important area of conflict. There is an organised attempt to undo the implementation of the Payment of Bonus Act even though it guarantees minimum bonus irrespective of profits. One central trade union organisation is attempting to ignore the ceiling limit of 20% and looks upon the Bonus Act as an instrument only to ensure minimum guaranteed bonus of 4%. The element of quid pro quo in the minimum and maximum bonus and the aim of effecting steady bonus payments by the provision of "set on" and "set off" are not respected by the trade unions.

A scheme of co-partnership is not likely to improve the industrial relations climate, judging from the experience with bonus schemes. In fact, it may increase the area of conflict between the employer and the employee in the years when dividend cannot be paid to the share-holders or the quantum of dividend is reduced. Just as profit-sharing bonus schemes have worked only in one direction and there is no loss-sharing, similarly, in co-partnership schemes, the tendency will be only to look for dividends and to raise disputes if these are not forthcoming or if they are reduced. The current talks about control of dividends, wages and prices will act as a damper to any scheme of co-partnership.

Conciliation

98 to 101. Considering the volume of utilisation of the conciliation machinery it may be held by some that it has played vital role in regulating relationship between the employer and the employee, but this must be looked at in the background of the provision for compulsory adjudication which must be preceded by conciliation. Under the Trade Disputes Act of 1929, when there was no provision for compulsory adjudication, recourse to the conciliation machinery was not very frequent. Again, this must be judged in the background of independence after 1947, democratic Constitution, with adult franchise, and rapid growth of the trade union movement partly as a result of compulsory adjudication. It has already been stated before that there is need for strengthening the conciliation machinery. Expeditious disposal of disputes is possible only when the number and quality of Conciliation Officers are such that undivided attention to settlement of disputes can be paid.

The Association is opposed to Conciliators acting as Arbitrators. An executive should not discharge the duties of judiciary. Furthermore, a Conciliator may be subjected to pressures which may deter the discharge of his function as an Arbitrator in a manner that will inspire confidence in the arbitration machinery.

Adjudication

102 to 109. The main complaint against the adjudication machinery is delay. If the adjudication machinery is strengthened and awards are published within three months of reference, the apathy towards adjudication can be considerably reduced. The qualitative depreciation of Adjudicators is commented upon on certain occasions, but in the context of deterioration in the quality of education and the low emoluments of civil servants in an inflationary economy, it is doubtful if any improvement can be effected in the near future. The cost of adjudication could be reduced by reducing delays. The revival of the Labour Appellate Tribunal can be considered only in the background of severe criticism in respect of appeals to High Courts and the Supreme Court. Disposal of appeals was effected more quickly by the Labour Appellate Tribunal (when it was functioning) than by the High Courts and the Supreme Court.

As stated before, if the norms on the basis of the case laws are scrupulously applied by the conciliation machinery, the number of reference to adjudication could be reduced, thereby making this latter machinery more effective. If the penal measures regarding non-implementation of awards are strictly enforced, there will be a definite reduction in the incidents of violation of the awards. This must be applied equally to the employers and the trade unions. The provisions of Section 33(2)(b) of the Industrial Disputes Act enhance litigation and consideration may be given to delete these. Reference to adjudication under Section 10(1) of the Industrial Disputes Act after permission to dismiss or discharge has been obtained under Section 33(2)(b) of the Industrial Disputes Act, is increasing daily. Since Government has powers under Section 10(1) to refer any dispute to adjudication and since individuals can now raise disputes on matters pertaining to dismissal and discharge, it will not injure the workmen's interest if Sections 33(2)(b) and 33A of the Industrial Disputes Act are completely done away with.

Code of Discipline

110 and 111. The Code of Discipline has failed to improve the atmosphere of discipline in industry. Breaches of the Code have been numerous and the Implementation and Evaluation machinery has failed to deal with the reports on this subject satisfactorily and speedily. It has been utilised only as a machinery for granting recognition to unions. It appears that the atmosphere is not congenial now to evolution of codes. If a "code" is to be legislated upon, then it ceases to be a code. Legislation will mean further litigation which the Government of India is anxious to reduce. At best, the code should remain a code. It should be hung up on the offices of the employers and the unions and it should be left to the conscience of either party to judge whether it is implemented. The elaborate Implementation and Evaluation machinery should be done away with.

Voluntary Arbitration

112 to 116. Arbitration should continue to be voluntary and a group of arbitrators acceptable to both the parties can only evolve through passage of time. Once such arbitrators are available, there may be increasing recourse to this machinery. Hitherto, the tendency has been to draw on the adjudicators to provide arbitrators. In view of the faith in the judiciary among the Indian public, this practice will probably be followed for selection of arbitrators for a number of years to come. It will always be difficult to find "independent"

persons acceptable to both the employers and the employees. Depending on the issues involved, such as production bonus, work load, categorisation of employees, etc., technicians may be appointed as arbitrators. The snag however will be that most of the technicians may be considered to have a bias towards the employers by the trade unions. Academic are appointed frequently to the Wage Boards as "independent" persons. So far they have failed to exercise sufficient influence on the Wage Boards.

The expenses of arbitration should be shared equally between the employers and the employees.

Strikes and Lockouts

117 to 123. The existing restrictions on the workers' right to strike have not exercised sufficient influences in preventing work stoppages because the penalties for illegal strikes are not enforced. The minimum restraint on strikes should be that the question of strike pay would not be referred to adjudication if the strike is illegal. Lock-outs are rarely preceded by notice as there is apprehension of danger to life and property. Most lock-outs are closures for security reasons. While strikes are freely resorted to by workers to gain concessions, lock-outs are rarely declared by employers with the object of having a trial of strength.

The trade union movement is now strong enough to prevent victimisation of their members. The adjudication machinery generally comes down hard on an employer if victimisation can be proved. Frequently, however, the term "victimisation" is loosely used by trade unions to rouse the sympathy of the workers against any disciplinary action. Dismissals following proven cases of theft and gross indiscipline have been characterised as victimisation.

The Association is not aware of any stringent provision in the trade union constitution regarding the procedure for giving a call for a strike. The bumper crop of hartals, general strikes and bundhs could not have taken place if the union rules regarding the procedure for giving a call for a strike were respected. As a result, it would be difficult to ascertain how many strikes take place without sanction of the union. In plants where there are multiple unions, adherence to a procedure for a strike is well-nigh impossible, for it might result in risking the popularity of a union.

In many plants, direct negotiations take place between the management and the union whilst a strike is in progress. In others, the conciliation machinery of the Government or the employer's organisation is approached for the settlement of a strike. Government should invoke Section 10(3) of the Industrial Disputes Act in all instances of illegal strikes. Where the strikes are legal, in non-public utility services, intervention by the Government may be optional. The provisions of Section 10(3) of the Industrial Disputes Act are resorted to generally to lift lock-outs only. Government should have powers to order cessation of a strike or a lock-out without referring the dispute to adjudication.

General

124 to 129. The tripartite committees at the national level and the State level have not been able to influence to any considerable extent the relationship at the plant level. In fact, joint consultation is weak because it did not commence from the plant level and then move to the State and the national level, but it had commenced from the national level. Very often the workers at the plant level are completely ignorant of the conclusions of the Indian Labour Conference, the Standing Labour Committee or the Industrial Committees. There is need for a proper probe into the justification for multiplicity of tripartite committees at the national and State Levels. If the agenda of the meetings of some of the Industrial Committees is examined for example, it will be found that there is considerable overlapping with the Indian Labour Conference and the Standing Labour Committee. A good deal of time and money is wasted on the multiple tripartite committees. The aim in future should be to strengthen joint consultation and collective bargaining at the plant level.

All industrial establishments in the public sector should be governed by the conciliation machineries of the State Governments. The overlapping jurisdiction between the Central and the State Governments in different public sector undertakings is quite confusing.

Public utilities should be limited to transport, power, water supply and health services. Only in a national emergency there should be an extension of the definition of public utilities. Such emergencies should not continue for an indefinite period because then they cease to be emergencies in the eyes of the public. Once the definition of public utility is narrowed down to the minimum, the restrictive provisions for work stoppages should be strictly enforced.

No special treatment should be prescribed to reduce industrial conflict in the public sector or the co-operative sector. Any legislation regarding regulation of industrial relations should apply equally to all sectors. The small scale sector is plagued by the plethora of labour legislation. This sector is not equipped to implement this legislation, for it cannot engage specialists. The growth of the small scale sector will be curbed by the voluminous legislation on labour matters. A solution to this must be found especially when successive Plans envisage increasing investment in the small scale sector (Rs. 800 crores in the draft Fourth Plan) and when there is so much political opposition to monopolies.

V. WAGES

Introductory

130 to 133. The current availability of unskilled labour has not influenced the level of wages as the Minimum Wages Act, the adjudication machinery, Wage Boards and trade unions have played their part in the determination of the wages. The Minimum Wages Act fixed the wages at the subsistence level for the "sweated" industries. The adjudication machinery and the Wage Boards on the other hand aim at fixing fair wages, taking into consideration the capacity of the industry or the establishment to pay. No relationship exists between wages in agriculture and the wages in industry. According to the Indian Labour Year Book, wages in the agricultural sector were as low as Rs. 0.75 per day. Organised industry invariably pays much higher wage to an unskilled worker. As the ultimate aim of the Government is to raise the standard of living of the people, there should be some correlation between wages in the manufacturing sector and those in the agricultural or unorganised sector. If the wages in organised industry are much higher than those in agriculture and other unorganised sectors, there is an imbalance in the standard of living that might ultimately have adverse social repercussions. Furthermore, the impact of inflation imposes great hardship on the agricultural and unorganised sectors. The dangers of movement of labour from the agricultural sector to industry on account of attractive wages, could be very significant, especially at a time when increased agricultural production is the crying need in the country. If the country's needs for agricultural products are to be met, the emoluments of agricultural labour should not lag too far behind those in industry. The existing level of wages in organised industry is only partly the result of the capacity to pay. Linking the dearness allowance to the cost of living index and automatic periodical adjustment to the rise and fall in the cost of living index has had the effect of neglecting the criterion of the capacity to pay, for at the time the linking was effected, the extent of the future fluctuation in the cost of living index could not always be envisaged. The cotton textile industry, for example, is now suffering from the effects of linking dearness allowance to the cost of living index, for the current rate of increase in prices had not been envisaged when the scheme had been decided upon. Increase in the wage bill, therefore, is one of the important causes that have led to the closure of over 50 cotton textile mills in the country in the recent past. In many units, taken over by the Government and run with a view to mitigating the effects of unemployment, wage reductions have been effected in order that the establishment could be a sound economic proposition.

Minimum Wage

134 to 140. It has been stated in many forums by several authorities that any establishment or institution that cannot pay the minimum wage has no right to exist. It has been held recently by the Gajendragadkar Commission that the subsistence wage at current prices should be Rs. 150 per month. Many State Governments, however, are not paying this subsistence wage to their employees. Agricultural labour obviously does not receive this minimum wage.

In accordance with the decision of the Hon'ble Supreme Court in the dispute between the Reserve Bank of India and the All India Reserve Bank Employees' Association (LLJ August 1965) at the start of a workman's employment, "family" should be assumed to constitute 2.25 consumption units. This is particularly pertinent in establishments where incremental scales are prescribed. The Second Pay Commission rejected the concept of the need-based minimum wage fixed by the 15th session of the Indian Labour Conference. The need-based minimum formula has contributed materially to breaches of industrial peace by raising false hopes among workers. Today, the Government is considering wage, dividend and price freeze to cope with the economic recession in the country. It is difficult at present to suggest a phased programme for implementing the need-based minimum. The Fair Wages Committee indicated that one of the factors that should determine fair wages is the productivity of labour. This factor has been ignored by all tribunals and wage boards so far. The wage boards for cotton textile, cement and tea plantation industries paid lip

service to this factor. They have failed to ensure a fair day's work in return for a fair day's wage. One of the methods of improving the productivity of the industry (not productivity of labour) is to introduce rationalisation, mechanisation and automation. These are strongly resisted by labour now and some State Governments are lending their support to labour in this matter. Redundant labour cannot be got rid of today even on payment of retrenchment compensation. Trade unions in some States have categorically stated that they would not agree to any retrenchment even if it can be justified for trade reasons. In L.I.C. for example there is organised opposition to installation of computers on the ground that the employment potential will be reduced, even though the authorities have guaranteed that none of the existing employees would be retrenched. The one day's token strike in July 1967 by the employees of the L.I.C. in Calcutta against automation was supported by the State Labour Minister. The net position today is that—

- (a) labour productivity cannot be increased,
- (b) the productivity of the industry cannot be improved by rationalisation, mechanisation or automation,
- (c) redundant labour must continue on the pay-roll of the industrial or commercial establishment,
- (d) wage increases must continue to be granted either on account of raise in the cost of living or on account of overall revision by wage boards, and
- (e) the quantum of bonus must increase every year irrespective of the profit and loss account.

It will be difficult to fix a National Minimum Wage acceptable to the employers and labour. The wage boards have so far allowed for regional variation in wages. There are imbalances in the industrial development in the country (please refer to reply to Section IX) and fixation of a National Minimum Wage might retard the growth of industries in the under-developed areas of the country.

The Association does not favour any change in the definition of minimum, fair, and living wages. It only hopes that the work load and productivity of labour in respect of the three concepts of wages should also be similarly fixed. Experience in the industrially advanced countries will establish that technological developments and mechanisation can improve the productivity of industry, thus enabling them to attain the goal of payment of fair wage or living wage. In the commercial establishments, for example, the scope for mechanisation is almost unlimited. If India continues to be in the bullock-cart economy, and does not even wish to attain the bicycle economy, it is difficult to envisage her occupying her rightful place among the industrial nations in the world.

Dearness Allowance

141 to 146. In many industrial establishments today, there are incremental scales of basic wages for each occupation, the span being 20 years, and dearness allowance linked to the cost of living index with 59 or cent per cent neutralisation. Yet in such establishments there is clamour for wage revision every three to five years. This is very unreasonable. If time scales are prescribed for 20 years, if there is compensation for rise in the cost of living with cent per cent neutralisation, and if there is a scheme for profit-sharing, it is difficult to justify wage revisions at short intervals.

If the emolument structure is to cater for changes in the price level, then it is imperative that there should be a system of payment of dearness allowance in addition to basic wages. The Association is, however, opposed to automatic adjustment of dearness allowance in relation to the consumer price index. It advocates fixation of emoluments for three year periods, taking into consideration the cost of living, the capacity to pay and the productivity of labour. Once these are fixed, they should remain static and all these factors should be taken into account again when discussing emolument structure at the end of the three-year period. This pattern will introduce an element of realism in the fixation of wage structure.

If, however, dearness allowance is linked to the consumer price index, then revision should be effected at half-yearly intervals. The Association is opposed to adjustment of dearness allowance on a month to month basis. In unit level negotiations, the local consumer price index is advocated. If, however, the wage discussions are on an industry-wise basis throughout the country, then the all-India consumer price index numbers should be adopted.

The Association is opposed to cent per cent neutralisation of the rise in the cost of living. An industrial establishment is not responsible for the price rise and workers should bear the burden of at least a portion of the price rise. Furthermore, most industries provide fringe benefits and as advocated by the Gajendra-gadkar Commission in 1967, these should be taken into account in fixing the percentage neutralisation. In fixing the rate of neutralisation, if the capacity to pay is not taken into consideration, the economy will be in jeopardy by closure of industrial establishments. If, however, it is advocated that the wages of the employees must not be eroded by price increases, industry should have unfettered right to introduce mechanisation, rationalisation and automation and should not be compelled to carry on their pay-roll surplus labour. In other words, industry must have the freedom to improve its capacity to pay if protection of workers' wages irrespective of the financial position of the industry is to be guaranteed.

Where part of the wage is paid in kind it should be evaluated and deducted from the total fair wage arrived at. The payment of part of the wages in kind is not liked by labour. Administration of any scheme for payment of wages in kind throws an enormous burden on the employers. Any scheme for payment of wages in kind, therefore, should be very carefully scrutinised before it is introduced. It may increase industrial unrest rather than promote industrial peace.

Fringe Benefits

147 and 148. Any benefit other than basic wages and dearness allowance, that goes directly to reduce the expenses of a worker on items of expenditure should be considered to be a fringe benefit. Some of the fringe benefits in the engineering industry are :—

- | | |
|----------------------------------|--|
| (a) subsidised canteen | (h) gratuity |
| (b) subsidised housing | (i) subsidised transport |
| (c) subsidised consumers' stores | (j) expenditure on medical facilities |
| (d) production bonus | (k) contribution to the E.S.I. Scheme |
| (e) attendance bonus | (l) leave and holidays |
| (f) annual bonus | (m) allowances |
| (g) provident fund | (n) subsidised educational facilities. |

It has been estimated that on an average fringe benefits account for 20% of the basic wages and dearness allowance.

In the recent past, the demands of the workers included a wide range of fringe benefits. The tendency, however, is to claim these over and above the fair wages fixed. The Association is of the opinion that in determining the fair wages, the fringe benefits must be taken into consideration. The tendency of the wage fixing authorities, however, is to ignore the fringe benefits when fixing the fair wages. In view of the insistence on cash wage payments, it is the contention of the Association that fringe benefits should gradually be reduced and as far as possible emoluments should be paid in cash even though this may contribute to inflation.

Wage Differentials

149 and 150. In many large engineering establishments, the basic wage structure has been fixed after job evaluation had been undertaken. In such establishments, the wage differentials reflect the factors that should normally be taken into consideration in fixing wages. In the smaller establishments, however, wage differentials are still governed by custom, usage and practice. In the skilled and highly-skilled categories, market conditions have influenced wage differentials to a certain extent. In West Bengal, the Third Omnibus Tribunal in 1958 placed the manual workmen of engineering establishments employing over 250 workers each into four groups as below :—

<i>Workmen</i>	<i>Basic wage or wage scale</i>
Group D (corresponding to the unskilled category)	(1) Rs. 35/- (for workers who do heavy manual work such as transport of things from one place to another and other such jobs).
	(2) Rs. 35—1.25 nP/2—37.50 (for workmen who improve in efficiency of working both in respect of nature and quality of his work).

*Workmen**Basic wage or wage scales*

Group C (corresponding to the semi-skilled category)	Slab 1.	Rs. 40-1.25-45	The lift from one slab to the next higher within the same group will depend on the efficiency of the worker.
	2.	Rs. 45-1.25-50	
	3.	Rs. 50-1.25-55	
	4.	Rs. 55-1.25-60	
	5.	Rs. 60-1.25-65	
Group B (corresponding to the skilled category)	Slab 1.	Rs. 75-2- 83	The lift from one slab to the next higher within the same group will depend on the efficiency of the worker.
	2.	Rs. 83-2- 91	
	3.	Rs. 91-2- 99	
	4.	Rs. 99-2-107	
	5.	Rs. 107-2-115	
Group A (corresponding to the highly-skilled category)	Slab 1.	Rs. 110-3-119	The lift from one slab to the next higher within the same group will depend on the efficiency of the worker.
	2.	Rs. 119-3-128	
	3.	Rs. 128-3-137	
	4.	Rs. 137-3-146	
	5.	Rs. 146-3-155	

Again, the Seventh Industrial Tribunal, West Bengal, published its award in the Calcutta Gazette on 30th January, 1967, in respect of 1,200 engineering establishments employing less than 250 workers each. The basic wage structure and the differentials fixed were as below :—

“(1) Group D corresponding to the unskilled category :

(a) Grade	...	Rs. 45 to Rs. 50
(b) Time scale	...	Rs. 45-1/5-50

I have fixed a short time scale for this lowest category of workers in the hope that by working for this short period, they will gain sufficient experience and will be eligible for promotion to the next higher category. They would be entitled to promotion to the next higher category if their work is found satisfactory and they are found to be qualified mentally and physically for the work of the next higher category.

(2) Group C corresponding to semi-skilled category :

(a) Grade	...	Rs. 55 to Rs. 80
(b) Time scale	...	Rs. 55-1.25/10-67.50-E.B.-1.25/10-Rs. 80.

This time scale is subject to an efficiency bar at the middle stage i.e. 10th stage.

(3) Group B corresponding to the skilled category :

(a) Grade	...	Rs. 90 to Rs. 130.
(b) Time scale	...	Rs. 90-2/10-110-E.B.-2/10-130.

Time scale with efficiency bar at the middle of the 10th stage.

(4) Group A corresponding to highly-skilled category :

(a) Grade	...	Rs. 110 to Rs. 170
(b) Time scale	...	Rs. 110-3/10-140-E.B. 3-10-170.”

These wage differentials were not based on any scientific job evaluation. The Third Omnibus Tribunal stated in 1958 “so it becomes clear that standardisation of occupational nomenclature, classification of workmen according to skill or job evaluation cannot be adjudicated by this tribunal”. The Seventh Industrial Tribunal also stated in 1967, “I have already indicated that it is not possible for this tribunal to specify by occupational nomenclatures exactly what classes or types of workers would fall under which categories. All that can be said in a general way is that the unskilled workers are merely manual workers having nothing or very little to do with the working of machines, while the other higher categories have to work with machines with different degrees of skill.”

In an industry such as engineering with diversities of product, industry-wise job evaluation is just not possible. Job evaluation must be undertaken on a unit basis. Industry-wise wage boards or tribunals cannot undertake such a job. This is another argument to support the contention that an industry such as engineering does not lend itself to wage fixation by one wage board for the country as a whole.

A flat system of dearness allowance linked to the cost of living index definitely cuts across the wage differentials. As, however, the system of dearness allowance has come to stay, the only practical solution that can be suggested is the merger of a substantial portion of the dearness allowance into the basic wages. This may restore wage differential to a certain extent.

Methods of Wage Fixation

151 to 154. The Association is of the opinion that all industries should not be subjected to industry-wise wage fixation. In a heterogeneous industry such as engineering, wages should be fixed on unit basis through collective bargaining. Wide diversities in the size of the engineering units also render industry-wise wage fixation very difficult. In West Bengal, some standardisation in the wage structure in the engineering industry was effected through three industry-wise tribunals. Although in 1948 and 1950 all the engineering establishments came within the purview of the Omnibus Tribunals, in 1958 only units employing more than 250 workmen each were parties to adjudication. In West Bengal today there are separate wage structures for engineering establishments employing more than 250 workers each and those employing less than 250 workers each. In spite of the Omnibus Tribunals, there are wide disparities in the wage structure in West Bengal as many engineering establishments determine their wages through plant level collective bargaining.

Outside West Bengal, plant level collective bargaining, unit-wise adjudication, or notifications under the Minimum Wages Act, have determined the wage structure in the engineering industry. The Wage Board for the Engineering Industries, set up in December, 1964, was the first attempt to evolve an industry-wise wage structure throughout the country. The deliberations of this Wage Board are continuing, but it will find the task of fixation of a nation-wise wage structure most difficult.

Although the first few wage boards were able to arrive at unanimous decisions, recently minutes of dissent by the employers' or workers' representatives have become the rule rather than the exception. In this connection reference may be made to the wage Boards for rubber plantations, coal mines, and working and non-working journalists. The recent policy of implementation by Government of the majority recommendations of the Wage Board has negated the grounds on which Wage Boards were set up. The idea of an agreed wage structure being more enduring than one imposed by a third party is inconsistent with the implementation of the majority recommendations of the Wage Board. The current talk of legislation for implementation of the majority recommendations further nullifies the basic approach towards fixation of a wage structure by Wage Boards. Initially, it was the understanding of this Association that only the unanimous recommendations of the Wage Board would be implemented. This resulted in a realistic approach by all parties to the problem of fixation of a wage structure, but now that majority recommendations are being implemented by Government and these are modified in favour of labour wherever they have been party to the minutes of dissent, the chances of arriving at unanimity in the fixation of the wage structure have become very remote.

Legal sanction may be desirable only in instances of unanimous recommendations, but if majority recommendations are implemented through legislation, the Association would advocate abolition of the Wage Board as a machinery for fixation of wages. With regard to the operation of the Wage Boards, a copy of the Association's note on the functioning of Wage Boards and its suggestions for improvement, is reproduced below :-

"I. BASIC ISSUES"

(a) Implementation of recommendations

The employers had been under the impression that in terms of the conclusions of the 18th Session of the Standing Labour Committee, held in January and April, 1960 (reproduced below), only the unanimous recommendations of the Wage Boards should be implemented by parties :—

'The consensus of opinion was not in favour of the proposal to place Wage Boards on a statutory footing for the present. It was considered that the parties concerned should implement the unanimous deci-

sions of the Wage Boards. If, however, it was found that the parties had failed to do so, Government should take steps to give effect to the recommendations statutorily, if necessary.'

The Union Labour Minister has now expressed the view that 'it would not be correct to draw the inference that this amounted to an undertaking that no action would be taken on the recommendations of a Wage Board if these were not unanimous.' In two instances so far—interim relief for the engineering workers and the recommendations of the Rubber Plantation Wage Board—Government have taken their decision on the majority recommendations of the Wage Boards. In the case of the engineering industry, the employers dissented from the majority recommendations on interim relief but these were accepted by Government. In the case of the Rubber Plantations, the employee representatives dissented from the majority recommendations which were modified by Government to accommodate labour's viewpoint. The only inference that can be drawn from this is that labour's viewpoint only will be taken into consideration by Government when taking a decision on the majority recommendations of a Wage Board.

The Wage Board is a tripartite body and the spirit of joint consultation can never be fostered if the third party, i.e., Government always leans in favour of one party, i.e. labour. There should be a clear-cut policy laid down as to how to treat Wage Board recommendations that are not unanimous. The Association of the opinion that Government should not have absolute discretion in the matter, but that the majority recommendations and the minutes of dissent should be referred to a judicial body for examination.

(b) Status quo on wages and emoluments during the pendency of deliberations of the Wage Board

Wage Boards are set up by the Union Government and many State Governments have expressed views that do not encourage maintenance of status quo on wages and emoluments during the pendency of the deliberations of the Wage Board. It is appreciated that labour is a concurrent subject under the Indian Constitution but in order to ensure that multiple authorities do not simultaneously deal with the subject of wages and emoluments, it should be clearly stipulated in the Government Resolution appointing a Wage Board, that dispute relating to wages and emoluments will not be entertained by any State Government during the pendency of deliberations of a Wage Board. At present, the Union Government merely tenders meek advice to the State Governments on this matter but many State Governments do not respect this.

In the alternative, the Government decision on the recommendations of the Wage Board should not be applicable to any establishment during the period of operation of an award or settlement in conciliation.

(c) The Report of the Committee on Fair Wages

The Fair Wages Committee submitted its Report in 1948 and many of the principles laid down by it have since been modified by the decisions of the Supreme Court and by the policies enunciated by the Plans. Yet, the Union Government invariably states in the terms of reference that the wage structure should be based on the principles of fair wages as set forth in the Report of the Committee on Fair Wages. It is suggested that this particular term of reference should be modified in order to ensure that the Wage Boards pursue the principles enunciated by the Fair Wages Committee as modified by the current Plan.

(d) Categories of employees

The terms of reference of the Wage Board are silent as to the categories of employees that should be covered by the deliberations of the Wage Board. As such, 'categories under investigation' are invariably in the questionnaire and this leads to fruitless discussion before the Wage Board. The Wage Boards are criticised for delay in submission of their reports. This is partly due to the fact that on matters such as the categories of employees to be covered, the terms of reference are not specific. It is suggested, therefore, that the terms of reference should specifically state that the Wage Board will fix the wage structure for the employees in the industry who are 'workmen' under the Industrial Disputes Act.

(e) Wage Boards not suitable for all industries

Wage Board as a machinery for fixation of wage structure may not be suitable for all industries in India. Where there is an industry-wise pattern regarding conditions of service, Wage Boards will work

well. Where, however, a tradition of unit-wise wage structure as the basis of collective bargaining has been built up, All India Wage Boards should not be set up. Plant level collective bargaining has its merits and it should not be destroyed at the alter of Wage Boards.

II. Composition of the Wage Board

(a) Chairman

The present practice of appointing retired judges and High Court or retired tribunal judges should be replaced by the appointment of sitting High Court judges as Chairman of the Wage Boards. This may materially contribute to speedy completion of the work of the Wage Boards.

(b) Independent members

Two so-called 'independent' persons are invariably appointed as members of the Wage Boards. Unfortunately, most of these are politicians though theoretically one of them is expected to protect the interest of the consumers. Quite frankly, we have yet to see such an independent member play his role adequately. It has been our experience that even the economist member is a member of a political party and/or member of the Parliament of Legislative Assembly. It is suggested that the independent members should only be economists not associated with any political party and are not members of any legislature.

(c) Employers' Representative from the public sector

In industries where there are establishments in the public sector, one of the employers' representatives is invariably from this sector. The public sector enterprises are manned by different Ministries and it has been our experience that a representative from a public sector establishment is not conversant with the problems of the industry as a whole. Very rarely does he have any brief from the employing Ministries. The result is that he cannot play an effective part in representing all the establishments even in the public sector. Until such time as the public sector establishments are organised into an industrial association, it may be difficult to find an incumbent who can suitably represent the industry in the public sector on the Wage Board. Many public sector establishments are members of the industrial associations which are represented on the Wage Board and it is suggested that the public sector representative is selected in consultation with the industrial associations. In the alternative, there should be an advisory body with representatives of all the employing Ministries concerned to act as a secretariate for the public sector representative on the Wage Board.

(d) Employees' Representatives

The employee representatives are invariably selected in consultation with the Central trade union organisations. It is well known that there are a large number of trade unions in certain industries not affiliated to the Central trade union organisations. It is, therefore, suggested that at least one of the employee representatives should be from the sector in the industry which is not affiliated to any Central trade union organisation. In the alternative, just as one of the employer representatives is invariably from the public sector, one of the employee representatives should also be from a union in this sector.

III. Working of the Wage Board

(a) Procedure

The Wage Board being presided over by a retired tribunal judge invariably follows the court procedure. It issues an elaborate questionnaire and yet our experience has been that the replies to the questionnaire are not analysed nor are they read by the members of the Wage Board. Hearings are arranged and it appears that the members of the Wage Board rely entirely on the materials placed before them at the hearings. The Chairman is the only persons who is engaged on a full-time basis by the Wage Board, yet the impression that we have gained in the Engineering Wage Board is that he does not study the economics of the industry and the trends in wages and wage structures in the country as a whole. The Chairman and the Secretary of the Wage Board should, in our view, feed the members with information relating to economics of the industry, trends in wages, expert problems, etc. In the alternative, the proposed Central secretariat for Wage Boards should undertake this job.

(b) Data to be collected

Now that the principles regarding the fixation of wages are fairly well-established in India by Tribunals, High Courts, Supreme Court and various Wage Boards, an elaborate questionnaire is no longer necessary. The Wage Boards need data on (i) the existing level of wages in the units covered, and (ii) the financial position of the units in the industry. The Wage Board, therefore, should devise suitable proforma to collect this data and tabulate and analyse them. This will definitely expedite the work of the Wage Board for at present the establishments and unions covered by the Wage Board spend considerable time in replying to the elaborate questionnaire.

(c) Analysis of the data

The data on wages and financial position should be studied by the members of the Wage Board and then they should determine how the hearings should be conducted. Whilst the parties appearing at the hearings will be at liberty to cover any aspect of their choice, some directive from the Wage Board on the pertinent points to be kept in view will direct the hearings to fruitful channels. The experience in the engineering industry is that a good deal of time is wasted on rambling arguments on extraneous points.

(d) Hearings

The Wage Board need not travel throughout the length and breadth of the country to hold hearings. Generally speaking, the hearings should be at the headquarters of the Wage Board, where relevant papers and data will be easily available. In the alternative, the hearings should be arranged at places where a majority of the Wage Board members reside. It may be necessary to visit a few centres away from the headquarters and a few specific establishments to examine certain local aspects.

The hearings should be very business-like. Parties that indicate their desire to be heard should be allotted a specific date and time and failure to comply with this should ordinarily result in their cases going by default.

The deposition by the parties at the hearings should be carefully recorded and copies of these should be made available to all the members of the Wage Board.

IV. Miscellaneous Matters

(a) Payment by results

The Wage Boards so far have consistently ignored the term of reference relating to the desirability of extending the system of payment by results. Considering the emphasis on productivity in the draft Fourth Five Year Plan, the Wage Boards should be directed to give their reasons for ignoring or paying scant attention to this aspect.

(b) Interim Relief

The grant of interim relief as a matter of course as soon as a Wage Board is set up, must be discontinued. If the work of the Wage Boards is expedited, the question of grant of interim relief need not be raised at all. Furthermore, in establishments where the dearness allowance is linked to the cost of living index, claim for interim relief should not be entertained at all. The claim for interim relief must not be entertained until sufficient data on existing emoluments and paying capacity is collected and compiled.

(c) Work-load studies

Now that a Central Secretariat for the Wage Board is decided upon, it should be convenient to undertake work-load studies. Minimum work-load should be fixed by industrial engineers in each industry for the element of wage payment linked to attendance.

(d) Problem of marginal units

In fixing an industry-wise wage structure, certain marginal units will always be adversely affected. The Wage Boards, therefore, should subscribe to any steps for rationalisation or mechanisation that they have to take in hand to meet the burden of enhanced wage bill. The attitude of the State Governments is not at all conducive to any rationalisation that might result in lay-off or retrenchment. It should be acknowledged by the Wage Boards that industrial establishments should be free to determine their labour complement, if they are to pay the minimum fair wage fixed."

Wage Policy

155 to 158. The Fair Wages Committee observed in paragraph 24 of its Report, as follows :—

“As regards the measure of the capacity, there are two points of view in the Committee itself. One view is that the wage fixing machinery should, in determining the capacity of the industry to pay, have regard to :—

- (i) a fair return on capital and remuneration to management, and
- (ii) a fair allocation to reserves and depreciation so as to keep the industry in a healthy condition.

The other view is that the fair wage must be paid at any cost and that industry must go on paying such a wage as long as it does not encroach on capital to pay that wage. The Committee consider that in the context the main objective of the fixation of fair wages should not be lost sight of. The objective is not merely to determine wages which are fair in the abstract, but to see that employment at existing levels is not only maintained, but if possible, increased. From this point of view, it will be clear that the level of wages should enable the industry to maintain production with efficiency. The capacity of industry to pay should, therefore, be assessed by the wage boards in the light of this very important consideration. The wage boards should also be charged with the duty of seeing that fair wages so fixed for any particular industry are not very much out of line with wages in other industries in that region. Wide disparities would inevitably lead to movement of labour and consequent industrial unrest not only in the industry concerned but in other industries.”

The Sugar Wage Board at paragraph 179 stated :—

“The Board has therefore formulated the following standards for the application of the current wage criterion :

- (i) Wages in organised industries should not be compared with those in sweated or unorganised industries;
- (ii) Wages in factory industries should not be regulated in terms of the wages in agriculture, or non-factory industry;
- (iii) As far as possible, comparison should be between wages of occupations in industries with more or less similar economic conditions. This becomes particularly important, in the light of the fact that the wages above the bare minimum level are determined by the paying capacity;
- (iv) Wages in industries having business limited to a small area cannot be compared with those prevailing in branches of global organisations;
- (v) Wages evolved by agreement or adjudication on basis of agreed norms should be considered as better guide.”

The Jute Wage Board at paragraph 614 stated :—

“There are different yardsticks by which the financial position of an industry can be measured. Some of the more important tests which have been applied in the assessment of the financial health and performance of the industry are (i) capital formation; (ii) bonus issues and the ratio of bonus issues to the total paid up capital, (iii) net worth and reserves and surplus (iv) gross capital assets and net assets formation (v) sources and uses of funds, (vi) percentage of dividend declared on equity shares and (vii) important profitability ratios.”

The Supreme Court in the dispute between Express Newspapers (P) Ltd., and another vs. Union of India and others (1958/59 XIV F.J.R. 211) stated :—

“The principles which emerge from the above discussion are :

- (1) that in the fixation of rates of wages which include within its compass the fixation of scales of wages also, the capacity of the industry to pay is one of the essential circumstances to be taken into consideration except in cases of bare subsistence or minimum wage where the employer is bound to pay the same irrespective of such capacity.;

- (2) that the capacity of the industry to pay is to be considered on an industry-cum-region basis after taking a fair cross section of the industry; and
- (3) that the proper measure for gauging the capacity of the industry to pay should take into account the elasticity of demand for the product, the possibility of tightening up the organisation so that the industry could pay higher wages without difficulty and the possibility of increase in the efficiency of the lowest paid workers resulting in increase in production in conjunction with the elasticity of demand for the product no doubt against the ultimate background that the burden of the increased rate should not be such as to drive the employer out of business."

So far as the return on capital is concerned, the current interest rates and bank rates must be borne in mind. The current investment climate also has a bearing on the rate of return on capital. The Industrial Finance Corporation increased the interest rate in 1965 to 8½%. The engineering industry being a young industry the possibilities of no return on equity capital for a number of years from the commencement of production operation must be borne in mind. Considering that—

- (a) the current rate of interest for one year fixed deposit in a bank is 6%;
- (b) there is the risk of no return on equity capital for a number of years in the initial stages;
- (c) there is dividend tax in force now;
- (d) the industry is capital intensive and
- (e) the current levels of taxation and excise duties are high

a fair return before tax on the capital invested in the engineering industry would be in the region of 25% per annum. The percentage return on capital should be calculated on the basis of capital employed or net assets employed in business rather than the equity capital because the manner in which a business secures its fixed and current capital is purely a question of financial management. It should also be emphasised that the value of the fixed assets must be adjusted to current price levels in order to arrive at the real capital employed in a business.

Allocation to reserves, say about 40% of the profits after tax and provisions for depreciation and rehabilitation (keeping in view the rapid obsolescence of machinery on account of fast developing technology) are also essential particularly in the capital intensive engineering industry. It may be pointed out that after providing for depreciation and taxation at present very little amount is left to provide for contingencies such as rehabilitation of machinery and buildings, provision for bad debts, for payment of gratuity, etc. It is, therefore, suggested that while allocating the surplus profits, due regard must be given to such contingent payments which are ultimately to be paid by the industry and in view of this, it is necessary to build up internal resources to meet them as ultimately it will not be fair or proper to make the industry pay from the borrowed capital or from its 'paid up' capital as the case may be, since such an allocation will ultimately be in the interest of both industry and labour. The Government's fiscal policy also supports this approach as can be seen from the following extract from the Note on "Fourth Five Year Plan—Resources, Outlays and Programmes" submitted by the Planning Commission to the National Development Council for the Council's consideration at its twenty-second meeting :—

"We turn now to the problem of resource mobilization. As has already been observed earlier, internal resource mobilization for the Fourth Plan has to be on the basis of non-inflationary financing during the Plan period. It follows that the utmost effort has to be made in the public sector to balance the budgets both at the Centre and in the State without having recourse to loans and overdrafts from the Reserve Bank of India or banking institutions. It will similarly be necessary to ensure that no undue credit creation is permitted for financing investment or consumption in the private sector. If those criteria are to be fully satisfied it will be necessary to pursue from now on determined policies for enlarging both public private savings sufficiently to meet the investment requirements of the Plan programme."

There is no doubt that the wage fixing authorities in India have always neglected the consumers' interests. In support of this, the following few examples are cited :—

- (a) When coal was a controlled commodity, the price of coal was increased several times in a year consequent upon grant of wage rise to the coal mine workers. When the Payment of Bonus Act came into force, the price of coal was raised to enable the coal mines to pay at least the minimum guaranteed bonus of 4%.
- (b) When steel was controlled, the price of steel was raised following grant of interim relief by the Iron & Steel Wage Board.
- (c) The electricity rates are frequently raised to enable the electricity companies to meet rise in the wage bill. The Venkataraman Committee recommended that the State Electricity Boards should earn a profit of about 11%. As a consequence, the electricity rates were revised upwards.
- (d) When cement was a controlled commodity, the price of cement was periodically raised to enable the cement companies to meet their wage bill.
- (e) The 1967 railway budget increased the fares to enable the railways to meet the liability on account of enhancement of dearness allowance to the workmen.
- (f) The Indian Airlines Corporation recently increased the fares by 15%, one of the arguments being that 67% of the operating costs are due to the wage bill.
- (g) The Union and State budgets in 1967 levied new excise duties in order to pay enhanced rates of dearness allowance to the employees in the civil service sector.

It is doubtful if the Union and the State Government at present can take an integrated view of the policy in regard to wages, incomes and prices. The meeting of the State Chief Ministers in July 1967 merely decided to explore the possibilities of taking such a view but the reaction from organised labour has been adverse. The Port and Dock Workers' Federation threatened to retaliate by adopting a policy of "work freeze". The other Central trade union organisations threatened "direct action". The Labour Government in the U. K. pursued such a policy with remarkable success though they had to risk their popularity. The political situation after the 1967 elections is not conducive to adoption of any integrated policy regarding wages, incomes and prices.

As stated before, industries in the public sector should pay the same wage as in the private sector. Attempts on the part of the Government to run "sick" textile mills under the unemployment benefit scheme with reduction in wages have been strongly resisted by labour.

Mode of Wage Payment

159 to 161. In the engineering industry, payment of wages in kind is not prevalent. In Maharashtra, however, this is being explored at the instance of the State Government as a means of checking inflation. The system of payment of wages in kind was in vogue in many industries in West Bengal during the Second World War. Issue of subsidised ration from industrial establishments was the general rule. It was, however, very unpopular with the workers. After the war, many establishments gave the option to the workers to either opt for subsidised ration or to take the dearness allowance in cash. Almost all workers opted for the dearness allowance in cash. In Maharashtra many cotton textile mills have set up consumers' stores for the workers. The extent of usage, however, establishes the fact that these are not popular with the workers.

Time scales of basic wages have generally come to stay in the engineering industry, particularly in West Bengal, Maharashtra, Madras and Mysore. With the exception of the cotton textile and jute Wage Boards, time scales have been prescribed by all Wage Boards. Incremental scales for manual workers are not the general rule in the industrially—advanced countries, for these increase the wage cost without any commensurate increase in the productivity of labour. Many tribunals have held that incremental scales can only be allowed if the finance and prosperity of the concern permit. The Association is opposed in principle to incremental scales for manual workers. It has, however, come to stay and probably it cannot be done away with now. It is, however, suggested that the incremental scales should extend only over the period of operation of the settlements or the Wage Board recommendations.

The Association is of the opinion that if the wage components are only basic and dearness allowance, then the minimum work-load or norm of production should be fixed in respect of this quantum. In certain

quarters the concept appears to be that the worker has no obligation to work to any norm in return for basic wages and dearness allowance received by him. They are inclined to the view that the obligation to give any production arises only when an incentive scheme or production bonus scheme is introduced or only when overtime wages are paid. The Association, however, would advocate that the total wage packet should include a percentage related to productivity. The basic wage and dearness allowance should constitute 70% of the minimum fair wage and the balance of 30% should be related to productivity. For production over and above the minimum work-load or norm of production, incentive schemes should be introduced. Industrial engineers will be able to introduce the unit-wise schemes to make this suggestion operative.

General

162. Recently, in West Bengal the wages fixed under the Minimum Wages Act provide for dearness allowance being linked to the consumer price index numbers. Considering the fact that the wages under this Act are fixed for the "sweated" industries, this trend is fraught with serious consequences. Even the organised sector of the industry today is finding it difficult to meet the cost of steadily rising dearness allowance in the current inflationary atmosphere. The sweated industries may go out of business in trying to meet their obligations in respect of dearness allowance linked to the consumer price index numbers.

163 and 164. The Payment of Bonus Act has failed to reduce industrial unrest on the issue of bonus. At least one Central trade union organisation is making a determined effort to make this Act inoperative. They are happy with the minimum guaranteed bonus of 4% but are unwilling to accept the quid pro quo of the ceiling limit of 20%. Difficulties in the interpretation of the provisions of the Act, particularly in respect of the calculation of income tax have led to an increase in litigation. In the prosperous units the tendency on the part of labour is to press for bonus settlement under Section 34(3) of the Payment of Bonus Act, whilst in units suffering from financial loss workers are not satisfied with the minimum guaranteed bonus of 4%.

Profit-sharing bonus has failed to create any sense of belonging among the workers. Bonus disputes account for about 10% of the work stoppages in the country. Although bonus is linked to profits, any fall in the quantum of bonus as a result of decline in profits leads to labour unrest. Bonus, however, has come to stay in India as it has become a justiciable right. Although bonus payments swell the annual "take-home" pay of the workers, they are not taken into consideration when fixing the wage structure. If a simple system of payment of bonus could be evolved, it could at least contribute to industrial peace. What hurts the entrepreneurs is that they have to suffer loss of production on account of unrest after paying large sums of money as bonus.

VI. INCENTIVE SCHEMES AND PRODUCTIVITY

165 to 177. In the engineering industry the piece-rate system, by and large, is not in operation. Incentive schemes are introduced in about 10% of the establishments where the basic wages and dearness allowance act as the fall back wage. In spite of guaranteed fall back wage, there are breaches of industrial peace when the earnings from the incentive schemes fall on account of recession, breakdown of machinery, shortage in the supply of raw materials, etc.

The Association is in favour of introduction of incentive schemes in consultation with the workers. The Supreme Court has held that incentive payments should be made both to the direct and indirect workers though indirect workers may earn a smaller amount.

Incentive payments should be allowed only if the output has been approved on inspection by the management. Though it is desirable that incentive earnings should not fluctuate very much in the current controlled economy and uncertain market, some fluctuation cannot be avoided altogether.

Productivity is in the most efficient use of wealth-producing resources at our disposal in order to contribute to the growth of the enterprise and thereby the economy. The resources cover men, money, materials, machines, time, foreign exchange and whatever else is needed for the functioning of business. It will be seen, therefore, that labour is only one of the resources and Government also must play its part in respect of money, materials, foreign exchange, etc. Management, however, must play a dominant part in raising productivity.

Industrial engineering has evolved methods for measuring the gains of productivity. These can be allocated to different factors of production in a rough and ready manner. The point regarding sharing the gains of productivity can be the subject of negotiation with management and labour. In the U.K. and U.S.A., measurement of productivity and its allocations to different factors figure prominently in the wage negotiations. In India, however, the rise in the cost of living is a major consideration in wage negotiations. The capacity to pay, being a factor in the wage negotiations, is very grudgingly conceded by labour. Productivity increases do not figure at all, for measurement of productivity on a systematic and scientific basis is rarely undertaken.

It is difficult to comment as to whether increases in productivity have matched with wage increases since independence. Engineering establishments that have introduced incentive schemes stated before the Wage Board that these have contributed to increase in productivity. They are, however, not related to the total wage increases.

A few members of the Association have experimented with productivity techniques. Wherever labour had been taken into confidence, they have reacted favourably to these experiments. The Association recently undertook a survey on productivity in the engineering industry, and a copy of the first report—"Survey on Productivity in the Engineering Industry"—is attached.

Some engineering establishments have introduced suggestion schemes with considerable success. The Shram Vir Awards of the Government of India have also contributed to increase in productivity. Workers in the establishments within the membership of this Association have qualified for these awards. Suggestion schemes, however, are only one of the many techniques of productivity and if the industrial relations or productivity climate is not satisfactory, suggestion schemes alone will not yield any result.

In the engineering industry, labour turnover is confined to the skilled and highly-skilled categories on account of shortage of supply. Manpower training in India has not kept pace with the industrial development since independence.

Absenteeism is a serious problem in the engineering industry. The contributing factors are (a) provision for various types of paid leave by legislation and adjudication, (b) agricultural background of the industrial workers resulting in large-scale absenteeism in the sowing and harvesting seasons, (c) social customs, (d) diversity of the religious festivals and (e) general deterioration in the standards of discipline. The following figures will give an idea of the extent of absenteeism in the engineering industry :—

Average Annual Rates of Absenteeism in Engineering Industry

	1961	1962	1963	1964	1965
Bombay	12.7	13.9	13.4	13.1	16.4
Mysore	10.6	15.0	12.4	13.4	14.4
West Bengal	13.3	13.2	12.9	12.9	14.4

The provision for leave in the engineering industry is as follows :—

(a) Under the Factories Act	... About 15 days
(b) Casual Leave	... 5 to 10 days.
(c) Sick leave under the ESI Act	... 56 days

Assuming that the total number of working days is 300, an engineering worker can legitimately take about 80 days leave in a year. In addition there are instances of over staying leave, unauthorised absence and leave without pay.

High rate of absenteeism renders manpower planning and training difficult. The system of engagement of badli/casual labour in Indian industry mainly emanates from the high rate of absenteeism. De-casualisation is not possible in the context of the extremely fluctuating absenteeism in Indian industry.

Incentive schemes have been able to motivate the worker for improving his standard of living. They, have, however, not been able to check appreciably the high rate of absenteeism, for when the worker wants to go home to attend to cultivation or a marriage in the family, he does not appear to worry about the loss of earnings.

When the workers acting in concert decide on "go-slow" or "work-to-rule", they readily forego their earnings from the incentive schemes. The recommendations of the 15th Session of the Indian Labour Conference on rationalisation had a salutary effect for a number of years. Recently, however, the workers have adopted a concerted policy of opposing rationalisation on the grounds that they are not only concerned about their immediate employment, but they will not allow any reduction in employment potential in the interest of their children and grandchildren. Many State Governments have come out openly against rationalisation or automation. This has encouraged the resistance to rationalisation.

On the one hand industry is being urged to be efficient in order to be able to export and on the other hand, there is a virtual ban on retrenchment and lay-off in various States, coupled with resistance to rationalisation, even if the employment of the present labour complement is guaranteed. Many engineering establishments intended to introduce rationalisation at the time of expansion of production activities. These are thwarted by the attitude to rationalisation on the part of the State Governments and labour.

The National Productivity Council has been successful in creating a climate for productivity among employers. Labour, however, is not enthusiastic as has been admitted by many Productivity Councils. The National Productivity Council and the local Productivity Councils should now carry the message of productivity to the plant level. The consultancy services on the techniques of productivity should be strengthened. Employers who are now mentally prepared to adopt productivity techniques find that there is a vacuum when they wish to engage consultants who will give them concrete projects after a survey of their plants. The National Productivity Council and the local Productivity Councils can fill this gap if they abandon or reduce their attention from organising seminars and conferences.

VII. SOCIAL SECURITY

178 to 192. With the implementation of the E. S. I. Scheme and the Employees' Provident Fund Scheme, security against sickness, accident, disablement and old age has been provided in India to organised labour, to a very large extent. As at 31st March, 1966, the E. S. I. Scheme covered 31.29 lakh industrial workers and 121.43 lakh members of the families in 259 centres in India. The Employees' Provident Funds Scheme covered 6.26 lakh workers in 5,551 engineering establishments, as at 31st March, 1965 out of a total coverage in the country of 42 lakh workers and 29,578 establishments.

The contribution to the provident fund varies from $6\frac{1}{4}\%$ to 8% of the wages and the employers' contribution to the E. S. I. Scheme in the implemented areas is $2\frac{1}{2}\%$ of the wage bill. The cost of social security, therefore, works out to about 9 to $10\frac{1}{2}\%$ of the wage bill. As the wage bill constitutes 15 to 20% of the cost of production in the engineering industry, social security measures may be taken to constitute 1.5 to 2% of the total cost of production.

The report of the E.S.I.S. Review Committee clearly indicates that the administration of the E. S. I. Scheme particularly in respect of medical care has been very unsatisfactory. The Association is strongly of the opinion that the immediate aim should be to implement the recommendations of the Committee with a view to improving the medical care aspect of the Scheme. Workers are very dissatisfied with the working of the Scheme and their confidence in this must be restored before embarking on extension of the Scheme to higher income groups, commercial establishments and self-employed individuals. Similarly, merger of the E. S. I. Scheme with the Employees' Provident Fund Scheme should be deferred until the quality of administration of both the Scheme is improved.

There is a proposal for introduction of unemployment insurance scheme on a limited scale. The Association is opposed to this on the grounds that there must first be an improvement in the administration of the existing social security schemes. Furthermore, this scheme caters for the sector of organised labour that is already well protected, whilst unorganised and agricultural labour are neglected. Consideration of introduction of comprehensive social security schemes should be deferred until the administration of the existing schemes is improved and dissatisfaction among the industrial workers is eliminated.

The provisions for exemption from the E. S. I. Scheme have been implemented with great caution by the E. S. I. authorities so far. They have, however, been lenient in respect of the industrial establishments in the public sector. This aspect may be examined more closely.

From the report of the E. S. I. S. Review Committee, it is very clear that the State Governments have failed to implement satisfactorily the medical care aspect of the Scheme. The Association is of the opinion that the E. S. I. Corporation should take over the administration of the medical care aspect in order that the workers' confidence in the Scheme is restored and there is uniformity in the standard of medical care. In any scheme of social security, there should be provision for equal contribution from the employees, workers, and Government. The present position regarding exemption of contribution from workers below a certain income level may, however, continue. Government contribution limits itself to the medical care aspect only and this is a lacuna that should be removed. Government should contribute an amount equal to the contribution from the workers and employers. The employers in the non-implemented areas resent their contribution to the E. S. I. Scheme for they have to contribute large sums of money without any benefit for their workers or any relief in respect of their own expenditure on medical facilities for their employees. In the non-implemented areas, no further contribution should be collected.

Employers in the engineering establishments are of the opinion that the provision for 56 days' sick leave on half pay and easy certification by the Panel Doctors has contributed to an increase in the incidence of absenteeism. They, therefore, are concerned about the recommendation of the E. S. I. S. Review Committee to increase the quantum of sick leave under the E. S. I. Scheme. The effect of provision for sickness benefit under the E. S. I. Scheme on absenteeism, however, has not been studied in any great detail and the Association recommends that the National Productivity Council or any other similar body be requested to undertake a scientific study of this problem. The incidence of absenteeism under the E. S. I. Scheme can be reduced if the trade unions undertake to educate their members not to adopt coercive tactics to compel the Panel Doctors to grant sick leave according to their requirements. The Indian Medical Association can also help in this matter by emphasising the importance of strict adherence to medical ethics.

The Employees' Provident Funds Scheme is liked by the workers, their main complaint being delay in settlement of their dues. The return in investment from the Employees' Provident Fund can be improved if the present insistence on investment in the Central Government securities is relaxed. The current rate of interest in respect of fixed deposits extending over a period of five years is about $7\frac{1}{2}\%$. Debentures yield between $7\frac{1}{2}\%$ and 8% , whilst Preference Shares yield 9% . There is no reason why the members of the Provident Fund Scheme should not aspire to receive a return on their Provident Fund investment at a rate between 7 and 8% .

Many provident fund schemes provide for insurance coverage from the P. F. account. The manual workers are still not insurance-minded and this is taken advantage of mainly by the white collar employees. It is unfortunate that the provision for payment of advance for housing, purchasing shares of consumers' cooperatives and illness, from provident fund accumulations is gradually being liberalised. If provident fund is to act as security against old age, the payment of advance from the provident fund accumulations should be the exception and not the rule. Furthermore, administration of the Scheme for payment of advances throws an enormous burden on the Scheme, thus rendering speedy disposal of genuine and urgent claims difficult.

Gratuity in addition to provident fund is being awarded by the tribunals provided there is the capacity to pay. Pensions are at present not very popular with the manual workers, who are keen to take lump-sum payments at the time of retirement. Consideration may be given, however, to substitution of a contributory pension scheme in place of gratuities. As the industrial labour force is more stable today than it was 20 years ago, it is just possible that the workers will see the advantage of regular income from a pension scheme.

The existing provisions in the Industrial Disputes Act regarding lay-off and retrenchment compensation have already imposed enormous financial burden on the industry. The current virtual ban on lay-off or retrenchment in certain States nullifies the underlying idea behind introduction of the provision for lay-off and retrenchment compensation. The Association repeats that rationalisation and mechanisation is inevitable if India is to take its rightful place in the export market. A solution to the problem of total opposition to lay-off and retrenchment, therefore, must be found as otherwise even the existing industries may not survive, leave alone future industrial development.

The Association is opposed to administration of the social security benefits being handed over to the trade unions. The trade unions must first demonstrate their ability to administer their own unions satisfactorily before they can be asked to administer the social security benefits. The trade unions at present are

closely associated with the administration of the social security benefits, as they serve on the Boards of Trustees and the Central and Regional Boards under the E.S.I. Scheme. This practice should continue.

VIII. LABOUR LEGISLATION

193 to 204. India has been a very loyal member of the I.L.O. She has to her credit ratification of more Conventions than, for example, an industrially-advanced country such as the U.K. Out of 122 Conventions adopted by the I.L.O. between 1919 and 1964, India ratified 28. A perusal of Appendix I—List of Important Labour Acts—in the Indian Labour Yearbook, 1964, will give an idea of the volume of labour legislation that has been undertaken by the Central and State Governments, particularly since independence. Labour being a concurrent subject under the Indian Constitution, divergent standards in the conditions of work and employment have emerged in the country. In the field of industrial relations, for example, many State Governments have amended the Industrial Disputes legislation or have enacted their own separate legislation, with the result that the norms in respect of industrial relations vary considerably from State to State. Adjudication of industrial disputes being undertaken by tribunals set up by the State Governments, there are numerous conflicting case laws between the States. Even in respect of Central legislation, the rules are framed by the State Governments and these vary from State to State. Compilation of the Factories Rules by the different State Governments, for example, will establish the diversities in this respect. Legislation in respect of the shops and commercial establishments has been State-wise and here again, divergent conditions of service have been evolved.

In the matter of enforcement of labour legislation also, the standards adopted by the State Governments vary considerably. This is unfortunate, for industrial and commercial establishments operating in various parts of India have to adjust themselves to different standards by different State Governments. In the event of transfer of a worker from an establishment in one State to another, in the same company, considerable adjustments have to be made frequently and in some instances this leads to dissatisfaction on the part of the workmen.

A company operating in various parts of India finds it very difficult to keep pace with the State rules under the Central legislation, the State enactments and rules thereunder, and the amendments that are effected at a rapid rate. Soon after a piece of legislation is enacted, amendments begin to pour in. The Employees' Provident Fund Scheme for example is amended on an average, 20 times a year.

Much can be done for labour by enforcing the existing legislation rather than by enacting new legislation or continuously amending the existing legislation. The authorities in charge of enforcement must be finding it extremely difficult to discharge their duties, for it is not easy to keep track of the amendments. The requisite staff for the enforcement of legislation is inadequate in almost all States. The annual reports of the Chief Inspectors of Factories in different States bear out this point.

The various forms prescribed in the Acts throw a very heavy burden on management of industrial and commercial establishments. The small and medium scale sector must be finding it extremely difficult to cope with the following pieces of legislation, and the quantum of forms in each :—

(a) The Factories Act	...	28 forms
(b) Workmen's Compensation Act	...	18 "
(c) Payment of Wages Act	...	13 "
(d) Industrial Disputes Act	...	22 "
(e) Employees' State Insurance Act	...	27 "
(f) Employees' Provident Fund Scheme	...	8 "
(g) The Minimum Wages Act	...	9 "
(h) The Employment Exchange (Compulsory Notification of Vacancies) Act	...	2 "
(i) The Payment of Bonus Act	...	3 "
(j) The West Bengal Shops and Establishments Act	...	24 "
(k) The Motor Transport Workers' Act	...	12 "
		166 forms

It is appreciated that labour-management relations in a planned economy will be regulated by the State Committee to the establishment of the socialistic pattern of society. It is not true to say that since 1958 the general emphasis in labour policy has been on voluntary approach in preference to legislation. Half-hearted attempts at the voluntary approach were made but side by side, enactment of legislation and State interference through compulsory adjudication continued. The provision for compulsory adjudication was intended to prevent work stoppages in order to assist the development of the economy. The statistics of mandays lost on account of work stoppage establishes the fact that this object has not been achieved. The mandays lost in 1966 have been the highest in India so far. In a planned economy, both labour and management should be restrained from resorting to trial of strength. Unfortunately, however, the restraint has been only on the employers but the workers have merrily indulged in gheraos, bundhs, general strikes hartals, political strikes, stay-in-strikes, go-slow, etc. There should either be complete abolition of the provision for compulsory adjudication or the machinery should be used to prevent work stoppages by both parties. It has been the experience of this Association that the provisions of Section 10(3) of the Industrial Disputes Act are freely enforced to lift lock-outs but are not enforced to stop strikes.

The Association fervently pleads that for the next decade at least there should be no new legislation and the aim should be proper enforcement of the existing legislation, with the object of achieving uninterrupted production.

Consideration may be given to the following amendments to labour legislation in the country :—

- (a) Establishments employing less than 50 workers should be outside the purview of the Industrial Disputes Act, the Shops and Establishments Act, the Employees' Provident Funds Act, the Payment of Bonus Act, and the E.S.I. Act.
- (b) There should be one definition of the term "workman" applicable to all labour legislation. Employees whose emoluments (basic wages and dearness allowance) are less than Rs. 500 per month should fall within the purview of the Factories Act, the Industrial Disputes Act, the Payment of Wages Act, the Shops and Establishments Act, the E.S.I. Act, the Employees' Provident Funds Act, the Payment of Bonus Act, the Industrial Employment (Standing Orders) Act, the Employment Exchanges (Compulsory Notification of Vacancies) Act, etc.
- (c) The term "industry" should be deleted from the Industrial Disputes Act and it should be made applicable to profit earning industrial and commercial establishments employing more than 50 workmen.
- (d) The definition of "strike" in the Industrial Disputes Act¹ should include "go-slow", "work-to-rule", and "hartals/bundhs".
- (e) There should be uniform definition of the term "wages" in all labour legislation. At present, there are different definitions in the E.S.I. Act, Employees' Provident Funds Act, Payment of Bonus Act, etc.
- (f) The term "bonus" should be defined in the Payment of Bonus Act.
- (g) The provisions of Sections 33(1)(b) and 33(2)(b) of the Industrial Disputes Act should be deleted to reduce litigation as the present tendency is for a reference to adjudication under Section 10 of the Industrial Disputes Act, after permission has been obtained from the tribunal/labour court to dismiss or discharge a workman.

IX. RURAL AND UNORGANISED LABOUR

205 to 211. As it is the aim of the Government to raise the standard of living of the people of this country, equal attention should be paid to the conditions of service of the employees in all sectors. Unfortunately, as organised labour is most vocal, all the attention is focussed on them and the means of improvement of their living standards, forgetting that over 80% of the Indian population lives in the rural areas. Even

industrial development in the country has been lopsided, as may be seen from the statement reproduced below:—

Regional concentration of Industries in 1962

(Percentages)

	No. of Reporting Factories	Productive Capital	Employment.	Ex-factory value output	Value added by manufacture
1. Maharashtra	21.70	20.23	20.85	24.96	28.58
2. West Bengal	16.05	17.42	21.53	21.36	22.48
3. Gujarat	10.31	7.24	9.40	8.47	8.60
4. Madras	8.94	6.38	7.39	7.93	8.20
5. Bihar	3.15	9.40	5.77	7.78	7.85
6. Uttar Pradesh	6.81	5.25	7.88	7.28	5.80
Total Share of six States	66.96	65.92	72.82	77.78	81.51
1. Andhra Pradesh	5.02	3.05	4.43	3.27	2.53
2. Assam	4.19	2.22	1.70	1.82	1.78
3. Orissa	0.96	8.18	1.58	1.83	0.70
4. Punjab	4.40	2.80	2.60	3.30	2.46
5. Madhya Pradesh	4.34	10.17	5.56	3.55	1.90
6. Kerala	5.69	1.83	4.26	2.28	2.37
7. Mysore	4.10	3.36	3.81	3.09	3.91
8. Rajasthan	1.56	1.13	1.47	1.14	1.15
9. Jammu and Kashmir	0.45	0.16	0.19	0.09	0.09
10. Delhi	1.87	0.98	1.39	1.70	1.48
11. Himachal Pradesh	0.13	0.06	0.07	0.05	0.02
12. Tripura	0.12	0.01	0.02	0.01	0.01
13. Pondicherry	0.21	0.13	0.10	0.09	0.09
Total of 1 to 13	33.04	34.08	27.18	22.22	18.49

In the matter of technical education, the aim in future should be to set up the Industrial Training Institutes and the Polytechnics in the rural areas so that the boys and girls in these areas can undergo technical training from their homes, thus solving the problem of hostel accommodation in the urban areas. This will also result in inculcating the mechanical bent among the people in the rural areas, thereby fostering the growth of mechanisation in agriculture which can contribute materially to solving the food problem of the country. Some State Governments are recently encouraging dispersal of the industries in the rural areas. Much more needs to be done in this regard if there is to be a balanced development of the country. Supply of skilled labour in the rural areas will contribute to the scheme of dispersal of industries.

X. LABOUR RESEARCH AND INFORMATION

212 to 230. During the last 20 years, there has been an improvement in the availability of labour statistics and labour information. The Labour Bureau, Simla, has contributed materially to this by the publication of the Indian Labour Journal, Indian Labour Yearbooks and Indian Labour Statistics. Labour Journals are also published monthly by many State Governments and some of them publish State Labour Yearbooks. Apart from these, the Labour Bureau, Government of India, has published many reports on survey of labour conditions in various industries and also have built up a large pool of information. Other agencies that are contributing to labour information are the employers' organisations, the trade union organisations, Ministry of Labour, State Labour Departments, National Productivity Council, local Productivity Councils, Management Associations, Economic Departments of the universities, the Statistical Bureaux and the census authorities. It is a fact that there is time lag between the period covered by the reports and their publication. This time lag can be shortened, but it cannot be avoided altogether.

Rationalisation of the forms and returns under the different legislative enactments are very necessary. It is suggested that a separate committee should be set up to go into this exhaustively.

The Association is of the opinion that the calculation of the all-India Consumer Price Index Number is proceeding satisfactorily. Since wages are fixed on a region-cum-industry basis, compilation of regional consumer price index number is very necessary.

The data presently compiled in respect of work stoppages is adequate. There is a feeling, however, that some State Governments do not present the correct picture in order not to scare away potential investors. Data regarding loss of man hours on account of bundhs and hartals should be compiled. Also information regarding the value of production lost on account of work stoppages would be useful. It is suggested that instead of compiling data in respect of loss of mandays, it should be on the basis of manhours. Furthermore, the information should be expressed in terms of manhours lost per 1,000 workers employed. Data regarding work stoppages due to reasons other than industrial disputes should also be collected. This will give an idea of the state of maintenance of machinery in different industries as also the factors responsible for the loss of production, such as power shortage, shortage of raw materials, paucity of orders, etc.

Information regarding social and sociological aspects of the workers' lives can be collected by research organisations and agencies. The N.P.C. and the N.C.A.E.R. can help in this regard. The Ministry of Labour and the State Labour Departments should not be burdened with this aspect.

The quality of research work done so far is not unsatisfactory but here the quantity needs augmentation. The Institutes of Management are undertaking projects on Industry and in course of time these could be a valuable source of research. The Employers' Federation of India has done considerable amount of research in compilation of data. It would be advisable for the Chambers of Commerce and the industrial associations to set up research units for undertaking studies of labour problems in depth.

The employers' organisations inform their members of their activities through annual reports, monthly bulletins and monographs or booklets. These are also circulated to various Government agencies, universities, embassies, etc. The following Association's publications are appended hereto :—

- (a) Booklet on "How to Conduct a Domestic Enquiry"
- (b) Booklet on "Productivity Oriented Personnel Policy"
- (c) Booklet on "Survey on Productivity in the Engineering Industry"
- (d) Booklet on "Code for Discipline in Industry"
- (e) Report on "Ship Building and Repairing Industry of India"
- (f) Booklet on "Assessment of production and consumption of arc welding electrodes in 1966-71"
- (g) Report on "The current crisis in the railway wagon industry"
- (h) Booklet on "Spare capacity in the steel structural fabrication industry"
- (i) Booklet on "The steel foundry industry in India"
- (j) Booklet on "Three memoranda to the Bonus Commission"

Recently the Press has been playing an important part in educating the public on labour matters. Financial and economic journals and newspapers in particular, such as the Capital, Commerce, the Eastern Economist, Financial Express and Economic Times, publish studies on various aspects of industrial relations, labour economics, factory administration, etc.

It is difficult to comment on the role of the Press in shaping decisions on industrial disputes. Generally speaking, negative aspects of industrial relations find greater publicity perhaps because of their news value. Strikes, lock-outs and acts of indiscipline for example receive wide publicity. Suggestion schemes, promotion schemes, fringe benefits, collective bargaining agreements, welfare activities, social and recreational activities, etc., that have a positive value in shaping industrial relations, do not receive the same publicity as strikes, lock-outs, gheraos and writ petitions.

attachn.ents : 13

BY REGISTERED POST

No. 5/1/67-NCL(C)
Government of India
National Commission on Labour
D-27, South Extension Part II



.....
New Delhi-3, dated the 8th February, 1968.

To

The Chairman and Members
of the Commission.

NCL file

So

Sir,

I am directed to forward herewith a copy of the Memorandum
in reply to the Commission's Questionnaire received from The
India Engineering Association, 6-Netaji Subhas Road, Calcutta-1.

Yours faithfully,

Encl: 1.

P. D. Gaiha
(P.D. Gaiha)
Director