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STUDY-GROUP FOR HEAVY ENGINEERING



NATIONAL COMMISSION ON LABOUR

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FOREWORD

The National Commission on Labour appointed the Study Group for Heavy Engineering Industry in its attempt to understand the changes in conditions of labour in that industry since Independence. This was one of the series of Study Groups set up for different industries. The Study Group was required to analyse available information and project its thinking on labour problems in the Heavy Engineering industry for the years to come taking into account the possible developments in the industry.

The views expressed in the report are the views of the Study Group. In examining them for framing its final recommendations, the Commission will attach due importance to these views coming as they do from knowledgeable persons in the Heavy Engineering industry. In the meanwhile, the report is being published by the Commission with a view to seeking comments on it from persons/institutions interested in the development of that industry.

The Commission is grateful to the Chairman and Members of the Study Group individually for completing their work within the time limit fixed for them. The Commission is also grateful to all persons/institutions who may have helped the Study Group in reaching its Conclusions.

(P.B. Gajendragadkar)
Chairman.

National Commission on Labour,
D-27, South Extension, Part-II,
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Jamshedpur
2. Shri S. K. Datta,
General Manager,
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8. Shri D. N. Ghose,
Chief of Personnel Division,
Heavy Engineering Corporation
Ranchi

*Letter from the Convener, Study Group for Heavy Engineering
to the Member-Secretary, National Commission on Labour.*

Office of Shri R.S. Pande,
Convener, Study Group for Heavy Engineering,
National Commission on Labour,
c/o The Tata Iron & Steel Co. Ltd., Jamshedpur.
12th November, 1968.
My dear Datar,

Report of the Study Group for Heavy Engineering.

I enclose 50 copies of the Report of the Study Group for Heavy Engineering. I am glad to inform you that the Report is unanimous. Though Shri C.E. Cargin had left India, he was good enough to go through our Report and sent his general concurrence with it. We missed Shri Mohammed Elias at our meeting on the 1st and 2nd November, 1968, as he felt obliged to send his resignation dated the 1st November, 1968, for some reasons not connected with our work.

2. At the time of signing of the Report in Calcutta on the 2nd November, 1968, Shri Ram Desai, one of the members stated that he would send a short note to be added to the chapter on Incentive and Productivity. This was expected last week, but since we have not received his note yet, I am not holding up the submission of the Report. As and when this is received from Shri Ram Desai, I shall forward it to you.

3. At the meeting held in Delhi on 21st September, 1968, some of the members had felt that we should include a chapter on 'Wages' in our Report. Earlier, we had thought that we should not deal with this subject as there was already a Wage Board for the engineering industries specially constituted for this purpose. It was ultimately decided that I should make a reference to you, and if the Commission feels that our group should deal with 'Wages in heavy engineering industries', we could take up the study and submit a supplementary Report in due course.

4. I regret any inconvenience caused to the Commission for the delay in the submission of our report.

With kind regards,

Yours sincerely,
Sd/- R.S.Pande.

Shri B.N. Datar.,
Member-Secretary,
National Commission on Labour,
Govt. of India,
D-27, South Extension (Part II),
New Delhi-3.

ACKNOWLEDGEMENT

On behalf of the Study Group on Heavy Engineering, we should like to place on record our thanks to Shri B.N. Datar, Member-Secretary of the National Commission on Labour for his valuable advice and suggestions from time to time. We are also thankful to Shri O.N. Mishra, Joint Secretary, Ministry of Industrial Development and Company Affairs, Government of India, for his help. We thank the various companies which willingly responded to our questionnaire and gave us all the information that we wanted in connection with our study. In particular, mention may be made of the Engineering Association of India and the Indian Engineering Association.

2. We also wish to place on record our thanks to the Tata Iron and Steel Company, Limited, which placed its resources at our disposal for carrying out the office work of the Group and for holding our meetings in Jamshedpur, Calcutta and Delhi. Shri R. Chib, Executive Assistant to Resident Director (Administration), Tata Steel, assisted us throughout as Secretary of the Group, and he was ably assisted in the secretarial work by Shri L. Prasad of the Resident Director (Administration)'s Office at Jamshedpur. We thank them for their very sincere co-operation and ungrudging help.

3. On my own behalf, I would like to express my grateful appreciation of the valuable co-operation extended to me by my colleagues in the Group. Our meetings were very well attended and discussions most free and frank. I should like to make particular mention of the trouble taken by Shri S. K. Datta, Shri C. E. Cargin, Shri Gopeshwar, Shri A. N. Singh and Shri D. N. Ghose in preparing Draft Reports in respect of some of the subjects dealt with by us. We also got valuable help in this regard from Shri S. Narayanaswami of TELCO.

4. We were sorry to miss Shri C. E. Cargin towards the end of our deliberations as he had by then left India, but he was good enough to go through our Report, and sent his general concurrence with it. His contribution to our work was very significant.

5. We were also sorry to miss Shri Mohammed Elias at our meeting on the 1st and 2nd November, 1968, as he felt obliged to send his resignation dated the 1st November, 1968, for some reasons not connected with our work. Shri Elias had taken very keen interest in the work of the Group, and gave many valuable suggestions.

(R. S. Pande)

Convener

**STUDY GROUP FOR HEAVY ENGINEERING,
NATIONAL COMMISSION ON LABOUR.**

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INTRODUCTION

1.1 The Chairman of the National Commission on Labour set up in May, 1967 a Study Group for Heavy Engineering with Shri R. S. Pande, Director, Tata Industries Private Ltd., as the convener. The Study Group, with its headquarters in Jamshedpur, consisted of the following members :

1. Shri R. S. Pande,
Resident Director,
Tisco and Telco,
Jamshedpur Convener
2. Shri S. K. Datta,
General Manager,
Burn & Company,
Howrah Member
3. Shri N. K. Sen Gupta,
Managing Director,
Mining and Allied Machinery
Corporation,
Durgapur Member
4. Shri C. E. Cargin,
Jessop & Company,
Calcutta Member
5. Shri Gopeshwar,
General Secretary,
Indian National Iron and
Steel Workers' Federation
W2/8, The Crescent,
Burnpur (Burdwan) Member
6. Shri Mohammed Elias,
19, Andul, 2nd Byelane,
P. O. Botanical Gardens,
Howrah Member
7. Shri Ram Desai,
Secretary,
Hind Mazdoor Sabha,
Nagindas Chambers,
167, P. D' Mello Road,
Bombay-1 Member

8. Shri A. N. Singh,
Chief Inspector of Factories,
P. O. Hinoo,
Ranchi, Bihar Member
9. Shri D. N. Ghose,
Chief of Personnel Division,
Heavy Engineering Corporation,
Ranchi Member

1.2 The first meeting of the Study Group was convened on 7th July, 1967 in Jamshedpur. At this meeting (minutes of the meeting attached—Appendix I), it was decided that the Group should first determine its scope of work because Heavy Engineering Industries had not been defined by the National Commission. A list of industries, which could, without doubt, be considered Heavy Engineering, was therefore prepared by the Group and referred to the National Commission for their advice. Subsequently, after discussion with Shri B. N. Datar, Member-Secretary of the National Commission and Shri O.N. Mishra, Joint Secretary, Ministry of Industrial Development and Company Affairs, Government of India, a final list of industries to be included for the purpose of the study was prepared (Appendix-I). It was decided not to include industries engaged in defence production, passenger car industry (though truck manufacturing units were included), heavy electrical industries and a number of large engineering industries such as radios, sewing machine, etc, which did not fulfil the criteria of being classified as Heavy Engineering.

1.3 As labour cannot be studied in isolation and as the worker was an integral part of the economy and the social framework, it was considered appropriate that the changes in the condition of labour should be studied in the context of the economic and other problems facing the Heavy Engineering Industry as a whole.

1.4 A short comprehensive list of subjects, which were of particular relevance to the Heavy Engineering Industry and in conformity with the questionnaire issued by the National Commission, was prepared and circulated in the form of a questionnaire from the Group (Appendix-II) to the industries which had been included for the purpose of study, and information sought from them on these subjects particularly in light of their own experiences. Certain employers' and employees' organisations, including the representatives of the

Indian Engineering Association and the Engineering Association of India, were also asked to give their views.

1.5 Out of 50 Companies and organisations to whom our questionnaire was issued, 5 did not answer because they did not consider themselves Heavy Engineering, and one company could not respond because of lock-out. Out of the rest, the Study Group got replies from 16 establishments, including the reply of the Indian Engineering Association. The answers were tabulated and, along with the tabulation, were sent to each member of the Study Group.

1.6 It was felt that the replies covered a fairly large cross-section of Heavy Engineering Industry and, in the circumstances, was fairly representative. Meetings of the Group were convened to consider the replies. Some of the members of the Group very kindly agreed to prepare the draft report relating to the sections in which they were most interested. The drafts submitted by the members were then discussed in detail at subsequent meetings of the Group and final conclusions reached. The final report was adopted at the last meeting of the Group convened for the purpose in Calcutta on the 1st and 2nd November, 1968.

1.7 It is regretted that Shri Mohammed Elias tendered his resignation from the Study Group with effect from 1st November '68. The Group wishes to place on record its appreciation of the valuable contribution made by Shri Elias to the work of the Group. Shri Elias attended most of our meetings including the last meeting in Delhi on the 21st September, 1968 and assisted us in the finalisation of the Report up to Chapter 4. We missed him on the day of the signing of the Report.

Shri C. E. Cargin was out of India and he could not attend our last meeting; but he was good enough to send his broad concurrence with the draft Report which was adopted with slight modifications.

1.8 We have refrained from making any specific recommendations about wages, as Government of India have already set up a Wage Board for Engineering Industries, including heavy engineering, and its report is expected soon.

2.0 PROBLEMS OF DEVELOPMENT OVER THE LAST TWO DECADES, THEIR PRESENT CONDITION AND FORECAST OF FUTURE IN THE CONTEXT OF GENERAL ECONOMIC AND LABOUR CONDITIONS

Historical

2.1 Heavy industries in general and heavy engineering industries in particular are basic to the growth of the country's economy. Their growth and development are essential for deepening and widening the economic base of the country to enable industry to become self-reliant and growth self-sustaining.

Amelioration of the conditions of the people by the establishment of industries had received attention as far back as 1938. A National Planning Committee was constituted under the chairmanship of late Jawaharlal Nehru in terms of the resolutions of the Ministers of Industries' Conference, extracts from which are given below:—

“1. This Conference of the Ministers of Industries is of the opinion that the problems of poverty and unemployment, of National Defence and of the economic regeneration in general cannot be solved without industrialization. As a step towards such industrialisation, a comprehensive scheme of National Planning should be formulated. This Scheme should provide for the development of heavy key industries, medium-scale industries and cottage industries, keeping in view our national requirements, the resources of the country, as also the peculiar circumstances prevailing in the country.

“The Scheme should provide for the establishment of new industries of all classes and also for the development of the existing ones.

“2. This Conference, having considered the views of several Provincial Governments, is of the opinion that pending the submission and consideration of a comprehensive industrial plan for the whole of India, steps

should be taken to start the following large-scale industries of national importance on an all-India basis and the efforts of all Provinces and Indian States should, as far as possible, be co-ordinated to that end:

- (a) Manufacture of machinery and plant and tools of all kinds;
- (b) Manufacture of automobiles, motor boats, etc., and their accessories and other industries connected with transport and communication;
- (c) Manufacture of electrical plant and accessories;
- (d) Manufacture of heavy chemicals and fertilizers;
- (e) Metal production;
- (f) Industries connected with power generation and power supply."

A number of sub-committees had then been constituted to deal with the multiple problems involved. On the recommendation of the Sub-Committee on Engineering Industries (including Transport), the General Committee made recommendations, among others, regarding the manufacture of automobiles, building up of electrical industries and in doing so, gave consideration to locational aspects of the problems as well as to control of foreign companies and foreign vested interests, etc.

The Plans

22 Hardly any progress was, however, made until after Independence when the Five Year Plans came to be formulated. The Plans had for their main objective the laying down of solid foundations for sustained economic growth and for improving the living standards and working conditions for the masses by providing opportunities of gainful employment. The First Five Year Plan (1951/52 to 1955/56) underscored the need for creating the base for rapid economic and industrial advance by its emphasis on agriculture, irrigation, power and transport. The Second Five Year Plan (1956/57 to 1960/61) progressed with these objectives. At the same time, it defined the country's goal of establishing a socialistic pattern of society. It emphasised also the development of basic and heavy industries and assigned a key role for public sector activities in the country's economic development. The share of investment in industries and minerals, which was only 4% of the total outlay in the First Plan was hoisted to 20% in the Second Plan and similar increases occurred in respect of power, transport and communication.

In the Third Five Year Plan (1961/62 to 1965/66), one of principal objectives was to secure accelerated expansion of basic industries like steel, chemical, fuel and power and establishment of machine building capacity, to enable the country to meet the requirements of further industrialisation within a period of ten years or so with its own resources. In doing so the Plan document stated,

“Industrial development, and specially the development of basic and heavy industries, must be regarded as part of a comprehensive design of development which ultimately links the industrial and the rural economy, the economy of large-scale and of small-scale units, and the economy of the major industrial centres as well as of the smaller towns and villages, bringing them into a close relationship with one another, thus assuring a high degree of mobility and economic integration within the economy as a whole.”

As we all know, the industrial advance was somewhat inhibited in the Third Plan period. Agriculture growth rate was unable to lend consistent support to achieve higher rate of industrial growth and greater amount of exports. Inadequacy of foreign exchange caused delays in the execution of projects and inadequacy in administration added further to avoidable delays in the formulation and implementation of a number of projects. The Chinese and Pakistani aggressions were responsible for serious strain on the economy of the country. Failure of monsoon in some parts of the country for two successive years added to the gravity of the situation. Shortage of foreign exchange continued, debt-servicing obligations were mounting, and unavoidable imports to keep the economy going were outstripping the country's capacity for earning foreign exchange by exports. Under these conditions, the Fourth Five Year Plan has had to be put off by three annual plans because it was realised that growth with stability should be the main aim of the Fourth Five Year Plan. The paper on the Approach to the Fourth Five Year Plan prepared by the Planning Commission is now under discussion at various levels and it is hoped that the necessary corrective steps to bring back the economy in the proper shape will be taken as a result of the policies that may be laid down for the new Fourth Five Year Plan.

Development

2.3 The following table indicates the growth of industrial production during the fifteen years (1951-66) :

TABLE I
INDEX OF INDUSTRIAL PRODUCTION

(Base 1956=100)

Item	1951	1955	1960	1961	1962	1963	1964	1965	1966 August
I. General Index (Crude)	73.5	91.9	130.1	138.3	150.5	162.8	174.7	184.4	194.2
II. Mining & Quarrying Coal	87.0	97.1	137.2	147.3	161.5	176.1	169.1	184.3	180.4
III. Manufacturing	87.0	96.9	131.3	140.0	153.6	167.0	159.7	173.4	166.3
Cigarettes	72.9	91.6	127.8	134.9	146.6	157.7	170.1	178.4	188.4
Cotton Textiles	81.6	86.8	140.6	150.0	156.3	152.3	175.7	205.8	227.9
Woollen Textiles	80.1	95.4	103.0	108.5	109.4	115.6	123.3	123.3	129.7
Silk & Synthetic Fibre	70.7	82.1	101.3	107.3	138.5	165.6	128.1	108.9	110.4
Jute Manufactures	64.8	77.2	135.1	144.9	153.9	169.8	211.3	217.9	216.2
Paper & Paper Products	78.8	93.5	99.3	89.6	110.4	117.2	121.3	125.7	97.0
Rubber Products	66.5	95.9	173.4	181.9	190.9	226.8	237.8	255.4	287.2
Chemical & Chemical Products	75.4	92.0	141.3	157.4	169.4	187.0	198.1	218.0	231.0
Petroleum Products	72.9	96.3	147.7	170.5	184.2	204.1	223.5	235.3	254.6
Cement	6.4	77.7	147.7	156.5	169.2	196.6	217.2	231.0	262.2
Basic Metals	64.8	91.0	156.7	164.7	171.5	186.8	193.5	211.2	220.1
Finished Steel	83.5	96.6	183.1	181.6	225.0	250.3	260.6	271.1	323.3
Aluminium Manufacturing	80.5	94.2	163.5	205.8	262.1	313.1	319.3	332.4	337.3
Metal Products	59.2	101.1	177.7	206.3	277.2	386.3	385.9	416.5	508.1
Machinery (except Electrical Machines)	54.4	96.5	105.9	152.3	179.1	201.4	225.8	239.8	234.9
Electrical Machinery, Apparatus	45.2	83.3	236.7	268.7	290.5	363.5	411.1	489.7	532.5
Appliances & Supplies	43.6	71.9	175.9	183.2	211.3	237.7	282.4	313.2	363.3
Transport Equipment	46.1	73.1	119.4	130.8	144.7	151.1	192.5	207.8	186.2
IV. Electricity	60.9	88.1	171.0	198.8	223.4	257.9	297.2	326.5	363.3

*Relates to July 1966

(Source : 'EASTERN ECONOMIST' Annual Number 1967—Page No. 1387)

It will be seen that while the General index of industrial production rose from 73.5 to 194.2, there was phenomenal growth in basic metals, finished steel, aluminium manufacturing and machinery (including electrical machinery) and electricity.

2.4 Table II below shows the progress of engineering industries as compared with all industries during the period 1951 to 1966 :

TABLE II
Progress of Engineering Industries as compared with all Industries :
1951 to 1966

YEAR	All Industries		Engineering Industries (Weight : 16.61)	
	Index of Production (1956=100)	Present in- crease over previous year	Index of Production (1956=100)	Present in- crease over previous year
1951	73.5	—	67.0	—
1952	75.8	3.1	67.3	0.4
1953	77.8	2.6	65.8	-2.2
1954	83.1	6.2	78.9	19.9
1955	91.9	10.6	88.1	11.7
1956	100.00	8.8	100.00	13.5
Increase in 1956 over 1951 (%)	—	36.1	—	49.3
1956	100.0	8.8	100.0	13.5
1957	104.2	4.2	105.2	5.2
1958	107.7	3.4	109.9	4.5
1959	116.9	8.5	131.6	19.7
1960	130.1	11.3	170.0	29.2
1961	141.0	8.4	193.3	13.7
Increase in 1961 over 1956 (%)	—	41.0	—	93.3
1961	141.0	8.4	193.3	13.7
1962	152.6	8.2	228.8	18.4
1963	165.8	8.7	259.9	13.6
1964	177.0	6.8	275.3	5.9
1965	186.9	5.6	294.4	6.9
1966	191.7	2.6	307.2	4.3
Increase in 1966 over 1961 (%)	—	36.0	—	58.9
Increase in 1966 over 1956 (%)	—	91.7	—	207.2
Increase in 1966 over 1951 (%)	—	160.8	—	358.5

Source : Research Bureau of the Economic Times

It will be seen that the index of production (with base 1956=100) registered in 1966 over 1951 an increase of 358.5% in the engineering industries.

2.5 There has been significant development in the Heavy Engineering Industry during the last 10 years or so. Some of the principal areas of development were manufacture of machinery for Sugar Mills, Textile, Jute, Cement, Chemical and Pharmaceutical, Tea Processing and Paper, Industrial Boilers and Conveyers. Building and Construction, Metallurgical Machinery, Drilling Equipment, Machine Tools, Commercial Vehicles, Jeeps and Cars also registered fair increase. Further, there was considerable expansion in the capacity of certain existing heavy engineering units, and a number of new units for the manufacture of machines and machine tools were set up. Some of the notable examples are setting up of additional units for machine tool production by the Hindustan Machine Tools Limited, setting up of the Heavy Engineering Corporation at Ranchi, the Hindustan Cables Factory at Rupnarainpur, the Heavy Steel Foundry at the Chittaranjan Locomotive Works and production of Electric Locomotives, the expansion of capacity of Heavy Electricals Limited, Bhopal, the High Pressure Boiler Plant in Trivandrum, the Coal Mining Machinery Project of the Mining and Allied Machinery Corporation at Durgapur, the Diesel Locomotive Works at Varanasi and considerable expansion in the capacity of truck manufacture in the Tata Engineering and Locomotive Works with diversification of products into Excavators, industrial Shunters and Forklifts, the Integral Coach Factory, the Hindustan Shipyard Ltd., and the Hindustan Aeronautics Ltd.

Place of Heavy Engineering Industries in General Economy

2.6 Engineering Factories : According to the Indian Labour Statistics, 1967, the number of working factories rose from 39,138 in 1957 to 63,039 in 1965. Of them, about 14,000 were engineering units (vide figures published by the Economic Times). The place of engineering industry in the industrial sector can be gauged from the table below :

TABLE III

Importance of Engineering Industries in the Industrial Sector of India :
1965

Items	Engin- eering Indus- tries	All large & medi- um fac- tories (ASI)	All in- dustries	Percent- age Col. 1/ col. 2 x100	Percent- age Col. 1/ col. 3 x100
	1	2	3	4	5
(i) No. of registered factories (June' 65)	14,291	—	61,857	—	23.1
(ia) No. of large factories	3,788	—	13,459	—	28.1
(ii) Production Capital (1964—Rs. crores)	1,869	5,257	—	36.0	—
(iii) No. of Persons employed					
(a) All factories (June, 65)	13,37,474	—	46,62,401	—	28.7
(b) Large and medium factories (1964)	10,61,000	37,52,000	—	28.3	—
(iv) Ex-factory value of gross output (1964—Rs. crores)	1,723	5,596	—	31.0	—
(v) Income generated (i.e., value added by manufacture) (1964—Rs. crores)	534	1,510	3,380	35.0	15.8

Sources : (1) Indian Labour Journal, February, 1967, for lines (i) & (iia)

(2) Annual Survey of Industries, 1964 for lines (iiib), ii & iv

(3) Estimates of National Income, 1948-49 to 1964-65 for col. 3 figure of line (v)

Note : Percentage added

From the above, it would appear that about 29% of men working in factories are employed in engineering industries and the contribution of large and medium scale engineering industries by production of goods was of the order of Rs. 1723 crores which was approximately 31% of the value of goods produced by all industries.

2.7 The following table gives the State-wise distribution of factories engaged in engineering industries :

TABLE IV
STATEWISE DISTRIBUTION OF ENGINEERING INDUSTRIES IN 1965

States	Number of factories registered		Number of factories reporting		Productive capital		Number of persons employed		Gross ex-factory value of output		Net value added by manu- facture.	
	Number	Per cent	Number	Per cent	Rs. crores	Per cent	Number (1000)	Per cent	Rs. crores	Percent	Rs. crores	Percent
1. West Bengal	814	21.5	795	21.8	611	28.1	342	28.7	588	29.3	178	29.8
2. Maharashtra	916	24.2	875	24.0	281	12.9	238	20.0	424	21.1	117	19.6
3. Bihar	112	3.0	110	3.0	281	12.9	105	8.9	269	13.4	77	12.9
4. Madras	337	8.9	329	9.0	124	5.6	100	8.4	165	8.2	49	8.3
5. Mysore	137	3.6	137	3.8	81	3.7	50	4.2	61	3.0	34	5.7
6. Orissa	48	1.3	41	1.1	215	9.9	30	2.5	75	3.7	22	3.6
7. Uttar Pradesh	270	7.1	266	7.3	52	2.4	68	5.7	64	3.2	20	3.4
8. Madhya Pradesh	140	3.7	124	3.4	330	15.2	43	3.6	84	4.2	17	2.9
9. Punjab	289	7.6	276	7.6	46	2.2	47	3.9	74	3.7	18	2.9
10. Gujarat	212	5.6	211	5.8	33	1.5	47	3.9	50	2.5	14	2.3
11. Andhra	127	3.3	123	3.4	29	1.3	46	3.9	30	1.5	9	1.6
12. Rajasthan	48	1.2	43	1.2	13	0.6	25	2.1	23	1.1	7	1.1
13. Kerala	56	1.5	53	1.5	10	0.5	8	0.7	12	0.6	4	0.7
14. Assam	37	1.0	33	0.9	3	0.2	7	0.5	5	0.3	2	0.3
15. Jammu & Kashmir	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil
Others	245	6.5	227	6.2	69	3.2	34	2.9	85	4.2	29	4.9
Total	3788	100.0	3643	100.0	2178	100.0	1190	100.0	2010	100.0	597	100.0

NOTES : I. The term engineering industries has been defined to include (1) iron & steel basic industries, (2) non-ferrous metals, (3) metal products except machinery and transport equipment, (4) machinery except electrical machinery, (5) electrical machinery apparatus and appliances, (6) shipbuilding and repairing, (7) railroad equipments, (8) motor vehicles, (9) repairs of motor vehicles, (10) motor cycles and bicycles, (11) aircrafts, (12) transport equipment, (13) professional and scientific instruments, (14) photographic and optical goods and (15) watches and clocks.

II. Data include all the reporting factories employing 50 and more persons with the use of power and those employing 100 and more persons without the use of power.

The heavy concentration of engineering industries in certain States, viz. Maharashtra, West Bengal, Bihar is obvious.

2.8 As regards the index of wages of industrial workers engaged in heavy engineering, no official data is available for any length of time. We have, however, been given some statistics by the Engineering Association of India for the years 1951-63 as in the table (Table V) below which gives some indication, though the figures of wages suffer from the defect that they not only include basic wage and dearness allowance, but also the money value of benefits and privileges which in our opinion is not very easy to calculate with any degree of accuracy.

TABLE V
Index of Wages (Industry Group—Engineering)

Year	Wage per worker	Index Nos. of wages at current price level (Money wages)	Consumer Price Index Nos. (All-India General)	CMI		Index of wages at constant price level (real wages)
				ASI	Price Index adjusted with 1951 as base	
1	2	3	4	5	6	
1951	1050.8	100.0	105	100.0	100.0	
1955	1161.0	110.4	96	91.4	120.7	
1956	1185.3	112.7	105	100.0	112.7	
1957	1262.3	120.1	111	105.7	113.6	
1958	1330.9	126.6	116	110.4	114.6	
1959	1582.1	150.5	121	115.2	130.6	
1960	1634.7	155.5	124	118.0	131.7	
1961	1772.3	164.6	126	120.0	140.5	
1962	1862.8	177.2	130	123.8	143.1	
1963	1977.1	188.1	134	127.6	147.4	

N. B. (1) Data are taken from the Census of Manufacturing Industries (CMI) for 1951-58 and the Annual Survey of Industries (ASI) for 1959-63. Although the data gathered under the two enquiries are not strictly comparable due to the change in their scope and coverage, the rates and ratios based on them are not likely to vitiate the comparison over time.

(2) Wages in Col 2 include money value of benefits and privileges as these relate mostly to workers.

(3) For arriving at Index of Wages at constant level (Real wages), the index of wages at current price level (Money wages) has been deflated by consumer price index numbers adjusted with 1951 as base, that is, by dividing the figures in Col. 3 by the corresponding figures in Col. 5 and multiplying them by 100.

Source : (Engineering Association of India)

Future Prospects

2.9 The engineering industry appears to have reached a water-shed due to recessional tendencies in the economy. Production trends in the industry show a steadily widening gap between stagnant production and rising installed capacity. From rough estimates, it appears that capacity has been increasing at the rate of about 10% while increases in output are at the rate of only 4% or less per annum and in some cases none at all. This state of affairs has persisted for the last three years or so. The unsatisfactory position has been further accentuated by unutilised capacity. A recent analysis shows the utilization of installed capacity to be going downwards from 90% to 50% and below in about 53 major industries.

The estimates of additional employment opportunities created during the first, second and third plan periods have also proved to have been far too optimistic. They have fallen short of expectations resulting in a backlog of unemployment at the beginning of the Fourth Plan period of the order of 9 to 10 millions.

The export programme for the Draft Fourth Plan envisaged total exports of the order of Rs. 5,100 crores (pre-devaluation rate) or Rs. 8,030 crores (post-devaluation rate). The level of exports on this basis was expected to register an increase of 51.2% during the Fourth Plan period, the principal increases to achieve this objective being in engineering goods export besides others.

The Fourth Five Year Plan, which is now being finalised after three annual plans, has taken note of the need for increasing exports from non-traditional commodities and it is clear that the export of engineering goods to developing countries would receive much-needed boost.

Continued threats of aggression on our borders call for intensification of our defence efforts and requirements of the defence are greatly dependent on engineering industries. Planners are aiming at about 5 per cent rate of growth in the agriculture sector during the Fourth Plan. One of the necessary inputs to achieve this objective would be the building up of fertiliser production capacity to take care of the additional requirements. Further if we are to achieve the target of raising our export by about 7 per cent per annum during the Fourth Plan period which it is desired to achieve, it is evident that share of import has to be progressively reduced. It is

possible to do so in large measure by well planned diversification of major plants already built in the country and to be further created ; as for example, while certain essential components and raw materials such as non-ferrous metals and mineral oils may have to be imported, the share of import in the supply of machinery could be consistently reduced through a programme of import substitution. This would give much wider scope for the engineering industries, particularly in the heavy engineering, for diversification.

Need for Reorientation of Labour Policies

2.10 Industrial growth and development call for a high level of capital formation and investment. Pursuit of these objectives has to be steady and single-minded. Most countries in the world who have gone through the industrial revolution attained their industrial development at considerable sacrifice of human comfort and the realisation that a high standard of living and social improvement would follow only after the prosperous growth of industry and commerce. It is likely that our industrial growth may follow a similar pattern and will be achieved through great human effort and sacrifice. For this, it is also essential that our labour policies are so oriented that there is the least impediment in the achievement of rapid industrial growth. The Group also feels that rights should go alongside with responsibility and emphasis in our policies should be towards the building of the character of the men so that they are able to face the efforts and sacrifices they have to make. The Group is of the view that for harmonious and co-ordinated development of all sections of the economy the imbalances that exist in the conditions of the industrial labour and rural workers should be progressively narrowed down. We do not propose to elaborate on this matter further because the Wage Policy which the National Commission will evolve will no doubt take care of it. But we would reiterate that heavy engineering industry is at present in the doldrums of recession and is likely to recover earliest in the fourth quarter of 1970 depending on the Fourth Plan targets and on the Fourth Plan period commencing in April, 1969 or later. This fact will have to be taken into consideration in formulating our immediate future Wage Policy.

3.0 RECRUITMENT, INDUCTION AND TRAINING

3.1 As would appear from the Table VI below, eighty to ninety per cent of the workers employed in Heavy Engineering industries are production and related workers, a great majority of whom are technicians belonging to skilled and highly skilled categories.

TABLE VI
RECRUITMENT

	Profes- sional, Techni- cal and related Person- nel	Admin- istrative, & Execu- tive and Manage- rial Per- sonnel	Clerical & Related Person- nel (in- clud- ing Super- visory)	Produc- tion & related workers (including super- visory)	Watch & war ^d & other ^r services
Textile Machinery & Accessories	2.8%	0.5%	5.4%	87.6%	3.7%
Metal Founding Factories	1.6%	1%	4.3%	88.5%	4.6%
Electrical Machinery	6.2%	0.7%	8.8%	80.9%	3.4%
Bicycle Factories	3.3%	0.6%	7.6%	88.7%	4.8%
Metal Extracting and Refining Factories	5.9%	2%	5%	80.9%	6.2%
Agricultural Implements	2.3%	1.2%	5.5%	86.4%	4.6%
Metal Rolling Factories	1.3%	0.7%	3.2%	90.6%	4.2%
Motor Vehicle Manufacturing & Repairing	2.4%	0.6%	7.2%	85%	4.8%

(Published by the Labour Bureau, Ministry of Labour)

With the introduction of modern and sophisticated machines in the Heavy Engineering Industries the requirement of high standard of skill in workmen is of great importance. Proper selection and effective training, basic as well as on the job, are vital needs of these industries.

In order to provide for the corps of the skilled workmen, there is almost a universal practice for each large establishment to have its own programme of recruitment and training of apprentices in different trades. After the coming into force of the Apprentices Act, the gap in the availability of trained artisans is being gradually filled up, though three to five years' period seems to be necessary before the trained apprentices acquire the requisite proficiency in their skills. Each establishment has, therefore, to plan the recruitment of skilled personnel fairly well in advance. In the absence of such a planning, it becomes necessary, quite often, to look to other agencies for the supply of skilled hands in order to meet the immediate requirements. This position is likely to continue for some time to come

Employment Exchanges

3.2 Almost every unit has its own Employment Labour Bureau or office which processes all the recruitments for the unit. As required by the law, each vacancy is notified to the local Employment Exchange which, normally, is the main source of recruitment for unskilled categories. In some units, there is a convention or an agreement with the Union to give preference to relations of employees, and ex-employees, and if the requirement for any category of workmen is satisfied with recruitment from this source, the matter is handled by the unit entirely on its own. The experience with the Employment Exchanges, particularly in regard to the supply of skilled men, has not, however, been satisfactory: either the type required is just not available or the men sponsored by the Exchange are found much below the mark. Strong views were expressed by some members of the Group regarding the futility of continuing to maintain and run the Employment Exchanges, but there was a general consensus that, if properly equipped and oriented, they are destined to play a significant role in supplying the manpower for the heavy engineering industries. The Group is aware of the fact that the subject of making the Employment Exchanges more effective and useful has been engaging the attention of Government, and there are various reports and recommendations made already in this regard. Urgent attention should, however, be paid to make sure that only those are registered for employment in a skilled trade who are found to conform to certain standards laid down in consultation with the industry. It would be necessary to equip each Exchange with the necessary personnel and equipment to carry out this responsibility. It may also be necessary to repeat

the test if the men once registered for a trade has failed to get an employment for six months or so, or has been employed in a job other than the one for which he was registered, in order to ensure that his efficiency in the job for which he is registered continues at the desired level. If, for any reason, either financial or personnel, it is not possible to equip the Exchanges in this way, arrangements can be made without much difficulty to have such tests carried out with the help and co-operation of the industry or the I.T.Is, both of whom would, the Group feels, be only too willing to extend such a co-operation. There also seems to be a need for better liaison between the industry and the Exchanges and the I.T.Is in assessing the requirements of the industry; laying down the norms of technical skill for various categories and ensuring that those norms are achieved by the I.T.Is. It is obvious that the State which controls technical education and I.T.Is. has a significant role to play in this field; but our experience is that though there has been a great deal of talk over the years, very little has been done in concrete terms, and it is time to establish this liaison on a formal basis.

3.3 Sometimes it is said that recruitment of certain categories of personnel through the Employment Exchange should be compulsory. The Group is against enforcing compulsion in this matter, and the present system in which the employers are free to choose their men either from amongst the candidates sponsored by the Employment Exchange or outside is a salutary system. The Group has, however, no doubt, that once the Employment Exchanges become really efficient and effective, no employer would be willing to spend money in taking recourse to another channel of recruitment which would, in any case, involve more cost. It is only through the quality of its own service that the Employment Exchange can win over the confidence of the industry, and the employers would be willing to let this happen.

3.4 It is essential that the Employment Exchanges all over the country work in close and efficient collaboration with one another so that a proper flow of the labour force from surplus to deficit areas could be maintained in the national interest. For this reason, it would conduce to better efficiency if this organisation functions on a national basis and is controlled by the Ministry of Labour, Government of India, as used to be in the past. We wish to make it clear that, in making this recommendation, we do not mean to cast any reflection on the State Government, but it is our thinking that

such a course would lead to greater integration amongst the employment-seekers in the country, and will reduce, if not eliminate, the divisive forces of regionalism which are raising their ugly heads and help to preserve the cosmopolitan character of heavy engineering industries.

Trade Apprentice

3.5 Our attention has been drawn to the fact that the scheme of recruitment of trade apprentices as stipulated by the Apprentices Act 1961 does not have any relation to the requirement of the establishment which is required to train them up and this, apart from being an unnecessary burden on the establishment, makes the scheme of training lop-sided. It also causes frustration to the apprentices so trained who are unable to get employment with the establishment in which they receive training or in any nearby establishment. This situation has been accentuated due to the present recessionary trend in the industry and it has therefore been suggested that while the total number of apprentices to be trained by an establishment may be fixed by law taking into consideration the overall requirement of trained skilled men for the industry as a whole, the establishment concerned should be given full freedom to vary the number of apprentices in different trades so as to first satisfy its own requirement of skilled men in different categories.

Unemployment of trained apprentices, just as unemployment of trained engineers and educated young men, is bound to cause serious unrest which is not good for stability. It is, therefore, essential that before fixing the number of apprentices to be trained by the industry, the requirements must be assessed carefully on year to year basis and the authority in charge of the implementation of Apprentices Act should have powers to issue directives altering the numbers and ratios fixed to take care of the variation in the needs of industry for different categories of skilled workmen; such agencies should be created at the national level with effective liaison with the State Government and industry.

3.6 The Group also feels that the industry should give opportunities and facilities to workers to improve their skills through vocational training so that they become better technicians. It would be appreciated that new recruits joining the industry have a better educational background and, therefore it would be a good investment to give opportunities to them to acquire greater experience and knowledge in order to enable them to improve their skills.

Priorities in Recruitment

3.7 It is often the practice to give preference in recruitment of lower categories of employees to ex-employees with good record, one son, daughter or son-in-law of an employee with a good number of years of satisfactory service and to the people of the State. In highly skilled and supervisory categories also, the industry makes efforts to obtain its requirement locally, but the selection is on the basis of competition amongst the candidates who apply in response to advertisements which are generally issued on a national basis and who are referred by the Employment Exchange. The Group considers that this practice should continue.

Supply of Labour

3.8 For unskilled and clerical jobs, there is no shortage of labour. Almost at each location this category of workers is in abundant supply and it should be fully made use of. There has been some shortage of skilled and trained technicians in certain trades, though by and large the situation is fast changing. Some of these trades are Grinder, Boiler attendant, Instrument technician, Air-conditioning mechanic, Chrome plater, Draftsman, Millers, Tool and cutter grinders, Die/Tool makers, Borers, Highly skilled pattern makers, Estimators, Highly skilled welders, Gas cutters, etc. The trouble, however, lies in the fact that the workers passing out of the I.T.Is which are supposed to meet the bulk requirements of the industry have not been found upto the mark, and it is experienced that they require an additional training of 2 years or more before they can be absorbed as skilled workmen. Most of the industries have, therefore, as stated earlier, their own schemes of training of the skilled personnel which has been further supplemented with the coming into force of the Apprentices Act, and it is hoped that the shortage would not last long. During the transitional period, however, some of the large units, which have efficient training programmes, have found that because of the increased mobility in recent times there has been a problem of retaining the skilled workmen trained in the company. The mobility is partly due to the fact that there has been a shortage in skilled personnel and, therefore, the limited number constantly find better opportunity. Secondly, since heavy engineering industries, which were earlier confined to certain regions, are now coming up all over the country, there is a tendency for people to move nearer their homes.

Temporary and Casual Labour

3.9 The Standing Orders of most of the units in Heavy Engineering Industries do not make any mention of casual labour. The employees are generally classified as permanent or temporary. Temporary employees normally get the same basic wage and dearness allowance as permanent employees. In most cases they do not participate in incentive bonus schemes. The duration of temporary employment is generally such that they do not become entitled to the benefit of the provident fund though they participate in the annual bonus under the terms of the Payment of Bonus Act. It is the practice to recruit temporary employees to fill up vacancies during the long absence of permanent employees or to do a non-permanent job which may be of sufficiently long duration or to fill up temporary vacancies until permanent recruitment is made which takes some time or to man certain production, maintenance or service units during the early part of their commissioning until the proper standard force has been worked out. In addition to such requirements, however, there are occasions when work of casual nature comes up, such as loading and unloading wagons beyond a particular schedule, attending to some extra-ordinary urgent repairs and maintenance, occasional cleaning of the premises or urgent departmental casual construction work. Work of this nature is managed by employing what is known as casual labour. The recruitment of casual labour is sometimes done departmentally and sometimes they are taken through contractors. In either case, this category of labour is generally paid consolidated daily wages which are usually lower than the minimum wage paid to the regular employees of the unit doing the same kind of work. They also do not get other facilities available to permanent or temporary employees. The Group feels that from the very nature of the job on which casual labour is employed and in view of the fact that such employment is not on any large scale (as will be seen from Table VII below), the practice need not be discontinued.

Table VII
Casual Labour

Electrical Machines	—	Nil
Metal Rolling	—	6.5
Motor Vehicles	—	6.1
Metal Foundry	—	2.7
Metal Extraction and Refining	—	0.8
Textile Machines	—	17.4
Machine Tools	—	1.7
Rly. Workshops	—	0.3

(From the report of the Labour Bureau)

But there appears to be little justification for denying the casual labour basic wage and dearness allowance on par with the permanent or temporary employees of the same category, and we recommend that the industry should be asked not to discriminate against the casual labour in this regard.

Employment of Local People.

3.10 At some places we have noticed certain amount of agitation for securing employment of the local people. It is almost universal practice to give preference to local people in employment provided they are found suitable and qualified, but it seems that the sound policy laid down by most of the companies is not always faithfully implemented because of lack of proper safeguard and tendency in some officers to prefer men of their region or the State to which they belong. We are firmly of the view that the cosmopolitan nature of the heavy engineering industries should not be tampered with and should be allowed to grow as they constitute most vital centres of national integration. At the same time, through the constitution of proper high power selection committees for recruitments at different levels it should be reasonably ensured that the aspirations of the local people for getting employment are justifiably met. We are glad to know that the recent meeting of the National Integration Council held at Srinagar has also focussed attention on this aspect of employment and it is hoped that it would carry weight with both the employers and unions.

Contract Labour

3.11 There are generally two kinds of contract labour. In one case the labour is supplied by the contractor who only gets a negotiated percentage of the total wages paid to the labour so supplied and has no control over them, their work being supervised departmentally. In another case there are works of intermittent nature such as construction, loading-unloading, shipment, despatch of finished goods, etc., which are given on contract. The contractor is required to engage his own labour and get the work done according to a time schedule. Payment of wages to this labour is regulated in most cases by the Minimum Wages Act. The Provident Fund Act also applies to the labour engaged by contractor under certain conditions. We do not wish to make any separate recommendation regarding the contract labour as the whole question is now before the Parliament and a comprehensive enactment is likely to emerge soon. However, exigencies of

work in production units would many times justify giving away certain jobs of non-permanent, casual and temporary nature on contract and it would not be in the interest of the industry to impose any ban on contract labour being employed. At the same time we are of the opinion that the interest of contract workers should be safeguarded in the matter of payment of wages, provident fund and regulating conditions of work including provisions of rest and holidays.

Employment of Physically Handicapped

3.12 A view was expressed that in a country in which a large number of physically normal people are available for employment, there is no reason why an employer should select for a job a person who is physically handicapped. However, there is no doubt that an employer should make every possible effort to offer alternative employment to all those who become physically handicapped as a result of an accident while at work. This may not present any serious difficulty in a large undertaking but it may not be possible in small engineering works where there are limited openings where these people could be engaged. Therefore, the Group felt that the Government, either on its own, or through the Employment Exchange, should set up an agency whose function would be to rehabilitate those who are physically handicapped as a result of an accident and who cannot be absorbed in their own firm.

Induction

3.13 Induction means introduction to the enterprise and to the job. An induction programme should include :

- a) A short history of the enterprise, its description and of its products as related to the workers ;
- b) the worker being introduced to the supervisors and such other members of the management with whom he is likely to have contact ;
- c) importance of safety ;
- d) explaining to the worker how his job fits into the total plant picture and national economy ;
- e) utility of the products and the services of the enterprise to the community ; and
- f) some ideas of the union-management relationship as it exists in the firm.

3.14 It would be better if an informal programme of induction for each category of worker on the above lines is

drawn up by each unit extending over a period of about 2 days to a week before the employee is put on the job. This practice has not yet been uniformly followed. On-the-job training is mostly given under the charge of the foreman or any other immediate supervisor. In the case of the apprentices recruited under the Apprentices Act, this training is for a period of about a year during the last year of the course and this system has been found to be adequate. It would help if the practice of appraisal, while on the job training, at suitable intervals is followed by the units.

Promotion Policy

3.15 Promotion to unskilled and semi-skilled category posts should generally be on seniority alone ; but merit, efficiency and ability to do the work should be the main criteria for promotion to skilled, technical and supervisory position. Further, a minimum standard of requisite trade test should also be enforced for skilled and technical posts for which merit and trade testing should be objectively done. Large units should try to set up a qualified agency to perform this function so as to inspire confidence in the objectivity of the tests. In the absence of such an agency, disputes are likely to arise having adverse effects on industrial relations. Promotion to higher position in the hierarchy of supervision should be based on an overall appraisal of the performance of an employee on his existing job through a formalised procedure of objective merit rating as is the case in some of the well-established firms.

3.16 It is a good morale booster if higher positions are filled in by recruitment from below; but we are of the opinion that it is not advisable to restrict all recruitments to higher positions from within. Experience has shown that the vitality of an organisation is better maintained if fresh blood is injected in it at different levels periodically.

4.0 CONDITIONS OF WORK

We have the following observations to make regarding some of the provisions of the Factories Act.

Ambulance Room

4.1 Section 45 of the Factories Act, 1948 lays down that in every factory employing more than five hundred workers, there shall be a fully equipped ambulance room. This provision was considered to be satisfactory, but we have seen that Heavy Engineering Industries employing less number of workers are now coming up at some places. We would, therefore, recommend that in case of factories employing at least 250 or more workers, the State Government should have the powers under the rules to ask for an ambulance room to be provided; if there are no satisfactory medical facilities available in the vicinity of such a factory.

Canteen

4.2 Section 46 of the Factories Act, 1948 and rules made thereunder by various State Governments lay down the obligations of an occupier in respect of a canteen for his workers. The rules generally provide that the cost of building, furniture, utensils and other equipments for the canteen, uniforms for the staff of the canteen as well as expenditure incurred on account of light, fuel, water and pay of staff shall be borne by the occupier of the factory and the same shall not be charged on the foodstuffs, beverages or other items served or sold in the canteen which shall be sold on a non-profit basis and the prices charged shall be subject to the approval of a Canteen Management Committee. In respect of a canteen managed by a co-operative society, however, some of the State Rules permit the society a profit upto 5 per cent on its working capital employed in running a canteen, to be charged in fixing the price of the articles served. The Group does not recommend any change either in the law or in these rules but would like to mention that wherever a canteen serves wholesome food and beverage at cheap price, it is extremely popular with the workers. It is, however, suggested that the question of price of foodstuffs and beverages

sold in the canteen should be left to the Canteen Management Committee with the proviso that in case of differences of opinion between the Committee and the employer, the matter should be referred to the Chief Inspector of Factories or any other mutually agreed person whose decision should be final. The Group is wholly against running a canteen on contract; it should be run either departmentally or through a co-operative of workers.

Creche

4.3 Section 48 of the Factories Act provides that in every factory, employing more than fifty women workers, there shall be provided and maintained a suitable room or rooms for the use of children under the age of six years of such women. It is considered that the criteria for providing a creche should not be the number of women only, many of whom may not have children within the age group mentioned, but should also be based on the number of children between the ages of 1 to 6 years whose mothers may be working in the factory. We would like the law to be amended so that a creche should be provided where there are 50 women workers or 25 children under the age of 6 years of such women. It should be the responsibility of the employer to ascertain from time to time the number of children in the specified age-group belonging to women workers.

Welfare Officer

4.4 Section 49 of the Factories Act provides that in every factory where five hundred and more workers are ordinarily employed, the occupier is required to employ a prescribed number of 'Welfare Officers'. Under clause 2 of the same section the State Government is authorised to prescribe the duties, qualifications and conditions of service of 'Welfare Officers'. This section comes almost at the end of Chapter V of the Factories Act which deals with "Welfare", namely, washing facilities (section 42), facilities for storing and drying clothing (section 43), facilities for sitting (section 44), first-aid appliances (section 45), canteens (section 46), shelters, rest rooms and lunch rooms (section 47) and creches (section 48). These are the specific items of statutory welfare which an occupier is under an obligation to implement, and it was made incumbent upon him under Section 49 to appoint a suitable officer obviously to ensure that his responsibilities in regard to these items of welfare were properly carried out. But we find that in some States, the welfare

officers are saddled with responsibilities which do not belong to a Welfare Officer as envisaged in the Factories Act. To quote only from the Bihar Factories Welfare Officers Rules 1952, the duties of welfare officers shall be :

- (i) to establish contact and consultations and to maintain harmonious relations between occupiers of factory and workers;
- (ii) to take up with the occupiers of factory the grievances of workers individual as well as collective, with a view to securing their expeditious redress and to act as negotiating officer with trade unions;
- (iii) to help the occupiers of factory to shape and formulate labour policies of the factory and to interpret these policies to the workers in a language they can understand;
- (iv) to watch industrial relations with a view to use his influence in the event of dispute arising between the occupiers of factory and workers to effect a settlement by persuasive efforts;
- (v) to deal with wage and employment matters in collaboration with the occupiers of factory;
- (vi) to ensure fulfilment on the part of the occupiers of factory of obligations, statutory or otherwise, concerning application of the provisions of the Factories Act, 1948, and the rules made thereunder and to establish liaison with Factory Inspector and Medical Services concerning medical examinations of employees, health records, supervision of hazardous jobs, sick visiting and convalescence, accident prevention and supervision of safety committees, investigation of accidents, maternity benefits and workmen's compensation;
- (vii) to promote relations between the occupiers of factory and workers which will ensure productive efficiency as well as amelioration in the working conditions and to help workers to adjust and adapt themselves to their working environments;
- (viii) to encourage the formation of Joint Production Committees, Works Committees, Co-operative Societies, Safety First and Welfare Committees and to supervise their work;

- (ix) to secure provision of amenities, such as canteens, shelter for rest, creches, adequate latrine facilities, drinking water, sickness and benevolent scheme payments, pension and superannuation funds, gratuity payments, granting of loans, leave and legal advice to workers;
- (x) to secure welfare provisions, such as housing facilities, foodstuffs, social and recreational facilities, sanitation, advice on individual personal problems and education of children;
- (xi) to advise the occupiers of factory on questions relating to training of new starters, apprentices, workers on transfer and promotion, instructors and supervision and control of notice board and information bulletins, to further education of workers and to encourage their attendance at technical institutes;
- (xii) to take measures which will serve to raise the standard of living of workers and in general promote their well-being;
- (xiii) to exercise a restraining influence over workers in going on illegal strikes and over the occupiers of factory in declaring illegal lock-outs; to help in preventing sabotage and other illegal activities;
- (xiv) to detect and check bribery and corruption and to bring such cases to the notice of the manager of the factory;
- (xv) to educate the workers and to inculcate in them a sense of responsibility for discharging their obligations.

It would appear from the above that a 'Welfare Officer' in Bihar is supposed to be mainly employed as an industrial relations and personnel officer, his main duty being to help in establishing and formulating labour policies, watch industrial relations, deal with employment matters, encourage formation of works committees, exercise restraining influence over workers in going on illegal strikes and to check and detect corruption. It seems to us that Section 49 of the Factories Act was used by some of the State Governments to compel the occupiers of factories to appoint officers specifically entrusted with the problems of personnel management and industrial relations which needed urgent attention, though this may not

have been strictly in accordance with the spirit of the Factories Act. The Group is of the view that whatever may have been the reason behind this development, it is no longer necessary to retain this provision in the law, because the institution of professional personnel and industrial relations men has now been firmly established in the country, and no industry worth the name, much less the heavy engineering industry, can afford to do without having in its employment qualified personnel officers to handle matters relating to personnel and industrial relations.

There is another aspect of the matter to which we would like to draw attention. Most of the State Governments have also laid down that no welfare officer could be discharged, dismissed or otherwise punished except with the prior approval of the Labour Commissioner. This is a queer situation in which an officer would be employed by a factory and paid by it, but he would be subject to the disciplinary control of an outside agency. This prevents the growth of a sense of belonging to the industry in the mind of the welfare officer and, frequently, he is looked upon as a suspect, which is neither conducive to good industrial relations, nor to the growth of the cadre of professional personnel managers. We are, therefore, of the view that so long as the provision for the appointment of a welfare officer is retained in the law, it should at least be ensured that the officer functions as an integral part of the management, subject to its control and discipline without looking to any outside authority for support.

Health and Safety

4.5 Chapter III and IV of the Factories Act deal with health and safety of workers employed in a factory. In order to ensure that the welfare measures described in Chapter V and mentioned above were carried out, it was considered essential to have a welfare officer. It is rather curious that the legislature did not contemplate having a suitable qualified Safety Officer to ensure the implementation of the provisions relating to health and safety. We need not dilate upon the importance of reducing accidents in a factory and maintaining the health of the workers. In our view, therefore, it is essential that a new section be inserted in the Factories Act making it incumbent upon the occupiers ordinarily employing five hundred workers and more to have a full-time Safety Officer whose duties and qualifications may be prescribed by the State Governments. We would also recommend

that in units employing less than five hundred workers also there should be an officer designated as safety officer, though not on full-time basis, who should look after matters connected with health and safety in addition to his own duties. It may be useful to rotate such an officer from time to time.

National Holidays

4.6 There is universal practice of granting holidays with pay for Republic Day (26th January) and Independence Day (15th August). Paid holiday for Mahatma Gandhi's Birthday (2nd October) is also granted by most of the units. It is recommended that these three national holidays with pay should be made compulsory.

Regional/Festival Holidays and Casual Leave

4.7 The practice in regard to regional/festival holidays with pay varies from 2 to 13 days in a year. The same is true of casual leave. Some firms give only 5 days casual leave with pay, while there are others which grant as much as 12 days casual leave with pay in a year. We consider that holidays should not be regulated by law, and we expect that in course of time the practice in this regard would be standardised.

5.0 TRADE UNIONS

5.1 There are four Central Labour Organisations, namely, the INTUC, AITUC, HMS and UTUC, and their alignment, wherever it exists, is with one or the other of the four principal political parties, such as Indian National Congress, Communist Party of India, Socialist Party and Revolutionary Socialist Party of India. Major shifts and unhealthy developments in the politics of the country during the recent years have unfortunately been responsible for similar developments in the trade union field, and there is a rivalry and competition to capture the labour field by whatever means possible. This has resulted in the erosion of the solidarity of the working class. In this situation it is heartening to find that there are trade union leaders in the country who believe in the genuine role of a trade union, and who are making significant contribution in trying to insulate the trade union movement from undesirable political influences. It is our considered opinion that suitable measures should be adopted to strengthen the influence of such leaders of labour movement so that it is kept free from interference from outside parties including Government.

5.2 It is regretted that the trade union movement even now is sought to be regulated by an out-moded Trade Union Act passed over 40 years ago, and all attempts to bring this law in line with the requirements of the present situation and to take care of the emergence of the forces which impinge on the labour movement have so far been abortive. It is time that serious thought is given to amend the law comprehensively without delay.

Rival Unions

5.3 As it is, any seven persons working in an establishment can form a union and provided it conforms to certain formalities it shall be registered, and once registered it enjoys the privilege of raising a dispute with the employer. It is, therefore, no surprise that this provision has been widely used by irresponsible groups of men for bringing into existence a

number of paper unions and for thwarting the efforts of a genuine representative union trying to secure better conditions of employment from the employer. Apart from being a source of internecine quarrel among groups of workers claiming allegiance to different unions according to the exigencies of the situation, the employer is kept busy in strategic manoeuvres for avoiding trouble on account of their activities and an unscrupulous employer has a good plea to put off consideration of issues of vital interest to workers on the ground of opposition from sections of workers, however small, represented by rival unions. Thus no one gains by the existence of the multiplicity of unions, except the irresponsible leaders of the rival unions, who may use the union to their temporary political advantage, and an unscrupulous employer who may not like to have a strong union; the genuine interests of workers suffer and so of the industry. The representatives of the four Central Labour Organisations adopted the Inter-union Code of Conduct on May 21, 1958 agreeing to observe certain basic principles for maintaining harmonious inter-union relations. Our experience has shown that during the 10 years of the existence of this Code, it has been observed more in breach. As for example, the Code says that there shall be no dual membership of a union, yet it is common knowledge during the verification of the membership of the union that there are numerous names of members existing on the list of more than one union; the Code says that there shall be no violence, coercion, intimidation or victimisation in the inter-union dealings, yet it is our common experience that these are the very things which happen every day where there are rival unions. It is clear that something more positive has to be done to end this situation.

Registration of Unions

5.4 In the first place, we would recommend that the law should be so amended that no union is registerable unless it commands the support in writing of a certain minimum percentage of the total work force employed in a unit or in an industry, as the case may be. We suggest that this percentage be fixed at 10 for a unit and 5 for an industry. This restriction may apply only to a union to be registered in the future, and also in cases where there are already registered unions functioning. For new units coming up, and where a union is started for the first time, at least 20 members should apply together for forming a union instead of the present number of seven. But once a union is registered in an establishment, the

conditions mentioned earlier for registration should apply in the case of subsequent unions applying for registration. As regards the existing unions, it may be laid down that if, in case of a genuine dispute, after proper verification of their membership any one of them is found to have a membership of less than 10 per cent or 5 per cent of the total work force, as the case may be, the registration shall be cancelled. There may be a suitable provision for appeal or revision against the decision of the verifying officer to a judicial authority. We consider that if these conditions are laid down in the Trade Union Act, it would act as a deterrent against the mushroom growth of unrepresentative and irresponsible trade unions.

Unions Affiliated to Central Body

5.5. As stated earlier, most of the unions are affiliated to one or the other of the four Central Labour Organisations; but due to differences in the political parties itself, splinter groups have now appeared in each organisation. It should be our firm and declared policy not to have any dealings with any faction or group of the official organisation, and the employer and Government should be required to deal only with that group in the union which the principal organisation to which it claims affiliation certifies to Government as the official group from time to time. It, therefore, follows that all factional disputes in a union claiming to be affiliated to a Central Organisation should be referred to the Central Organisation concerned, and it should be the policy of Government to accept the recommendation of the Central Organisation in deciding all such factional disputes. It is unwise, in our opinion, to try to reach a finding in such a matter independently or against the advice of the Central Organisation. It militates against the growth of the trade union movement on proper lines, and encourages people of doubtful loyalty to the Central Organisation to seek support from powers that be. In case, however, there is no definite advice available from a Central Organisation within a specified time, Government should be free to decide the issue in a suitable manner, which we shall presently indicate.

Independent Unions

5.6 There may be cases where unions do not claim affiliation to any central organisation, and claim to be independent, though our Group has not come across any such case in Heavy Engineering Industries. In such a case, however, the Registrar of Trade Unions should have the powers to

investigate the matter and give decisions which may be subject to one appeal

Recognition of The Union

5.7 In many cases industrial unrest is caused by intra-union and inter-union rivalry, the rival groups and unions fighting with each other and with the management to secure recognition. We have suggested how to resolve intra-union disputes of a union affiliated to a central organisation and of an independent union. As regards inter-union disputes regarding recognition, we recommend the formula recently adopted by the Bihar (Central) Labour Advisory Board in their meeting held at Patna on 12th and 13th January, 1968. Based on these recommendations, Government of Bihar have issued a Resolution dated 21st March, 1968, in the following terms :

“The following principles should be followed in dealing with the question of rival trade unions and their recognition :

- (1) Where there is only one registered union in an industry or establishment, that union must be recognised by the employer.
- (2) Status quo be maintained in the case of the unions which are at present registered and recognised unless their registration is cancelled by the Registrar of Trade Unions, in which case the recognition should be withdrawn.
- (3) A rival union can claim recognition only after it has functioned for at least one year at the particular establishment from the date of its registration under the Indian Trade Union Act, 1926.
- (4) The employer should deal with all questions of general interest to the workmen with the recognised union only provided that the employer shall not enter into any agreement with the recognised union about specific grievances of individual character of workmen who are not members of such registered unions as are not recognised :

Provided that a registered union which is not recognised may raise before the State Implementation and Evaluation Committee any question about :—

- (a) breach of Code of Discipline;
 - (b) breach of any award or agreement;
 - (c) violation of this Resolution ;
 - (d) question of the implementation and recommendations of the Wage Boards.
- (5) Cases of individual workmen, having no general application to others, can be brought up before an employer by a registered union of which the workman is a member even though that union is not recognised and the employer shall negotiate with such registered trade union; in no case, however, will the employer enter into an agreement on matters of general interest with a union which is not recognised.
- (6) When there is a dispute about the representative character of unions for the purposes of recognition, the dispute shall be referred to an Independent Board consisting of one representative each of: AITUC, INTUC, HMS and UTUC, one representative of industries in the private sector and one representative of industries in the public sector and the President of Bihar Chamber of Commerce, ex-officio, the Secretary to Government of Bihar, Department of Labour and Employment, and Commissioner of Labour, Bihar, who will act as Convener and Member-Secretary of the Board.

The aforesaid Board will try to determine as expeditiously as possible the representative character in accordance with the rules and procedures to be formulated by the said Board in advance for disposal of the matters referred to the Board. Provided that, once the Board is satisfied that the voting by secret ballot should be taken to determine the representative character of the rival unions, it may proceed to take the vote in accordance with the procedure prescribed by it notwithstanding any disagreement or non-participation of any of the parties to the dispute.

- (7) Recognition granted to a union as a result to voting in accordance with the procedure laid down in paragraph 6 of this resolution should not be disturbed for two years.

- (8) All disputes arising out of internal rivalry within any union shall be referred for decision to the Central Organisation to which the union in question is affiliated and the said central organisation shall decide the matter within a period of two months from the date of reference of the dispute to it.
- (9) Disputes arising out of rivalry within the trade union, which is not affiliated to any of the four central organisations and such disputes arising out of rivalry within a trade union which is not decided by a central labour organisation to which it is referred within a period of two months, shall be decided by the aforesaid Independent Board in accordance with the rules and procedures laid down by the Board for the purpose.
- (10) For withdrawing recognition of a union, the employers shall obtain the prior approval of the State Implementation and Evaluation Committee whose decision in the matter shall be final, provided that recognition has not been granted under para 7 of this Resolution."

5.8 In essence, the formula provides the appointment of an Independent Board consisting of representatives of employers' and employees' organisations and Government to whom all disputes relating to recognition of unions shall be referred and whose decision shall be final. The Independent Board may decide the issue by verification of membership or by secret ballot, on the basis of a pre-determined procedure laid down by it.

For the procedure laid down by Bihar, please see Appendix—III.

Membership Fee

5.9 We have found that most of the trade unions suffer for lack of funds and they are not in a position to undertake any constructive work for the benefit of their members. The present membership fee of 25 Naye Paise per month was laid down by the amendment of the Trade Union Act 1960. This is too inadequate particularly in view of the rise in wages and costs. We would consider that the minimum union membership fee should not be less than one rupee per month.

Check-off System

5.10 In this connection, we would also recommend that a recognised union should be granted the privilege of check off

system under which the union's dues of its members, if they so desire, are deducted from the wages by the employer and remitted to the union fund.

5.11 We shall discuss the rights and duties of a recognised union versus an unrecognised union in a subsequent chapter where we shall deal with collective bargaining and appointment of a collective bargaining agent

6.0 INDUSTRIAL RELATIONS

Notice of Strike and Lockout

6.1 Most of the heavy engineering industries fall outside the scope of "public utility service" as defined in the Industrial Disputes Act 1947, or mentioned in the First schedule of this Act. Therefore, unless there is a subsisting contract between the employer and its workmen to the contrary, the workmen would be quite within their rights to go on strike without any notice and no action under the law can be taken against them. It is our experience that this right is exercised quite often by a section/sections of workers with impunity, and the code of discipline in industry, which lays down that there should be no strike without notice, is of no help. In view of the vital role of the heavy engineering industries in the national economy, we would recommend that the law should be amended suitably to make sure that it would be illegal to call a strike in the industry without adequate notice. The period of notice may be the same as prescribed in the Industrial Disputes Act for a public utility service industry. It goes without saying that a similar restriction should apply to a lockout also

Industrial Disputes

6.2 In order to promote healthy industrial relations it is essential that disputes of individual nature are kept outside the scope of direct approach to the various authorities created under the Industrial Disputes Act for settlement of disputes who need be concerned only with what has come to be known as an industrial dispute. Essential features of a suitable Grievance Procedure with permissive variations to suit local needs may, by enactment, form an integral part of the Standing Orders of a company, and such disputes may be settled accordingly.

6.3 There have been several judicial pronouncements that an individual dispute cannot acquire the status and complexion of an industrial dispute unless it is backed up by a substantial number of workmen or by a registered union: this position

may better be clarified in the law itself. In this connection, it may be mentioned that the recent insertion of section 2A in the Industrial Disputes Act, however much it may have been justified in the present circumstances, is likely to have rather an adverse effect on the healthy growth of trade unions in as much as it gives the right to an individual workman, regardless of a union, to raise an industrial dispute regarding his discharge, dismissal, retrenchment or termination of his services, and thereby confers jurisdiction on a conciliation officer to take cognisance of such a dispute and to bring into play the consequent provisions of the Industrial Disputes Act. Existence of a strong and responsible trade union is conducive to better industrial relations, and it should be the endeavour of the State, through suitable legislation, to encourage the emergence of such unions, and to discourage any attempt by the workers to by-pass a union, particularly when the law gives full choice to the worker to be a member of the union of his choice.

Political Parties and Labour Policies

6.4 Inter-union and intra-union rivalry has been one of the causes of industrial unrest in the country. Disputes arising out of such rivalries have in recent times become a common feature mainly due to the development of strong factions and groups in the political parties to which most of these unions are attached. In the industrial areas, labour command majority of votes, and it is understandable that they are wooed by all the political parties. The unions provide a convenient channel for this purpose. We had one-party Government in most of the States until the last General Elections. During the early post-independence period, groupism had not developed to any appreciable extent in the political parties and once it was known that a union was affiliated to the AITUC, HMS or INTUC, one could easily understand the attitude the union would adopt towards any particular problem depending upon the known philosophy of the CPI, Socialist Party and Indian National Congress. The situation became complicated when the political parties, other than the Congress, started gaining in strength, and the Congress itself suffered heavy erosion in the basic unity of its rank and file. Many States came to have United Front Governments consisting of parties with completely divergent political beliefs and very soon the labour policy of each State was shaped by the party from which the Labour Minister was drawn for the time being. Thus contradictory policies came to be followed in the sensitive area of labour-management relations which

brought about much chaos and confusion. No less harm has been done by groups within the same party vying with each other to capture power. These are the current problems in industrial relations, and we recommend that a satisfactory solution is found which will be capable of strict enforcement; else we shall be looking in vain for sound harmonious industrial relations to develop.

6.5 As a first step, the inter-union rivalry for getting recognition and the intra-union rivalry for the executive positions in the union have got to be eliminated by adopting a policy which would be easy of implementation and which would be consistent with the democratic principles which should govern industrial relations. In the preceding chapter, we have suggested a procedure to deal with both these problems and we would once again commend them for careful consideration. An Independent Board of the type which we have suggested should deal with cases of inter-union rivalry and also with the cases of the intra-union rivalry where the union is not affiliated to any of the four Central Labour Organisations, while the Central Labour Organisations themselves should have the full powers to deal with intra-union rivalries of their constituent unions. If at all at any stage of this process, it becomes necessary to refer any particular issue to an outside party, it should be referred only to a suitable judicial authority, though, in our view, industrial relations administration should be such that resort to courts and litigation is kept to the minimum.

Collective Bargaining and Collective Bargaining Agent Bipartite Vs Tripartite Agreement

6.6 It need hardly be said that collective bargaining is the sine-qua-non of sound industrial relations. Unfortunately, the provisions of the Industrial Disputes Act, as they exist now, prove to be a definite hindrance to the promotion of collective bargaining on proper lines. The first requirement for collective bargaining is to have a strong union which can function as a bargaining agent on behalf of all the workers. For reasons which we have stated earlier, our labour laws encourage multiplicity of unions rather than consolidation of unions. This has to be prevented by suitable legislation as suggested earlier. Once the employer has granted recognition to a union, and until such a recognition is withdrawn under the circumstances which have also been mentioned earlier, the recognised union should be deemed to be the sole bargaining agent for all the workers in a unit and it should have the

right to enter into collective agreement with the employer on all matters concerning the workers and which affect employer-employee relationship. Collective agreements reached between the employer and the recognised union, without intervention of any State machinery, should be given all the sanctity they deserve, and it should not be permissible for any section of workers or any rival union to challenge it in any court of law or before any authority, except on a charge that the agreement was void on account of any fraud or deception. The existing law gives an inferior status to a bi-partite agreement, compared to an agreement arrived at during a conciliation proceeding; while a bi-partite agreement is binding only on the parties to the agreement under section 18 (Clause 1) of the Industrial Disputes Act, a tripartite agreement is binding on all the parties to the dispute including the heirs, successors, and assignees of the employers who were parties to the agreement, and all persons who were employed in the establishment on the date of the dispute and all persons who subsequently become employed. We would strongly recommend that this disparity and unequal treatment between bi-partite and tripartite agreements must be removed by law without delay and that both placed on equal footing in every respect. We consider it to be one of the most essential steps for the Government to take in promoting collective bargaining in the industry

Adjudication and Tribunals

6.7 We are of the view that as far as possible, compulsory adjudication should not be imposed. It acts as a damper to the willingness of the parties to exhaust all avenues for reaching settlement through collective bargaining. It introduces a third party in the dispute between the employer and the workmen which is not conducive to promoting harmonious relations between the two, it being a time-consuming affair, promotes bitterness. The Code of Discipline in Industry provides that the management and the union would settle all differences, disputes and grievances by mutual negotiation, conciliation and voluntary arbitration and that they will avoid litigation. We are in favour of this salutary principle, though it has been the experience of some of us that arbitration does not provide much of a solution. The management and the union are reluctant to refer economic issues to arbitration, because there are not many qualified arbitrators available in the country who could be entrusted with this task, and because they genuinely feel that there are issues facing the

industry which cannot be subject to give-and-take which an arbitration normally implies. It is, however, clear to us that in the present situation it is not possible to adopt any rigid attitude either towards adjudication or towards arbitration. But once the law is such as to lay maximum emphasis on collective bargaining and bipartite agreement, the position is likely to crystallise in the near future. In any case, it is our view that retired members of judicial service or even retired High Court Judges should not be appointed as industrial tribunals. Such an appointment should always be made from the serving members of the judiciary, and the selection should be left to the Chief Justice of the State High Court or the Supreme Court as the case may be, and the executives should have no say in the selection. The appointment should be on a tenure basis, usually for about three years after which the tribunal should be asked to go back to his original post. His work should be supervised by the High Court itself, just as it supervises the work of the other branches of judiciary, and the executive of the State Government should not have any control over them and nor should they be permitted to give any remark in their character roll. If these steps are taken, it should greatly help to strengthen confidence in industrial tribunals.

Joint Consultation

6.8 The Second Five Year Plan laid some emphasis on association of labour with management, and it also made a reference to the agreement reached between the Tata Iron and Steel Company Ltd., Jamshedpur and the Tata Workers' Union which, for the first time in the country, provided for closer association of workers with management and laid down a detailed procedure for achieving it. The Joint Council of workers and the management in the Tata Steel have functioned successfully during the last 10 years or so and have made significant contribution to industrial peace prevailing in that company. The four main reasons for the success are :

- i) faith of the management and the union in joint consultation and their willingness to make the experiment a success ;
- ii) existence of a strong and responsible recognised union which functions as the bargaining agent on behalf of all workers in respect of everything concerning the employer-employee relationship ;

- iii) complete separation of the functions of the Joint Councils from those of the Works Committees constituted under the Industrial Disputes Act at all levels : and
- iv) keeping all matters coming within the purview of collective bargaining outside the jurisdiction of the Joint Councils.

Experience has shown that joint consultation can succeed only if the above conditions are fulfilled, the primary condition being a strong responsible single union functioning as the bargaining agent. In the absence of this pre-requisite, we do not think a joint consultative machinery can function successfully. But it is an end which we must endeavour to reach by first tackling the issue of union recognition and giving all the rights of collective bargaining to the recognised union alone.

Surplus Labour

6.9 An industry, which is dependent for its production on the demand for its goods and services may be required to adjust its labour force from time to time if it has to run efficiently. In this process, some workers may be found to be surplus to the requirements, even after exhausting all the avenues of absorbing them in alternative jobs within the unit after retraining, if necessary and possible. There is a strong view that management should not be asked to carry the burden of the labour so rendered surplus due to the circumstances beyond its control. At the same time we consider it necessary that action is taken to avoid or minimise the hardship to the workers who may be thus thrown out of their jobs. We, accordingly, recommend the following course of action to deal with a situation of this kind :

- 1) such surplus workers should be paid all retrenchment benefits under the law ;
- 2) a pool of surplus workers should be created ;
- 3) it should be obligatory on the industry, to give first preference to the members of this pool for employment when vacancies arise ;
- 4) those who are put in the pool should be paid some unemployment benefit, resources for which should be raised by contribution from both the State and the industry ;

- 5) the pool should be maintained State-wise with a national co-ordinating authority ;
- 6) the question of re-employment from the pool should be handled through the employment exchange or any other suitable agency that may be set up for the purpose ;
- 7) the agency to be set up should ensure that manpower requirement of new units coming up or of the expansion of the existing units is met first from this pool, as far as possible ; and
- 8) depending upon demand, members of the pool should be liable to be employed in any State other than the one in which they are registered.

The creation of the pool of surplus labour, as recommended above, would, on one hand, give the industry freedom to retrench, when circumstances warrant it, and, on the other, would mitigate hardship to the surplus labour to some extent.

Discipline

6.10 Experiences in the recent past in certain industries both in the public and private sectors have brought to the fore a new kind of indiscipline distinct from industrial indiscipline. There have been numerous cases where workers have taken the law into their own hands on issues which have no relevance to industrial disputes leading to extensive dislocation in production. We feel that a clear distinction should be made between an agitation arising out of an industrial dispute and an act of indiscipline for other reasons. The Group feels that the State should not be a passive onlooker when there is a threat of violence and disturbance of industrial peace due to either of the following reasons :

- a) forces external to industrial disputes and to management-labour relations such as communal disturbances, regional disturbances, etc., which are harmful to industrial relations ; and
- b) issues which though they may have a bearing on industrial disputes pose a threat to law and order.

In either case, the State should actively intervene to restore normal conditions, so that production processes are not interfered with.

Absenteeism

6.11 Absenteeism in the engineering industry which averages 15% is a malaise which continues to prove a serious problem. This absenteeism rate drops to as low as 2% a couple of months before the annual bonus is payable; while after the payment of the annual bonus, the rate rises to as high as 30% for 3 to 4 weeks and seriously affects production.

Heavy absenteeism may be due to the following causes amongst others :

- 1) industrial labour has an agricultural background and goes home for sowing and harvesting of crops ;
- 2) not infrequent misuse of the provision for leave ;
- 3) social customs ;
- 4) observance of different religious festivals ;
- 5) lack of understanding of the economic effect of staying away from work.

Provisions for leave and holiday are such that if a factory can work for 300 days in a year it has done well ; the average being between 290 and 300.

Workmen do not understand the full impact of absenteeism on the prosperity of a firm, that they have a corresponding responsibility to the firm which employs them,

It is necessary to explain to workmen the undesirable effect of suddenly staying away from work and although much time must elapse before it is understood, a start should be made by agencies of the Central and State Government, and the employers' and employees' organisations. In this connection we may mention how one of the large companies deals with cases of absenteeism. Absence without permission is deemed to be an act of misconduct and the employee is liable to be punished under the Standing Orders. The form of punishment adopted by the Company in such cases is as follows :

a) An employee, who is guilty of absence without information or permission for a period of less than 15 days, is liable to be punished as detailed below :

- | | |
|---------------|---------------------------------|
| 1st offence — | Departmental warning in writing |
| 2nd offence— | Suspension for three days |
| 3rd offence — | Suspension for seven days |
| 4th offence — | Suspension for fourteen days |
| 5th offence — | Discharge |

If the employee is regular in attendance for a continuous period of six months, his previous punishment (s) for absence without information or permission is not taken into account.

- b) For absence without information or permission for a period of 15 days or more at one stretch, an employee is liable to be discharged from the service of the Company.

We would commend this for consideration with the modification that the employee should be liable to be discharged after the 3rd offence ; and the privilege of no notice being taken of previous punishments for absence should be available only after a period of full one year of no absence without permission.

7.0 INCENTIVE AND PRODUCTIVITY

7.1 Although production is essentially a matter for works management, productivity is a matter for both management and workmen. Improvements in productivity can only be achieved when all concerned with production have the will and are aware of all the implications. The national targets will not be achieved unless we maximise production and hold the price line, and no one will dispute the essentiality of either. But there is admittedly a third and perhaps more essential requirement, namely that the economy shall operate with the maximum attainable efficiency so that the utmost can be extracted from available capital, machinery, raw material and manpower. Our country cannot afford to be inefficient in the utilisation of these resources. Any long-term solution to India's economic problems will not be possible unless we learn to produce more from a given input, or conversely, that a given output can be achieved at lower cost. Many other things will be required if the economy is to become self-balancing, but unless a substantial improvement in efficiencies can be achieved, there can be no halting of inflation and no significant long term increase in India's exports, particularly of the Heavy Engineering Industry.

7.2 The prime need is to appreciate that a sustained improvement in earnings can only come about if increases in remuneration are linked to increases in productivity. The starting point of any scheme of incentive awards or payment by results should, therefore, be the norm of a fair day's work for a fair day's wage. Employers must also accept the principle that increased profits arising from increased productivity and greater efficiency must be shared with employees as well as with investors and customers. In all this, Government has a most important part to play in supporting the productivity-movement, in stressing on its need as well as in encouraging its successful implementation.

7.3 Experience of the past years has clearly shown that a substantial expansion in exports of engineering goods cannot be achieved through normal economic stimuli. In fact, even

additional incentives in the form of drawbacks on excise duties, subsidies, concessional freight rates, linking of import requirements with export performances, etc., have not produced much result. It is an unfortunate realisation that while the incentive schemes must continue, what is of critical concern from the point of view of expanding our exports is the high cost of production. It is said that in wagon building or structural fabrication, our economic prices are about 11 to 25 per cent higher than the lowest prices tendered by outside parties. This gives an indication of the extent of uncompetitiveness of the prices of our heavy engineering goods in the world market. The high production cost in India is in no less measure due to lack of productivity and the consequent low utilisation of capital equipment. The solution of our export problem lies largely in improving this particular situation.

7.4 In 1960 a paper on the pattern of plant utilisation in the Calcutta area produced by a Consultant for the U.S. Technical Co-operation Mission, indicated that most of the best plants were operating at best at 30% to 40% of the scheduled efficiency on a single shift.

7.5 There are three distinct areas where productivity is a matter of concern, namely management methods, equipment and labour, but, as mentioned above, labour productivity, particularly in the field of heavy engineering industry, is not in a good shape. It is admitted that wages content in the build-up of an engineering product price is comparatively low. The question has, therefore, often been raised—do not the employers give undue emphasis to the productivity of workmen? The reason for this emphasis, namely, that it is not the saving in the wages as a result of increased productivity but the fact that this increased productivity results in a higher output from the same capital resources, is an important one. It is also well-known that Indian workmen can increase, in some cases, their productivity substantially by as much as 150-300%. Even assuming an increase of 100% only in labour productivity alone, it can be worked out that the production costs in the heavy engineering industry would be reduced by as much as 25% on this account only. The other elements of production costs are raw materials and overheads. As regards the direct savings in materials at the plant, such savings can be limited to reducing wastage and stocks. While this saving must, of course be done, it is unlikely to be more than say 10% of the cost of materials or only 5% of the total production costs. But it must be remembered that a raw material of one plant is the finished product of another plant; in this latter

plant there is once again full scope for increased labour productivity and a higher saving in costs.

7.6 One can buy a man's time, one can buy a man's physical presence at a given place and one can even buy a measured number of skilled muscular motions per hour or day. But things like enthusiasm, initiative, discipline, loyalty and devotion cannot be altogether exchanged for money, although these are the prime sources of the human will to work. And without the will to work there is no real productivity how-much soever great may be the inducement offered by incentive schemes. Various are the schemes for incentive payments and their methods of computation. Much as the will to work, the understanding also that incentive payments are to be earned, is indeed lacking. Incentive payments are more often than not taken by the workmen to be an adjunct to their dearness allowances. Instances are not scarce that in spite of guaranteed fall-back wage, there are breaches of industrial peace when the earnings from the incentive schemes fall on account of recession, machine breakdown or material shortage. Incentive payments should be allowed only if the output has successfully passed inspection and tests. Whether it is a group incentive or otherwise, it is no doubt desirable that the incentive earnings do not fluctuate very much, but in the current controlled economy and uncertain market, some fluctuations cannot be avoided altogether. The other important point to note is that under a group incentive scheme, sporadic individual efforts alone are not good enough; it is the result of the group or the team that counts; the whole cannot be substituted by the parts.

7.7 It is unfortunate that in the engineering industries of this country incentive schemes are not commonly in operation. Barely about 10% of the existing establishments have such schemes besides the basic wages and dearness allowance as the fall-back wage. Employers must, in the interest of the industry, employees and themselves introduce sound incentive schemes as early as possible. On the other hand, perhaps there are reasons why incentive schemes are not more prevalent in the engineering industries in India, such as, because of the over-licensing of capacity, employers in many cases do not wish for higher production targets due to overall insufficiency of work.

7.8 Production outputs must not be confused with productivity incentives. Production outputs should be determined by the management from time to time depending on

plant and machine capacity and manufacturing methods and having regard to the competitiveness of the market from time to time, the Company's ability to secure orders and also the fact that the Company's operations should be on a profit basis so as to satisfy the investors as well. In regard to productivity incentives, however, it is an expert's opinion that "no treatment of productivity would be complete without discussion of incentives with the employees". After establishing the best methods, the management should establish the best times for the jobs allowing for fatigue, etc. and fix the production outputs. The initial point of output for bonus commencement and the maximum point related to the production target should be settled after a discussion with the recognised union. Similarly, the quantum of bonus payment at different stages of production should be incorporated in the scheme in consultation with the union bearing in mind always that these cannot be divorced from a realistic consideration of plant economy, order book and market competitiveness. The Supreme Court has held that incentive payments should be made to both the direct and indirect workmen although indirect workmen may earn a smaller amount. Whether it should be a group incentive, a batch incentive or a piece-rate system, is a matter to be decided by the management in consultation with the union in consideration of many factors affecting the shop conditions and job requirements. Many standard books are available for consultation. The productivity programme should be entrusted to sufficiently experienced personnel who are adequately conversant with the shops concerned. Preferably, this should be entrusted to a separate Industrial Engineering Department, hired or employed, and having the same status as the Personnel or Accounts Department. In smaller units, perhaps one industrial engineer would be sufficient, whilst in larger units, a more elaborate organisation, hired or employed, would be necessary.

7.9 The Fair Wages Committee indicated that one of the factors which should determine fair wages is the productivity of labour. It is hoped that considering the emphasis on productivity in the draft Fourth Five Year Plan, the Wage Fixing Machineries should not ignore the desirability of extending the system of payment by results or at least to give reasons for ignoring or paying attention to this aspect. In this connection our attention has been drawn to a finding of the Economic and Scientific Research Foundation, in a study intitled "Productivity, Wages and Prices in Indian Industry

1953-63", that all wage increases linked with the cost of living index are meaningless and self-defeating. They benefit neither the wage earners nor the economy. The findings of the Foundation, based on an analysis of the organised manufacturing sector in general and on selected industries in particular, are that in an economy dependent primarily on agriculture, all attempts to push industrial wages faster than national per capita real income "are self-defeating and inflationary, since they ultimately end up by raising prices by that much margin".

7.10 In connection with the Labour Policy and Programmes, it is a recommendation contained in the Draft Fourth Five Year Plan that the total wage should have three components, namely the basic or minimum wage, an element related to the cost of living and an element related to increase in productivity. Incentive payments should be introduced on a combination of time rate and piece rate systems with a guaranteed fall back wage. It is suggested that about 75% of a day's work as determined on scientific lines should be taken as 'standard production' or base against basic wages and dearness allowance. This will leave a margin of 25% production for incentive earnings by extra performance.

7.11 The National Productivity Council has been partly successful in creating a climate for productivity among employers. Employees, however, are not very enthusiastic as has been admitted by many Productivity Councils. The National Productivity Council and the Local Productivity Councils must now carry the message of productivity to the plant level. The consultancy services on the techniques of productivity should be strengthened. Employers who are now mentally prepared to adopt productivity techniques find that there is a vacuum when they wish to engage consultants who can give them concrete projects after a survey of their plants. The National Productivity Council through their local agencies can fill this gap. Productivity ensures the most efficient use of the wealth-producing resources at our disposal and can thus contribute to the growth of the enterprise and the economy in general. Measurement of productivity and its allocations to different factors should figure prominently in the wage negotiations. The gains of productivity should be shared with investors and consumers. Incentive schemes should be introduced in such a manner that they are easily understood and their norms are attainable with full scope of earning prospects taking into view the degree of efforts and returns.

8.0 SOCIAL SECURITY AND WELFARE

Social Security Schemes

8.1 Social security schemes vary considerably from one organisation to another. Besides the statutory social security schemes, some firms have certain additional schemes such as gratuity, retirement benefits, medical benefits, death relief and family relief funds, etc. The cost of these schemes varies since it is dependent on the size of the firm. In some firms the cost is substantial, and in at least three of the heavy engineering concerns under study, the cost for one year is over Rs. 30 lakhs or about Rs. 15/- per worker. In one firm it is said to be as much as 15% of its total labour cost.

Employees' State Insurance Scheme

8.2 The Employees' State Insurance Scheme has been successful in most areas where it has been introduced. We are aware that there has been serious criticism of the scheme at times, and in one large industrial centre, the workers belonging to all parties are dead opposed to the introduction of the scheme. With better administration and control there is no reason why the scheme should not be successful. We are of the opinion that the scheme should be extended to cover the entire working population including temporary workers.

Provident Fund-Cum-Pension Scheme

8.3 While the statutory Provident Fund Scheme has assured substantial relief to workers after retirement, it is generally found that the money is not properly invested or utilised. It is not uncommon to find that soon after retirement, most of the workers have miserable time for the rest of their life. We would, therefore, very strongly recommend that a suitable pension scheme for all the workers should be introduced, in addition to the Provident Fund Scheme which may have to be modified in such a way that the financial burden is shared between the employer and the workers.

Gratuity

8.4 There is no set practice in the matter of gratuity payment. There are some units which, at the time of retire-

ment of an employee, pay gratuity based on half a month's basic wage for every year of service, if an employee has put in a certain minimum number of years of service. With a view to bringing dependable relief after superannuation it should be obligatory, in our view, to pay gratuity to employees with sufficiently a long and satisfactory service at the rate of half a month's wages per year of service. This may be subject to a maximum of 15 months' wages at the time of retirement. There are, however, two views on the concept of wages and the quantum of maximum gratuity. The wages, according to one view, should comprise the basic wage only, while according to another view, it should comprise basic wage and dearness allowance also. As regards the maximum quantum, the other view was that there should be no limit to it.

Welfare

8.5 Welfare facilities have generally taken the form of subsidised housing, subsidised canteen and organisation of social and cultural activities. With regard to housing, in places which are away from cities and large towns, industries have provided accommodation which varies from 15 per cent to 80 per cent of the strength of their employees. We wish to make special mention of the fact that since Independence Government have not done much in the way of providing houses for industrial workers and most industries find it difficult to arrange for the necessary finance to undertake housing on a satisfactory basis. The problem is urgent and should receive due attention of Government.

8.6 Very often the employees in large heavy engineering units are drawn from different regions of the country. In aiming to achieve social and cultural integration amongst different groups of people engaged in these large units the social and sports associations have assumed importance, and there are many units which are financially assisting the formation of these associations. We welcome this, but it is a matter which is to be left to the units concerned.

Education

8.7 There is no common pattern about education facilities to the children of workers. In a few cases there are company-run schools upto the Higher Secondary level, and

there are also other cases where a unit provides transport facilities at subsidised rate for the employees' children to attend schools run by the State or other organisations. We consider that education should be the primary responsibility of the State and the State should pay special attention towards discharging this responsibility in relation to the children of the workers engaged in industries. We see no reason why the industrial workers' children should be treated differently from those of the rest of the population in obtaining Government's assistance in this important field of education.

Fair Price Shops and Co-operative Stores

8.8 The spiralling prices mainly of foodstuff and other necessary commodities during the recent years have brought to focus the urgent need for providing either fair price shops or consumers' co-operative stores where the workers could buy their necessary requirements of food and other articles at reasonable prices. The dearness allowance in most cases is now linked with the cost of living index and wherever it is not so yet, it is presumed that the Wage Board for Engineering Industries would very soon provide for it. The employers are, therefore, unwilling to take any further financial responsibility for providing either fair price shops or for assisting consumers' co-operative stores. We would commend that it would be in their interest to provide physical facilities required for fair-price shops or for consumers' co-operative stores, as the case may be, in the shape of housing accommodation for the shops and stores and in recovering dues from the workers through their pay-rolls on behalf of these shops and stores. It is recognised, however, that for either the shops or the stores being successful very active support and co-operation of Government would be necessary in the matter of maintaining supplies.

Fringe Benefits

8.9 Of late the employers are reluctant to undertake any new welfare activity mainly because the Wage Fixing Machineries, while fixing wages, generally ignore the supplementary labour cost to the employer on welfare services which are known as fringe benefits and some of which have been enumerated above. We are of the view that in fixing a fair wage, consideration should be given to the cost incurred on fringe benefits. This would also encourage the employers

to provide more and more amenities to the worker, which would ultimately help him and his family in enjoying better life.

Sd/- R. S. Pande	Convener
Sd/- S. K. Datta	Member
Sd/- N. K. Sen Gupta	Member
C. E. Cargin	Member (Out of India)
Sd/- Gopeshwar	Member
Sd/- Ram Desai	Member
Sd/- A. N. Singh	Member
Sd/- D. N. Ghose	Member

Mr. R. Chib
Mr. L. Prasad

Calcutta
2nd November, 1968.

SUMMARY OF CONCLUSIONS

Chapter 2—Problems of Development

1. Growth and development of Heavy Engineering industries are essential for deepening and widening the economic base of the country in order to enable the industry to become self-reliant and growth self-sustaining. (Paragraph 2.1)
2. While the general index of industrial production rose from 73.5 in 1951 to 194.2 in 1966, there was phenomenal growth in basic metals, finished steel, aluminium manufacturing and machinery; in the last case index rose from 45.2 to 532.5 during this period. (Paragraph 2.3)
3. According to the Indian Labour Statistics, 1967, the contribution of large and medium scale engineering industries by production of goods was approximately 31% of the value of goods produced by all industries. (Paragraph 2.6)
4. The index of wages at constant price level, including money value of benefits and privileges rose, from 100 in 1951 to 147.4 in 1963. (Paragraph 2.8)
5. The industry appears to have reached a water-shed due to recessional tendencies in the economy. While capacity has been increasing at the rate of about 10%, output has increased at the rate of only 4% or less per annum and in some cases none at all during the last four years. Utilisation of installed capacity has gone down from 90% to 50% and below in about 53 major industries. (Paragraph 2.9)
6. Export of engineering goods to developing countries should receive much needed boost; the share of import has to be progressively reduced; it is possible to do so in a large measure by well planned diversification of major plants in existence and to be set up. (Paragraph 2.9)
7. Industrial growth and development call for a high level of capital formation and investment which can be achieved through great human efforts and sacrifice; for harmonious and co-ordinated development of the economy the imbalances between rural and industrial labour should be progressively narrowed down; the industry is at present in

the doldrums of recession; our immediate future wage policy for heavy engineering industry should take note of these facts. (Paragraph 2.10)

Chapter 3—Recruitment, Induction & Training

8. 80 to 90% of the workers employed in Heavy Engineering industries are production and related workers; of whom majority are technicians of skilled and highly skilled categories. (Paragraph 3.1)

9. The experience with the Employment Exchanges in regard to the supply of skilled manpower has not been satisfactory. They should be properly equipped and oriented. Only those should be registered for employment in a skilled trade who are found to conform to certain standards. A better liaison between the industry, the Exchanges and the I. T. Is. is called for. (Paragraph 3.2)

10. It should not be compulsory for an employer to recruit all the personnel through the Employment Exchange; the Exchange can win over the confidence of the industry only through the quality of its own service, which at present is rather below mark. (Paragraph 3.3)

11. The Employment Exchanges should function on a national basis and should be under the Union Ministry of Labour. (Paragraph 3.4)

12. The scheme of recruitment of trade apprentices needs reorientation. Each establishment should be given full freedom to vary the number of apprentices in different trades so as to first satisfy its own requirements of skilled men. The requirements must be assessed carefully on year to year basis and the authority in charge of the implementation of Apprentices Act should have powers to issue directives altering the number and ratios of apprentices to be taken by a unit. (Paragraph 3.5)

13. Industry should offer opportunities to the men to improve their skills. (Paragraph 3.6)

14. Sons and relations of employees generally get preference in recruitment to lower categories. In highly skilled and supervisory categories selection is based on competition on a national basis but certain amount of preference is given to local candidates. (Paragraph 3.7)

15. There is some shortage of trained and skilled technicians in certain trades mainly because those passing out of

ITIs have not been found upto the mark. Most of the industries have their own schemes of training of the skilled personnel and there has been increased mobility in this category during the recent times. (Paragraph 3.8)

16. Temporary employees normally get the same basic wage and dearness allowance as permanent employees, but the casual labour employed for casual work get much less. It is felt that as regards basic wages and dearness allowance, temporary and casual labour should be on par with permanent workers. (Paragraph 3.9)

17. The cosmopolitan nature of the heavy engineering industries in the matter of employment should be allowed to grow as they constitute most vital centres of national integration. At the same time, through the constitution of high power selection committees, the justifiable aspirations of the local people for employment should be met. (Paragraph 3.10)

18. It would not be in the interest of industry to impose any ban on contract labour being employed, but suitable safeguards in law should be provided for them in the matter of wages, provident fund and for regulating conditions of work, including provisions of rest and holidays. (Paragraph 3.11)

19. The Government should set up an agency to rehabilitate those who are physically handicapped as a result of an accident and who cannot be absorbed in their own firms. (Paragraph 3.12)

20. It is essential to have a programme of induction for each category of workers. (Paragraphs 3.13 & 3.14)

21. Promotion to unskilled and semi-skilled posts should generally be on seniority alone; but merit, efficiency and ability to do the work should be the main criteria for promotion to skilled, technical and supervisory posts. There should be a formalised procedure of objective merit rating for promotion to higher positions in the hierarchy of supervision. (Paragraph 3.15)

22. While it is a good moral booster if higher positions are filled in by recruitment from below, experience has shown that the vitality of an organisation is better maintained if fresh blood is injected in it at different levels periodically. (Paragraph 3.16)

Chapter 4—Conditions of Work

23. In the case of factories employing at least 250 or more workers, Government should have powers to ensure pro-

vision of an ambulance room if there are no satisfactory medical facilities available nearby. (Paragraph 4.1)

24. Subsidised canteens are extremely popular with the workers. Canteen should be run either departmentally or through a co-operative of workers but not on contract. Prices of food stuffs sold in the canteen should be fixed by Canteen Management Committee; in case of difference of opinion between the Committee and the employer, the matter should be referred to the Chief Inspector of Factories or any other mutually agreed person whose decision should be final. (Paragraph 4.2)

25. The criteria for providing creches should not be the number of women only, but it should be based on the number of children in the specified age group. A creche should be provided where there are 50 women workers or 25 children under the age of 6 years of such women. (Paragraph 4.3)

26. The Welfare Officers appointed under Section 49 of the Factories Act are many a time saddled with responsibilities which are not envisaged in the Factories Act. In one State they function mainly as Industrial Relations and Personnel Officers. The institution of professional and industrial relations men has been firmly established in the country and it is no longer necessary to retain section 49 to provide compulsorily for such personnel. In any case, it should be ensured that the Officers appointed under this section function as an integral part of the management, subject to its control and discipline without looking to any outside authority for support. (Paragraph 4.4)

27. There should be a full-time Safety Officer wherever 500 workers or more are ordinarily employed. (Paragraph 4.5)

28. The three national holidays should be made compulsory. (Paragraph 4.6)

29. The number of festival holidays and the quantum of casual leave should not be regulated by law. (Paragraph 4.7)

Chapter 5—Trade Unions

30. Major shifts and unhealthy developments in the politics of the country have led to similar developments in the trade union field resulting in the erosion of the solidarity of the working class. (Paragraph 5.1)

31. Urgent attention should be paid to the comprehensive amendment of the Trade Union Act which is inade-

quate to take care of the emergence of the forces which now impinge on the labour movement. (Paragraph 5.2)

32. The Inter-union Code of Conduct has been observed more in breach than in observance. (Paragraph 5.3)

33. In order to prevent the mushroom growth of unions, no union should be registered unless it has the support of at least 10 per cent of the work-force in a unit and 5 per cent of the work-force in an industry as the case may be, and at least 20 members should apply for forming a union instead of 7 as at present. In case any of the existing unions is found to have a membership of less than 10 per cent in a unit and 5 per cent in an industry as the case may be, the registration should be cancelled. (Paragraph 5.4)

34. Employers and Government should have no dealings with any faction or group in a union which is not recognised by the principal national organisation of employees to which it claims affiliation. (Paragraph 5.5)

35. In case of independent unions, the Registrar of Trade Unions should have the powers to investigate the matter and give decisions which may be subject to one appeal only. (Paragraph 5.6)

36. The policy recently adopted by the Government of Bihar for dealing with the question of rival trade unions and their recognition is recommended for acceptance. (Paragraph 5.7)

37. The minimum union membership fee should be raised from 25 Naye Paise to Rupee one per month. (Paragraph 5.9)

38. A recognised union should be granted the privilege of check-off system. (Paragraph 5.10)

Chapter 6—Industrial Relations

39. The Industrial Disputes Act should be amended suitably to make any strike or lockout without notice in heavy engineering industries illegal, as the Code of Discipline has proved to be wholly ineffective. (Paragraph 6.1)

40. Disputes of individual nature should be kept outside the scope of direct approach to the authorities under the Industrial Disputes Act. (Paragraph 6.2)

41. Insertion of section 2A in the Industrial Disputes Act has an adverse effect on the healthy growth of trade unions. It should be the endeavour of the State to encourage

the emergence of strong and responsible trade unions and to discourage any attempt by the workers to by-pass a union. (Paragraph 6.3)

42. Inter-union and intra-union rivalry has been one of the causes of industrial unrest in the country. The situation in this regard has become more complicated after the last General Elections. (Paragraph 6.4)

43. Inter-union rivalry for getting recognition and intra-union rivalry for the executive positions in the union may be eliminated by adopting the policy recently formulated by the Government of Bihar on the recommendations of the State Labour Advisory Board. (Paragraph 6.5)

44. Collective bargaining is the sine-qua-non of sound industrial relations ; the Industrial Disputes Act should be suitably amended to ensure free collective bargaining. A bi-partite agreement should have the same status as a tri-partite agreement in all respects. (Paragraph 6.6)

45. Compulsory adjudication should be avoided. Only serving members of the judiciary should be appointed as industrial tribunals or on labour courts, and their selection should be left entirely to the Chief Justice of the High Court or the Supreme Court as the case may be. (Paragraph 6.8)

46. It is recognised that for reasons beyond its control, industry may be required to render certain number of workers surplus from time to time. While the industry should not be asked to carry the burden of surplus labour, it is necessary to take some concrete action to avoid and/or minimise the hardship to the workers so affected. A pool of surplus workers may be created who may be paid some unemployment benefit until they get jobs and who should get preference for employment in future vacancies, the pool being maintained State-wise with a national co-ordinating authority. (Paragraph 6.9)

47. The State should make a clear distinction between a disorder arising out of an industrial dispute and for other reasons such as communal disturbances, regional disturbances, etc., in which case the State should intervene actively to restore normal conditions. (Paragraph 6.10)

48. Absenteeism is a malaise and every effort should be made to control it. (Paragraph 6.11)

Chapter 7—Incentive and Productivity

49. Substantial improvement in productivity is necessary if the economy is to become self-balancing. (Paragraph 7.1)

50. A sustained improvement in earnings can only come if wage increases are linked to increases in productivity. Increased profits arising from increased productivity should be shared with employees as well as with investors and customers. (Paragraph 7.2)

51. Prices of our heavy engineering goods are not competitive in the world market. It is in no less measure due to lack of productivity and the consequent low utilisation of capital equipment. (Paragraph 7.3)

52. Most of the best plants are operating at 30 per cent. to 40 per cent of the target efficiency on a single shift. (Paragraph 7.4)

53. Only about 10 per cent of the existing establishments have proper incentive schemes. Employers should be asked to introduce sound incentive scheme as early as possible. There should be full consultation with the union in working out any scheme of incentive. (Paragraphs 7.7 & 7.8)

54. In an economy depending primarily on agriculture, all attempts to push industrial wages faster than national per capita real income are self-defeating and inflationary since they ultimately end up by raising prices by that much margin. (Paragraph 7.9)

55. The National Productivity Council can play a vital role in carrying the message of productivity to the employers and employees. (Paragraph 7.11)

Chapter 8—Social Security & Welfare

56. The Employees' State Insurance Scheme should be extended to cover the entire working population including temporary workers. (Paragraph 8.2)

57. A suitable Pension Scheme should be introduced in addition to the Provident Fund Scheme the additional financial burden being shared between employers and workers. (Paragraph 8.3)

58. In almost every unit there are schemes of retiring gratuity payment. (Paragraph 8.4)

59. The housing of employees should receive due attention of Government. (Paragraph 8.5)

60. The State should pay special attention towards discharging its responsibility in relation to the education of the children of workers engaged in heavy engineering industries. (Paragraph 8.7)

61. Employers should provide physical facilities for fair-price shops and consumers' co-operative stores and the State should ensure maintenance of regular supplies to them. (Paragraph 8.8)

62. In fixing a fair wage, consideration should be given to the cost incurred on fringe benefits. (Paragraph 8.9)

Record note of discussion of the First Meeting of the Study Group for Heavy Engineering Industries set up by the National Commission on Labour held in Mr. R. S. Pande's Room on 7-7-1967.

Present : Mr R. S. Pande, Convener
 Mr C. E. Cargin, Member
 Mr S. K. Datta, "
 Mr A.N. Singh, "
 Mr Gopeshwar, "

Not Present :

Mr N. K. Sengupta, Member
 Mr Mohammed Elias "
 Mr Ram Desai "
 Mr D. N. Ghose "

Mr Pande welcomed the members to the first meeting of the Study Group and expressed the hope that with their co-operation the Group would be able to make its contribution to the accomplishment of the task before the Labour Commission.

2. Letter No. 3(18)/67—NCL dated 23rd May, 1967, inviting the members to the Study Group and circular letter No. 3(18)/67—NCL dated 27th June, 1967, making the formal announcement of the constitution of the Study Group were read.

3. The very first task before the Group was to determine its scope of work. Heavy Engineering Industry did not appear to have been defined by the Commission. Mr. Pande referred to the Draft Outline of the Fourth Five Year Plan on pages 251 and 270 where there is some Indication of Planning Commission's thinking regarding Heavy Engineering Industry in the Public Sector and in the Private Sector. These include :

Public Sector :

1. Heavy Electrical Plant, Bhopal
2. Production of Motors and Turbo-jets at Hardwar
3. Heavy Electricals at Ramachandrapuram
4. Tiruchirapalli Boiler Factory
5. H. E. C. at Ranchi including the H.M.T.
6. Mining and Allied Machinery Corporation, Durgapur
7. H.M.T. Plant at Pinjore, Kalamassery and Hyderabad.

In the Private Sector the field of heavy engineering will include :

1. Power Boilers
2. Industrial Boilers
3. Transformers (mainly distributional transformers)
4. Electrical motors
5. Switch gears and control gears.
6. Coal Mining equipment.
7. Drilling equipment.
8. Steel Castings and Forgings.
9. Gray iron and Malleable iron castings
10. Agricultural tractors.
11. Pumps.
12. Compressors.
13. Ball bearings.
14. Machine Tools.
15. Structural.
16. Mechanical handling equipment.
17. Construction Machinery.
18. Commercial Vehicles.
19. Industrial refrigerators.
20. Textile Machinery.
21. Cement Machinery.
22. Sugar Machinery
etc.

The Group felt that within the short time at its disposal it would not be possible to cover all the above industries. It was, therefore, decided to make a list of such units which, in the opinion of the Group, could, without doubt, be considered to be heavy engineering units and try to study them, in the first instance. Accordingly the following list was drawn up :

West Bengal

1. Burn & Co.
2. Braith Waite & Co. India Ltd.
3. Indian Iron & Steel Co. Ltd., Kulti Works.
4. Jessop and Co. Ltd.
5. Texmaco.
6. Bridge and Roof Co. (India) Ltd.
7. Indian Standard Wagon.
8. Kumardhubi Engineering Works.
9. Hindustan Motors.
10. Britannia Building and Iron Co. Ltd.
11. Mining and Allied Manufacturing Co. Ltd.
12. Guest Keen Williams.
13. Britannia Engineering Co. Ltd.
14. G. E. C.
15. A. E. I.
16. Mahendra Manufacturing.
17. Chittaranjan Locomotive Works.
18. National Insulated Cable Co.
19. Hindustan Cables
20. Ford Gloucester Cables.

Bihar :

1. Tata Engineering & Locomotive Company Ltd.
2. Jamalpur Railway Workshop.
3. Jemco.
4. Indian Cable Company Ltd.
5. Indian Tube Company.
6. Heavy Engineering Corporation.

Uttar Pradesh

1. Diesel Locomotive Works, Varanasi.

Orissa :

1. Utkal.
2. Kalinga Tubes.
3. Kalinga Automobiles

Delhi :

1. Escorts Ltd.

Rajasthan :

1. Kamani Engineering, Jaipur.
2. National Engineering Industries, Jaipur.

Madhya Pradesh :

1. Universal Cables.

Maharashtra :

1. Richardson and Cruddas.
2. Kirloskar Oil Engines.
3. Indian Standard Metal.
4. Garlick & Co.
5. Crompton Parkinson.
6. Mukund Iron and Steel Works.
7. Premier Automobiles Ltd.
8. Mahindra and Mahindra.
9. Kamani Engineering.
10. Alcock Ashdown.
11. Mazgaon Dock.
12. Godrej Boyce and Company.
13. Telco Machine Tool Division, Poona.
14. Cable Corporation of India.
15. Asian Cables.

Madras :

1. I. C. F.
2. Ashok Leyland.
3. Simpsons.
4. India Tube
5. Southern Structurals.

Mysore :

1. H. M. T.
2. Bharat Earth Movers.
3. Hindustan Aircraft Ltd (All three factories)
4. Mysore Kirloskar.

Andhra :

1. Hindustan Shipyard.
2. Tiruchirapalli Boiler Plant.
4. The list of industries mentioned in paragraph 3 above will be sent to the National Commission and their advice sought as to whether they would suggest any addition or deletion from the list.

5. The Commission would also be asked to consider whether some other Engineering Industries such as units

manufacturing radio, cycle, sewing machine, aluminium, glass which employ a large number of workers could be included within the scope of the Group. There was, however, a general feeling that these industries fell outside the purview of the Group.

6. It was the view of the Group that factories engaged in defence production and which otherwise would be called Heavy Engineering units should be studied by the Group such as factories for wagons, aircrafts, tank production and Saktiman, etc. Commission's advice will be sought in the matter.

7. The Commission has asked for

- (a) the recent experiences of the industry in the different areas of its investigation;
- (b) the problems facing the industry; and
- (c) the problems likely to arise in the foreseeable future which may have a bearing on the terms of reference of the Commission and the solutions, if any, to these problems.

It is also the intention that all the available data which may be relevant to the enquiry should be critically examined with a view to formulating proposals in the light of existing facts.

8. The questionnaire prepared by the Commission was gone through and it was felt that the Group will try to answer those questions which are of particular relevance to the Heavy Engineering Industry. As for example,

(a) Under 'Recruitment' the Group could confine itself to the problems of casual and contract labour. Under 'Induction' the learning of skills was of great importance for Heavy Engineering Industries. Under 'Conditions of Work' the question of national and festival holidays has been the bone of contention in different States and different regions.

(b) Regarding "Trade Union", the question of inter-union rivalry, intra-union rivalry, recognition of unions, and the role of the State Government in Trade Union could be discussed.

(c) Under "Industrial Relations", the question of strike and lockout, go-slow, gherao and channels of communications could be deliberated upon.

(d) Under "Wages", question of dearness allowance, fringe benefits, wage differentials and wage policy could be taken up.

(e) Under "Incentive Scheme/Productivity", question of over-staffing and absenteeism should be discussed.

9. As the list of subjects appeared to be too big, Mr. Pande and Mr. Gopeshwar were requested to re-examine it and prepare a short but comprehensive list of subjects to be studied. These two notes will be circulated to the members and at the next meeting, a final list of items on which information is to be sought will be drawn up.

10. It was felt that for the purpose of collecting information, help of the various employers' organisations and other engineering associations will be taken. The Group may have to visit some centres.

11. The Study Group felt that it was not the intention of the Commission to make a study of matters connected primarily with labour only as labour cannot function in isolation. A worker is an integral part of the economy, and ought to be an integral part of the social frame-work. It was therefore necessary that the Group should study broadly the economic problems and conditions facing the Heavy Engineering Industry as a whole and the social problems facing the workers whilst making its recommendation on the terms of reference of the Commission.

12. It was decided that the next meeting of the Study Group will be held in the Visiting Directors' Room of Tisco Administration Office, 23-B, Netaji Subhas Road, Calcutta, at 3.00 P.M. on 21st July, 1967.

LIST OF ITEMS FOR WHICH INFORMATION IS REQUIRED BY THE STUDY GROUP FOR HEAVY ENGINEERING SET UP BY THE NATIONAL COMMISSION ON LABOUR.

A. General Background Information

1. What has been the growth of labour force category-wise—skilled, unskilled and supervisory—in Heavy Engineering industries since Independence, i. e., from 1947 to 1967, in relation to increase in capacity, in output and capital investments ?

2. What has been the increase in the level of workers' cash earnings, including cash bonus, from 1947 to 1967 in Heavy Engineering industries as compared to the increase in the cost of living (taking 1949=100) ? The answers should deal with only workers' earnings upto Rs. 500 and each type of bonus earning should be shown separately as well as the total cash earnings.

B. Recruitment, Induction and Training

3. What have been the changes in the facilities for training and education of workers, in safety, housing and in administration of labour welfare since Independence ? (Some broad examples to be given)

4. What are the problems connected with non-regular casual and contract labour ? (to draw information from the experiences of the various heavy engineering establishments). Do you employ such labour for doing work which is of permanent nature and/or directly connected with production ?

5. Availability of skilled and trained workers for Heavy Engineering industries, i.e., whether supply of certain categories of skilled workers required for Heavy Engineering industries has kept pace with the demand (statistics as well as experience of various industries to be taken into account)

6. Whether training facilities for skilled workmen as provided by the I. T. I. institutes are adequate. (From experience of various establishments)

7. Programmes for training within the industries, i. e., what proportion of total skilled labour force in the various establishments has been provided by the industries themselves?

7(a). Have you felt the need of imparting training to the supervisory personnel? If so, how are you tackling the problem?

8. In view of the special skills required in certain Heavy Engineering industries, to what extent recruitment should be confined to people from within the region. Has recruitment been confined to people on grounds of region, language, community, religion, etc.?

C. Trade Unions

9. What has been your experience with the working of the joint consultative machinery?

10. Growth of the trade union movement since Independence (Statistics to show increase in the number of unions, increase in the membership of the unions as compared with increase in the total labour force in heavy engineering establishments). What has been your experience on the question of inter-union rivalry, intra-union rivalry?

11. What has been your experience regarding recognition of unions and the role of the management and State Governments in it?

11(a). Should the representative character of the union be determined by Secret Ballot and recognition given to it on that basis?

D. Industrial Relations

12. Has the pattern of industrial conflict changed since Independence, i. e., how have social, economic and political factors affected the intensity of industrial conflict? (Information to be sought of recent experiences of industries) and what have been the main causes for industrial unrest since Independence? The industries should give their experiences concerning strikes, lock-outs, go-slow, gherao and to what extent they have affected the industries in recent years.

13. What steps need to be taken by which industrial relation can improve? Does the solution lie only with the employers and the employees?

14. How many labour disputes of different categories—wages, bonus, employment, recognition of union, etc.—have taken place since Independence and how were they settled?

14(a). What has been your experience of the working of the Code of Discipline in industry ?

E. Wages

15. Is dearness allowance and with it the total earnings linked to the cost of living index ? In what manner ? And if not, why ?

16. Do the existing wage differentials in the plants being studied reflect truly the differences in degree of skill, strain, responsibility, etc ?

17. To what extent are fringe benefits a substitute for money earnings in your industry ?

18. Do you think there is a need for an integrated policy regarding wages, incomes and prices ?

18 (a). What is your experience about industry-wise and region-cum-industry wise approach to the problem of wage fixation ? Do you think the present system of determination of wages through industry-wise Wage Boards and region-cum-industry wise Tribunals in West Bengal has succeeded in ensuring industrial peace ? If not, what do you think will be the most satisfactory way of doing it ?

F. Incentives and Productivity

19. Has absenteeism increased in recent years ? The extent to which this affects production in your industries. Can you suggest any remedy to keep it under control ? The definition of absenteeism as given by the Ministry of Labour may be adopted.*

* For calculating the rate of absenteeism we require the number of persons scheduled to work and the number actually present.

"A worker who reports for any part of a shift is to be considered as present."

"An employee is to be considered scheduled to work when the employer has work available and the employee is aware of it, and when the employer has no reason to expect, well in advance, that the employee will not be available for work at the specified time. The following examples will illustrate the application of this principle. An employee on a regularly scheduled vacation should not be considered as scheduled to work or absent. The same is true during an employer ordered lay-off. On the other hand, an employee who requested time off at other than a regular vacation period should be considered as absent from scheduled work until he returns, or until it is determined that the absence will be of such duration that his name is removed from list of active employees. After this date he should be considered as neither scheduled to work nor absent. Similarly, an employee who quits without notice should be considered as absent from scheduled work until his name is dropped from the active list, but preferably this period should not exceed one week in either case. If a strike is in progress, workers on strike should be considered as neither scheduled to work nor absent since data on time lost because of strikes is collected by other means."

The absenteeism rate is defined as the total manshifts lost because of absence as a percentage of the total number of manshifts scheduled.

20. Describe the incentive schemes, if any, that exist in your industry. To what extent have they been successful in increasing productivity ?

20 (a). Were the incentive schemes evolved after making a thorough scientific study and did the union or workmen participate in such a study ?

21. Do you have any problems regarding surplus men and if so what are the reasons for it and how do you propose to deal with it ?

22. Are wages linked with productivity in your organisation ?

G. Social Security

23. What are the existing social security schemes in your organisation and what is their cost ? How much has this varied in the last twenty years ?

H. Holidays

24. What national, regional and local holidays with pay are granted by you ? Is there any system of casual leave ?

**VERIFICATION/SECRET BALLOT PROCEDURE
FOR RECOGNITION OF TRADE UNIONS IN BIHAR.**

Whenever there is any claim for recognition in a particular establishment by a registered trade union which has completed one year from the date of its registration, all the registered trade unions in that establishment shall be informed of the claim made by the applicant union and be requested to send, if they so like, within 15 days of the receipt of the letter, nomination for participating in the verification to be conducted in the manner indicated hereafter.

2. After receipt of nomination papers from the contestant unions, the Verification Officer shall ask, by registered post with acknowledgement due, all such registered trade unions to send list of their members as on the 31st December of the year immediately preceding the date of the issue of the notice within a period of 30 days from the date of receipt of the letter. If any union fails to send membership list within the time prescribed above and requests for time, it would be given another chance to send its membership list within a period of 15 days from the date of the receipt of the second letter. If any union fails to submit membership list even after the second chance, within the time prescribed above, the verification will proceed after going through the Membership Register, Receipt Counterfoils, statement of account and also personnel interrogation in the absence of the defaulting union. In exceptional circumstances, another chance may be given by the Labour Commissioner under intimation to the Board.

3. Verification shall be done in order to decide every claim of recognition. The result of verification shall be brought to the Independent Board for consideration. The Board will take decision on the result of the verification, but the parties concerned will not be informed of the result of verification before the Board takes decision.

4. The verification officer shall check the lists of members with the registers and the receipt counterfoils with respect to the membership of the respective union as on the 31st December of the year immediately preceding the date of reckoning. Members who have not paid membership dues for the period ending on the 31st December immediately preceding the date of reckoning, shall be excluded from the list for the purpose of verification. This examination will be 100% and will be done in the presence of office bearers of the rival unions, or in their absence, if anyone does not attend in spite of adequate chance and opportunity given. If a union objects to the elimination of any member from its membership registers, it will have to give fully valid reasons for such an objection. The verification officer will ensure that only those workers are included in the lists of the unions who are on the rolls of the management on the date of reckoning.

5. The verification officers will thereafter intimate the unions concerned in writing that the verified lists of their respective members are ready for inspection by the representatives of the unions at the appointed time and place. The union representatives will be allowed to take notes from the verified lists shown to them in the presence of the verification officer but they will not be allowed to take any of the lists, nor a copy of the lists will be given to them.

The verification roll of the members shall be prepared containing all the names in the verified membership lists of the contestant unions. The verified roll shall have the common names in all the lists as well as the names that are not common in the lists.

6. The impartiality of the verification officer shall be assured.

7. When the verified roll contains upto 1000 members there shall be cent per cent interrogation of the members.

When the number on the verified roll exceeds 1000 but does not exceed 2000, personal interrogation will be conducted in respect of 1000 members plus 50% of the number on the roll exceeding 1000.

When the number on the verified roll exceeds 2000 but does not exceed 5000, then personal interrogation will be conducted in respect of 1500 members plus 25% of the number exceeding 2000.

When the number on the roll exceeds 5000, then personal interrogation will be conducted in respect of 2250 members plus 10% of the number exceeding 5000.

8. In case of voting by secret ballot as may be decided by the Independent Board after inspection of records of the unions as mentioned in para 3 above, the voting shall be conducted by the Verification Officer within the factory premises on a date, time and place communicated to the contesting unions and the management 15 days in advance. For voting, ballot boxes used in the General Elections shall be utilised. A copy of the verified roll will be furnished to the parties 15 days in advance. Before the voting starts, the ballot boxes shall be sealed according to rules of the General Elections. All contesting unions shall be required to appoint two polling agents each and inform the Returning Officer of such appointment in writing before polling starts. The duties of polling agents shall be to challenge the bogus voters if any, and to sign the paper seal kept inside the sealed box.

The polling agents shall also represent their unions at the time of counting of votes and shall be required to sign on behalf of the unions, the paper on which the result of voting would be recorded by the verification officer. The ballot papers would be printed in the same manner as adopted in the General Elections. The name of each contesting union in Hindi with a distinct symbol allotted to it would be printed on the ballot paper. Each worker whose name is entered in the voters' list shall be required to mark X with a rubber stamp on the symbol of the union it wants to vote for or within the space allotted to the union on the ballot paper. Each union shall be informed of the symbol allotted to it 7 days before the date of polling. As soon as the polling is over, the ballot boxes would be opened in presence of the polling agents of the contestant unions and the Verification Officer and the result of the counting would be recorded on a sheet of paper which shall be signed by the Verification Officer and the polling agents of each contestant union.

9. The following categories of workers shall be considered for the purposes of verification and shall also be entitled to vote according to secret ballot provided they are members of any of the contestant unions and provided they have paid the union dues in full for the period ending 31st December immediately preceding the date of reckoning.

- a) Permanent Employees including seasonal employees in seasonal factories.
- b) All other categories of employees on the rolls on the Company who have completed not less than 1 year

of continuous service as defined in Section 25B of the Industrial Disputes Act 1947.

- c) Any casual, temporary or substitute employee employed in place of a discharged employee, while the dispute regarding his discharge is pending settlement or disposal according to the provisions of law shall not be entitled to vote, but discharged, dismissed or retrenched employees, who continue to be workmen as defined in Section 2 (S) of the Industrial Disputes Act, 1947, shall be entitled to vote.

Note :- a) Apprentices, Trainees, Learners on the roll of the Company shall be excluded from voting.

- b) Labour engaged by contractors and not on the rolls of the Company shall also be excluded from voting.

10. If any establishment has no recognised union, then the union polling the highest number of votes polled shall be declared as entitled to recognition. A union already recognised shall, however, be dislodged from this status only when a rival union gets 75% or more of the total votes polled.

11. Any union not satisfied with personal interrogation or voting may appeal to the Board within 7 days from the conclusion of personal interrogation or voting, as the case may be. The decision of the Board on all matters concerning recognition shall be final.

12. A union shall not be entitled to recognition unless it or its central organisation has agreed in writing to abide by the Inter-Union Code of Conduct and Code of Discipline in Industry.

