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**INTERNATIONAL LABOUR OFFICE
INDIAN BRANCH**

Report for July, 1943.

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

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NATIONAL LABOUR LEGISLATION

Government of India

Exemption of C.P. Coal Mines from Prohibition of Employment of Women in Underground Work: Notification by Government of India.

The Government of India has on 2-8-1943 exempted until further orders, by special notification, all coal mines in the Central Provinces from the prohibition under the Indian Mines Act of the employment of women on underground work in mines.

(Notification No. M.4091 dated 2-8-1943 of the Department of Labour, Government of India, published in the Gazette of India Extraordinary dated 2-8-1943.)

(The text of the notification and the protest against the exemption made by Mrs. K. Subbarayan, M.L.A. (Central) are given in the section - Social Policy in War Time of this report + Page 20).

Government of India.

The Indian Boilers (Amendment) Bill, 1943

The Central Legislative Assembly passed on 29-7-1943 the Indian Boilers (Amendment) Bill, 1943, amending the Indian Boilers Act, 1923, so as to make provision for the inspection and general regulation of the boiler feed water system. It is pointed out that a serious accident occurred recently as a result of the explosion of an economiser which was part of the feed water system. The explosion was caused by the failure of the economiser tubes due to weakness caused by internal corrosion. The tubes of the economiser had been subject to no regular inspection and had been allowed to deteriorate. It was accordingly considered that provision should be made in the Indian Boilers Act for inspection of the boiler feed water system. (The Hindu 30-7-1943).

(Text of the Bill is published at page 155, part V, The Gazette of India, dated 31-7-1943.)

Government of India.-

The Mines Maternity Benefit (Amendment) Bill, 1943.

The Mines Maternity Benefit (Amendment) Bill, 1943, was adopted by the Central Legislative Assembly on 29-7-1943. (The Hindu, 30-7-1943.) The object of the Bill is explained in the following statement appended to the Bill: "In section 5 of the Mines Maternity Benefit Act, 1941, the period preceding the delivery, for which a woman is entitled to maternity benefit is defined to be "every day on which she is absent from work owing to her confinement during the four weeks immediately preceding and including ~~the~~ the day of her delivery". It has been brought to notice that the words "absent from work owing to her confinement" would not apply in respect of a day on which the mine is closed. The intention of the Government was that the woman should receive maternity benefit for every day, except on days on which she attends work and receives payment therefor, during the period referred to. This Bill seeks to give clear effect to this intention and remove the existing doubtful position."

(Part V of the Gazette of India dated 31-7-1943, pp. 163-164).

The Motor Vehicles (Drivers) Amendment Bill, 1943

The Central Legislative Assembly adopted, on 29-7-1943, the Motor Vehicles (Drivers) Amendment Bill, 1943. In the statement of objects and reasons appended to the Bill, it is pointed out: "The Motor Vehicles (Drivers) Ordinance, 1942, authorises requisitioning of the services of persons capable of driving a motor vehicle but does not provide for their reinstatement, on termination of the compulsory service under the Ordinance, in their former employments on the same terms as before. It is considered desirable that such a provision should be made. The Bill makes this provision and also safeguards the position of an employee who is about to be called up for service and who is dismissed by his employer in order to evade the liability to reinstate him." Under the Bill a fine of Rs.1000 and a compensation not exceeding 6 months' remuneration to the employee may be imposed on an employer for refusing to reinstate a requisitioned employee.

(The Gazette of India, Part V, dated 31-7-1943, pp. 164-5).

Bombay

The Bombay Payments of Wages (Unclaimed Amounts) Rules, 1943

In exercise of the powers conferred by section 26 of the Payment of Wages Act, 1936, the Government of Bombay has issued, on 19-7-1943, the Bombay Payment of Wages (Unclaimed Amounts) Rules, 1943, regarding disposal of unclaimed amounts of workers' wages deposited with authorities dealing with wage-disputes. Under the rules, in case any worker to whom an amount is directed to be paid under section 15, or any person entitled to claim it on his behalf, fails to draw it from the authority within a period of three years from the date on which the amount is deposited with or received by the authority for payment to the worker concerned, it will, at the end of the financial year, be paid into the Treasury to the credit of the Provincial Government, as ~~unclaimed~~ deposit unclaimed, for the eventual benefit of any person who may duly establish his claim thereto.

(The Bombay Government Gazette, Part IV-A, dated 22-7-1943, pp. 109-110.)

Madras

Exemption from the Factories Act, 1934 (Re. Hours of Work & Rest)

The Government of Madras has, in exercise of powers conferred by section 43 of the Factories Act, 1934, gazzeted, on 18-6-1943, the draft of rules it proposes to make for the exemption of certain categories of industrial employees from the provisions of the Factories Act, 1934, regarding their hours of work and rest.

The draft will be taken into consideration after 28-9-1943.

(Rules Supplement to Part I of the Fort St. George Gazette, dated 29-6-1943, pp. 7-12.)

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SOCIAL POLICY

Second Tripartite Labour Conference, 6 and 7-9-1943

The 6th and 7th September, 1943, are the dates now fixed for the next session of the Tripartite Labour Conference convoked by the Government of India. The items now placed on the agenda are: (1) measures to meet involuntary unemployment due to shortage of coal, raw materials, or to shifts in lines of production; (2) recommendation for setting up suitable machinery to examine and make recommendations regarding measures of social security, including the minimum wage; (3) provision to make standing orders in different industrial ^{branches} on the lines of Chapter 5 of the Bombay Industrial Disputes Act; (4) statements from the Provincial Governments regarding parallel tripartite machinery in the Provinces; (5) adoption of the report of the procedure for the Conference.

It is understood that other items may also be added to the agenda.

According to a later communication, the following three subjects have been added to the agenda: (6) principles for fixing dearness allowances; (7) labour representation in Legislatures, local bodies and on Statutory Committees; and (8) model Provident Fund Rules.

September 1943 session of Tripartite Labour Conference:
A.I.T.U.C.'s Suggestions For Agenda.

The General secretary, All-India Trade Union Congress, has, in the course of a letter addressed to the Department of Labour, Government of India suggested that the following subjects also should be included in the agenda of the plenary session of the Tripartite Labour Conference to be held at New Delhi on 6 and 7 September, 1943:-

(1) Enquiry into Labour Conditions in Jute Industry.- On this subject, the A.I.T.U.C. points out: A memorandum is being signed by thousands of jute workers of Calcutta for submission to the Government of Bengal, demanding an enquiry committee for dearness allowance. Taking the figures given by the Indian Jute Mills Association, it is found that the average wage in the industry would be about Rs. 23 per month in 1942. The dearness allowance given to the workers in cash is only Rs. 5 per month. In addition, the workers are given very inadequate quantity of rice, dal, etc. at cheap rates from mill shops. The difference between the Government control prices in the market and those charged by the employer's shops allow only a relief of about Rs. 6 per month. Thus over the basic wage of Rs. 23 the worker gets dearness relief of Rs. 11 in all. But the cost of living has risen enormously and cannot be adequately met by the above relief in cash and kind. According to the Controller of Civil Supplies, the cost of living index for May was 292. That should make out a case for dearness allowance of Rs. 40 per month at least. The industry is making war profits and is fully engaged on war orders, ~~the recent being from the U.S.A. for 700 million yards.~~ An Enquiry Committee as requested by the workers, should be immediately appointed by the Government.

(2) Stoppage of Factories due to Lack of Coal and Materials of Production and Control of Production of Cloth.- On this subject the A.I.T.U.C. points out: A mill in Bombay (Jam Mills) put up a notice in June 1943 that a number of looms had to close down because Government orders of coarse cloth had reduced supply of yarn for spinning, ~~enough for all looms.~~ Another mill gave the same reason for closing down of looms. Some mills give Government Orders of cloth as a cause of fall in earnings. The Amalner Mill in Khandesh (Bombay Presidency) closed down several times on the ground that it had failed to obtain coal supplies

from the Supply Department. Workers in a mill at Ellichpur report that the mill gets coal priorities for Government cloth orders, but gets the cloth manufactured in Nagpur, while keeping its own workers unemployed. Government, therefore, should take steps to provide regular supply of coal and other necessary materials to such factories as need them or, in the alternative, make arrangements for the payment of compensation to workers for the resulting unemployment.

(3) Dearness Allowance of Railway Employees and Provision of Food and Essential Articles for them: Need for Independent Adjudication. - The All-India Railwaymen's Federation had approached the Labour Department of the Government of India requesting for adjudication on the question of their dearness allowance, but the Government did not comply with the request. The A.I.T.U.C. suggests that the question should be considered by the Conference with a view to its satisfactory solution.

(4) Machinery for Fixing Minimum Living Wage. - The A.I.T.U.C. points out: THE WORKERS IN INDIA HAVE SEVERAL TIMES PASSED RESOLUTIONS ASKING FOR LEGISLATION TO CREATE SUITABLE MACHINERY FOR FIXING A MINIMUM LIVING WAGE. But no steps so far have been taken by the Government.

(5) Social Security. - The A.I.T.U.C. suggests: THE GOVERNMENT OF INDIA SHOULD APPOINT A COMMITTEE TO PREPARE SCHEMES ON THE LINES OF THE PROPOSALS IN THE BEVERIDGE REPORT, WITH SUITABLE MODIFICATIONS, TO ESTABLISH SOCIAL SECURITY BY PROVIDING AGAINST OLD AGE, UNEMPLOYMENT, SICKNESS AND INVALIDITY AND SUCH OTHER DISADVANTAGES INCIDENTAL TO THE LIFE OF INDUSTRIAL WORKERS. The question of social security for workers in India was raised for discussion at the last meeting of the Standing Committee of the Tripartite Labour Conference held at Bombay. But no definite decision was taken.

(The Trade Union Record, July 1943.)

Recommendations of Mysore Labour Welfare Board:
Improved Housing, Inquiry into Occupational Diseases, Sickness Insurance Scheme and Labour Welfare Officers

A meeting of the Mysore Labour Welfare Board was held on 31-5-1943, under the chairmanship of the Commissioner of Labour, Mysore.

The Board considered the usefulness of the appointment of Labour Officers in large industrial undertakings and recommended that all the industrial concerns employing 300 and more persons daily be requested to appoint Labour Officers for liaison work between the management and employees, whose duties, among other things, would be to maintain close touch with labour conditions and promote cordial relations between employees and the management and create an atmosphere favourable to improved production. It was recommended that in view of the importance of providing adequate housing accommodation to industrial employees, Government should be moved to address the municipal councils of all industrial towns in the state to provide necessary facilities to industrial employers in the matter.

The question of the enactment of the Payment of Wages Act, and Employment of Children Act, etc., was referred to a sub-committee of the Board. It was decided that an investigation into the occupational diseases in the state should be undertaken immediately and the enactment of an Act in this behalf was considered desirable and necessary. The Board was in favour of introducing a Sickness Insurance scheme for the benefit of labour in the state.

It was suggested that more facilities should be provided for starting night schools and other labour welfare activities.

("Mysore Information Bulletin", June, 1943.)

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CONDITIONS OF WORK

General

The Bhagela Agreements Bill Passed by the Hyderabad Council:
Penalties for Exaction of Forced Labour.

The Hyderabad Legislative Council, on 19-7-1943, passed the Bhagela Agreements Bill, converting the Bhagela Agreements Regulation, 1936, into an Act. The 1936 Regulation was devised by Government to check the malpractice of forced labour obtaining in some of the Telugu districts of the State. Under the Bhagela system, agricultural labourers, mostly depressed classes, were given loans by landholders on condition that they would repay the loan by working for the landholder. In practice, however, it was found that the debts were never paid off, with the result that these labourers found themselves serving the landholders all through their lives. Under the regulations, which came into operation in 1936, tehsildars (revenue officers) were empowered to examine the Bhagela agreements, which were in many cases oral, with a view to finding out whether these were voluntary and whether these were respected by both parties. The weak spot in the Regulation was the absence of any provision for punishment of those contravening the rules. The new Bill empowers Government officers to hold summary trials in cases of infringements and administer speedy justice to the Bhagelas. Landlords who compel Bhagelas to work in payment of an invalidated or cancelled debt, are also penalised.

(The Hindu dated 19-7-1943,
The National Call dated 21-7-1943.)

All-India Marketing Board for Sugar:
Indian Sugar Syndicate's Demands.

In his presidential address at the 6th annual general meeting of the Indian Sugar Syndicate held at Lucknow on 17-7-1943, Mr. Karamchand Thapar outlined the direction which sugar control and distribution operations in the country should take in the light of the experience gained by the industry and other interests concerned during the last 15 months. Reviewing the position of its members during the previous season, with particular reference to the difficulties encountered by them on account of control regulations, he pointed out that most of these difficulties rose from the failure of distribution channels chosen by Government and the lack of provincial collaboration with the Centre. He explained how the operation of these causes had led even during the current season to regional scarcity of sugar and rationing in certain parts of the country, despite obviously heavier production and extremely satisfactory dispatches from the surplus provinces. He also stressed the need for post-war planning and rationalisation of the industry on an all-India basis on the lines contemplated by the National Planning Committee.

The principal resolution adopted by the meeting recommended that, for the sake of better working of sugar control measures, it is absolutely necessary for Government to enlist the active co-operation of the industry and to set up, in consultation with its existing marketing organisations, an all-India marketing organisation for sugar under Government's regis and supervision, which should be empowered to use its own channels of distribution, and should be given the responsibility to achieve an equitable distribution of sugar throughout the country. Another resolution asked the Government to take steps to give to the industry immediate opportunities for coming into direct contact with the customers of importing countries.

(The Hindustan Times, 20-7-1943.)

Schemes for National Physics, Chemistry and Metallurgical
Laboratories: Committees set up by Governing Body of Council of
Scientific and Industrial Research.

The fourth meeting of the Governing Body of the Council of Scientific and Industrial Research was held at New Delhi on 17-7-1943. The Governing Body examined details of schemes prepared by special committees for a National Physical Laboratory and National Metallurgical Research Laboratory, and set up a committee for the scrutiny of a scheme drawn up for a National Chemical Laboratory. A special committee was also appointed for preparing a detailed scheme for a Central Glass and Silicate Research Institute. The Governing Body sanctioned a substantial contribution to the University of Bombay for organizing a department of dye-stuff technology.

Meetings of the Board of Scientific and Industrial Research and the Industrial Research Utilisation Committee were held earlier at New Delhi on 12- and 13-7-1943 respectively. The Industrial Research Utilisation Committee considered reports on action taken for leasing out a number of processes including small carbon electrodes, collapsible tubes and barium chloride. It also considered offers for commercial exploitation of some completed researches in respect of three vegetable dyes and referred these for detailed examination to the Negotiations Committee, along with some fresh research schemes which have reached the exploitation stage. On the recommendation of the Board of

Scientific and Industrial Research, the Governing Body sanctioned some new research schemes. These include: manufacture of direct cotton colours, development of si-cu-bronze preparation of gelatine and development of powder metallurgy technique for the manufacture of self-lubricated bearing and composite metal graphite brushes.

(The Hindustan Times, 19-7-1943.)

Imperial Institute of Sugar Technology, Cawnpore: Research Work in 1942-43

The work of the Imperial Institute of Sugar Technology, for India, during the year 1942-43, was reviewed by its advisory board at its meeting at Cawnpore during the first week of July, 1943, under the chairmanship of Dr. W. Burns, Vice-Chairman, Imperial Council of Agricultural Research. It was revealed at the meeting that valuable results have been obtained from researches carried out at the Institute on the manufacture of important products like solid glucose, food, yeast, butyl kinn alcohol, activated carbon, cane wax, refined sulphur and power alcohol. The board considered the work to be of immediate importance and recommended the setting up of pilot plants for the manufacture on a commercial scale of food yeast, butyl alcohol, acetone, glucose and cane wax. Technical assistance to sugar factories and advising Government departments on matters connected with the sugar industry were among the important activities of the institute on which heavy demands were made. According to the programme approved by the board, the institute is to take in hand researches on a number of important problems, such as the manufacture of cellulose and plastics from bagasse, of filter aids from press-mud and of potash, citric acid and lactic acid from molasses.

(The Leader, 16-7-1943.)

Economic Trends in India in 1942-43

The following analysis of the main economic trends in India during the year ended 30-6-1943 is taken from the Report of the Central Board of Directors of the Reserve Bank of India for that period.

Inflationary Tendencies: Increased War Expenditure and Note Circulation.- Japan's entry into the war and the intensification of hostilities in Africa rapidly transformed India into a vital supply base for the strategy of the United Nations in the East and Middle East. The volume of war contracts placed by the Supply Department continued to mount, and the increasing payments received from His Majesty's Government on account of supplies of war materials and services to them and Allied Nations led to a growing accumulation of sterling balances and a large issue of currency for immediate payments in India. The country's own defence expenditure also underwent a considerable expansion from Rs. 1040xxxx million in 1941-42 to Rs. 1900 million in 1942-43, over and above a capital expenditure of Rs. 490 million during the financial year, and the amount of borrowing, long and short term, rose correspondingly. Note circulation and scheduled banks' demand liabilities showed a rise of 62 and 56 per cent. respectively during the year, while the amount of cheques passed through the clearing houses in India supervised by the Reserve Bank increased by 22 per cent.

Rise in Wholesale Prices and Cost of Living: Increased Purchasing Power.- Wholesale prices (Economic Adviser's index) went up by 50

per cent. during the eleven months up to May 1943, the Calcutta index number showing a greater rise of 79 per cent. during the same period. Prices of gold and silver also rose steeply during the year by 69 and 54 per cent. respectively, while the index of variable yield securities advanced by 40 per cent. from June to April 1943. The cost of living followed the trend in wholesale prices, the rise in the Bombay index number during the year being 52 per cent. The extension of war to the Pacific and the scarcity of shipping space led to a severe contraction of foreign trade, while difficulties of transport for civilian goods, speculation and profiteering accentuated the maldistribution and shortages of foodstuffs, cloth and other essential articles.

Disbursements in connection with the war-effort, on the other hand, led to a rapid increase in the purchasing power in the hands of the public, including workers and the producers of primary commodities, not all of which could practically be drawn off by taxation and borrowing.

Rise in Commodity Prices.- Commodity prices during the year followed a steep and continuous upward course, the general rate of rise being more than double of that in the previous accounting year. The Economic Adviser's general index of wholesale prices (August 1939 = 100) was 110.3 in June 1940, 130.2 in June 1941, 158.6 in June 1942 and showed a much more rapid ascent to 237.8 or by 50 per cent. during the last accounting year. The increase was more or less uniformly distributed over the price levels of primary commodities as a whole and manufactured articles; but the different categories of primary commodities showed highly discrepant trends, the rise in 'food and tobacco' and 'other agricultural commodities' being especially pronounced, being 87 and 79 per cent. respectively, against 8 per cent. only in 'raw materials'. Interesting disparities in the movements of relative prices of various commodities are disclosed by a reference to the Calcutta Index number of wholesale prices. The index number for all commodities which had risen from 137 to 182 from June 1941 to June 1942, or by 40 per cent., advanced further to 325 in May 1943, or by 79 per cent. The indices of cereals and pulses which were 154 and 151 respectively in June 1942 had shot up to 473 and 374 respectively in May 1943; sugar showed a comparatively smaller rise from 210 to 311 during the same period while the index of tea declined after a rise during the winter months from 259 to 192 between June and May. 'Other food articles' continued their giddy rise from 294 in June 1942 to 545 in May 1943. The lack of adequate transport facilities, the imposition of provincial barriers and the consequent difficulties of distribution between the producing and consuming areas and the cessation of imports from Burma and the Pacific area in the face of growing demands contributed to the rise in the prices of food articles, which was also assisted by hoarding and speculation and continued in spite of various measures of control over essential commodities such as wheat and sugar.

The rapid and general upward movement in prices is the inevitable reflection of the economic and monetary situation in the country, with a growing scarcity of consumers' and producers' goods available for civilian use and an expanding money supply, both arising in the process of diversion of resources to war service.

Remedial Action by Government: Absorption of Excess Purchasing Power, Curbing of Speculation, and Coordination of Production and Distribution of Foodstuffs and Cloth.- The situation thus created called for a wide range of remedial action. Government gave the situation their continuous attention and as the year advanced concerted a series of measures intended to co-ordinate the proper distribution of foodstuffs and the production and distribution of cloth, to curb speculative tendencies in the commodity and bullion markets and to absorb a part of the excess purchasing power in the hands of the public.

A Food Department was set up early in December for the purpose of integrating all the activities in regard to the purchase, movement and distribution of foodgrains on an all-India basis, although owing to difficulties of securing supplies at controlled prices, the prices of wheat in ~~the~~ primary wholesale markets were decontrolled about the end of January 1943, while free trade in foodgrains was restored in May in the Eastern region comprising Assam, Bengal, Bihar and Orissa. A new Department of Industries and Civil Supplies was constituted in April which gave immediate attention to the cloth situation and in June of this year, as a result of consultations with the cotton industry, a Textile Control Board was set up to advise Government in the working of a comprehensive scheme of control of production, trade and prices of cotton yarn and cloth, which has already brought down wholesale prices. Earlier in May as a part of this scheme, it was sought to stabilise the prices of raw cotton by banning hedge contracts in respect of both the new and current crops. Finally, dealings in forward contracts (excluding delivery contracts) in cotton cloth and yarn were prohibited with effect from the 24th June.

The Excess Profits Tax Ordinance and the Capital Issue Control Order issued in May sought respectively to speed up the process of collection of the excess profits tax in order to draw off a part of the surplus purchasing power seeking avenues, largely speculative, of short-term investment, and to prevent the growth of mushroom companies in the present abnormal conditions.

Industrial Share Market. - The industrial share market had a generally healthy trend during most of the year and the prices of fixed-yield as well as variable-yield industrial securities experienced a more or less steady improvement. The markets were influenced in varying degrees by the war developments, the internal political situation, the measures of economic control and the general economic and monetary outlook in the country. The news of enemy air raids over Calcutta in December brought about a sharp recession in prices of most shares, particularly iron and steel. The markets, however, soon developed a firm trend again on encouraging war news and thereafter prices tended steadily upwards except for a temporary relapse about the middle of March as a result of apprehension ~~surging~~ regarding restriction of dividends on industrial shares. Also the rise appeared to be somewhat restrained on account of the exuberance of the commodity and bullion markets, forward transactions in which provided the main outlet for surplus short-term funds. The publication of the two ordinances in May relating to excess profits tax and control of capital issues followed by the cotton yarn and cloth control scheme, had a slight reaction on prices, while the closing of forward trading in commodities and bullion diverted speculative interest to the share market and led to a large increase in the volume of business and fluctuations in prices towards the close of the year.

The Government of India published on the 17th May an amendment to the Defence of India Rules inserting a new rule, namely 94-A, regarding control of capital issues which prohibits the floatation of new companies or the raising of any fresh capital by sale of shares, stocks, bonds and debentures without the consent of the Central Government. Besides prohibition of any prospectus or offer of any shares for sale, the Order prohibits subscription by the public to any securities issued by a company in respect of any issue of capital in British India or elsewhere without the consent of the Central Government. The object of the new rule is, as announced by Government, mainly to prevent the growth of mushroom companies which stand little chance of survival in the post-war period and other undesirable practices such as the reconstitution or recapitalisation of ~~many~~ concerns on the base of their present abnormal profits to the detriment of an indiscriminating investing public.

(Summarised from the Report of the Central Board of Directors of the Reserve Bank of India for the year ended 30-3-1943.)

~~Secret~~

Compiling Cost of Living Indices of Industrial Labour in Hyderabad State: Nizam Sanctions Scheme.

The Government of Hyderabad State has sanctioned a scheme for compiling cost of living indices of industrial labourers in certain important centres in the State like Hyderabad, Secunderabad, Gulbarga, Warangal, Nizamabad, Nanded and Aurangabad. The scheme has a two-fold object: namely, to utilize the cost of living indices in adjusting nominal wages to changes in the purchasing power of money in order that real wages may be secured and also for the purpose of calculating changes in real wages. A test survey has already been conducted on a small-scale in the cities of Hyderabad and Secunderabad.

("Hyderabad Information", July 1943.)

11

SOCIAL INSURANCE

Group Insurance for Industrial Workers:
Suggestion to Employers.

Presiding over the 37th annual general meeting of the United India Life Assurance Co., Ltd., held on 7-6-1943, at Madras, the Hon'ble Mr. M. Ct. M. Chidambaram Chettiar, Member, Council of State, and Chairman of the Company, dealt, among other matters, with the importance of Group insurance schemes for industrial workers in India, on account of the benefits resulting from such schemes to the employers in the form of more satisfied and more steady labour force.

Mr. Chettiar pointed out that Group insurance schemes covering all the employees of an industrial undertaking or a combination of undertakings have become very popular in England in recent years on account of the benefits resulting from them to the employers in the form of more satisfied and more steady labour force. It will be a development of great importance to the future of industrial progress in India if the present years of comparative prosperity and surplus profits are used to initiate such schemes for the welfare of industrial workers. He suggested that since, in India too, industrial workers are more specialised and the industrial population more stabilized, the time was suitable for initiating group schemes for insurance, pension, etc. The inflationary character of bonuses granted to workers has also been brought to the notice of employers, Government having recommended that part of the bonuses should be in the form of Defence Certificates. He therefore urged Indian employers to consider whether it is not more desirable to lay aside a portion of their excess profits during the current years toward securing a steady labour force even during the periods of depression, which might come after the war. He also pointed out that the schemes recently initiated by the United India Insurance Company for group insurance of industrial workers were receiving considerable encouragement from employers.

(The Times of India, 1-7-1943.)

The Secretary of State's Service State Railway Provident
Fund Rules, 1943.

On pages 794-799 of the Gazette of India, Part I, Sec. I, dated 24-7-1943, are published the Secretary of State's Service State Railway Provident Fund Rules, 1943 (issued on 1-6-1943) concerning provident funds for permanent, non-pensionable railway servants (excepting those governed by Burma, East Indian, or the Great Indian Peninsular Railway Provident Fund Rules). These rules supersede the existing State Railways Provident Fund and Gratuity Rules and came into force from 1-6-1943.

(Part I, Section 1, of the Gazette of
India dated 24-7-1943, pages 794-799.)

Views of the Committee of the Indian Merchants' Chamber
on Government's Proposed Sickness Insurance Scheme.

The views expressed by the Committee of the Indian Merchants' Chamber, Bombay, in its reply to the questionnaire issued by the Officer on Special Duty (Sickness Insurance), Government of India, on the scheme of sickness insurance for industrial workers contemplated by the Government are briefly noticed below:-

The Committee was of opinion that the present is not a suitable time for considering such measures designed to ameliorate the working conditions of labourers, as, owing to war conditions, industry was going through abnormal times, and the present prosperity cannot be taken as the basis on which it could be burdened with extra costs for providing amenities to labour. Besides, it was urged, such legislation should be considered on an All-India basis and should not be proceeded with piecemeal without taking into account inter-provincial repercussions. It was emphasized that Government should be prepared to apply such measures to labour employed by both the Central and Provincial Governments, as also by quasi-government undertakings. The benefits of such a measure should also be extended to the population dependent on agriculture which was as much as 70 per cent., as otherwise the social amenities extended to industrial labour under such legislation would not be enjoyed by other kinds of labour. It was also pointed out that advanced countries like Australia and Canada in the Empire and Japan in the Far East had not ratified the International Convention regarding sickness insurance. Under the circumstances, India would be placed at a disadvantage in competing with such countries industrially. The Committee drew the attention of Government to its enquiries on the subject made in previous years when the Chamber had doubted the practicability of compulsory contributions from labour towards the working of such a scheme. In 1940 also the Committee had advised Government to defer consideration of such questions for the duration of the war. The Committee invited the attention of Government to decisions taken by a joint Conference of the All-India Organisation of Industrial Employers and the Employers' Federation of India in 1940 to the effect that (i) the State employers and labour should contribute towards the cost, (ii) legislation should be on an All-India basis, (iii) legislation should be made applicable to all important industries and Government undertakings, and (iv) similar legislation should be concurrently enacted in all Indian states.

("Journal of the Indian Merchants' Chamber",
July 1943.)

MIGRATION

13

Indian Interests in Post-War Burma

Regarding the announcement from Simla that the Burma Government have commenced preparation of schemes for the reconstruction of Burma after the expulsion of the Japanese, it is understood, the Government of India have obtained the necessary assurance that the interests of Indians will receive proper consideration before final sanction is accorded to them. (The Burma Government scheme announced from Simla is also referred to in this report.) These interests fall broadly into certain categories: immigration, rights of Indian labour, citizenship rights, problems relating to property of Indians before the Japanese occupation and ~~India~~ Indo-Burma trade. The Burma Government recognise that Indians will continue to constitute an important section of Burma's population and therefore will consult the Government of India on matters which concern them and representatives of Burma Indians' organisations now resident in India.

(The Hindu, 23-7-1943.)

Mr. M.S. Aney Appointed Government of India's Representative in Ceylon

Mr. M.S. Aney, formerly Member for Indians Overseas, Government of India, who resigned his post in February, 1943, has been appointed representative of the Government of India in Ceylon.

(The Hindustan Times, 7-7-1943.)

The Reciprocity (Amendment) Bill, 1943

A Bill to amend the Reciprocity Act, 1943 (vide page 14 of our March 1943 report) was introduced in the Central Legislative Assembly on 29-7-1943 by Dr. N.B. Khare, Member for Indians Overseas, Government of India. Moving the resolution for consideration of the Bill, he pointed out that the original Act had been found defective and as it stood it was virtually unworkable in practice. Under its provisions the rights and privileges enjoyed in India by persons domiciled in a notified British possession could not be cut down, nor was there any provision by which penalties for breach of directions could be imposed. The amending legislation was intended to remove the shortcomings and make the Act effective.

(The Hindustan Times, 30-7-1943.)

The Bill was passed by the Assembly on 3-8-1943. The text of the Bill is published at pages 155-157 of Part V of the Gazette of India dated 31-7-1943.

Tax to be Levied on Agricultural Incomes
in Travancore.

Addressing the State Legislative Assembly on 25-7-1943, Sir C.P. Ramaswamy Aiyar, Dewan of Travancore, pointed out that in Travancore the question of revision of land tax had to be taken up at once, and said that Government could not see why industries as such should be called upon to pay more than what might be called industrial agriculture such as large scale tea, rubber, coffee and cardamom plantations. He forecast the appointment of a committee to go into the whole question of future land taxation and allied questions like alternative sources of revenue, fragmentation and consolidation of holdings, etc. The Government was provisionally of opinion that the present system of land tax should yield place to a better and more logical system.

Times of India's Comments.- Commenting on this measure as an example for British India, the Times of India writes editorially in its issue of 29-7-1943:-

"Travancore's lead may be expected to influence opinion in British India, especially since the Central Government, having no power to tax agricultural incomes, has advised provincial Governments of the large increase in agricultural incomes - comparable with the rise in industrial and urban incomes - and has pointed to the need to tax these incomes for anti-inflationary reasons.... The imposition of this tax is particularly important in the permanently settled areas where the land revenue, fixed in perpetuity, has resulted in Government getting less than their share of income from the land; at a time when the phenomenal rise in prices has put much money in the hands of certain classes of agricultural producers..."

"The whole system of land taxation deserves reconsideration. Income-tax is based on the capacity to pay on actual profits which accrue, whereas land revenue is a fixed charge regardless of the prosperity or otherwise of the cultivator. Government have to give remissions in times of distress, but there is no provision under the land revenue system for a rapid adjustment in times of prosperity, with the result that the contribution of agriculturists to the State exchequer cannot be adapted to fluctuating economic circumstances... There is no doubt that as a fiscal measure a tax on agricultural incomes is more elastic, more scientific and more adjustable to the economic conditions of the cultivator. Every province should seriously consider legislation on these lines both as an anti-inflationary measure and as an experiment in making the new tax replace land revenue. But if the experiment is to mark a permanent reform in our system of taxation, only incomes below Rs. 2,000 should be exempt, otherwise the tax would affect a comparatively small number of landlords."

(The Hindu, 25-7-1943, and the
Times of India, 29-7-1943.)

Enhanced Land Rates in Sind

The Sind Government have passed orders introducing enhanced rates of land assessment from 1-8-1943. The orders will be announced in the form of a Government resolution detailing the rates which affect 56 talukas in both barrage and non-barrage areas. The new revenue settlement will be in force for 10 years and the rates are expected to yield an additional annual revenue of Rs. 20 million to the province. The revised settlement is based on the sliding scale principle and the standard of assessment has been reckoned at 35¹/₃ per cent. of the zamindar's net assets from cultivation, after deducting the zamindar's

~~not to be taken from the cultivation of the~~

expenses. The assessment to be recovered each year will vary according to the average price of the crop concerned, recorded over a prescribed period each year. The sliding scale is applicable to the cotton, rice and wheat crops.

(The Hindustan Times, 23-7-1945.)

Indian Seamen's Welfare League formed in London

An association of Indian seamen, called the Indian Seamen's Welfare League, has been formed in London in June 1943. The aim of the League is to provide benefits and comforts for visiting Indian seamen of whom there are usually about a thousand in the Port of London. All Indian seamen resident in Britain can become members for an annual subscription of a shilling a year. The League's policy is defined as "looking after the economic, social, and cultural interests of Indian seamen, providing them with recreation in Britain and communicating with their relatives in India in the event of any misfortune."

(The Hindu, dated 5-7-1943.)

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PROFESSIONAL WORKERS, SALARIED EMPLOYEES AND PUBLIC SERVANTS

The Sind Hakims and Vaidas ^{Bill} Act, 1943

^{Bill} The Sind Government has on 15-7-1943 gazetted the Hakims and Vaidas ~~Act~~, 1943. The main object of the ~~Act~~ ^{Bill} is to raise the standard of practice in Indian systems of medicine in the province by giving Hakims and Vaidas (practitioners in two leading indigenous medical systems) the necessary training on modern lines and thereby raising their status. The ~~Act~~ Bill also contemplates the formation of a Provincial Hakims and Vaidas Council whose duty will be to secure the maintenance of a high proficiency for the practice of the Unani and Ayurvedic systems, including proficiency in surgery and midwifery.

(The Sind Government Gazette, Part IV,
dated 15-7-1943, pp. 241-250.)

ORGANISATION, CONGRESSSES, ETC. 18

Workers' Organisations

Annual Conference of the Madras Provincial Trade Union Congress,
Coimbatore, 4, 5 and 6-1943, July, 1943.

The annual conference of the Madras Provincial Trade Union Congress was held at Coimbatore on 4, 5 and 6-7-1943, with Mr. V. Chakkara Chettiar, President, in the chair. 81 delegates, representing 22 affiliated trade unions in Andhra, Tamil Nad, Malabar, Cochin and Travancore, and French India and 35 delegates from 13 unions which would be joining the A.I.T.U.C. in the immediate future, attended the Conference.

Resolutions.- Several important resolutions were adopted by the Conference. A resolution on production urged the A.I.T.U.C. immediately to initiate a big drive for production throughout the country without which serious hindrance would be caused to national defence, and demanded the formation of Joint Production Committees. The resolution on rationing protested against the growing deterioration in the food situation in the province, especially condemning the coupon system, by which every family is authorised to buy only a rupee-worth of rice every alternate day, irrespective of the number of persons in the family. In the resolution on 'textile crisis', the Conference protested against Government for giving almost complete autonomy to the mill-owners in respect of organisation of increased production, and their failure to ensure decisive participation of labour. The Conference in another resolution noted that the general wage-level in the province was unjustifiably far below the level obtaining in any other province of the country, and demanded a 25 per cent. increase. Regarding the question of trade disputes, the conference expressed the opinion that adjudication is the only means for redressing outstanding grievances and for avoiding strikes detrimental to production. It condemned the Madras Government for refusing adjudication in several cases. Resolutions were also passed demanding adequate compensation for workers for increased cost of living, stoppage of victimisation of workers, recognition of trade unions and widening of the scope of the Health Insurance Scheme, under contemplation by Government.

Office-Bearers.- The following were elected office bearers for 1943-44: President - V. Chakkara Chettiar; Vice-President - P.R.K. Sarma, Vijaykumar; General Secretary - P. Balchandra Menon.

(The Trade Union Record, July 1943.)

Wages

Further Increase in Dearness Allowance of Lower-Paid Madras Government Servants

In view of the further rise in the cost of living, the Government of Madras has decided to grant, with effect from 1-6-1943, increased rates of dearness allowance to its ^{low paid} employees, including those whose headquarters are situated in Indian States adjoining the Madras Presidency.

(Press Note dated 30-6-1943, issued by the Finance Department, Government of Madras.)

Textile Industry

Progress of Sericulture in Mysore in 1942-43

In his speech on 1-6-1943 introducing the State budget for the year 1943-44, in the Mysore Representative Assembly, Mr. K.V. Anantaraman, Dewan of Mysore, reviewed, among other matters, the progress achieved by the sericulture industry in the State during the year 1942-43.

During the year under review, the prevalence of high prices for silk stimulated the development of all branches of the sericultural industry in the State. The area under mulberry increased to nearly 57,000 acres at the end of December 1942 against 38,450 acres at the end of June 1941 and 49,817 acres at the end of June 1942. This increase in acreage gave rise to greater demand for disease-free eggs and for the technical assistance of the Government. The total output of disease-free layings in both Government and aided grainages up to the end of February 1943 was nearly 13 million. Ten new aided grainages were sanctioned during the year, bringing the total number of aided grainages to 72. The experiments in the improvement of pure foreign races had been very successful. In view of the growing importance of the sericultural industry and of the size of the interests involved, a Silk-Worm Diseases Control Act intended to check the spread of silk-worm diseases was enacted, and a scheme of research on the evolution of better varieties of mulberry required by the superior races of silk-worms has been sanctioned for a period of three years.

The most important development under sericulture was the scheme for increasing the production of filature silk for meeting India's growing demand for high grade filature silk required for the manufacture of parachute fabric and components. The possibilities of expanding the production of silk, in the interests of war effort, was carefully examined, and as a result of the negotiations and discussions with the Government of India and certain private interests, it was decided to put up about 1,500 basins, in addition to the number already at work, and to supply the entire production of silk to the Government of India. Under this expansion scheme, which was undertaken with the co-operation and financial assistance, in part, of the Government of India, a filature of 200 basins will be put up at Kankanhalli by the State Government entirely at the cost of His Majesty's Government, the remaining 1300 basins to be installed and worked by private concerns.

(The Mysore Information Bulletin, June 1943.)

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Women's Work

Underground Work of Women in C.P. Coal Mines: Exemption from
Prohibition granted by the Government of India.

On 2-8-1943, the Department of Labour, Government of India, issued a notification exempting until further orders all coal mines in the Central Provinces from the ~~provision of~~ ^{Prohibition under} the Indian Mines Act against the underground employment of women. The text of the notification is reproduced below:

"No. M.-4091.- In exercise of the powers conferred by section 46 of the Indian Mines Act, 1923 (IV of 1923), the Central Government are pleased to exempt from 2nd August 1943 until further orders all coal mines in the Central Provinces from the provisions of clause (j) of section 29 of the said Act, to the extent to which regulations made thereunder prohibit the entry of women into underground workings for the purposes of employment."

(The Gazette of India Extraordinary
dated 22 2-8-1943.)

Protest by Mrs. R. Subbarayan, M.L.A. (Central). - Mrs. Radhabai Subbarayan, M.L.A. (Central), in a statement to the press (issued in the third week of August 1943), urging that the revival of the employment of women for underground work in mines should not be permitted, declares: 'Even in Western countries where conditions in mines are surely far better than in Indian mines, it is held that women should not be engaged for such work. The International Labour Conference of 1934 recommended unanimously an international convention prohibiting women from being employed in underground work in mines. The European workers' delegates declared at that conference that it was 'inhuman' to engage women for such work, though, in principle, work for women should be unlimited and free. The Government of India approved of the convention and introduced legislation for gradual abolition of women labour inside the mines. Why should a good law introduced after much deliberation for humanitarian reasons be suspended now? The same old arguments that were put forward by employers in opposing that measure are now being repeated for cancelling it. The plea of war exigencies gives them a good excuse to influence the Government to do what they want.'

"But the present conditions in the country make it imperative for Government to be extra-vigilant that labour is not cruelly exploited. It is difficult for me to believe that a good law has to be suspended because of the employers' concern for the married happiness of their workers or because sufficient men miners are not available! If the mine-owners and the Government are really concerned about the need for increased production and securing sufficient labour for that purpose, let the Government compel the employers to give their workers better treatment, decent wages and improved living and working conditions which will attract labour and encourage it to put ~~all~~ its best efforts. The Government should not allow themselves to be influenced to support a method which is easy and profitable to the wealthy employers but which entails great hardship on the miners.

"I would also point out that if in normal times it was considered inhuman to engage women for underground work, it is much more so in hard days like now. With increasing scarcity of food commodities and soaring prices the vitality of our poor people is rapidly deteriorating. Women, therefore, must be far less fit to stand the strain of underground work. Also what is to happen to their children? Are they to be taken underground, too, or left drugged in their huts?" (The Hindustan Times, 18-8-1943.)

Holidays

Weekly Mill Holidays in Bombay Province: Measure For Even Distribution of Power.

A press note issued by the Government of Bombay early in the second week of July 1943, announces the decision of the Government to re-arrange mill holidays so as to even out the demand for electric power to save coal.

Since the outbreak of war, it is pointed out, demands for industrial power have grown rapidly and the requirements are now reaching the safe limits which can be produced in the power stations. At present all the mills work on the same days and stop for the same holidays. In consequence, power that could be made and utilised on the holidays is being wasted. The Government of Bombay, therefore, has decided to re-arrange the working of mills so that they do not all stop on the same day. The mills have been divided into ~~fix~~ seven groups: all those in the first group will take their holiday on a Sunday, all in the second group on a Monday and so on. On the big religious festival days, however, all the mills will be closed as they are now. As the result of the re-arrangement, ~~maxim~~ only six-sevenths of the mills will be working on any one day and the power load demanded from the generating system stations will be reduced. Sufficient power will then be available to meet all needs every day.

In the absence of such a scheme for spreading out the work of mills throughout the week, it ~~is~~ considered inevitable that the supply of electric power to mills would have to be curtailed, which might lead to the closing down of productive machinery and, in turn, to curtailment of employment and loss of wages to mill workers.

(The Times of India, dated 12-7-1943.)

Industrial Disputes

Strict Enforcement of 'No Strike Without Notice' Order: Bengal Government's Warning to Workers.

In a circular issued to all employers' and registered unions in the third week of July, 1943, by the Department of Labour, Government of Bengal, it is pointed out that it has come to the notice of Government that the order made by the Government of India under the Defence of India Rules, requiring persons employed in any undertaking to give 14 days' previous notice of their intention to go on strike in connection with any trade dispute (vide page 29 of our August, 1942, report) is not being generally complied with. In the earlier stages of the operation of the order the Bengal Government considered that some latitude might be allowed to participants in strikes in which the necessary formal notice had not been given. But the provisions of the order have now become widely known and Government considers that it should be strictly in taking action against leaders who advise labour to go on strike without giving legal notice. It is the Government's view that leaders, whether trade unionists or others, who voice the grievances of labour and seek their redress, are under a clear obligation, where adequate provision is made by the Government for the settlement of disputes, to see that labour observes the order regarding the legality of strikes. It is hoped, however, that strikes and lockouts in connection with trade disputes would be scrupulously avoided and that for any dispute that may occur the machinery prescribed by the Government for conciliation and adjudication will be fully utilised.

In an editorial note, the Amrita Bazar Patrika dated 29-7-1943 offers the following comment on the circular: "The trade disputes... centre at the present moment, in many industries, around the question of dearness allowance ^{and} the provision for foodstuffs at a cheaper rate for the workers. The scale of wages is generally extremely low for the large majority of workers. This has made the question of dearness allowance and cheaper food supply an acute one. But the Government is very reluctant to resort to the machinery provided in the Trade Disputes Act, namely, a court of enquiry or a board of conciliation. The situation has been further aggravated by the sympathetic treatment of some of the employers in contrast with some others of the same status. Has not the time come for the Government to direct the Labour Commissioner to examine the business papers of the employers who are in dispute with the workers and see that some sort of profit-sharing is introduced to make the workers' lot a little more bearable."

(The Amrita Bazar Patrika, 27-7-1943.)

Production

Work Stoppages Due to Coal Shortage

(1) Calcutta - All Jute Mills to close for week ending 31-7-1943

In view of coal shortage and to avoid any possible intermittent stoppages of work, the Committee of the Indian Jute Mills Association have decided to closed down all the mills in Bengal for one calendar week ending 31-7-1943. In a press note issued by the Association in the third week of July, 1943, announcing this decision, it is pointed out that already some jute mills have been adversely affected by coal shortage and the decision is intended to relieve what would be a source of anxiety to the industry, not the least of which might be effects on labour, and to assist the railway authorities in the difficult tasks they are now tackling. The decision, which is supported by the member mills, will have no adverse effect on supplies against Government orders; for there exist large stocks of goods held by all mills on Government and on civil account.

As regards workers, it has been decided that they should be paid compensation at a fixed allowance for the period of closure. They will also receive their usual weekly amenity allowance and their weekly food rations at the greatly subsidised rates which now rule in the industry.

(The Statesman, dated 24-7-1943.)

(2) Cawnpore - Cawnpore Millowners' Notice About Possible Stoppage in Future.

The Employers' Association of Northern India, Cawnpore, posted on 22-7-1943, the following notice outside textile mills in the city:- "The coal situation in Cawnpore now is precarious and the position regarding future supplies is very uncertain. Present advices indicate that supplies in the near future will be considerably curtailed. The Association, therefore, gives advance information that unless present circumstances immediately improve, there will be no alternative but to impose at short notice reduction in the working days of textile mills in the near future. Any such reduction will affect all shifts alike...." It is learned that during the last three months the position regarding coal has been steadily in deteriorating. Shorter allotments were made, but even these allotments are not forthcoming. It is estimated that

Cawnpore mills on an average have now only 10 days' coal supplies.
(The Statesman, dated 24-7-1943.)

(3) Delhi - Delhi Factories May Close Down.

According to a report in the Statesman dated 24-7-1943, lack of coal in Delhi caused by shortage of railway wagons may soon compel many of the city's industrial concerns ^(chiefly textile mills) to close down. Two factories have already stopped work and a number of others are working part time. Industrial concerns in Delhi require about 320 wagons of coal a month. Of these 170 wagons go to priority concerns wholly engaged on war work. In the last six weeks, however, the priority factories have received only about 20 per cent. of their normal quota and non-priority concerns even less. In some factories the furnaces are being kept going with wood, though this is much more costly than coal and reduces efficiency.

(The Statesman, 24-7-1943.)

Post-War Reconstruction

Post-War Development of Civil Aviation

In a communication addressed to the Government of India in the first week of July, 1943, the Committee of the Federation of Indian Chambers of Commerce and Industry has put forth the plea that, since air services will require to be licensed, and, in many cases, receive subsidies, the Government should formulate a definite and constructive national policy for the development of aviation in India as a part of the internal air services. The Committee emphasizes that before the Government commits itself to any future policy, either for imperial or for international collaboration in aviation, it should take adequate steps to consult Indian commercial and industrial interests, and if and when an Empire Air Conference is convened, Indian representation at the Conference should include Indian industrialists or business men selected by the Federation and the Indian delegation should in no event consist only of permanent officials or British aviation experts. It is further pointed out that in any scheme of international air development, India must insist on having an adequate share and must see to it that more developed and advanced countries are not allowed to establish themselves in the country and to utilize the geographical position of India for trans-continental ~~traffic~~ traffic to the detriment of national enterprise. As India happens to be on the main trans-continental routes between Europe, Asia and the Far East, it has an immense geographical and strategic importance and, therefore, is entitled to have a say in any plans for development of world-wide or Empire aviation.

(The Hindustan Times, dated 12-7-1943.)

New Department set up for Rebuilding Burma after Conquest

Plans for the rebuilding of Burma after the expulsion of the Japanese are now being prepared by a special department for reconstruction set up by the Government of Burma in Siala. Two high officers have been sent to England to undertake reconstruction duties there, while in India a number of experts have compiled preliminary reviews of the functions and methods of their departments for the consideration of committees, on which both officials and non-officials are represented.

(The Statesman, 21-7-1943.)

Labour Supply Committee set up at Jubbulpore

In view of the increasing importance of the problem of unskilled labour supply the Central Government has evolved a proposal to set up a Labour Supply Committee in the Jubbulpore area. It is understood that the Committee will co-ordinate the recruitment of unskilled labour for all Government undertakings in the area and arrange a priority for the utilisation of any other recruited labour and the existing labour forces. It will advise local undertakings on measures necessary to secure unskilled labour force, including amenities and conditions of service, grain shops, housing, medical relief, and, where necessary, on the scales of pay and dearness allowance. The Committee will be under the chairmanship of the Chairman, National Service Labour Tribunal, Central Provinces and Berar.

(Unofficial Note dated 16-7-1943, issued by the Provincial Information Officer, Government of India.)

Progress of Government's Technical Training Scheme:
Over 120,000 Technicians already Trained.

According to a statement made at a press conference at Bombay on 8-7-1943, by Mr. I.A. Esekial, Assistant Director of Publicity and Recruitment, Government of India, over 120,000 young men have been given training under the Government of India's technical training scheme and absorbed in war factories in India. He said that by July, 1943, there existed nearly 400 training centres all over the country, with seats for over 45,000 boys, nearly all of whom are fully trained, under an intensified course, in six months or even less. The scheme covers training in a variety of trades and turns out mechanics, turners, fitters, welders, instrument-makers, draughtsmen, surveyors, boiler-makers, riveters, moulders, textile fitters, tin and copper-smiths, blacksmiths, carpenters, wiremen, roller drivers, vulcanisers, painters, plumbers and upholsterers. While still under training, the trainee is entitled to a stipend, ranging from Rs. 26 to Rs. 45 per month, in addition to the supply of workshop clothing and several other types of equipment entirely free. The scheme has been found successful in meeting the need for thousands of technicians for the army, navy, air force, ordnance factories and also, in some cases, for the railways and civil industries.

(The Statesman dated 10-7-1943, and the Bombay Chronicle, 15-7-1943.)

Expansion of Bevin Training Scheme:
Plan under consideration

Addressing Indian trainees, under the Bevin Scheme, in London, Mr. Bevin, British Minister for Labour, announced that, in view of the clearing of the Mediterranean, the Government was having under consideration a plan for the expansion of the training scheme so that more men might come from India and their stay might be prolonged from six months to nine. It was intended to show the trainees how industry was run and managed so that they could play a very important role in the future industrial development of India.

(The Statesman, dated 11-7-1943.)

25

Workers' Welfare

Savings Banks for Workers, Baroda

The Government of Baroda State has, on 29-6-1943, issued an Order regarding savings banks and thrift societies for the benefit of labour and other classes.

The Order points out that labouring classes in towns, especially in textile mills and other large works, are now in receipt of dearness allowance, bonuses and other payments on a generous scale, and that if proper care is not taken in time for laying by a part of it, acute discontent will result when these extra payments are discontinued at the end of the war. Government's object is, therefore, to see that at least half of the additional emoluments is saved by every labourer. Deposits may be made in either savings banks or credit societies, as the labourer might choose. Investors are assured that it is not a scheme promoted by mill owners and that Government has organised it for their welfare and accepts responsibility for the money deposited and its interest. Employers are to assist in the scheme by collecting the subscriptions on pay days and remitting them to the officer concerned.

Regarding rural areas, it is pointed out that agriculturists who are now receiving ~~large~~ large sums of money due to the high price of agricultural commodities should be persuaded to save a part, so that they may have a reserve to fall back upon when prices fall at the close of the war.

The Government has already opened 22 savings banks in the State. A special officer has been appointed for organising more credit societies and savings banks in important labour centres.

("Federal India and Indian States",
dated 7-7-1943.)

Scheme to Supply Shark Liver Oil to Technical Trainees

Among the measures adopted to improve the physical standards of technical trainees is a proposal to supply under-developed trainees with shark liver oil.

Arrangements are being made to purchase 48,000 lbs. of the tonic from the Government of Madras. There are about 4,000 civil trainees at training centres who are below the required physical standards, and it is proposed to improve their ~~max~~ health by giving them two tea spoons of liver oil every day.

This measure is in addition to the facilities for games and sports, provided at the training centres since the inception of the Technical Training Scheme with a view to turn out healthy and efficient technicians for Indian industry.

(Unofficial Note dated 19-7-1943, issued by
the Principal Information Officer, Government
of India.)

Control Measures

26

The Lease-Lend Vehicles Control Order, 1943.

The Government of India has on 21-7-1943 issued the Lease-Lend Vehicles Control Order, 1943, regulating the transactions in motor vehicles imported under the lease-lend agreement. Under the order, importers, dealers, ^{sub-dealers} and purchasers of the vehicles are to follow, in dealings in connection with the vehicles, instructions issued by the Central Government or the Provincial Motor Transport Controllers.

(The Gazette of India, Part I, Sec. I, dated 31-7-1943, pp. 844-848.)

Control of Travel to Foreign Countries

The Government of India has, under the Defence of India Rules, issued on 17-7-1943, an order prohibiting travel from India to destinations outside India except under the authority of a written permit from the Deputy Controller, or Assistant Controller in the Exchange Control Department of the Reserve Bank of India. Persons exempted include transit passengers, and those proceeding to destinations in the French or Portuguese Possessions in India, Ceylon, Nepal, China, Tibet, Afghanistan, Iran, Iraq, the Arabian Peninsula, British East Africa, Seychelles or the United Kingdom.

(The Gazette of India, Part I-Sec. I, dated 17-7-1943, pp. 751.)

The Sugar and Sugar Products Control Order, 1943

The Government of India has, under the Defence of India Rules, issued on 1-7-1943, the Sugar and Sugar Products Control Order, 1943, under which all dealings in sugar such as production, purchase, sale, transport, etc., have, after the date of the Order, to be carried on strictly in accordance with the directions issued by the Sugar Controller, Government of India. The Sugar Controller may also from time to time fix the prices of sugar and sugar products.

(The Gazette of India, Part I, Sec. I, dated 3-7-1943, pp. 703-4.)

The Cinematograph (Film (Footage Control) Order, 1943

The Government of India has issued on 17-7-1943, under the Defence of India Rules, the Cinematograph Film (Footage Control) Order, 1943. The principal provisions of this Order are: (1) No person shall exhibit in any one show for public entertainment a total length of film exceeding 14,500 feet. This shall include:- (1) a feature film not exceeding 11,000 feet in length, (2) one or more propaganda films the total length of which is not less than 2,000 feet. After the 14th September 1943 these films shall be "approved films" as defined in rule 44-A of the Defence of India Rules.

(The Gazette of India Extraordinary dated 17-7-1943, p. 531.)

Electricity Rates in Bengal Enhanced

The Government of Bengal has, under the Defence of India Rules, issued on 28-6-1943, an Order permitting electricity supplying agencies in the province to levy, with the previous approval of the Government,

a surcharge on their rates with effect from 1-7-1943. The maximum surcharge rates allowed are 25 per cent. in the case of those producing agencies using diesel oil or steam, for the generation of energy, and 15 per cent. for those using hydro-electric power, both based on the lowest rates charged between 1-9-1939 and 30-4-1943.

(The Calcutta Gazette, dated 1-7-1943, Part I, p. 1139.)

The Madras Potato(Dealers and Transport) Control Order, 1943

The Government of ^{Madras} India has, under the Defence of India Rules, issued on 25-8-1943, the Madras Potato (Dealers and Transport) Control Order, 1943, under which, with effect from 1-7-1943 no person may carry on business as a wholesale dealer in potatoes or store for sale potatoes in wholesale quantities in the district of the Nilgris or in the Kodsikanal taluk of the madura district except under and in accordance with a licence issued under this order by the Commissioner of Civil Supplies, Madras, or by an officer authorised by him in this behalf. A similar permit is required for transporting potatoes in excess of half a maund (1 maund = 82 lbs.) any place outside the province.

(Rules Supplement to Part I, Fort St. George Gazette dated 29-8-1943.)

Food

All-India Food Conference, New Delhi, 5 to 8 July, 1943.

The more important decisions reached by the Government of India on the recommendations made by the All-India Food Conference held at New Delhi from 5 to 8-7-1943, were reviewed on the last day of the Conference by Sir M. Azisul Huque, Food Member, Government of India. The decisions are briefly noticed below:-

Basic Food Plan to Continue.- The Government of India has accepted the suggestion that in the present conditions it is necessary to continue the basic food plan subject to such changes as required for adjusting the surpluses and deficits of the various Provinces and States. In view of this decision, procurement operations in execution of the basic plan thus modified have to continue, and it has been decided that they should be carried out either directly by Government or by agencies under the full control of the Provincial or State Governments. The Government of India will, during the coming months, most carefully watch the progress of all procurement operations and will, from time to time, take all necessary steps to accelerate the progress of all purchases, so urgently necessary in the interest of the deficit areas. Every attempt will also be made to expedite the transport of not only all available foodgrains but also of such other foodgrains as may be procured from time to time.

Stern Measures against Hoarders and Profiteers.- It is emphasised, however, that unless the Foodgrains Control Order is vigorously enforced by all the Provinces and States, neither the basic plan nor the procurement operations thereunder can be put into effect with any success. All Provincial and State Governments have therefore to take immediate steps to organise a vigorous anti-hoarding drive. The results obtained by the new drive of the Government of Bengal in these lines have been very encouraging and the Government of India recommends the same lines of action for other provinces.

Rationing in Urban Areas.- The Government of India has further decided that rationing in urban areas should be taken up in a progressively increasing measure and almost immediately, in order to get a firm control over the food situation prevailing in the country as a whole. Large cities in States and Provinces have been found to become bottomless drains with regard to the amount of foodgrains poured into them from time to time. Unless therefore rationing is introduced in these areas, it will not be possible for the Governments to obtain a firm control over the local food situation. Preparatory measures for the rationing of at least the urban areas have, therefore, to be immediately taken up.

Financial and Other Arrangements.- As regards financial settlement as between surplus and deficit provinces in the matter of sale and purchase of foodstuffs, the Government of India has agreed that these matters may be settled by the respective Governments direct and without the intervention of the Centre. As a corollary to this the Government has also agreed that, subject to its agreement, deficit provinces and States would be free within the limits of their basic quota to make a direct approach to surplus areas and wherever possible make direct transport arrangements with railway or shipping authorities. As regards the introduction of free trade in food grains, Government firmly holds the view that free trade will not be considered except as an objective for the return of normal conditions.

Prices.- Government has decided that there should not be any

statutory fixation of maximum prices at the present stage. The prices of all commodities, including foodstuffs, will be closely watched by the Government as they gradually get stabilised under the measures already adopted, and, if necessary, Government will not hesitate to adopt further measures for combating the serious inflationary conditions in India. Price control policy in Provinces and States will, however, be left to the discretion of the Governments concerned.

("Indian Information",
dated 15-7-1943.)

Long-Term Food Planning Committee

The Government of India has recently set up a Long-Term Food Planning Committee, with Mr. H.D. Viger, Food Adviser to the Government of India, as Chairman and Dr. M.M. Junaid as the secretary. The Committee consists of representatives of the Government of India, the provincial governments, and of the more important States, and a number of non-officials nominated by the Government of India.

It is understood that the committee will examine the past policy and present position in India in relation to the supply, distribution and price of foodgrains in the light of relevant conditions, including those imposed or liable to be imposed by the War, and to make recommendations, both of policy and for administration, for securing, for the duration of the War, maximum supply, equitable distribution and proper control of prices in relation to foodgrains.

("Indian Information", 15-7-1943.)

Bombay's "Grow More Food" Drive:
Fallow Lands to be Requisitioned.

In furtherance of the "Grow More Food" campaign, the Government of Bombay has decided to requisition fallow lands if the owners do not cultivate the land themselves or by tenants. The Provincial Rural Development Board, at its meeting in March, 1943, recommended that cultivable land which is left uncultivated should either be compulsorily released for cultivation or that a special tax should be imposed on it. A survey of typical villages in Thana, Poona and Ahmednagar districts revealed that nearly 20 per cent. of the total area reported under fallow remained uncultivated ~~xxxxxxxxxxxx~~ on account of disputes among rival claimants and negligence or indifference on the part of owners, and also that the system of rotational fallow is uneconomic. It is not unlikely that similar conditions exist in other districts also. Government has therefore authorised collectors to consider applications for the cultivation of fallow areas in private occupancy for growing food crops, on the same lines as applications for the grant of Government waste land for cultivation of food crops. They will requisition fallow lands in private occupancy required for cultivation under the Defence of India Rules if the owners do not cultivate themselves or by tenants, and will give them out for cultivation on rent free leases for the duration of the war and six months afterwards.

("Bombay Information", dated 10-7-1943.)

Central Government's Scheme for Supply of Essential Commodities
to its Employees.

The Government of India has introduced early in July, 1943, a scheme for the supply of certain essential commodities on a rationed basis to about 120,000 employees of the Central Government, their

dependants and domestic servants, who constitute a fifth of the population of New Delhi. The scheme gains importance in view of the Government decision favouring progressive rationing of urban areas.

The scheme is designed to ensure that the Government servants obtain their fair share of the existing supplies of the commodities without waste of time and consequential loss of working hours to Government. Arrangements were made in the first instance in respect of sugar, tea and matches. Subsequently coupons have been issued for ~~xxx~~ kerosene, wheat and rice. The question of extending arrangements to cover fuel is under consideration.

(The Times of India, dated 13-7-1943.)

Sir J.P. Srivastava Appointed Food Member, Government of India

Sir J.P. Srivastava, whose portfolio of Civil Defence has for some time ceased to justify the exclusive charges of a Member, has been appointed on 11-8-1943 ~~to be~~ Food Member, Government of India, in succession to Sir Azizul Haque.

(The Times of India, 10-8-1943.)

Government Scheme for Supply of Cheap Food Grains to Technical Trainees.

A cheap grain supply scheme is being introduced by the Central Government with a view to supply grains at basic rates to training centres under the Technical Training Scheme. As a result of the scheme wheat, rice, gram, bajra, and jowar will be sold to the Trainees either at Rs. 8, Rs. 12, Rs. 7, Rs. 7 and Rs. 6/12 per maund (about 82 lbs.) respectively or at the current control rate, whichever is greater. The Central Government has undertaken to bear any loss incurred as a result of purchasing the grains at higher prices and selling them to the Trainees at these basic rates. Sale of grains under the scheme will be in the form of weekly rations of 5 seers (1 seer = about 2 lbs.) of atta and five seers of rice, or alternatively 5 seers of rice and atta combined in such proportions as may be required. It is, however, being suggested to the heads of the ~~xxxxxx~~ training centres that in case of abnormal rise in the prices of atta and rice the possibility of reducing quantities of these two grains and of providing supplementary ration of bajra and jowar may be considered.

(Unofficial Note, dated 16-7-1943 issued by the Principal Information Officer, Government of India.)

Employers Urged to Start Cooked Food Canteens for Workers: Circular Letter Issued by the Department of Labour, Government of India.

According to a press note dated 3-7-1943, issued by the Department of Labour, Government of India, the need for setting up cooked food canteens for industrial workers is stressed in a letter issued in the first week of July, 1943, by the Government of India, urging all employers to consider the advisability of adopting this measure as part of their general food policy.

The Central Government do not at present intend to place any legal responsibility on employers and feel that initially greater success may

be obtained by voluntary effort. But in view of the advantages likely to accrue from the opening of canteens, and the importance of this measure in raising productive efficiency, all employers in large-scale undertakings and Government employing departments are being asked seriously to consider the proposal to open canteens for their labour.

Tata's Model Canteen.- Two model canteens of this type are run by the Tata Iron and Steel Works, Jamshedpur. Started ten years ago, this service has considerably improved and expanded in recent years. Equipped with modern facilities, the canteens are visited thrice every day by 13,000 workers for tea, refreshments and meals. Until recently prices of cooked food served at the canteens were 75 per cent. below the prices current in the local food shops and hotels. At present, in spite of the rise in prices of commodities, prices here are still from 30 to 50 per cent. below the current bazar prices. Particular care has been taken by the management to keep down as far as possible the price of a simple meal consisting of rice, curry, dal and chapattis, the most favourite items on the menu. Generally speaking, it is possible for a worker to obtain a satisfying meal of this type for one anna and a quarter. The canteens are being run solely with a view to provide food for the worker at cheaper rates and there is no tendency to use them as profit yielding concerns. Building and capital expenditure are provided by the Steel Company but the canteens are required to pay a fair rent and are expected to meet all recurring expenses including replacement of utensils and breakages.

Similar arrangements have been made by employers in several other parts of the country. Recently, the Central Government advised all employers to open such canteens for their labour; and the successful working of canteens in some places shows that it is possible to establish this institution on an all India basis.

(Unofficial Note, dated 12-7-1943 issued by the Principal Information Officer, Government of India.)

The Madras Rationing Order, 1943

The Madras Government has, under the Defence of India Rules, issued on 19-7-1943, the Madras Rationing Order, 1943, providing for the strict control of the sale and purchase of certain essential articles by distributors (wholesale and retail) and consumers (households, catering establishments, residential establishments, and institutions such as hospitals, orphanages, workhouses and boarding schools), in the Province. The dates on which the Order will come into effect in different areas of the Province, and the articles to be rationed in such areas, will be announced later.

(Rules Supplement to Part I of the Fort St. George Gazette dated 20-7-1943. *
Page 1-3.)

War FinanceRules under Excess Profits Tax Ordinance, 1943:
Views of Bombay Chamber of Commerce.

The Excess Profits Tax Ordinance, 1943 (vide pages 27-29 of our May, 1943, report) provides, inter alia, that the Central Government may make rules defining the extent to which deductions shall be allowed in respect of bonuses or commissions paid and the principles to be followed in leaving out of account trading stocks and stocks of raw materials, while assessing excess profits. These provisions had two objects: (1) to check evasion of excess profits tax and (2) to combat inflation.

In their reply to the Central Board of Revenue's request for views on the Rules which the Government of India propose to make in this connection, the Committee of the Bombay Chamber of Commerce, Bombay, have drawn attention to the following points:

(1) The amounts payable for any commission or bonus under agreements made prior to the outbreak of war should be allowed as deductions in assessments to excess profits tax. Similarly, also, payments under any establishments pre-war practice as regards the grant of bonuses should be allowed as deductions in assessments to excess profits tax even though such practice was not regulated by any service agreement.

(2) The payment of any commission or bonus to a person promoted since the outbreak of war to a post which, before the war, carried with it such remuneration should be allowed as a deduction in assessments to excess profits tax provided there was no substantial alteration in the basis on which the payments are made.

(3) Any bonuses paid specifically in lieu of cost of living allowances should also be allowed as a deduction in assessments; also bonuses paid bona fide as compensation for extra work done.

In regard to trading stocks and stocks of raw materials, the Committee did not think it would be found practicable to lay down any general ~~rule~~ principles as to the quantum or value of stocks to be left out of account, as conditions varied so greatly as between one type of business or industry and another, and between the position of companies engaged in the same or similar businesses or industries. The following, among many other considerations, were noted -

(1) Owing to the variations in seasonal supply of goods and materials, and the existing difficulties regarding ~~transport~~ transport, the stocks held by any two companies at a time might vary greatly, owing to different views on general policy and their ability to finance stocks which they wished to hold.

(2) It would often happen that the factors mentioned above - seasonal availability of supplies and of the necessary transport facilities - would result in companies holding, on the date on which their annual accounts were closed, larger stocks than would be the normal average throughout the greater part of the trading year.

(3) The balance sheet dates of companies in the same industry varied and the above factors must again vary accordingly.

(Excerpts from the proceedings of the Bombay Chamber of Commerce, June, 1943.)

The Reserve Bank of India (Limitation of Dividend) Ordinance, 1943

As in the opinion of the Government of India an emergency has arisen which makes it necessary temporarily to limit the rate at which dividend on the share capital of the Reserve Bank of India may be paid by the Bank to shareholders, the Governor General, in exercise of the powers conferred by section 72 of the Government of India Act, 1935, has issued on 30-6-1943, the Reserve Bank of India (Limitation of Dividend) Ordinance, 1943, according to which the aggregate of the rates at which payment of the cumulative dividend and the additional dividend payable to shareholders shall not, so long as this Ordinance remains in force, exceed four per cent. per annum on the share capital of the Bank; and the balance of the surplus of the net annual profits shall be paid to the Central Government.

(The Gazette of India Extraordinary
dated 30-6-1943, pages 421-422.)

Madras Government to Launch Intensive Savings
Drive.

According to a press communiqué dated 16-7-1943, issued by the Government of Madras, the Government has decided to launch an intense drive for getting, as much as possible of the surplus money now in circulation in both urban and rural areas invested in Defence loans, Defence savings Certificates, etc., to help to meet the cost of the war and to keep down prices. In order to assist members of the public, who are prepared to buy Defence Bonds or Defence Savings Certificates but find the procedure for purchasing them troublesome, canvassers specially authorised by the Collector of each district will establish contact with the public throughout the district and collect subscriptions for the purchase of Government of India Defence Bonds and Post Office Defence Savings Certificates on behalf of the subscriber. The Government hopes that it will be possible by means of this drive to withdraw from circulation Rs. 100 million of excess purchasing power in the Province by December 31, 1943, and so make an appreciable contribution to the success of the Central Government's plans for stopping the rise in prices.

(The Hindu, 17-7-1943.)

Excess Profits Tax to be Levied in Hyderabad State

The Government of the Nizam of Hyderabad has drawn up a bill imposing a tax on traders and businessmen in the State deriving high profits due to the conditions created by the war. The scheme is applied only to trades and businesses, and, even in these cases, profits of less than Rs. 24,000 a year will not be liable to tax. If the normal profits of a business during the pre-war period are found to be more than Rs. 24,000 the exemption limit will be further raised and the amount in excess of such normal profits along will be taxed. In the case of business newly started, the normal rates of profits are fixed at 10 per cent. of the capital for Companies and 12 per cent. for other cases.

The tax will be levied on the aggregate amount of excess profits throughout the whole period of the operation of the Act. If, in any year, the profits fall below the normal profits of the pre-war periods, the deficiency will be set off against the excess^{es} of profits in other periods. The bill provides for the collection of 40 per cent. of the excess profits as tax and a further 20 per cent. as deposit. The

deposit is repayable at any time within 3 years after the cessation of the present hostilities with simple interest at 2 per cent. per annum. The deposit scheme has for its object compulsory savings which may be available to industries and businesses during the post-war period for their development.

On a rough estimate, the Government expects to collect by the tax a revenue of Rs. 5 million per year. The tax collected will be utilised wholly to ameliorate the condition of the poorer section of the community and low-paid Government servants by supplying them with foodstuffs and other necessaries of life at reasonable rates.

("Hyderabad Information", July, 1943.)

Control of Capital Issues:
Explanatory Press Note by Government.

Below is summarised a press note dated 11-7-1943, issued by the Government of India, explaining the objects underlying their order regarding the control of issue of capital on new industrial enterprises (vide pp. 10-11 of our Report for May 1943).

Discouragement of Production of Non-essential Goods.- At the present time there is most serious shortage of many of the most essential goods and services including not only iron and steel, machines and mill stores, but also of skilled labour and of transport facilities. These shortages grow directly out of the war situation, and cannot be wholly remedied so long as the war lasts. In order to prevent a scramble for the available supplies, which can only result in raising prices still further, it appears best to encourage those industrialists whose enterprise will directly assist in aiding the war effort or will be in a position to embark upon production of essential consumers' goods at an early date. There is no public purpose in allowing priority to the manufacture of luxury goods, for instance, when the same capital equipment can go to the production of articles in more common use. Without control of capital issues, there is no guarantee that such supplies as are available will in fact go to the most suitable applicant.

Prevention of Forward Investment on Post-war Enterprises.- Control thus serves in present conditions to further industrialisation on sound lines. These remarks apply with even more force when the contemplated enterprise purports to be in a position to produce only at the end of the war. Such enterprises may also compete for plant, skilled labour, etc., and they can certainly add nothing to immediate productivity. Special care is, therefore, required in dealing with them. Consent will, however, be granted in suitable cases for an issue of capital required to purchase plant or machinery for which an order has been placed for delivery after the war subject to the condition that the money is invested in Defence Loans or other new Government securities and is kept so invested until it can be spent for the intended purposes.

Curbing Speculation.- Moreover, in so far as the new undertakings merely take the form of offering to the public shares in enterprises which were already in existence, but which have been converted to a joint stock basis (sometimes at extremely inflated prices) no net addition to the productive resources of the country is made at all, and the only effects are to swell the speculative boom which is already assuming an unhealthy form, and possibly to secure advantages in the matter of taxation at the expense of the general taxpayer. Secondly, the battle against inflationary tendencies cannot be won unless there is a large-scale subscription to the various loans issued by the Government of India. Although part of of the capital subscribed to new banks,

investment trusts and insurance companies will no doubt flow into these loans, Government have to consider whether there is not a danger that a good deal of it may be diverted to speculative uses, such as the financing of hoarding of scarce commodities and loans to the stock exchange, which are definitely anti-social at the present time. (The Hindustan Times, 11-7-43)

Press Comments. - Criticising the plans put forward by the Government in the press note, the Hindustan Times dated 13-7-1943 writes editorially: "As originally it was claimed by the Government that the object of the new restrictions was merely the prevention of mushroom companies, this later amplification of the Government's intentions throws much-needed light on the policy actuating these measures, but we are afraid that these measures also add to the apprehensions already existing in the public mind regarding the exercise of these control powers. We see little in the press note itself to support the claim that control of the kind proposed serves in present conditions to further industrialisation on sound lines. On the contrary, the very fact that the progress of industrialisation itself depends upon the manner in which these powers are used makes it necessary that those charged with the responsibility of controlling capital issues should have a representative body of public men and industrialists to advise and assist them. Nobody wants that priority should be given to the manufacture of luxury goods. Nor can exception be taken to the principle that in order to prevent a scramble for available supplies there should be a wise and careful planning. But who can forget that the present economic ills of the country are themselves due to the Government's failure to industrialise the country in pre-war years? Even after the war began, the narrow interpretation which the Government put upon "war effort" made it difficult for industrial enterprise to go ahead with large-scale plans for the production of essential consumers' goods. The insistence on 'immediate productivity' has also been the cause for preventing the establishment of many an essential industrial concern. To take only one instance, both the public and the Government are now paying the penalty for the latter's short-sighted policy in shelving the Locomotive Manufacture Inquiry Committee's report four years ago. This industry could have been firmly established in this country even a decade ago, but the Government of India took no notice of demands repeatedly made in the Central Legislature.... What is needed from the Government of India is a positive scheme of industrialisation for increasing the production of essential goods and manufactures. Though wartime needs have necessarily to be given the first preference, it would be economically suicidal to ignore post-war requirements.... If instead of indulging in vague assurances the Government would now at least come forward with detailed plans and associate non-official representatives with the Finance ~~and~~ and other Departments in dealing with these questions, it would go far to remove the apprehensions of the public. Even as regards immediate requirements, there are a number of industries which, in the interests of the country's production, have to be immediately started, but the lack of any clear policy on the part of the Government of India has seriously prejudiced these efforts."

Views of the Committee of the Indian Merchants' Chamber, Bombay, on the Excess Profits Tax Ordinance and the Defence of India Rule for Controlling Capital Issues.

Below are noticed briefly the views of the Committee of the Indian Merchants' Chamber, Bombay, on the Excess Profits Tax Ordinance, 1943 (vide pp. 27-29 of our May 1943 report) and the recent Defence of India Rule for controlling issue of capital on new industrial undertakings (vide pp. 10-11 of our May 1943 report), expressed in its letter dated 10-6-1943 addressed to the Government of India.

E.P.T. Ordinance 1943. - The Committee considered it wrong policy for the Government to try to meet the situation created by inflation by collecting under the force of an Ordinance an aggregate sum of Rs. 1000 million due from the public on account of the delayed assessment of E.P.T. It was of opinion that Government should have placed this question of financial adjustment before the Legislative Assembly and got its sanction for such collection. It also invited the attention of Government to the repeated warnings of commercial bodies in regard to the lacuna in the administrative machinery for assessment and collection of the revenue and pointed out that no such situation as at present existing would have arisen had there been proper and efficient control. The Committee deplored that under the ordinance the assesses would be hard hit by the immediate call upon their resources of the aggregate collection of Rs. 1000 million. It was suggested that after the provisional assessment was made only 80 per cent. of the total amount of the provisional assessment should be recovered from the assessee and the balance of 20 per cent. should become payable only after the final assessment was made. The amounts of the provisional assessment could be collected by instalment.

With regard to the determining of the extent to which deductions should be allowed in respect of bonuses and commissions paid, the Committee was of opinion that Section 10(2) of the Income-tax Act gave sufficient discretion to the Income-tax authorities in the matter of allowing items under bonuses and commissions. It, therefore, urged that any further interference made in this respect would prove a hardship to the assesses. As for the provision in the Ordinance for limiting trading stock, the Committee made it clear that it was a retrograde step which would hit hard, particularly those industries which required certain amounts of stocks to be held for future contingencies. With regard to the limitation placed on stocks of raw materials, the Committee stressed the view that while all industries, in general, had of necessity to keep a certain minimum amount of materials in stock to meet nominal requirements, some of them at least will be compelled to be provided with extra stock so as to ensure continuous production under war conditions.

Control of Capital Issues. - The Committee strongly protested against the provision to control capital issues under the Defence of India Rules. It was feared that the structure of industrial finance would be disturbed and a check would be placed on the growth of capital required for the development of new industries. The Departmental Committee for examination of the application for the issue of capital, it was suggested, should include non-official representatives who might prove in some measure a check on the erratic application of this provision. If the object of Government was to check inflation by such provision, the Committee feared that the result would, on the contrary, be to release for speculative and buying purposes capital which would otherwise have been safely invested in some industrial or commercial undertaking. The punishment of five years' imprisonment for a breach of the rules under this provision was considered savage and arbitrary. Besides, this provision would penalise the British Indian investor or the holder of shares of companies other than those registered in British India by preventing him from acquiring at favourable prices shares issued by new companies outside British India. This the Committee considered as tantamount to allowing expropriation of the right of the British Indian shareholders who might exercise their right to invest in fresh shares issued by his companies to their members.

("Journal of the Indian Merchants' Chamber",
Bombay, July 1943.)

Compensation for War Injuries

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War Injuries (Compensation Insurance) Bill, 1943 Report submitted by Select Committee

Reference was made at pages 51-52 of our March, 1943, report to the War Injuries (Compensation Insurance) Bill, 1943, introduced in the Central Legislative Assembly on 11-3-1943 by Dr. B.R. Ambedkar, Labour Member, Government of India. The report of the Select Committee appointed to examine the Bill and the amended Bill are published at pages 127-136 of the Gazette of India, Part V, dated 31-7-1943. One of the recommendations is that plantation (coffee, tea, rubber and cinchona) labour also should be included as eligible for compensation under the Bill.

The Bill was passed by the Central Legislative Assembly on 13-8-1943.

*The Bill was passed by (The Hindustan Times, dated 14-8-1943.)
The Council of State on 20-8-43. (The National Call of 21-8-43.)
Communications*

Progress of New Tele-Communications Scheme

Reference was made at pages 33-34 of our October, 1942, report to the new tele-communications development scheme launched by the Government of India. Recently a sum of Rs. 160 million has been set apart for it, although, as originally planned, it was to cost Government only Rs. 80 million. By now, satisfactory ~~figures~~ progress has been made ^{with the scheme.} ~~working. Several of them are functioning and helping to bear the big load of wartime State and private telegraph and telephone traffic.~~

The scheme involves about a fourfold increase in the total number of circuits between the principal towns of India. There will be more teleprinter channels on all the main circuits, while the number of telephone and telegraph-carrier channels (capable of simultaneously transmitting several messages along a single pair of wires) will be greatly augmented. A feature of the scheme is that many of the new circuits will be following the main trunk roads instead of the railway lines. This will have certain definite advantages, as facilitating repair work and providing better protection against abotage. A considerable extension of the automatic telephone exchanges in a number of important cities forms part of the scheme. The load on the exchanges in towns like Delhi, Poona and Lahore has increased greatly due to the war and demands for new connexions which cannot be met at present may, to some extent, be satisfied when the exchanges have been extended and necessary equipment has been received.

(The Statesman, 2-7-1943.)

War Transport

New System of Rail Priority Control to be introduced from 1-8-1943

In order to ensure that movements of goods of the highest urgency are given first priority and that unnecessary movements are cut out, the Government of India have re-modelled the system of granting railway priorities. The new scheme which will come into force from 1-8-1943 divides the various railway systems into 5 conveniently grouped areas, each under a Regional Controller of Railway Priorities. The Regional Controller will be the executive authority throughout his region for the purpose of issuing ~~all orders for priority and~~ priority certificates for movements within and from his region. The authority hitherto exercised by other civil and military officers to issue the certificates will be withdrawn.

(The Hindustan Times, dated 5-7-1943.)

10th Session of National Defence Council, - 1, 2 and 3-7-1943,
New Delhi

The 10th session of the National Defence Council, H.E. the Viceroy presiding, was held at the Viceroy's House, New Delhi, on July 1, 2 and 3, 1943.

On the opening day, the food position in India was the first subject to be considered. The Hon'ble Sir Muhammad Azisul Haque (Commerce & Food Member) presented a statement explaining the difficulties which had arisen in the execution of the basic food plan, the extent to which the critical situation in Bengal had been met by free trade and the points requiring urgent settlement at the conference of representatives of Provincial Governments (which met on July 5).

The progress of recruitment as well as the organisation of welfare and amenities for troops was reviewed by the Adjutant-General.

On July 2, the Council considered a detailed account given by the Home Member about enemy fifth-column activities and their connection with subversive elements in this country. Sir Sultan Ahmed (Member for Information and Broadcasting) made a statement on war publicity. Sir J.P. Srivastava (Member for Civil Defence) gave an account of the air raids on Indian territories since the last session of the Council and also explained the revision of civil defence policy in the light of the improved war situation. There was also a brief discussion of the progress of post-war reconstruction planning. On the last day of the session, the Commander-in-Chief reviewed the war situation.

Other subjects considered by the Council were the effect of the rise in the cost of living on soldiers' families, the policy of the Government of India in respect of dearness allowance and the opening of cheap grain shops for railway workers, the arrangements recently completed for the control of production and distribution of cloth and yarn, certain aspects of Government policy in the control of inflationary developments and lastly the extent to which the shortage of small coins is being relieved by increased output as well as action taken against hoarders.

("Indian Information", 15-7-1943.)

Viceroy's Address to Joint Session of Central Legislature:
Effect of War on Indian Economic, Industrial and Social Conditions
Reviewed.

On 2-8-1943, Lord Linlithgow, the Viceroy, addressed a joint session of the Central Legislature. The address reviewed at some length the progress of the war and India's contributions to the war effort, as also social and economic conditions in the country, with special reference to the repercussions of a war economy on them. The points of interest to the Office in the address are noticed below:-

India's War Effort - (a) Fighting Forces. - India's armed forces today total two million men. The naval personnel has increased tenfold. The Indian Air Force is expanding rapidly into a formidable weapon. This great total has been reached by voluntary recruitment, recruitment too from a wider variety of sources than ever before. The equipment and the training of these larger masses of men has been an immense task, all the more so given the need to keep pace with new arms and new methods;

create new formations - the Indian armoured corps, the corps of Indian electrical and mechanical engineers, the Indian army medical corps, formations of air-borne troops, and air-borne surgical units.

(b) War Supplies.- Activities in the field of war supplies have expanded enormously. The value of orders handled by the Supply Department have increased steadily from Rs. 850 million in the first 16 months of the war, to Rs. 1180 million in 1941, Rs. 2230 million in ¹⁹⁴² and to Rs. 1420 million for the first five months of the present year. These figures take no account of the orders which the Supply Department has placed overseas, the orders placed in India for war purposes through trade channels, or the value of the finished output of the Ordnance factories. The total value of India's contribution to war supplies is thereby immeasurably increased.

Strain on Industries.- In order to deal with this growing mass of war orders the capacity of Indian industry has been greatly expanded both by the carrying out of the carefully considered Government schemes, for the establishment of new factories or the expansion of existing ones and by the operation of private enterprise. In particular, the Chatfield and Ministry of Supply Mission projects for new Ordnance Factories and expansion of the old ones are now either completed or nearly completed. Considerable expansion has also been effected in the steel industry, in the manufacture of machine tools, in the chemical industry and in the capacity of the rubber manufacturing industry, especially for making tyres.

Help from Allied Countries.- These results have not been easy to achieve in the face of the difficulties which arise from the growing claims on the shipping resources of the Allies, from the closure of certain sources of raw material by the tide of Japanese aggression, and from the pressure on India's internal transport system arising from the greatly increased burden of war production and military movements. In solving these difficulties, and in maintaining its war effort despite them, India has received and is receiving the greatest help from other Allied nations, especially from Great Britain and from the United States of America. The technical mission which America sent last year, and the Lease-Lend Mission now in India have been of the greatest assistance. India lately also had a joint Anglo-American Steel Mission which gave valuable advice and help in connection with the production and distribution of steel.

Shortage of Goods for Civil Consumption.- The vast expansion in the field of war production has not been achieved without material sacrifice of the goods ordinarily available to the agriculturist and the townsman. But many of the industries engaged in the manufacture of vital war supplies are now better equipped to produce goods for ordinary internal consumption than they were before; the experience gained in manufacture under the stress of war adds materially to India's knowledge of modern skill and technique; and steps are being taken to extract and put to use in India more and more of the country's own raw materials. Over and above this, realising the importance of providing for essential civil needs, Government is now endeavouring to release for civil consumption a larger share of India's industrial output. The steps already taken in this direction will be steadily pursued consistently with the responsibility for supplying the armed forces in India.

Cloth Control Scheme.- The disabilities which war must bring to the civil population of any belligerent country have in India been greatly accentuated by the anti-social activities of individuals, who have misused the conditions of scarcity, artificially created in the case of some commodities, for their own profit. During the last few months,

second only to the problem of how to feed the inhabitants of this country, has some the problem of how to clothe them ~~them~~ ^{them} at a cost within ~~this~~ means. It was, therefore, to the problem of cloth that the Department of Industries and Civil Supplies, set up in April 1943, first devoted its attention. Thanks to public support, thanks also to the co-operation of the Indian cotton textile industry, a scheme of control was launched on June 17, which is being worked by the Government and the industry in a friendly spirit. The Indian States also have joined. The prices of cloth of all kinds have fallen, not only in the wholesale, but also in the retail markets. In some of the retail markets, they have fallen by more than 40 per cent. Cloth which has been hoarded is coming into the market; and under the new scheme for standard utility cloth, the Government has arranged the procurement of this at a rate of 150 million yards per month, to be distributed on a basis of population, among all the Provinces and States of India till a total of 2,000 million yards has been reached. It is hoped that cloth now coming out of hoards and standard cloth, will fill the breach, while the control gradually established itself over the whole field of cotton textiles with, as a result, increased production and a substantial reduction in prices below the present levels. When that stage is reached, it will not be necessary to continue the standard cloth scheme. But cloth is not the only commodity in regard to which advantage has been taken of the consumer in India by unscrupulous men. Over practically the whole range of consumers' goods, which are so necessary in the day-to-day life of the people, the two-fold blight of exorbitant prices and inequitable distribution has fallen. Measures are now well under way which will, before many months have passed, bring about improvement in this respect. These measures are aimed not only at hitting the hoarder and the profiteer, but also at making consumers' goods of the commoner varieties available in greater quantities to the people of this country.

Food Problem.- The most grave and insistent problem which faces Government today is that of ensuring an adequate distribution of food-stuffs throughout India. Early in July, a Conference fully representative of the Provinces and the Indian States, discussed in close detail with the Government the difficulties of the past and plans for the immediate future. The Government of India has accepted the conclusions of the Conference, and they are being implemented. An Expert Planning Committee is at work on the evolution of a long term food policy and its report is expected in the immediate future. Certain limiting factors, have to be recognised, even in normal times, when considering the economy of food production and distribution in India. The size of the country, with its demands on transport; a total production of food grains only just sufficient in wheat and less than sufficient in rice, made up of the small margins of millions of small farmers the variety and at the same time the rigidity of local diet habits; the administrative divisions throughout the country, In normal times, these factors do not give rise to any difficulty for the normal operations of trade can ordinarily be relied upon to satisfy all requirements and to come effectively to the rescue, without official intervention, if for any reason local scarcity should occur. But the war throws normal trade movements out of gear. Imports are restricted or cut off; transport is limited; there is a bullish tendency in the markets; prices rise and profits are high; the producer or distributor hoards for gain or consumes more of his produce; the consumer hoards from fear.

In such circumstances, it is the duty of the Government to regulate the operations of trade so as to secure economy and fair distribution. In the United Kingdom great success has been achieved by drastic measures involving legal sanctions and the most detailed

interference with private lives and private enterprise, but made effective largely by the willing co-operation of the people. In India, the problem has been less compact and uniform and control, in consequence, more difficult to ~~impose~~ impose. The series of price control conferences instituted as soon as war broke out ~~proved~~ proved most valuable for the exchange of ideas and experience, and made recommendations which were acted on by the Government. It has to be recalled that for the first two years of the war, there was no great demand for controls. A moderate rise in prices after a lean period was welcomed. It is only since the entry of Japan into the war, and the loss of imports from Malaya and Burma, that the problem of supplies and prices has assumed serious proportions in India. Since then the Governments throughout the country have had to adapt their methods to a rapidly developing situation and to counter the cupidity and lack of confidence that have unhappily shown themselves in so many areas.

The "grow more food" campaign has led to an immense increase in the area under food crops and a vastly-increased production of food-grains. It is being urged on with the utmost vigour. Financial aid of well over Rs. 15 millions has been made available from Central Revenues and every possible help has been given to Provincial Governments and to the Indian States by way of technical advice. No pains are being, or will be, spared to get the very maximum of output ~~that we possibly can~~. To strike at the root of the causes of food difficulties, my Government decided, early in 1943 to remove the control price of wheat and to import wheat from Australia. It also devised a scheme for distribution under Central control of surplus food grains to deficit areas. For various reasons this scheme appeared likely, at first, to fall short of the success that was hoped for. But, drastically modified in the light of experience, it remains in being. And it will hold the field as an "austerity" plan, until, having secured physical control of all available surpluses of food grains, administrations throughout India are in a position to control their distribution, through rationing or otherwise.

Fighting Inflation. - One of the main problems which has to be faced by a country at war is the control of inflationary tendencies. In the switch over from a peace economy to a war economy, the mounting scale of Government expenditure inevitably increases the volume of incomes, while the goods and services available for civilian consumption inevitably contract. To accentuate the resultant loss of equilibrium between free purchasing power and the opportunities for its use, the possibilities of import become gravely restricted by the scarcity of shipping and reduced transport facilities. In any country, a situation of this kind calls for the maximum effort of vigilance and control, if chaos is to be avoided. In India there are various factors, notably the magnitude of the country and the exiguous scale of administrative services in relation to a huge and largely uninstructed population which render close controls peculiarly difficult. The position first began to deteriorate sharply when the consequences of the war with Japan became palpable, in the latter half of 1942. By the spring of this year, there were many signs of widespread hoarding and profiteering and of the emergence of a spirit of reckless speculation which gave a vicious stimulus to the factors making for a general rise in prices. The course of prices in consequence took an alarming upward turn.

The Government of India is determined to do everything in its power to stabilise economic conditions at tolerable levels. The drive against inflation is being pursued simultaneously in the monetary and commodity fields. On the one hand an intensive effort is being directed to the mopping up of surplus purchasing power by taxation and borrowing, whether Central or Provincial, including a country-wide savings drive and

the Indian States have also been urged to co-operate in this programme for the benefit of the whole country. During the six weeks ending on July 17, no less than Rs. 500 million were invested in Government loans. On the other hand, various forms of commodity control have been adopted, the most important, because of its effect on the cost of living, being the cloth and yarn control scheme. The Government of India is resolved to check speculation and profiteering in every sphere which affects the life of the nation and to repress and penalise all cognate anti-social activity. The measures already taken are beginning to have a most salutary effect. Not only has the vicious upward trend been checked, but several important indices have moved sharply downwards, with a beneficial effect on the whole price structure. But there is no room for complacency. The campaign has only begun, and Government is determined to maintain the pressure and to fight relentlessly on every part of the anti-inflationary front. The stake is nothing less than the economic safety of the country.

Post-War Reconstruction: (A) Industrial Expansion.- The nature of post-war reconstruction must depend upon local conditions and the vicissitudes of battle. In some countries, the rebuilding of the bomb-shattered homes of the people and of the factories in which they earn their livelihood, must be the first stage of recovery. Then again a nation, the greater part of whose adult population of both sexes has been conscripted into the fighting services or war industry, has to face problems vastly different at least in degree from those which confront India where, despite the magnitude of its war effort, large sections of the population still pursue their customary avocations, more or less undisturbed by the tides of war, save in so far as changes in the price level may have affected their lot for better or for worse. India's problems in this field, vital though they are, are of a different order. War has brought to India a marked and significant increase in industrial activity and an even more important increment in the number of persons skilled in mechanical and industrial work of all kinds. Evidently the problem is to carry forward after the war as much as possible of this enhanced industrial activity, transmuted betimes from its present warlike shape into forms capable of producing the needs of a world at peace. Certain Indian industries, some of them highly important, have come through the past four years with few changes of a technical character and for such the problems to be solved will be mainly of a commercial character.

(b) Agricultural Improvement.- Closely linked with industrial expansion are the problems of agricultural improvement. The best hope of a permanent progress, whether in the town or the country-side, lies in the maintenance of a sound balance between the field and the factory. For the farmer, a steady and profitable market for his produce and the opportunity to buy the products of the factory at reasonable prices; for the factory, a copious supply of raw material and a vast market for the finished product. The careful fostering of this natural, healthy and resilient partnership, which is the foundation of economic strength and the firm base or platform from which India may develop her overseas trade, must be the first care of Government and of all concerned with industry or with agriculture. Agriculture, including agricultural education and research and animal husbandry, is a provincial subject. So also is irrigation. But in so far as it lies within the power of the Government of India to contribute towards agricultural improvement, it is most anxious to do so. The desire for improvement, agricultural and industrial, has evidently received a marked stimulus from the circumstances of the war. This manifestation will certainly derive a fresh and powerful impulse by the demobilisation in due time of the great armies. Many of these soldiers have become mechanically-minded

as a result of their training and some may well look to industry for a livelihood in the days of peace. But the greater number will wish to return to the land. Many of these men have seen the world beyond these shores. They will wish to enjoy the best that the business of farming can provide and they will be found receptive of new ideas and improved practices. Their return to their villages offers a unique opportunity to press forward with agricultural improvement and rural betterment. These two purposes are bound indissolubly together.

The Government is fully alive to the urgency and the vital ~~importance~~ ~~most~~ importance of these issues. For some considerable time past, it has been closely concerned with the essential business of post-war planning. It realises the necessity of being well-prepared in advance for the questions that will face India, like the rest of the world, on the termination of hostilities.

Nation-Building Activities.- Many of the essential nation-building activities are, under the present constitution, the responsibility, primarily or wholly, of the Provinces. The Central Government has, however, been anxious to render all the help it can in this sphere, and there is much to show in the way of achievement. The revival of the Central Advisory Board of Education; the establishment of the Central Board of Health; the lavish grant made before the war from Central revenues for rural development; the work of the Imperial Council of Agricultural Research, which has provided itself an elastic and effective instrument for promoting technical progress; the institution of the All-India Cattle Show Society, which has done so much to encourage the most important matter of care and breeding of cattle throughout the country; the active prosecution of nutritional research; and the great campaign against tuberculosis, which has had so striking a response from all over India - these are all examples of the numerous activities in the nation-building field which have been of concern to the Central Government. The war inevitably has interfered with the development of many of these most important activities, but the war has also shown their vital significance.

(The Hindustan Times,
2/3-8-43.)

Constitutional Enquiry in Kashmir State

The Maharaja of Kashmir has appointed ^{in July 1943} a commission to investigate the working of the existing constitution ~~in 1943~~ of the State. The commission consists of 18 members, a majority of whom are non-officials with Rai Bahadur Ganga Nath as president.

Besides reporting on the constitutional aspect, the Commission will also inquire into some special matters relating mainly to ameliorative public measures. They include nursing and medical facilities in rural and other areas, economic rehabilitation of the frontier districts, future development of State industries, provision of technical, industrial and scientific education and development of local self-government in cities, towns and village areas.

(The Statesman, 21-7-1943.)

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List of the more important publications received in this Office
during July 1943.

Economic Conditions

Indian Central Cotton Committee - Annual Report for the season 1941-42. Secretary, Indian Central Cotton Committee, Post Box, 1002, Bombay. 1943.

Organisation, Congresses, etc.

- (1) Report of the Bombay Chamber of Commerce for the year 1942. Bombay: C. Claridge & Co., Ltd. 1943.
 - (2) All-India Trade Union Congress. Report.- Twentieth Session, Nagpur. 1943. A.I.T.U.C., Model House, Proctor Road, Girgaon, Bombay 4.
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