

# FAIR DEAL TO GOVERNMENT EMPLOYEES

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Submissions to Pay Commission  
by Hind Mazdoor Sabha



HIND MAZDOOR SABHA PUBLICATION  
1958

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This little book gives the full text of the memorandum submitted by the Hind Mazdoor Sabha to the Pay Commission and the Sabha's replies to the questionnaire issued by the Commission.

Both the memorandum and the replies to the questionnaire deal with broad issues and general considerations, since the HMS made its submissions on behalf of working people in the country as a whole. Several trade unions of the employees of the Central Government which are affiliated to the HMS submitted their own memoranda and replies making detailed submissions regarding the emoluments and service conditions of the employees in the particular sector, service or department covered by them.

Bombay,  
March 1958

General Secretary  
Hind Mazdoor Sabha

## MEMORANDUM

The Hind Mazdoor Sabha submits to the Pay Commission the following memorandum in response to the public announcement made by the Commission inviting views and suggestions.

2. In this memorandum, the Hind Mazdoor Sabha (HMS) does not propose to discuss in detail or make detailed suggestions regarding the wages and service conditions of all the different classes and categories of employees of the Central Government. That is a task which will more appropriately and effectively be done for the different sections of the employees in the various departments of the Government, by their respective representative trade union organisations. The HMS as one of the major all-India trade union organisations, would here make its submissions on certain broad principles and considerations of policy which should, in its opinion, be accepted and followed by the Commission.

3. The Government of India is already the largest employer of labour, both industrial and white-collar, in the country. In the years to come, it will be more and more so. Its relations with its employees are, therefore, important not only in themselves but also because they are likely to set the pattern for employer-employee relations in the country as a whole.

4. The objective of social and economic policy of the Government has been proclaimed to be a socialist society, though various terms have been used from time to time to describe this objective. It is the responsibility of the Government to convince the country in general and the working people in particular, that the treatment extended by it to its own employees is consistent with that social and economic objective.

5. The Second Five Year Plan has innunciated certain principles regarding the labour policy to be folowed in the second Plan period. These principles are the result of tripartite consultations held in Labour Panel of the Planning Commission prior to the formulation of the Plan and the HMS submits that they deserve to be given due importance by the Commission. Failure on the part of the Government itself to honour these principles

in relations with its employees would amount to a breach of a pledge and the working people as a whole could not, under such circumstances be expected to place much faith in those principles.

6. One of the most important principles innumciated in the Labour Policy in the Second Plan is that the emoluments and conditions of service of employees in the public sector should be such that employees could take a legitimate sense of pride in belonging to the public sector. It has also been clearly accepted that the public sector, as employers, should be subject to all relevant labour legislation applicable to the private sector and that no exemptions should be sought by the public sector in this respect. This implies that emoluments and the conditions of service and living of public sector employees should be at least comparable in all respects with the best obtaining in employment in the private sector. The HMS submits that this is an important part of the historical background of the question and should be given great importance.

7. One of the terms of reference of the Commission enjoins it to give consideration to the 'disparities in the standard of emoluments and conditions of service of the Central Government employees on the one hand and of the employees of the State Governments, Local Bodies and aided institutions on the other'. The HMS is strongly of the view that the mere existance of the disparities or the possibility of widening them should not deter the Commission from making recommendations that it may otherwise consider fair and proper. Such disparities really prove that the State Governments and the other public bodies concerned are not giving a fair deal to their employees. The default on the part of the State Governments and other public bodies cannot be made a justification for the employees of the Central Government being denied fair emoluments and conditions of service.

8. This is more so as the Central Government as also most of the State Governments are under the control of one and the same political party and profess to follow the same broad social and economic policy innumciated in the Plans.

9. Further, in most cases, the emoluments of the employees of the State Governments and their conditions of service, have

not been decided after a full inquiry nor in consultation with the employees concerned. They have been settled more or less unilaterally by the State Governments concerned. To use them for comparison with the conditions of the Central Government employees would be unfair.

10. The HMS would strongly suggest that if undesirably wide disparities are feared or found between the conditions of the Central Government employees and those of the State Governments and other public bodies, a thorough inquiry should be undertaken by a suitably constituted body into the latter, so as to ensure that the disparities are reduced and that a fair deal is given to the public sector employees not under the Central Government.

### *INTERIM RELIEF*

11. The employees' demand for an interim relief really does not call for a lengthy argument. The facts are incontrovertible. Prices have risen greatly above the level at which they stood at the time of the first Pay Commission. The rise during recent months has been very steep and there is no early prospect of any reduction in the general price level. The opposite appears to be more likely.

12. On the other hand the dearness granted to the employees has always lagged far behind the price levels. Even immediately on the acceptance of the recommendations of the first Pay Commission, the dearness allowance paid to the employees was not that recommended for the then prevailing cost of living index, but for an index about 25 points lower. The emoluments were, thus, not what would be accruing under those recommendations. The two increases in the dearness allowance, subsequently granted, of Rs. 10/- and Rs. 5/- respectively, also did not bring the total amounts of dearness allowance to the level prescribed by the first Pay Commission for the price indices prevailing at the respective periods. During the past six years, no increase has been granted in the dearness allowance, though the rise in prices has continued. Employees in the private sector have been paid considerably increased dearness allowances over the above period.

though even they cannot be said to have received dearness allowance to fully neutralise the increased cost of living.

13. Thus, both absolutely and in comparison with their counterparts in the private sector, the Central Government employees have suffered a steady deterioration in their real earnings and their standard of living.

14. Even at the prices prevailing at the time of the first Pay Commission, the total emoluments of the employees came nowhere near the living wage. Indeed, they fell far short of even the minimum wage by the consumption standards unanimously accepted on a tripartite basis in the recent 15th session of the Indian Labour Conference.

15. In the light of this historical background, no arguments, whether professing to be based on the general economic condition or on the requirements of developmental planning, can justify the failure to protect the meagre real earnings and standard of living from the inroads of rising prices. The Hind Mazdoor Sabha, therefore, emphatically urges that the employees be granted interim relief as demanded by them.

16. The extent of the relief to be granted should be on the basis of the recommendations of the first Pay Commission. Low as the emoluments prescribed by that Commission are, especially in respect of the lower classes of employees, they should at least get the full benefit of those recommendations without any reserve. The employees should, therefore, be given an interim relief such that their dearness allowance including the relief would be the same as what would have accrued to them under the recommendations of the first Pay Commission.

17. Considering the very long period which has elapsed since the last revision of the dearness allowance, the HMS feels that the above mentioned relief should be extended to the employees for a period of at least one year prior to the appointment of the Commission.

### *WAGES AND SALARIES*

18. The 15th session of the Indian Labour Conference held in New Delhi in July 1957, unanimously agreed upon the minimum



consumption standards that should form the basis for the calculation of Minimum Wages. The Central Government as well as the State Governments were parties to the decision and stand morally committed to abide by it.

19. According to this decision:

- (i) The standard working class family should be taken at 3 consumption units;
- (ii) Minimum food requirements should be on the basis of a net intake of 2700 calories of food as recommended by Dr. Akroyd for an average adult Indian of moderate activity;
- (iii) Clothing should be calculated at 18 yards per head, i.e. 72 yards for the family per year;
- (iv) Housing should be on the basis of the rent corresponding to the minimum floor area provided under the Government Industrial Housing Scheme.
- (v) The allowance for miscellaneous items should be 20 per cent of the total of the above three items.

20. It is true that the decision of the Indian Labour Conference mentions the possibility of individual cases in which even the above minimum standards may not be attained. In the context of the main decision, however, this possibility must be deemed to be an exception. If large and important employers of labour seek cover of that possibility for the purpose of paying wages less than those to guarantee the above agreed consumption standards, the exception will become the rule.

21. The HMS insists that under no circumstances should any employee of the Central Government be paid less than what would be required to ensure the above consumption standards, whether on the professed grounds of the general economic conditions or of the requirements of developmental planning.

22. The exact money value of such a consumption packet will vary from place to place. During the past few years, however, there has come about a general levelling up of prices. The places which were considered less expensive in the past are no

longer so now. Hence, local variations in the money value of the minimum wage may not be very wide. In any case, it will be possible to make here a very moderate assessment below which local variations would be unlikely though certain more expensive centres might call for a higher figure. Such a moderate assessment would work out approximately as follows:

i.	Food: Rs. 1.20 per unit per day i.e.	
	Rs. 108.00 per family per month . . . .	Rs. 108.00
ii	Clothing: 72 yards per family per year;	
	i.e. Rs. 72.00 per year at the rate	
	of Re. 1.00 per yard; i.e. per family	
	per month	.....Rs. 6.00
iii.	Housing: Per family per month	....Rs. 15.00
	Total of above three items. . . .	Rs. 129.00
iv	Miscellaneous at 20 per cent of above . . . . .	Rs. 25.80
	Total Minimum Wage	....Rs. 154.80

23. The above is necessarily a rough estimate. The Commission, it is submitted, should undertake a more precise estimate and also find out the extent of local variations. The above estimate, however, is sufficient to indicate that under no circumstance should the minimum emoluments of the employees fall below about Rs. 155.00. The HMS would repeat that the above estimate has been deliberately made very conservatively, and that an actual investigation of the prices may lead the Commission to a substantially higher figure. In that case, it is submitted that the above rough figure worked out by the HMS purely as an indication should not prejudice any higher figure that may be found to be a more accurate. It is also clear that several of the more expensive centres in the country will call for a considerably higher estimate.

24. The HMS would repeat also that in guaranteeing to the employees the above minimum emoluments, no other consideration should be allowed to stand in the way. If the largest employer in the country is to be permitted to escape the liability to pay the minimum wages on the agreed basis, the very concept of minimum wages would be emptied of all substance. In the pri-

vate sector too, it will become impossible to enforce the payment of minimum wages, not to speak of fair wages. Such a course would also undermine the faith of the workers and the people of the country as a whole on the economic and social objectives proclaimed by the Government. Further, the deliberations and decisions of the various tripartite bodies set up by the Government would lose all significance if the Government itself fails to live up to them.

25. Reduction of income disparities is another of the proclaimed principles of the social and economic policy of the Government. The first Pay Commission had suggested the imposition of a ceiling on the maximum salaries paid to Government servants. It is doubtful how far that suggestion has actually brought about a reduction in the disparities in the salaries of the employees. The HMS, however, is firmly of the view that the disparities in the maximum and minimum emoluments are still too wide and quite inconsistent with the general economic conditions in the country and also with the need for the various sections of the community to make sacrifices according to their capacities towards developmental planning.

26. The HMS, therefore, urges that the principle of laying down reasonable maximum above which the salaries of Government servants should not go, needs to be carried further and applied more rigorously. The Commission should give serious thought to the ratio that may be permitted between the minimum and maximum emoluments and the HMS suggests that a ratio of about 1:10 or 1:12 may be considered fair in this respect.

27. With the minimum and maximum emoluments thus determined, the different scales for the different classes of the employees could be fitted in between these lower and upper limits.

#### *CONSOLIDATION OF DEARNESS ALLOWANCE*

28. The above submissions regarding emoluments have been made in reference to the total emoluments. The question of whether these total emoluments should be split up into basic

wages/salaries and dearness allowance, and if so, in what proportion, deserves careful consideration. At the time of the first Pay Commission, there was still some hope that prices may come down substantially. Even at the time of the Gadgil Committee, though the assumption that the prices could come down anywhere near the prewar levels was no longer possible, it was still hoped that a stabilisation of prices at some level somewhat below the then-prevailing level could be achieved.

29. The experience of the past ten years has certainly belied these hopes. Moreover, in the present stage of developmental planning, no one seriously suggests that the prices are likely to be brought down substantially below the present level, not to speak of the levels prevailing at the time of the Gadgil Committee. The most that may be expected is the stabilisation of prices at the present level. There is, therefore, neither any justification nor any reality to the prevailing distinction between the basic wages/salaries and dearness allowance.

30. The artificial distinction between two parts of the emoluments also vitiates the relative differentials that are desirable between the various classes and categories of the employees. A concrete and proper consideration of the subject of relative differentials is possible only on the basis of total emoluments. The consideration of other facilities and amenities, of retirement benefits and leave benefits and so on, is also necessary to be made on the basis of the total emoluments.

31. The HMS, therefore, strongly urges that the emoluments to be prescribed by the Commission should be consolidated emoluments, on the basis of the prices prevailing today. If, fortunately, there is some lowering of prices, which in any case is not likely to be large, the small advantage that the employees would gain thereby may not be grudged considering the serious and continuous diminution of real earnings they have suffered all these years.

33. In the present phase of our economy, when the inflationary pressure is considerable, the possibility of further substantial rise in prices cannot be ruled out. It will be necessary

to protect the employees' earnings in such an eventuality by the grant of suitable dearness allowances above the present price levels.

34. The demand from the employees for consolidation of present dearness allowances into the emoluments and also for additional and separate dearness allowances for increase in prices above the present level, is not self-contradictory. It is based on the principle that while their emoluments should not be subject to the inroads of increase in prices, any improvement in their real earnings resulting from lower prices would be in the spirit of the objectives of the Second Plan and should be welcome.

### *CLASSIFICATION*

35. The first Pay Commission classified Government servants in 4 classes. Class 1 servants are officers and class 2 servants are also supervisory personnel. The generality of employees have been placed in classes 3 and 4. Class 3 employees have been defined as comprising all 'educated, skilled or trained employees.' Class 4 has been defined as that of 'unskilled and unlearned employees.'

36. The term 'skilled' has not been defined by the first Pay Commission anywhere in its report. 'Skill' may, at best, be described for the purpose of classification as an attribute resulting through training. Training may be through school or an institute or through experience. The educated employees who have been put in class 3 are the clerical employees and certain higher clerical posts which may be deemed as lower supervisory posts. It is necessary for this commission to come to a definite conclusion about the classification and in particular to define the term 'skill' more clearly.

37. At present a class of 'semi-skilled' has been interposed between the skilled and unskilled. Here again, the term 'semi-skilled' can not be defined. This results in many skilled workers being placed in the semi-skilled class and thereby losing the benefit of the pay-scales applicable to the 'skilled' class.

38. It is, therefore, submitted that the Commission should classify as 'skilled' and worker whose work needs experience or training, no matter to how small a degree. The intermediate class of 'semi-skilled' may be eliminated. Thus, a skilled worker would start at the lower end of the scale for his class, and as he acquires further training and experience, will continue to climb up. This will ensure that training acquired through experience and not necessarily through an institute or college, will also gain due recognition.

39. The 'unskilled' workmen would be those who are ordinarily in need of no experience and training for performance of their work. Such workmen will, necessarily be a very small percentage of the total number of workers in a factory or an establishment. At present, a large number of workers who are in fact doing work needing skill and experience to a greater or lesser degree, are placed in the 'unskilled' class and thereby deprived of their legitimate wages.

40. At present, heavy manual workers are also classified as 'unskilled'. Heavy manual work, while not needing high skill of a craftsman, calls for certain attributes above the ordinary. It therefore, deserves to be put on a par with 'skilled' work. The Commission should, therefore, treat only untrained workmen doing ordinary kinds of work as 'unskilled,' classify all the rest as 'skilled' and place the heavy manual workmen also along with the 'skilled' class.

41. The HMS strongly submits that all discrimination against Class 4 employees in respect of benefits like leave, retirement benefits and other facilities and amenities are entirely unjustified and should be done away with.

42. The procedure for classification of employees also needs to be carefully gone into. Usually, classification is done unilaterally by the superiors, and once it is made, the opportunities to get it changed in respect of an individual or a group of employees are scarce. The HMS submits that the employees themselves should be associated with the work of classification through a suitable consultative procedure, and such classification

should be open for examination periodically through the consultative procedure. The HMS lays special emphasis on this since, in its experience, wrong and unsatisfactory classification can lead to serious grievances and discontent.

### ***CONTRACT SYSTEM, DECASUALISATION AND PERMANENCY.***

43. *Contract System:* Considerable part of Government work is done by contract labour. A glaring instance is the contract system prevailing in railways. Loading and unloading of goods in railway yards is done by workmen employed by the railways through contractors. The contract changes periodically, usually once in three years. The contract is usually given to the lowest tender. This generally results in reduction in wages.

44. There is no justification for the contract system of employment for work of a permanent nature, for which permanent workers must always be employed by the Government. Loading and unloading work is an integral part of the work of the railways. It has existed ever since the railways came into existence and will continue to exist so long as the railways do. Such work cannot be termed 'casual' by any stretch of the imagination and must be done by workers on a permanent employment.

45. When contracts are offered to the lowest bidders, the system must result in reduction of wages. No contractor in such conditions can offer to his workers the same service conditions and other benefits as go with permanency of employment. Contract labour, must, therefore, be exploited labour.

46. In view of the above and in view of the policy inunciated in the Second Plan, the Commission should specifically recommend the complete abolition of the contract system of employment under the Government, in any case on all work except of an essentially temporary nature. The employees at present working under the contract system should immediately be recommended to be given the status and all the benefits of the permanent employees of the Government in the proper class. Their past service under the contractor should be given due consideration for the purpose of seniority, retirement benefits etc.

47. *Decasualisation:* For the benefits of the dock labourers, the Parliament has enacted a law called the Dock Workers (Regulation of employment) Act, 1958. Under this law, dock workers, who, by and large, are casual workers, are decasualised in accordance with the schemes framed for the purpose. These schemes solve to a great extent the problems of casual labourers, such as guaranteed minimum wage, leave, benefits of provident fund and gratuity and also attendance money when work is not offered. The HMS submits that the Commission should recommend comprehensive legislation on the broad lines of the above-mentioned law, so as to decasualise all categories of Government employees in all department who are at present deemed 'casual.' The interests of seasonal workmen could be protected by such measures.

48. The underlying principle of decasualisation should be that a workman who is casual for no fault of his should be given the benefit of a minimum guaranteed wage and of provident fund and gratuity in proportion to the number of days he receives employment. He should also be entitled to attendance money when work is not given to him.

49. *Permanency:* Conditions still exist where, even after several years of continuous service, Government employees continued to be deemed temporary. The Commission should clearly lay down the principle that an employee should automatically get the status of permanency on working for a prescribed period of time.

### *SERVICE CONDUCT RULES*

50. Government servants' Service Conduct Rules cover practically the whole social life of a Government servant and thus he is always bound by certain codes, practices and rules framed not by the society but by his employer, the Government. These rules appear to have the two-fold purpose of (i) isolating the Government servant from the rest of the society, and (ii) creating a particular class of Government servants, always rising, as it were, above the entire society.



51. These rules were first promulgated and enforced by the foreign imperialist Government. While many of these rules are, and may continue to be observed more in breach, two aspects of them are being enforced rigidly: (i) All Government servants are debarred from criticizing the policy of the Government publicly, and (ii) No Government servant can become a member of a political party and is thus effectively debarred from enjoying citizenship rights bestowed upon him by the constitution.

52. After the year 1949, the Government of India thought of liberalising the rules and announced that members of the families of Government servants were free to join political parties. Soon, it appears, the 'folly' of such liberalisation was 'discovered' by the Government. All Government servants were advised that they should persuade their fathers, mothers, husbands or wives as the case may be to disassociate themselves from political membership or activities of any Party. Not only must he persuade them, but if he is unable to do so, he must declare in writing to his superiors that his efforts to convert his relatives to behave according to norms of the Government servants' class have failed. One member of a family is thus set to spy on another.

53. Not content with debarring its employees from political activities, the Government has recently framed and enforced rules prohibiting them from attending public meetings organised by political parties and from participating in or propagating for any demonstrations, strikes and go-slow actions. The only right a Government employee appears to have is to submit petitions to his superiors or finally to the President of India, 'through proper channels.'

54. The HMS is firmly of the view that such rules are totally inconsistent with freedom and democracy and fundamental rights of the citizens. It is unfortunate that far from liberalising the rules, the Government is adding further restrictions and more rigorous enforcement of the rules.

55. One can plead some justification for such rules being applied to the policy-making or the superior executive officialdom of the gazetted cadre, on the grounds that our people are still subject to class, communal and religious influences to a large

extent. To apply the rules to the rank and file of Government servants, however, is to degrade them to a lesser order of citizenship.

56. The vast number of persons to whom the rules apply render the effect of the rules particularly serious to democracy and freedom. The Central Government alone employs about 15 lakh persons. The rules framed by the Central Government are further copied by most of the State Governments and Local self-government bodies. A large proportion of such employees belong to the public sector of industries and services, whose work is no different from that of other industrial or commercial workers in the private sector. A conservative estimate of the number directly subject to the rules would not be lower than about 30 lakhs, besides their families who are also affected. Under the avowed policies of the Government, this number is further bound to increase very greatly. These figures, of course, exclude the armed forces and the police forces of the State Governments.

57. A Commission appointed by the Labour Government in Britain recommended that 62 per cent of the lower paid employees of the Government could easily be granted full civic rights without reserve. Even on this, there was a great agitation and consequently, even the rest of the workers were granted full civic rights, subject to only one condition that they could not criticise their own department. The employees were permitted, including even the top 10 per cent, to contest elections to local bodies.

58. The HMS strongly urges that the present rules are undemocratic, deprive a large number of citizens of freedom and civic rights and are entirely uncalled for. It requests that the Commission scrap these rules and recommend others in their place which would be more in keeping with the fundamental principles of freedom and democracy. The least we can do in this respect is to learn from the practice in Britain mentioned above.

#### *RETIREMENT BENEFITS*

59. Retirement benefits are in essence, a deferred payment of wages for service which has been already performed. Being

a deferred payment, there can be no justification for a security at the end of the service to find out if an employee has become entitled to retirement benefits. An employee must be deemed entitled to them by the mere fact of being in service. The HMS is of the view that the view adopted by the first Pay Commission that retirement benefits are not deferred payment of wages but that they are an award for faithful and satisfactory service, is wrong and should be rejected.

60. Retirement benefits have also an element of social security. A person who has served his country for a long period should have some security for his old age. He should be able to take care of himself and his family and live for the rest of his life at a standard not too much below the standard to which he gets accustomed during his working years. It is the obligation of the State to provide for its employees retirement benefits which will satisfy this test.

61. The first Pay Commission was weighed down by the consideration of not increasing the 'non-effective charges' of the Government. The recommendations made by them were therefore halting and unsatisfactory. When the question is being examined now, mere financial considerations should not decide the issue. Considerations of justice and equity and the obligation, accepted by most civilised States of providing adequate security to their employees during their old age, should have a decisive bearing on the quantum and the quality of the retirement benefits to be provided.

62. In the light of the above considerations, the HMS suggests that the following scheme of pensions should be recommended by the Commission:

(i) A pension at the rate of 1/50th of the average salary drawn during the last year of service for each year of service. An employee should become entitled to the full quantum of pension after 25 years service and for additional service put in by him, he should get increasing pension at the above-mentioned rate.

(ii) An employee should become entitled to pension after he has served for twenty years. The quantum of pension will depend upon the actual number of years served.

(iii) In case of premature death during service the pension due to the employee should be paid to his heirs for a certain definite number of years. If death occurs after retirement but before a lapse of the above number of years, the pension should continue to be paid to his heirs for the remaining period. In case of disablement of the employee he should be entitled to a proportionate and a disability pension.

(iv) If the employee is in receipt of a dearness allowance as distinct from his basic salary, the pension should be calculated on the total emoluments.

63. The HMS also suggests that an insurance of at least Rs. 1000.00 should be taken out in the name of an employee immediately on confirmation. The sum insured should be raised by at least Rs. 250.00 every three years. The assured sum should be payable to the employee on retirement or on premature death or leaving service. The premiums on the policy should be paid by the Government. The sum assured in the beginning as well as the increments to be made every three years should bear a certain proportion to the emoluments, both being higher in case of the higher paid-employees.

64. The HMS understands that the Life Insurance Corporation is offering to private employers, group insurance schemes assuring to all their employees death-cum-superannuity benefits. Several variations within the scheme structure are understood to be possible. The HMS would strongly urge that such possible proposals should be explored with the Life Insurance Corporation of India to see how the maximum cover against old age, death and other misfortunes could be provided for the employees.

65. The Government of India, in the Ministry of Labour is also known to be studying possible schemes for integrated social security for working people. Such security would cover sickness, unemployment etc. in addition to old age, accidents and death. It is greatly desirable that such an integrated social security scheme should be evolved and made applicable to the Government employees at the earliest.

66. The industrial workmen employed in the Government of India's undertakings are not, as a rule, covered by the

Employees State Insurance Act and Scheme, though other industrial workmen in several centres have been brought under the purview of the scheme. The medical benefits that they get at present are not adequate. It is desirable that the coverage of the Employees State Insurance Scheme should be extended to Government Employees wherever the Act has been applied, without the present benefits being taken away. It may be mentioned that in many private firms the employees who are covered by the Employees' State Insurance Scheme also get other benefits like sick leave with pay from their employers.

### *CONSULTATIVE MACHINERY AND GRIEVANCE PROCEDURE*

67. It is a recognised phenomenon that where personal contact with the employees and the top management does not exist or is too remote and infrequent, grievances tend to accumulate and discontent to get accentuated. In such cases, great care has to be taken to evolve a suitable consultative machinery and grievance procedure by which the employees can have easy and effective channels for getting their grievances enquired into and redressed.

68. In the case of the public sector, the distance, both administrative and physical, between the employee and the officers who regulate and direct policy is apt to be great. The problem of a proper grievance procedure is, therefore, all the more important. Facilities and arrangements in this respect are hardly in existence at present. The mere freedom to submit petitions to superiors cannot be deemed to be adequate for the purpose.

69. The HMS, therefore, submits that the Commission should prescribe an appropriate grievance procedure and consultative machinery at various levels for hearing and redressal of the day to day grievances of the employees. The main features of this should be:

(i) Provision of standing bi-partite machinery at all possible levels which will be easily approachable by individual employees;

(ii) Representation for employees through persons of their free choice;

(iii) Right of an individual employee to be represented before the machinery by the trade union to which he belongs;

(iv) Speedy and objective working;

(v) Provisions of appeals in suitable cases to higher organs of the machinery.

70. For such a machinery to work effectively, it will also be necessary to delegate wider power to the officers on the spot. The present system wherein all power tends to be concentrated at the top is not conducive to speedy and satisfactory hearing and redressal of grievances and effective consultation.

71. The model of the Whitley Councils in the United Kingdom would be of great use in evolving such machinery and procedure. The Government in our country should be prepared to go much further than that, since it has an avowedly socialist objective and has pledged to the working people as a whole the right of participation in management.

72. An essential condition for the proper working of such a machinery, and indeed for the establishment and maintenance of smooth and amicable relations with the employees, is the unreserved recognition to the trade union rights of the employees and their organisations. The Government should never hesitate to recognise and deal with the trade union of the employees' own choice, and a proper democratic procedure should be adopted for enabling the employees to express such choice. In any case, the Government should not prescribe any special conditions for the recognition of trade unions of its employees, such as are not applicable to the trade unions of employees in the private sector.

### *ECONOMIC DEVELOPMENT AND WAGES*

73. It has often been argued that in consideration of the developmental programme of the nation, the workers should agree to a wage freeze. It is pointed out that if wages are raised it will have an adverse effect on the development programme.

Wages would increase the spendable income in the community and in view of the limited supply of consumers' goods it will result in higher prices neutralising the effect of the wage rise. Higher wages would also raise the cost of production and, therefore, the prices of commodities. Apart from the adverse effect on the consumption of the workers, it will also generate inflation spiral in the economy thus inconveniencing the whole community. Further, it is argued, any rise in wages would require more finance to produce the same quantity of goods and in view of the fact that our financial resources are also limited, this would decrease production which would again push prices up.

74. Stated in this form the argument against wage rise has some apparant plausibility. But a closer examination of the arguments would reveal fallacies which impair considerably its validity.

75. Workers form a very small proportion of the total population of our country. They also get a very moderate share in the total national income. Increase in wages, therefore, need not have the same impact on prices as it will have in more industrially advanced countries where workers form a fairly large proportion of the total population. If the changes in currency in circulation may be taken as a very rough measure of the changes in spendable income, it would be found that the price changes bear no visible relation with the changes in spendable income. In the year 1956-57 for instance, the increase in currency in circulation was very moderate and yet the prices rocketed out of all proportion to this rise. This shows that the impact of wage rise on prices has been much exaggerated in some quarters.

76. Nor should rise in wages necessarily increase prices. The component of labour cost in the total cost of production is not so high as to warrant such a rise in prices. If the Government control machinery works efficiently it should succeed in preventing the burden of higher wages from being passed on to the consumer. And if the Government control is absent or inefficient, prices will rise even if the wages and the cost of production remain stationary.

77. Lastly, there is the argument of scarcity of financial resources. There is no doubt that our financial resources are very limited compared to our requirements, and all possible care should be taken in allocating these resources for various uses. But it would not be correct to argue that higher production should necessarily require more financial allocations. Today, the productivity in our industrial and administrative establishments is low because of faulty lay-out, uncongenial working conditions and lack of adequate training. Higher wages should act as a spur to increase in productivity thus reducing the cost of production. If this is done, the same or even greater production should be possible with the same financial allocation.

78. It is significant that the Planning Commission while fully conscious of the paucity of our resources has nevertheless recommended in its report on the Second Five Year Plan that 'a Wage Policy which aims at a structure of rising real wages should be evolved'. Nothing has happened during the period since the report was prepared and submitted by the Planning Commission and approved by the Parliament to necessitate a revision of this fundamental proposition on wage policy so categorically laid down by the Planning Commission.

#### *FACILITIES AND AMENITIES.*

79. The HMS would welcome extension in the amenities and facilities enjoyed by the employees at present. Particularly in respect of housing, better provisions would be very important and would go a long way. The HMS would, however, urge that facilities and amenities cannot be deemed to be substitutes for fair and reasonable emoluments. When the wages/salaries are inadequate, as at present, mere extension of some facilities and amenities will not add to the employees' satisfactions in the job. In such cases, priority must go to the payment of fair and reasonable wages.

80. The HMS would finally express the hope that the recommendations of this Commission will result in the noble and progressive declarations of policy and principles made by the



Government from time to time, being given some concrete shape and effect in actual practice so that the confidence and the morale of the working people as a whole and of the Government employees especially, will be strengthened.

The HMS will greatly appreciate an opportunity for its representatives to meet the members of the Commission to further elaborate and elucidate the above submissions.

## ANSWERS TO THE QUESTIONNAIRE

*Question 1:* What are the principles with reference to which the structure of emoluments and conditions of service of the Central Government employees should be determined?

*Question 2:* The different principles suggested from time to time are: (i) that the Government should be a model employer, (ii) that the Government should pay what is necessary to recruit and retain an efficient service, and (iii) that the primary principle should be fair comparison with the current remuneration of persons employed on broadly comparable work outside the Civil Service, taking into consideration all differences in other conditions of service, such as security of tenure, prospects of promotion and retirement benefits. Do you consider any of these principles to be wholly or partly suitable in Indian conditions?

**Answer:** All the three principles enumerated above must be considered relevant to varying degrees. In addition, certain other principles must also be taken into account, such as: (i) No Government employee should be denied a Minimum Wage; (ii) the whole structure of wages and salaries should be consistent with the broad objectives of social policy enunciated by the Government and accepted by the country, e.g. building up of a socialist society, narrowing down of economic disparities, workers' participation in management etc. These considerations should also guide matters like service conduct rules, retirement benefits, housing, social security.

It is possible that some of these principles might conflict or appear to conflict, with each other and it may be necessary that one may have to be weighed against another. The HMS believes that the following would be the proper order of priority:

- (i) No Government employee would be paid less than a Minimum Wage;
- (ii) The Government should be a model employer;
- (iii) The emoluments and all other conditions of service should be consistent with the broad objectives of social policy;

- (iv) The emoluments and conditions of service should be comparable with those obtaining in private employment on broadly similar kind of work. Conditions in private employment vary considerably and it is important that comparison is not drawn with those which are least favourable to the employees;
- (v) The Government should pay what is needed to recruit and maintain an efficient civil service.

*Question 3:* Do you think that the State as an employer should be distinguished from private employers? If so, in what respect? In particular, do you think that the mutual rights and obligations of the State and its employees and the general relationship between the two should be governed by principles different from those applicable to private employment. And should the fact that as a rule private employers operate for profit while State employees have to be paid out of general revenues make a difference on which the emoluments of the latter should be fixed?

*Answer:* Yes, in certain respects the State as an employer needs to be distinguished from private employers. However such distinction must, as a rule, be to the advantage of the employees.

The State has the obligation to live up to the social and economic objectives and policies that it places before the society. The State's position as an employer is not mainly by virtue of its being the owner of capital invested in an undertaking as in the case of private employer. Similarly, no person or persons in the public sector can claim to be entitled to any particular power or privilege on the strength of the capital invested. Hence, all persons working in the public sector, whatever their position in the hierarchy of administration or management must enjoy an equality of status to a far greater extent that is possible in the private sector. In a certain sense the employee on the lowest rung of the ladder must be deemed to be a participant in an important national activity as much as one in the highest position. It is the responsibility of the State as employer to inspire this basic feeling of equality and of participation among its employees.

The State has vast powers to control the actions of the citizens and it has been found by experience that the State does not hesitate to use these powers in unfairly restricting the freedom of organisation and action of its own employees. For the private employer who has no powers similar to those of the State, such restrictions on the employees' rights and actions is impossible. Hence, employees of the State require far more real and effective protection for their rights of organisation and action as employees.

The statement that private employers operate for profit while the State employees have to be paid out of public revenues is true only to a limited extent. In a planned economy, the activity of the profit motive even in the private sector must be strictly restricted, and the State undertakes the responsibilities of providing conditions wherein important and useful productive undertakings and services in the private sector can continue to operate. On the other hand, vast numbers of employees of the Government like the railwaymen, post and telegraph, workers in the large industrial undertakings under the Government etc., cannot be said to be paid out of public revenues in any-real sense of the term. It would be more accurate to say that the surplus of these undertakings is appropriated to public revenues while the workers themselves are paid out of what they produce as commodities or services, much as in the case of private sector. This category already forms a large majority of the total employees of the Central Government who are covered by the enquiry of the present Pay Commission, and their proportion to the total is likely to increase rapidly in future.

Another point to consider is that the State as employer does not operate in a competitive system as a private employer has to do. The final price of the product or service is fixed by the Government, and in such fixation, factors other than those of costs or supply and demand play an important part. Besides, the very fact that emoluments of state employees have to come out of the public revenues, to the extent to which it is correct, implies that the level of emoluments of Government employees is essentially a question of priorities. Hence, the State will have

a greater degree of freedom and flexibility in the matter of its wage-bill than a private employer.

However, the minimum wage is purely need-based, and in the obligation to pay it, no distinction can be made between the State and private employers.

*Question 4:* Should there be any differentiation between the conditions of service of persons employed in the industrial establishments and commercial or semi-commercial Departments of the Central Government and those of their other employees? If so, what and why?

*Answer:* Hind Mazdoor Sabha is of the opinion that industrial establishments and commercial and semi-commercial Departments of the Government should be placed in charge of statutory autonomous corporations. This will lead to greater efficiency and better service to the public. Wages, salaries, and conditions of service of the employees of the various corporations should be determined after taking into consideration their peculiar conditions of service and the profits made or the business transacted by the organisations.

The present lumping together of all government employees leads to a large number of anomalies and unfair treatment to various classes of employees engaged in arduous work. A scheme of a more just recommendation can be worked out if industrial and commercial Department employees are separated from others. It will be possible then to take into consideration the peculiarities of each type of service and relate emoluments to the service that may be rendered by the individual as well as the concern as a whole. This will definitely lead to a higher level of efficiency.

*Questions 5:* Should an attempt be now made to re-mould the structure of emoluments and conditions of service of the Central Government employees so as to reduce economic inequalities?

*Answer:* Emphatically yes. This is particularly necessary, apart from the intrinsic justice of reducing economic inequalities, since:—

- (2) reducing economic inequalities is one of the declared objectives of the Second Five-Year Plan;
- (2) the declared objective of a socialist society also demands a reduction of economic inequalities;
- (3) the people of the country including civil servants are being exhorted to undertake heavy sacrifices in order to make economic development of the country possible. The people will not be induced to such heavy sacrifices if a small number of people in the country continue to enjoy very large incomes and very high standards of living. The principle of equitable sacrifice must be observed.

*Question 6:* If a change is made in the pattern of emoluments in the Civil Service, without a similar change outside, what is likely to be the effect on the quality of recruits to the Service?

*Answer:* When the emoluments of the lower categories of civil servants are considered it is argued by some that since their employer is not any profit making concern they should be prepared to work for emoluments which may be lower than those offered in well established concerns in the private sector. Appeals are also made to patriotism and to the developmental needs of the country in support of the argument that lower categories of civil servants should be satisfied with lesser emoluments than those earned by their brothers in the private sector.

However, when the emoluments for higher categories are discussed it is argued that their emoluments must be comparable to those available in the private sector in order to attract and retain personnel of sufficient competence. This is an instance of double standards. Since this category of civil servants is in any case very well paid it is the more reason why appeals to social justice, patriotism and the developmental needs of the society should be addressed to them rather than to the lower categories which are admittedly very meagrely paid.

On a broader consideration, the HMS would urge that the present wide economic inequalities in the society as a whole are

really a measure of the non-fulfilment of the objective of the Second Plan to reduce inequalities. This default needs to be remedied by immediate governmental action on the widest possible scale. It cannot, however, be argued as a justification for maintenance of undue disparities in the incomes of civil servants. Such an argument would really imply that the present economic inequalities in the society as a whole are going to be perpetuated, an implication which labour would strongly reject and which the Government itself cannot by any means justify.

Quite apart from the above, the question of incentives in the civil service needs to be more basically re-considered. It is wrong to assume that monetary emoluments are and must remain the sole or even the principal inducement to join civil service, especially at the higher levels. Fringe benefits, conditions of employment and work, the feeling of co-partnership in a vast and ambitious undertaking and authority are also some of the considerations which should appeal to personnel in the upper categories more than they can in the lower. Care should be taken that senior civil servants feel an increasing degree of employment satisfaction in above respects.

*Questions 7:* The Central Pay Commission (1946) thought that their recommendations had to be made within the framework of the existing socio-economic structure and that any attempt to remedy social inequalities should be made directly by the State by measures, such as taxation, that would embrace all classes of citizens. What is your view?

*Answer:* Social objectives have been far more categorically defined during the 12 years that have elapsed since the appointment of Central Pay Commission (1946). The ruling party has contested and won two general elections on a categorical promise to the people for a radical change in the social structure. Both the 5-Year Plans also were claimed as concerted efforts of the nation towards a radical re-construction of the society. It is, therefore, not only desirable but mandatory on the Government to take every possible step that will be in the direction of re-organisation of the present social structure. The HMS cannot, therefore, accept the position of the Central Pay Commission of

1946 that their recommendation had to be made within the framework of the existing social economic structure, as valid today. The present Pay Commission has the authority to recommend far reaching measures towards changing the social-economic structure and it would be its duty to make such recommendations so as to further the declared objectives of social policy.

Apart from the above, taxation as a means of reducing economic inequalities has only a limited effectiveness. The existence of large incomes is in any case detrimental to the policy of socio-economic equality no matter what the taxation structure may be. This is all the more true in conditions where a large proportion of taxation is in the indirect form and burdens the poorer sections of the community more than the richer.

*Question 8:* Should the maximum remuneration be a predetermined multiple of the minimum, and if so, what multiple?

*Answer:* Yes. The maximum remuneration should be a reasonable predetermined multiple of the minimum. The HMS feels that this should be so not only in civil service but in respect of all kinds of incomes in the country as a whole. The HMS suggests that 1:10 or 1:12 would be a reasonable ratio of minimum to maximum incomes.

*Question 9:* Or, should the maximum and the intermediate rates of remuneration be so designed as to ensure recruitment, at different levels of the Service, of persons with requisite qualifications and abilities?

*Answer:* Please see reply to question 6. The HMS cannot agree that the emoluments of the lower categories of employees should be subject to considerations of the national income, the needs of developmental planning, etc., and that the upper categories should be paid whatever they demand as the price of serving the Government.

## II—Minimum Remuneration

Many questions in this section relate to a national wage policy. The Second 5-Year Plan had promised to the country "a wage policy that would aim at a structure with increasing real wages".



No concrete steps have, however, been taken so far to evolve any principle of national wage policy which can be of guidance to authorities called upon to fix wages/salaries like the present Pay Commission, or the Wage Boards for the textile and sugar industries. The HMS has consistently demanded that such wage policy should be discussed on the widest and most fundamental basis. No urgent effort has, however, been forthcoming from the Government.

*Question 10:* What is your opinion about the concept of an absolute minimum wage? Is the capacity to pay a relevant factor?

*Answer:* The concept of absolute minimum wage has been widely discussed in various Industrial Tribunals, Wage Boards and Tripartite Conferences. It has been gone into fairly fully by the Fair Wages Committee appointed by the Government of India in 1948. The concept is simply that a person who is employed on doing socially useful work must be paid an income which will assure to him and to his family a certain minimum quantum of needs of life so that they may live. The capacity to pay is, in the opinion of the HMS, not a relevant factor in the obligation to pay such a minimum wage since it would be socially and morally unjustifiable to employ any person on a wage which would be lower than the above.

Without prejudice to the above it would be necessary to examine this question more fully. For instance, the words "capacity to pay" have never been very fully or carefully defined. Certain charges are often considered as prior charges having precedence over minimum wages. Hence the question of capacity to pay usually becomes a question of priorities among various cost items. The HMS would urge that minimum wages which is the human cost item must have a precedence over others.

For the purposes of the enquiry of the present Pay Commission the question of capacity to pay may be considered to be less important since the employers in this case are the Government of India. It is conceded that the resources even of the Government

of India are not unlimited; but in this case the question is not so much of capacity to pay as of the relative priorities of various demands which are to be met out of the available resources. The HMS strongly feels that the payment of a minimum wage to its employees must rank among the topmost priorities in this case.

The HMS would also draw attention to the fact that the Government of India has often resorted to creation of financial resources by deficit financing and justified such action for meeting the developmental requirements of the plans. If the factor of capacity to pay can be stretched to the extent of several hundred crores of rupees by resort to deficit finance, it is difficult to understand how a burden of a few crores in order to meet a moral and social obligation categorically accepted can be shirked on the plea of incapacity to pay.

*Question 11:* Does the minimum wage principle involve uniformity of remuneration at the lowest level of employment in various sectors and in particular of the following: (a) organised industries; (b) small-scale and cottage industries; (c) agriculture and (d) Government service?

*Answer:* The minimum wage principle does not involve uniformity of remuneration at the lowest level of employment in all sectors of the nation's economy. It stipulates the rock-bottom minimum without suggesting that sectors which are in a more favourable position do not have the liability of fixing the minimum wage in their own sector at a level suitably higher than the rock-bottom minimum. The HMS has all along demanded the fixation of a National Minimum Wage so that the concept of the minimum wage may become clearer and the minimum should not be argued to be the uniform or the maximum. The prescription of such a National Minimum Wage would be one of the most important aspects of a national wage policy which so urgently needs to be defined. The HMS is, therefore, of the opinion that the appropriate course would be to fix a national minimum wage below which nobody should be permitted to be paid irrespective of the sector in which he is employed. Minimum wages for different sectors, industries and regions may then be prescribed

which will be suited to the particular circumstances but will never be lower than the national minimum wage.

*Question 12:* In a country like India where many self-employed persons and others working in farming and cottage industries are not assured of minimum remuneration, would the enforcement of minimum wages in other sectors of the economy be justified?

*Answer:* This question seems to imply that because certain sectors of the nation's economy are at a sub-subsistence level the other sectors should also be permitted to pay sub-subsistence wages. This argument would have some validity if there was a willingness to extend it over the society as a whole, i.e., if the more privileged sections of the society were prepared to accept an ordinance of self-denial and to bring their own standard of living down to those in the sub-subsistence sectors. So long as this is not seriously done the low level in the sub-subsistence sectors of economy can never be argued to the prejudice of the claims of other wage-earners for a minimum wage.

The HMS is aware that the above argument is often sought to be rebutted by saying that we should aim at distribution of wealth and not of poverty and also by saying that if the wealth of all the rich people were confiscated and re-distributed among the whole population there would be no significant rise in the standard of living of the people as a whole. This counter-argument, however, misses the whole point which is: Is there any social justification for the wage earners in the organised sectors of economy being kept at a sub-subsistence level of wages on the ground that certain large sectors of the country's economy are themselves at a sub-subsistence level, when the same circumstance is not accepted as a valid ground for limiting all incomes at a low level.

Without prejudice to the above, for the purpose of the enquiry of the present Pay Commission it is not absolutely necessary to go into this wider question. As stated earlier it would be more appropriate in the formulation of a National Wage Policy than in a limited enquiry of the present kind. In practice questions of wages have always been decided within a given limited scope and considerations of fairness and equity have been applied within

that limited scope. For this enquiry, it will be adequate for the Commission to decide whether a minimum wage can and should be paid to the employees of the Central Government without necessarily going into the question of whether it can or should be paid to all wage earners in the country.

*Question 13:* What priority would you attach to the granting of minimum wages? Does it, for example, have a priority over capital formation and thus over economic development and expansion of employment?

*Answer:* The HMS would attach the highest priority to the granting of minimum wages.

The latter part of the question needs to be more carefully scrutinised. The implication of the question appears to be that if the economic development demands the payment of sub-minimum wages the same will be justified. It must be examined carefully if this assumption itself is correct. The HMS denies that the granting of minimum wages would necessarily hamper capital formation and economic development. The present difficulties in these respects are certainly not due to payment of high wages but due to other causes which are not related to wages. The payment of minimum wages would not necessarily add to the burdens of the industry as we have made clear in paras 73 to 78 of our earlier memorandum to this Commission. In any case, so long as private profits, return on investments and on loans, rents, absentee ownership in land, etc., appear to have a priority over capital formation and economic development the question of whether minimum wages should have such priority can hardly be raised.

The HMS feels that the payment of minimum wages is not a question to be viewed purely from its financial implications. Quite apart from the considerations of social justice, it must also be borne in mind that convincing the working people in the country that they are being given a fair deal is one of the pre-conditions for enlisting their whole-hearted cooperation in all efforts of nation-building. The HMS rejects the contention that the potentiality of development can be measured only in terms of the crores

and hundred crores of investment. It has been widely complained both in official and non-official circles that the people as whole have not been fired with the necessary enthusiasm for the programmes in the 5-Year Plans. The HMS submits that one of the most important reasons for this state of affairs is the failure to take into consideration the human, psychological factors. It is due to the failure of the Government to follow policies which bring about any significant improvement in the wages, conditions of work, conditions of living and the social status of the working people that there is so much despondency and lack of enthusiasm all round.

Both by the declarations in the Second 5-Year Plan and by various statements of policy made by its spokesmen, the Government is committed to the payment of minimum wages to working people. Refusal to do so at this stage on grounds of the requirements of capital formation and economic development would only further accentuate the feeling of despondency and discontent and will even lead to loss of faith in the declarations of the Government. Steps to remove despondency and discontent by the grant of minimum wages and by other measures would not only be justified but are absolutely necessary in the interest of economic development.

The impact of wages on employment in a country like ours needs no doubt to be borne in mind. Past experience, however, has shown that in spite of low wages and vast investment, employment has hardly improved. In the opinion of the HMS the theorem that higher wages would mean lower employment cannot be very rigidly accepted in our conditions, especially in a planned economy. Low wages alone will not make any significant contribution towards increasing employment. The remedy lies in emphasis on labour-intensive development schemes rather than capital-intensive ones. The Government itself, however, seems to be concentrating only on the capital-intensive schemes without worrying about the expansion of employment. It would be wrong for the Government on the one hand to follow policies of capital-intensive development and on the other to ask workers to live on a low level of wages so that employment may expand.

The severe fluctuations in employment during the past years in spite of more or less stationary wages shows how employment is affected more by other factors in our country's economy than by wages themselves.

The HMS would therefore repeat that:

- (1) The grant of minimum wages should have top priority;
- (2) At present factors like profits, interests, rents and very high emoluments for the higher category of employees appear to be getting a priority over both minimum wages and over capital formation and economic development. The claim for minimum wages would certainly have a priority over such other factors.
- (3) The grant of minimum wages need not necessarily conflict with capital formation and economic development and hence the question itself may be incorrect;
- (4) Grant of minimum wages would create the human and psychological incentives for better economic development;
- (5) The volume of employment in India has been governed not so much by wage levels as by various other factors in the economy. Increasing employment can be achieved by following policies of labour-intensive development and not by a policy of low wages;
- (6) The Government being committed to a policy of granting minimum wages would be guilty of breach of faith if it refuses to do so and the psychological consequences of such breach of faith among the working people would be disastrous to national development.

*Question 14:* It has been stated that since the report of the Central Pay Commission (1946), there has been evolution of a national policy on minimum wages, culminating in the unanimous recommendations (reproduced in Appendix I to this questionnaire) of the 15th Session of the Indian Labour Conference held in July 1957, that the minimum wage should be such as to satisfy certain specified minimum needs. It has been urged by many of the employees' organisations that the minimum remuneration

of the Central Government employees should be determined accordingly, and that the remuneration so determined should serve as the base for constructing the entire structure of remuneration. It is claimed that on the above basis, the minimum remuneration, variously calculated, ranges at the current prices from Rs. 110 to Rs. 137 per month.

Do you consider that having regard to the social desirability of ensuring a minimum living standard to the Central Government employees on the one hand, and the present level of national income and the need for promoting economic development and employment on the other, the minimum remuneration suggested is fair, reasonable, and feasible?

Answer: Certain principles regarding minimum wages have certainly emerged, at least on paper, as a result of the deliberations of the Central Pay Commission (1946), various Industrial Tribunals and the Labour Appellate Tribunal, the Fair Wages Committee, etc. The unanimous resolution of the 15th Session of the Indian Labour Conference was certainly the solemn acceptance of most of those principles by labour and capital as well as by the Government. There can be no question whether the principles enunciated there should be implemented or not. The item on the agenda of the Indian Labour Conference was:

“No. (8) Wage policy during the Second Five-Year Plan.”

There would have been no points in discussing the subject and passing a unanimous resolution on it if all parties did not accept the solemn obligation of implementing it. The parties expressed their views at the Conference presumably with the fullest sense of responsibility and with full consideration of all related factors like the requirements of national economy and developmental planning. The HMS refuses to concede that the resolution was only a pious declaration of good intentions and not a solemn commitment to action. This is particularly clear from the following clause in that resolution: “Whenever minimum wage fixed was below the norms recommended above, it would be incumbent on the authorities concerned to justify the circumstances which prevented it from adherence to the aforesaid norms.”

If that resolution is to be treated as all other previous declarations of policy, then labour would lose all faith in tripartite consultations and the decisions made therein. Indeed, it would appear that where labour enters into a commitment, for instance, on discipline or rationalisation and so on, steps are promptly taken to hold labour organisations to these commitments, but when equally solemn commitments are made by employers and the Government they are to be treated as no more than expressions of good intentions. The HMS is strongly of the view that it is not open for the Government even to plead exemption from the payment of minimum wages to which it stands morally committed.

The HMS is not aware as to who have computed the money value of minimum wages as ranging at current prices from Rs. 110 to Rs. 137 per month according to the resolution of the Indian Labour Conference. The HMS estimates that at current prices even in relatively less expensive centres the minimum wage will not fall below about Rs. 155 per month and will be much higher in relatively more expensive centres. In any case the HMS cannot accept the range from Rs. 110 to Rs. 137 as consistent with the resolution of the Indian Labour Conference and would suggest that the Commission collect data to make its own calculation to arrive at the correct figure.

In the light of the reply given to questions Nos. 6, 7, 10, 12 and 13 above, the HMS is strongly of the view that the grant of the above minimum remuneration is not only reasonable and feasible but is necessary and obligatory on the Government.

### III—Dearness Allowance

*Question 15:* Under the present system, the total remuneration of employees with basic salaries not exceeding Rs. 1,000 is separated into two elements: (a) a basis salary determined with reference to a cost of living figure in the range 160-175 (1939=100), and (b) a dearness allowance payable so long as the cost of living continues to be substantially higher than the above range. Do you consider that this system of separation of remuneration into two elements should continue in order to provide for price fluctuations? If so, up to what level of salaries?



*Answer:* The HMS is firmly of the view that there is no further justification for continuing the present practice of splitting the emoluments in basic salaries and dearness allowance. Nobody seriously believes now nor is it claimed by the Government that there will a significant reduction in the present level of prices. There is therefore no reality to concept of 'basic' wages/salaries paid at present. The HMS would urge that the Commission make a recommendation for fixing emoluments for employees on a consolidated basis.

It is too early to say whether any substantial rise in the price levels above the present is going to take place, though a substantial fall may fairly be ruled out. The HMS, therefore, feels that the employees will need to be compensated for any substantial rise in prices that may take place in future. We would suggest, however, that the consolidated wages/salaries that the Commission may recommend may be deemed applicable over a fairly wide slab of price levels so that adjustments may not be necessary for a very small rise or fall. Only in case of really substantial rise should a question of adjustment arise. In case of small falls in the price levels there is no justification for any reduction in emoluments since in the past the employees have been subjected to serious hardship because of the refusal of the government to increase the dearness allowance with increase in cost of living. Any small relief that a fall in prices may bring about would only be a compensation and a partial one at that, for the hardship they have already put up with. Moreover, fall in prices will bring benefits all round including to the Government itself and there is no reason why the civil servants should be deprived of such benefits by a reduction in their emoluments consequent upon fall in prices.

The subsequent questions regarding dearness allowance are replied to by the HMS without prejudice to the above general contention.

*Question 16.* What is the cost of living level with reference to which the basic salaries should now be determined, considering the movement of prices in recent years and the economic trends generally?

*Answer:* The cost of living level with reference to which emoluments should now be determined is that prevailing for the period September 1957—March 1958 considering the prices prevailing in recent years and present economic trends.

*Question 17:* If a dearness allowance is to be paid so long as the cost of living remains significantly above the price level with reference to which the basic salaries are fixed, should the allowance be varied automatically in accordance with changes in the cost of living figures? Or, should variations be made on a consideration of all the circumstances prevailing at the time?

*Answer:* Subject to what has been stated in reply to question 15 above the HMS is of the opinion that the dearness allowance should vary automatically with changes in the cost of living figures. Such changes may, however, be based on fairly wide slabs of the cost of living so that the fluctuations are not too frequent.

Experience has shown that if variations in the dearness allowance are made dependent upon "considerations of all the circumstances" from time to time the employees do not, as a rule, get fair and timely relief from increase in cost of living.

*Question 18:* To what extent do the cost of living indices or consumer price indices provide a basis for adjustment of wages consequent upon changes in prices or value of money?

*Question 19:* Does the 1949 series of Working Class Consumer Price Index faithfully reflect the change in the cost of living of say Class IV of Government Employees? If not what adjustments would you suggest and why?

*Answer:* Cost of living indices or consumer price indices would provide a suitable basis for adjustment of wages with changes in prices provided:—

- (a) the basic emoluments are fixed in accordance with the view expressed in reply to question 15 and 16 above; and
- (b) the indices themselves are more accurately related to the present needs, consumption pattern and family budgets.

The 1939 series of the Working Class Consumer Prices Index does not faithfully reflect the cost of living of any class of govern-

ment employees since the weightages for different expense items are based on family budget enquiries and consumption pattern which are no longer applicable at present. A reliable index can only be based on a study of present relative expenditure on various items of consumption and in the context of the consumption levels recommended under the resolution of Minimum Wages of the 15th Session of the Indian Labour Conference. Mere reliance on present expenses will not be adequate since present consumption standards are admittedly below par and below those recommended in the above mentioned resolution of the Indian Labour Conference.

The HMS understands that the Ministry of Labour is conducting family budget inquiries in some selected centres in the country. It is not known, however, on what basis these inquiries are being made and whether it is intended to evolve some kind of tie-up between the 1949 price levels and consumption pattern and the results of the current inquiry.

*Question 20:* Should the rate of increase in the dearness allowance be such as to neutralize the increased cost of living? It has been suggested that the rate should be a tapering one effecting full neutralization in the lower salary ranges and a diminishing rate of neutralization as the salary increases. What is your opinion?

*Answer::* For the lowest paid categories of employees the increase in dearness allowance should certainly be such as to neutralize the increased cost of living. Even after this category of employees is granted minimum wages in accordance with the resolution of the Indian Labour Conference they would still not be far above the bare subsistence level and it would be wrong to impose further sacrifices upon them by keeping dearness allowance lower than needed to neutralize the increase in the cost of living. For employees of the upper categories, tapering scale of neutralization dependent upon their emoluments would be justified.

*Question 22:* At what intervals, and for what duration and magnitude of fluctuation in the cost of living, should the dearness allowance be revised?

**Answer:** It is suggested that the dearness allowance should be subject to revision for fluctuations of 20 points assuming of course that the basic emoluments recommended in accordance with the views expressed in replies to questions 15 and 16 above. If basic wages are fixed at price levels substantially lower than those prevailing, adjustments for dearness allowance would be necessary on much smaller slabs, say of 10 points.

The HMS is of the opinion that the adjustment of dearness allowance should take effect every month on the basis of index figure for the previous month.

*Question 23:* Can you suggest a device by which the family budgets (standard of living) of Government employees can be immunised from marked fluctuation in prices? Would it be advisable for the Government to supply to their employees in the low pay ranges essential consumer requirements such as food, clothing, etc., at fixed or subsidised prices?

*Question 24:* Assuming it to be desirable, do you consider that it would be feasible to organise a satisfactory system of supply of subsidised food-grains and other essential articles? What precautions would you suggest for countering possible abusive practices in any such system?

**Answer:** So long as the Government does not follow a general policy of price-controls and the prices in the community as a whole are allowed to fluctuate freely, it is difficult to see how only a section of the population can be immunised from such fluctuations. Only a part of the family budgets will be protected by the supply of essential commodities at fixed or subsidised prices. There is the danger that the quality of supplies will suffer if the gap between the free prices and fixed prices becomes too wide. There is also the possibility of corruption, leakage and the exercise of undue influence by officers etc. Above all, such a system would make the employees unduly dependent upon their employer, i.e. the Government. There is the danger that such dependence will be exploited by the authorities to exert unfair influence on the employees and their organisations especially in industrial disputes. For this reason workers as a rule are op-

posed to receiving any part of their emoluments in kind from the employers all over the world.

Another point to consider is that the facility like this, given to only one section of wage-earners without being available to all other wage earners in the society is likely to lead to discontent and ill-feeling.

However, without prejudice to the above, if it is deemed desirable, it may not be too difficult to organise the supply of such subsidised or fixed price commodities to the employees.

Some of the precautions that would need to be taken to prevent abuses would be:

- (i) The adequacy of the quantity and quality of the supplies should be guaranteed;
- (ii) Middlemen should be eliminated from the chain of supply as far as possible;
- (iii) Employees should be entitled and encouraged to undertake the distribution of the commodities through co-operative societies;
- (iv) A certain degree of freedom to choose between alternative articles and qualities of the same commodities should be possible;
- (v) Employees should be given the opportunity of exercising through their representatives, strict vigilance over the quality and quantity of supplies and over any abuses;
- (vi) It should be guaranteed the officers or the Government will not have the right to make alteration in the supplies to the prejudice of the employees on any account so long as the system as a whole continues. In other words, there must be an effective guarantee that the facility of subsidised or fixed-price supplies will not be open to exploitation by the officers or the Government to bring pressure on the employees in industrial disputes.

*Question 25:* The Central Government employees are distributed over the whole country and conditions of life and the cost of living vary from one part of the country to another to a greater

or lesser extent. At present these variations are recognised mainly in the shape of grant of house rent and compensatory allowance in localities with certain prescribed minimum populations. Would it be more rational and equitable to provide for a regional or local differentiation in the rates of dearness allowance as well?

*Answer:* For the last ten years marked regional disparities in the cost of living have tended to decrease. Places or areas which were considered to be relatively cheap have also steadily become more expensive. The HMS does not feel, therefore, that regional or local differentials in the dearness allowance will have any particular justification except in the particularly large centres like Bombay and Calcutta. The present practice of paying house rent and compensatory allowance in certain cities may be continued.

#### IV—Pay Structure

*Question 26:* Should salary differentials be based primarily on elements such as, education, training and skill required in, and responsibilities attached to, different positions, grades, and Service? Should not importance be attached also to elements such as, fatigue, hazards, unpleasantness etc., associated with an employment?

*Answer:* All the factors that are enumerated in this question are relevant in determining salary differentials. The report of the Fair Wages Committee (1949) has enumerated the following factors for the consideration of the fixation of wage differentials:

- (1) the degree of skill,
- (2) the strain of work,
- (3) the experience involved,
- (4) the training required,
- (5) the responsibility undertaken,
- (6) the mental and physical requirements,
- (7) the disagreeableness of the task,
- (8) the hazard attendant on the work; and
- (9) the fatigue involved.

According to accepted practices of job evaluation, all these factors are considered and some factors which are not enumerated are also usually considered, such as:—

- (1) "Social skill" in respect of jobs which have to be done in a team or where leadership of a small team of workers is an important factor;
- (2) The manual dexterity and speed in respect of jobs which are of a repetitive nature, but where skill in the accepted sense of the term is not a very important factor."

The HMS feels that all such factors should be taken into consideration in determining salary differentials.

In this connection the HMS would, however, urge that the weightage to be given for different factors in order to arrive at differentials may have to be different for different types of job-groups. Jobs which are of mainly a clerical nature may not call for much weightage for factors like fatigue, hazards, unpleasantness, etc. However, other factors like education, responsibility and social skill may be of considerable weight. On the other hand in jobs relating to engineering or mechanical processes the factors of training and skill, responsibility, etc., will have as much importance as the factors of fatigue and manual dexterity and speed. The HMS, therefore, suggests that a uniform scale of weightages may not be practicable for the whole range of jobs in civil services and that the weightages may have to be fixed for job groups within each of which a reasonable similarity of jobs is assured.

*Question 27:* There is a point of view that in spite of the increasing importance of non-clerical work, for instance, that of craftsman or technician, the traditional differential between the remuneration for clerical and non-clerical work is being continued. Do you consider this to be true and would you recommend any change?

*Answer:* The HMS does not feel that any special effort for reduction of disparities between clerical jobs and skilled manual jobs are necessary. The acceptance and application of the

principle of minimum wage will naturally result in a significant upward revision of many of the manual jobs without an equivalent upward revision of the clerical jobs. Consequently a reduction of disparities will naturally come about which will serve the purpose.

The disparities between clerical and skilled non-clerical jobs is a feature not peculiar to India alone.

*Question 28:* Should differentials be used also to serve broad manpower policies, for instance, should better salaries be offered to scientists and technologists with a view to diverting a larger proportion of talented young persons to scientific and technological career?

*Answer:* In the present conditions in our country scientific and technological careers already have a great attraction for talented young persons since there is a far greater protection from unemployment in such careers than in purely academic clerical careers. The HMS, therefore, does not feel that manpower policies need provide any monetary incentives for drawing personnel to the scientific and technological careers. The vast scale of unemployment among those who have had only liberal education is a sufficient deterrent for young men.

The idea implicit in this question may have some relevance to societies which have reached near-full-employment conditions. In India, however, the limiting factor is the facilities for imparting scientific and technological training and not the adequacy or otherwise of the emoluments offered to scientific and technological personnel.

*Question 31:* Do you think that the general structure of emoluments of the Central Government employees satisfies the principle of 'equal pay for equal work', and work of comparable value and responsibility in different sectors of the public services is being remunerated on comparable scales? If not, can you indicate any departures?

*Answer:* The HMS is emphatically of the opinion that comparable work in different sectors of public services is not being



remunerated on comparable scales. Even within a given establishment in the public sector the classification of jobs and personnel are often very arbitrary and unilaterally done without much reference to the relative job contents. Among various establishments and various departments such disparities are obviously much wider.

The obvious remedy for this is to pay as much attention to the correct classification of each job and to proper designations of the employees so that there cannot be arbitrary action in respect of determining where exactly a given job or a given employee is to be placed in the basic scales that may be applicable to civil service personnel as a whole.

*Question 32:* There are approximately 25 scales and fixed rates of pay in Class I, 10 in Class II, 51 in Class III and 10 in Class IV of the Services under the Central Government (vide Appendix II). Do you consider these numbers to be excessive, too few, or about right?

*Answer:* The present numbers of scales and rates of pay in the 4 different classes are definitely too large in the opinion of the HMS.

*Question 33:* It has been suggested by some employees' organisations that the number of scales in Classes III and IV should be reduced to 4 or 5, and that all employees at present in those Classes should be grouped into following four categories: (i) unskilled, (ii) semi-skilled, (iii) skilled, and (iv) highly skilled. What is your opinion about these suggestions?

*Answer:* The HMS is generally of the view that the number of scales in classes 3 and 4 will have to be much smaller than at present. Whether only 4 or 5 scales will suffice as suggested in the question may need greater consideration. In any given establishment under the Central Government the 4 categories enumerated may suffice except that provision for supervisory personnel, especially doing supervision over skilled work, will have to be made. Similarly, in establishments where the kind of work done is of a particularly variegated nature the category of semi-

skilled may have to be split into 2 so as to provide for the wider range of jobs which may fall in semi-skilled category. Hence in the basic scales to be recommended perhaps a larger number, say 7 to 8, may be necessary. The effort should, however, be to restrict the total scales applicable to any particular establishment to not more than 5 or 6.

*Question 34:* It is said that wide differentials give rise to "class consciousness" in the Service, and are, therefore, particularly inappropriate in a country which aims at establishing a socialist society. On the other hand, it is argued that narrow differentials provide inadequate reward on promotion, and as such, reduce incentives. Do you agree with either of these propositions? And do you consider the existing differentials to be too wide, too narrow, or suitable?

*Answer:* The HMS agrees that wide differential gives rise to "class consciousness" in the service and are not proper in a country which aims at a socialist society. The contrary argument that narrow differentials undermine incentives is put forward because economic inequalities in the society as a whole today are excessively wide. Hence monetary considerations weigh excessively heavily in determining social class. We have urged earlier (reply to question 6) the need for immediate and effective steps to reduce the economic disparities in the society as a whole and especially the range from maximum to minimum emoluments in public service. Such steps would greatly reduce the strength of the argument that narrow differentials will destroy incentives.

The fact that the minimum levels of emoluments today are very low and much lower than even a decent subsistence wage is another reason why wage differentials especially at the lower levels have such a great appeal as an incentive. Raising the levels of the lowest emoluments to the level of minimum wages will contribute materially in making a narrowing of differentials possible.

In any case, in the higher categories of civil services the incentives argument should not have too great a force since it should be possible for non-monetary incentives like the ability to exercise initiative and power, the feeling of responsibility, being a signi-

ficant factor in a vast effort, etc., and assurance of reasonable social security should have at least as much, if not higher, weight as monetary differentials in salary scales.

The HMS, therefore, feels that the present differentials taken as a whole are too wide and there is need and possibility of substantially narrowing them down.

*Question 35:* It has been suggested that where there is no normal avenue of promotion to the next grade, the length of time-scale may extend to 25 years, and where avenues of promotion exist but are not adequate, the length of the time-scale may be divided into two parts, each comprising a period of 15 years and the latter part treated as a selection grade. It has been further suggested that the incremental progression should be such as to enable an employee to meet his increasing family responsibilities and in the last part of his service, for his old age. Have you any observations to make on these suggestions or on the construction of time-scales generally?

*Answer:* The suggestion seems to be acceptable. Care should, however, be taken that the progress from the lower to the selection grade in the time scale comprising two periods of 15 years each, should not be made too difficult and that possibilities of vindictiveness or favouritism are guarded against.

*Question 36:* Direct recruits to a Service enter at the minimum of the time-scale, but when a person is appointed particularly to a specialist Service, at a higher age, his additional experience may, at the discretion of the appropriate authority, be recognised by grant of advance increments. Do you consider that it is necessary to incorporate the principle of such advance increments as provisos to the relevant time-scales?

*Answer:* So long as there is nothing in the recommendations or the rules regarding salary scales and their application which precludes recognition being granted to persons entering a particular scale with additional experience or special qualifications, the HMS feels that such recognition will be normally possible by way of grant of special initial increments at the time of appointment. It

does not appear necessary to make any special rules or provisos since nothing to the contrary may also stand in the rules and recommendations.

#### V—Conditions Of Service

*Question 37:* The Central Government employees are divided into four Classes, I, II, III, and IV; and though there were marked differences in the conditions of service of the different Classes in the past, the trend recently has been towards uniformity. Do you think any distinction should be made in the matter of conditions of service between one Class and another? And if so, what and why?

*Question 38:* If there is virtual uniformity in the conditions of service and there is difference only in the rates of emoluments, is there any advantage in continuing the present system of classification of the Services?

*Answer:* The HMS certainly does not see any justification for material differences in the conditions of service of the 4 existing classes of civil services and consequently agrees that there is no particular advantage in continuing the present system of classification. However, it is possible that an employee raised from a lower to a higher class gets a certain psychological satisfaction.

If the classification is continued there should be ample opportunity for competent persons in lower classes to rise to higher classes. Regular avenues of promotion should be provided. Ordinarily, recruitment should be in the lowest classes and employees should be enabled to climb into higher classes and to higher posts through promotion and selection. There should be adequate provision for imparting training and education.

As long as the classification continues and direct recruitment is made to higher classes a definite percentage of posts should be reserved for promotions from lower classes.

*Question 39:* For the bulk of employees the age of retirement is 55 years. Would you suggest any change in the age of retirement

of the Central Government employees generally or of any section of them? If so, what are your suggestions?

**Answer:** With better health services and medical knowledge it is normally possible for a person to continue to be in good physical condition and efficiency even after 55 years of age. The HMS is, therefore, of the opinion that the normal age of retirement should be raised to 58 with also the provision for extension to the age of 60 in the normal course if the conditions of health and efficiency of the employee warrant such extension. This will have the advantage of greater utilisation of the accumulated knowledge and experience of senior employee and of increasing the working and earning period of an employees with resultant shortening of the period of non-working payments by way of pensions.

*Question 40:* Grant of pension and retirement gratuity are at present subject to an employee rendering satisfactory service; and even a sanctioned pension is subject to future good conduct. Some employees' organisations have asked that the retirement benefits should be recognized as "deferred pay", and made payable without any condition as to good conduct in service of after retirement. What is your opinion?

**Answer:** As retirement benefits should accrue to an employee by the mere fact of his having served the Government for the appropriate number of years, there should be no conditions about satisfactory service and it would be even less justified to make pensions sanctioned subject to future good conduct. In this sense the HMS certainly urges that retirement benefits should be treated as deferred pay. Misconduct after retirement should in no case affect the pension. Misconduct during service will be appropriately dealt with under rules of discipline. If as a result there is termination of service or reduction of rank or salary it will have its effect on pension. Beyond that pension should not be affected in any way by misconduct.

*Question 41:* Under the existing rules pension contains two elements: (a) a recurring payment, and (b) a lump sum payment called "death-cum-retirement gratuity", which is calculated with reference to the length of "qualifying" service. In case of death

after five years of "qualifying" service the family is eligible for a gratuity which is subject to a minimum of twelve months' "emoluments", and if death occurs after twenty years of "qualifying" service, the family is also eligible for a pension not exceeding ten years, which is subject to a maximum of Rs. 150 per month. Do you consider any changes are necessary in the existing scheme of pensionary benefits, including the rate of pension, gratuity, and "qualifying" service? If so, what are your suggestions?

**Answer:** We would repeat here our suggestions made earlier in paras (64) and (65) of our Memorandum submitted to the Commission.

As stated there the Life Insurance Corporation is offering employees' group insurance schemes to private employers whereby a far wider scale of protection against not only old age but death, disablement and perhaps even sickness is possible without placing a much heavier burden on the employer that he bears by way of normal gratuity. We also understand that several variations in the details of such group insurance plans are possible to suit particular needs of individual employers and the groups of workers to be covered. The HMS would urge that experts from the Life Insurance Corporation may be requested to devise a comprehensive social security scheme for civil servants which would cover not only the main features enumerated in this question but also a much broader field of social protection to the employees.

*Question 42:* Are there any sections of employees who should have the benefit of Contributory Provident Fund in lieu of pension? Should specialists, who enter Government service late, have this benefit? Or, should the "qualifying" period for earning full pension be shorter for them?

**Answer:** Specialists and others who enter Government service late may be given the benefit of Contributory Provident Fund. If they choose pension the period of "qualifying service" will have to be shorter in their case.

*Question 43:* It has been suggested that in addition a scheme of insurance against death, disability and prolonged sickness

should be introduced. What is your opinion about this suggestion? If such a scheme is introduced, should it be contributory or non-contributory?

**Answer:** The HMS is in favour of the suggestion. The attention of the Commission is drawn to the observations made in our reply to Question 41 above. The HMS feels that the insurance protection proposed in this question need not be contributory and that it could be incorporated in a wider scheme of multi-purpose insurance which should be worked out in co-operation with the Life Insurance Corporation of India.

*Question 44:* Apart from 15 days' casual leave and closed public holidays which vary from 12 to 23 days in a year, Central Government employees are eligible for various kinds of regular leave on full pay, average pay and half pay reckoned with reference to the period spent on duty; or if no leave is due, for extraordinary leave without pay. Do you consider the present leave terms adequate? If not, what changes would you suggest?

**Answer:** The present scale of leave should on the whole be considered adequate but it is possible that the rules are not applicable to equal advantage to all civil servants. The HMS would urge that the application of the most advantageous of the existing terms regarding leave should be uniformly extended to all civil servants without discrimination of any kind.

*Question 45:* Have you any suggestions to make regarding working hours, weekly day off, number of public holidays, overtime duty and compensation for such duty?

**Answer:** All that the HMS would urge in this respect is that the working hours, weekly offs, number of public holidays, etc., should never be lower than comparable standards in the non-governmental employment. In any case where prevailing labour legislation prescribes certain norms in this respect there should be no question of granting exemption to any establishments from observing at least the statutory standards.

*Question 46:* What is your opinion about the suitability of the existing provisions governing disciplinary matters?

*Question 47:* Do employees enjoy inadequate, or excessive or about the right degree of protection in disciplinary matters. If you consider any changes necessary, please mention them.

**Answer:** The existing provisions governing disciplinary matters are entirely unsatisfactory. This is due to the nature of the present service conduct rule applicable to Government employees. (Please refer to our reply to questions 50 and 51 below and also to paras 50 to 58 of our memorandum submitted to the Commission earlier). The HMS is of the opinion that the very approach of the Government to what constitutes discipline needs to be changed.

The employees do not enjoy adequate protection today against victimisation for trade union activities, against high handed actions of officers whose displeasure they may have incurred for no fault of their own. In several cases the sweeping special powers of the President of India have been invoked to terminate the services of employees because their trade union activities were looked upon with disfavour by the heads of the establishment concerned. That is not to say that misuse of disciplinary actions is rampant. But the protection against such misuse can be deemed adequate only when it adequately protects those employees who need the protection most. By this criterion, the present protection is not adequate.

*Question 48:* Do you think it is desirable or it would be appropriate to provide for a judicial determination of the correctness of disciplinary orders, say, by administrative tribunals? If so, what are your suggestions?

**Answer:** The HMS is in favour of judicial determination of the correctness of disciplinary orders, more particularly in cases of more serious actions taken or where a prima facie case for suspecting victimisation or vindictiveness exists.

It is true that frivolous or trivial approaches to such tribunals will need to be provided against. That could be done by



providing for joint committees before whom all complaints against disciplinary actions may be placed for the purpose of screening and fact finding. While such joint committees may not exercise a veto on the employees' right to approach the tribunal, their preliminary screening and reports will have the result of discouraging frivolous approaches being made to the tribunal.

*Question 49:* Have you any suggestions to make regarding scope of promotion from one grade to another, or one Service to another, and the principles and procedures that should govern promotions at different levels?

*Answer:* Promotion to the next higher grade should be on the basis of seniority. In other cases there may be selection. But there should be definite rules and tests regarding selection so that there may be no scope for nepotism or favouritism. There should be also a provision of appeal from the decision of the selecting authority.

There should be adequate provision for imparting training and for gaining experience.

Ordinarily all posts should be filled by promotion from lower grades.

*Question 50:* A Central Government servant is prohibited from taking part in political activities, or in elections to any legislature or local authority. The only exception to this prohibition are: (i) that he may exercise his right to vote at an election, and (ii) he may, with the permission of the Government, offer himself as a candidate for election to a local authority. What is your opinion about the desirability and propriety of relaxing or retaining the existing restrictions on the exercise of political and civic rights? In particular, should employees be permitted to contest elections to legislatures and local authorities, and if so, subject to what conditions, if any?

*Question 51:* Should any distinction be made in the matter of political activity between one class of employees and another, for instance between industrial employees, or between those concerned with policy matters and others? And if so, what are your suggestions in this regard?

**Answer:** Before proceeding to answer these questions the HMS would make a few observations.

The restrictions on the political activities of government servants are only a part of the whole set of restrictions covering the employees' trade union and other activities also. The restrictions on political activity extend not only to the employee himself, but even to the members of the employee's family. The employees are advised that members of their family should not participate in political activities and they are enjoined to persuade the members of their families accordingly and failing persuasion to report on them to Government. All these restrictions really reveal a basic attitude which is, to say the least, extremely arbitrary and reactionary. The Government seems to feel that a person merely because he is given employment by the Central Government forfeits all claim to normal full citizenship and can be subject to any restrictions and rules that the government may think proper.

The seriousness of the rules has to be underlined particularly because the attitude adopted by the Central Government is aped by the State Governments, local authorities and various other kinds of employers in the public sector. The public sector as a whole already employs 60 lakh persons. Moreover, the public sector is planned to undergo rapid and vast expansion in the near future. This will result, if the present rules and the attitude that they reveal continue, in a very large section of citizens who play a vital role in the affairs and development of the country being deprived of certain basic citizenship rights.

In actual practice it is found that the ban on political activities really means a ban on activities in favour of the Opposition Parties. The employees appear to be quite free to carry on activities provided these activities are agreeable to the ruling party. Indeed, in many cases, leaders of the ruling party take the help and assistance of Government employees in carrying on work of the ruling party.

The HMS feels that there is no justification whatsoever for the existing wholesale ban on the political activities of government servants. The criteria to be applied ought to be:

- (1) whether any political activities that a government servant may carry on are likely to have direct and prejudicial influence on the work of the Government establishment in which he is employed; and
- (2) whether the person is likely to utilise his position as a government servant in order to bring any wrongful advantage to his political party.

Where the answer to both questions is definitely positive then there would be some justification for placing restrictions on the political activities of the person concerned. In other cases there would be no justification for such restrictions. In the case of the vast majority of government servants the replies to both the above criteria would be clearly in the negative. All industrial employees and a vast proportion of the non-industrial employees belonging to the lowest and intermediate categories fall under this group. Permitting them the fullest political freedom is not likely to undermine the administrative work of the government in any way nor is it likely to result in any improper advantage being gained by the parties to which the persons may belong.

A word may also be said about what constitutes political activities. At present mere primary membership of the political party or monetary contributions to political activities are banned. Obviously these by themselves can never be the cause of any adverse effect upon the administration or of a wrongful use of the position of a government servant for a political purpose. Active participation in political work through holding elective positions that demand time and energy which is likely to prejudicially affect the employee's performance in his employment may have to be placed on a different footing than mere membership or monetary contributions. The right to contest elections to legislature, etc., should be viewed in this context.

The HMS is, therefore, definitely of the opinion that the armed forces, the police forces and the senior administrative and executive officers who are responsible for framing policies should alone be subject to any restrictions in respect of political activities. All other public servants should be completely free from any such restrictions. They should be permitted to con-

test elections for legislatures and local bodies provided the time they thus claim can be permitted to be taken without any serious harm to the work of the department or establishment in which they are employed.

*Question 52:* Should the Central Government employees have the unfettered right to form unions and associations? And if assured of their representative character, should the Government recognise all such organisations unconditionally?

*Answer:* Yes. The Central Government employees should have unfettered right to form unions and associations. They should also be recognised unconditionally by the Government if their representative status is ascertained. The representative status should be based only on the criterion whether the union concerned enjoys the confidence of the largest number of employees.

*Question 53:* It has been suggested that the Indian Trade Unions Act (1926) and the Industrial Disputes Act (1947) "should be made fully applicable" to all Central Government employees. Have you any comments to make on this suggestion?

*Answer:* Yes. The Indian Trade Unions Act (1926) and the Industrial Disputes Act (1947) should be made fully applicable to all Central Government employees. Every other piece of legislation which would be applicable to a similar group of employees in the private sector should also be equally applicable to the employees of the Central Government.

There is a categorical statement in the Second Five Year Plan that all labour legislation should be equally applicable to the private and public sectors and the public sectors must seek no exemption in this respect. The Government is thus committed. In the proposed Code of Discipline evolved by the Tripartite Standing Labour Committee also it has been categorically stated that the public sector must be as much subject to the code as the private.

The prevailing practice of employers in the public sector not respecting labour legislation and such legislation not being made applicable to them is without any justification and has

a serious effect on the enforcement of these laws in the private sector itself.

The HMS would make it clear here that it does not consider the Indian Trade Unions Act (1926), the Industrial Disputes Act (1947) and other pieces of labour legislation in force at present to be fully satisfactory or adequate to safeguard the interests of labour. However, in so far as these laws are on the statute book there should be no distinction in their applicability to the Central Government employees and to other wage earners in the country.

*Question 54:* What is your opinion about the provision in the Government Servants Conduct Rules prohibiting Government employees from participating in any demonstration or strike in connection with matters pertaining to their conditions of service?

*Answer:* The provisions in the Government Servants Conduct Rules prohibiting Government employees from participating in any demonstrations or strikes in connection with matters pertaining to their conditions of service are extremely reactionary and without any justification whatsoever. These should be immediately scrapped.

The absurdity to which this provision is carried is revealed by the clarification issued by the Home Ministry on the word "demonstration" which is supposed to cover the wearing of badges or tokens, attending meetings and so on.

Indeed, the HMS strongly feels that the whole attitude of the Government as revealed by the Service Conduct Rules is, reactionary in the extreme and reduces government employees to a status of inferior citizenship. It is a negation of the freedom of organisation guaranteed by the Constitution. In the opinion of the HMS there are no circumstances in the country today which justify such wholesale refusal of fundamental rights to a very large section of citizens.

*Question 55:* Do you think there is need for setting up a co-operative machinery for prevention and settlement of disputes between the Central Government and their employees on matters

relating to work, remuneration, and other conditions of service? If so, what are your suggestions? If such a machinery is set up, should it provide for reference to an arbitration tribunal of any differences that are resolved through joint discussion or collective negotiation?

Answer: The HMS is definitely of the opinion that there is a need for setting up a co-operative machinery for prevention and settlement of disputes between the Central Government and its employees. The HMS would, however, urge that such a machinery can be fruitful only if there is a basic re-orientation of the attitude of the Government and of its senior officers towards the whole problem of employee relations. The present attitude of the Government is regrettably arbitrary and appropriates all wisdom and righteousness to itself. The senior officers carry this attitude a step further. So long as this attitude persists it is doubtful whether any kind of a representative machinery will find the parties in the proper mood conducive to settlement of disputes.

In the present system of administration there is an excessive tendency for the authority to take decisions being concentrated at the highest levels. Intermediate administrative officers have neither the powers nor the inclination to take even moderately important decisions. This fact is a further factor which is likely to undermine the fruitfulness of any co-operative machinery.

It is also necessary that in any such co-operative machinery the right to choose the employees' representatives must be unreservedly vested in the employees themselves. At present the government has very definite preferences as among different organisations of employees and generally this results in the employees being deprived of the right to be represented by persons of their own choice. Persons who do not enjoy confidence of the employees are often foisted upon them as their representatives. This is invariably fatal to the success of any co-operative machinery.

Such machinery to be fruitful must be devised to operate at various levels. To-day, we find the tendency both in the private

and in the public sectors to set up some kind of joint consultative machinery at the national level where all kinds of high sounding general principles are discussed and agreed upon while at the actual shop or office level the administration continues to be as arbitrary and unilateral as ever. This results in the employees and their representatives losing all confidence in the genuineness of such machinery.

Another essential attribute of a co-operative machinery for ensuring its success is speedy operation. Elaborate machinery which is not able to function speedily and in which decision has to be referred to some distant high authorities for approval or ratification is not likely to be of any use.

Such machinery would be desirable and useful if it is devised bearing the above points in mind.

The reference of any unsettled disputes for arbitration by a Tribunal is also desirable.

#### *VI—Facilities And Amenities*

*Question 56.* The Government provide residential accommodation to a proportion of their employees, generally at a rate of rent favourable to the employees; and additional Government residences are being built every year. Further, in cities with a population exceeding a lakh, a house rent allowance is paid to employees to whom Government residence is not allotted. The Government have not, however, accepted so far general responsibility to provide residential accommodation to their employees. Do you consider any change in the existing policy to be necessary, and if so, what? In particular, what do you think of the suggestion that in their general housing programme the Government should give preference to their low-paid employees?

*Answer:* The problem of housing deserves to be tackled on an emergency footing in the interest of the health and efficiency of the employees. Solution of the problem will also lead to better relations.

The HMS would welcome provision of houses through local authorities and housing co-operative societies of employees which should be accorded generous help.

In addition separate Housing Boards should be set up in big cities which should undertake to build houses on a large scale. In houses built by such authorities reservations should be made for government employees, more particularly the low-paid amongst them.

Loans should be available to employees on easy terms for building houses.

Where houses are not provided house rent allowance should be paid. The rate of the allowance should be determined after taking into consideration the conditions obtaining in particular cities.

*Question 58.* Should the Government provide any special facilities for school education to the children of their employees, and if so, what? Should they, in particular grant a school education allowance? If so, what suggestions have you to make in this regard? Would you suggest any limitations?

*Answer:* Some facilities will be necessary in the case of employees posted at out of the way places. It may be necessary in some cases to open special schools, in other cases it may be necessary to pay special allowances to enable employees to keep their children in boarding schools.

Educational assistance should be granted to all employees. The assistance should be for the secondary stage of education (on the assumption that primary education is free) and should cover tuition fees and cost of books and other materials. The assistance may be limited to three children per employee.

The assistance should be progressively enlarged to include expenses of higher technical education.

*Question 59:* A railway employee gets 3 to 6 free passes in a year for travel to any place in India and certain other travel concessions. Other Central Government employees also have



recently been allowed certain leave travel concessions to enable them to visit their homes once in two years. Have you any observations to make regarding these facilities? Some employees' organisations have asked that the leave travel concession should be made available annually, and for travel to any place in India. What is your opinion about this demand?

**Answer:** Travel concession should be for travel to any place in India and not merely for going home. A limit of 500 miles or so may be placed, except where the home is at a longer distance. The concession should be available every year. Travel will enlarge the outlook of employees and will help emotional integration.

**Question 60:** Should subsidized meals be supplied to employees during working hours? Or, do you consider that the improvement and extension of canteen facilities on the existing lines would be sufficient?

**Answer:** Canteen facilities should be extended and improved. Employees working in Canteens should get all privileges of regular Government employees.

**Question 61:** Have you any suggestions to make regarding provision of any other facilities and amenities to the Central Government employees?

**Answer:** Adequate facilities should be provided to employees to acquire higher training and skill in their respective trade, profession or job. Study leave should be granted and scholarships may be awarded.

Transport arrangement should be made where the office or place of work is far away from residential area.

Generous help should be granted to enable employees to develop their own co-operative organisations for the supply of credit, and of household and other essential requirements.

Rest-houses, libraries and reading rooms should be provided in each office and place of work.

Sports and cultural activities should be encouraged.

*Question 62:* What is your view regarding the probable price trends and inflationary conditions in general in the Indian economy at present?

*Answer:* Level of prices depends upon so many factors that it is not possible to generalise regarding the probable price trends and the inflationary conditions in general in the Indian economy at present. The past experience, however, gives some clue as to the probabilities which may be mentioned. It has been found that whenever there is large-scale deficit financing or increase in money supply due to other reasons prices have tended to rise. Due to developmental expenditure deficit financing and increase in the money supply (including credit expansion) are inevitable. This would suggest a probable trend towards a rise in prices.

It is also found that food prices set the pattern of prices in general in the Indian economy. The Food Grains Enquiry Committee Report states that for a fairly long period India is likely to be deficit in food supply. This fact coupled with the increase in National Income would point to a sustained rise in prices of food-grains. This should exert inflationary pressure on the economy as a whole.

It is also likely that the wages in the private organised industrial and commercial sectors will have to be revised upwards. Unless this is accompanied by increased supply of consumers' goods and effective savings drive, it might also exert some pressure on prices in the upward direction.

*Question 63:* What are the trends of wage during the last 5 years in the private organised industrial and commercial sectors? Have they broadly kept pace with the rise in the cost of living?

*Answer:* In certain industries and commercial establishments, wages have registered a small rise during the past five years. In places where incremental scales of wages are in existence, the passage of time has brought about a small rise in actual emoluments though the wage-structure as a whole has not increased. In several large industries like the cotton textile, however, wages, as a rule have not risen except in a few occupations where the employers have managed to introduced rationalised working.

As a rule, wages have not kept pace with rising prices. This is because nowhere is the dearness allowance paid to employees adequate to fully neutralise the increased cost of living even for the lowest paid employee. Hence, with increasing prices, real wage has been steadily falling.

Data officially collected and published about wages is too inadequate to give a full or upto-date picture of the situation. Such data as is available states that the index of real wages has risen from 90.1 in 1950 to 102.7 in 1954 (base: 1939—100), and that earnings of factory workers in all industries rose from 1036 in 1951 to 1111 in 1951. It must, however, be remembered that after 1954, prices have risen steeply and that wages have lagged behind.

*Question 64:* It is suggested that any increase in the remuneration of Government employees can only be at the cost of development, and thus of growth of employment opportunities: Do you agree?

*Question 65:* Will it be possible to meet the cost of an increase in the emoluments of low paid public employees without having to curtail the Five-Year Plan or to spread its execution over a longer period?

*Question 66:* Is there any scope for curtailment of non-Plan expenditure at the centre and in the States on a scale that would enable a substantial part of the cost of any increase in the remuneration to Government employees to be met from resulting savings?

*Question 67:* Is there much scope for economy in Government expenditure through which the cost of higher remuneration to Government employees could be met?

*Question 68:* It has been suggested that funds required to meet the cost to increase in remuneration of public employees can be found by additional taxation and/or by improving the levy and collection of public dues, both in the Central and States spheres. Do you agree?

Answer: It will not be correct to say that any increase in the remuneration of Government employees can be only at the cost of development and thus of the growth of employment opportunities. Development in the country would, or at least should, go on according to the plans prepared by the Planning Commission. The Planning Commission expects that the National Income will go up by 25 per cent at the end of the Second Plan period and the per capita income will go up from 281 to 331. The problem, therefore, is to devise the distribution machinery which can ensure that the rise in the income is in fact diverted to the pockets of those who are gainfully employed. As the rise in National Income is to take place as per the development programme as chalked by the Planning Commission there is no question of diverting the resources from development to remuneration.

As for the machinery to ensure the rise in remuneration *pari passu* with the rise in National Income, there are many alternatives. It will be for the fiscal and credit authorities to devise the most suitable schemes which should also include, *inter alia*, steps designed to eliminate waste in Government expenditure and to improve the levy and collection of dues both in the Central and State spheres.

*Question 69:* What relation, if any, should salaries and wages have with the national income? In particular, should minimum salaries and wages have any relation with per capita income?

Answer: As National Income rises, wages and salaries must rise. Considerations of social justice would demand that those at the lower level should rise more rapidly than those at the higher levels. Incomes above a certain level should not be permitted to rise so that the largest possible share of increased National Income should be available for distribution among the lower-paid groups.

In the last analysis, minimum salaries/wages are bound to have close relation to the per capita National income. The HMS, however, stresses that this should be so for all incomes. The HMS also stresses that the per capita national income is largely influenced by the low productivity in the agricultural sector while the level of productivity of the employees concerned in this enquiry is much higher.

### VIII—General

*Question 70:* Including the recent addition to the dearness allowance, the minimum remuneration of a Central Government employees is Rs. 75 per month. The minimum remuneration of employees of the State Government ranges from Rs. 40 to Rs. 70, but in a large number of States it is around Rs. 50. The minimum in the case of teachers of schools run by Local Bodies or aided by Government ranges From Rs. 30 to Rs. 85, but in the majority of States is around Rs. 45. There are disparities in remuneration at higher levels also. Are the existing disparities justified? If not, do you think it would be desirable, and feasible, to remove or reduce the disparities or at least to prevent their accentuation? If so, what, in your opinion, would be the best method of achieving these ends? (Estimates of the total numbers of employees of the Central and State Governments and of the Local Bodies and aided educational institutions are given in Appendix III.)

*Question 71:* In particular, should attempts be made to achieve some measure of parity in the minimum remuneration?

*Question 72:* The financial capacities of Local Bodies and of the State Governments vary widely, and it is said that any attempt to introduce parity in the remuneration of the employees of the different States etc. *inter se*, or as between their employees and the employees of the Central Government (which has far greater financial resources), would result in a scale of remuneration either too unfavourable to the employees, or crippling to the weaker employing units. What is your opinion?

*Question 73:* It is said that the great majority of public employees whether under the Centre, the States, or the Local Bodies, are engaged on carrying out a National Plan, and that it is, therefore reasonable and equitable that their remuneration and conditions of service should be determined on the same general principles. Differentiation, it is added, should be allowed only to the extent justified by differences in the conditions of employment such as the extent of liability to transfer. What is your opinion?

**Answer:** Minimum remuneration in public employment should ordinarily be the same. The implementation of the Indian Labour Conference resolution, which is obligatory on the Central and State Governments and Local Authorities will generally lead to that result.

The existing disparities are unjustified. They should be removed by levelling up the lower wages and salaries. The only factor which may justify a slight difference is the liability to transfer to any part of the country or the State in the case of employees of Central and State Governments respectively.

The reply to Question No. 6 covers other points in the questions.

*Question 74:* It has been pointed out that a vast number of employees are recruited and kept long on a temporary basis, and that the sense of insecurity and some unfavourable service conditions, such as restricted pensionary rights of such employees, are detrimental to the efficiency of the public services. Have you any suggestions to make as to how and to what extent the present situation can and should be improved?

**Answer:** The complaint is very widespread and is thoroughly justified. Temporary appointments are made and continued for long periods even for work of a permanent nature.

The HMS urges that temporary employees who are doing work of a permanent character should be immediately made permanent and they should be granted the benefits of permanency from the date of their appointment. Hereafter nobody should be appointed on a temporary basis for any work of a permanent nature.

Temporary employees who have put in more than three years of service should be treated as quasi-permanent and should be held eligible for all privileges of leave, provident fund, pension etc. If the scheme suggested in answer to question No. 41 is accepted, temporary employees can be granted pensions on the basis of their periods of service.

*Question 76:* Do you consider it desirable to institute a system of incentive awards under which cash grants will be made to employees who by their suggestions contribute to efficiency, economy or other improvements of Government operations? Have you any specific suggestions to make?

*Answer:* The HMS is not in favour of individual rewards to employees for suggesting improvements. Where such schemes have been tried they have not been found to be very fruitful and have led to much misunderstanding and ill-feeling.

In any case such a proposal can have any chance of success only if the whole pattern of relationships within establishments and the attitude of employers and especially senior officers can be radically changed. Far sounder traditions of collective bargaining and industrial relations will have to be built, bureaucratic attitudes of senior officers will have to be abandoned and a real feeling of belonging will have to be created among the employees. These are regrettably absent today. In the absence of such a change in the atmosphere and relations, the proposal will not be taken seriously by the employees in general and may do more harm than good.

A far more valuable and feasible proposal would be for the Government to pursue more vigorously the scheme of workers' participation in management on the widest possible scale. It is, of course, also necessary that the Government creates the confidence among employees that they will be given full freedom of organisation and that the Government will make no effort to interfere with or play favouritism in respect of the employees' trade unions.