

GOVERNMENT OF INDIA
MINISTRY OF LABOUR, EMPLOYMENT
AND REHABILITATION
DEPARTMENT OF LABOUR AND
EMPLOYMENT



REPORT
OF THE
CENTRAL WAGE BOARD FOR
ENGINEERING INDUSTRIES
BOMBAY

DECEMBER
1968

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CHAPTER I

INTRODUCTORY

(i) Appointment and Composition of the Board and its Headquarters

1.1. The Central Wage Board for Engineering Industries was appointed by the Government of India in the Ministry of Labour & Employment under its Resolution No. WB-4(3)/64, dated the 12th December 1964 in pursuance of the recommendations made in para 25 of Chapter XXVII of the Second Five Year Plan and in para 20 of Chapter XV of the Third Five Year Plan. The Government Resolution is annexed to this Report as Appendix I. The Board was originally constituted under the Chairmanship of Shri F. Jeejeebhoy, with Bombay as its Headquarters and composed of the following other members:—

Shri N. Venkatasubbaiah Professor B. Natarajan	{ Independent Members.
Shri Kali Mukherjee Shri Mohd. Elias Shri Ram Desai	{ Members representing Workers.
Shri N. K. Sen Gupta Shri P. R. Bagri Shri P. Bhattacharjee	{ Members representing Employers.

(ii) Changes in the Composition of the Board

1.2. The initial composition of the Board underwent changes at a later stage. Not only was the change of members necessitated but even the Chairmanship of the Board had to undergo a change. Shri P. Bhattacharjee, member representing employers had to proceed abroad from mid-July 1965 for about 3 months. Shri D. P. Mukherjee was then authorised to attend the meetings of the Board as an alternate member during his absence. Shri Bhattacharjee had again to proceed abroad for two months from 15th September 1966 and Shri S. K. Datta attended the meeting of the Board held during this period. Shri Bhattacharjee later resigned the membership of the Board in April 1967 and in his place Shri Bharat G. Doshi was appointed as member of the Board representing employers under Government Resolution No. WB-4(7)/67, dated the 13th April 1967.

1.3. Shri F. Jeejeebhoy, Chairman of the Board, resigned his post on grounds of ill health and in his place Shri L. P. Dave was appointed as Chairman under Government of India Notification No. WB-4(18)/65, dated the 11th May 1967.

1.4. Shri N. Venkatasubbaiah, Independent Member of the Board, resigned the membership of the Board by his letter of 16th September 1967 and in his place Shri Shiva Chandika Prasad, M.P. was appointed as an Independent member of the Board *vide* Government Resolution No. WB-4(20)/67, dated the 20th November 1967.

(iii) Appointment of the Secretary and Office Organization

1.5. Shri P. N. Razdan, Regional Labour Commissioner (Central), Government of India, was appointed Secretary to the Board, and assumed charge of his office on 30th June 1965.

1.6. Although a post of Assistant Accounts Officer was sanctioned for the Board, no appointment could be made against this post mainly due to non-availability of a suitable candidate. Office organization, therefore, consisted of two sections, namely, compilation and statistical section under the Investigator Grade I and Establishment Section under the Superintendent.

(iv) Board's Procedure

1.7. The first meeting of the Board was held on 8th February 1965. In this meeting issues like the procedure to be followed in the meeting of the Board, quorum, drawing of a list of engineering units and workers organizations therein, drafting of a questionnaire, definition of 'engineering industries' in the context of the Board's work, etc., were discussed. It was decided to keep the deliberations of the Board as also its decisions confidential until published in due course. In regard to quorum the Board unanimously agreed that the minimum quorum, should consist of (1) the Chairman; (2) one Independent Member, who in the absence of the Chairman could preside; (3) one member representing employers; and (4) one member representing workmen. As regards the extent of coverage by the Board, it was desired to have an exhaustive list of all engineering units, and the trade unions functioning therein, falling within the purview of the Board's investigations and to whom the questionnaire would have to be sent. It was agreed to address the State Governments, Chief Inspectors of Factories of different States as also Labour Commissioners, Registrars of Trade Unions, Central Organizations of workers and employers etc., so as to obtain through them all information about the engineering undertakings and the unions functioning therein. Different State Governments and agencies like Labour Commissioners, Provident Fund Commissioners, etc., were accordingly addressed as also Central Organizations of employers (Employers Federations of India, All India Manufacturers Organization, Engineering Association of India, Calcutta, Indian Engineering Association, Calcutta etc.) and workers (Indian National Trade Union Congress, All India Trade Union Congress, Hind Mazdoor Sabha, United Trade Union Congress etc.) and a list of engineering concerns falling within the scope of the Board's work and a list of trade unions functioning therein was drawn up on the basis of replies received.

1.8. There was a detailed discussion on the definition of 'engineering Industries' in the context of the Board's work. It was decided after consideration of various suggestions that the Board was concerned with metal industries, ferrous and non-ferrous and that others like plastic moulding, chemical engineering etc., would not be considered as coming within the purview of the Board. The view taken was that the engineering industries engaged in the production and/or shaping of ferrous and non-ferrous metals by turning, fabrication,

processing, moulding, joining etc., are the units with which the Board is concerned. In the case of units about which there was any doubt as to whether they are within the ambit of the Board it was decided that the parties should be heard and the Board should consider such cases on the facts, if necessary after visiting the place.

(v) Interim Relief

1.9. The question of interim relief was raised at the very first meeting of the Board. This subject is dealt with in Chapter II of this report.

(vi) Questionnaire and Parties' response thereto

1.10. During the first meeting of the Board in February 1965, members were requested to send their proposals to the Chairman in connection with framing of a questionnaire so that a draft questionnaire could be prepared for the consideration of the Board at its next meeting. The draft of the questionnaire was then considered at the second meeting of the Board and was approved. It was also decided to issue it to all units of the industry, workers and employers organizations and other interests. Accordingly, after the questionnaire was printed, it was issued on 15th August 1965 to various units and organizations connected with the engineering industry with which the Board was concerned. The questionnaire was also issued to workers' unions and to their federations, central organizations of employers; various Chambers of Commerce and Industry as also to various State Governments, Commissioners of Labour and other concerned and allied interests. The parties were requested to send their replies so as to reach the office of the Board not later than the middle of October 1965. A copy of the questionnaire is reproduced at Appendix II.

1.11. Response of the parties was rather poor. Though nearly 4,000 copies of the questionnaire were issued to various interests, replies were received from only 233 of them. Out of them, 221 were from employers and their organizations, and 11 from labour and their organizations. The remaining one was from Government of Uttar Pradesh. Apart from the poor response, there was also considerable delay in submitting the replies not only by managements and unions of individual units but also by the Central Organizations of workers and employers as well. The reply to the questionnaire from the Indian Engineering Association, Calcutta, was received on 30-3-1966 with a supplementary reply on 4th July 1966. Similarly, the Engineering Association of India, Calcutta, sent its reply which was received on 11th May 1966 with a supplementary reply received in July 1966. The reply from the National Federation of Metal and Engineering Workers (AITUC), New Delhi, was received on 16-5-1966; that of the Indian National Engineering Workers Federation (INTUC) on 15-6-1966 and of the Indian Metal and Engineering Workers Federation (HMS) on 29th October 1966. In view of the delay caused by even the Central Organizations, replies to the questionnaire as and when received, irrespective of the last date indicated for its receipt, were accepted and taken into consideration. Furthermore, replies were mainly from bigger units.

(vii) Public hearings and meetings of the Board

1.12. The Board held eleven public sessions, three on the question of interim relief at Calcutta, Madras and Bombay and eight in connection with the main issues referred to the Board at Delhi, Bombay, Madras and Jamshedpur at which all those representatives of employers and workers who had wished to be heard, as well as the representatives of Central Organizations of employers and trade unions concerned with the engineering industries, were heard. Particulars of the meetings and public sessions held and names of persons heard therein are given in appendices III, III-A and III-B.

(viii) Causes of delay in submission of report

1.13. After the submission of recommendations on interim relief in February 1966 no meeting was held from March 1966 to June 1966, the underlying idea being to give time to Government to take a decision on the report on interim relief. No meeting was also held in February 1967 and March 1967, owing to general elections in the country. One of the meetings scheduled to be held at Delhi in January 1967 and one public session that was to be held at Madras in June 1967 could not be held for want of quorum. Another meeting and public session fixed to be held at Bangalore in May 1967 had to be put off owing to the change at the last minute in the chairmanship of the Board.

1.14. After the public hearings were over in October 1967 the Board held several meetings to consider its recommendations. The first five or six meetings were directed mainly towards finding out what would be the need-based minimum wage according to the recommendations of the 15th Indian Labour Conference. At the subsequent meetings efforts were made to achieve unanimity and with this end in view several meetings were held, but unanimity was not found possible. In view of this stalemate, the representatives of employers and workmen on the Board were asked to give their views in writing, about future wage structure etc. In the meanwhile, draft of some chapters of the proposed report dealing with factual matters were circulated amongst members for comments or acceptance in case they had no comments.

1.15. After the views of the members were received, the Chairman and the Independent Members considered them very carefully and formulated proposals in regard to wage structure and allied matters for the industry and the same were circulated amongst the members.

1.16. A further attempt was then made to achieve unanimity; but it was found that this was not possible. Neither party agreed to accept the proposals made by the Chairman and Independent Members. They, however offered some comments and also pointed out some omissions etc., in the proposals made by the Chairman and Independent Members. After considering these comments etc., the Chairman and Independent Members slightly modified their original proposals etc.

(ix) Discussions in the Report

1.17. In Chapter II of this report, the Board has dealt with the question of interim relief. Chapter III contains the discussion about

the scope of enquiry, special requests made by certain units are dealt with in Chapter IV. In Chapter V an attempt has been made to give the history of the industry. The views contained in these chapters are the unanimous views of the Board, except that Shri Bagri has subsequent to the decision taken by the Board, expressed a view that he does not agree with the decision of the Board, on the question of contract labour.

1.18. Chapters VI and VII contain the views of the Chairman and Independent Members on paying capacity of the Industry and wage structure respectively. Chapter VIII contains the views of the members representing labour on these and other matters. Chapter IX contains the views of members representing employers on these and other matters.

1.19. Chapter X contains acknowledgments, which are also unanimous.

CHAPTER II

INTERIM RELIEF

2.1. The question of interim relief, as stated in para 1.9, was raised at the very first meeting of the Board held on 8th February 1965 but its further consideration was deferred till the Board was able to get a list of units of engineering industries, names and addresses of employers and of workers unions operating in the units. It was agreed that the Chairman would write to all the State Governments for a complete list of the Engineering Works employing 50 or more workers and their full addresses and after obtaining this information, each of the concerns was to be addressed informing that a claim for interim relief had been made and asking them to submit full facts and particulars as also the contentions which they desired to place before the Wage Board on the subject of interim relief.

2.2. At the second meeting of the Board held on 8th April 1965, a draft of a circular letter addressed to the units of the industry and workmen employed therein which was to issue for the purpose of obtaining full facts and data relevant to the question of interim relief from the concerned parties was approved. It said that the workers directly or through their unions, wherever they existed, should send within one month the details of their claim to interim relief to the chairman with an extra copy which would be forwarded to the Managements. Managements on receipt of the claim would within two months file their statement regarding the interim relief. In the Public Sector Undertakings, labour was to give their statement of claim on the subject of interim relief direct to the Management of the units.

2.3. In pursuance of these decisions a circular letter was issued to all units and their workmen on 15th April 1965 and 9th June 1965 asking for detailed claims and particulars about interim relief within a month of the date of the circular. They were also requested to state if they wished to be heard by the Board on the subject. A copy of the circular letter is at Appendix IV.

2.4. The claims of the workers to interim relief were submitted mainly by the Central Federations of workers in the industry, namely, Indian National Engineering Workers Federation (INTUC), National Federation of Metal and Engineering Workers of India (AITUC) and Indian Metal and Engineering Workers Federation (HMS). Response from individual unions operating in the units, however, was not much. Broadly speaking the workers demanded interim relief of minimum Rs. 30 per month. The other variations of this claim were 100% increase over the existing wages at the upper limit and about Rs. 25 per month at the lower end. From the industry the claims were contested by the Central Organisations of employers in the industry, namely, Indian Engineering Association and Engineering Association of India. Individual employers also contested the claims on various grounds. Some of the unions and employers wished to have a personal hearing before the Board and, therefore, the Board decided to hear them at various centres.

2.5. The first public hearing on the question of interim relief was held at Calcutta from 6th to 11th September 1965. During this session the parties, namely, representatives of employers and workers representing eastern region (West Bengal, Orissa, Bihar & Assam) and northern region (U.P., Rajasthan, Delhi, Punjab and Himachal Pradesh) of the country, who had wished to be heard were invited to appear before the Board for stating their views in support of their case. The second public session on the question of interim relief was held at Madras on 8th and 9th October 1965. In this session those employers and unions from the southern region (Mysore, Kerala, Madras and Andhra Pradesh) of the country, who had wished to be heard by the Board, were invited to state their views in support of their case. The Board then met in Bombay during November 1965 to hear the employers and workers who had asked for a hearing from the western region (Maharashtra, Gujarat, Goa and Madhya Pradesh).

2.6. On conclusion of the Bombay session, the Board had a meeting on the 20th November 1965 in order to assess the information collected and the view points heard on the question of interim relief and formulate their views in the matter. The members exchanged ideas on the subject generally during this meeting. This meeting was followed by another meeting in December 1965, where further consideration was given to the subject and various proposals were discussed. Although there was a general consensus that some interim relief might be given, there was divergence of views on the details of a scheme for the purpose, between the representatives of employers and workers on the Board. The Board again met in the month of January 1966 to further consider the subject, but owing to the untimely death of the late Prime Minister, Lal Bahadur Shastri, much could not be done at this meeting. Finally, the Board met on 11th and 12th of February 1966 and discussed the subject further. After considering various proposals, it was found that divergence of views of the members continued and unanimity was not possible. Ultimately a proposal which had the largest measure of agreement was put to vote and carried by a majority vote. The representatives of employers did not agree with these proposals and desired to submit their notes of dissent. The representatives of labour and one independent member (the second independent member Shri N. Venkatasubbaiah was absent) voted in favour of the proposal. The chairman did not vote.

2.7. The members representing employers desired to have some time for forwarding their notes of dissent. The same were later received by the Chairman in the last week of February 1966, and thereafter the majority recommendations on interim relief together with the notes of dissent received from employers' representatives on the Board were forwarded to the Government on 28th of February 1966.

2.8. The majority recommendations were accepted by the Government (with a slight modification regarding date from which the interim relief was payable) by Resolution No. WB-4(4)/66, dated 23rd July 1966 and were published in the Gazette of India (extraordinary) of the same date. The Board recommended payment of interim relief with effect from 1-1-1966 on the wages (basic plus D.A.)

then paid to the workers as reckoned on 31-12-1965. The Government, however, decided that the interim relief should be paid with effect from 1-4-1966 on the wages (basic plus D.A.) drawn by the workers as reckoned on 31-3-1966. This was the only modification made by the Government in the scheme of interim relief recommended by the Board. The Government, however, further clarified in the Resolution that where any increase in wages or D.A. had already been sanctioned expressly subject to adjustment against the interim or final recommendation to be made by the Wage Board, such adjustment would be permissible up to the extent of interim increase now recommended. Any excess, however, would not be recoverable from the workers. The Resolution of the Government under which the Scheme of interim relief was accepted, the scheme of interim relief as adopted by majority vote and the three dissenting notes given by the members representing employers on the Board are at Appendix V.

2.9. After the recommendations in regard to interim relief were published in the Gazette of India, several issues were raised by some parties from time to time for clarification by the Board. These issues were considered by the Board in different meetings when such references were received and decisions in regard to such clarifications were taken.

The issues raised and decisions taken by the Board in regard to their clarifications are given below :—

Issue raised for clarification	Decision taken by the Board
1	2
1. (a) Whether contributions to Employees State Insurance are payable by the employees and employers in respect of interim relief. (b) Whether interim relief is to be taken into consideration while calculating leave/holiday with wages.	Quantum of interim relief was not to be applied when working out contributions to E.S.I. Scheme and wages paid for leave and holidays.
2. Whether amount of interim relief payable to workers will vary as the workers move up to higher wage slabs or it will remain constant being an ad hoc payment.	Whenever a worker moves into a higher wage slab by virtue of increase in his basic pay, interim relief payable would be as in the higher slab which applies to the worker after such increase in basic pay. The amount of interim relief will, however, not change if a worker moves into a higher wage slab by virtue of increase in D.A. or other allowances.
3. Whether interim relief is payable to only those workers who were on the roll of the establishment on 1-4-1966 or to new entrants also who are employed after 1-4-1966.	Interim relief will be payable to such workers also who have joined on or after 1-4-1966.
4. Whether interim relief recommendations are applicable to contract labour engaged in the engineering industry.	Yes. Recommendations of interim relief will be applicable to workers employed by or through contractors.

1	2
5. Whether interim relief is payable to such workers who are under suspension for alleged misconduct and entitled to subsistence allowance including D.A.	For the purpose of payment of interim relief during the period of suspension, interim relief would be treated as if it would be D.A.
6. Whether interim relief is payable to certain employees who are on training in a foreign country and paid wages and D.A.	The trainees under training should be paid interim relief during the period of their training.
7. Whether employees drawing salary upto Rs. 500 and working at the registered office of the engineering companies i.e., outside the factory premises will be eligible to the benefit of interim relief.	Yes. Such employees would be eligible for interim relief.
8. Whether interim relief would be payable to clerks, monthly-rated, daily-rated, piece-rated workmen, etc.	In regard to the applicability of interim relief the term 'workman' shall have the same meaning as assigned under Sec. 2(s) of I.D. Act.
9. Whether interim relief would be treated as wages.	In view of the recommendations regarding interim relief and note 'C' thereof there was nothing further to add to interim relief recommendations already made.

CHAPTER III

SCOPE OF ENQUIRY

3.1. With the appointment of this Wage Board, the engineering industries in the country have been brought within the scope of investigation of a single wage fixing authority on a national basis for the first time. Till now wages were fixed on a local or area basis (as generally in West Bengal) or on unit basis (as in Bombay and elsewhere).

(i) Exclusions from Scope in Terms of Resolution

3.2. Under the terms of Reference of this Wage Board, the steel plants in the Iron & Steel Industry for which separate Wage Board was in operation have been excluded from the purview of this Wage Board. Further, the following classes of engineering establishments also have been excluded from the purview of the Board:

- (i) Public sector undertakings which are run departmentally;
- (ii) Establishments employing less than 50 workers;
- (iii) Workshops attached to non-engineering establishments.

On the other hand, foundries (except those to which recommendations of any other Wage Board have already been applied) have been specifically included.

(ii) Engineering Industries defined in the Context of Scope of Enquiry

3.3. One of the earliest questions which had to be considered by this Wage Board was as to what constituted 'Engineering Industry'. The Board took the view that the units engaged in the production and/or shaping of ferrous and non-ferrous metals by turning, fabrication, processing, moulding, joining etc., are the units in the engineering industry with which the Board is concerned. The character of the engineering industries being heterogeneous, lacking homogeneity of other industries, and the engineering goods produced being the result of manufacturing activity of various types, various classes and types of units come within the fold of engineering industries. The units have, therefore, been classified into various major groups and sub-groups according to the National Standard Industrial and Occupational Classification. The major groups under this classification are as mentioned below. Accordingly these groups constitute different branches of the engineering industries and therefore, come within the scope of this Wage Board. This explains the use of the term 'Engineering Industries' in plural in the Government Resolution dated the 12th December 1964 under which the Board has been constituted:

- A. Basic Metal Industries.
- B. Manufacture of Metal Products (except Machinery and Transport equipment).
- C. Manufacture of Machinery (except Electrical Machinery).

- D. Manufacture of Electrical Machinery, Apparatus, Appliances and Supplies.
- E. Manufacture of Transport Equipment.
- F. Miscellaneous Manufacturing Industries like :
 - (i) Manufacture of professional, scientific, measuring and controlling instruments.
 - (ii) Manufacture and repair of watches and clocks.
 - (iii) Manufacturing not elsewhere classified like zip fasteners etc.

(iii) Certain issues raised regarding Coverage and Board's Decision thereon

3.4. Questions regarding several establishments or units (whether they would be covered by the Board's recommendations) came up before the Board. In regard to establishments employing less than 50 workers, a question was raised that if an industrial establishment had several engineering units, and sought exclusion of some units on grounds of employment in the unit/units being less than 50 workers, whether such units would be covered by the Board. It was decided that in such cases where more than one unit belonging to the same establishment functioned in the same State, aggregate number of workers in all the units in the same State should be taken into account and not merely the number of employees in any particular unit where employment is less than 50 workers, for deciding whether they would be governed by the Board's recommendations.

3.5. In regard to workshops attached to non-engineering establishments, the Board interpreted the term 'workshops' mentioned under item (iii) of paragraph 3.2 to imply principally service and maintenance aspect of the non-engineering establishment to which such workshop is attached. In case such a workshop was engaged in substantial diversification and in the manufacture of engineering products for sale then it would be deemed to come within the purview of this Wage Board. In other words only those workshops which are doing no work other than service or maintenance work of non-engineering establishments are to be excluded from the recommendations of this Board. If a workshop does any work of any other establishment (except the one to which it is attached), or manufacturers engineering products for sale, it would come within the purview of this Board.

3.6. A question was raised regarding non-inclusion within the purview of the Board of primary producers of non-ferrous metals i.e., copper, lead, aluminium and antimony. The Board took the view that since it had decided that the making and/or shaping of non-ferrous metals falls within the Board's work, the production of metal ingots (except for steel which is covered by another Wage Board) would fall within the purview of this Board. It was, however, decided that mining activity would not be covered by this Board.

3.7. A question was raised whether enamelling companies would fall within the purview of the Board's coverage. The Board considered this matter and decided that where any enamelling company did

enamelling work along with other engineering activity, such company would fall within the purview of this Wage Board. As against this, if enamelling was done as a chemical process without any engineering activity, such cases would be outside the purview of this Board.

3.8. A question was raised whether automobile repair industry would fall within the ambit of the Board. The Board took the view that such industry was within its ambit.

3.9. The Board had also to consider cases of units doing both engineering and non-engineering work. After careful consideration, the Board came to the decision that if the number of workers doing engineering work is 40% or more of the total workers employed, such units will be covered by the recommendations of this Wage Board, provided, however, that such workers are not already covered by the recommendations of any other Wage Board. While calculating 40% or more workers doing engineering work, workers in tool room, maintenance etc., would be counted towards 40% doing engineering work. This decision is without prejudice to decisions that may have been given by Tribunals or other authorities in the past.

(iv) Representations for exemption and against coverage—Board's Decisions thereon.

3.10. At its first meeting, the Wage Board, when taking decision about the definition of the engineering industry and the units that would therefore be covered by its recommendations, also decided that in case of doubt the parties might refer the matter to the Wage Board who would consider each matter and give a decision. Accordingly a large number of representations were received by the Board for decision as to whether a particular unit was covered by its recommendations. These representations for exemption could be broadly divided into three types viz., where exemption was sought on the ground of (i) financial incapacity; (ii) the unit employing less than 50 workers; and (iii) unit being not an engineering industry.

3.11. In cases where units sought exemption owing to financial difficulties, the Board rejected the representations and declined to grant them exemption on this ground. It also refused to grant exemption to one unit in the public sector which had asked for exemption on the ground that most of their employees were on deputation basis from Government of India and were governed by service conditions recommended by Central Pay Commission and those conditions may not be disturbed.

3.12. Where exemption was sought on the ground that the units were employing less than 50 workers the Board held that wherever an engineering unit has pleaded to be outside the ambit of the Board on the ground that the number of employees was less than 50, such units should be treated as outside its ambit on the basis of the information given by the units, so long as the number of employees remained below 50.

3.13. To consider and examine the cases of units claiming exemption on the ground that they were non-engineering units, the Board appointed Sub-committees, who examined the cases and made recommendations to the Board, who accepted them. In some cases, fresh representations were received by the Board after this also.

3.14. At an earlier stage, the Sub-committee and the Board took decisions, holding a particular unit to be an engineering industry or otherwise, because it felt that the evidence before it was satisfactory. On a further consideration, the Wage Board felt that it would not be possible or proper for it to go into the merits of each individual unit. The question whether a particular unit is in engineering industry or not would depend on facts which may be (and in several cases, were) in dispute. The Wage Board thereupon decided to lay down general principles and they have been incorporated at appropriate places in this Report. The question whether a particular unit is covered by the recommendations of the Wage Board or not will have to be decided on the basis of those principles. In case of disputes, parties should settle it by negotiation, or move the conciliation or other appropriate authority for having the matter decided on the strength of the principles laid down by the Board.

(v) Categories of employees covered

3.15. The Board has been, by its terms of Reference, required to determine the categories of employees (manual, clerical, supervisory etc.,) who should be brought within the scope of wage fixation proposed or recommended by it. Apart from the operatives who work on production and in regard to whom there could be no doubt about their coverage, there are various other categories of employees who are not directly engaged in the process of production. Every engineering unit may not necessarily have in its employment all such categories. Some of the categories would be employed in almost all units. On the other hand, there may be some categories, which are not employed in all units, but may be employed in some of them. These categories would include employees working in dispensaries, canteens, creches etc., and workmen like malis, cooks etc. In the questionnaire of the Board, question Nos. 46, 47 and 48 were included to ascertain views of the parties in relation to the categories to be covered by the Board or otherwise. However, as said earlier, the response to the questionnaire was very poor. The view of a small number of parties who sent reply to the questionnaire, could not take the Board very far on this issue and the Board, had, therefore, to decide the matter on its own.

3.16. It is worthwhile to refer to the views expressed by the Central organizations of employers and workers. The Engineering Association of India, Calcutta, expressed the view that all workmen as defined in the Industrial Disputes Act, drawing wages/salaries up to Rs. 500 should be covered within the scope of the investigation. In regard to apprentices and learners they said that they should be outside the scope of the Board as Apprentices Act, 1961 regulates the stipends of apprentices and their service conditions. The Indian Engineering Association, Calcutta, expressed the opinion that only manual workmen and clerical employees at the works office should be covered by the investigations of the Board. According to them supervisory staff and technicians form part of the management and therefore should not come within the scope of this enquiry. Their views regarding apprentices were identical with those of the Engineering Association of India.

3.17. As against this the Central Organizations of workers expressed a different view. The Indian National Engineering Workers Federation (INTUC) desired that all categories of employees whether

manual, clerical, medical, welfare, educational, technical, supervisory etc., should be covered by the recommendations of the Board. In their view all persons except those in the Managerial position should be covered and the coverage should go even beyond the definition of 'workman' under the Industrial Disputes Act. They were also not in favour of excluding categories like apprentices and learners and urged the Board to cover these categories. The National Federation of Metal and Engineering Workers and the A.I.T.U.C. said that not only the categories of 'workman' as defined in the Industrial Disputes Act of 1947 and amended thereafter should be included but all categories upto and including categories of general foreman or the equivalent of it who were drawing a salary of upto Rs. 1600 per month should be included. They also favoured inclusion of all staff of the head offices and other offices situated outside the factory within the respective township as the conditions of service remain the same and the employees are transferable. According to them although Apprentices Act of 1961 regulated the service conditions of apprentices or trainees, there were many defects in this enactment in regard to allowances during training period, method and period of training etc. Therefore this organization desired that the scope of enquiry of the Wage Board be extended to these categories also. The Indian Metal and Engineering Workers' Federation and Hind Mazdoor Sabha were in favour of covering all employees by this investigation. They did not want any limit to be placed as regards the pay or post nor did they want that the investigation should be restricted only to categories which are covered by the term 'workman' as defined in the Industrial Disputes Act. Regarding apprentices and learners their view was that they also should be covered as the Apprentices Act does not exclude determination of service conditions for apprentices and learners by other agencies such as Wage Board.

3.18. The Board gave adequate thought to all these matters and taking into consideration all aspects, came to the conclusion that all employees who come within the definition of 'workmen' as defined in section (2)(s) of Industrial Disputes Act, but excluding apprentices, would be covered by the recommendations of the Board except that in so far as the personnel employed in a supervisory capacity are concerned, the limit of wages drawn for exemption would be exceeding Rs. 500 as basic wages per month and not Rs. 500 as total wages as at present under section 2(s) (iv) of the Industrial Disputes Act.

3.19. In regard to apprentices and learners, however, the Board was of the view that they should not be covered by the Board's recommendations. In this connection, one of the members of the Board mentioned cases where hardship was caused by an employer not appointing persons who had completed training as apprentices or learners, but appointing others. This was denied by another member. The Board feels that it has no jurisdiction to make any recommendations in this respect.

(vi) Head Offices, Liaison Offices etc. of Engineering Companies

3.20. In regard to the applicability of the Board's recommendations to the staff employed in head offices, liaison offices, registered offices etc., of engineering companies, the Board considered the matter and came to the conclusion that such offices shall be covered by the recommendations of the Board. The Board further decided that the

employees in head offices registered offices and liaison offices etc., of the engineering units will have an option to elect the wage scales and service conditions applicable to them prior to the coming into operation of the Wage Board recommendations; such option should be exercised within three months of the acceptance of the recommendations of this Wage Board by the Central Government. The option so exercised shall be final.

3.21. There are, however, several company head offices dealing with mixed types of units, i.e., engineering concerns as well as non-engineering concerns. The question whether such head offices of the companies dealing with multi type of units would also be covered by the recommendations of the Board and if so to what extent, was also considered by the Board. In such cases, the Board feels that this should be a matter to be decided by parties by mutual negotiations.

(vii) Contract Labour

3.22. The Board considered the question of workers engaged through contractors in the units of the engineering industry. This question came before the Board at interim relief stage, after it had given its interim relief recommendations. The Board took the view that its recommendations would also be applicable to employees employed by or through contractors.

CHAPTER IV

REQUESTS FOR SPECIAL WAGE STRUCTURE

Hindustan Aeronautics Ltd., Bangalore

4.1. The workmen of Hindustan Aeronautics Ltd., Bangalore, a unit of engineering industries had made a demand before the Board that a special wage structure should be evolved for the aeronautics industry, which should be considered on par with aviation industry and not with engineering industry as the aeronautics industry has special features of its own.

4.2. The Board, during its sessions at Bangalore in January 1968, heard the Managing Director of Hindustan Aeronautics Limited and the representatives of workmen and also visited the factory. At this hearing also, the demand for special consideration to this branch of the industry in view of the specialised nature of the work done, skill expected of the workmen and the importance of the industry in the defence of the country was re-iterated by the representatives of the workers.

Hindustan Shipyard Ltd., Visakhapatnam

4.3. The workmen of Hindustan Shipyard, Visakhapatnam a unit of engineering industries, also made a similar demand that their undertaking should not be taken on par with other engineering units but should be given special consideration. It was stressed that ship building industry had special problems of its own and there was a case for looking into the ship building industry separately from the engineering industry and the Board was desired to give separate report in respect of this industry. At one stage there was a proposal that the Board might appoint a Sub-Committee, which may confine itself to the ship building industry in the country and gave its report particularly in respect of Hindustan Shipyard ; alternatively that the Board itself might consider the specific features of the shipbuilding industry before finalising its report for engineering industry as a whole and might give its recommendations specifically in regard to Shipyard at Visakhapatnam.

4.4. In order to assess the position and to see if the undertaking merited a separate treatment at the hands of the Board, the Chairman visited the Hindustan Shipyard and heard the representatives of management and of the workmen. The representatives of workers later submitted a written representation explaining their views about the shipbuilding industry and the grounds on which they place their claim for special consideration so as to enable the Board to look into the matter. The management also gave their comments on the representation of the workers.

4.5. The Board has carefully considered the demands of workers of the Hindustan Aeronautics, Bangalore and of the Hindustan Shipyard, Visakhapatnam. It is of the view that as it was appointed for engineering industry as a whole, it would be wrong in principle to

give any special status to any particular unit, or class of units, like the Aeronautics or the Shipyard. The Engineering Industry is heterogeneous, and covers units doing different kinds of work. The Board could not consider the details of one or two of them and not of the others.

4.6. Some of the trades would be common to all kinds, while some would be different and may vary even from unit to unit, though doing same kind of work.

4.7. The Board feels that if there are any specialised types of jobs peculiar to a particular undertaking, they should be evaluated or re-evaluated at the unit level after mutual consultation between management and workers and remuneration fixed accordingly. The Board understands that Hindustan Aeronautics Ltd., has adopted a job evaluation method for assessing the skills of their workers. In case there has been any disagreement or dissatisfaction in some specific cases on the basis of that job evaluation method, the parties could reconsider issues on the broad principles of job evaluation laid down by the Wage Board and such differences could be resolved at the unit level.

4.8. In the case of Hindustan Shipyard, the workers wanted the same wage scales as were prevailing in Mazgon Docks Ltd., Bombay. This would require examination of the work done by different categories of workers at the two places; it would also require examination of the work done at Garden Reach Workshops. It would also require consideration of the work of shipbuilding, ship repairing etc. Again, some of the trades in Hindustan Shipyard may be common with the trades of other Engineering Units. The Board, as stated above, felt that it could not examine individual cases, nor had it the time to do so.

4.9. At the same time, the Board feels that there may be some categories of jobs in the Aeronautics and Shipbuilding and Ship repairing industries, which may require special consideration. It would recommend to Government to consider the desirability of appointing suitable machinery to examine this.

CHAPTER V

ENGINEERING INDUSTRIES IN INDIA

(i) The Character of the Industry :

5.1. Unlike other industries such as cotton textile industry, jute textile industry, cement industry or sugar industry, the engineering industry is heterogeneous in character. The finished goods manufactured in different units of the industry and the nature of the manufacturing process have wide variations and diversity. This diversity can be found from unit to unit in a considerable measure. A tiny tricycle manufacturing unit, a huge jet engined aircraft building unit and a heavy shipbuilding unit are all classified under engineering industry. Similarly, a unit manufacturing pins—a stationery article of daily use—and a unit manufacturing heavy mining or earth moving or heavy electrical machinery or a unit manufacturing delicate goods like watches or machine tools are all classified as units of the engineering industry. Thus being the extreme diversity characteristic of the industry, it is understandable how there is an endless variation from unit to unit in regard to the end product, the nature of the manufacturing operations, the size of the plant, the number of workers employed, the degree of skill required, the type of machinery used, the amount of capital invested, etc., all adding up for the heterogeneous character of the industry.

5.2. Large variation in the size of units reckoned on the basis of number of workers employed is also a dominant feature of the Engineering Industries. An analysis of the data in respect of the units which submitted returns for the years 1951 to 1962 reveals that at the one end there are units employing less than 10 workers (307 units in 1951 and 1657 units in 1962) and at the other there are units employing over 5000 workers (8 units in 1951 and 21 units in 1962). Between these two extremes lie half a dozen employment ranges, 10 to 19 workers, 20 to 49 workers, 50 to 99 workers, 100 to 499 workers, 500 to 999 workers and 1000 to 4999 workers, as will be seen in the following table :

No. of units (with percentages in brackets)

Employment Range	1951	1953	1955	1957	1959	1962
Below 10 workers . . .	307 (7.0)	497 (11.5)	463 (9.9)	623 (10.0)	1,135 (15.3)	1,657 (17.3)
10 to 19 workers . . .	1,512 (34.8)	1,550 (35.9)	1,681 (35.8)	2,133 (36.1)	2,499 (33.7)	3,000 (31.2)
20 to 49 workers . . .	1,459 (33.5)	1,291 (30.0)	1,464 (31.2)	1,772 (30.0)	2,263 (30.5)	2,773 (28.9)
50 to 99 workers . . .	501 (11.5)	445 (10.3)	500 (10.6)	630 (10.7)	684 (9.2)	1,016 (10.6)

No. of units (with percentages in brackets)

Employment Range	1951	1953	1955	1957	1959	1962
100 to 499 workers . . .	438 (10.1)	389 (9.0)	441 (9.4)	558 (9.5)	624 (8.4)	870 (9.1)
500 to 999 workers . . .	61 (1.4)	62 (1.5)	54 (1.1)	87 (1.5)	95 (1.3)	125 (1.3)
1000 to 4999 workers . . .	66 (1.5)	67 (1.5)	79 (1.7)	84 (1.4)	106 (1.4)	135 (1.4)
5000 and above workers . . .	8 (0.2)	11 (0.3)	12 (0.3)	14 (0.2)	16 (0.2)	21 (0.2)
Total units employing less than 50 workers.	3,278 (75.3)	3,338 (77.4)	3,608 (76.9)	4,528 (76.7)	5,897 (79.5)	7,430 (77.4)
Total units employing 50 workers and above.	1,074 (24.7)	974 (22.6)	1,086 (23.1)	1,373 (23.3)	1,525 (20.5)	2,167 (22.6)
GRAND TOTAL	4,352	4,312	4,694	5,901	7,422	9,597

Source.—Statistics of factories, Labour Bureau.

5.3. The engineering goods manufactured in the country are thus the end product of the manufacturing activity of thousands of units baffling in their type variety and diversity. It is these factors which impart to the industry its heterogeneous character rendering it capable of classification into numerous groups. According to the National Standard Industrial and Occupational Classification, engineering industries have been classified into the following six major groups :

- I. Basic Metal Industries :
- II. Manufacture of Metal Products except Machinery and Transport Equipment :
- III. Manufacture of Machinery except Electrical Machinery
- IV. Manufacture of Electrical Machinery, Apparatus, Appliances and Supplies :
- V. Manufacture of Transport Equipment :
- VI. Miscellaneous Manufacturing Industries (Only a part of this group falls in the Engineering Industries).

5.4. There are various groups and sub-groups under each major group. The sub-groups are indicative of the items of manufacture of the engineering industries. The details of classification of the engineering industries into major groups, groups and sub-groups are given in Appendix VI.

(ii) Growth and Development of Engineering Industries :

5.5. Although the phenomenal growth of the Engineering Industries in India is of recent origin, some of the well-known units of the industries have been in existence from the early part of the last century and have since grown in size and importance. The Hooghly Docking and Engineering Co. Ltd. was founded in 1819 in Bengal. Richardson & Cruddas was established in Bombay in 1858. Greeves Cotton & Co. Ltd. have been in the field since 1859. One of the

constituent units of Mazagaon Dock Ltd. namely the P. & O. S. N. Co. operated since 1859 when it built the present Ritchie dry dock. The undertaking got the present name in 1915 as a result of the partnership formed to operate the two docks, the Ritchie dry dock and Moghul dry dock of B.I.S.N. Co. Ltd., Best & Co. (Private) Ltd. was established in 1879 at Madras. The name of Alcock Ashdown has been associated with the engineering industry in Bombay from the middle of the 19th Century. It was registered as a public company in March 1884. In 1895, Burn & Co. was formed as a public joint Stock Company, though it was in the field much earlier in a different form. The Shalimar Works Ltd. was incorporated in Bengal in 1895 as builders, contractors, mechanical engineers, boiler-makers, ship builders and iron founders.

5.6. During the first decade of the present century several new units in the industry sprang up which have since expanded vastly e.g., Saxby & Farmer (I) Ltd. (1906), East Bengal Engineering Works (1906), Simon Carves Ltd. (1908), Port Engineering Works Ltd. (1910). Subsequently other important undertakings came to be added to the industry like Garden Reach Workshop (1916), the Indian Standard Wagon Co. (1918), Indian Cable Co. (1920), Guest Keen Williams (1922), Balmer Lawrie & Co. (1924), Braithwaite & Co. Ltd. (1930), Jessop & Co. Lt. (1932), Metal Box Co. of India (1933). The list, however, is hardly exhaustive.

5.7. In the last two decades the industries witnessed a phenomenal growth. With the dawn of independence and commencement of the era of planning the engineering industries received a tremendous fillip resulting in the growth of giant industrial complexes at various centres, not only in the private sector but also in the public sector such as those at Bangalore, Durgapur, Hyderabad, Ranchi, etc. Not only did the industry expand on an unprecedented scale, its manufacture too got greatly diversified. In 1945 there were 1476 engineering factories covered under the Factories Act of 1934 (except those wherein daily employment was less than 20 workers) employing a working force of 2,99,447, in the two major groups of (1) engineering and (2) minerals and metals, with sub-groups as indicated below :

Engineering	Minerals & Metals
(1) Coach building & Motor Car repairing	(1) Foundries.
(2) Electrical engineering excluding electrical generating and transforming stations.	(2) Iron & Steel smelting and steel rolling mills (excluding TISCO, IISCO & MYSCO, Bhadravati, which are units of Iron & Steel Industry covered by the recommendations of a separate Wage Board).
(3) General engineering	(3) Copper smelting & rolling mills.
(4) Metal stamping	(4) Lead smelting & rolling mills.
(5) Miscellaneous	(5) Miscellaneous.

Out of these 1476 units, 820 units were employing on an average 50 or more workers, total employment therein being 2,78,898, and the remaining 656 units were small concerns employing between 20 to 49 workers each, and in the aggregate 20,659 workers. (Figures compiled from "Large Industrial Establishments in India—1946").

5.8. Twentyone years thereafter, in 1966, there were as many as 15,613 engineering factories with an average daily employment estimated to be of the order of 14,27,000 in the various branches and groups of engineering industries as determined according to the standard classification. In twenty-one years, there has thus been more than ten times growth in the number of units and more than five times increase in the number of workers employed. The following table gives the number of units in each major group and the estimated daily employment, in each group.

1966

Industry Group	No. of working Factories	Estimated average daily employ ment
(1)	(2)	(3)
1. Basic Metal Industries	2,126	2,62,000
2. Metal Products (except machinery & Transport Equipment)	4,065	2,01,000
3. Machinery (except Electrical machinery)	5,156	3,44,000
4. Electrical Machinery, Apparatus, Appliances & Supplies .	1,199	1,59,000
5. Transport equipment	2,860	4,47,000
6. Miscellaneous Industries :		
(a) Manufacture of professional, Scientific Measuring & Con- trolling Instruments	177	11,000
(b) Manufacture of Watches and Clocks	30	3,000
	15,613	14,27,000

(Compiled from data published in 'Indian Labour Statistics' 1963).

Note.—The above figures include 6 Iron & Steel Plants employing 1,32,626 workers in 1963-64 (which are covered by a separate Wage Board) and departmental workshops of Railways and Posts & Telegraphs (not covered by this Wage Board).

5.9. The figures in the above table relate to all registered working factories under the Factories Act. This Wage Board, is, however, concerned only with units in which 50 or more workers are employed. They form about 23 per cent. of the total number of units in the industry and employ about 85% of the work force in it. The growth of such units both in respect of number and employment potential is illustrated in Statement I at page 45 showing year to year position of the engineering industries (all groups taken together) for the period 1951-1962. It will be noticed from this Statement that in 1951, out of the total reporting factories the number of factories employing 50 or more workers was 1,074 and the total

employment therein was 3,96,726. Corresponding figures for 1962 were 2,167 factories employing 7,87,320 workers. There has thus been, since 1951 about 100% increase in the number of units of this range and 98.4% increase in their employment.

5.10. The employment figures in the above table relate to only those workers who could be deemed as 'workers' in accordance with the definition of that term under the Factories Act. The coverage of the Wage Board, is, however, more extensive in as much as it includes all employees who are 'workmen' as defined in the Industrial Disputes Act. For the purpose of the Wage Board, therefore, the data given in Statement II at page 46 is more relevant. It will be seen that in 1965 there were 3,772 engineering factories employing 50 or more workers (units having 50 or more workers and using power and units having 100 or more workers but not using power), out of which 3,628 factories submitted the data. The total employment in these 3,628 factories was 11,88,774.

5.11. The striking growth of the engineering industries is evidenced not only by the increase in the number of units and of workers employed but also by the capital invested and income generated therefrom. In the year 1959 the total productive capital invested in the engineering industries (in all groups) was Rs. 541.75 crores. In 1962 the productive capital increased to Rs. 1247.48 crores thus registering an increase of 130% over the position prevailing in 1959. Three years later in 1965 the productive capital increased to Rs. 2173.67 crores which shows an increase of 301% over the position in 1959. This has been illustrated in Statement III at page 47. The total productive capital invested in all industries in 1965 was Rs. 6300.42 crores. The productive capital invested in the engineering industries thus accounts for 34.5% of the total productive capital employed in all industries.

5.12. As regards the income generated in the industry, in a brochure entitled "Engineering Industries—How they benefit Indian Society" issued by the Engineering Association of India, Calcutta in December 1967 the following observations have been made pertaining thereto :

"Engineering Industries' contribution to national income recorded a rise of about 110% between 1959 and 1963. The absolute figures rose from Rs. 163 crores in 1959 to Rs. 340 crores in 1963. Consequently their share in all industries contribution rose from 21.5% to 26.3%. In other words engineering industries account for more than one-fourth of all industries' contribution to India's national income".

5.13. The progress of the industry can further be gauged from Statement IV at page 48 showing the figures of production index of some important engineering industry groups since the year 1951, treating 1956 as the base (i.e. 1956=100). Declining trend in production index in the year 1966 and 1967 is indicative of recession that the industry had to pass through in recent years. The index for the

months of September and November 1967, however, shows improvement in many items of production over the position prevailing in the month of June 1967, indicative of the signs of gradual recovery from recession.

(iii) Importance of the industry in the country's economic development :

5.14. The Engineering Industries produce a wide variety of goods—consumer goods, intermediate goods and capital goods. The main items of manufacture are indicated in Appendix VI. A glance at this list will bring out the vital importance of the industry in every walk of life, for consumers, for producers, for the villagers, for the people in towns and cities, in short for the society at large. The intimate connection the engineering goods have with the daily life of the community can in no sense be exaggerated. A farmer's plough, shovel, or hoe, his hurricane lantern, nails, screws, bolts, and nuts for his house, a village merchant's cart wheel or axle, a village artisan's tools, a child's tricycle, a student's mathematical instruments, a scientist's laboratory equipment, a housewife's domestic cooking stove, an iron, a sewing machine or a frigidaire, a doctor's surgical instruments, a computer or a typewriter for an office, an executive's car and several other domestic goods like safes, cupboards, pipes and pipe fittings, utensils, steel furniture, cutlery, air-conditioners, electrical fans—all these consumer goods come from the engineering industries.

5.15. In so far as manufacture of capital goods is concerned, the engineering industry is a basic industry or as it is called "the mother industry" feeding all other industries and sectors of economy with plant and machinery, stores and tools of a large variety. This section of the engineering industries as a source of supply of producers goods, is more important than anything else for the economic development of our country. It is from this group of engineering industries that plant and machinery for our manufacturing industries, like textile, jute mill, sugar, cement, paper making, printing, petroleum, chemical and pharmaceutical, tea, mining etc., come. In the agricultural sector we get the field implements like ploughs, cultivators, seeding, planting and threshing machines, agricultural and tools like spades, shovels, hoes, pruning and cutting knives, irrigation equipment like persian wheels and manually operated water pumps; machinery for processing agricultural products like cane-crushers, oil ghanis, chaff cutters and tobacco-barns; dairy and poultry farm equipment like churns, cream-separators and honey-extractors; plant protection equipment like sprayers and dusters; farm transport equipment like wheel barrows, farm carts and hand push carts, tractors, agricultural produce weighing machines; machinery for flour mills, rice mills, oil mills etc.

5.16. For the transport and shipping sector, the engineering industries supply the road building equipment and machinery, rails, rail passenger coaches, railway wagons, and railway locomotives and other railway equipment, road trucks and truck engines, passenger buses, motor cars and motor cycles, heavy tonnage cargo and passenger ships, high power jet engined aeroplanes, helicopters and so on.

5.17. The power generation sector gets its heavy electrical equipment, generators, power transmission and distribution equipment, transformers, electric motors, wires and cables, electric lamps and tube lights, storage batteries, house service meters,—all from the engineering industries.

5.18. The telephone and telecommunication apparatus, radio and transistor sets, cinema projectors and record playing sets are manufactured in the engineering industries; and so is the heavy structural engineering, machine tools and other delicate instruments like watches and clocks.

5.19. The basic nature of the engineering industries in the industrial development of our country has been sketched in a general way in the foregoing paragraphs. Before independence when our industry had not matured and developed as it is at present, the country had to depend on imports for most of these articles. But with the growth of the industry within the country, a considerable measure of self-reliance has been achieved in this field. It will be useful here to mention in brief the growth and development of some of the more important sectors of the engineering industries producing capital goods.

A. INDUSTRIAL MACHINERY, PLANT AND EQUIPMENT

5.20. In this sector mention may be made of manufacture of Textile Machinery, Jute Mill Machinery, Sugar Mill Machinery, Cement Machinery, Mining Machinery, Tea Machinery, Paper-making Machinery, Road-making Machinery etc.

5.21. Manufacture of industrial plant and machinery within the country was necessitated by World War II when the supplies from foreign countries were curtailed or stopped. Before the war there were only a few units engaged in such manufacture. In the initial period of the war the Indian Industry supplied only replacements of worn out equipment and parts, but subsequently the industry undertook manufacture of complete plant and machinery.

(a) *Textile Machinery :*

5.22. In 1939 the Textile Machinery Corporation Ltd. was set up with the object of manufacturing textile machinery and parts. The second unit in this line was Textools Ltd., Coimbatore, which came up in 1946. In 1948 the Star Textile Engineering Works Ltd., Bombay started a workshop for the manufacture of fluted rollers. Subsequently Acme Manufacturing Co. Ltd., Bombay, National Machinery Manufacturers Ltd., Bombay, Lakshmiratan Engineering Works Ltd., Bombay entered the field. In 1963 there were about 46 firms licensed to manufacture the different major items of Cotton Textile Machinery (Complete), besides several hundred small scale units which manufacture spare parts. Capacity for manufacture of textile machinery worth Rs. 40 crores was achieved upto 1967-68. Production of complete textile machinery has been growing from year to year. In the years 1965-66 and 1966-67 the production, however, showed a downward trend as compared to the position in 1964.

Some of them have been exported to African and Middle East countries. Import of Textile Machinery, however, still continues in spite of indigenous production. The following figures of production are noteworthy in this regard.

Year	Local manu- facture value (Rs. in crores)	Export Value (Rs. in lakhs)
1958	7.6	1.6
1959	8.8	9.8
1960	11.0	3.4
1961	12.9	19.0
1962	13.00	22.00
1963	19.00	13.00
1964	26.50	6.62
1965-66	24.20	20.42
1966-67	18.00	23.14 (re-devaluation) or 35.24 (post-devaluation)

(b) *Jute Mill Machinery :*

5.23. Production of Jute Mill Machinery was confined to one type of silver spinning frames and broad looms during the Second Plan period. The estimated value of production during the period 1956-57 to 1960-61 was as under :

Year	Sliver Spinning Frames		Broad Looms	
	Nos.	Estimated Value (Rs. in lakhs)	Nos.	Estimated value (Rs. in lakhs)
1956-57	78	37.83	..	..
1957-58	146	70.81	..	..
1958-59	186	90.21	..	..
1959-60	300	145.50	74	32.93
1960-61	279	135.32	87	38.72

The actual production of Jute Mill Machinery in terms of value for the years 1962-63 and 1963-64 was Rs. 3.09 and Rs. 3.75 crores respectively. Production, however, declined to Rs. 3.5 crores in 1965-66 and to Rs. 2.5 crores in 1966-67 as also in 1967-68. Machinery worth Rs. 12.66 lakhs was exported in 1963 and worth Rs. 7.10 lakhs in 1964. Installed capacity for manufacture of jute mill machinery stood at worth Rs. 5 crores (value) in 1957-68.

(c) *Sugar Mill Machinery :*

5.24. The Indian Engineering Industry is fully capable of manufacturing Sugar Mill Machinery. Production of Sugar Mill Machinery was valued at Rs. 19.2 lakhs in 1955. It rose to Rs. 284.4 lakhs in 1959, Rs. 646.7 lakhs in 1962 and Rs. 807.6 lakhs in 1964. During the years 1966-67 and 1967-68 production rose to Rs. 9.4 crores and Rs. 10.0 crores respectively. This sector has, therefore, taken big strides in a short period from 1955 to 1967. Major Sugar Machinery manufacturing firms have attracted sound foreign collaboration and have formed into consortia. There are nearly 17 units at present engaged in manufacturing Sugar Mill Machinery. Total installed capacity of manufacture of Sugar Mill Machinery stood at Rs. 14.6 crores worth of production in 1967-68. With the growth of indigenous manufacture, import of Sugar Mill Machinery came down from Rs. 3.9 crores in 1957 to Rs. 39 lakhs in 1964-65.

(d) *Cement Industry Machinery :*

5.25. There was no industrial unit in the country producing complete cement plant and machinery at the beginning of the Second Plan, though some selected items of plant equipment were produced in four establishments attached to cement works. During the Second Plan period, however, the indigenous manufacture of cement machinery and spares increased from worth Rs. 34 lakhs in 1955 to worth Rs. 63 lakhs in 1960 and to worth Rs. 96.4 lakhs and 216.5 lakhs in 1963 and 1964 respectively. Production rose further to worth Rs. 6.4 crores in 1966-67 and Rs. 8.0 crores during 1967-68. Several big concerns have come up to manufacture cement machinery. In 1963 K. C. P. Ltd., Madras had an approved capacity of manufacturing two plants per annum worth Rs. 150 lakhs. M/s. A. V. B. Ltd., (a combined venture of A. C. C. Ltd., Vickers Armstrong and Babcock & Wilcox) have been licensed to manufacture cement, mining & general industrial machinery and boilers of about 2250 tons. The A. C. C. Workshop at Shahabad would also have about the same installed capacity i.e. 2250 tons of machinery per year. Total installed capacity available in 1967-68 was for machinery worth Rs. 23 crores. Thus the major requirements of cement machinery in the country would be met from indigenous sources.

(e) *Chemical Plant and Machinery :*

5.26. In 1966 there were 51 units having a total capacity of manufacturing machinery worth Rs. 11.64 crores per annum and during the same year the actual production was Rs. 8.97 crores. The capacity increased to Rs. 11.89 crores in 1967, the estimates of production standing at Rs. 9.00 crores.

(f) *Mining Machinery :*

5.27. Upto 1951 no mining machinery was manufactured in the country. Later, items like haulages, conveyors, pumps, etc. came to be manufactured for coal mining industry. By 1963 five sizable units in private sector came up with capacity to produce coal mining machinery worth about Rs. 1.5 crores by 1965-66. Capacity rose to production of mining machinery upto 30,000 tonnes in 1965-66, to 45,000 tonnes in 1966-67 and to 50,000 tonnes in 1967-68. Against this, the

production was 5,100 tonnes, 7,000 tonnes and 10,000 tonnes respectively during the above-mentioned years. In the Public Sector, the Mining & Allied Machinery Corporation has set up its unit at Durgapur which is meant for manufacturing heavy machinery for mining industry.

(g) Tea Machinery :

5.28. Until 1951 only two concerns namely Britannia Engineering Co. Ltd., Titagarh and British Electric Construction Co. Ltd., Calcutta were engaged in the manufacture of various items of tea processing machinery. The needs of the industry were largely met by imports. By the end of the Second Plan period, however, there were five units manufacturing machinery for tea processing, which rose later to 10 units covering practically the entire range of requirements of tea processing machinery and almost eliminating import of tea machinery. The value of production was Rs. 1.75 crores in 1961 and Rs. 1.64 crores in 1963. In 1966 the industry had a capacity for manufacturing Tea Machinery worth Rs. 2.14 crores which remained the same in 1967 also. Actual production during these two years was worth Rs. 1.10 crores and Rs. 1.32 crores respectively. Machinery worth Rs. 33.96 lakhs (post-devaluation) was exported during 1966-67.

(h) Paper Making Machinery :

5.29. Here also till recently requirements were met from imports. The capacity for manufacturing paper machinery worth Rs. 6.45 crores was available in 1966-67 and 1967-68. Actual production was valued at Rs. 2.3 crores in 1966-67 and Rs. 2.5 crores in 1967-68.

(i) Road Making Machinery :

5.30. Some of this machinery was produced in India before World War II, but gradually the industry took up production of all types of standardised road making machinery. The items of machinery are Bitumen Boilers and Mixers, Asphalt Mixers and Concrete Mixers, Diesel Engine Road Rollers, etc. The Third Plan envisaged a target of production for road roller industry at 700 machines per annum by 1965-66. Actual capacity in 1966-67 and 1967-68 was for the production of 1600 machines annually. As against this capacity production was of 1078 machines in 1966-67 and 600 in 1967-68.

B. ELECTRICAL ENGINEERING INDUSTRIES

5.31. This is another important sector of the engineering industries which is closely interlinked with the economic development of the country. In this sector important items are (i) heavy electrical equipment like hydraulic turbines, steam turbines, alternators, traction motors, industrial motors, power transformers etc., (ii) Switch gear and control gear, (iii) Power and distribution transformers, (iv) electrical fan industry, (v) electric lamp industry, (vi) electric motor industry, (vii) electrical steel sheets and stamping, (viii) electrical wires and cables, (ix) storage batteries, (x) dry batteries (xi) radio receiver industry, (xii) house service meter industry, (xiii) conduit pipe industry etc. etc. A short background about the manufacture of some of these items is given in the following pages.

(a) *Heavy Electrical Equipment :*

5.32. These equipment items are mostly needed for supply of power, demand for which is directly related to the growth of demand for power. India has been depending on imports for almost every item of heavy electrical machinery on the generation side though some progress had been made in indigenous manufacture of distribution equipment. The programme of power development would necessarily require a large quantum and variety of electrical machinery for installation both at the generating stations and at the various sub-stations of the regional and State grids.

5.33. Messrs Heavy Electricals Ltd., Bhopal, Bharat Heavy Electricals Ltd., Haridwar and Hyderabad have been sponsored by the Government of India for the manufacture of heavy electrical equipment. A study made towards the end of the Second Plan revealed that the demand for heavy electrical machinery in the third and subsequent plans would be quite substantial. At the end of the Third Plan, the aggregate installed generating capacity was 10.17 million kw. On the assumption that 2 million kilowatts of generating capacity would be added during the Fourth Plan period, the Central Water & Power Commission had placed the demand for equipment at a total value of Rs. 80.65 crores annually.

(b) *Switch gear & Control gear :*

5.34. This line of manufacture was started in India in 1953 and by 1960 there were 26 units in operation. There are now about 71 units engaged in this line and the production increased from Rs. 0.4 crores in 1955 to Rs. 4 crores in 1960 and further to Rs. 10 crores in 1963-64. Still our imports totalled to Rs. 11.10 crores in 1960 registering a fall by Rs. 1.80 crores since 1957.

(c) *Power & Distribution Transformers :*

5.35. The industry was started in 1936-37 with the setting up of the Government Electric Factory at Bangalore. Later, Associated Electrical Industries Mfg. Co. Ltd., Calcutta and Crompton Parkison Works Ltd., Bombay took up production of Power & Distribution Transformers. Since Independence, the industry has developed rapidly. At the end of the first Five Year Plan there were 13 units with an annual capacity of 6,57,000 KVA. Corresponding figures at the end of the Second Plan period were 18 units with an annual installed capacity of 1,40,4000 KVA.

Capacity and Production during 1966-67 and 1967-68 of manufacturing transformers was as under:

	Capacity		Production	
	1966-67	1967-68	1966-67	1967-68
Transformers— of 33 KV or below.	3.0 million KVA	3.0 million KVA	3.0 million KVA	3.0 million KVA
Of 66 KV or above	4.0 million KVA	7.0 million KVA	2.3 million KVA	4.2 million KVA

The value of imports of these items came down from Rs. 303.58 lakhs in 1957 to Rs. 247.13 lakhs in 1960.

(d) *Electric Fan Industry :*

5.36. The electric fan manufacture commenced in India on a commercial scale in 1924 at the India Electric Works, Calcutta. The number of units increased and production during World War II was about 30,000 ceiling fans and 5,000 table fans. At the beginning of the First Plan period there were 22 manufacturing units with capacity assessed at 1,88,000 fans per year. At the end of 1960-61 there were 24 units with an installed capacity of 8,71,750 fans per year on single shift basis. Capacity available for production of fans in the years 1966-67 and 1967-68 was 1.58 million and 1.35 million fans respectively. In 1962 India exported 97,700 fans valued at about Rs. 80 lakhs. The value of exports rose to Rs. 90.65 lakhs in 1963 and to Rs. 103.75 lakhs (pre-devaluation) or Rs. 152.75 lakhs (post devaluation) in 1966-67.

(e) *Electrical Motor Industry :*

5.37. Electrical Motor forms an essential link between the supply of electricity to and utilization in industry. The first factory for manufacture of this item was started in Coimbatore by P.S.G. & Sons, Charity Industrial Institute, before the World War II. The second factory was started in 1939 by Kirloskar Brothers Ltd. At the end of the First Plan period there were 12 units with an annual capacity of 263000 H.P. by 1960-61, the number of units rose to 27 with a rated capacity of 1129040 H.P. There are quite a number of units in the small scale sector of the industry also. These increased from 6 units in 1955 to 74 units in 1959 with an annual capacity of 2.66 lakhs H.P. Production in 1959 was 70064 H.P. as against 821 H.P. in 1955. In the Public Sector two huge units of Heavy Electrical Projects have been set up, one at Hardwar (U.S.S.R. Collaboration) and one at Ramachandrapuram, Hyderabad (Czechoslovak Collaboration).

The capacity and production in 1966-67 and 1967-68 was :

	Capacity		Production	
	1966-67	1967-68	1966-67	1967-68
Electric Motors :				
(i) Above 200 H.P. .	.24 million H.P.	.55 million H.P.	.06 million H.P.	.20 million H.P.
(ii) Below 200 H.P. .	2.24 million H.P.	2.24 million H.P.	2.08 million H.P.	2.08 million H.P.

(f) *Electric Wires and Cables :*

5.38. This item of manufacture was started in India in 1921 by the Indian Cable Co. During the war, imports declined, and a factory was started by the Government at Tatanagar for producing 'D' class signalling cable for army requirements. The industry attained impressive progress during the post-independence years. By

1963 there were 6 units manufacturing bare copper conductors with a capacity of 18,700 tons; 9 units manufacturing winding wires with 6,780 tons capacity per annum; there were 9 units manufacturing rubber and plastic insulated cables with an annual capacity of 172.5 million core yards at the end of the First Plan. During the Second Plan 13 more units with 156.5 million core yards capacity were added.

5.39. In the public sector manufacture of paper insulated dry core telephone cable has been undertaken in Hindustan Cable Ltd. at Rupnarayanpur. The production in this unit was 1,077 miles of dry core telephone cables valued at Rs. 1.5 crores by 1960-61. Expansion programme of this undertaking was envisaged in the Third Plan period, on implementation of which the unit was expected to produce 2,000 miles of dry core cables and 500 miles of plastic insulated cables on double shift basis.

5.40. The details of Capacity and Production in 1966-67 and 1967-68 are given below :—

Item	Unit	Capacity		Production	
		1966-67	1967-68	1966-67	1967-68
(i) ACSR Conductors	Tonnes	75,490	89,200	52,704	74,000
(ii) V.I.R. & P.V.C.	Metres (millions)	783	860	391	380
(iii) Power Cables	„	16,250	18,774	20,031	15,000
(iv) Dry Core Cables	„	3,500	8,000	3,100	5,000

C. TRANSPORT EQUIPMENT

5.41. In a developing country, means of transport assume crucial importance. Unless the supply lines of raw material to the industry and the finished product from the industry keep on actively moving, production would be at a standstill. A net work of transport lines, road, rail, air and sea, for movement of goods within the country as also for export markets is the life-line of industrial progress. Manufacture of transport equipment is, therefore, an important sector of the engineering industries.

5.42. In this sector we have the (i) ship-building industry, (ii) manufacture of rail locomotives, rail coaches (passenger), wagon building (iii) automobiles (cars, trucks etc.) and allied industries i.e. scooters, motor cycles, trailers etc., and (iv) aircraft building.

(a) Ship-building Industry :

5.43. Scindia Steam Navigation Co. Ltd. set up in 1919, desired to develop the mercantile marine with ships built in an Indian shipyard. The foundation of the first ship-building yard of this company at Visakhapatnam was laid in June 1941. By 1946 the shipyard was equipped with two berths capable of building ships upto 12,000 dw tons and 550 feet in length. As the shipyard needed expansion at

tremendous cost beyond the capacity of the company, the Government decided to take a controlling interest in the shipyard and accordingly the Hindustan Shipyard Ltd., a private limited Co. (with Government holding 2/3 shares and Scindia's 1/3), was formed which took over the management of the shipyard from 1st March 1952.

5.44. The other units in this industry are Mazgaon Dock Pvt Ltd., Bombay and Shaparia Dock & Steel Co. Pvt. Ltd., Bombay. There are various other units for building barges, boats and crafts dredgers, steam launches, oil tankers, steamers, tugs etc. as also for ship repairing. Some of them are Alcock Ashdown & Co., Bombay Garden Reach Workshop, Calcutta, Hooghly Docking & Engineering Co. Ltd., Calcutta, Indian General Navigation & Rly. Co. Ltd. Calcutta.

5.45. The development of ship-building industry in the country was given the greatest weightage in the First Five Year Plan and a sum of Rs. 15.84 crores was allotted between 1952-53 and 1956-57. Thirteen vessels with a total tonnage of 52300 GRT were built between 1956-57 and 1960-61. The Third Five Year Plan provided for a gross addition of 374500 GRT, and allowing for replacements, for net addition of 181000 GRT. At the end of 1967-68 the total Indian shipping tonnage was about 18.88 lakhs GRT.

(b) *Railway Equipment :*

5.46 (i) *Locomotives.*—Railway Locomotives are produced at Chittaranjan Locomotive Workshop, a State-owned, Government managed undertaking and at Tata Engineering & Locomotive Co. (TELCO) at Tatanagar in the Private Sector. The first locomotive came out of the factory at Chittaranjan in November 1950. In 1960-61 the Chittaranjan Works also started production of 1500 volts electric locomotives. TELCO Ltd. was established in 1945. The total output of the company in the First Plan period stood at 155 locomotives and there has been progressive increase of production during the Second Plan. The following table shows the figures of production in both these units :—

Year	Chittaranjan	TELCO	Total
1956-57	156	67	223
1957-58	164	85	249
1958-59	165	103	268
1959-60	173	106	279
1960-61	173	99	272
TOTAL	831	460	1,291

5.47. Assembly of diesel locomotives was started in 1963 at the Diesel Locomotives Works at Varanasi. The plant was scheduled

to produce 83 locomotives during the Third Plan. The demand for locomotives by the end of Third Plan was estimated as follows:—

Additions	1,150 Nos.
Replacements	614 ,,
Total procurement	1,764 ,,

5.48. The programme for acquisition of locomotives during the years 1966-67 & 1967-68 was as under:—

	1966-67	1967-68
Steam locomotives	180 Nos.	153 Nos.
Electric locomotives	59 ,,	137 ,,
Diesel locomotives	55 ,,	126 ,,

5.49. The requirements of Indian Railways, for steam locomotives in the broad gauge system are met by Chittaranjan Locomotive Works and in the metre gauge system by TELCO. Railways are more or less self-sufficient now in respect of steam locomotives.

5.50. (ii) *Passenger Coaches*.—Railway workshops in the country have been building these coaches for long except for electrical multiple units. Certain components like axle, wheels, underframes, etc. had, however, to be imported. The main bulk suppliers now in the Public Sector are the Integral Coach Factory, Perambur and the Hindustan Aeronautics, Bangalore. In the private sector M/s. Jessop & Co. manufacture these coaches. The underframes for coaches built in the Railway Workshops are manufactured by M/s. Braithwaite & Co., M/s. K. L. T. Steel & Co., M/s. Jessop & Co. and M/s. Texmaco. The estimate of acquisition of coaching stock during 1966-67 and 1967-68 was 1,264 and 1,523 coaches respectively.

5.51. (iii) *Wagon Building*.—The principal manufacturers of wagons in India are :

- (1) Braithwaite & Co. Ltd., Calcutta.
- (2) Burn & Co. Ltd., Calcutta.
- (3) The Indian Standard Wagon Co. Ltd., Burnpur.
- (4) Textile Machinery Corpn., Calcutta.
- (5) Jessop & Co. Ltd., Calcutta.
- (6) Steel Equipment & Construction Co. Ltd., Calcutta.
- (7) Bridge & Roof Co. (India) Ltd., Calcutta.

5.52. Before the World War II, the total output of the industry was between 2,500 to 3,000 wagons per year. By the end of First Plan period the capacity rose to 15,179 number per annum. With the added capacity of 10,820 wagons during the Second Plan period, total capacity came up to 25,999 wagons per year.

5.53. There are 11 units engaged in the manufacture of wagons in the country. The figures of production during the last few years are given below :

Year	Capacity	Production	Year	Capacity	Production
	Nos.	Nos.		Nos.	Nos.
1955	16,956	15,288	1962	22,260	13,932
1957	20,136	16,956	1963	26,472	18,960
1959	20,256	10,044	1964	26,472	24,156
1960	22,260	7,476	1966-67	26,000	21,207
1961	22,260	11,052	1967-68	26,000	19,321

(c) *Automobiles :*

5.54. In India, vehicles were assembled from imported components since 1928. This was done by the General Motors (India) Ltd. in their factory at Bombay. They were followed by the Ford Motor Co. of India Ltd., who started assembly of automobiles at Madras in 1930 and in Bombay and Calcutta in 1931. These companies had to be wound up later.

5.55. The Hindustan Motors Ltd. and Premier Automobiles Ltd. came into existence in 1944. The Hindustan Motors started assembly operations in 1948 and manufacture of components in 1950. The Premier Automobiles started assembly operations in 1947 and manufacture of components—radiators, universal joints, cushion springs etc. in 1949. Three more firms started assembly operations in India during 1949-50. They were, Standard Motor Products of India Ltd., Madras, Automobile Products of India Ltd., Bombay, and Ashok Motors Ltd., Madras. In addition to these five other units of C.K.D. vehicle assemblers commenced operation between 1946 and 1950. They were, Addision & Co. Ltd., Madras, Dewars Garage & Engineering Works, Calcutta, French Motor Car Co. Ltd., Calcutta, Mahindra & Mahindra Ltd., Bombay and Peninsular Motor Corporation Ltd., Calcutta.

5.56. The installed capacity of automobiles stood at 30,000 numbers per year at the beginning of Second Plan. By 1960-61 capacity for the production of cars, jeeps, station wagons and commercial vehicles was 54,696 numbers. This was increased to 74,304 numbers by 1964 and in 1967-68 the capacity stood at 96,400 numbers. The indigenous content of the vehicles was also expected to increase from 20/25% to 80% by 1960-61. There are 6 units engaged in the manufacture of Commercial vehicles, 1 unit manufacturing Jeeps and 3

units engaged in the production of cars in the country. The output of the industry has been as under :

Year	Cars	Jeeps	Trucks/ Commercial Vehicles 1
1955	9,492	4,104	6,456
1957	11,604	4,680	11,892
1959	11,772	4,728	14,964
1961	21,660	7,056	19,524
1962	23,358	7,596	21,156
1963	15,708	8,112	23,400
1964	23,232	10,392	28,044
1966	27,597	10,869	33,192
1967-68	32,500	4,200	27,500

5.57. The import figures now more or less represent the extent of assembling activity within the country. The number of motor vehicles imported during recent years was :

		Value in (Rs. lakhs)
1955	19,453 numbers	1,345.89
1957	8,519	300.55
1959	19,033	1,058.92
1961-62	..	330.00
1962-63	..	250.84
1963-64	..	280.61
1964-65	..	330.10

The Planning Commission has suggested the following targets for 1968-69.

	Capacity	Suggested Targets of Productions
	1968-69	1968-69
Cars & Jeeps	40,000	43,000
Commercial vehicles	56,400	35,000

5.58. With the expansion of the automobile industry, the country witnessed the growth of automobile ancillary industry also. There are about 200 organized units engaged in the manufacture of automobile components. Various components, which were imported even in 1959, have become now available from the indigenous industry. The annual production of indigenous components was of the order of Rs. 50 lakhs at the beginning of the First Plan. It rose to over

Rs. 10 crores by the end of the Second Plan. The Third Plan target for installed capacity was Rs. 25 crores worth components with the same figure for actual production target. However, production rose worth to Rs. 55 crores in 1966 and to Rs. 70 crores in 1967.

5.59. The industries allied to the automobile produce auto-cycles, scooters, motor cycles, auto-rickshaws etc. M/s. Automobile Products of India, M/s. Bajaj Auto Ltd., Poona, M/s. Enfield India Ltd., M/s. Ideal Motors, Bombay are the concerns engaged in this line of production. The following figures are of interest in relation to these items :

Categories	Manufg. units	Installed capacity	Production		
			1962	1963	1964
1. Motor Cycles . . .	3	36,000	8,832	9,036	13,850
2. Scooters & Scooterettes .	3	..	14,316	15,432	20,040
3. Three Wheelers . . .	3	..	1,428	1,704	2,496
4. Trailers . . .	14	8,064	2,028	3,384	6,792
			26,604	29,556	43,178

The production of these items in 1966 was 51,871 and rose to 65,965 in 1967.

(d) *Aircraft Manufacture :*

5.60. M/s. Hindustan Aeronautics Ltd., Bangalore, with its divisions at Kanpur, Nasik, Hyderabad and Koraput is the main undertaking connected with the manufacture of aircraft. Originally named as the Hindustan Aircraft Ltd., it was promoted by late Shri Walchand Hirachand in December 1940 in association with the Government of Mysore with an authorised capital of Rs. 4 crores of which 40 lakhs were paid up capital. The business of the company was managed by a firm of Managing Agents, Walchand Tulsidas Khatau Ltd. The Government of India joined as a shareholder in March 1941 and the paid up capital was raised to Rs. 75 lakhs. In June 1942 the Managing Agents resigned and the Government of India purchased their interest for holding two-thirds of the share capital and took over the management. In 1943, during the Second World War, the management was handed over to U.S. Air Force subject to the control of the Board of Directors. The company was reverted to the control of the Government of India in the Ministry of Industry and Supply at the close of the War in December 1945. In January 1951 the control of Hindustan Aircraft was transferred from the Ministry of Industry and Supply to the Ministry of Defence, Government of India. In November 1956, the authorised capital of the company was increased from Rs. 4 crores to Rs. 18 crores and subsequently to Rs. 20 crores in 1960 and to Rs. 25 crores in 1961. The company was re-constituted as the Bangalore Division of the Hindustan Aeronautics Ltd. in 1964 with its registered office in Bombay. The company has manufactured various types of air-crafts. In addition, jet

engines manufacture has also been established. It also undertakes overhauling of aircrafts and engines for both civil and defence purposes. The factory in the normal course will continue to develop and manufacture various types of aircrafts, aero-engines etc. according to programmes laid down from time to time. The work of overhaul/repair and maintenance of aircraft is also stepped up at the factory as well as in the various outstation bases. The following are the figures relating to production and number of persons employed.

Year	Sales in lakhs of Rs.	Total number of workers
1950-51	255.85	6,688
1955-56	520.86	10,445
1960-61	816.11	16,494
1964-65	1,229.45	20,181

(e) *Bicycle Manufacture :*

5.61. There are 20 units in the country manufacturing bicycles and about 51 units producing spare parts. The capacity for bicycle manufacture in 1962 was 14,43,996 complete cycles which rose to 16,79,000 in 1967-68. Production figures have been :

Year	Number
1955	4,91,172
1957	7,05,252
1959	9,90,744
1962	11,16,492
1963	11,82,000
1964	14,97,600
1966-67	17,19,000
1967-68	17,50,000

Bicycles worth Rs. 12.05 lakhs were exported in 1962, worth Rs. 26.89 lakhs in 1963, worth Rs. 71.53 lakhs in 1964 and worth Rs. 222.43 lakhs (post-devaluation) in 1967-68.

D. STRUCTURAL ENGINEERING

5.62. Another important branch of the engineering industries is structural engineering. It is a specialised industry requiring extensive mechanical equipment and large workshops facilities.

5.63. The items produced in workshops of structural engineering are structures like aeroplane hangars, floating docks, jetties, railways and road bridges and culverts, press and building steel works, steel frame structures for buildings, workshops, warehouses etc.

5.64. The demand for structural fabrications has increased with the development of our major projects like those of iron and steel, fertilizer, heavy chemicals, heavy electrical plant, river valley projects, refineries etc. and expansion activities on railways and other forms of transport, multipurpose and general irrigation programmes, road construction etc. To meet the rising demand, the capacity of the structural engineering industries expanded from 1,26,000 tons at the end of the First Five Year Plan to 3,95,000 tons at the end of Second Plan.

5.65. The present installed capacity of 121 existing units is about 3.7 lakhs tonnes. The actual production has been as under :

Year	Production in thou- sand tons
1956	90
1958	113
1960	130
1962	178
1964	300
1966	161

E. MACHINE TOOL INDUSTRY

5.66. Although machine tools were manufactured in the country from the latter part of the 19th century, the establishment of machine tool manufacture as an industry can be traced to World War II when imports became scarce. This gave an opportunity to Indian producers for setting up manufacturing units. The production of machine tools (graded) went up from an insignificant figure of 273 in 1942 to over 4,121 in 1946 valued at Rs. 1,13,00,000. After independence, when a planned development of industries in the country was envisaged, the setting up of machine tool industry to cater to the needs of other manufacturing activities was considered important. Accordingly the Hindustan Machine Tools Factory was set up in 1949 at Bangalore in the Public Sector. Machine Tool Prototype factory was also set up at Ambarnath. During the Second Plan, heavier machine tool manufacture was taken up and production was also diversified. The important machine tool manufacturing units are, M/s. Mysore Kirloskar Ltd., M/s. Cooper Engineering Ltd., Bombay, M/s. Investa Machine Tools & Engineering Co. Ltd., Bombay, New Standard Engineering Co., Bombay, M/s. Godrej & Boyce Manufacturing Co. (Machine Tool Division), Bombay, M/s. Ralliwolf India Ltd., M/s. Consolidated Pneumatic Tools Co. Ltd., Bombay, M/s. Holman

Climax Mfg. (Pvt.) Ltd., Calcutta. In the Public Sector Messrs. Hindustan Machine Tools, Bangalore, Machine Tool Prototype Factory, Ambarnath and Praga Tools Ltd., Secunderabad are the important undertakings. Besides these there is a heavy machine tools factory at Ranchi.

5.67. The total number of units engaged in the manufacture of machine tools in the country now stands at 74. The organised sector manufactures lathes of various sizes, milling machines, shaping machines etc. having capacity for production worth Rs. 45 crores in 1967-68. The small sector on the other hand produces ungraded machine tools mostly lathes, drill presses, shapers, hacksaws, pedestal grinders, simple mechanical press, hammers, wood working machinery etc. The progress of production in machine tools manufacture can be seen from the following table :

Machine Tools

(Value in crores of rupees)

Year	Complete	Accessories	Total
1955	0.68	0.06	0.74
1957	2.35	0.15	2.50
1959	4.16	0.22	4.38
1961	7.33	0.29	7.62
1964	21.07	0.51	21.58
1966	25.29	0.41	25.70

5.68. In spite of the increase in indigenous products, the country has been importing machine tools from other countries. Machine Tools worth Rs. 16.50 crores were imported during 1961-62 which increased to Rs. 30.65 crores in 1963-64. There was a fall, however, in imports in 1964-65 to Rs. 20.67 crores.

5.69. The production of hand tools and small tools has also gone up, as the industry has made considerable progress during the last few years. India-made hand tools and small tools are also being exported. The value of exports in 1962 was Rs. 4.22 lakhs which rose to Rs. 19.04 lakhs in 1964 and to Rs. 214.67 lakhs (post devaluation) in 1967-68.

5.70. Among the other important sectors of the engineering industries, mention may be made of Tool, Alloy and Stainless Steel Works, Steel Re-rolling Works, Manufacture of Tin Plates, Steel Castings, Steel Wires, Steel Wire Ropes, Screws, Bolts, Nuts, Rivets, Expanded Metals, Agricultural implements, Builders Hardware, Sewing Machines, Safety Razor Blades, Water Meters, Typewriters, Compressors, Welding Electrodes, Pistons & Piston Rings, Files and Rasps, Pipes and Tubes, Umbrella Ribs etc. etc. A place of importance is also given to Non-ferrous Metal Industry i.e. (Aluminium, Antimony, Zinc, Copper, Lead, Tin etc.), Radio Receiver Industry, Clocks

and Watch Making, Manufacture of Industrial Boilers, Machinery for Rice, Dal and Flour Mills and Oil Mills, Dairy Machinery, Diesel Engines, Weighing Machines, Industrial Material Handling Equipment, Power Driven Pumps, Electrical Lamps, Electrical Steel Sheet and Stampings, Storage Batteries, Dry Batteries, Hurricane Lanterns, House Service Meters etc.

(iv) **Regions and Centres of Concentration :**

5.71. Though there are engineering units in almost all the States of the country, by and large the industry has mainly concentrated in certain regions, owing to several factors e.g. availability of port and other transport facilities, raw materials, easy power supply, availability of skilled labour, good internal market, etc. The main centres of concentration are Calcutta, Howrah and Jamshedpur in the eastern zone; Bombay and its suburbs and Poona in the western zone; Madras, Coimbatore and Bangalore in the south; Delhi, Faridabad and some centres in the Punjab in the north. Bangalore, Durgapur, Ranchi and Hyderabad have recently sprung up as important centres of engineering industries mainly due to setting up of certain large scale industrial units in the Public Sector.

5.72. The available information regarding concentration of the industry on regional basis (units employing 50 or more workers) as in 1965 reveals that nearly 30.85% units are in the western zone employing 23.99% workers in the industry. The next region of concentration is the eastern zone with 27.27% units employing 41.44% workmen. Northern zone comes next with 23.99% units employing 18.36% workers and the southern zone has 17.88% units and 16.21% employment. This has been illustrated in the following table :

TABLE

Region/State	No. of factories		Registered units to total units	Employment in Reporting units	% of employment to total employment
	Registered	Reporting			
1	2	3	4	5	6
I. Eastern					
1. West Bengal . . .	811	792	21.98	3,41,377	29.31
2. Bihar . . .	112	110	3.04	1,05,547	9.06
3. Assam . . .	35	33	0.95	6,166	0.53
4. Orissa . . .	48	41	1.30	29,631	2.54
TOTAL . . .	1,006	976	27.27	4,82,721	41.44

1	2	3	4	5	6
II. Southern					
1. Andhra Pradesh . . .	127	123	3.44	30,559	2.62
2. Kerala	56	53	1.52	8,029	0.69
3. Madras	337	329	9.13	99,790	8.57
4. Mysore	137	137	3.71	50,389	4.32
5. Pondicherry	3	3	0.08	124	0.01
TOTAL	660	645	17.88	1,88,891	16.21
III. Western					
1. Gujarat	212	211	5.75	40,880	3.51
2. Goa	15	15	0.41	1,045	0.09
3. Maharashtra	911	870	24.69	2,37,570	20.39
TOTAL	1,138	1,096	30.85	2,79,495	23.99
IV. Northern					
1. Punjab & Haryana . .	-289	276	7.83	46,908	4.03
2. H.P.	14	12	0.38	1,479	0.13
3. Delhi	124	122	3.36	14,180	1.22
4. Uttar Pradesh	270	266	7.32	68,273	5.86
5. Madhya Pradesh	140	124	3.80	57,997	4.98
6. Rajasthan	48	43	1.30	24,909	2.14
TOTAL	885	843	23.99	2,13,746	18.36
	3,689	3,560	100.00	11,64,853	100.00
Units in respect of which Statewise break up is not available	83	68	..	23,921	..
	3,772	3,628	..	11,88,774	..

(Compiled from the data published in the Annual Survey of Industries 1965, Census Sector).

NOTE.—The figures pertaining to the number of factories and employment include 6 Iron & Steel plants employing 1,32,626 workers as in 1963-64 (which are covered by a separate Wage Board) and departmental Workshops of Railways & Posts & Telegraphs.

(v) Production and Exports :

5.73. *Production.*—Production of engineering goods in India has risen sharply since the commencement of planning. Increase in production has been witnessed in all sectors of the engineering industries, heavy engineering, medium engineering and light engineering. Notable progress has been achieved in regard to diversification of production and import replacement. There has been substantial additions to capacity for the manufacture of machine tools and machinery items for a number of industries. The sharp rise in the production of engineering goods in recent years is brought out by the index of industrial production given in the following table with 1956 as the base (1956=100).

INDEX OF INDUSTRIAL PRODUCTION

(Base : 1956=100)

Engineering Industries

Industry Group	Weight	1951	1956	1957	1961	1965	1966	1967	
								July	Nov.
Basic Metal Industries .	9.25	88.1	100	99.0	209.9	300.9	318.0	320.6	307.6
Manufacture of Metal Products	0.99	54.4	100	97.8	152.3	289.8	221.5	203.8	207.1
Manufacture of machinery except electrical machinery	1.10	45.2	100	129.5	268.7	489.7	530.1	517.3	337.6
Manufacture of electrical machinery appliances etc. . . .	2.41	43.6	100	118.6	183.2	313.2	340.6	379.9	389.2
Manufacture of Transport equipment	2.86	46.1	100	105.4	130.8	206.6	187.5	166.6	165.2

It will be observed from the above table that the production index has gone up from year to year uninterrupted except that in the years 1966 and 1967 the index in respect of the two groups of manufacture of metal products and manufacture of transport equipment registered a slight fall. The fall in production related to hand tools, small tools and some other metal products from the first group and railway wagons from the second group. The production index of machinery other than electrical machinery also fell in 1967. This is indicative of the recession which the industry had to pass through during recent years. The recession, however, did not affect the electrical machinery industry.

Exports :

5.74. The engineering goods produced in India not only cater to the domestic demand but are exported also. These exports go not only to Asian and African countries, but also to several European and Commonwealth countries, as also to U.S.A. In the last 10 years Indian engineering goods have recorded an impressive export performance both in terms of volume of trade and diversity of products. The value of engineering exports rose more than twelve times in the last decade from Rs. 341.29 lakhs in 1956-57 to Rs. 4,147.66 lakhs (post-devaluation) in 1967-68.

5.75. The export performance of the Engineering Industries is expected to be much brighter during the current year (1968-69). According to a press statement of the Union Commerce Minister issued on 16-10-68 which appeared in the Press on 17-10-68, the export of engineering goods during the first five months of the current year was more than 80% of the total export of such goods in the whole of last year.

5.76. Engineering goods are being exported to South-East Asian countries, West Asian countries, African countries, North and Central America, South America, Oceanic Islands, Australia and New Zealand. The export earnings of engineering goods have been steadily increasing year after year. The different countries in various regions to which the engineering goods are exported have been shown in the statement at page 43. The figures of regionwise export earnings from 1956-57 to 1967-68 are shown in the statement at page 44.

5.77. It is of interest to note that though the countries in South-East Asia, West Asia and Africa account for nearly 2/3rds of export earnings of engineering goods; the volume of exports to highly developed countries in Western Europe and the United States has also been increasing in recent years. In 1967-68 the countries in Europe imported Rs. 9.80 crores worth engineering goods from India. Exports of such products to U.S.A. in the same year reached Rs. 2.54 crores.

Countries in each region to which Indian engineering goods have been exported are mentioned below :

South East Asia	West Asia	Africa	Europe	North & Central America	South America	West Indies	Oceanic Islands	Australia
Burma Cambodia Ceylon Formosa Hong Kong Indonesia Japan Laos Malayasia Nepal Pakistan Phillipines South Korea S. Vietnam Thailand	Aden Afghanistan Bahrein Iran Iraq Jordan Kuwait Labanon Muscat, Oman & Quatar Saudi Arabia Syria Turkey Yemen	Algeria Congo Egypt Ethiopia Ghana Kenya Liberia Libya Madagascar Mozambique Nigeria Nyasaland (Malawi) N. Rhodesia (Zambia) S. Rhodesia (Rhodesia) Sierra Leone Somaliland Sudan Tanzania Tunisia Uganda Other Countries	Austria Belgium Bulgaria Czechoslovakia Denmark France E. Germany W. Germany Greece Holland Hungary Ireland Italy Poland Spain Sweden Switzerland U.K. U.S.S.R. Yugoslavia Other Countries	Canada Mexico Panama U.S.A. Other Countries	Argentina Brazil Colombia Peru Surinam Venezuela Other Countries	Br. Guiana Jamaica Trinidad Other Countries	Cyprus Fiji Malta Mauritius New Guinea Seychelles Other Countries	Australia New Zealand

Regionwise Export performance of Indian engineering goods during 1956-57 to 1967-68

(Value in Lakh Rupees)

Year	South East Asia	West Asia	Africa	East Europe	West Europe	North & Central America	South America	West Indies	Oceanic Islands	Australia	Total (incl. steel items)	For steel items Steel Rails, Rounds, Bars, Flats, Angles etc.	Total excluding steel
1956-57	116·18	129·25	78·34	..	2·95	1·61	0·14	1·14	6·68	5·00	341·29	..	341·29
1957-58	178·96	117·84	75·67	..	2·38	2·49	0·24	1·39	8·42	5·79	393·18	..	393·18
1958-59	165·96	133·21	64·66	0·02	8·86	7·23	0·47	2·60	5·51	1·88	390·40	0·03	390·37
1959-60	218·62	169·84	81·76	2·21	12·81	6·81	1·62	2·50	8·42	0·83	505·42	2·09	50·33
1960-61	307·06 j	185·90	127·38	0·73	187·58	15·88	7·16	3·47	6·81	4·92	846·89	177·08	669·81
1961-62	415·40	186·18	156·24	8·43	171·12	23·53	3·90	3·46	10·75	17·61	991·62	209·93	781·69
1962-63	431·75	261·25	175·77	8·61	58·14	23·45	2·33	4·04	11·61	7·12	984·07	41·67	942·40
1963-64	590·53	336·18	233·80	22·19	192·91	44·28	10·31	4·61	13·78	15·39	1,463·98	122·11	1,341·87
1964-65	808·79	522·67	298·61	56·92	161·66	63·42	5·45	4·55	20·20	20·48	1,962·75	281·86	1,680·89
1965-66	900·16	632·66	445·41	151·64	193·64	61·01	3·00	7·26	28·49	19·95	2,443·22	553·27	1,889·95
1966-67 Post Dev.	863·13	672·81	628·02	299·49	286·20	237·52	35·32	11·54	33·82	45·87	..	..	3,113·72
1967-68 Post Dev.	1,065·89	873·02	719·08	659·63	320·26	296·75	30·90	11·07	29·61	141·45	..	..	4,147·66

NOTE.—Figures for 1966-67 and 1967-68 are exclusive of Iron & Steel.

Source: Home Bulletin, Engineering Export Promotion Council, 12-9-68.

STATEMENT I

No. of Units of Engineering Industries and employment therein etc. 1951-62

	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962
1. Total No. of working factories	5,019	5,114	5,202	4,996	5,160	6,084	6,813	7,748	8,864	9,739	10,631	11,673
2. Estimated daily average employment in working factories	N.A.	N.A.	N.A.	N.A.	5,23,726	5,96,643	6,60,883	7,27,720	8,15,354	8,98,028	9,72,244	10,62,883
3. No. of Units submitting returns	4,352	4,421	4,312	4,415	5,694	5,209	5,901	6,662	7,422	8,327	8,988	9,597
4. Average daily employment in factories submitting returns	4,62,954	4,63,221	4,47,379	4,64,989	4,97,114	5,48,847	6,07,575	6,76,473	7,27,686	7,87,123	8,70,953	9,25,470
5. % of units submitting returns to the total no. of working factories	86.7	86.4	82.9	88.4	91.0	85.6	86.6	86.0	83.7	85.5	84.5	82.2
6. % of employment in the units submitting returns to the total estimated employment	N.A.	N.A.	N.A.	N.A.	94.9	92.0	91.9	93.0	89.2	87.6	89.6	86.9
7. No. of units submitting returns and employing less than 50 workers	3,278	3,407	3,308	3,440	3,608	3,990	4,528	5,217	5,897	6,532	6,996	7,430
8. Average daily employment in units submitting returns and employing less than 50 workers	66,178	6,6624	64,011	66,372	70,658	78,928	87,996	1,00,615	1,13,396	1,27,817	1,33,424	1,38,150
9. No. of units submitting returns and employing 50 or more workers	1,074	1,014	974	975	1,086	1,219	1,373	1,445	1,525	1,795	1,992	2,167
10. Average daily employment in the units employing 50 or more workers	3,96,726	3,96,597	3,83,368	3,98,617	4,26,456	4,69,922	5,19,579	5,75,858	6,14,290	6,59,316	7,37,529	7,87,320
11. % of units employing 50 or more workers to the total units submitting returns	24.7	22.9	22.6	22.1	23.1	23.4	23.3	21.1	20.5	21.6	22.2	22.6
12. % of average daily employment in the units employing 50 or more workers to the total employment in the units submitting returns	85.7	85.6	85.7	85.7	85.8	85.6	85.5	85.1	84.4	83.8	84.7	85.1

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(Compiled from the data published in the "Statistics of Factories" 1951 to 1962).

NOTE.—(1) Break-up of the factories into :

(a) those employing less than 50 workers and

(b) those employing 50 or more workers, relates to only those working factories which submitted returns. Such break-up for non-reporting registered factories not available.

(2) The figures pertaining to the number of factories and employment shown in the different columns of the table includes 6 Iron & Steel Plants employing 1,32,626 workers as in 1963-64, (which are covered by a separate Wage Board) and departmental workshops of Railway and Post & Telegraphs.

(3) The data relating to the following industry sub-groups is not included in the above table due to non-availability of separate figures;

(i) Professional and scientific instruments; (ii) Watches and Clocks.

STATEMENT II

No. of units of Engineering Industries employing more than 50 workers and employment therein

Industry Group	No. of factories registered			No. of factories reporting			No. of persons employed		
	1963	1964	1965	1963	1964	1965	1963	1964	1965
1. Iron & Steel	504	647	735	497	628	714	2,65,429	2,92,592	3,02,704
2. Non-ferrous Metals	67	89	105	66	85	104	23,688	26,476	30,523
3. Metal Products except Machinery and transport equipment	428	512	594	416	500	563	77,764	79,476	85,566
4. Machinery except electrical	597	698	831	578	677	804	1,44,986	1,64,921	2,05,318
5. Electrical machinery etc.	317	395	442	314	386	429	1,11,457	1,27,754	1,39,645
6. Shipbuilding & repairing	43	48	53	40	46	51	26,718	27,727	28,018
7. Rail-road equipment	134	137	139	123	126	131	1,74,863	1,78,598	2,00,403
8. Motor vehicle manufacture	104	141	170	101	140	160	62,031	72,656	83,815
9. Motor vehicles—repair of	349	437	501	333	427	477	48,242	57,866	63,333
10. Motor Cycles & Bicycles	78	84	86	73	80	81	..	22,154	21,527
11. Transport equipment n.c.c.	1	3	9	1	3	9	19,245	144	1,203
12. Aircraft	11	11	12	10	11	12	4,778	5,909	8,981
13. Professional & Scientific instruments	48	66	71	46	65	70	10,552	13,520	14,100
14. Watches & Clocks	10	19	24	10	19	23	1,613	2,684	3,638
TOTAL	2,691	3,287	3,772	2,608	3,193	3,628	9,71,366	10,72,477	11,88,774

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(Compiled from the data published in "Annual Survey of Industries" for the respective years and relates to factories registered under the Factories Act, employing 50 or more workers with power or 100 or more workers without power as covered by the survey).

NOTE : The figures pertaining to the number of factories and employment shown in different columns of the table includes 6 Iron and Steel Plants employing 1,32,626 workers as in 1963-64, (which are covered by a separate Wage Board) and departmental workshops of Railways and Posts & Telegraphs.

STATEMENT III

Productive Capital employed in the Engineering Industries

Industry Group	1959			1962			1965		
	Productive capital Rs. crores	No. of units to which data relates	No. of units in the group	Productive capital Rs. crores	No. of units to which data relates	No. of units in the group	Productive capital Rs. crores	No. of units to which data relates	No. of units in the group
1. Iron & Steel	259.46	277	281	675.11	388	404	1,103.39	714	735
2. Non-ferrous Metals	18.32	55	58	68.63	66	68	127.69	104	105
3. Metal Products except Machinery & Transport Equipment	21.91	247	261	55.00	379	396	89.56	563	594
4. Machinery Except Electrical Machinery	46.40	295	315	115.50	552	563	246.02	804	831
5. Electrical Machinery etc.	55.36	171	185	107.78	250	257	234.40	429	442
6. Ship Building & Repairing	7.21	43	46	13.83	40	41	13.90	51	53
7. Rail-Road Equipment	57.02	108	125	81.06	109	118	122.94	131	139
8. Motor Vehicles—Manufacture of	34.95	46	50	50.86	56	57	127.03	160	170
9. Motor Vehicles—Repair of	13.74	234	255	29.71	308	321	27.23	477	501
10. Motor Cycles & Bicycles	9.66	32	34	15.74	56	59	23.52	81	86
11. Air Craft	15.49	10	11	21.65	7	8	37.99	12	12
12. Transport Equipment (Not elsewhere classified)	0.07	4	4	6.94	26	27	1.33	9	9
13. Professional & Scientific instruments	2.81	25	26	5.17	40	41	15.26	70	71
14. Watches & Clocks	0.07	3	3	0.50	11	11	3.41	23	24
TOTAL	541.75	1,550	1,654	1,247.48	2,288	2,371	2,173.67	3,628	3,772

Source : Annual Survey of Industries.

STATEMENT IV.

Production Index of Various groups/sub-groups of Engineering Industries

Industry Group	Weight	1951	1956	1957	1959	1961	1963	1965	1966	1967				
										March	June	July	Sept.	Nov.
34 Basic Metal	9.26	86.1	100	99.0	157.6	209.9	294.4	300.9	318.9	351.7	296.7	320.6	299.7	307.6
341 Iron & Steel basic industries	7.48	83.8	100	98.2	139.3	223.0	312.7	320.4	340.8	365.6	305.4	337.5	306.8	310.0
3411 (i) Pig Iron	0.895	93.3	100	98.5	157.3	254.4	336.8	354.5	359.2	378.9	328.6	352.8	327.7	344.7
3412-3 (i) Finished Steel	2.534	80.5	100	100.6	129.8	205.8	313.1	332.4	328.9	386.8	262.4	286.0	294.1	273.1
342 Copper smelting & rolling mill products	0.23	71.9	100	109.4	111.4	149.4	153.8	127.5	113.7	107.3	118.7	120.2	118.9	123.7
343 Aluminium manufacturing	0.61	59.2	100	96.5	185.5	206.3	386.3	416.5	483.9	677.0	596.6	576.6	617.6	677.3
344 Brass manufacture	0.36	82.9	100	130.6	154.0	184.7	189.9	167.5	84.9	124.1	82.5	72.0	98.4	121.1
35 Manufacture of metal products	0.99	54.4	100	97.8	98.3	152.3	201.0	239.8	221.5	212.9	207.0	203.8	204.6	207.1
3530 Manufacture of bolts, nuts, screws, nails, springs, chains, etc.	0.04	11.5	100	108.8	125.1	152.5	150.6	183.7	191.2	221.4	204.5	209.9	222.5	191.4
3540 Manufacture of hand tools and small tools	0.08	65.7	100	123.6	99.8	212.3	374.2	626.1	599.1	537.0	550.4	564.8	613.1	619.1
359 Manufacture of metal products, not elsewhere classified	0.87	56.1	100	94.9	97.5	146.7	187.4	203.0	188.2	182.7	175.6	170.4	166.3	170.0
36 Manufacture of machinery except electrical machines	1.10	45.2	100	129.5	185.8	268.7	367.2	489.7	530.1	642.6	506.7	517.3	479.9	337.6
3632 Internal combustion engines	0.27	63.4	100	119.0	254.9	331.3	367.2	500.1	558.0	647.3	491.8	535.2	512.4	261.3
364-5 Manufacture of industrial machinery	0.50	43.2	100	136.3	154.3	240.0	382.7	535.5	572.6	741.8	540.2	544.6	484.0	337.9
368 Manufacture of commercial office and household machines	0.30	34.1	100	125.1	178.1	256.1	330.6	373.6	398.9	452.4	422.3	408.8	390.0	346.4
3682 Sewing machines	0.14	34.1	100	123.4	193.0	243.4	265.5	323.2	315.2	339.5	307.6	249.4	256.5	247.7
37 Manufacture of electrical machinery, apparatus, appliances and supplies	2.41	43.6	100	118.6	133.4	183.2	239.1	313.2	340.6	395.7	381.7	379.9	382.7	389.2

3711	Power transformers . . .	0.17	21.1	100	132.6	110.5	195.4	286.0	469.9	521.5	569.5	563.7	677.3	551.3	527.3
3721	Electrical Motors . . .	0.22	39.6	100	130.9	160.3	231.1	333.7	474.2	553.3	641.5	604.7	598.7	582.6	547.8
373	Manufacture of electrical cables and wires . . .	0.72	31.4	100	116.7	117.6	181.2	241.0	298.1	323.5	453.9	425.6	491.0	457.4	475.6
374	Manufacture of batteries . . .	0.37	74.4	100	96.1	117.4	136.0	177.7	192.7	199.1	219.5	164.3	151.3	197.3	218.4
3751	Electrical lamps . . .	0.13	52.0	100	109.5	116.0	166.0	267.9	283.8	301.3	364.4	357.8	351.8	307.7	308.1
3752	Electrical fans . . .	0.27	60.5	100	155.0	214.4	317.2	336.4	428.0	382.0	476.6	458.5	372.0	422.7	371.3
3766	Radio receivers . . .	0.14	45.2	100	126.6	142.0	216.7	277.6	387.2	473.2	536.2	530.7	537.2	591.5	650.3
38	Manufacture of transport equipment . . .	2.86	46.1	100	105.4	101.4	130.8	150.6	206.6	187.5	221.8	160.8	166.6	158.8	165.2
3822	(i) Railway wagons . . .	1.04	..	100	105.8	62.7	65.7	119.8	156.5	104.2	86.4	77.8	77.5	57.8	59.9
383	Manufacture of Motor vehicles (automobile) . . .	1.28	69.3	100	99.3	113.5	169.0	160.0	220.6	220.5	287.3	173.5	174.8	191.8	208.5
385	Manufacture of motor cycles and scooters . . .	0.01	..	100	149.7	151.6	489.0	501.1	914.1	1,013.6	1,110.9	1,116.1	1,311.8	1,304.7	1,178.1
386	(i) Bicycles (Complete) . . .	0.49	17.2	100	119.1	149.2	158.0	175.5	233.2	251.6	299.2	265.5	279.7	231.6	234.6

Source : Monthly Statistics of Production Selected Industries of India for Nov. & Dec. 67.

CHAPTER VI

CAPACITY OF THE INDUSTRY TO PAY

6.1. On the question of measuring the capacity of industry to pay in the context of payment of fair wages, a view advanced before the Fair Wages Committee was that a wage fixing machinery should, in determining the capacity of an industry to pay, have regard to :

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

Another view was that fair wage should be paid at any cost and that the industry must go on paying such a wage as long as it does not encroach on capital to pay that wage. The Fair Wages Committee observed in this connection that the wage fixed should not be fair in the abstract, but such that employment at the existing levels should not only be maintained but if possible increased, and that it should enable the industry to maintain the level of production with efficiency.

6.2. The Fair Wages Committee also observed that in measuring the capacity of the industry to pay, the industry-cum-region should be the criterion, taking a fair cross section of the industry, as it will not be possible to judge the capacity of each unit of the industry in the region.

6.3. The Committee has also observed that the capacity of the industry (to pay wages), will depend not only on the present economic condition of the industry but on its future prospects (also).

Views of Organizations of Workers and Employers :

6.4. The three Central Organizations of workers namely National Federation of Metal and Engineering Workers (AITUC), Indian National Engineering Workers Federation (INTUC) and Indian Metal and Engineering Workers' Federation (HMS) have given their views on this subject in their replies to the Board's questionnaire. According to them, the engineering industry has a place of pride and an important role to play in the industrial development of the country, and that the industry is not only prosperous now, but has also a bright future, particularly when due to tight position of foreign exchange resources, imports have to be curtailed and indigenous production resorted to. They are of the view that the industry has undoubtedly, the capacity to pay higher wage. The industry, in their opinion, is better placed than some other industries which are paying higher wages. In support of their contention the National Federation of Metal and Engineering Workers (AITUC) has placed before the Board some data regarding profitability and capital formation in this industry. The Federation has further observed that lure of super-profits has brought in sizeable foreign capital investments in new lines of production which has increased from Rs. 15 crores in 1948 to Rs. 147 crores in 1960.

6.5. All the three Federations have expressed the view that for measuring the capacity to pay the industry should be taken as a whole. Regional considerations should have no relevance. The Indian National Engineering Workers' Federation (INTUC) have said that fair return to capital, fair remuneration to management and fair allocation to reserves and depreciation should not take precedence over fair wages, as such wage is an item of cost and allocations to these items can be made from profits which can be ascertained only after meeting the costs, including the fair wage. Indian Metal and Engineering Workers' Federation have also said that these returns should not be taken into account when the demand of workers is only need based wage. According to them payment of fair wage should be given priority over considerations of return on capital.

6.6. As against the contentions of Workers Organizations the two principal Employers Associations, namely, Indian Engineering Association and Engineering Association of India, have taken a different stand. According to them the capacity to pay should be measured on industry-cum-region basis.

6.7. On the question of fair return on capital the Associations have expressed that fair return before tax on capital invested should be in the region of 25% per annum. The Engineering Association of India has further said that before this percentage is determined, provision should be made for depreciation, development rebate, replacement, rehabilitation and modernization of plant, retirement gratuity and other contingent liabilities. Regarding fair allocation to reserves the Engineering Association of India has suggested about 10% of pre-tax profits, besides provision for depreciation and development rebate under the Income Tax Act.

6.8. The Indian Engineering Association considers that in a capital intensive industry like the engineering 40% of profits after tax is essential for allocation to reserves, depreciation and rehabilitation. Regarding remuneration to management, they have expressed the view that statutory requirements should be followed.

6.9. Determination of capacity to pay of any industry is a complex exercise. It involves a detailed study of the finances and balance sheets of the thousands of individual units, proprietary, partnership, and corporate units constituting it, not to speak of the giant public sector undertakings sometimes run departmentally. It has already been pointed out elsewhere in this report, that the response of the industry to the Board's questionnaire was poor. Only about 5.4% of units (217 units) sent replies. Even out of this small number, very few furnished the financial data in the shape of balance sheets etc., specially, though the Board had requested for such data. The financial data received by the Board is thus hardly representative and based on them no definite conclusions could be drawn on the capacity of the industry to pay. In these circumstances, no analysis of the financial position of the industry was attempted, on the basis of replies received.

6.10. During the deliberations of the Board, Shri Bagri, a member of the Board representing employers, presented some data relating to the financial position of the industries from time to time. One

set of data related to a group of 15 units, another of 16 units and a third of 17 units. It was not stated on what basis these units were selected. The members representing labour urged that selection was biased and included some sick units. Almost all units covered by these statements were located in West Bengal or Eastern region.

Study covering 17 units :

6.11. Units covered by the study included large, medium and small units with total number of 27677 workmen as in 1968.

Year ended	Paid up capital and reserves	Return on capital and reserves	Gross profits before tax
1964 . .	20,72,36,380	1,55,16,951	6,36,48,594
1965 . .	22,62,97,900	1,67,10,627	5,43,48,019
1966 . .	22,92,14,467	1,70,70,763	2,31,88,963

It has been stated that two companies out of these made losses in the year 1965 and 5 units made losses in the year 1966. Attempt has been made in the study to show that the profit earning capacity of these units dwindled in the years 1965 and 1966.

Study relating to 16 units :

6.12. Almost all are large units with 80527 workers in 1966.

Year	Total paid up Capital	Total Reserves	Return on capital & reserves	Gross profits required to pay return	Gross profits before tax	Residual * before tax
	Rs. crores	Rs. crores	Rs. crores	Rs. crores	Rs. crores	Rs. crores
1963 . .	35.90	31.66	4.95	9.90	20.70	10.80
1964 . .	36.29	39.71	5.46	10.92	23.49	12.57
1965 . .	37.69	45.99	5.96	11.92	24.27	12.35
1966 . .	46.53	43.31	6.55	13.10	16.44	3.34

*This has been worked out after allowing 8½% return on capital employed and 6% on reserves as prior charge.

Three of these companies have been shown as incurring losses in the year 1966. It is noticed that gross profit before tax has been increasing right from 1963 except during 1966, a year of recession. Residual before tax has gone down slightly in 1965 and considerably in 1966.

6.13. Study relating to 15 units.—Six of these units employ less than 200 workers, two less than 250 workers, one 345 workers, one 484 workers, one 557 workers, one 709, one 817, one 1948 and one

2145 workers. Total number of workers of all these units was 8352 as on 1-1-1968.

Year	Total paid up capital	Total reserves	Return on capital and reserves	Gross profits required to pay return	Gross profits before tax	Residual* before tax
	Rs. crores	Rs. crores	Rs. crores	Rs. crores	Rs. crores	Rs. crores
1964 . .	4.24	2.17	0.49	0.98	0.96	0.02
1965 . .	4.55	2.67	0.53	1.06	1.20	0.14
1966 . .	5.28	2.46	0.70	1.40	0.91	0.49

*This has been worked out after allowing 8½% return on capital employed and 6% on reserves as prior charge.

Two of these units have been shown as incurring losses during the year 1966.

Return on capital, residual before tax have been going up from 1964 onwards.

6.14. It was urged that these units would not be able to bear the burden of a higher wage in view of the dwindling profitability trends.

6.15. Shri Bharat Doshi, another member on the Board representing industry also gave a note in September 1968 on this subject. While agreeing with the views of Shri Bagri, he referred to the working results of 48 units for the years 1966 and 1967. Out of these units, 30 are from western region, 15 from eastern region, 2 from southern region and one from northern region. Six units out of these 48 have also been covered in the notes given by Shri Bagri. Here also the basis on which the units were selected has not been indicated.

6.16. This note contains the following table showing the financial working of the above units for 1967 as compared to 1966:

	Same in 1967 & 1966	Increased in 1967 over '66	Decreased in 1967 over '66	Overall for 48 1966	Ratios companies 1967
1	2	3	4	5	6
	No. of Companies			Percentage	
1. Dividend as percent of Net Worth	30	5	13	5.4*	4.6*
2. Profit after tax as percent of Sales	2	14	32	3.9	3.4
3. Profit after Tax as Percent of Net Worth	1	16	31	9.5	8.6
4. Profits Retained as Percent of Sales	1	17	29	1.68	1.58
5. Ratio of Net Worth to Borrowing	5	11	32	1.08	1.02

Net Sales—Sales adjusted for stock.

*Net Worth is equal to Paid up Capital plus Reserves.

6.17. The note also mentions that "only 30 were able to maintain their dividend in 1967 at the same rate as in 1966, 13 decreased their dividend in 1967 compared to 1966 and 5 increased their dividend in 1967 as compared in 1966." It also shows that profits after tax as percentage of sales has been shown as decreased in the year 1967 in respect of 32 companies as compared to 1966, increased in 1967 over the position of 1966 in respect of 14 units and remaining same as in 1966 in 2 cases.

6.18. An analysis of the data furnished in respect of these units in the note shows the position as in the following table:

	Sales		Profits after tax		Dividend		Retained profits	
	1966	1967	1966	1967	1966	1967	1966	1967
(Rupees in lakhs)								
30 units of Western Region .	15,586	18,278	418.7	441.3	263.3	286.3	163.12	144.5
15 units of Eastern Region .	13,873	14,501	795.3	695.1	467	357.5	378.3	337.6
2 units of Southern Region .	2,315	2,940	79	134	60	62	19	72
1 unit of Northern Region .	1,175	1,432	50	42	4	24	16	18

6.19. It will thus be observed that the sales have increased in the year 1967 in all the regions as compared to 1966. Profits after tax have increased in western and southern regions but have declined in eastern and northern regions. Dividends have increased in all the regions excepting eastern region. Retained profits have gone down in the western region by 18.62 lakhs, but the dividends have increased by about 23 lakhs. Retained profits have increased in the southern and northern regions also. In respect of eastern region however retained profits have been shown as declined by 40.7 lakhs.

6.20. It has been said in the note that in view of the difficulties caused by recession and the consequential shrinking of profit margin, any additional burden of rise in wages should be phased over a period of say 5 years so that the adverse effect of such a burden on the working and development of this industry as also its employment potential may be minimised.

6.21. The units covered by the notes of Shri Bagri and Shri Doshi could by no means be considered as representing a fair cross section of the industry which consists of nearly 4000 units. We think that it would not be proper to decide about the paying capacity of the industry from this data. We repeat that the selection of the particular units in the industry is certainly not representative if not biased. It may also be noted that the industry experienced varying degrees of recession in 1965, 1966 and 1967, and the results of these years would not be a fair guide to judge the capacity of the industry to pay in normal times even in the Eastern Region.

6.22. We have however looked into two studies with more extensive coverage, one by the Reserve Bank of India and the other by the Association of Indian Trade and Industry, Bombay.

Study of the Reserve Bank of India :

6.23. The Reserve Bank of India had undertaken a series of annual studies commencing from 1960-61 on the working of financial results of a selected groups of 1333 non-financial, non-Government medium and large public limited companies each with a paid up capital of over Rs. 5 lakhs. Working results of the study have been published in the monthly bulletins of the Reserve Bank of India. The latest study published in December 1967 issue of the Bulletin covers the period from 1960-61 to 1965-66.

6.24. Of these 1333 companies covered in 1965-66, 196 are engineering companies. These 196 Engineering Companies consist of:

(a) Aluminium	3	(e) Machinery (other than Transport & Electrical)	53
(b) Non-Ferrous Metals	6	(f) Foundries and Engineering Workshops	27
(c) Transport Equipment	31	(g) Ferrous/Non-Ferrous Metal Products	29
(d) Electrical Machinery Appliances, Apparatus etc.			

The proportion which the paid up capital of selected companies forms to the total paid up capital of all non-financial, non-Government public limited companies at work in the engineering industries as, at the end of March 1964 works out to 64%.

Study of the Association of Indian Trade & Industry, Bombay :

6.25. At the instance of Indian Engineering Association and Engineering Association of India, the Association of Indian Trade and Industry, Bombay, made a study of the financial working of the engineering industries in 1967. The report of this study was sent to the Wage Board, long after public hearings had been concluded. The members representing labour contended that they had no opportunity to test the validity of this report, for instance, by examining the author thereof on the quality and selection of his data and the methodology employed by him and hence this Report should not be taken into account. While there is force in this contention, we have tried to examine it, with all its apparent limitations.

6.26. The study covers the corporate units of the industry in the private sector and is based on the financial data relating to a period of ten years from 1955 to 1965. The data has been taken for calendar years. Paragraph one appendix II of the study is reproduced below in this context:

"The study is on the basis of calendar year. All the companies covered by this study do not adopt the same accounting year. For the purpose of the preceding tables, accounts closed on or before June 30th of a year are included in the year previous to the year in which the closing date falls, and those that close on or after 1st July of a year are included in the year in which such data falls. All the figures are in book values."

6.27. The study does not indicate the basis of sampling in selecting the units covered by it, nor does it indicate an important factor like the percentage that the paid up capital of selected units bears to the total paid up capital invested in the corporate private sector of the industry. Furthermore the number of units covered differs from year to year e.g., 234 units have been covered for 1960, 257 units for 1961, 286 units for the year 1962, 298 units for 1963, 303 units for 1964 and 296 units for the year 1965. A number of units which commenced business as late as in the years 1960, 1961, 1962, 1963 etc., have been covered in the study. The working results of such units would obviously not be normal during the initial years of business.

6.28. Subject to limitations like those mentioned above, the study gives some useful information on the financial working of the industry in different regions and on their profitability ratios.

6.29. We have made an attempt to analyse various aspects of working results (Financial) of the engineering companies on the basis of the data presented in the above two studies. The conclusions that have been drawn are given in the following paragraphs. The Reserve Bank of India study has covered some other major industries also. A comparative picture of similar aspects of financial working of some of these industries has also been given. The industries selected for comparison are those in respect of which, Wage Boards have deliberated and given their reports. The reports of Second Wage Board appointed for Sugar and Cotton Textile Industries have, however, not been finalised yet. The position obtaining in all other industries taken together in the 1333 companies covered by the Reserve Bank study has also been given for the sake of comparison.

Growth of Gross Block and Sales :

6.30. The Gross block of engineering industries (Plant and machinery, land and buildings, other assets) increased from Rs. 22,826 lakhs in 1960-61 to Rs. 48,243 lakhs in 1965-66 registering an increase of 111% over this period. The position of sales of the industry improved by 98% over the same period, actual figures being Rs. 45,263 lakhs in 1960-61 and Rs. 89,602 lakhs in 1965-66.

The position of other industries in this regard has not been as bright as in the engineering industries which is indicated by the following figures:—

Industry	1960-61				1965-66	
	Gross Block (Rs. in lakhs)	Sales (Rs. in lakhs)	Gross Block (Rs. in lakhs)	% increase over 1960-61	Sales (Rs. in lakhs)	% increase over 1960-61
Coal Mining .	4,451	3,994	6,373	43	6,288	57
Cotton Textile .	37,362	61,101	61,674	65	90,386	48
Sugar .	8,802	14,398	12,039	37	20,524	43
Iron & Steel .	26,812	13,771	30,653	14	19,998	45
Cement .	8,636	7,392	12,675	47	12,308	67
Engineering .	22,826	45,263	48,243	111	89,602	98
All Industries .	1,81,271	2,60,060	2,88,648	59	4,27,338	64

Statement I at page 69 explains the position in this regard year-wise in detail.

Gross and Net Capital Formation :

6.31. Gross capital in the engineering industries stood at Rs. 40422 lakhs in 1960-61 and rose to Rs. 82400 lakhs in 1965-66 registering an increase of 104%. The net capital figures were Rs. 32254 lakhs in 1960-61 which increased to Rs. 63465 lakhs in 1965-66. Here also there has been a rise of 97% over the year 1960-61. Over the same period the percentage increase in some of the other industries has been much less than in the engineering industries as will be seen from the following figures:

Industry	Gross Capital Formation % increase	Net Capital Formation % increase
Coal Mining	42	48
Sugar	27	17
Cotton Textile	58	53
Iron & Steel	16	—8
Cement	53	40
Engineering	104	97
All Industries	59	51

Statement II at page 71 will show the detailed position in respect of these industries i.e., yearwise gross and net capital formation with annual percentage increase from 1960-61 to 1965-66.

Index of Profits, Gross Block & Sales :

6.32. The profits position in the engineering industry as revealed by the study of the Reserve Bank of India has been very attractive during the period covered by this study. In 1960-61 the gross profits including depreciation amounted to Rs. 6334 lakhs. Gross profits excluding depreciation stood at Rs. 4980 lakhs. Profits before tax were Rs. 4152 lakhs, profits after tax were Rs. 2395 lakhs and distributed profits were Rs. 1419 lakhs. There has been a consistent and progressive increase in this respect in the subsequent years. Treating the results of 1960-61 as the base, the index of increase registered under all these items by the industry can be seen from the following table:—

Index—(1960-61—100)								
Year	Gross Block	Sales	Gross profits including depreciation	Gross profits excluding depreciation	Profits before tax	Profits after tax	Distributed profits	
1961-62	118.8	110.7	113.9	112.2	111.1	104.0	110.0	
1962-63	135.6	127.8	137.0	136.0	135.7	101.5	100.0	
1963-64	157.8	149.6	168.9	169.7	169.3	133.8	118.5	
1964-65	183.1	180.8	201.5	202.2	199.3	166.1	134.2	
1965-66	211.4	198.0	216.3	217.6	206.2	178.1	140.0	

6.33. As indicated by the above figures progress made by the industry has been substantial and steady. The figures have increased from year to year except that in the year 1962-63 index of profits after tax registered a nominal decline by 2.5 points over the previous year and the index of distributed profits registered a decline of 10 points over the previous year.

6.34. The position has not been as happy in other industries. For example in Coal Mining industry gross profits including depreciation showed a fall of 20.2 points in 1964-65 and 7.2 points in 1965-66, from the position obtaining in 1963-64. Gross profits excluding depreciation registered a decline of 35.4 points in 1964-65 and 24.8 points in 1965-66, as compared to 1963-64. Profits before tax fell in 1964-65 by 48 points and in 1965-66 by 40.4 points from the level of 1963-64. Profits after tax declined from the level of 1963-64 by 65.1 points in 1964-65 and 58.6 points in 1965-66. Distributed profits showed a declining trend right from 1962-63 over the position of 1961-62. In regard to other industries also namely Sugar, Iron and Steel, Cement, Cotton Textiles, as well as in all industries taken together the position has been much lower than in Engineering Industries, as will be observed from Statement III at page 72.

Profitability Ratios :

6.35. Profitability can be generally measured by main ratios like (i) ratio of gross profits (excluding depreciation) to total capital employed, (ii) ratio of profit after tax to the net worth, and (iii) ratio of gross profits to net sales. The first profitability ratio indicates the return on the total capital employed in the industry. The second ratio measures the profitability of equity capital and could be considered to be an important indicator of return on the net-worth. The third ratio indicates the rates at which the industry is making profits on net sales. The other important ratios which also help in determining profitability are (a) equity dividends as percentage of equity paid up capital (b) total dividend as percentage of total paid up capital and (c) total dividend as percentage of net worth. These ratios in relation to engineering industries are set out in the following paragraphs.

(i) Ratio of Gross Profits (excluding depreciation) to total capital employed :

6.36. In the engineering industries gross profits have worked out to more than 11% of the total capital employed during the period covered by the study. The actual figures (of percentage) stood at 11.4 in 1960-61, 11.0 in 1961-62, 11.8 in 1962-63, 12.7 in 1962-63, 13.3 in 1964-65 and 12.8 in 1965-66.

6.37. The study of Reserve Bank of India does not give the regionwise position in respect of the industry. However, the study of the Association of Indian Trade and Industry, Bombay which indicates the regionwise position reveals the following position in regard

to different regions of the engineering industries during the years 1960-65.

	Eastern Region	Western Region	Northern Region	Southern Region	All India	No. of units covered by the study
1960 . . .	11.2	9.4	6.8	12.7	10.6	(234)
1961 . . .	10.3	9.1	6.8	12.3	10.1	(257)
1962 . . .	10.5	8.6	6.7	11.6	9.9	(286)
1963 . . .	11.6	9.7	5.3	9.8	10.5	(298)
1964 . . .	13.0	10.3	6.9	9.3	11.4	(303)
1965 . . .	12.8	10.3	7.6	9.2	11.2	(296)

6.38. The study of Association of Indian Trade & Industry, Bombay has taken the data for calendar years and the coverage of companies differs from year to year, as can be seen from the figures in brackets given in column 6 above. Further the study has progressively included a number of companies which have commenced business after 1960. The profitability in such new companies during the initial stages would obviously be below normal if at all there could be any profits before the take off stage. Keeping these features of the study in view it will be observed from the above figures that the progress of the industry in eastern region has been steady and consistent during all the years, as compared to other regions where there have been variations during certain years. The range of this ratio in the eastern region has been varying between 10.3 and 13.0 and has compared to others it has been the highest in this region during the last three years. The variations in the western region has been between 8.6 and 10.3 and in northern region between 5.3 and 7.6. In southern region it ranged between 9.2 and 12.7 and the percentage has steadily gone down from 1960 to 1965.

6.39. When compared to other individual industries as also to all industries taken together it is seen that this ratio has been lower in all other industries except for Cotton Textiles Industry during 1960-61 and 1961-62 and Cement Industry in 1962-63 which showed a higher ratio as will be seen from statement IV at page 74. On the whole the position of the engineering industry as revealed has been very bright. It has maintained a high ratio of gross profits to total capital employed.

(ii) *Ratio of profit after tax to net worth :*

6.40. In statement V at page 75 have been given the ratios of profit after tax as percentage of net worth in respect of engineering industries on an All India basis and also in different regions as well as for other industries. A study of this data reveals that in case of Engineering Industries in 1960-61, profits after tax were 12.5% of the net worth. In 1961-62, the percentage was 11.7. In 1962-63 it was 10.3, in 1963-64 it rose to 12.0, in 1964-65 to 13.3 and during the year 1965-66 it stood at 12.7.

6.41. As regards the position in different regions of the industry, it is observed that the eastern region of the industry has fared better as compared to other regions. According to the study of Association of Indian Trade and Industry, Bombay the percentage of profits after tax to net worth in eastern region was 11.6 in 1960, 10.3 in 1961, 8.6 in 1962, 10.7 in 1963, 14.0 in 1964 and 13.5 in 1965. The corresponding figures for the western region were 10.5, 9.1, 7.2, 9.6, 10.8 and 10.00. The figures pertaining to the southern region have shown a declining trend all along right from 1960 except in 1965 when there was a nominal rise. This ratio was the lowest in respect of northern region.

6.42. The overall position of the engineering industry as compared to other industries individually as also all industries taken together has been much better except that in the Iron & Steel industry where this ratio was higher for the years 1962-63 and 1963-64 and in Cotton Textile industry during 1960-61 and 1961-62. The engineering industries' position has been better than that of all other industries.

(iii) *Ratio of gross profits to net sales :*

6.43. Engineering Industry's gross profits were 11.0% and 11.3% of its net sales in 1960-61 and 1961-62 respectively. The percentage increased to 11.9 in 1962-63 and 12.8 in 1963-64. There was a nominal decline during 1964-65 and 1965-66 when the percentage recorded was 12.7 and 12.5 respectively. No comparison of this ratio is given with other industries as it would not be appropriate to do so, for the reason that this ratio is influenced to a great extent by the industry being highly capital intensive or otherwise. It has not been possible to find out the regionwise position of the engineering industries in this respect.

(iv) *Profits before tax as percentage of net sales :*

6.44. The trend of this ratio has been more or less the same as that of gross profits, as percentage of net sales. The percentages during the period from 1960-61 to 1965-66 yearwise have been 9.2, 9.3, 9.8, 10.6, 10.4 and 9.7. The regionwise position in regard to engineering industries has been analysed in the study of Association of Indian Trade and Industry and it highlights the fact that the eastern region of the industry as in respect of other ratios has shown the best results in regard to this ratio also, next to it being southern region, followed by western region and as in other ratios the northern region comes last. Perusal of Statement VI at page 75 will show the position in this respect.

Other profitability ratios :

(a) *Equity dividends as percentage of Equity paid up capital :*

6.45. In 1960-61 the ordinary dividends formed 11.7% of ordinary paid up capital rising to 11.8% in 1961-62. In 1962-63 there was a slight fall of nearly 2% reducing the figure to 9.9%, but it rose again in 1963-64 to 10.6% and further to 11.1% in 1964-65. In 1965-66 it was 11.0%. Engineering Industry's performance has been better in this regard than that of Coal Industry and Cement Industry. Cotton Textile and Iron & Steel enjoyed a superior position than the engineering industries.

6.46. As regards the regional position of the engineering industry, in this respect, eastern region's performance has been the best. In eastern region the ordinary dividend formed 13% of equity paid up capital in 1960, 11.3% in 1961, 10.3% in 1962, 10% in 1963, 11.1% in 1964 and 12.2% in 1965. The details have been furnished in statement VII at page 76.

(b) Dividend as percentage of paid up capital :

6.47. In statement VIII at page 76 the figures of dividend as percentage of paid up capital have been incorporated. The engineering industry's position was better than Coal Mining and Cement industry. Cotton Textile, Sugar, and Iron and Steel industries have fared better than the engineering industry as the tendency in engineering industries appears to be to retain more profits. Regionwise comparison shows eastern region as usual faring better than other regions followed by south, west, north and in the same order.

(c) Total dividend as percentage of net worth :

6.48. In Engineering industries 7.4% of net worth was paid as dividend in 1960-61. In the year following the percentage was 7.3. It declined to 6.0 in 1962-63, rose again to 6.3 in 1963-64 and 1964-65 and dipped further in 1965-66 to 5.9. The engineering industry fared better than coal, cotton textile, sugar and iron and steel. Cement industry showed slightly better performance from 1962-63.

6.49. In regionwise comparison, eastern region paid 7.6% of net worth as dividend in 1960, 6.9% in 1961, 6.5% in 1962, 6.4% in 1963, 6.5% in 1964 and 1965, and showed better performance than all other regions except in 1960 and 1961 when southern region scored better than the eastern region with 8.8% and 7.1% respectively. Details are set out in statement IX at page 77.

Average propensity to retain profits :

6.50. Profitability of an industry can also be measured by its capacity to retain profits which are ploughed back for further development and expansion of the industry. Propensity to retain profits increase with earning of more profits and is indicative of prosperity. Retaining profits is a sound policy of the management and this measure is of particular significance for an expanding industry like engineering industry which attracted foreign capital and collaboration in a developing economy of our country. The over all position of engineering industries in this regard has been better than the remaining industries, viz., coal mining, cotton textiles, sugar and cement industries, though during some years the first three fared better. Iron and Steel industry, however, showed better performance from 1960-61 to 1963-64 than engineering industries. Retained profits were 40.8% of profits after tax in 1960-61, 37.3% in 1961-62, 41.6% in 1962-63, 47.5% in 1963-64 and 53.4% in 1965-66. Data given in statement X at page 77 is noteworthy in this respect.

Allocation of profit before tax :

Taxes, Dividends and Profits retained :

6.51. During the years covered by the study of the Reserve Bank of India i.e., 1960-61 to 1965-66 the percentage of profits before tax

paid as tax ranged from 42.3% in 1960-61 to 56.9% in 1962-63. During the three years 1963-64 to 1965-66 the percentage was 54.4, 51.9 and 50.2 respectively.

6.52. Dividends were paid at 34.2% and 33.9% of profits before tax during the years 1960-61 and 1961-62 and 25.2% in 1962-63. A slight declining trend is noticeable in the subsequent years. Retained profits in 1962-63 were 17.9% and had declined from the position obtained in 1960-61 by 5.6% and that in 1961-62 by 2.3%. However, in subsequent years viz., 1962-63 onwards there has been continual increasing trend in this respect, the percentage being 21.7 in 1963-64, 25.1 in 1964-65 and 26.6 in 1965-66.

Allocation of profits before tax to taxation, dividends and retained profits was as under:

Years	Profits before tax	Taxation (%)	Dividend (%)	Retained profits (%)
1960-61	4,152	42.3	34.2	23.5
1961-62	4,611	45.9	33.9	20.2
1962-63	5,633	56.9	25.2	17.9
1963-64	7,031	54.4	23.9	21.7
1964-65	8,274	51.9	23.0	25.1
1965-66	8,562	50.2	23.2	26.6

Dividends & Retained Profits:

6.53. Allocation of profits after tax to dividend and reserves etc., during the period covered by the study of the Reserve Bank of India i.e., 1960-61 to 1965-66 as revealed by the study has been shown in the following table:

Years	Profits after tax	Retained profits (%)	Dividend (%)
1960 61	2,395	40.8	59.2
1961-62	2,491	37.3	62.7
1962-63	2,431	41.6	58.4
1963-64	3,204	47.5	52.5
1964-65	3,977	52.1	47.9
1965-66	4,266	53.4	46.6

6.54. It will be observed from the above table that there is an increasing tendency of retaining profits than distributing them. 37.3% of profits after tax were retained profits in the year 1961-62, and the percentages has gone up from the year following and the trend has continued, the figures being 41.6%, 47.5%, 52.1% and 53.4% in the succeeding years. To this extent obviously the percentage of profits distributed has taken a declining trend. This indicates

a sound management policy for making provision for expansion of the industry in future. In 1960-61, 59.2% of profits after tax were distributed. 62.7% of profits after tax were distributed in the next year. Details have been given in statement XI at page 78.

Comparisons—according to size :

6.55. The Reserve Bank of India has undertaken a study of finances of 853 small sized non-Government non-financial public limited companies in different industries including engineering industry, each having paid up capital of Rs. 5 lakhs or below. In this study, as appearing in March 1968 issue of the Reserve Bank of India Bulletin, a comparison of certain ratios etc., has been drawn with medium and large group of companies having paid up capital of more than Rs. 5 lakhs.

6.56. Taking the two groups of the industry according to size i.e., (a) small sector with less than Rs. 5 lakhs paid up capital and (b) medium and large sector with Rs. 5 lakhs and above as paid up capital for a comparison in respect of capital formation etc., it is observed that the gross profits as percentage of total capital employed, profits after tax as percentage of net worth, dividend as percentage of net worth, ordinary dividend as percentage of ordinary paid up capital and total dividend as percentage of total paid up capital has been lower for the smaller companies as compared to the medium and large companies. The figures have been worked out for the years 1964-65 and 1965-66 for both the groups and have been set out in statement XII, at page 79.

6.57. This trend has been noticed for the smaller groups in other industries also as compared to the medium and large groups in those industries. In the medium and large groups, engineering industries have fared better than the corresponding group of all other industries. This is also noticeable from the statement XII.

6.58. Rate of capital formation for smaller group and medium and large group shows also the same trend i.e., capital formation has been at a lesser rate in the smaller groups. As regards other industries the medium and large group is not as well placed as the medium and large group of engineering industries. Figures given in the following table make this position clear.

Rates of capital formation—Selected industries 1965-1966

(per cent per annum)

	Engineering		All Industries	
	Small	Medium & large	Small	Medium & large
No. of companies	85	187	853	1,333
Gross fixed assets formation	10.8	15.8	9.1	8.7
Net fixed assets formation	6.8	15.4	7.1	6.5
Inventory accumulation	17.6	13.7	4.8	12.9
Gross capital formation	14.3	14.9	7.7	9.9
Net capital formation	13.5	14.5	6.1	9.2

Source.—Reserve Bank of India Bulletin March 1968.

Size-wise (according to sales) working results of engineering companies :

6.59. Statement XIII at page 80 which is based on the data given in the study of the Association of Indian Trade and Industry, Bombay in respect of certain companies classified on the basis of sales (a) above Rs. 10 crores and, between (b) Rs. 5 and 10 crores, (c) Rs. 2 and 5 crores, (d) Rs. one and two crores, and (e) under rupees one crore, shows their financial working in certain respects. The data relates to the three years of 1963, 1964 and 1965. The number of companies covered under each group during each year of the period of study is given in the table below and the figures in brackets show the percentage of companies under each group to the total covered in each year.

Group	(a)%	(b)%	(c)%	(d)%	(e)%	Total
1963 . .	21 (7.0)	16 (5.4)	54 (18.1)	45 (15.0)	163 (54.5)	299
1964 . .	25 (7.5)	20 (6.0)	60 (18.0)	50 (15.0)	148 (53.5)	303
1965 . .	23 (7.7)	29 (9.8)	53 (17.9)	46 (15.6)	145 (49.0)	296

6.60. During the year 1965, 23 units in the highest group accounted for 48.6% of the total sales whereas the remaining 273 belonging to different groups accounted for 51.4% of the sales. Again these 23 companies accounted for 46% of the total gross block of 296 companies and the remaining 54% could be attributed to 273 companies. 57.3% of total profits after tax was earned by these 23 companies, 21.1% by 29 companies in the next lower group, 15.1% by 53 companies coming next in order, and 6.5% by the remaining 191 companies.

6.61. The ratio of net sales to gross block was 1.8 in respect of 23 companies in the highest group in 1965, 2.1 of 29 companies in the next group, 1.66 of 53 companies in the group of Rs. 2 to 5 crores sales, 1.5 of 46 companies in the group of Rs. 1 to 2 crores sales and 0.9 in the remaining group of 145 companies having sales under one crore.

6.62. Profit after tax as percentage of net worth was 14.6% for 23 companies in the largest group, 12.0% in the next group of 29 companies (having sales between Rs. 5 and 10 crores), 11.7% in the group of 53 companies (with sales between Rs. 2 and 5 crores), 6.8% in 46 companies (having sales between Rs. 1 and 2 crores) and 1.1% in 145 companies (having sales under Rs. one crore).

6.63. The smaller groups of companies are paying a higher percentage of income as wages to workers than compared to bigger group of companies. It will be noticed from the statement XIII that 13.7% of the income of the highest group having sales above Rs. 10 crores, and the group next in order goes as remuneration to workers. Corresponding figures for other groups are 15.1% income of the group

having sales between 2 and 5 crores, 16.2% income of the companies having sales between Rs. 1 and 2 crores, and 15.7% of the group having sales under Rs. one crore.

6.64. It is revealed from the statement that there is a direct correlation between the size of the units and the profitability and consequently the paying capacity.

6.65. It will be seen from the facts and figures discussed in the foregoing paragraphs of this chapter that the engineering industries have been making spectacular progress in growth and expansion. An increase of 111% in the gross block and 98% in sales during the period of five years establishes that the engineering industry is a growing industry with bright future prospects, (which places it in a very sound position for attracting capital and collaborations both internal and external). In this context it will be relevant to refer to the observations made in the brochure entitled "Engineering Industries—How They Benefit Indian Society" issued by the Engineering Association of India, Calcutta in December 1967. At page 11 of the above-mentioned brochure it has been observed, thus :

".....The establishment of a large number of engineering factories and the continuous rise in their employment has been brought about by large scale capital investment. The total productive capital of engineering industries [excluding Iron and Steel (metal)] rose by 151.3% between 1959 and 1963. This rate of increase was higher than the corresponding increase of 146.9% recorded by all industries. In absolute terms, productive capital of engineering industry rose from Rs. 340 crores to Rs. 855 crores. The engineering industry's share in India's total productive capital (all industries), consequently, advanced further from 19.6% in 1959 to almost 20% or one fifth of the total in 1963. Of the total productive capital of Rs. 855.6 crores in 1963 the fixed capital was Rs. 497.5 crores and working capital Rs. 358.1 i.e., in the proportion of 58:42. Engineering recorded further rise in the degree of mechanization as measured by the amount of fixed capital employed per worker which was up by 64.0% from Rs. 4150.1 in 1959 to Rs. 6804.5 in 1963."

6.66. In regard to production of engineering industries the following observations has been made on page 7 of the above-mentioned brochure:

"Between 1951-56, production of engineering goods rose by 49.3%, the average annual rate of increase being about 10 per cent. Between 1956-61, the rise in engineering output was 93.3 per cent, i.e., approximately 19 per cent a year. This was indeed a very sharp rise in production. The corresponding rise in engineering production during 1961-66 was 58.9% or at an average annual rate of about 12 per cent. Towards the latter half of the Third Plan, there was a general deceleration in industrial production and the average rate of annual increase in engineering output fell down to 5.9 per cent in 1964, 6.0% in 1965, 4.3% in 1966. This was still appreciably above the rate of increase in production of all industries."

The value of engineering output for the years 1964 and 1966 has been roughly estimated in brochure referred to above at page 9 as under:

"1964	Rs. 1342 crores
1965	Rs. 1610 crores
1966	Rs. 1930 crores".

6.67. Profitability of the industry has also been improving revealing remarkable improvement from year to year except for the year 1965-66 when there was a nominal decline. It is, however, conceded that the industry has been passing through a period of recession during the last two or three years and this accounts for the slight fall in the profitability ratios.

6.68. The ratio of gross profits to total capital employed increased from 11.4% in 1960-61 to 13.3% in 1964-65, declining by 0.5% in 1965-66 and the ratio of profits after tax to net worth (return on capital) increased from 12.5% in 1960-61 to 13.3% in 1964-65, falling by 0.6% in 1965-66.

6.69. Retained profits as percentage of profits after tax increased substantially from 40.8% in 1960-61 to 53.4% in 1965-66 and the ratio of dividend to paid up capital which was 9.5% in 1962-63 went up to 10.6% in 1965-66 and this has been in spite of the fact that retained profits as percentage of profits after tax increased considerably during the same period. Retaining of more profits for building up reserves is a sound policy for an industry having good prospects for expansion and growth.

6.70. Profitability ratios etc., of the engineering industries have been over-all much higher than those of other industries studied including all industries taken together and this establishes the comparative prosperity of the engineering industries. Inter-regional comparison within the engineering industries shows the financial position of eastern region as the best of all.

6.71. The employers members urged that there has been recession in the Industry from 1965-66 and have produced some statements of accounts of 1965 and 1966 and a few of 1967 in support of this. The fact that the industry had been passing through recession from the year 1965 is not in dispute. This has however been a temporary phase. There are indications that the industry has been picking up of late, as is evident from a number of statements that have appeared and are appearing in the press from employers and from official sources.

6.72. A news item which appeared in the Press in March 1968 shows that agreement has been reached by which India has to supply railway wagons to U.S.S.R. beginning with 2000 in 1969-70 and increasing to 10000 in 1972-73. There are also reports that orders for 500 wagons have been secured from Hungary. Similarly there are orders for wagons to be supplied to Ceylon, Burma and South Korea. There are also orders for spare loco-boilers, passenger coaches etc.

The total value of such exports would amount to about Rs. 12 crores. A report which appeared in October 1968 shows that machine manufacturing sector of this industry had staged a partial recovery and was expecting a full recovery in the near future. The report also mentioned that during the previous six months there was a thickening of demand from agricultural sector, and from foreign countries and the foreign orders kept the wagon builders going and a queue appeared for tractors. The report further mentioned that demand for automotive vehicles like commercial trucks and cars was also on the increase. A report appearing in the Press in the early part of November showed that the exports of engineering goods during the six months period ending September 1968 amounted to 38 crores against 13 crores in the same period last year, and that in September alone India exported engineering goods worth Rs. 6 crores against Rs. 3 crores in the same month last year.

6.73. The Economic Times of 15-11-68 summarised the position of the industry as under :

"India has received export orders for engineering goods of a total value of Rs. 45 crores from a score of countries, it is officially learnt. In the first 6 months of the current year India had exported over Rs. 38.34 crores worth of engineering goods. The Engineering Export Promotion Council expects that with this up-trend, the export target of Rs. 80 crores for 1968-69 would be achieved. The bunch of orders received lately by Indian engineering firms relate mostly to transport and electrical equipments for which India has built up a large productive capacity. Apart from orders for wagon, transmission line towers, tippers, luxury coaches and structural steel works of a total value of Rs. 35 crores, negotiations are being finalised for supply of railway wagons to Poland (Rs. 2.50 crores) and Hungary (Rs. 7.50 crores) making a total of Rs. 45 crores. South Korea has ordered 600 hopper wagons and 500 tank wagons, the total value being Rs. 8.90 crores. Burma, Sudan, Iran, Kuwait and the U.S.S.R. are among the countries which have placed orders for transmission line towers. Burma and Ceylon have also given orders for coaches, bogies, and petrol wagons. U.A.R. has indented for tippers and textile machinery to the value of Rs. 4 crores. East Germany and Czechoslovakia are other buyers of Indian textile machinery while Thailand and Australia have placed orders for transmission, Malayasia and Philippines and New Zealand have shown interest in cranes. An order for covered wagons to the value of Rs. 1.40 crores has also come from East Africa."

6.74. If we look into production we find different reports showing how the production has been increasing. There were press reports in April 1968 showing that there was a sharp rise of 11.5% in the production of engineering products in December 1967. In a recent

press report which gave the figures of output by different kinds of engineering units, it was reported that the production had increased substantially. Specific instances were given of the increase in production of articles like ERW tubes, railway wagons, transmission towers, portable tools, motor cycles, diesel engines, machine tools etc. Incidentally it may be mentioned that it was also reported that so far as general electrical engineering units were concerned, they never suffered any effects of recession because there was always a good demand for their goods in the market and production of these goods has been reported to be steadily going up.

6.75. The views of different industrialists have been reported in the press from time to time and all of them show that there are welcome indications that the tide is turning and that the recession has almost come to an end. To quote only a few, the Chairman of Aluminium Corporation of India Ltd. in his address to the annual general meeting of the company held in October 1968 stated, among other things, that the Directors believed that the set back in the rate of growth of demand was temporary and would revive soon. 'The Economic Times' of 21-10-68 has quoted the views of several industrialists. It started by saying that the worst was over and the economy would be in a better shape next *Samvat* year, provided a spirit of dynamism prevailed in New Delhi. It then stated that this was the consensus of opinion of captains of industry and then went on to quote industrialists like Shri Shriyans Prasad Jain, Keshab Mahindra, P. R. Deshpande (Managing Director, Crompton Greaves Ltd.) and Shri D. C. Kothari of Madras. The Economic Times on the next day (22-10-68) in its editorial under the heading 'Faltering Recovery' summarised the present condition and the future outlook.

6.76. It would appear from all this that the period of recession is now almost over. As mentioned earlier we have been very much alive to the fact of recession in the industry and to allow the industry to overcome the after-effects of recession we have phased the wage rise proposed by us. A comparative study of the financial working of the engineering industries and other industries where Wage Boards have already prescribed wage structure for workers reveals that these industries have been paying a higher level of wages, even though their rate of profit has been much less than that of the engineering industries. There is, therefore, no reason why engineering industries should not be able to pay higher wages to its workers when its overall financial results have been better than those of other industries. It is our belief that the wages recommended by us will lead to a satisfied labour force and will result in increased productivity and higher profitability.

STATEMENT I

A. Annual Rate of Growth of Gross Block

Year	Engineering		Coal Mining		Cotton Textile		Sugar		Iron & Steel		Cement		All Industries	
	Gross Block Rs. lakhs	Rate of Growth over Previous year	Gross Block Rs. lakhs	Rate of Growth over previous year	Gross Block Rs. lakhs	Rate of Growth over previous year	Gross block Rs. lakhs	Rate of Growth over previous year	Gross Block Rs. lakhs	Rate of Growth over previous year	Gross Block Rs. lakhs	Rate of Growth over previous year	Gross Block Rs. lakhs	Rate of Groth over previous year
1960-61 . . .	22,826	..	4,451	..	37,362	..	8,802	..	26,812	..	8,636	..	1,81,271	..
1961-62 . . .	27,123	19	4,717	6	41,319	11	9,520	8	27,486	3	9,059	5	2,00,011	10.3
1962-63 . . .	30,956	14	5,082	8	45,940	11	10,100	6	28,278	3	9,846	9	2,19,148	9.6
1963-64 . . .	36,018	16	5,573	10	51,130	11	10,494	4	28,886	2	10,981	11	2,42,488	10.6
1964-65 . . .	41,818	16	6,044	8	56,312	10	11,205	7	29,511	2	11,809	9	2,64,767	9.0
1965-66 . . .	48,243	15	6,373	5	61,674	10	12,039	7	30,653	4	12,675	7	2,88,648	9.0
Rate of Increase in 1965-66 over 1960- 61 . . .		111		43		65		37		14		47		59

B. Annual Rate of Growth of Sales

Year	Engineering		Coal Mining		Cotton Textile		Sugar		Iron & Steel		Cement		All Industries	
	Sales Rs. lakhs	Rate of Growth over previous year	Sales Rs. lakhs	Rate of Growth over previous year	Sales Rs. lakhs	Rate of Growth over previous year	Sales Rs. lakhs	Rate of Growth over previous year	Sales Rs. lakhs	Rate of Growth over previous year	Sales Rs. lakhs	Rate of Growth over previous year	Sales Rs. lakhs	Rate of Growth over previous year
1960-61 . . .	45,263	..	3,994	..	61,101	..	14,398	..	13,771	..	7,392	..	2,60,060	..
1961-62 . . .	50,115	11	4,286	7	68,536	12	16,464	14	14,766	7	8,185	11	2,85,873	9.9
1962-63 . . .	57,868	15	4,897	14	70,639	3	18,875	15	16,343	11	9,349	14	3,14,630	10.1
1963-64 . . .	67,725	17	5,342	9	80,816	14	19,196	2	17,803	9	10,043	7	3,54,301	12.6
1964-65 . . .	81,827	21	5,561	4	85,482	6	18,542	-3	19,221	8	10,902	9	3,88,216	9.6
1965-66 . . .	89,602	11	6,288	13	90,386	6	20,524	11	19,998	4	12,308	13	4,27,338	10.1
Rate of Increase in 1965-66 over 1960- 61 . . .		98		57		48		43		45		67		64

Source.—Reserve Bank of India Study (R.B.I. Bulletin Dec. 1967).

STATEMENT II

Gross & Net Capital Formation

	Year	Engineer- ing	Coal Mining	Cotton Textile	Sugar	Iron & Steel	Cement	All Industries
1. Gross Capital formation (Rs. in lakhs).	1960-61	40,422	5,163	55,946	17,096	31,472	10,579	2,58,326
	1961-62	47,394	5,386	60,982	19,431	32,392	11,391	2,85,450
	1962-63	54,075	5,818	67,405	18,005	33,403	12,424	3,12,106
	1963-64	63,163	6,578	73,393	16,022	34,297	13,893	3,41,959
	1964-65	71,969	7,050	81,592	17,791	34,931	14,946	3,73,628
	1965-66	82,400	7,336	88,452	21,733	36,609	16,163	4,11,527
2. Rate of Gross Capital formation over previous year	1960-61							
	1961-62	17	4	9	14	3	8	10.5
	1962-63	14	8	11	—7	3	9	9.3
	1963-64	17	13	9	—11	3	12	9.6
	1964-65	14	7	11	11	2	8	9.3
	1965-66	14	4	8	22	5	8	10.1
3. Percentage increase in 1965-66 over 1960-61		104	42	58	27	16	53	59.3
4. Net Capital formation (Rs. in lakhs)	1960-61	32,254	2,693	36,302	13,352	22,848	7,489	1,85,849
	1961-62	37,670	2,771	39,298	15,231	22,197	7,836	2,03,476
	1962-63	42,534	3,063	44,002	13,392	21,731	8,377	2,20,135
	1963-64	49,519	3,638	46,904	10,961	21,420	9,346	2,38,224
	1964-65	55,721	3,915	51,610	12,245	20,637	9,747	2,56,912
	1965-66	63,465	3,994	55,635	15,635	20,916	10,491	2,81,307
5. Rate of Net Capital formation over previous year	1960-61							
	1961-62	17	3	8	14	—1	5	9.5
	1962-63	13	11	12	—12	—2	7	8.2
	1963-64	16	19	7	—18	—1	12	8.2
	1964-65	13	8	10	12	—4	4	7.8
	1965-66	14	2	8	28	1	8	9.5
6. Percentage increase in 1965-66 over 1960-61		97	48	53	17	—8	40	51.4

NOTES.—1. Gross Capital—Gross Fixed assets plus Inventory.

2. Net Capital—Net Fixed assets plus Inventory.

Source:—Reserve Bank of India Bulletin, Dec. 1967.

STATEMENT III

Index of Profits and Growth of Gross Block and Sales

Base—1960-61=100

	Year	Engineering	Coal Mining	Sugar	Iron & Steel	Cement	Cotton Textiles	All Industries
1. Gross profits including depreciation	1961-62	113.9	102.0	98.1	105.1	112.5	114.1	108.0
	1962-63	137.0	121.2	93.8	113.9	137.7	88.5	118.5
	1963-64	168.9	128.4	116.1	125.7	136.2	108.8	135.4
	1964-65	201.5	108.2	128.5	129.5	148.2	119.4	146.7
	1965-66	216.3	121.2	142.1	122.7	171.8	96.9	152.3
2. Gross Profits excluding depreciation	1961-62	112.2	101.3	93.6	111.5	113.2	118.0	108.0
	1962-63	136.0	124.7	84.9	135.6	159.0	80.3	118.9
	1963-64	169.7	127.1	111.9	172.0	155.5	94.7	135.6
	1964-65	202.2	91.7	120.9	167.3	162.4	102.6	144.3
	1965-66	217.6	102.3	135.8	153.6	198.0	74.3	150.1
3. Profits before tax	1961-62	111.1	100.9	79.7	113.5	117.8	120.5	107.1
	1962-63	135.7	125.9	63.7	147.8	171.5	71.7	117.5
	1963-64	169.3	121.5	108.7	201.3	164.4	81.6	133.3
	1964-65	199.3	73.5	121.0	184.6	167.2	85.0	137.7
	1965-66	206.2	81.1	124.7	176.8	200.0	37.4	136.6
4. Profits after tax	1961-62	104.0	82.3	68.0	96.9	107.1	107.5	98.2
	1962-63	101.5	117.2	31.5	132.6	134.0	49.8	91.3
	1963-64	133.8	139.1	75.8	159.3	136.9	62.7	106.3
	1964-65	166.1	74.0	84.5	123.8	130.2	70.2	110.9
	1965-66	178.1	80.5	101.3	109.2	180.0	10.9	109.0
5. Distributed profits	1961-62	110.0	102.6	89.6	99.9	104.9	109.2	103.9
	1962-63	100.0	90.6	76.5	103.2	104.6	94.5	100.6
	1963-64	118.5	89.7	86.4	110.4	112.7	103.9	108.4
	1964-65	134.2	82.1	83.2	110.4	123.0	107.2	113.7
	1965-66	140.0	76.9	85.6	110.4	130.5	90.5	116.4

6. Gross Block	1961-62	118.8	106.0	108.2	102.5	104.9	110.6	110.3
	1962-63	135.6	114.2	114.8	105.5	114.0	123.0	120.9
	1963-64	157.8	125.2	119.2	107.7	126.0	136.9	133.8
	1964-65	183.2	135.8	127.3	110.1	136.7	150.7	146.1
	1965-66	211.4	143.2	136.8	114.3	146.8	165.1	159.2
7. Sales	1961-62	110.7	107.3	114.3	107.2	110.7	112.2	109.9
	1962-63	127.8	122.6	131.1	118.7	126.5	115.6	121.0
	1963-64	149.6	133.8	133.3	129.3	135.9	132.3	136.2
	1964-65	180.8	139.0	128.8	139.6	147.5	139.9	149.3
	1965-66	198.0	157.4	142.5	145.2	166.5	147.9	164.3

NOTES.—(1) Gross profits including Depreciation is the sum of profits before tax, Managing Agents' remuneration, Interest charges and Depreciation Provision.

(2) Gross profits excluding Depreciation corresponds to profits before tax, Managing Agents' remuneration and Interest charges.

(3) Profits before Tax is the sum of provision for Tax, Dividends paid and Profits retained in the business in the form of Transfers to Reserves (other than taxation and depreciation) and balance carried to balance sheet.

(4) Profits after Tax is the difference between profits before tax and tax provision.

(5) Distributed profits corresponds to dividend payments on ordinary, deferred and preference shares. This excludes interests payments on debentures.

Source.—Reserve Bank of India Bulletin, December 1967.

STATEMENT IV

Gross Profits (excluding depreciation) as percentage of total capital employed*

	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66
I. R. B. I. Study—						
1. Engg. Industry . . .	11.4	11.0	11.8	12.7	13.3	12.8
2. Coal Mining . . .	9.6	9.2	10.2	9.0	6.1	6.5
3. Sugar . . .	9.1	7.5	7.6	11.4	11.	10.1
4. Iron & Steel . . .	7.4	8.3	10.2	12.6	12.1	11.4
5. Cement . . .	8.6	9.2	12.0	10.5	10.4	11.8
6. Cotton Textiles . . .	12.5	13.6	8.4	9.3	9.0	6.2
7. All Industries . . .	10.5	10.4	10.5	11.1	10.8	10.4
	1960	1961	1962	1963	1964	1965
II. Study of Association of Indian Trade & Industry—						
Engg. Industry—						
All-India	10.6	10.1	9.9	10.5	11.4	11.2
East	11.2	10.3	0.5	11.6	13.0	12.8
West	9.4	9.1	8.6	9.7	10.3	10.3
North	6.8	6.8	6.7	5.3	6.9	7.6
South	12.7	12.3	11.6	9.8	9.3	9.2

*Comprises total net assets (adjusted for income-tax advance).

STATEMENT V

Profits after Tax as percentage of net worth

		1960-61	1961-62	1962-63	1963-64	1964-65	1965-66
INDUSTRY							
I. R.B.I. Study—							
1. Engineering . . .		12.5	11.7	10.3	12.0	13.3	12.7
2. Coal Mining : . .		7.8	6.0	8.2	9.3	4.8	5.2
3. Sugar		11.3	7.3	3.4	7.8	8.4	9.6
4. Iron & Steel . . .		11.2	10.4	13.0	14.2	10.7	8.9
5. Cement		7.8	8.0	9.4	9.2	8.7	11.4
6. Cotton Textiles . .		13.8	13.4	5.9	7.2	7.8	1.2
7. All Industries . . .		11.0	10.0	8.7	9.5	9.3	8.7
		1960	1961	1962	1963	1964	1965
II. Study of Association of Indian Trade & Industry—							
Engineering—							
1. All India		11.6	10.9	8.2	9.8	11.7	11.3
2. East		11.6	10.3	8.6	10.7	14.0	13.5
3. West		10.5	9.1	7.2	9.6	10.8	10.0
4. North		6.1	7.3	5.4	3.6	5.8	8.0
5. South		15.1	12.1	9.4	8.4	7.4	7.7

*Comprises paid up capital and reserves and surpluses.

STATEMENT VI

*Profit before Tax as percentage of Net Sales**

		1960-61	1961-62	1962-63	1963-64	1964-65	1965-66
I. Reserve Bank of India Study—							
1. Engineering		9.2	9.3	9.8	10.6	10.4	9.8
		1960	1961	1962	1963	1964	1965
II. Study of the Association of Indian Trade & Industry—							
1. All India		8.2	8.3	8.4	9.0	9.3	8.8
2. East		9.8	9.9	9.9	10.6	11.7	11.0
3. West		5.9	6.1	6.4	7.1	7.2	7.0
4. North		5.6	6.9	6.5	4.3	5.3	5.8
5. South		8.8	9.0	8.6	8.3	7.8	7.1

*Adjusted by net increase or decrease in stocks and excise duty and cess.

STATEMENT VII

Equity Dividend as % of Equity Paid-up Capital

	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66
I. Reserve Bank of India Study—						
1. Engineering . . .	11.7	11.8	9.9	10.6	11.1	11.0
2. Coal Mining . . .	10.2	9.9	8.5	8.3	7.4	6.8
3. Cotton Textiles . . .	13.4	13.8	11.5	12.4	12.6	10.2
4. Sugar . . .	15.7	12.6	10.1	11.7	10.8	10.4
5. Iron & Steel . . .	14.5	14.5	15.1	16.3	16.3	16.3
6. Cement . . .	10.1	10.3	9.7	9.8	10.7	11.3
7. All Industries . . .	12.0	11.8	10.8	11.2	11.3	11.3
	1960	1961	1962	1963	1964	1965
II. Study of the Association of Indian Trade & Industry—						
1. All India . . .	11.0	9.6	7.8	7.8	8.2	8.7
2. East . . .	13.0	11.3	10.3	10.0	11.1	12.2
3. West . . .	7.5	6.9	5.1	6.0	6.5	6.6
4. North . . .	6.7	5.2	4.5	2.5	3.8	3.5
5. South . . .	13.0	10.1	7.7	6.2	5.3	5.5

STATEMENT VIII

Dividend as Percentage of Paid-up Capital

	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66
INDUSTRY						
I. R.B.I. Study—						
1. Engineering . . .	11.1	11.3	9.5	10.1	10.8	10.6
2. Coal Mining . . .	9.5	9.2	8.1	8.0	7.3	6.8
3. Cotton Textile . . .	12.2	12.7	10.6	11.4	11.5	9.4
4. Sugar . . .	14.0	11.7	9.7	10.8	10.2	10.0
5. Iron & Steel . . .	12.6	12.6	13.0	13.9	13.9	13.9
6. Cement . . .	9.6	9.8	9.3	9.9	10.8	10.9
7. All Industries . . .	11.2	11.0	10.1	10.5	10.7	10.6
	1960	1961	1962	1963	1964	1965
II. Study of Association of Indian Trade & Industry—						
Engineering Industry						
1. All India . . .	10.2	8.9	7.5	7.4	7.9	8.3
2. East . . .	11.2	10.1	9.4	9.3	10.3	11.1
3. West . . .	8.0	7.0	5.2	6.1	6.6	6.7
4. North . . .	6.4	5.0	4.2	2.7	4.1	4.3
5. South . . .	12.2	9.7	7.6	5.9	5.0	5.6

STATEMENT IX

*Dividend as Percentage of Net Worth**

	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66
I. Reserve Bank of India Study—						
1. Engineering . . .	7.4	7.3	6.0	6.3	6.3	5.9
2. Coal Mining . . .	5.4	5.2	4.4	4.2	3.7	3.4
3. Cotton Textiles . . .	6.3	6.2	5.2	5.4	5.1	4.6
4. Sugar . . .	7.5	6.4	5.4	6.0	5.5	5.4
5. Iron & Steel . . .	6.1	5.8	5.5	5.4	5.2	4.9
6. Cement . . .	6.9	6.9	6.5	6.7	7.2	7.3
7. All Industries . . .	6.6	6.4	5.8	5.8	5.7	5.6
	1960	1961	1962	1963	1964	1965
II. Study of the Association of Indian Trade & Industry—						
<i>Engineering Industry</i>						
1. All India . . .	7.3	6.5	5.5	5.5	5.5	5.5
2. East . . .	7.6	6.9	6.5	6.4	6.5	6.5
3. West . . .	6.3	5.5	4.1	5.3	4.9	4.8
4. North . . .	5.1	4.1	3.5	2.2	3.4	3.4
5. South . . .	8.8	7.1	5.6	4.5	3.8	4.2

*Comprises paid up capital and reserves and surpluses.

STATEMENT X

*Average Propensity to Retain Profits**Retained Profits as Percentage of Profits after Tax*

	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66
INDUSTRY						
R.B.I. Study						
1. Engineering . . .	40.8	37.3	41.6	47.5	52.1	53.4
2. Coal Mining . . .	30.8	13.7	46.5	55.3	23.2	33.8
3. Cotton Textile . . .	54.2	53.5	13.1	24.2	30.0	28.6
4. Sugar . . .	33.4	12.3	61.8	24.1	34.5	43.7
5. Iron & Steel . . .	45.5	43.9	57.6	62.2	51.4	44.9
6. Cement . . .	12.1	13.8	31.1	27.7	16.8	36.2
7. All Industries . . .	39.9	36.4	33.8	38.7	38.5	35.9

STATEMENT XI

Profits before Tax and their disposal Engineering Industries

Year	Profits Before tax	Taxation Provision	Profits After tax	Distribut- ed Profits	Retained Profits	(3) as % of (2)	(5) as % of (2)	(6) as % of (2)	(5) as % of (4)	(6) as % of (4)
1	2	3	4	5	6	7	8	9	10	11
R.B.I. Study										
1960-61	4,152	1,757	2,395	1,419	976	42.3	34.2	23.5	59.2	40.8
1961-62	4,611	2,120	2,491	1,561	930	45.9	33.9	20.2	62.7	37.3
1962-63	5,633	3,202	2,431	1,419	1,012	56.9	25.2	17.9	58.4	41.6
1963-64	7,031	3,827	3,204	1,682	1,522	54.4	23.9	21.7	52.5	47.5
1964-65	8,274	4,297	3,977	1,904	2,073	51.9	23.0	25.1	47.9	52.1
1965-66	8,562	4,296	4,266	1,986	2,280	50.2	23.2	26.6	46.6	53.4

STATEMENT XII

Profitability Ratios Selected Industries 1964-65 and 1965-66

	Engineering				All Industries			
	Small		Medium & Large		Small		Medium & Large	
	(Less than 5 lakhs as paid-up ca- pital)							
	1964- 65	1965- 66	1964- 65	1965- 66	1964- 65	1965- 66	1964- 65	1965- 66
1. Number of companies	..	85	..	187	..	853	..	1333
2. Gross profits as percentage of sales.	7.2	8.1	11.8	11.7	5.9	5.5	9.9	9.4
3. Gross profits as percentage of total capital employed.	7.7	8.3	12.5	11.8	8.4	8.3	10.4	9.9
4. Profits after tax as percentage of net worth.	5.0	5.2	13.1	12.3	6.7	5.8	9.3	8.7
5. Dividends as percentage of net worth.	3.8	3.0	6.3	5.9	4.2	3.8	5.7	5.6
6. Ordinary dividend as percentage of ordinary paid-up capital.	6.1	4.9	10.9	10.8	6.6	6.1	11.3	11.3
7. Total dividends as percentage of total paid-up capital.	5.9	4.7	10.5	10.3	6.5	6.0	10.7	10.6

Source.—Reserve Bank of India Bulletin—March, 1968.

STATEMENT XIII

	Total			Sales above Rs. 10 crores			Sales Between									Sales under Rs. 1 crores		
	1963	1964	1965	1963	1964	1965	Rs. 5 & Rs. 10 crores			Rs. 2 & Rs. 5 crores			Rs. 1 & Rs. 2 crores			1963	1964	1965
1. Number of companies	299	303	296	21	25	23	16	20	29	54	60	53	45	50	46	163	148	145
2. Per cent of total Cos.	100	100	100	7.0	7.5	7.7	5.4	6.0	9.8	18.1	18.0	17.9	15.0	15.6	15.6	54.5	53.5	49.0
3. Per cent of total paid-up Capital	100	100	100	35.6	35.8	36.6	14.1	10.9	16.8	15.8	14.6	14.0	7.9	7.8	10.5	26.6	30.9	22.1
4. Per cent of Total Sales	100	100	100	48.5	45.7	48.6	13.1	12.7	20.6	23.7	18.2	14.8	8.2	6.7	6.6	6.5	16.7	9.4
5. Per cent of Total Gross Block	100	100	100	44.1	41.9	46.0	12.7	10.4	16.6	18.2	14.5	15.7	9.6	7.8	5.7	15.4	25.4	16.0
6. Per cent of Total Assets	100	100	100	42.2	45.0	45.5	14.3	15.6	20.4	20.6	18.9	15.9	9.3	9.5	8.9	13.6	11.0	9.3
7. Per cent of Total Profits after Tax	100	100	100	49.5	58.7	57.3	17.0	15.4	21.1	20.9	18.0	15.1	9.3	7.9	5.2	3.3	Nil	1.3
8. Net Sales/Gross Block	1.7	1.7	1.7	1.8	1.8	1.8	1.8	2.0	2.1	2.0	2.1	1.6	1.5	1.5	1.5	0.9	1.2	0.9
9. Profits after Tax as Per cent of Net Sales	4.2	5.5	4.6	4.3	5.2	5.3	5.4	4.2	5.2	3.7	4.2	4.5	4.8	4.0	4.6	2.1	3.6	0.8
10. Profit after Tax as Per cent of Net Worth	9.8	10.5	11.4	11.9	15.6	14.6	12.4	14.9	12.0	10.6	13.4	11.7	11.3	11.3	6.8	1.7	10.9	1.1
11. Dividend as Per cent of Paid-up Capital	7.5	7.4	8.3	11.8	12.3	13.4	7.1	10.3	9.5	8.0	8.4	7.5	7.0	6.7	4.3	1.9	4.8	1.4
12. Dividend as Per cent of Net Worth	5.5	4.9	5.5	7.5	7.4	7.5	5.4	6.8	5.3	4.7	5.4	4.8	4.9	4.9	2.5	2.1	3.7	1.6
13. Employees Remuneration as Per cent of Total Income	14.1	14.2	14.4	13.3	12.3	13.7	13.6	13.7	13.7	14.5	14.8	15.1	16.8	17.6	16.2	16.2	16.8	15.7

Source.—Study made by the Association of Indian Trade & Industry.

CHAPTER VII

WAGE FIXATION

(i) General Principles of Wage Fixation and Different Diet Schedules Considered :

7.1. According to its terms of reference, the Board has to work out a wage structure based on the principles of Fair Wages as set forth in the Report of the Committee on Fair Wages and in doing it, to take into account, *inter alia* the following considerations also:

- (i) The needs of the industries in a developing economy ;
- (ii) The special features of the engineering industries including aspects relating to exports ;
- (iii) the requirements of social justice ;
- (iv) the need for adjusting wage differentials in such a manner as to provide incentives to workers for advancing their skill.

7.2. The Fair Wages Committee constituted in 1948 laid down the broad guidelines for fixation of wages for industrial workers. These recommendations have guided the deliberations of the various wage fixing authorities ever since. The concepts of 'minimum wage', 'fair wage' and 'living wage' as enunciated by the Fair Wages Committee are by now wellknown. Extracts from the report containing the principal recommendations of the Committee were reproduced at page 321 of the Board's questionnaire vide appendix II.

7.3. It may be relevant to point out here that the constitution of India also contains a directive principle (Article 43) "The State shall endeavour to secure, by suitable legislation or economic organization, or in any other way, to all workers, agricultural, industrial or otherwise, work, a living wage, conditions of work, ensuring a decent standard of life and full enjoyment of leisure and social and cultural opportunities and in particular, the State shall endeavour to promote cottage industries on an individual or co-operative basis in rural areas".

7.4. A milestone in the evolution of principles of wage fixation was a Resolution passed at the 15th session of the Indian Labour Conference held at New Delhi on 11th and 12th July 1957. It was agreed (both by employers and labour) that the minimum wage was 'need based' and should ensure the minimum human needs of the industrial worker, irrespective of any other considerations. For calculation of the minimum wage, the following norms were accepted

and it was recommended that they should guide all wage fixing authorities including minimum Wages Committees, Wage Boards, Adjudicators etc. :

- (i) In calculating the minimum wage, the standard working class family should be taken to consist of 3 consumption units for one earner ; the earnings of women, children and adolescents should be disregarded.
- (ii) Minimum food requirements should be calculated on the basis of a net intake of 2,700 calories as recommended by Dr. Aykroyd for an average Indian adult of moderate activity.
- (iii) Clothing requirements should be estimated at a per capita consumption of 18 yards per annum which would give for the average worker's family of four a total of 72 yards.
- (iv) In respect of housing the norm should be a minimum rent charged by the Government in any area for houses provided under the Subsidised Industrial Housing Scheme for low income groups.
- (v) Fuel, lighting and other miscellaneous items of expenditure should constitute 20% of the total minimum wage.

7.5. The Resolution while laying down these further guidelines for fixing the minimum wage for industrial workers throughout the country, recognized that there may be instances where practical difficulties might be experienced in implementing them. It was, therefore, laid down that wherever the minimum wage fixed went below the level contemplated, by the above norms, it would be incumbent on the authorities concerned to justify the circumstances which prevented them from adhering to these norms.

7.6. Reference has been made in item (ii) above to Dr. Aykroyd's recommendations about caloric requirements in diets. It will, therefore, be necessary to discuss briefly the diet schedules recommended in this context. It should be remembered eventually that it is by attributing money value to a diet schedule, as also to the requirements of clothing, housing, and other miscellaneous items of the worker's family budget that a minimum wage can be worked out.

7.7. Dr. Aykroyd has prescribed dietary standards at two levels—optimum level and adequate level. For the purpose of minimum wage determination, the worker's family needs to be provided with food to correspond to the adequate diet which has been recommended by Dr. Aykroyd for the Nutrition Advisory Council. Dr. Aykroyd has estimated caloric requirements of a man doing moderate work at 3000 but, in view of the somewhat lower metabolism of Indians he has considered a net intake of 2700 calories to be adequate for an Indian adult of moderate activity. The composition of the diet at the adequate

level suggested by Dr. Aykroyd which is commonly known as the Balanced Diet has been given in Table II at page 16 of Health Bulletin No. 23 which is reproduced below :

TABLE II

Composition of the Balanced Diet Adequate for the Maintenance of Good Health

Item	Quantity in ozs.	Approximate nutritive value
1. Cereals	14	Protein 90 Grams
2. Pulses	3	Fat 90 Grams
3. Leafy vegetables	6	Carbohydrates 450 Grams
4. Root vegetables	3	Calories 3,000 Grams
5. Other vegetables	3	Calcium 1.4 m.g.
6. Fruits	3	Phosphorous 2.0 m.g.
7. Milk	10	Iron 47 m.g.
8. Sugar & Jaggery	2	Carotene & Vitamine (A) (I.U.). 8,400
9. Vegetable oil, ghee etc. . . .	2	Thiamine 2.1 m.g.
10. Fish & Meat	3	Vitamine C 240 m.g.
11. Eggs	1	Nicotinic Acid 22 m.g.
		Riboflavin 1.8 m.g.

7.8. Although the diet schedule given above is a balanced one, items like milk, fruits and flesh food are considered to be expensive and beyond the means of many. In these circumstances while attempting an improvement in diet, consideration of cost thereof was to be kept in view for practical application. Accordingly, it was felt that the nutritive value of the diet could be enhanced without adding a heavy burden of cost, by introduction of a second cereal e.g. millets, increase in pulses and vegetables, proportionately small increase in milk, introduction of cheap flesh foods two to three times a week, if no religious objections exist. Thus the composition of an improved diet was given as under :

TABLE III

Health Bulletin 23 (5th Edition) Composition of an Improved Diet

Item	Ozs.	Approximate nutritive value
Rice	9	Protein 73 grams
Millet, Cumbu	5	Fat 73 grams
Pulse	3	Carbohydrates 445 grams
Non-leafy vegetables	6	Calories 2,729
Green „ „	8	Calcium 1.5 grams
Milk	4	Phosphorous 1.4 grams
Fat & Oil	2	Iron 60 mg.
Sugar & Jaggery	2	Vitamin (A) (I.U.) 5,000
		„ B(milligrams) 1.5
		„ C(milligrams) 100

7.9. The improved diet mentioned above was further slightly modified as indicated in table below. It was felt that with the increasing population in the country, production of certain foods (especially foods which supply the vitamins, proteins, minerals) has not kept pace with the needs, and hence it may be necessary to plan only such improvements as may be attainable in the immediate future. At page 35 of the "Nutritive Value of Indian Foods and the Planning of Satisfactory Diets, 6th Revised Edition" it has been observed that the broad lines on which improved diets for groups of persons can be formulated are :

- (a) Introduction of a second cereal or mixed cereal diet; the substitution of even a part of the staple cereal (viz. rice or wheat) by millets like ragi or bajra serves to provide a diet with increased nutritive value at practically no extra cost or even cheaper.
- (b) Increased intake of pulses wherever feasible.
- (c) Increased use of green leafy vegetables in the diet ; and
- (d) Introduction of cheap flesh food two to three times a week, if possible.

TABLE IV

Special Report Series No. 42

Composition of an Improved Diet and its Approximate Nutritive Value

Item	C	o	z	s.	Grams	Nutritive value	Quantity
Cereals	7				200	Protein	70 grams
Millets	7				200	Fat	50 grams
Pulses	3				85	Carbo-hydrates .	440 grams
Leafy Vegetables . . .	4				116	Calories	2,500
Other Vegetables . . .	3				85	Calcium	0.8 grams
Fruits	2				57	Phosphorous . .	1.4 grams
Milk	6				170	Iron	40 M.G.
Sugar & Jaggery . . .	2				57	Vitamin A . . .	7,300 I.U.
Vegetables oils . . .	1				28	Vitamin B1 . . .	1.8 M.G.
Meat, Fish & eggs . . .	1				28	Vitamin C . . .	200 M.G.

7.10. The nutritional requirements of the workers as suggested by the 15th Indian Labour Conference (2700 net calories) were questioned in certain quarters and the adequacy or otherwise of the same had become a matter of controversy. At a subsequent meeting of the Standing Labour Committee, it was agreed that the question of nutritional requirements of the worker and his family and the composition of the diet which is to provide the requisite nutrition, needed

further examination at a technical level. A recommendation to this effect was also made in the Third Five Year Plan, in the following terms at page 256 :

“On the basis of agreements between the parties, the Indian-Labour Conference had indicated the content of the need-based minimum wage for guidance in the settlement of wage disputes. This has been reviewed and it has been agreed that the nutritional requirements of a working class family may be re-examined in the light of the most authoritative and scientific data on the subject.”

7.11. The matter was accordingly referred to the National Nutritional Advisory Committee which set up a Sub-Committee in May 1962 to deal with the subject. The Sub-Committee's report was submitted to the National Nutritional Advisory Committee towards the middle of 1964. The report was examined by the Nutritional Committee of the Indian Council of Medical Research and that Committee endorsed the recommendations made by the Sub-Committee of the National Nutritional Advisory Committee.

7.12. The Sub-Committee after examining all available scientific data relevant to the subject concluded that the average daily caloric requirements of an industrial worker in India comes to about 2816 or say 2800. While dealing with the daily caloric requirements of an average family of an industrial worker (consisting of 3 adult consumption units, i.e. worker, his wife and two children) the Sub-Committee concluded that the requirements per family per day will work out as follows :—

Worker	2,816
Wife	2,150
Children :	
(i) Age Group 0 to 5 years	1,230
(ii) Age Group 6 to 14 years	2,010
TOTAL	8,206 or

about 2750 calories per day per adult consumption unit. The Sub-Committee further observed as under.:

“It is possible that the accumulation of further scientific information, particularly on energy cost of different occupations and the relationship between efficiency and energy requirements may call for a revision of our recommendations. To this extent our recommendations can be taken to be tentative.”

7.13. The caloric requirements as suggested above are net calories i.e. the number of calories available from the food actually assimilated. On the basis of these caloric requirements, the Sub-Committee

also recommended certain diet schedules for industrial workers' families in different regions of the country as given below :—

7.14. Recommended diet schedules (in ozs.) for working class (industrial) families in different regions.

Sl. No.	Commodities	East India	South India	West India	Central India	North India	North-west India
1	2	3	4	5	6	7	8
1	Rice	11.00	14.00	6.00	2.00	3.50	1.50
2	Wheat	6.00	1.00	5.50	12.00	12.50	13.75
3	Other millets	0.50	1.50*	4.00	2.00	1.50	2.00
*TOTAL CEREALS		17.50	16.50	15.50	16.00	17.50	17.25
4	Arhar	1.00	1.00	1.50	0.75	1.50	..
5	Gram	0.25	0.75	0.25	1.00	1.25	1.50
6	Moong	0.50	0.50	0.25	0.25	0.25	0.50
7	Masur	0.75	..	0.50	0.25	0.25	..
8	Urd	0.25	0.75	0.25	0.25	0.50	0.50
9	Others	0.25	0.50	0.50	1.00	0.25	0.50
II. TOTAL PULSES		3.00	3.50	3.25	3.50	4.00	3.00
III. TOTAL OILS & FATS		1.00	1.50	2.00	1.50	1.00	1.00
10	Fish	1.00	1.00	0.75	0.25	0.50	0.25
11	Mutton	0.75	1.00	1.25	1.25	0.50	0.75
12	Eggs	0.25	0.50	0.50	..	0.50	0.50
IV. TOTAL ANIMAL FOOD		2.00	2.50	2.50	1.50	1.50	1.50
13	Milk & Milk Products	3.00	3.50	2.50	4.50	4.00	6.50
14	Root vegetables	3.00	3.00	2.50	3.50	2.50	3.00
15	Other vegetables	3.50	3.00	2.50	2.00	2.50	2.50
16	Leafy vegetables	2.50	2.50	2.50	2.50	2.50	2.50
TOTAL VEGETABLES		9.00	8.50	7.50	8.00	7.50	8.00
17	Sugar	1.25	0.50	1.25	1.00	1.50	1.50
18	Gur	0.50	1.00	0.25	1.00	0.25	0.75
VI. Sugar & Gur Total		1.75	1.50	1.50	2.00	1.75	2.25
**1	Calories	2,843	2,850	2,825	2,833	2,835	2,834
**2	Protein	81.2	78.5	84.7	90.1	93.9	92.1
**3	Fat	45.3	60.2	76.2	64.2	49.9	55.7

*Ragi is included in this diet.

**Nutritive value of the diets.

(ii) Views of workers, employers and their organizations :

7.15. In response to the questionnaire issued by the Board, the three All India Federations of workers submitted their replies. The National Federation of Metal and Engineering Workers (A.I.T.U.C.), has dealt with this question in paras 3.17 to 3.23 of their reply. The Indian National Engineering Workers' Federation (I.N.T.U.C.) has dealt with this question in Table 'A' annexed to their reply to the questionnaire, while the Indian Metal and Engineering Workers' Federation (H.M.S.) has referred to it in Para. 18 of their reply to the questionnaire. The A.I.T.U.C. and H.M.S. have worked out the need-based minimum wage at Rs. 275.87 on the basis of the balanced diet and on the average of All India Consumer Price Index for the second half of 1964 (which was then 162). They stated that to this must be added amounts sufficient to cover deductions of Provident Fund, E.S.I., etc. The A.I.T.U.C. has urged that the total minimum wage would be well over Rs. 300 per month, while the H.M.S. has said that it would be Rs. 290 p.m. The A.I.T.U.C. has further contended that if the diet was taken according to the Nutritional Advisory Sub-Committee's recommendations, the need based wage would work out to Rs. 211/- per month. According to the I.N.T.U.C. the need based wage would work out to Rs. 278/- per month.

7.16. The Employers have been mainly represented by the Indian Engineering Association and the Engineering Association of India. They have contended *inter alia* that a worker's family should be taken to consist of 2.25 units. They have then contended that it would be extremely difficult to apply the need based minimum wage formula adopted at the 15th Indian Labour Conference to this industry, as it was impracticable in the context of the present state of the national economy. They have also urged that the existing wage structure in the industry, which had been evolved through settlements, adjudication, arbitration, etc. by and large, represents fair wages.

7.17. The Engineering Association of India has gone further and stated that the minimum fair wage would be less than the prevailing wage, but they admitted that they were not able to give details thereof. According to them, looking to (i) productivity of labour, (ii) prevailing rates of wages in the locality, (iii) level of national income and (iv) the place of the industry in the economy of the country, the present wage structure is proper and does not require revision.

7.18. This Association has also urged that this industry is of vital importance in the national economy; that any rise in wages would push the cost of production not only of this industry, but also of other industries; that if there was a rise in wages, the industry would not be in a position to maintain its present level of employment and also that the future export plans of the industry will be upset.

7.19. The contentions of workers' organizations as set out in paragraph 7.15 above have been considered by us. The calculation of a need based minimum wage worked out by the workers organizations according to the Resolution of the 15th Indian Labour Conference has been based on the balanced diet, which has been rejected by all the earlier wage fixing authorities on the ground that the present state of economy of the country cannot afford this diet, particularly when the availability of items of food constituting the diet is taken into consideration. The AITUC has further made calculations on the basis of the diet recommended by the Sub-Committee of the National Nutritional Advisory Committee. This also suffers from the same drawbacks mentioned above.

7.20. Furthermore, the Resolution of 15th Indian Labour Conference relating to the need based minimum wage may not be of immediate practical application to all types of units of the industry in all the areas of its location. The capacity of the industry to pay the need based wage is intimately linked with this and it is only the bigger units or higher groups of the industry which can conform to this standard of paying capacity.

7.21. By and large, we are of the view that the Resolution of the 15th Indian Labour Conference could be treated as an aim and a target to be achieved in course of time. Looking to the present state of the economy of the country and also looking to the fact that the different items of food constituting the diet are not easily available, and further looking to the paying capacity of the industry, we are unable to recommend the need based wage to all workers in this industry immediately.

7.22. We have very carefully considered the different contentions raised before us on behalf of the employers in this respect also and do not agree with most of them. For instance, the employers have contended that a worker's family should be taken to consist of 2.25 consumption units. The Committee on Fair Wages has, after considering the matter in detail, come to the conclusion that 'if the standard family was reckoned as one requiring three consumption units and providing one earner, the decision would be in accord with the results of the family budget enquiries', (Para. 31 of the Fair Wages Committee Report).

7.23. The employers have not produced any evidence to show that the average family of an industrial worker in this industry consists of less than three consumption units. They referred to the judgment of the Supreme Court in the case of Reserve Bank employees, but that case related to the white-collared employees. This judgment would, therefore, not apply in the case of the industry under review, where most of the employees are industrial workers. In any case, the employers have not produced any evidence to show that the average workman's family in this industry consists of 2.25 consumption units only.

7.24. In this connection, we may refer to Appendix III of the Report of the Sub-Committee of the National Nutritional Advisory Committee on Nutrition Requirements of Working Class Families. This Appendix has given the average family size, number of earners per family, etc. on the basis of an enquiry made in 1958-59. If we compare these figures with the figures given in Appendix to the Fair Wage Committee's Report, it would appear that the number of persons in the family and number of adult consumption units per family have by and large increased at all places. The number of earners per family at all places has gone down. In other words, if the result of the 1958-59 enquiry was accepted, it would lead to the conclusion that the number of consumption units per worker would be even more than three.

7.25. Coming to the food requirements of a family, the representative of the Engineering Association of India who appeared before the Board at public hearings, stated before the Board in October 1967 that the need-based minimum wage would work out to Rs. 74.97 per month and that from this amount, an amount of Rs. 30/- should be deducted by way of income from subsidiary sources. He, therefore, urged that the fair wage of a worker should be Rs. 44.97 p.m. We are not able to accept this contention. To say the least, this statement is too naive to require much comment.

7.26. In the first place, the calculations made by the representative of this Association were according to what he thought was or should be the diet pattern. This was not at all scientific. Nor are the prices quoted by him reliable. When questioned on this point, he was not able to give any definite or reliable sources from which he had given these prices. Again in making this calculation, he went on the basis of 2.25 consumption units per worker. He further took house rent to be Rs. 5 p.m. which is very unrealistic. He took the miscellaneous expenditure at 10% of the total as against 20% recommended by the 15th Indian Labour Conference. Lastly, he wanted a deduction of Rs. 30/- as income derived from subsidiary sources without giving any details or evidence in support thereof. He was not able to say which type of workers were having any subsidiary income, nor was he able to say whether all workers were having a subsidiary income of this magnitude.

7.27. As regards the prevailing rates of wages in the locality, the principle of comparing wages is based on the postulate that the market for labour is a proper guide for determining the price for labour as a factor of production. The comparison of wages ensures that a worker is being paid more or less what he could command elsewhere. The principle of comparison can be expected to yield best results only where the bargaining power of labour is uniformly strong. The Committee on Fair Wages observed that, in India, where labour until recently has been weakly organized, the application of this principle may "only mean the comparing of one unsatisfactory rate of wages with another equally unsatisfactory rate". If the wages

are unsatisfactory on account of the weak bargaining power of labour, then giving weight to the comparative principle for revising wages would be self-defeating in as much as there would be a built in tendency to revert back to the unsatisfactory wage rate. The Second Pay Commission too considered that comparison can only be made between rates of remuneration and conditions of employment in establishments known to be giving fair wages, employing sound management practices and generally having good record of industrial relations. The Committee on Fair Wages stressed that in applying the principle due allowance must be given by the wage fixing machinery to "any depression of wages caused by unequal bargaining". Bargaining power of labour in underdeveloped industrial areas is known to be poor. Therefore, comparison with prevailing wages in these areas and impact thereof on fixing wages in such areas would in fact be arguing in circularity and will not lead to sound conclusions.

7.28. As regards the level of national income, the Committee on Fair Wages while dealing with this in the context of fixation of fair wages has observed that "it is generally recognized that the present level of our national income does not permit payment of 'living wage' on standards prevalent in more advanced countries. But this should not preclude the fixation of fair wages on different and lower standards. "At any level of national income there should be a certain level of minimum wages which the society can afford; what it cannot afford are minimum wages fixed at a level which would reduce employment itself and thereby diminish the national income."

7.29. Both the employers' associations have considered the level of national income relevant for the purpose of wage fixation. The Indian Engineering Association has expressed the opinion that the national income figure is relevant for the purpose of seeing if the total income of the worker is violently out of proportion to the per capita national income, for any inflationary pressures should be avoided in the overall national interest. We are inclined to agree with the Association that the total income of the worker should not be violently out of proportion to the per capita national income. We have, however, kept in mind the level of national income, which was Rs. 481.5 per capita in 1966-67. At this rate, the annual income of a family of four persons (husband, wife and two children) would work out to Rs. 1926/- i.e., Rs. 160.50 per month. We understand that the national income has increased by 9% during 1967-68.

7.30. While agreeing with the employers' contention that the engineering industry is of vital importance to the nation's economy, we are unable to agree that the rise in wages would push the cost of production so high that it might affect exports and employment potential of the industry. It may be emphasised here that labour wages constituted only 13.7% to 16.2% of total income in 1965 (according to the study of Association of Indian Trade and Industry).

7.31. We are aware that wages should be fixed on industry-cum-region basis and that in considering its capacity to pay, a fair cross section in each region should be taken into account. We have already pointed out in Chapter VI above that sufficient financial data of a fair cross section was not produced before us, not only about the industry as a whole but even about the units in different regions or areas. Even the materials made available by members of the Board representing employers referred to in paragraphs 6.10 to 6.21 above did not carry us far, in regard to paying capacity both of the industry as a whole as also its small and medium sized units in different areas and regions. In these circumstances, it was not possible for us to consider in detail separately such capacity of different types and sizes of units region-wise and area-wise also. We have however taken into account the views and arguments of members representing employers and labour, the existing wages at different places, the capacity of units on the basis of its size etc. and recommended that wages should not be uniform at all places or for all kinds of units, but have divided the industry for purposes of wage fixation into five areas and each area into four groups as mentioned later.

7.32. To sum up, we do not agree with the views advanced by employers that the present wages are adequate and that they represent more or less a fair wage. We are aware of the recession in the industry, but we feel that this is a temporary phase. The industry is now picking up and would return to normalcy in good time. Hence it is, that we are recommending a phased programme of increase in wages. On the other hand, we consider the revision of wages for all tiers of the industry at a uniform rate urged by the representatives of workers to be unrealistic at present. We do not agree with that either. There is a case for an upward revision of wages of workers in the industry as a whole, but that in a phased manner and at discriminate levels.

(iii) Prevalent wages in some other industries :

7.33. Although the employers' organizations have taken a stand that the wages presently paid to the workers in the engineering industries were adequate and more or less represented fair wages and therefore, there was no case for increasing the wages, we have not been convinced by this argument, particularly when we find that wages at present are very low in a number of centres in this industry. We are also aware of the steep rise in the cost of living in the country which has eroded their real standard of living. We have also taken due account of wages fixed for workers in other industries.

7.34. The Wage Boards for Iron & Steel Industry, Coal Mining Industry and Cement Industry (Second Wage Board) who have made their recommendations on the wage structure in these industries on 16th April 1965, 11th February 1967 and 27th July 1967 respectively have fixed wages at a much higher level than those prevailing in many centres in the engineering industries.

7.35. The total minimum emoluments of an unskilled worker, as recommended by these Wage Boards, as on 1-3-1968, in the case of Iron & Steel Industry (on C.P. Index of 216, with 1949 base—100)

and as on 1-4-1968 in the case of Coal Mining Industry (on a C.P. Index of 216) and as in the case of Cement Industry (on a C.P. Index of 216) work out as under :

Iron & Steel Industry

Production and Maintenance	Men		Total	Women		Total
	Basic (Rs.)	D.A. (Rs.)		Basic (Rs.)	D.A. (Rs.)	
TISCO & IISCO	61	112	173	51	112	163
H.S.L.	80	93	173	70	93	163
Mysore Iron & Steel Co. Ltd. .	65	98	163	55	98	153

Coal Mining Industry

Basic	130
D.A.	39.00
Attendance Bonus	13.00
TOTAL	182.22

Cement Industry

Basic	61.10
D.A	99.42
H.R.A	13.00
TOTAL	173.52

7.36. In the textile industry too, which has its concentration in areas where the engineering industry is also heavily concentrated, as in Bombay, Madras, and Calcutta, the wages payable on 1-1-1968, on the basis recommended by the First Textile Wage Board, were :

Bombay	Basic	40.00	D.A.	178.85	Total	218.85
West Bengal	„	36.17	„	88.93	„	125.10
Madras	„	40.00	„	141.72	„	181.72
Kanpur	„	38.00	„	139.82	„	177.82

It may be noted that a Second Textile Wage Board is now in session and is considering the question of further revision of these wages.

7.37. After taking into consideration the various aspects of the question of fixation of wages, we have come to the broad conclusion that the wage structure in engineering industries needs an upward revision and that the industry can afford such a revision although

not to the extent claimed by the workers' organizations. We have therefore, now to consider the extent of wage rise we should recommend and how it should be applied to the industry.

7.38. We invited suggestions in this regard from the member representing the workers and employers on the Board and their views have been summarised later at paras 7.63 to 7.65.

7.39. We must here point out some of the difficulties encountered by us in arriving at a wage structure for the industry. The engineering industry is a heterogeneous one spread over the whole country the wage structure differing from place to place and from product to product. For instance within our purview are firms which manufacture tractor and automobiles as also firms which manufacture railway wagons and tools. Even small firms which manufacture spare parts or screws or needles come under the group of Engineering Industries. We feel that it would have been better, if instead of one Wage Board, the Government had appointed more Boards. We have already mentioned in an earlier chapter that the workers of Hindustan Shipyard and Hindustan Aeronautics Ltd. had made requests for separate wage structures to be worked out for them on an individual unit basis. But we have not been able to do so for obvious reasons. Evolving a wage structure for the entire industry is, therefore, a complicated task and how we have tried to solve this problem is set out below.

7.40. Another difficulty that confronted us in the midst of our labour was the onset of a recession that gripped the industry for some time. While we find that the industry is now picking up and would before long come into its own, we felt that we had to devise a procedure which would enable the industry to absorb the increase in wages we may recommend as it goes along, and without any sudden jumps.

7.41. We found that the wages in certain areas are very low, and we felt that with the sloping technique we recommend, the increase in some units especially in area V, may be jerky. But to such low levels are the wages in those areas, that we cannot in all conscience let this state of affairs to continue. But, by and large, we have discountenanced a sudden jump in the wages. This in our opinion is good neither for the industry, nor for the workers. For the industry, it might create financial embarrassments and for the workers a windfall income in cash often pushes up prices of commodities abnormally, neutralising the effect of wage increases.

7.42. Our general approach, therefore, has been to give a fair deal to the workers without creating serious disturbances in the industry's capacity to pay. We have been told that any rise in the wage level would result in several units of the industry closing down. We are not satisfied with this contention. If we look to the history of wage settlements in this country, we find that seldom has an industry, facing revision of wages either before a Wage Board or before any other wage fixing machinery, willingly given a rise; on the contrary, almost every time it has been said that any rise would kill the industry. Yet these industries are surviving and prospering too. In this industry, even when a small interim relief

was recommended, this contention was advanced by the employers, and at that stage there was no recession either. We have examined the question of the paying capacity of the industry very carefully and we are satisfied, as pointed out earlier, that the industry will be able to bear the extra burden that will be imposed on it by our recommendations.

7.43. At this stage, we may also mention that we are unable to appreciate the contention of the employers of the Eastern Region that they cannot afford to pay a higher wage. Their counterparts in the Western and Southern Regions are paying higher wages and are still able to make profits, in spite of the fact that they are not so close to the sources of some items of basic raw-materials like coal, iron and steel etc. as the Eastern Region is. If their argument is true, it would mean that there is something else in the working of the industry in the Eastern Region, which requires close looking into. It is not for us to go deep into this matter, but it is well worth remembering that in modern industrial growth, according to the well known authority Prof. Simon Kuznets, the share of per capita rise in manhours and capital is only one-fifth of the rise in per capita product; the rest is due to new knowledge, changes in the quality of imports, and scale economics (*Modern Economic Growth: Rate, Structure and Speed*; by Simon Kuznets, New Haven, London: Yale University Press, 1966). We, therefore, recommend that the Engineering industry in this part of the country may profitably conduct studies in operational research and techniques of modern management singly and in a concerted manner. It may also pay them to make a comparative study of the working of their counterparts in the western and southern regions.

7.44. This brings us to the details of the procedure to be adopted for wage fixation. We have first to consider whether the wage increase to be recommended should apply uniformly to all regions, ignoring the present inter-regional variations and disparities. We have then to consider whether the wage rise should apply uniformly to similar categories and skills of workers in all sizes of units i.e. small, medium and large units. These issues have a vital bearing on the mechanism of wage determination and on implimentation in practice.

(iv) Formation of five areas for wage fixation :

7.45. To have a uniform wage structure and to apply it uniformly to all sectors of this wide spread industry would be not only unrealistic but would create many practical difficulties. It would create sudden jumps in wage payments, which we are anxious to avoid. Nor would it satisfy the canon of capacity to pay. At the same time we cannot fix the wage structure for each unit separately. It has to be for the industry as a whole. Yet that can be divided into broad and manageable regional and size groups. The idea of forming different areas or zones of centres of location of the industry and classification of units into different size groups was therefore mooted, and the views and suggestions of the members representing the employers and workers were invited and considered.

7.46. Considering the existing wide disparity from region to region, the differing capacity to pay as between small, medium and big size units, and the varying cost of living at different centres in the

country, the members on both sides agreed to divide the country for purpose of wage fixation into meaningful zones or areas. They suggested that there should be four such zones. The workers' representatives, however, desired to have the zones on the basis of a geographical division like north zone, south zone, east zone and west zone. On the other hand, the representatives of industry suggested zones on the basis of considerations like the level of industrial development of certain areas, similarity of prevailing wages etc. On this basis they suggested four regions as under :—

1. Bombay City & Greater Bombay.
2. Poona-Chinchwad Industrial area, Madras Industrial area, and the Bangalore Industrial area.
3. Calcutta City and Greater Calcutta, Durgapur and Asansol Industrial area, Jamshedpur Industrial area and Ranchi Industrial area.
4. The rest of the country.

7.47. After considering the problem in its entirety, we agreed to divide the industry into five regions or areas as under and in doing so, we have also considered the prevailing wage levels at different places and the cost of living at important centres in these places.

1. Bombay City and Greater Bombay including Thana, Ambarnath & Kalyan Industrial areas.
2. Calcutta, Greater Calcutta, Howrah industrial area, Jamshedpur Industrial area, Durgapur, Asansol and Ranchi industrial areas.
3. Madras industrial area, Bangalore industrial area, Hyderabad industrial area, Poona-Chinchwad Industrial area, Delhi industrial area and Ahmedabad.
4. Coimbatore, Nagpur, Bhopal, Kanpur, Baroda and Faridabad industrial areas.
5. The rest of the country.

(v) Classification of units into four Groups :

7.48. As regards the classification of the units of the industry into a few homogeneous size groups which is intimately connected with the capacity to pay, the members representing employers suggested four such groups. The members representing the workers were opposed to such grouping, though one of the views advanced from among them was that there may be at best two groups viz. a major group employing 250 and above workers and a minor group 50 to 249 employing workers, subject to the condition that the need based wage fixed should be paid by the major group immediately, leaving the minor group to reach this target within a phased time span.

7.49. We weighed both these views carefully, and although we appreciate in principle the view that there should be no differentiation in the minimum wages for workers in the same industry, and between those doing the same work in different units of the same industry, practical considerations dictated a different approach. We

could not get away from the evident fact that the financial position and resources of bigger and small units are disparate and that to fix a uniform wage for all types of units, small, medium and large would only widen disparities. The step is also fraught with the danger that many units in the smaller size groups may have to close down eventually, leading to unemployment of workers. We, therefore, came to the conclusion that the units of industry should be classified into four broad groups based on size.

7.50. Different criteria on which the units should be classified into groups were put forward and discussed at length. The criteria suggested were the capital invested, resources of the units, output and sales, number of workers employed etc. We considered all of them. In the absence of detailed and authentic data which would enable us to analyse the position in relation to some of these aspects, and the complicated nature of the data to be collected, we adopted the criterion of strength of workers employed in the units as the basis of the size groups. This, we think, is the most workable approach, although we realise that this may not be the most scientific one. We are aware that there are highly capital intensive units, where the number of workers have no relation to the capacity to pay. But in our present level of technology, we find this is not the rule. The strength of workers employed in a unit, we felt is in general satisfactory composite index of the resources and capacity of a unit to pay. It has one merit to commend itself, namely, it is easily comprehensible to workers, and so incapable of generating undue suspicions leading to wage disputes. We accept the suggestions made in this regard by the members representing industry and recommend the grouping of the units as under. We would, however, further recommend that in proper and suitable cases, looking to the capital, or outturn, or sophisticated nature of the articles manufactured etc, a particular unit may be upgraded and placed in the higher group. This may be done by mutual agreement between workers and employer, and if agreement is not reached, the question may be raised as an industrial dispute.

Groups of Industry

Groups	Comprising of units employing
A	50 to 250 Workers.
B	251 to 500 workers.
C	501 to 1500 workers.
D	Above 1,501 workers.

7.51. About the date which should be taken into account for reckoning the number of workers for determining the group, we think that it should not be a future date nor a date in the recent past because some employers might have reduced the strength of their workers on the basis of the reported discussions in the Wage Board, nor should it be a remote date. We hold that the number of workers as on 31st December 1967 should be taken as the number of workers for grouping as recommended above.

7.52. We also recommend that the grouping can and should be altered upwards or downwards if there is a change in the number of workers employed by them. We, however, feel that this should be done only when the change is more or less of a permanent nature and not temporary. But we also hold that when a unit is thus down-grouped, the wages of workers working prior to such downgrouping should be protected.

7.53. We would therefore recommend that where a unit employs a higher or lower number of workers than mentioned above for the different size groups for a period of not less than 240 days in the course of twelve consecutive months, the higher or lower number of workers would be taken into account for grouping thereafter. But in case a unit is changed to a lower group, the pay scales of workers then working in that unit will be protected, i.e. they will continue to be paid in the scales prevailing in the unit, prior to its down-grouping.

7.54. Having determined the areas and groups of the units of the industry for the purpose of fixation of wage structure and the method of its application in practice we now deal with the question of determining the minimum wage for the lowest paid unskilled workers in the industry. This has been by far the most important issue the Board had to deal with and has proved to be a time consuming and an extremely controversial affairs.

7.55. Keeping the recommendations of the 15th Indian Labour Conference on the need based minimum wage in view, the Board decided upon the approach of working out a need based minimum wage adopting various bases necessitating diverse sets of calculations. At the instance of different members several such exercises were also made on the basis adopted by other wage boards in the past.

7.56. A need based minimum wage for three adult consumption units on the basis of the diet schedules prescribed by the National Nutritional Advisory Committee, applying the average prices for 1966 (1960=100) was worked out with the available price data for six centres with the following results :

Centres

Estimates for	Bombay	Calcutta	Ahmedabad	Madras	Bangalore	Delhi
(i) Food(1) .	136.26	115.68	118.62	117.18	128.97	97.50
(ii) Clothing(2) .	12.21	7.85	11.26	11.58	9.58	10.51
(iii) Housing(3) .	26.00	26.00	17.50	17.50	17.50	17.50
TOTAL .	174.47	149.53	147.38	146.26	156.05	125.51
Misc. at 25% of the total of items(i) to (iii) .	43.62	37.38	36.84	36.56	39.01	31.38
TOTAL .	218.09	186.91	184.22	182.82	195.06	156.89

NOTES : (1) The estimates of food given above have been calculated on the basis of diet schedules prescribed by the National Nutritional Advisory Committee applying average prices for 1966 for the respective centres base 1960-100. Calorific value of the food varies between 2,825 and 2,843 calories at different centres.

(2) The consumption of cloth of 6 yards per month has been distributed among the various items of cloth consumed, by applying the weights indicated in the 1958-59 family budget enquiry conducted by the Labour Bureau. The estimates have been worked on 1960 prices (base period) and then inflated by using 1966 average clothing group index of respective centres. In case of Madras, however, due to non-availability of clothing group index, the total expenditure on clothing has been worked out by using Bangalore index (only to the extent of stepping up).

(3) As per schedule to Ministry of Works & Housing letter No. 5/1/9/64(SIHS)/D.I., dated 1-5-1965.

7.57. Calculations were then made on the basis of prices obtained from authoritative sources, of cereal and other items of food generally used, according to the pattern of consumption in several centres like Bombay, Calcutta, Madras, Bhavnagar, Bangalore, Delhi, Jamshedpur, Ahmedabad, Amritsar, Kanpur, Hyderabad and Bhopal. On the basis of the diet schedule recommended by the National Nutritional Advisory Committee for industrial workers in different zones of the country and on the average price level of 1967 (December 1966 to November 1967) 1960=100, the estimates worked out as under :—

Centre	Food (1)	Clothing(2)	Housing(3)	Misc.	Total	Calories
1. Bombay	147.54	11.44	26.00	46.24	231.22	(2825)
2. Calcutta	126.00	9.01	26.00	40.25	201.26	(2843)
3. Jamshedpur	158.91	9.41	17.50	46.45	232.27	(2843)
4. Bangalore	145.28	8.92	17.50	42.92	214.62	(2850)
5. Madras	130.92	9.57	17.50	39.50	197.49	(2850)
6. Ahmedabad	162.60	11.06	17.50	47.79	238.95	(2825)
7. Bhavnagar	132.30	9.94	17.50	39.93	199.67	(2825)
8. Delhi	127.65	11.98	17.50	39.28	196.41	(2825)

NOTE : (1) The estimates of food given above have been worked out on the basis of average prices for a year (i.e. December 1966 to November 1967) collected from the Labour Bureau.

(2) The consumption of cloth of 6 yards per month has been distributed among the various items of cloth consumed by applying the weights indicated in 1958-59 family budget enquiry conducted by the Labour Bureau. The estimates have been worked out on the average prices collected from the Bureau.

(3) As per schedule to Ministry of Works & Housing letter No. 5/1/9/64 (SIHS)H.I., dated 1-5-1965.

7.58. The need based minimum wage was then computed in respect of 14 centres for three adult consumption units on the basis of the improved diet recommended in Table No. IV of Health Bulletin No. 23 (5th edition) as well as in Table IV of Health Bulletin No. 23

(6th edition). In these exercises also average prices of 1967 (December 1966 to November 1967—1960=100) were applied. The results are set out below :—

According to Diet Schedule in Table IV of Health Bulletin No. 23 (5th edition) given 2729 calories

Centre	Food(1)	Clothing(2)	Housing(3)	Misc.	Total
1. Bombay . . .	131·15	11·44	26·00	42·15	210·74
2. Calcutta . . .	120·60	9·01	26·00	38·90	194·51
3. Jamshedpur . . .	148·18	9·41	17·50	42·77	213·86
4. Ahmedabad . . .	137·58	11·06	17·50	41·53	207·67
5 Delhi . . .	129·18	11·98	17·50	39·66	198·32
6. Bangalore . . .	128·70	8·92	17·50	38·78	193·90
7. Hyderabad . . .	115·47	10·41	17·50	35·85	179·23
8. Madras . . .	112·20	9·57	17·50	34·82	174·09
9. Bhopal . . .	123·45	9·45	17·50	37·60	188·00
10. Kanpur . . .	123·78	7·31	17·50	37·15	185·74
11. Amritsar . . .	126·73	9·93	17·50	38·44	192·20
12. Bhavnagar . . .	122·58	9·94	17·50	37·50	187·52
13 Alwaye . . .	116·10	9·03	17·50	35·66	178·29
14. Jaipur . . .	114·33	8·06	17·50	34·97	174·86

According to Diet Schedule Table IV of 5th Edition of Health Bulletin 6th Edition (now re-named as Special Report Series No. 42) giving 2500 calories.

Centres	Food (1)	Clothing (2)	Housing (3)	Misc.	Total
1. Bombay . . .	126·63	11·44	26·00	41·02	205·09
2. Calcutta . . .	119·05	9·01	26·00	38·52	192·58
3. Jamshepur . . .	142·14	9·41	17·50	42·26	211·31
4. Ahmedabad . . .	115·50	11·06	17·50	36·01	180·07
5. Delhi . . .	116·31	11·98	17·50	36·45	182·24
6. Bangalore . . .	124·26	8·92	17·50	37·67	188·35
7. Hyderabad . . .	113·91	10·41	17·50	35·46	177·28
8. Madras . . .	111·51	9·57	17·50	34·64	173·22
9. Bhopal . . .	112·53	9·45	17·50	34·87	174·35
10. Kanpur . . .	116·04	7·31	17·50	35·21	176·06
11. Amritsar . . .	116·73	9·93	17·50	36·04	180·20
12. Bhavnagar . . .	110·43	9·94	17·50	34·47	172·34
13. Alwaye . . .	109·61	9·03	17·50	34·03	170·17
14. Jaipur . . .	112·98	8·06	17·50	34·63	173·17

NOTE : (1) The estimates of food given above have been worked out in the basis of average prices for a year (i.e. December 1966 to November 1967) collected from the Labour Bureau.

(2) The consumption of cloth of 6 yards per month has been distributed among the various items of cloth consumed by applying the weights indicated in 1958-59 family budget enquiry conducted by the Labour Bureau. The estimates have been worked out on the average prices collected from the Bureau.

(3) As per schedule to Ministry of Works & Housing letter No. 5/1/9/64(SIHS)H., I dated 1-5-1965.

7.59. The results obtained from the above sets of calculations, as will be seen, are different as also calories available namely 2729 and 2500. The estimates of monthly expenditure for three adult consumption units on the basis of diet schedule in the 6th Edition of Health Bulletin No. 23 (now renamed as Special Report Series No. 42) are no doubt lower than those based on the diet schedule of the 5th edition, (expenditure on clothing and housing being common to both the calculations) but the number of calories available from the diet prescribed in the 6th edition is only 2500 whereas the requirements of calories as laid down in the decision of 15th Session of Indian Labour Conference is 2700. The concensus of opinion of the members of the Board was that the diet should give not less than 2700 calories and so to accept the diet schedule of the 5th edition.

7.60. The Wage Board for Iron & Steel Industry also adopted the same diet schedule. It was felt that the engineering industry being akin to the iron and steel industry, the workers in this industry should get the same caloric content as the workers in the iron and steel industry get. The Wage Board for Coal Mining Industry also adopted the same diet schedule in working out the wage structure for the workers of the coal mining industry.

7.61. The estimate of monthly expenditure on different items shown above are based on the average prices for the period from December 1966 to November 1967, i.e., when the average of All India Working Class Consumer Price Index No. with base 1949-100 was 207 (1960 series of All India Average Working Class Consumer Price Index has not yet been published). The average consumer price index No. for the first six months of 1968 had however gone up to 215. On the basis of 215 index, the total monthly expenditure works out as in column 3 below for different centres:

According to Diet Schedule Table IV of 5th Edition of Health Bulletin No. 23

Centres	The estimated expenditure at 207 Consumer Price Index No. (Dec. '66 to Nov. 1967)	The estimated expenditure at 215 Consumer Price Index No. (Jan. to June '68)
Bombay	210.74	219.17
Calcutta	194.51	202.29
Jamshedpur	213.86	222.41
Ahmedabad	207.67	215.88
Delhi	198.32	206.25
Bangalore	193.90	201.66
Hyderabad	179.23	186.40
Madras	174.09	181.05
Bhopal	183.00	195.52
Kanpur	185.74	192.17
Amritsar	192.20	199.89
Bhavnagar	167.52	195.02
Awaye	178.29	185.42
Jaipur	174.86	181.85

7.62. Our calculations find support from an article of Dr. A. Fonseca (of the Indian Social Institute, New Delhi) which appeared under the caption "A Computerized Estimate of Need Based Wage" in The Statesman of 23rd October 1968. The estimates of need based wage worked out by him were:

Bombay — Rs. 234·85

Calcutta — Rs. 240·48

Delhi — Rs. 191·31

Jamshedpur — Rs. 274·35

Ahmedabad — Rs. 224·62

Madras — Rs. 180·99

(vi) Proposals of labour members :

7.63. At this stage we might refer to the proposals about wage structure that were received from the members representing workers and employers on the Board, as mentioned in para 7.38 above. The proposals made by the three labour members were as under:

Regions

West : Maharashtra, Gujarat and Madhya Pradesh

East : West Bengal, Orissa, Bihar and Assam

North : Uttar Pradesh, Rajasthan, Punjab, Haryana and Delhi.

South : Madras, Andhra Pradesh, Kerala and Mysore.

Wages must necessarily be on basis of need based wages plus something more and calculated on the basis of Cost of Living for 1967 and linked to average index for 1967 in each of the States. Minimum wages for unskilled category should be:

East : Rs. 201/-

North : Rs. 196/-

West : Rs. 231/-

South : Rs. 197/-

75% of the wage should be basic and 25% as D.A. Neutralisation should be 100%.

Workers should be divided into unskilled, semi-skilled, skilled, highly skilled and specialists. There should be the following number of wage scales for different categories:

Unskilled	.	.	.	.	.	One
Semi-skilled	.	.	.	.	.	Two
Skilled	.	.	.	.	.	Two
Highly skilled	.	.	.	.	.	One
Specialists	.	.	.	.	.	One
Technical staff including Supervisory						Five

Wage scales should be constructed for the workmen on the basis of wage differentials of 1 to 3 between unskilled and highly skilled and for specialist it should be 1 to 1.5 in relation to highly skilled category. Between specialist and other staff it should be 1 to 2 at the bottom and further grades should be constructed with differential of 0.5 per each grade.

Grades for clerical staff should begin with scale for semi-skilled worker and end with wage scale for highly skilled category.

Existing wages of the workmen should be fitted into revised wage scales by the following method:

(i) In the first instance, step up existing wage in the revised wage scale.

(ii) Then add the following increments in the revised wage scales:

For service between 1 to 4 years—One increment.

For service between 4 to 8 years—Two increments.

For service of 8 years and above—Three increments.

For the purpose of adjustment in revised wage scales, existing daily rates should be converted into monthly rates by multiplying by 30.

While constructing wage scales, there should be a span of 15 years and rate of increment should be of 7 per cent, 8 per cent and 10 per cent of starting rate in respective scale.

The workmen should be free to claim wages higher than the need based wage in such units which have the capacity to bear the same.

(vi-a) Proposals of members representing employers :

7.64. The proposals made by Shri Sen Gupta, one of the members representing employers, were as under:—

Wage Structure

Unskilled	Rs. 60-1.0-65-EB-1.25-75-EB-1.5-81
Semi-skilled A	Rs. 61-1.25-70-EB-1.5-79-EB-2-89
Semi-skilled B	Rs. 70-1.5-76-EB-2.90-EB-2.5-100
Skilled A	Rs. 80-2.90-EB-2.5-105-RB-3-117
Skilled B	Rs. 90-2.5-105-EB-3-120-EB-3.5-134
Skilled C	Rs. 100-3-115-EB-3.5-129-EB-4-145
Skilled D	Rs. 110-3.5-124-EB-4-144-4.5-162
Skilled E	Rs. 120-4-144-EB-4.5-162-EB-5-182
Skilled F	Rs. 130-4.5-148-EB-5-178-EB-5.5-200

D.A. slabs including fringe benefits/element

Region	A				B			
Employer Group	A	B	C	D	A	B	C	D
<i>Basic Pay</i>								
Upto Rs. 60	70	85	95	105	55	70	80	90
Above Rs. 60 upto Rs. 95	85	95	105	115	70	80	90	100
Above Rs. 95 upto Rs. 150	95	105	115	125	80	90	100	110
Above Rs. 150 upto Rs. 200	105	115	125	135	90	100	110	120
Above Rs. 200 upto Rs. 400	115	125	135	145	100	110	120	130
Above Rs. 400	125	135	145	155	110	120	130	140

Region	C				D			
Employer Group	A	B	C	D	A	B	C	D
Upto Rs. 60	60	75	90	100	45	60	75	85
Above Rs. 60 upto Rs. 95	75	90	100	110	60	75	85	95
Above Rs. 95 upto Rs. 150	90	100	110	120	75	85	95	105
Above Rs. 150 upto Rs. 200	100	110	120	130	85	95	105	115
Above Rs. 200 upto Rs. 400	110	120	130	140	95	105	115	125
Above Rs. 400	120	130	140	150	105	115	125	135

Regions : A—Bombay City & Greater Bombay.

B—Poona-Chinchwad industrial area, Madras and Bangalore industrial area.

C—Calcutta City & Greater Calcutta, Durgapur-Asansol industrial areas, Jamshedpur and Ranchi industrial areas.

D—Rest of the country.

Group : A—51 to 250 workmen

B—251 to 500 workmen

C—501 to 1500 workmen

D—1501 and above workmen

Clerical Grades

Category III Rs. 70-1.5-76-RB-2.90-EB-2.5-100

II Rs. 90-2.5-105-EB-3-120-EB-3.5-134

I Rs. 100-3-115-EB-3.5-129-EB-4-145

Assistant : Rs. 120-4-144-EB-4.5-162-EB-5-182

Senior Assistant or

Office Superintendent : Rs. 130-4.5-148-EB-5-178-EB-5.5-200

He wanted that employers be given opportunity of adjusting the cash equivalent of all non-statutory fringe benefits. He suggested that the industry should have graded series of skilled workers, like Skill A, Skill B, Skill C, Skill D and so on in accordance with standards developed by job evaluation with proper differentials in each grade of skill.

7.65. The proposals made by the other two members representing employers were as under:

- (a) For purposes of wage fixation the country should be divided into following four regions:
 - (i) Bombay City and Greater Bombay.
 - (ii) Poona-Chinchwad industrial area, Madras industrial area and Bangalore industrial area.
 - (iii) Calcutta City and Greater Calcutta, Durgapur and Asansol industrial areas, Jamshedpur industrial area and Ranchi industrial area.
 - (iv) The rest of the country.
- (b) The industry it is suggested be divided into following four groups:
 - (i) Group A—51 to 250 workmen.
 - (ii) Group B—251 to 500 workmen.
 - (iii) Group C—501 to 1500 workmen.
 - (iv) Group D—1501 and above workmen.
- (c) The basic wage structure for all the regions and for all the groups of employers shall be as follows:

Unskilled 40-1-45

Semi-skilled 46-1-5-49-2-65

Skilled 'A' 75-2-95

Skilled 'B' 96-2-116

Highly skilled 'A' 117-3-147

Highly Skilled 'B' 148-3-178

NOTE: The wage rates are based upon 8 hours' work per day for 26 days (208 hours) in a month.

- (d) The scheme of dearness allowance for the region—Bombay City and Greater Bombay—shall be as follows:—

Basic Pay Group	Employer Group A	Employer Group B	Employer Group C	Employer Group D
Upto and including Rs. 45	90	105	115	125
Above Rs. 45 upto & including Rs. 74	95	110	120	130
Above Rs. 74 upto & including Rs. 116	105	120	130	140
Above Rs. 116 upto & including Rs. 147	110	125	135	145
Above Rs. 147	115	130	140	150

- (1) The scheme of dearness allowance for the region—Poona-Chinchwad Industrial Area, Madras Industrial Area and Bangalore Industrial Area—shall be as follows:

Basic Pay Group	Employer Group A	Employer Group B	Employer Group C	Employer Group D
Upto and including Rs. 45	75	90	100	105
Above Rs. 45 upto and including Rs. 74	80	95	105	110
Above Rs. 74 upto and including Rs. 116	90	105	115	120
Above Rs. 116 upto and including Rs. 147	95	110	120	125
Above Rs. 147	100	115	125	130

- (2) The scheme of dearness allowance for the region—Calcutta City and Greater Calcutta, Durgapur and Asansol Industrial Area, Jamshedpur Industrial Area and Ranchi Industrial Area—shall be as follows:—

Basic Pay Group	Employer Group A	Employer Group B	Employer Group C	Employer Group D
Upto and including Rs. 45	80	90	100	110
Above Rs. 45 upto and including Rs. 74	85	100	110	120
Above Rs. 74 upto and including Rs. 116	95	110	120	130
Above Rs. 116 upto and including Rs. 147	100	115	125	135
Above Rs. 147	105	120	130	140

- (3) The scheme of dearness allowance for the region—The rest of the country—shall be as follows :—

Basic Pay Group	Employer Group A	Employer Group B	Employer Group C	Employer Group D
Upto and including Rs. 45	65	80	90	100
Above Rs. 45 upto and including Rs. 74	70	85	95	105
Above Rs. 74 upto and including Rs. 116	80	95	105	115
Above Rs. 116 upto and including Rs. 147	85	100	110	120
Above Rs. 147	90	105	115	125

- (4) The above rates of dearness allowance relate to the average of All India Consumer Price Index for the year 1967, base year 1949. Adjustments for rise or fall shall be made annually on the basis of the average of the All India Cost of Living Index in the preceding calendar year and shall

apply with effect from the 1st April of the next following year. For every rise or fall of 2 points corresponding increase or decrease in the amount of dearness allowance shall be Rs. 1.50.

- (5) The emoluments as recommended hereby shall be subject to the following deductions:
- (a) Average per capita monthly incidence, based upon the previous financial year's actual expenditure, of non-statutory fringe benefits in the establishment.
 - (b) House rent allowance, wherever house is provided at the rate of Rs. 26 per month if the minimum wage paid is Rs. 200 per month or above and proportionately less for lower levels of wages.

In establishments employing 251 and above workmen, the existing incentive schemes be continued. Where there are no incentive schemes, employers and workmen should introduce suitable schemes within 12 months from the date of the acceptance of the Board's recommendations by the Government to enable the workmen concerned to earn an additional emoluments of above 20% of the total minimum emoluments referred to above. In the event of disagreement in this respect, either party should be able to take the issue to adjudication.

Where an employer is paying less than the minimum total emoluments applicable to him, he shall pull up his existing minimum total emoluments to the total minimum emoluments recommended hereby for his group in 4 equal annual instalments subject to a minimum annual increase of 10% of the total minimum emoluments paid at the beginning of the implementation period. Phased increase or decreases shall stop as soon as the minimum total emolument as recommended hereby shall be reached.

- (e) For other categories of employees, the basic wage structure shall be as shown hereunder:

Supervisory & Technical Staff : Such as Foremen, Charge-hand, Supervisors, Draughtsmen, etc.

Grade I	Rs. 75-3-105
Grade II	Rs. 110-5-160
Grade III	Rs. 170-7-240
Grade IV	Rs. 250-8-330

Clerical Staff : Such as Clerks, Typists, Stenographers, Telephone Operators, Telex Operators etc.

Grade I	Rs. 60-3-90
Grade II	Rs. 100-4-140
Grade III	Rs. 150-5-200

Drivers :

(a) Car	Rs. 65-2-85
(b) Lorry Drivers	Rs. 70-2-90

Service Personnel :

Canteen Cooks	Rs. 50-2-70
Compounders :	Rs. 60-2-80
Head Jamadar	Rs. 50-2-70

Sub-Staff :

Such as Durwans, Peons, Messengers, Milis, Sweepers, Bearers, Masalchis, Canteen boys, Duftries, etc.	Rs. 40-1-50
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All other terms and conditions shall be the same in the case of the above categories of employees as in the case of the operatives. The scheme of dearness allowance shall also be the same.

(vii) Wages for unskilled workers :

7.66. We have carefully considered the proposals made by the two sides. In effect they are on the same basis as the contentions raised by the parties earlier. We have already discussed above, the various points raised by the parties and given reasons why we are not able to accept them. Actually each party appears to be considering its own difficulties without trying to realise or understand the difficulties of the other. For instance, the labour insists on a need based wage, irrespective of the various points which make it impracticable to award need based wage to the labour. On the other hand employers are insisting only that they have no capacity to pay, without trying to realise the effect of the sharp rise in prices during the last several years on the workers.

7.67. The question then which we have to consider was as to what wages we should recommend after taking into consideration the view points of both the parties and their difficulties. We have already given calculations showing what would be the minimum need based wage at the different centres on cost of living index of 207 and also on 215. We have already stated that we do not think it desirable or feasible to have a common wage structure for all units of the industry in all parts of the country. As mentioned above, we have thought it desirable to divide the country into five areas and also to divide different units into four groups in each area. The idea is that wages will have to be fixed not only according to different areas but in each area also, there will be groups according to the paying capacity of the units. While we realise that it would not be possible to recommend the need based wage at present, we must also consider essential minimum wages for workers in the context of the present high prices.

We have also to consider not only the paying capacity of the industry as a whole but also the paying capacity of the industry in different regions, from the data that was available to us. We have been alive to the fact that this industry is exporting substantial portion of its products and that the industry holds an important position in the economy of the country. We are also alive to the fact that social justice requires that the labour should get higher wages than are prevailing at present especially in eastern and northern regions. We have also considered the prevailing wages in different industries in different areas. After having carefully considered the above and similar other factors, we have come to the conclusion that the minimum total emoluments in area V should be Rs. 140, Rs. 148, Rs. 160, and Rs. 176 in Groups A, B, C & D respectively. We also think that the workers in similar groups in other areas should get proportionately higher wages and for this purpose we are providing an area allowance. We further think it desirable to phase the wages in all areas to safeguard not only against a sudden jump in the wages but also to safeguard against the difficulties of the employers in a steep rise in their wage bill.

(vii-a) Basic and D.A. :

7.68. Before coming to the question of area allowance, we think it desirable first to divide the above emoluments into basic wages and D.A. The basic wages prevailing in this industry in the different areas are very low. Even the basic wages in some other industries are also low. In some cases the D.A. is more than three times the basic wage. This is not realistic nor is it rational. We feel that the basic wage must be reflected in the present cost of living index. We are aware that the Government is making all efforts to bring the prices down which would have effect of bringing down the cost of living index. We, however, do not expect the cost of living index to fall below 150 (it is 215 at present). In the circumstances, we feel that the total emoluments mentioned above should be divided into Rs. 105 basic, plus Rs. 35 D.A. for Group A, Rs. 111 basic, plus Rs. 37 D.A. for Group B, Rs. 120 basic, plus Rs. 40 for Group C and Rs. 132 basic, plus Rs. 44 D.A. for Group D. (The basic and D.A. are fixed in ratio of 3:1).

7.69. At this stage, we may mention that it is not our intention that the new basic wages (which would be higher than the present basic wages) should automatically be applied in relation to gratuity schemes, incentive schemes and other similar schemes which are now linked with the basic wages. We feel that in such cases the schemes will have to be suitably revised by negotiations between the parties at unit level.

7.70. We may also mention at this stage that after we had circulated our proposals to the members we received several representations from some employers against our proposals. We carefully went through them and found that most of the contentions were mere repetitions of the stand of the employers which, as already mentioned by us, had been duly considered by us before we made our recommendations. One or two points in the new representations may, however, be mentioned here. One was regarding payment of incentive

bonus. Another was regarding production bonus schemes which are in force in some units. We have already stated that when the incentive bonus or the production bonus is related to the basic wage, the new basic wage would not automatically apply to the scheme.

7.71. In some cases, however, this scheme and especially the production bonus scheme may not be related to basic wages and it was stated that the production bonus was paid at a higher rate because of the otherwise low wage structure, and hence our recommendation should not apply *in toto* to them. Unfortunately these points were never raised before us earlier. We do not even know what the different schemes are. We understand that the schemes wherever applicable are different in different units. The schemes are in force in a few units and not in the whole industry. We are also given to understand that even in those units where these schemes are in force they do not apply uniformly to all workers.

7.72. We may mention here that questions 17 to 21 of our questionnaire were intended to obtain information from parties about the prevailing incentive schemes. As mentioned earlier, out of over 360 units, we received replies to our questionnaire from only 217 units and out of them 108 stated that they had incentive production bonus schemes in force in their units. Out of these only 87 units attached copies of their schemes with their replies. Analysing the above replies to the questionnaire we found that in only 51 units the production bonus schemes were applicable to all workers while in 28 units they were applicable to such workers who were engaged in production and in 6 they were applicable to a part of the production workers. We also found that the incentive schemes are not uniform. In these circumstances it would not be proper for us to make a general recommendation that wherever such schemes are in force our recommendations should not apply to them. In some cases it may turn out that the total earnings even with the incentive schemes may be less than what we have recommended. In the circumstances we are unable to make a general recommendation in respect of such schemes. All that we can say and recommend is that in fit cases it would be open to the parties to revise the scheme by mutual consent and if one party is not willing to revise the scheme the other party will have the liberty to raise an industrial dispute about it.

(viii) Payment by results :

7.73. Under the terms of reference, we are to take into account the need for adjusting wage differentials so as to provide incentives to workers for advancing their skill and to bear in mind the desirability of providing schemes of payment by results. We recognise that payment by results is desirable. We, however, are not able to devise a common scheme for the entire industry. The operation of an incentive scheme depends on various factors like the type of raw materials used, type of machinery used, working operations, skill, marketability of end product etc., and would naturally differ from unit to unit. In view of the heterogeneous character of the industry and its production processes, the formulation of a uniform incentive scheme or formation of a piece rate system in the industry on a common pattern for the entire industry would not be possible nor do we find it possible to make any suggestions for a scheme for universal

application in the industry. We are, however, of the opinion that incentive schemes are in the interest of both the parties in as much as employers would be able to get more production at a lesser cost and workers would be able to improve their earnings with a little more effort. We, therefore, recommend formulation of such schemes wherever feasible. This will have to be done at the unit level by the parties after studying the local conditions and in accordance with the accepted methods and standards.

(ix) Area Allowance :

7.74. We have mentioned above that we are of the opinion that the same basic and same D.A. should apply to same group in different areas i.e., the same basic and same D.A. will apply to group A in all areas. Similarly same basic and same D.A. to group B in all areas and so on. Looking, however, to the fact that areas I, II, III and IV are more costly than area V, we think that workers in area I should get higher total emoluments than those in area II, similarly workers in area II should get higher emoluments than those in area III and so on. We propose to do this by giving area allowance to the workers in areas I to IV. We have considered the relative cost of living of the different areas and recommend that in area I all workers should get area allowance equal to 20% of the minimum level of basic scale in the different groups as mentioned above. In areas II, III and IV, the area allowance will be 15%, 10% and 5% of the minimum level of basic scale respectively. We also recommend that area allowance as above will be given on the minimum level of the basic scale from the beginning and that it will not be phased. We similarly recommend that the area allowance will not increase or decrease because of the increase or decrease in the D.A. nor because of the basic wage of a worker going up as long as he continues in the same scale of pay. This would mean that in area I the unskilled workers in groups A to D will get an area allowance of Rs. 21, Rs. 22.20, Rs. 24, and Rs. 26.40 respectively. In area II, the workers in the four groups will get area allowance of Rs. 15.75, Rs. 16.65, Rs. 18 and Rs. 19.80 respectively. In area III they will get an area allowance respectively of Rs. 10.50, Rs. 11.10, Rs. 12.00 and Rs. 13.20 and in area IV they will get area allowance of Rs. 5.25, 5.55, 6.00 and 6.60 respectively. This amount of area allowance will be paid to the workers irrespective of the phasing and irrespective of the increments that he may earn in the respective scales.

(x) Scales of basic wage for the unskilled category :

7.75. As mentioned above we have fixed the minimum basic pay of Rs. 105, Rs. 111, Rs. 120 and Rs. 132 in groups A, B, C and D respectively. There is already a system of incremental scales of pay in this industry. We prescribe the following scales for unskilled workers for the 4 groups:

Group A	Rs. 105-1-111-1½-117
„ B	Rs. 111-1½-126
„ C	Rs. 120-1½-126-2-138
„ D	Rs. 132-2-152

Total emoluments payable to unskilled workers at the minimum level of the wage scales prescribed for them in different groups in the five areas are shown in table below:

Area	Units in Group A	Units in Group B	Units in Group C	Units in Group D
1	2	3	4	5
	Rs.	Rs.	Rs.	Rs.
I. Basic	105·00	111·00	120·00	132·00
D.A.	35·00	37·00	40·00	44·00
Area allowance @ 20% of basic .	21·00	22·20	24·00	26·40
	161·00	170·20	184·00	202·40
II. Basic	105·00	111·00	120·00	132·00
D.A.	35·00	37·00	40·00	44·00
Area allowance @ 15% of basic .	15·75	16·65	18·00	19·80
	155·75	164·65	178·00	195·80
III. Basic	105·00	111·00	120·00	132·00
D.A.	35·00	37·00	40·00	44·00
Area allowance @ 10% of basic .	10·50	11·10	12·00	13·20
	150·50	159·10	172·00	189·20
IV. Basic	105·00	111·00	120·00	132·00
D.A.	35·00	37·00	40·00	44·00
Area allowance @ 5% of basic .	5·25	5·55	6·00	6·60
	145·25	153·65	166·00	182·60
V. Basic	105·00	111·00	120·0	132·00
D.A.	35·00	37·00	40·00	44·00
	140·00	148·00	160·00	176·00

7.76. At this stage we may mention that according to the above scales, a worker would reach the maximum of his scale within 10 years. We are going to recommend that the wage structure evolved by us should remain in operation for five years. We think that a revision of the wage structure should take place after that. It would naturally take some time before the wage structure is revised. We have therefore thought it fit to prescribe scales operative for a period of 10 years not only for the unskilled workers but also for other categories of workers.

7.77. Having determined the base on which the structure is to be built, we now proceed to deal with the wage scales, D.A., area allowance etc., of the other categories of operatives as also for the clerical, subordinate and other employees coming within the scope of the Board. The wages of other categories of operatives have to be determined by allowing certain wage differentials over the wages of workers in the unskilled category. For doing so, however, we must first determine the categories of operatives in the industry and the wage differentials that should be allowed.

(xi) Categories of Operatives :

7.78. In an earlier chapter we have discussed the heterogeneous character of the engineering industry, in numerous respects such as the size of its units, the nature of manufacture, the work methods, degree of skill required of workers, the extent of mechanisation and automation etc. The degree of skill needed of workers in different units of the industry differs from unit to unit or at least from one class of units to another, depending on factors like the nature of unit, its product, whether the undertaking is capital intensive or labour intensive, whether it is located in a developed industrial area or in an area which is industrially underdeveloped. A workman who may be classified as skilled worker in a small unit in a backward area using old methods of manufacture may not fit in as such in a highly sophisticated engineering unit operating with latest complicated machinery. He might at best be graded as a semi-skilled worker there.

7.79. There is no uniformity in methods of measuring the degree of skill of workers for their work or determining their categorization; nor is there uniformity in their job nomenclature. Since we have to deal with the entire industry, which is so diverse in character, the problem becomes all the more complicated. Commonness in categorization and job nomenclature is essential for the industry when the workers are to be fitted into a common wage structure.

7.80. For a smooth general application of a wage structure for an industry of such diversities, there must be some uniformity of job classification in the numerous categories of workers employed in the industry. We cannot give any foolproof method for determining the categories. The Board did not venture, for obvious reasons, to attempt a standardization of job nomenclature, and classification and categorization of workers in the industry. Any attempt at a comprehensive work on this subject acceptable to the parties concerned would need the association of specialists and technicians with this work. It would be a huge effort involving much time, and detailed work at the unit level. All that the Board could do was only to attempt some broad approaches.

7.81. Early in its deliberations the Board appointed a Sub-Committee to go into the question of methods of job evaluation for determining categories and skills of workers on a uniform basis. The Sub-Committee laid down broad guidelines in this regard, for adoption by units of the industry for the purpose, with mutual consultation between employers and workers at the unit level. The report of the Sub-Committee on the subject has been accepted by the Board and the methods suggested are recommended for adoption wherever necessary, with suitable adjustments. The report is at appendix VII.

7.82. Determination of categories of workers on the lines of job evaluation technique recommended by us, in the industry would bring about considerable uniformity in this respect. Skill would be determined in relation to the requirements of the job, and the workers would be fitted against the jobs according to their qualifications, experience, achievements etc., in the unit. Each unit can adopt the categories, upto the level needed by it. The pattern of categories apart from the unskilled, that would thus evolve would be like semi-skilled A, semi-skilled B and likewise skilled A, skilled B, skilled C and so on.

7.83. The industry shall have to fit in existing categories in, the categories mentioned by us and operate the wage structure recommended. We are aware that all the units of the industry may not necessarily have in employment workers of all the skills, i.e., from skill A to skill F mentioned by us. The degree of skill and the extent to which such skill would be needed would vary from unit to unit depending on various factors like the nature of manufacture, type of machinery, size of the unit, nature of the end product etc., etc. Some units may thus be having skilled workers conforming to skill A only, some units may be having workers who could be equated upto skill B or skill C only and so on, depending on the requirements of each unit. Small units may have categories of only semi-skilled A and/or semi-skilled B.

7.84. We wish to make it clear, that if in the existing set up of categories the highest category in a unit is known or classified as highly skilled, it does not necessarily follow that such highly skilled worker shall automatically be fitted into the highest category, i.e., skill F recommended by us. He shall have to be fixed in an appropriate category determined by the evaluation of his job and skill and his wages fixed accordingly. It may turn out that a worker who is now classified as skilled or highly skilled may have to be fitted in as semi-skilled or skilled respectively and *vice versa*.

7.85. By and large, in the new set up of categorization recommended by us, unless special circumstances of any particular unit warrant, we do not ordinarily expect workers under existing categories to be fitted in beyond skilled A or skilled B in smaller units and beyond skilled D in bigger units. Categories like skilled C and beyond in the former type and skill E and F in the latter type of units may conform to their existing supervisory categories who we recommend should be fitted in the appropriate scales as recommended for such higher skills i.e., skilled C and beyond and skilled E & F. We mention this as a general clarification so that misunderstandings and disputes on interpretation etc., do not arise about the fitment of existing categories in the categories and skills recommended by us. We do not, however, rule out employment of workers in skills E and F as prescribed by us. Units engaged in sophisticated lines of production may be employing skilled workers conforming to skills E and F prescribed by us.

7.86. We further recommend that where classification into categories has already been done under either awards (of adjudication/arbitration) or agreements which are binding, such classification will not automatically be re-opened.

(xii) Wage Differentials :

7.87. We now come to the question of fixing wages for semi-skilled and skilled categories. For this purpose, we had to consider the question of wage differentials. The All India Trade Union Congress and the National Federation of Metal and Engineering Workers of India in para 3.31 of their reply to the Board's questionnaire have made the following suggestion in this respect:

"In order to do some justice on the basis of differences in the nature of jobs, skills involved etc., and to provide sufficient incentives, we suggest the following differentials as the absolute minimum necessary:

Ratio of Semi-skilled A to Unskilled—1.15:1.

Ratio of Semi-skilled B to Semi-skilled A 1.10:1.

Ratio of Skilled A to Semi-skilled B 1.15:1.

Ratio of Skilled B to Skilled A 1.10:1.

Ratio of Highly Skilled to Skilled 1.25:1.

Ratio of Supervisory to Highly Skilled 1.25:1."

7.88. During the public hearing of the Board in October 1967, the spokesman of one of the principal organizations of employers in engineering industries accepted the above differentials. We also feel that these proportions are reasonable and provide adequate incentives to workers for advancing their skill.

7.89. Applying these differentials, the basic wages for categories of operatives other than unskilled categories at the minimum level would be as under:

	Group A	Group B	Group C	Group D
	Rs.	Rs.	Rs.	Rs.
Semi-skilled A	120	128	138	152
Semi-skilled B	130	140	152	167
Skilled A	150	160.50	174.50	192
Skilled B	165	176	192	212
Skilled C	205	220	240	265
Skilled D	255	277.50	300	330
Skilled E*	295	315	345	375
Skilled F*	350	350	400	400

*E : D=1.15:1

F : E=1.20:1

7.90. In the case of these categories of workers also there will be D.A. which will be equal to 1/3rd of the above basic wages (proportion between basic and D.A. in the case of unskilled is maintained here). The workers in areas I to IV will also be entitled to area allowance equal to 20%, 15%, 10% and 5% of their initial basic wages

in areas I to IV respectively. The semi-skilled and skilled workers will also be entitled to a time scale like the unskilled workers and they will also get increments which will be proportionate to the increments of the unskilled worker as far as possible.

7.91. We append herewith two statements (statements I and II) at pages 124 to 129. Statement I contains the total emoluments at the minimum level of the respective wage scales of unskilled, semi-skilled A, semi-skilled B, skilled A to skilled F categories of workers in the different areas and in the different groups. This will of course be subject to phasing to which we are coming later on. Statement II contains the scales of basic wages for the different categories of workers.

7.92. There must be various other categories of workers in the different units. It is not possible to lay down scales of pay for all categories of workers in the different units because some categories may be peculiar to certain units. We, however, prescribe the following scales of pay for clerical staff and for certain categories of workers which we believe will be found in quite a large number of units.

(xiii) **Scales of Pay for Clerical & other Categories :**

7.93. For clerical staff, we recommend the following scales of basic pay :

(i) *For units in Groups A & B in all the areas :*

Grade I Clerks : Rs. 140-4-180

Grade II Clerks : Rs. 150-5-200

For units in Groups C & D in all the areas :

Grade I Clerks : Rs. 150-5-200

Grade II Clerks : Rs. 175-5-200-6-230

Grade III Clerks : Rs. 200-6-230-7-265

NOTE 1.—Scales of pay for clerical jobs which merit higher grades than above shall be negotiated between the parties and settled at unit level.

2. The scales of pay for supervisory personnel amongst clerical/administrative staff shall be negotiated between the parties and settled at unit level.

7.94. For some other categories of staff mentioned below we recommend the following scales of basic pay :

(ii) *Subordinate staff :*

(a) *Peons, Chaprasis, Watchmen, Chowkidars, Sweepers, etc.*

They will be given the same scales as applicable to unskilled workers viz. :

Group A: Rs. 105-1-111-1½-117

Group B: Rs. 111-1½-126

Group C: Rs. 120-1½-126-2-138

Group D: Rs. 132-2-152

(b) *Jamadars, Head Peon, Daftary, Head Watchmen etc.*

They will be given the scale of pay as applicable to Peons, Chaprasis, etc., in the respective groups and in addition to that they will be paid Rs. 7 more as basic pay.

(iii) *Canteen Staff :*(a) *Canteen Manager/Supervisor :*

In Group B: Rs. 150-5-200

In Group C & D: Rs. 175-5-200-6-230

(b) *Cooks in canteens, guest houses etc. :*

Group B: Rs. 140-3-170

Group C & D: Rs. 152-3-182

(c) *Bearers in canteens, guest houses etc.*

The scale shall be the same as for unskilled workers in the respective groups.

(iv) *Drivers & Cleaners :*(a) *Car & Jeep Drivers :*

Group A & B: Rs. 140-4-180

Group C & D: Rs. 150-5-200

(b) *Truck & other Drivers :*

Group A & B : Rs. 150-5-200

Group C & D: Rs. 175-5-200-6-230

(c) *Cleaners :*

Same scale as given for unskilled operatives in different groups.

7.95. The above categories of staff, i.e., clerical staff, subordinate staff, canteen staff etc., will be entitled to D.A. equivalent to one third of their initial basic pay in the scale and also to area allowance equivalent to 20%, 15%, 10% and 5% of their initial basic pay in the scale for areas I, II, III and IV respectively.

7.96. There may be various other categories of employees than those mentioned above which may not be engaged in all units, e.g., workers employed in hospitals and dispensaries wherever provided, in creches in units where female employees are engaged, as teachers where schools are provided, as malies, gardeners etc., etc. It is not possible to lay down any general scales of pay for such categories. The scales of pay for such categories shall have to be fixed according to the size and standard of the hospital, dispensary, creche, school etc., in which they are employed. For this reason we do not prescribe any scales for such categories of employees. The scales of pay for such categories as also for such other categories for which we have not specifically prescribed any scales, shall be worked out and fixed at the unit level after negotiations between the management and workers. No one shall, however, be put in a wage scale lower than that of unskilled unless recommended by us for a particular group.

7.97. In fixing the above wage structure we have fixed the wages on the basis of monthly rate. There may be some units where some of the workers may be paid on a daily basis. In such cases they should get 1/26th of the basic wages, D.A. and Area allowance as recommended by us, for everyday.

(xiv) Dearness Allowance & Neutralization :

7.98. We do not wish to go into the genesis of the system of payment of D.A. besides the basic wage. This system has come to stay in our country, as the cost of living is not steady. Payment of dearness allowance is meant to set off (at least in part) the rise in the cost of living. It is now a recognised method of remuneration and almost all wage fixing authorities, Wage Boards, Industrial Tribunals, Pay Commissions etc., have accepted this method of payment to protect wholly or in part erosion in the wages.

7.99. The dearness allowance has been fixed by us at the All India Average Consumer Price Index No. at 207. As the cost of living is varying and the Consumer Price Index Number reflects this position, there is need to protect the interest of workers against rise in cost of living. Though we have fixed the minimum wage for the unskilled workers at the average All India Consumer Price Index Number of 207, the present figure is 212 (All India average). We do not however, wish to enhance the minimum wage as recommended by us, up to CPI 212 by stepping it up for 5 points nor do we propose to reduce the D.A. if the CPI goes down by only 5 points from 207. The minimum wage shall remain the same between CPI 202 and 212. When there is a rise in cost of living beyond 212 points, the worker will have to be given relief against such rise. We therefore, recommend that the rise in cost of living be neutralised by giving additional D.A. at the following rates:

Rs. 1.50 per 2 points where basic pay is up to Rs. 200 (including).

Rs. 1.70 per 2 points where basic pay exceeds Rs. 200 up to Rs. 300 (including).

Rs. 1.90 per 2 points where basic pay exceeds Rs. 300 up to Rs. 400 (including).

Rs. 2.00 per 2 points where basic pay exceeds Rs. 400.

7.100. Similarly, when there is a fall in C.L.I., the rates of D.A. will be reduced at the above rates. We may clarify by repeating that there will be no change in D.A. at rates recommended by us, when C.L.I. is between 202 and 212; and increases at the above rates will be given (when C.L.I. goes above 212) on the D.A. recommended by us for the increase above 212 and similarly there will be reduction at the above rates from D.A. recommended by us, for the decrease below 202.

7.101. We feel that the D.A. should not be revised too frequently and think that it would be sufficient to do so every six months. We, therefore, recommend that the adjustment will be made twice a year:

- (i) from 1st January on the basis of average of All India Consumer Price Index from preceding April to September; and
- (ii) from 1st July on the basis of average of All India Consumer Price Index from preceding October to March.

However where adjustments of D.A. are at present made more frequently than twice a year (for instance, monthly or quarterly), the present practice will continue.

7.102. As indicated earlier, no adjustment shall be made, unless the cost of living index rises above 212 and then also, it will be for excess above 212.

(xv) Weightage for length of service :

7.103. Wage structure as recommended by us will operate, as it is, for fresh recruits in various categories in the groups of the industry in different areas as indicated by us. The workers who have already put in some service—long or short—should have some advantage of such service and they should not be equated to the fresh entrants in the matter of drawal of wages. We, therefore, recommend that such of the workers as have put in a service of 3 years and more should be given one extra increment in the initial pay of the new scale for every three years of completed service subject to a maximum of 3 such increments. That will be his initial basic pay for phasing also.

(xvi) Phasing of wage rise recommended by us :

7.104. We have taken into account the prevailing wages in the industry and have considered that giving a sudden rise in wages to the workers would not be desirable from the point of view of workers or of the industry. A sudden rise in wages may involve a sudden burden on the industry which it may find difficult to bear. Similarly a sudden increase in wages may lead to various social and economic problems. We are also aware that the industry had been undergoing recession during the last one or two years and has now been gradually picking up. Taking account of all these factors we have considered it desirable to phase the increase in basic wages recommended by us.

7.105. The basic wages of different categories of workers will be phased as under:

(a) In areas I, II, III and IV :

(i) During the first year from the date on which our recommendations are made effective.	75% of the minimum basic wage recommended by us shall be paid.
(ii) During the next 12 months (2nd year)	82½%
(iii) During the next 12 months (3rd year)	90%
(iv) During the next 12 months (4th year)	95%
(v) During the next 12 months (5th year)	100%

(b) In area V :

In area V the corresponding percentages of the minimum basic wage recommended for payment by us in different years as above would be 65, 72½, 80, 90 and 100.

7.106. Statements III to VIII at pages 130 to 141 show the working of the phasing scheme at various stages for the different categories of workers.

7.107. After the phasing at the first step is done as above and the wages of the different workers calculated, if it is found that any worker does not get an additional amount of at least Rs. 10 in his total emoluments, he will be put in the next higher phase in such a

way that he gets not less than Rs. 10 as increase in his present total emoluments. Present total emoluments include interim relief recommended by the Board. Some illustrations may make the point clear:

Illustration I :

Suppose a worker in the lowest category from Group 'A' in area IV is at present getting inclusive of interim relief Rs. 115.25. By phasing mentioned above, his basic pay in the first year would be Rs. 78.75 and his total emoluments will be:

Basic	Rs. 78.75
D. A.	Rs. 35.00
A. A.	Rs. 5.25
Total	<u>Rs. 119.00</u>

This gives him only an increase of Rs. 3.75 in his total emoluments. He has, however, to be given a minimum increase of Rs. 10 in the total emoluments i.e., his total emoluments must not be less than Rs. 125.25. He will, therefore, have to be started at the second year of phasing, i.e., he will start with basic of Rs. 86.63 and his total emoluments would be:

Basic	Rs. 86.63
D. A.	Rs. 35.00
A. A.	Rs. 5.25
Total	<u>Rs. 126.88</u>

In the second year he would get basic of Rs. 94.50, in the third year, his basic will be Rs. 99.75 and in the fourth year, the basic will be Rs. 105. In all these years, he will get minimum D.A. of Rs. 35 and A.A. of Rs. 5.25 and his total emoluments would be Rs. 134.75, Rs. 140 and Rs. 145.25 respectively.

The above D. A. of Rs. 35 in the 2nd, 3rd and 4th years will further be liable to revision on the principles laid down by us. In addition he will get his annual increments as and when they fall due.

Illustration II :

Suppose a worker in the lowest category in Group 'D' in area II is at present getting total emoluments inclusive of interim relief of Rs. 168. According to the phasing his total emoluments in the first year would be:

Basic	Rs. 99.00
D. A.	Rs. 44.00
A. A.	Rs. 19.80
Total	<u>Rs. 162.80</u>

which is even less than that he is getting now. According to the phasing, the second year's emoluments would work

out to Rs. 108.90 (Basic), Rs. 44.00 (D.A.), Rs. 19.80 (A.A.) making total of Rs. 172.80. This however does not give an increase of at least Rs. 10. The emoluments according to the 3rd year's phasing would be Rs. 118.80 (Basic), Rs. 44 (D.A.) Rs. 19.80 (A.A.)—Total Rs. 182.60. This gives him an increase of more than Rs. 10 and hence his basic should be fixed in the first year at Rs. 118.80 and the basic in the second year at Rs. 125.40 and in the third year at Rs. 132.

7.108. The workers will get the annual increments in the normal course in addition to the increases that they may get because of the phasing and the increments will not be in any way prejudiced by this phasing. The revision of D.A. will also not in any way be affected, by phasing, i.e., it will be revised regularly on the first of January and 1st of July respectively.

7.109. From what has been said in the chapter on 'Paying Capacity', the present labour cost is only about 13.7% to 16.2% of the total income. Taking note of this in the light of profitability ratios, we are satisfied that the industry would be able to meet the commitments that will arise as a result of the wage structure recommended by us. The phasing scheme that we have recommended is intended to stagger this burden, particularly keeping in view the recession that the industry had to undergo during recent years. We have, however, not been able to work out the incidence of wage rise in exact or even in approximate money terms. This has not been possible due to lack of adequate and reliable data necessary for the purpose. Nor did it appear relevant to us, when the overall performance of the industry has been proved satisfactory and the paying capacity has been proved to be adequate from profitability ratio for the industry as a whole.

7.110. As has been said earlier, the response of the industry to the Board's questionnaire has been rather poor. The material available with the Board related to only a fraction of the units and nowhere even near to a fair cross section of the industry. The information like the present wage rates paid to different categories of workers, the number of workers employed in different categories in the industry or in a fair cross section of it etc., were not furnished to the Board and for this reason we could not work out the incidence of wage rise by comparing the present position with the wage rise recommended by us. We could not find any way to overcome our limitations in this respect.

7.111. We may mention here that after considering our proposals, the members representing employers told us that our proposals would impose on the Industry a burden of Rs. 110 crores in the first year and Rs. 150 crores in the 5th year and that this would be too much for the industry to bear as the total profits of the industry at present are to the tune of Rs. 30 crores only. We have very carefully considered and examined this point and we feel that this argument is exaggerated. The total number of workers covered by the Wage

Board is about 11 lakhs. The argument of the employers would mean that the effect of our recommendations would mean an increase on an average of Rs. 1100 per worker in the first year, i.e., more than Rs. 90 per month. This clearly shows that the argument is highly exaggerated.

7.112. In this connection we must also point out that the employers' representatives in their written comments on our proposals have themselves stated:

"We admit that the task of estimating the financial impact of any wage proposals covering the engineering industries in our country is a stupendous task if at all practical."

7.113. In this note they have pointed out the difference in the wages as they stand now and in the wages they think are recommended by us. For doing so they have compared the existing wages of the highly skilled categories of a D Group employee in West Bengal with the wages of skilled C and skilled F as recommended by us. It may be noted that the group D consists of units who have more than 1500 workmen and those units will naturally have some skilled or highly skilled categories whereas the lower groups will not have the same ratios of skilled or highly skilled workers. Secondly the wages prevailing in Calcutta are lower than the wages prevailing in Bombay and Madras and the increase which a Bombay or Madras worker gets would not be the same as the increase which a Calcutta worker might get. Thirdly, it is not proper to compare the wages of highly skilled worker with the wages of a worker of category C or F. We have made it clear that the present categories will have to be absorbed in the different kinds of skilled workers, depending on their skill and we have also pointed out that all units might not have all kinds of skilled categories and also that a worker who may now be known as highly skilled may under our scheme be absorbed as only skilled 'A' or even semi-skilled. In these circumstances it is not proper to work out the differences between the present wages and the wages of skilled C and F workers. Lastly we may point out that out of a total number of over 3600 units in the country only 217 units have replied to our questionnaire and we have not any information about the rest of the units and we do not know their present wage structure nor do we know how many of their employees are in the unskilled, how many in the semi-skilled, how many in the skilled categories etc. Without information on this point working out an average on the basis as sought to be done by the employers is not proper and calculations made on that basis cannot be said to be a correct estimate of the implications of our recommendations.

(xvii) Fringe Benefits :

7.114. It was urged on behalf of employers that in fixing wages, the value of fringe benefits provided by them should be taken into account. The Fair Wages Committee has said that those benefits, statutory or otherwise, which go to reduce the cost of items which are taken into account in fixing wages, should be taken into account.

7.115. The Board has noted that several employers provide a variety of fringe benefits to their workers. This is particularly true of the Public Sector units in the industry. The nature and extent of

fringe benefits is not, however, uniform. Nor is the system of allowing fringe benefits extensive enough in the industry. The factors which have caused such benefits being given to workers may have also been different. Some of them do not cover items which constitute the wage structure. So diverse are the conditions in the industry in respect of fringe benefits both in regard to their nature and incidence that no rational and logical assessment can be made as to the financial benefit accruing to a worker in this industry from such fringe benefits. They together with the fact that the system of allowing the fringe benefits is not universal in the industry forbid us to recommend a general set off of the value of fringe benefits.

7.116. There are, however, two fringe benefits which in our view can be evaluated in terms of money value more or less definitely. These are the benefits of housing accommodation and that of subsidised food grains. If the employers have provided housing accommodation to their workers strictly conforming to the standard prescribed in the scheme of subsidised housing for industrial workers, such employers would be justified in recovering rent from their workmen up to Rs. 26 in Bombay and Calcutta and Rs. 17.50 in other towns, as laid down in schedule appended to letter No. 5/1/9/64(SIHS) H.I. dated 1st May 1965 of the Ministry of Works and Housing, Government of India, New Delhi. The amount of rent that would be recoverable for housing accommodation which is of lower standards than the standards prescribed will have to be negotiated between the parties at the unit level.

7.117. The other fringe benefit which can be evaluated in terms of money is supply of foodgrains at concessional or subsidised rates. In such cases, the expenditure incurred by the employer in supplying foodgrains at concessional or subsidised rates to workers can be worked out per worker and the amount so calculated can be adjusted against the workers' wage. This expenditure will not include amounts spent on storage and distribution.

7.118. It has been brought to our notice that some employers provide for their workers free educational facilities for their children, medical facilities over and above the scale allowed under E.S.I. scheme, cheap and free transport facilities, or as we have noticed in one of our tours, free lunch at the factory canteen. We have taken note of provision of such amenities and feel that the objective of such benefits is highly laudable and we fully appreciate the wisdom and enlightened self-interest between them. The employers concerned must have earned the goodwill of workers resulting eventually in mutual co-operation, sound industrial relation, better productivity and progress and prosperity for both the giver and the receiver. The Board is happy to place on record its deep appreciation of these progressive employers who provide such fringe benefits.

7.119. Engineering industry is a vast industry with thousands of units and the wages in the industry have so far not been standardised. By and large the wage structure obtaining at present in different units has been determined either by collective bargaining or by adjudication/arbitration awards. There are, therefore, bound to be variations in the wage structure from unit to unit and region to region. Some units have higher wage structure than others. It is

possible that the existing wage structure in some units may be more advantageous than ours. We do not wish to take away such advantages from the workers, whomsoever they are available. Our proposals are without prejudice to the existing earnings and benefits wherever they are higher.

7.120. It was urged before us that we should link the wages with productivity or at any rate we should lay down that the new wage structure would be made applicable only if the production increased by a particular percentage from what it is now. We have already stated above that we do feel that to have wages fixed on a piece rated basis or to have an incentive scheme or a production bonus scheme would be desirable and we have recommended formation of such schemes wherever possible but we could not lay down a general scheme which would apply to all units.

7.121. Coming to the question of recommending that the new wage structure would apply only if the production is increased to a particular percentage we think that this suggestion is not practicable. Production does not depend entirely on labour, though labour does play an important part in it. There are various other factors which also govern production. The quality of raw materials used, the type of machinery and the age of the machinery would be factors which would affect production. Working conditions also would play an important part. Similarly the management would also play an important part in the production. There may be cases where even in spite of the best efforts of the labour production may not go up. In the circumstances to lay down a general recommendation that the new wage structure would not apply unless production goes up by a particular percentage is in our view not practicable or feasible and we, therefore do not make any recommendation about it.

7.122. We may lastly say that in framing the wage structure we have taken eight hours work as the standard work for a workman to do every day and 26 days in a month. We hope that the labour will fully co-operate with the management in increasing production by putting in their best efforts and that they will work sincerely for 8 hours every day.

7.123. We recommend that the wage structure prescribed by us for the industry should come into force from 1st January 1969 and should remain in force for a period of five years.

STATEMENT

Total Emoluments payable to different categories of operatives at the

Area—I				Area—II				Area—III		
A	B	C	D	A	B	C	D	A	B	
UNSKILLED										
Basic . . .	105.00	111.00	120.00	132.00	105.00	111.00	120.00	132.00	105.00	111.00
D.A. . . .	35.00	37.00	40.00	44.00	35.00	37.00	40.00	44.00	35.00	37.00
A.A. . . .	21.00	22.20	24.00	26.40	15.75	16.65	18.00	19.80	10.50	11.10
Total . . .	161.00	170.20	184.00	202.40	155.75	164.65	178.00	195.80	150.50	159.10
SEMI-SKILLED A										
Basic . . .	120.00	128.00	138.00	152.00	120.00	128.00	138.00	152.00	120.00	128.00
D.A. . . .	40.00	42.67	46.00	50.67	40.00	42.67	46.00	50.67	40.00	42.67
A.A. . . .	24.00	25.60	27.60	30.40	18.00	19.20	20.70	22.80	12.00	12.80
Total . . .	184.00	196.27	211.60	233.07	178.00	189.87	204.70	225.47	172.00	183.47
SEMI-SKILLED B										
Basic . . .	130.00	140.00	152.00	167.00	130.00	140.00	152.00	167.00	130.00	140.00
D.A. . . .	43.35	46.67	50.67	55.67	43.33	46.67	50.67	55.67	43.33	46.67
A.A. . . .	26.00	28.00	30.40	33.40	19.50	21.00	22.80	25.05	13.00	14.00
Total . . .	199.35	214.67	233.07	256.07	192.83	207.67	225.47	247.72	186.33	200.67
SKILLED—A										
Basic . . .	150.00	160.50	174.50	192.00	150.00	160.50	174.50	192.00	150.00	160.50
D.A. . . .	50.00	53.50	58.17	64.00	50.00	53.50	58.17	64.00	50.00	53.50
A.A. . . .	30.00	32.10	34.90	38.40	28.50	24.08	26.18	28.80	15.00	16.05
Total . . .	230.00	246.10	267.57	294.40	222.50	238.08	258.85	284.80	215.00	230.05
SKILLED—B										
Basic . . .	165.00	178.00	192.00	212.00	165.00	176.00	192.00	212.00	165.00	176.00
D.A. . . .	55.00	58.67	64.00	70.67	55.00	58.67	64.00	70.67	50.00	58.67
A.A. . . .	33.00	35.20	38.40	42.40	24.75	26.40	28.80	31.80	16.50	17.60
Total . . .	253.00	269.87	294.40	325.07	244.75	261.07	284.80	314.47	236.50	252.27
SKILLED—C										
Basic . . .	205.00	220.00	240.00	265.00	205.00	220.00	240.00	265.00	205.00	220.00
D.A. . . .	68.33	73.33	80.00	88.33	68.33	73.33	80.00	88.33	68.33	72.33
A.A. . . .	41.00	44.00	48.00	53.00	30.75	33.00	36.00	39.75	20.50	22.00
Total . . .	314.33	337.33	368.00	406.33	304.08	326.33	356.00	393.08	293.83	315.33

minimum level of respective scales of pay in different areas and groups.

Area—III		Area—IV				Area—V			
C	D	A	B	C	D	A	B	C	D
UNSKILLED									
120.00	132.00	105.00	111.00	120.00	132.00	105.00	111.00	120.00	132.00
40.00	44.00	35.00	37.00	40.00	44.00	35.00	37.00	40.00	44.00
12.00	13.20	5.25	5.55	6.00	6.60	..	..	..	..
172.00	189.20	145.25	152.55	166.00	182.60	140.00	148.00	160.00	176.00
SEMI-SKILLED—A									
138.00	152.00	120.00	128.00	138.00	152.00	120.00	128.00	138.00	152.00
46.00	50.67	40.00	42.67	46.00	50.67	40.00	42.67	46.00	50.67
13.80	15.20	6.00	6.40	6.90	7.60	..	..	..	..
197.80	217.87	166.00	177.67	190.90	210.27	160.00	170.67	184.00	202.67
SEMI-SKILLED—B									
152.00	167.00	130.00	140.00	152.00	167.00	130.00	140.00	152.00	167.00
50.67	55.67	43.33	46.67	50.67	55.67	43.33	46.67	50.67	55.67
15.20	16.70	6.50	7.00	7.60	8.35	..	..	..	..
217.87	239.42	179.83	193.67	210.27	231.02	173.33	186.67	202.67	222.67
SKILLED—A									
174.50	192.00	150.00	160.50	174.50	192.00	150.00	160.50	174.50	192.00
58.17	64.00	50.00	53.50	58.17	64.00	50.00	53.50	58.17	64.00
17.45	19.20	7.50	8.03	8.73	9.60	..	..	..	..
250.12	275.20	207.50	222.03	241.40	265.60	200.00	214.00	232.67	256.00
SKILLED—B									
192.00	212.00	165.00	176.00	192.00	212.00	165.00	176.00	192.00	212.00
65.00	70.67	55.67	58.67	64.00	70.67	55.00	58.67	64.00	70.67
19.20	21.20	8.25	8.80	9.60	10.60	..	..	..	..
275.20	303.87	228.25	243.47	265.60	292.27	220.00	234.67	256.00	282.67
SEMI-SKILLED—C									
240.00	265.00	205.00	220.00	240.00	265.00	205.00	220.00	240.00	265.00
80.00	88.33	68.33	73.33	80.00	88.33	68.33	73.33	80.00	88.33
24.90	26.50	10.25	11.00	12.00	13.25	..	..	..	..
344.00	379.83	283.58	304.33	332.00	366.58	273.33	293.33	320.00	353.33

STATEMENT

Total Emoluments payable to different categories of operatives at the

	Area—I				Area—II				Area—III	
	A	B	C	D	A	B	C	D	A	B
SKILLED—D										
Basic . . .	255·00	277·50	300·00	330·00	255·00	277·50	300·00	330·00	255·00	277·50
D.A. . . .	85·00	92·50	100·00	110·00	85·00	92·50	100·00	110·00	85·00	92·50
A.A. . . .	51·00	55·50	60·00	66·00	38·25	41·63	45·00	48·50	25·50	27·75
Total . . .	391·00	425·50	460·00	506·00	378·25	411·63	445·00	489·50	365·50	397·75
SKILLED—E										
Basic . . .	295·00	315·00	345·00	375·00	295·00	315·00	345·00	375·00	295·00	315·00
D.A. . . .	98·33	105·00	115·00	125·00	98·33	105·00	115·00	125·00	98·33	105·00
A.A. . . .	59·00	63·00	69·00	75·00	44·25	47·25	51·75	56·25	29·50	31·50
Total . . .	452·33	483·00	529·00	575·00	437·58	467·25	511·75	556·25	422·83	451·50
SKILLED—F										
Basic . . .	350·00	350·00	400·00	400·00	350·00	350·00	400·00	400·00	350·00	350·00
D.A. . . .	116·67	116·67	133·33	133·33	116·67	116·67	133·33	133·33	116·67	116·67
A.A. . . .	70·00	70·00	80·00	80·00	52·50	52·50	60·00	60·00	35·00	35·00
Total . . .	536·67	536·67	613·33	613·33	519·17	519·17	593·33	593·33	501·67	501·67

I—contd.

minimum level of respective scales of pay in different areas and groups.—contd.

Area—III		Area—IV				Area—V			
C	D	A	B	C	D	A	B	C	D
SKILLED—D									
300·00	330·00	255·00	277·50	300·00	330·00	255·00	277·50	300·00	330·00
100·00	110·00	85·00	92·50	100·00	110·00	85·00	92·50	100·00	110·00
30·00	33·00	12·75	13·88	15·00	16·50	..	..	..	..
430·00	473·00	352·75	383·88	415·00	456·50	340·00	370·00	400·00	440·00
SKILLED—E									
345·00	375·00	295·00	315·00	345·00	375·00	295·00	315·00	345·00	375·00
115·00	125·00	98·33	105·00	115·00	125·00	98·33	105·00	115·00	125·00
34·50	37·50	14·75	15·75	17·25	18·75	..	..	..	..
494·50	537·50	408·08	435·75	477·25	518·75	393·33	420·00	460·00	500·00
SKILLED—F									
400·00	400·00	350·00	350·00	400·00	400·00	350·00	350·00	400·00	400·00
133·33	133·33	116·67	116·67	133·33	133·33	116·67	116·67	133·33	133·33
40·00	40·00	17·50	17·50	20·00	20·00	..	..	..	..
573·33	573·33	484·17	484·17	553·33	553·33	466·67	466·67	533·33	533·33

STATEMENT

Scales of Wages for different categories of operatives

Category	Group 'A'
Unskilled	105-1-111-1 $\frac{1}{2}$ -117
Semi-skilled (A)	120-2-128-2 $\frac{1}{2}$ -143
Semi-skilled (B)	130-2 $\frac{1}{2}$ -140-3-158
Skilled (A)	150-3 $\frac{1}{2}$ -185
Skilled (B)	165-3 $\frac{1}{2}$ -172-4-204
Skilled (C)	205-5-255
Skilled (D)	255-7 $\frac{1}{2}$ -330
Skilled (E)	295-10-395
Skilled (F)	350-12 $\frac{1}{2}$ -400-15-460

II

In all the four Groups of the Industry

Group 'B'	Group 'C'	Group 'D'
111-1 $\frac{1}{2}$ -126	120-1 $\frac{1}{2}$ -126-2-138	132-2-152
128-2 $\frac{1}{2}$ -143-3-155	138-2 $\frac{1}{2}$ -143-3-167	152-3-182
140-3-170	152-3-182	167-3-197
160-50-3 $\frac{1}{2}$ -195-50	174-50-3 $\frac{1}{2}$ -209-50	192-3 $\frac{1}{2}$ -227
176-4-216	192-4-232	212-4-252
220-5-270	240-5-290	265-5-315
277-50-7 $\frac{1}{2}$ -352-50	300-7 $\frac{1}{2}$ -375	330-7 $\frac{1}{2}$ -405
315-10-415	345-10-445	375-10-475
350-12 $\frac{1}{2}$ -400-15-460	400-15-460-20-500	400-15-460-20-500

STATEMENT

Phasing Scheme—Minimum Wages Payable at different stages

		1st. Stage				Second Stage			
		From 1-1-69 75% of Basic Wage for Area I to Area IV & 65% Basic Wage for Area V				From 1-1-70 82½% of Basic Wage for Area I to IV and 72½% of Basic Wage for Area V			
		Industry Group				Industry Group			
		A	B	C	D	A	B	C	D
AREA—I									
Basic . . .		78.75	83.25	90.00	99.00	86.63	91.58	99.00	108.90
D.A. . . .		35.00	37.00	40.00	44.00	35.00	37.00	40.00	44.00
A.A. . . .		21.00	22.20	24.00	26.40	21.00	22.20	24.00	26.40
Total . . .		134.75	142.45	154.00	169.40	142.63	150.78	163.00	179.30
AREA—II									
Basic . . .		78.75	83.25	90.00	99.00	86.63	91.58	99.00	108.90
D.A. . . .		35.00	37.00	40.00	44.00	35.00	37.00	40.00	44.00
A.A. . . .		15.75	16.65	18.00	19.80	15.75	16.65	18.00	19.80
Total . . .		129.50	136.90	148.00	162.80	137.38	145.23	157.00	172.70
AREA—III									
Basic . . .		78.75	83.25	90.00	99.00	86.63	91.58	99.00	108.90
D.A. . . .		35.00	37.00	40.00	44.00	35.00	37.00	40.00	44.00
A.A. . . .		10.50	11.10	12.00	13.20	10.50	11.10	12.00	13.20
Total . . .		124.25	131.35	142.00	156.20	132.13	139.68	151.00	166.10
AREA—IV									
Basic . . .		78.75	83.25	90.00	99.00	86.63	91.58	99.00	108.90
D.A. . . .		35.00	37.00	40.00	44.00	35.00	37.00	40.00	44.00
A.A. . . .		5.25	5.55	6.00	6.60	5.25	5.55	6.00	6.60
Total . . .		119.00	125.80	136.00	149.60	126.88	134.13	145.00	159.50
FOR AREA V									
		65% of basic wage				72½% of basic wage			
AREA—V									
Basic . . .		68.25	72.15	78.00	85.80	76.13	80.48	87.00	95.70
D.A. . . .		35.00	37.00	40.00	44.00	35.00	37.00	40.00	44.00
Total . . .		103.25	109.15	118.00	129.80	111.13	117.48	127.00	139.70

III

to Unskilled workers in all the Areas.

Third Stage From 1-1-71 90% of Basic Wage for Area I to IV & 80% of Basic Wage for Area V				Fourth Stage From 1-1-72 95% of Basic Wage for Area I to IV & 90% of Basic Wage for Area V				Fifth & Final Stage From 1-1-73 100% of Basic Wage for all Areas			
Industry Group				Industry Group				Industry Group			
A	B	C	D	A	B	C	D	A	B	C	D
94.50	99.90	108.00	118.80	99.75	105.45	114.00	125.40	105.00	111.00	120.00	132.00
35.00	37.00	40.00	44.00	35.00	37.00	40.00	44.00	35.00	37.00	40.00	44.00
21.00	22.20	24.00	26.40	21.00	22.20	24.00	26.40	21.00	22.20	24.00	26.40
150.50	159.10	172.00	189.20	155.75	164.65	178.00	195.80	161.00	170.20	184.00	202.40
94.50	99.90	108.00	118.80	99.75	105.45	114.00	125.40	105.00	111.00	120.00	132.00
35.00	37.00	40.00	44.00	35.00	37.00	40.00	44.00	35.00	37.00	40.00	44.00
15.75	16.65	18.00	19.80	15.75	16.65	18.00	19.80	15.75	16.65	18.00	19.80
145.25	153.55	166.00	182.60	150.50	159.10	172.00	189.20	155.75	164.65	178.00	195.80
94.50	99.90	108.00	118.80	99.75	105.45	114.00	125.40	105.00	111.00	120.00	132.00
35.00	37.00	40.00	44.00	35.00	37.00	40.00	44.00	35.00	37.00	40.00	44.00
10.50	11.10	12.00	13.20	10.50	11.10	12.00	13.20	10.50	11.10	12.00	13.20
140.00	148.00	160.00	176.00	145.25	153.55	166.00	182.60	150.50	159.10	172.00	189.20
94.50	99.90	108.00	118.80	99.75	105.45	114.00	125.40	105.00	111.00	120.00	132.00
35.00	37.00	40.00	44.00	35.00	37.00	40.00	44.00	35.00	37.00	40.00	44.00
5.25	5.55	6.00	6.60	5.25	5.55	6.00	6.60	5.25	5.55	6.00	6.60
134.75	142.45	154.00	169.40	140.00	148.00	160.00	176.00	145.25	153.55	166.00	182.60
FOR AREA V											
80% of basic wage				90% of basic wage				100% of basic wage			
84.00	88.80	96.00	105.60	94.50	99.90	108.00	118.80	105.00	111.00	120.00	132.00
35.00	37.00	40.00	44.00	35.00	37.00	40.00	44.00	35.00	37.00	40.00	44.00
119.00	125.80	136.00	149.60	129.50	136.90	148.00	162.80	140.00	148.00	160.00	176.00

STATEMENT

Phasing Scheme—Wages Payable at the minimum level of

	1st Stage				2nd Stage			
	From 1-1-69 75% of Basic Wage				From 1-1-70 82% of Basic Wage			
	Industry Group				Industry Group			
	A	B	C	D	A	B	C	D
SEMI-SKILLED—A								
Basic . . .	90.00	96.00	103.50	114.00	99.00	105.60	113.85	125.40
D.A. . . .	40.00	42.67	46.00	50.67	40.00	42.67	46.00	50.67
A.A. . . .	24.00	25.60	27.60	30.40	24.00	25.60	27.60	30.40
Total . . .	154.00	164.27	177.10	195.07	163.00	173.87	187.45	206.47
SEMI-SKILLED—B								
Basic . . .	97.50	105.00	114.00	125.25	107.25	115.50	125.40	137.78
D.A. . . .	43.33	46.67	50.67	55.67	43.33	46.67	50.67	55.67
A.A. . . .	26.00	28.00	30.40	33.40	26.00	28.00	30.40	33.40
Total . . .	166.83	179.67	195.07	214.32	176.58	190.17	206.47	226.85
SKILLED—A								
Basic . . .	112.50	120.38	130.88	144.00	123.75	132.42	143.97	158.40
D.A. . . .	50.00	53.50	58.17	64.00	50.00	53.50	58.17	64.00
A.A. . . .	30.00	32.10	34.90	38.40	30.00	32.10	34.90	38.40
Total . . .	192.50	205.98	223.95	246.40	203.75	218.02	237.04	260.80
SKILLED—B								
Basic . . .	123.75	132.00	144.00	150.00	136.13	145.20	158.40	174.90
D.A. . . .	55.00	58.67	64.00	70.67	55.00	58.67	64.00	70.67
A.A. . . .	33.00	35.20	38.40	42.40	33.00	35.20	38.40	42.40
Total . . .	211.75	225.87	246.40	272.07	224.13	239.07	260.80	287.97
SKILLED—C								
Basic . . .	153.75	165.00	180.00	198.75	169.13	181.50	198.00	218.63
D.A. . . .	68.33	73.33	80.00	88.33	68.33	73.33	80.00	88.33
A.A. . . .	41.00	44.00	48.00	53.00	41.00	44.00	48.00	53.00
Total . . .	263.08	282.33	308.00	340.08	278.46	298.83	326.00	359.96
SKILLED—D								
Basic . . .	191.25	208.13	225.00	247.50	210.38	228.94	247.50	272.25
D.A. . . .	85.00	92.50	100.00	110.00	85.00	92.50	100.00	110.00
A.A. . . .	51.00	55.50	60.00	63.00	51.00	55.50	60.00	66.00
Total . . .	327.25	356.13	385.00	423.50	346.38	376.94	407.50	448.25
SKILLED—E								
Basic . . .	221.25	236.25	258.75	281.25	243.38	259.88	284.63	309.38
D.A. . . .	98.33	105.00	115.00	125.00	98.33	105.00	115.00	125.00
A.A. . . .	59.00	63.00	69.00	75.00	59.00	63.00	69.00	75.00
Total . . .	378.58	404.25	442.75	481.25	400.71	427.88	468.63	509.38
SKILLED—F								
Basic . . .	262.50	262.50	300.00	300.00	288.75	288.75	330.00	330.00
D.A. . . .	116.67	116.67	133.33	133.33	116.67	116.67	133.33	133.33
A.A. . . .	70.00	70.00	80.00	80.00	70.00	70.00	80.00	80.00
Total . . .	449.17	449.17	513.33	513.33	475.42	475.42	543.33	543.33

IV

respective scales of pay at different stages in AREA-I

3rd Stage From 1-1-71 90% of Basic Wage				4th Stage From 1-1-72 95% of Basic Wage				5th & Final Stage From 1-1-73 100% of Basic Wage			
Industry Group				Industry Group				Industry Group			
A	B	C	D	A	B	C	D	A	B	C	D
SEMI-SKILLED—A											
108.00	115.20	124.20	136.80	114.00	121.60	131.10	144.40	120.00	128.00	138.00	152.00
40.00	42.67	46.00	50.67	40.00	42.67	46.00	50.67	40.00	42.67	46.00	50.67
24.00	25.60	27.60	30.40	24.00	25.60	27.60	30.40	24.00	25.60	27.60	30.40
172.00	183.47	197.80	217.87	178.00	189.87	204.70	225.47	184.00	196.27	211.60	233.07
SEMI-SKILLED—B											
117.00	126.00	136.80	150.30	123.50	133.00	144.40	158.65	130.00	140.00	152.00	167.00
43.33	46.67	50.67	55.67	43.33	46.67	50.67	55.67	43.33	46.67	50.67	55.67
26.00	28.00	30.40	33.40	26.00	28.00	30.40	33.40	26.00	28.00	30.40	33.40
186.33	200.67	217.87	239.37	192.83	207.67	225.47	247.72	199.33	214.67	233.07	256.07
SKILLED—A											
135.00	144.45	157.05	172.80	142.50	152.48	165.78	182.40	150.00	160.50	174.50	192.00
50.00	53.50	58.17	64.00	50.00	53.50	58.17	64.00	50.00	53.50	58.17	64.00
30.00	32.10	34.90	38.40	30.00	32.10	34.90	38.40	30.00	32.10	34.90	38.40
215.00	230.05	250.12	275.20	222.50	238.08	258.85	284.80	230.00	246.10	267.57	294.40
SKILLED—B											
148.50	158.40	172.80	190.80	156.75	167.20	182.40	201.40	165.00	176.00	192.00	212.00
55.00	58.67	64.00	70.67	55.00	58.67	64.00	70.67	55.00	58.67	64.00	70.67
33.00	35.20	38.40	42.40	33.00	35.20	38.40	42.40	33.00	35.20	38.40	42.40
236.50	252.27	275.20	303.87	244.75	261.07	284.80	314.47	253.00	269.87	294.40	325.07
SKILLED—C											
184.50	198.00	216.00	238.50	194.75	209.00	228.00	251.75	205.00	220.00	240.00	265.00
68.33	73.33	80.00	88.33	68.33	73.33	80.00	88.33	68.33	73.33	80.00	88.33
41.00	44.00	48.00	53.00	41.00	44.00	48.00	53.00	41.00	44.00	48.00	53.00
293.83	315.33	314.00	379.83	304.08	326.33	356.00	393.08	314.33	347.33	368.00	406.33
SKILLED—D											
229.50	249.75	270.00	297.00	242.25	263.63	285.00	313.50	255.00	277.50	300.00	330.00
85.00	92.50	100.00	110.00	85.00	92.50	100.00	110.00	85.00	92.50	100.00	110.00
51.00	55.50	60.00	66.00	51.00	55.50	60.00	66.00	51.00	55.50	60.00	66.00
365.50	397.75	430.00	473.00	378.25	411.63	445.00	489.50	391.00	425.50	460.00	506.00
SKILLED—E											
265.50	283.50	310.50	337.50	280.25	299.25	327.75	356.25	295.00	315.00	345.00	375.00
98.33	105.00	115.00	125.00	98.33	105.00	115.00	125.00	98.33	105.00	115.00	125.00
59.00	63.00	69.00	75.00	59.00	63.00	69.00	75.00	59.00	63.00	69.00	75.00
422.83	451.50	494.50	537.50	437.58	467.25	511.75	556.25	452.33	483.00	529.00	575.00
SKILLED—F											
315.00	315.00	360.00	360.00	332.50	332.50	380.00	380.00	350.00	350.00	400.00	400.00
116.67	116.67	133.33	133.33	116.67	116.67	133.33	133.33	116.67	116.67	133.33	133.33
70.00	70.00	80.00	80.00	70.00	70.00	80.00	80.00	70.00	70.00	80.00	80.00
501.67	501.67	573.33	573.33	519.17	519.17	593.33	593.33	536.67	536.67	613.33	613.33

STATEMENT

Phasing Scheme—Wages payable at the minimum

	1st Stage				2nd Stage			
	From 1-1-1969 75% of Basic Wage				From 1-1-1970 82½% of Basic Wage			
	Industry Group				Industry Group			
	A	B	C	D	A	B	C	D
SEMI-SKILLED 'A'								
Basic . . .	90.00	96.00	103.50	114.00	99.00	105.60	113.85	125.40
D.A. . . .	40.00	42.67	46.00	50.67	40.00	42.67	46.00	50.67
A.A. . . .	18.00	19.20	20.70	22.80	18.00	19.20	20.70	22.80
Total . . .	148.00	157.87	170.20	187.47	157.00	167.47	180.55	198.87
SEMI-SKILLED 'B'								
Basic . . .	97.50	105.00	114.00	125.25	107.25	115.50	125.40	137.78
D.A. . . .	43.33	46.67	50.67	55.67	43.33	46.67	50.67	55.67
A.A. . . .	19.50	21.00	22.80	25.05	19.50	21.00	22.80	25.05
Total . . .	160.33	172.67	187.47	205.97	170.08	183.17	198.87	218.50
SKILLED 'A'								
Basic . . .	112.50	120.38	130.88	144.00	123.75	132.42	143.97	158.40
D.A. . . .	50.00	53.50	58.17	64.00	50.00	53.50	58.17	64.00
A.A. . . .	22.50	24.08	26.18	28.80	22.50	24.08	26.18	28.80
Total . . .	185.00	197.96	215.23	236.80	196.25	210.00	228.32	251.20
SKILLED 'B'								
Basic . . .	123.75	132.00	144.00	159.00	136.13	145.20	158.40	174.90
D.A. . . .	55.00	58.67	64.00	70.67	55.00	58.67	64.00	70.67
A.A. . . .	24.75	26.40	28.80	31.80	24.75	26.40	28.80	31.80
Total . . .	203.50	217.07	236.80	261.47	215.88	230.27	251.20	277.37
SKILLED 'C'								
Basic . . .	153.75	165.00	180.00	198.75	169.13	181.50	198.00	218.63
D.A. . . .	68.33	73.33	80.00	88.33	68.33	73.33	80.00	88.33
A.A. . . .	30.75	33.00	36.00	39.75	30.75	33.00	36.00	39.75
Total . . .	252.83	271.33	296.00	326.83	268.21	287.83	314.00	346.71
SKILLED 'D'								
Basic . . .	191.25	208.13	225.00	247.50	210.38	228.94	247.50	272.25
D.A. . . .	85.00	92.50	100.00	110.00	85.00	92.50	100.00	110.00
A.A. . . .	38.25	41.63	45.00	49.50	38.25	41.63	45.00	49.50
Total . . .	314.50	342.26	370.00	407.00	333.63	363.07	392.50	431.75
SKILLED 'E'								
Basic . . .	221.25	236.25	258.75	281.25	243.38	259.88	284.63	309.38
D.A. . . .	98.33	105.00	115.00	125.00	98.33	105.00	115.00	125.00
A.A. . . .	44.25	47.25	51.75	56.25	44.25	47.25	51.75	56.25
Total . . .	363.83	388.50	425.50	462.50	385.96	412.13	451.38	490.63
SKILLED 'F'								
Basic . . .	262.50	262.50	300.00	300.00	288.75	288.75	330.00	330.00
D.A. . . .	116.67	116.67	133.33	133.33	116.67	116.67	133.33	133.33
A.A. . . .	52.50	52.50	60.00	60.00	52.50	52.50	60.00	60.00
Total . . .	431.67	431.67	493.33	493.33	457.92	457.92	523.33	523.33

V

level of respective scales of pay at different stages in Area-II

3rd Stage				4th Stage				5th & Final Stage			
From 1-1-1971 90% of Basic Wage				From 1-1-1972 95% of Basic Wage				From 1-1-1973 100% of Basic Wage			
Industry Group				Industry Group				Industry Group			
A	B	C	D	A	B	C	D	A	B	C	D
SEMI-SKILLED 'A'											
108.00	115.20	124.20	136.80	114.00	121.60	131.10	144.40	120.00	128.00	138.00	152.00
40.00	42.67	46.00	50.67	40.00	42.67	46.00	50.67	40.00	42.67	46.00	50.67
18.00	19.20	20.70	22.80	18.00	19.20	20.70	22.80	18.00	19.20	20.70	22.80
166.00	177.07	190.90	210.27	172.00	183.47	197.80	217.87	178.00	189.87	204.70	225.47
SEMI-SKILLED 'B'											
117.00	126.00	136.80	150.30	123.50	133.00	144.40	158.65	130.00	140.00	152.00	167.00
43.33	46.67	50.67	55.67	43.33	46.67	50.67	55.67	43.33	46.67	50.67	55.67
19.50	21.00	22.80	25.05	19.50	21.00	22.80	25.05	19.50	21.00	22.80	25.05
179.83	193.67	210.27	231.02	186.33	200.67	217.87	239.37	192.83	207.67	225.47	247.72
SKILLED 'A'											
135.00	144.45	157.05	172.80	142.50	152.48	165.78	182.40	150.00	160.50	174.50	192.00
50.00	53.50	58.17	64.00	50.00	53.50	58.17	64.00	50.00	53.50	58.17	64.00
22.50	24.08	26.18	28.80	22.50	24.08	26.18	28.80	22.50	24.08	26.18	28.80
207.50	222.03	241.40	265.60	215.00	230.06	250.13	275.20	222.50	238.08	258.85	284.80
SKILLED 'B'											
148.50	158.40	172.80	190.80	156.75	167.20	182.40	201.40	165.00	176.00	192.00	212.00
55.00	58.67	64.00	70.67	55.00	58.67	64.00	70.67	55.00	58.67	64.00	70.67
24.75	26.40	28.80	31.80	24.75	26.40	28.80	31.80	24.75	26.40	28.80	31.80
228.25	243.47	265.60	293.27	236.50	252.27	275.20	303.87	244.75	261.07	284.80	314.47
SKILLED 'C'											
184.50	198.00	216.00	238.50	194.75	209.00	228.00	251.75	205.00	220.00	240.00	265.00
68.33	73.33	80.00	88.33	68.33	73.33	80.00	88.33	68.33	73.33	80.00	88.33
30.75	33.00	36.00	39.75	30.75	33.00	36.00	39.75	30.75	33.00	36.00	39.75
283.58	304.33	332.00	366.58	293.83	315.33	344.00	379.83	304.08	326.33	356.00	393.08
SKILLED 'D'											
229.50	249.75	270.00	297.00	242.25	263.63	285.00	313.50	255.00	277.50	300.00	330.00
85.00	92.50	100.00	110.00	85.00	92.50	100.00	110.00	85.00	92.50	100.00	110.00
38.25	41.63	45.00	49.50	38.25	41.63	45.00	49.50	38.25	41.63	45.00	49.50
352.75	383.88	415.00	456.50	365.50	397.76	430.00	473.00	378.25	411.63	445.00	489.50
SKILLED 'E'											
265.50	283.50	310.50	337.50	280.25	299.25	327.75	356.25	295.00	315.00	345.00	375.00
98.33	105.00	115.00	125.00	98.33	105.00	115.00	125.00	98.33	105.00	115.00	125.00
44.25	47.25	51.75	56.25	44.25	47.25	51.75	56.25	44.25	47.25	51.75	56.25
408.08	435.75	477.25	518.75	422.83	451.50	494.50	537.50	437.58	467.25	512.75	556.25
SKILLED 'F'											
315.00	315.00	360.00	360.00	332.50	332.50	380.00	380.00	350.00	350.00	400.00	400.00
116.67	116.67	133.33	133.33	116.67	116.67	133.33	133.33	116.67	116.67	133.33	133.33
52.50	52.50	60.00	60.00	52.50	52.60	60.00	60.00	52.50	52.50	60.00	60.00
484.17	484.17	553.33	553.33	501.67	501.67	573.33	573.33	519.17	519.17	593.33	593.33

STATEMENT

Phasing Scheme—Wages payable at the minimum level of

	1st Stage				2nd Stage			
	From 1-1-69 75% of Basic Wage				From 1-1-70 82½% of Basic Wage			
	Industry Group				Industry Group			
	A	B	C	D	A	B	C	D
SEMI-SKILLED 'A'								
Basic . . .	90.00	96.00	103.50	114.00	99.00	105.60	113.85	125.40
D.A. . . .	40.00	42.67	46.00	50.67	40.00	42.67	46.00	50.67
A.A. . . .	12.00	12.80	13.80	15.20	12.00	12.80	13.80	15.20
Total . . .	142.00	151.47	163.30	179.87	151.00	161.07	173.65	191.27
SEMI-SKILLED 'B'								
Basic . . .	97.50	105.00	114.00	125.25	107.25	115.50	125.40	137.78
D.A. . . .	43.33	46.67	50.67	55.67	43.33	46.67	50.67	55.67
A.A. . . .	13.00	14.00	15.20	16.70	13.00	14.00	15.20	16.70
Total . . .	153.83	165.67	179.87	197.62	163.58	176.17	191.27	210.15
SKILLED 'A'								
Basic . . .	152.50	120.38	130.88	144.00	123.75	132.42	143.97	158.40
D.A. . . .	50.00	53.50	58.17	64.00	50.00	59.50	58.17	64.00
A.A. . . .	15.00	16.05	17.45	19.20	15.00	16.05	17.45	18.20
Total . . .	177.50	189.93	206.50	227.20	188.75	207.97	219.59	241.60
SKILLED 'B'								
Basic . . .	123.75	132.00	144.00	159.00	136.13	145.20	158.40	174.90
D.A. . . .	55.00	58.67	64.00	70.67	55.00	58.67	64.00	70.67
A.A. . . .	16.50	17.60	19.20	21.20	16.50	17.60	19.20	21.20
Total . . .	195.25	208.27	227.20	250.87	207.63	221.47	241.60	266.77
SKILLED 'C'								
Basic . . .	153.75	165.00	180.00	198.75	169.13	181.50	198.00	218.63
D.A. . . .	68.33	73.33	80.00	88.33	68.33	73.33	80.00	88.33
A.A. . . .	20.50	22.00	24.00	26.50	20.50	22.00	24.00	26.50
Total . . .	242.58	260.33	284.00	313.58	257.96	276.83	302.00	333.46
SKILLED 'D'								
Basic . . .	191.25	208.13	225.00	247.50	210.38	228.94	247.50	272.25
D.A. . . .	85.00	92.50	100.00	110.00	85.00	92.50	100.00	110.00
A.A. . . .	25.50	27.75	30.00	33.00	25.50	27.75	30.00	33.00
Total . . .	301.75	328.38	355.00	390.50	320.88	349.19	377.50	415.25
SKILLED 'E'								
Basic . . .	221.25	236.25	258.75	281.25	243.38	259.88	284.63	309.38
D.A. . . .	98.33	105.00	115.00	125.00	98.33	105.00	115.00	125.00
A.A. . . .	39.60	31.50	34.50	37.50	29.50	31.50	34.50	37.50
Total . . .	349.08	371.75	408.25	443.75	371.21	396.38	434.13	471.88
SKILLED 'F'								
Basic . . .	262.50	262.50	300.00	300.00	288.75	288.75	330.00	330.00
D.A. . . .	116.67	116.67	133.33	133.33	116.67	116.67	133.33	133.33
A.A. . . .	35.00	35.00	40.00	40.00	35.00	35.00	40.00	40.00
Total . . .	414.17	414.17	473.33	473.33	440.42	440.42	503.33	503.33

VI

respective scales of pay at different stages in Area-III

3rd Stage				4th Stage				5th & Final Stage			
From 1-1-71 90% of Basic Wage				From 1-1-72 95% of Basic Wage				From 1-1-73 100% of Basic Wage			
Industry Group				Industry Group				Industry Group			
A	B	C	D	A	B	C	D	A	B	C	D
SEMI-SKILLED 'A'											
108.00	115.20	124.20	136.80	114.00	121.60	131.10	144.40	120.00	128.00	138.00	152.00
40.00	42.67	46.00	50.67	40.00	42.67	46.00	50.67	40.00	42.67	46.00	50.67
12.00	12.80	13.80	15.20	12.00	12.80	13.80	15.20	12.00	12.80	13.80	15.20
160.00	170.67	184.00	202.67	166.00	177.07	190.90	210.27	172.00	183.47	197.80	217.87
SEMI-SKILLED 'B'											
117.00	126.00	136.80	150.30	123.50	133.00	144.40	158.65	130.00	140.00	152.00	167.00
43.33	46.67	50.67	55.67	43.33	46.67	50.67	55.67	43.33	46.67	50.67	55.67
13.00	14.00	15.20	16.70	13.00	14.00	15.20	16.70	13.00	14.00	15.20	16.70
173.33	186.67	202.67	222.67	179.83	193.67	210.27	231.02	186.33	200.67	217.87	239.37
SKILLED 'A'											
135.00	144.45	157.05	172.80	142.50	152.48	165.78	182.40	150.00	160.50	174.50	192.00
50.00	53.50	58.17	64.00	50.00	53.50	58.17	64.00	50.00	53.50	58.17	64.00
15.00	16.05	17.45	19.20	15.00	16.05	17.45	19.20	15.00	16.05	17.45	19.20
200.00	214.00	232.67	256.00	207.50	222.03	241.40	265.60	215.00	230.05	250.12	275.20
SKILLED 'B'											
148.50	158.40	172.80	190.80	156.75	167.20	182.40	201.40	165.00	176.00	192.00	212.00
55.00	58.67	64.00	70.67	55.00	58.67	64.00	70.67	55.00	58.67	64.00	70.67
16.50	17.60	19.20	21.20	16.50	17.60	19.20	21.20	16.50	17.60	19.20	21.20
220.00	234.67	256.00	282.67	228.25	243.47	265.60	293.27	236.50	252.27	275.20	303.87
SKILLED 'C'											
184.50	198.00	216.00	238.50	194.75	209.00	228.00	251.75	205.00	220.00	240.00	265.00
68.33	73.33	80.00	88.33	68.33	73.33	80.00	88.33	68.33	73.33	80.00	88.33
20.50	22.00	24.00	26.50	20.50	22.00	24.00	26.50	20.50	22.00	24.00	26.50
273.33	293.33	320.00	353.33	283.58	304.33	332.00	366.58	293.83	315.33	344.00	379.83
SKILLED 'D'											
229.50	249.75	270.00	297.00	242.25	263.63	285.00	313.50	265.00	277.50	300.00	330.00
85.00	92.50	100.00	110.00	85.00	92.50	100.00	110.00	85.00	92.50	100.00	110.00
25.50	27.75	30.00	33.00	25.50	27.75	30.00	33.00	25.50	27.75	30.00	33.00
340.00	370.00	400.00	440.00	352.75	383.88	415.00	456.50	365.50	397.75	430.00	473.00
SKILLED 'E'											
265.50	283.50	310.50	337.50	280.25	299.25	327.75	356.25	295.00	315.00	345.00	375.00
98.33	105.00	115.00	125.00	98.33	105.00	115.00	125.00	98.33	105.00	115.00	125.00
29.50	31.50	34.50	37.50	29.50	31.50	34.50	37.50	29.50	31.50	34.50	37.50
393.33	420.00	460.00	500.00	408.08	435.75	477.25	518.75	422.83	451.50	494.50	537.50
SKILLED 'F'											
315.00	315.00	360.00	360.00	332.50	332.50	380.00	380.00	350.00	350.00	400.00	400.00
116.67	116.67	133.33	133.33	116.67	116.67	133.33	133.33	116.67	116.67	133.33	133.33
35.00	35.00	40.00	40.00	35.00	35.00	40.00	40.00	35.00	35.00	40.00	40.00
466.67	466.67	533.33	533.33	484.17	484.17	553.33	553.33	501.67	501.67	573.33	573.33

STATEMENT

Phasing Scheme—Wages payable at the minimum level of

	1st Stage				2nd Stage			
	From 1-1-69 75% of Basic Wage				From 1-1-70 82½% of Basic Wage			
	Industry Group				Industry Group			
	A	B	C	D	A	B	C	D
SEMI-SKILLED 'A'								
Basic . . .	90·00	96·00	103·50	114·00	99·00	105·60	113·85	125·40
D.A. . . .	40·00	42·67	46·00	50·67	40·00	42·67	46·00	50·67
A.A. . . .	6·00	6·40	6·90	7·60	6·00	6·40	6·90	7·60
Total . . .	136·00	145·07	156·40	172·27	145·00	154·67	166·75	183·67
SEMI-SKILLED 'B'								
Basic . . .	97·50	105·00	114·00	125·25	107·25	115·50	125·40	137·78
D.A. . . .	43·33	46·67	50·67	55·67	43·33	46·67	50·67	55·67
A.A. . . .	6·50	7·00	7·60	8·35	6·50	7·00	7·60	8·35
Total . . .	147·33	158·67	172·27	189·27	157·08	169·17	183·67	201·80
SKILLED 'A'								
Basic . . .	112·50	120·39	130·88	144·00	123·75	132·42	143·97	158·40
D.A. . . .	50·00	53·50	58·17	64·00	50·00	53·50	58·17	64·00
A.A. . . .	7·50	8·03	8·73	9·60	7·50	8·03	8·73	9·60
Total . . .	170·00	181·92	197·78	217·60	181·25	193·95	210·87	232·00
SKILLED 'B'								
Basic . . .	123·75	132·00	144·00	159·00	136·13	145·20	158·40	174·90
D.A. . . .	55·00	58·67	64·00	70·67	55·00	58·67	64·00	70·67
A.A. . . .	8·25	8·80	9·60	10·60	8·25	8·80	9·60	10·60
Total . . .	187·00	199·47	217·60	240·27	199·38	212·67	232·00	256·17
SKILLED 'C'								
Basic . . .	153·75	165·00	180·00	198·75	169·13	181·50	198·00	218·63
D.A. . . .	68·33	73·33	80·00	88·33	68·33	73·33	80·00	88·33
A.A. . . .	10·25	11·00	12·00	13·25	10·25	11·00	12·00	13·25
Total . . .	232·33	249·33	272·00	300·33	247·71	265·83	290·00	320·21
SKILLED 'D'								
Basic . . .	191·25	208·13	225·00	247·50	210·38	228·94	247·50	272·25
D.A. . . .	85·00	92·50	100·00	110·00	85·00	92·50	100·00	110·00
A.A. . . .	12·75	13·88	15·00	16·50	12·75	13·88	15·00	16·50
Total . . .	289·00	314·51	340·00	374·00	308·13	335·32	362·50	398·75
SKILLED 'E'								
Basic . . .	221·25	236·25	258·75	281·25	243·38	259·88	284·63	309·38
D.A. . . .	98·33	105·00	115·00	125·00	98·33	105·00	115·00	125·00
A.A. . . .	14·75	15·75	17·25	18·75	14·75	15·75	17·25	18·75
Total . . .	334·33	357·00	391·00	425·00	356·46	380·63	416·88	453·13
SKILLED 'F'								
Basic . . .	262·50	262·50	300·00	300·00	288·75	288·75	330·00	330·00
D.A. . . .	116·67	116·67	133·33	133·33	116·67	116·67	133·33	133·33
A.A. . . .	17·50	17·50	20·00	20·00	17·50	17·50	20·00	20·00
Total . . .	396·67	396·67	453·33	453·33	422·92	422·92	483·33	483·33

VII

respective scales of pay at different stages in Area-IV

3rd Stage				4th Stage				5th & Final Stage			
From 1-1-71 90% of Basic Wage				From 1-1-72 95% of Basic Wage				From 1-1-73 100% of Basic Wage			
Industry Group				Industry Group				Industry Group			
A	B	C	D	A	B	C	D	A	B	C	D
SEMI-SKILLED 'A'											
108.00	115.20	124.20	136.80	114.00	121.60	131.10	144.40	120.00	128.00	138.00	152.00
40.00	42.67	46.00	50.67	40.00	42.67	46.00	50.67	40.00	42.67	46.00	50.67
6.00	6.40	6.90	7.60	6.00	6.40	6.90	7.60	6.00	6.40	6.90	7.60
154.00	164.27	177.10	195.07	160.00	170.67	184.00	202.67	166.00	177.07	190.90	210.27
SEMI-SKILLED 'B'											
117.00	126.00	136.80	150.30	123.50	133.00	144.40	158.65	130.00	140.00	152.00	167.00
43.33	46.67	50.67	55.67	43.33	46.67	50.67	55.67	43.33	46.67	50.67	55.67
6.50	7.00	7.60	8.35	6.50	7.00	7.60	8.35	6.50	7.00	7.60	8.35
166.83	179.67	195.09	214.32	173.33	186.67	202.67	222.67	179.83	193.67	210.27	231.02
SKILLED 'A'											
135.00	144.45	157.05	172.80	142.50	152.48	165.78	182.40	150.00	160.50	174.50	192.00
50.00	53.50	58.17	64.00	50.00	53.50	58.17	64.00	50.00	53.50	58.17	64.00
7.50	8.03	8.73	9.60	7.50	8.03	8.73	9.60	7.50	8.03	8.73	9.60
192.50	205.98	223.95	246.40	200.00	214.01	232.68	256.00	207.50	222.03	241.40	265.60
SKILLED 'B'											
148.50	158.40	172.80	190.80	156.75	167.20	182.40	201.40	165.00	176.00	192.00	212.00
55.00	58.67	64.00	70.67	55.00	58.67	64.00	70.67	55.00	58.67	64.00	70.67
8.25	8.80	9.60	10.60	8.25	8.80	9.60	10.60	8.25	8.80	9.60	10.60
211.75	225.87	246.40	272.07	220.00	234.67	256.00	282.67	228.25	243.47	265.60	293.27
SKILLED 'C'											
184.50	198.00	216.00	238.50	194.75	209.00	228.00	251.75	205.00	220.00	240.00	265.00
68.33	73.33	80.00	88.33	68.33	73.33	80.00	88.33	68.33	73.33	80.00	88.33
10.25	11.00	12.00	13.25	10.25	11.00	12.00	13.25	10.25	11.00	12.00	13.25
263.08	282.33	308.00	340.08	273.33	293.33	320.00	353.33	283.58	304.33	332.00	366.58
SKILLED 'D'											
229.50	249.75	270.00	297.00	242.25	263.63	285.00	313.50	255.00	277.50	300.00	330.00
85.00	92.50	100.00	110.00	85.00	92.50	100.00	110.00	85.00	92.50	100.00	110.00
12.75	13.88	15.00	16.50	12.75	13.88	15.00	16.50	12.75	13.88	15.00	16.50
327.25	356.13	385.00	423.50	340.00	370.01	400.00	440.00	352.75	383.88	415.00	456.50
SKILLED 'E'											
265.50	283.50	310.50	337.50	280.25	299.25	327.75	356.25	295.00	315.00	345.00	375.00
98.33	105.00	115.00	125.00	98.33	105.00	115.00	125.00	98.33	105.00	115.00	125.00
14.75	15.75	17.25	18.25	14.75	15.75	17.25	18.75	14.75	15.75	17.25	18.75
378.58	404.25	442.75	481.25	393.33	420.00	460.00	500.00	408.08	435.75	477.25	518.75
SKILLED 'F'											
315.00	315.00	360.00	360.00	332.50	332.50	380.00	380.00	350.00	350.00	400.00	400.00
116.67	116.67	133.33	133.33	116.67	116.67	133.33	133.33	116.67	116.67	133.33	133.33
17.50	17.50	20.00	20.00	17.50	17.50	20.00	20.00	17.50	17.50	20.00	20.00
449.17	449.17	513.33	513.33	466.67	466.67	533.33	533.33	484.17	484.17	553.33	553.33

STATEMENT

Phasing Scheme—Wages payable at the minimum level of

Category	1st Stage				2nd Stage			
	From 1-1-60 65% of Basic Wage				From 1-1-70 72½% of Basic Wage			
	Industry Group				Industry Group			
	A	B	C	D	A	B	C	D
SEMI-SKILLED 'A'								
Basic . . .	78·00	83·20	89·70	98·80	87·00	92·80	100·05	110·20
D.A. . . .	40·00	42·67	46·00	50·67	40·00	42·67	46·00	50·67
Total . . .	128·00	125·87	135·70	149·47	127·00	135·47	146·05	160·87
SEMI-SKILLED 'B'								
Basic . . .	84·50	91·00	97·50	108·55	94·25	101·50	108·75	121·08
D.A. . . .	43·33	46·67	50·00	55·67	43·33	46·67	50·00	55·67
Total . . .	127·83	137·67	147·50	164·22	137·58	148·17	158·75	176·75
SKILLED 'A'								
Basic . . .	97·50	104·33	113·43	124·80	108·75	116·37	126·52	139·20
D.A. . . .	50·00	53·50	58·17	64·00	50·00	53·50	58·17	64·00
Total . . .	147·50	157·83	171·60	188·80	158·75	169·87	184·69	203·20
SKILLED 'B'								
Basic . . .	107·25	114·40	124·80	137·80	119·63	127·60	139·20	153·70
D.A. . . .	55·00	58·67	64·00	70·67	55·00	58·67	64·00	70·67
Total . . .	162·25	173·07	188·80	208·47	174·63	186·27	203·20	224·37
SKILLED 'C'								
Basic . . .	133·25	143·00	156·00	172·25	148·63	159·50	174·00	192·13
D.A. . . .	68·33	73·33	80·00	88·33	68·33	73·33	80·00	88·33
Total . . .	201·58	216·33	236·00	260·58	216·96	232·83	254·00	280·46
SKILLED 'D'								
Basic . . .	165·75	180·38	195·00	214·50	184·88	201·99	217·50	239·25
D.A. . . .	85·00	92·50	100·00	110·00	85·00	92·50	100·00	110·00
Total . . .	250·75	272·88	295·00	324·50	269·88	293·69	317·50	349·25
SKILLED 'E'								
Basic . . .	191·75	204·75	224·25	243·75	213·88	228·38	250·13	271·88
D.A. . . .	98·33	105·00	115·00	125·00	98·33	105·00	115·00	125·00
Total . . .	290·08	309·75	339·25	368·75	312·21	333·38	365·13	396·88
SKILLED 'F'								
Basic . . .	227·50	227·50	260·00	260·00	253·75	253·75	290·00	290·00
D.A. . . .	116·67	116·67	133·33	133·33	116·67	166·67	133·33	133·33
Total . . .	344·17	344·17	393·33	393·33	370·42	370·42	423·33	423·33

VIII

respective scales of pay at different stages Area-V

Third Stage				Fourth Stage				Fifth & Final Stage			
From 1-1-71 80% of Basic Wage				From 1-1-72 90% of Basic Wage				From 1-1-73 100% of Basic Wage			
Industry Group				Industry Group				Industry Group			
A	B	C	D	A	B	C	D	A	B	C	D
SEMI-SKILLED 'A'											
96.00	102.40	110.40	121.60	108.00	115.20	124.20	136.80	120.00	128.00	138.00	152.00
40.00	42.67	46.00	50.67	40.00	42.67	46.00	50.67	40.00	42.67	46.00	50.67
136.00	145.07	156.40	172.27	148.00	157.87	170.20	187.47	160.00	170.67	184.00	202.67
SEMI-SKILLED 'B'											
104.00	112.00	120.00	133.60	117.00	126.00	135.00	150.30	130.00	140.00	150.00	167.00
43.33	46.67	50.00	55.67	43.33	46.67	50.00	55.67	43.33	46.67	50.00	55.67
147.33	153.67	170.00	189.27	160.33	172.67	185.00	205.97	173.33	186.67	200.00	222.67
SKILLED 'A'											
120.00	128.40	139.60	153.60	135.00	144.45	157.05	172.80	150.00	160.50	174.50	192.00
50.00	53.50	58.17	64.00	50.00	53.50	58.17	64.00	50.00	53.50	58.17	64.00
170.00	181.90	197.77	217.60	185.00	197.95	215.22	236.80	200.00	214.00	232.67	256.00
SKILLED 'B'											
132.00	140.80	153.60	169.60	148.50	158.40	172.80	190.80	165.00	176.00	192.00	212.00
55.00	58.67	64.00	70.67	55.00	58.67	64.00	70.67	55.00	58.67	64.00	70.67
187.00	199.47	217.60	240.27	203.50	217.07	236.80	261.47	220.00	234.67	256.00	282.67
SKILLED 'C'											
164.00	176.00	192.00	212.00	184.50	198.00	216.00	238.50	205.00	220.00	240.00	265.00
68.33	73.33	80.00	88.33	68.33	73.33	80.00	88.33	68.33	73.33	80.00	88.33
232.33	249.33	272.00	300.33	252.83	271.33	296.00	326.83	273.33	293.33	320.00	353.33
SKILLED 'D'											
204.00	222.00	240.00	264.00	229.00	249.75	270.00	297.00	255.00	277.50	300.00	330.00
85.00	92.50	100.00	110.00	85.00	92.50	100.00	110.00	85.00	92.50	100.00	110.00
289.00	314.50	340.00	374.00	314.50	342.25	370.00	407.00	340.00	370.00	400.00	440.00
SKILLED 'E'											
236.00	252.00	276.00	300.00	265.50	283.50	310.50	337.50	295.00	315.00	345.00	375.00
98.33	105.00	115.00	125.00	98.33	105.00	115.00	125.00	98.33	105.00	115.00	125.00
334.33	357.00	391.00	425.00	363.83	388.50	425.50	462.50	393.33	420.00	460.00	500.00
SKILLED 'F'											
280.00	280.00	320.00	320.00	315.00	315.00	360.00	360.00	350.00	350.00	400.00	400.00
16.67	116.67	132.33	133.33	116.67	116.67	133.33	133.33	116.67	116.67	133.33	133.33
396.67	396.67	453.33	453.33	431.67	431.67	493.33	493.33	466.67	466.67	533.33	533.33

CHAPTER VIII

VIEWS OF LABOUR MEMBERS ON PAYING CAPACITY OF ENGINEERING INDUSTRY, WAGE STRUCTURE OF THE WORKMEN ETC.

8.1. In the engineering industry, there have been fine traditions of collective bargaining at unit level and it was therefore expected that this first attempt at collective bargaining at national level through the Wage Board would be a rewarding effort. It is therefore with a sense of regret that we have to record that all our efforts for arriving at a national level collective settlement has ended in a dismal failure and it is with great reluctance that we submit this dissenting document. Despite our sincere and prolonged efforts lasting for over four years now, it has not been possible to achieve the desired results because of the unrealistic attitudes and approaches of the representatives of employers' organizations and thus the Board has not been able to submit a unanimous report.

8.2. The Wage Board was set up precisely to recommend a rational wage structure for the engineering industry, years after similar Boards were appointed and had submitted their reports for other important organised industries. The terms of reference enjoined us to base our recommendations on need-based wage norms evolved by tripartite agreement in the 15th Indian Labour Conference in 1957. The re-fixing of the wages in the engineering industry was thus long overdue and the enormous delay in this respect stands in marked contrast with the phenomenal development, diversifications and expansion of the industry in all its branches.

8.3. When the important question of wage determination on the industry plane is taken up, it is necessary to rely entirely on the long-term trends of growth and development of the concerned industry. It has been the unfortunate experience of the workers in this country that whenever an industry is covered for wage fixation by a Wage Board, transient features of a temporary down-turn in the rates of growth begin to be highlighted without any sense of proportions. Such a trend of propaganda is also discernible in the present case. It is therefore necessary to state briefly as to what are the long-term trends and also assess some of the short-term transient features.

8.4. According to a survey on the "Progress of Engineering Industries in India" (*The Statesman*, 23 November 1968), while employment grew only by 45.3 per cent, during the period 1960 to 1965, gross output rose by 148.3 per cent and net output by 143 per cent. The productive capital also rose by 187.6 per cent but as the industry spokesmen have maintained, there has been considerable under-utilisation of capacity. Thus, despite the under-utilisation of capacity, the gross output and net output have grown at a tremendous pace of almost 30 per cent per annum. In this connection, it is also relevant to quote from the Government of India's *Economic Survey*, 1967-68 in which it is stated: "Prior to the devaluation of the Indian

rupee, *profit margins* could in several cases be *maintained at high levels*, permitting adequate total profits to be earned *even with considerable under-utilisation of capacity.*" (Emphasis Added). Therefore during this period, 1961 to 1965, unprecedented profits were earned by the industry, even with considerable under-utilisation of capacity.

8.5. Studies conducted on how such high rates of growth in assets were financed show that "fresh capital from the market has been conspicuously the smallest source of finance". In other words, the continuous development, diversification and expansion of the industry have been, to a large extent, financed out of the "internal sources"—the surpluses generated internally, directly arising from the workers' labour. We may quote from the *Company News and Notes*, the journal of the Department of Company Affairs, in its issue dated July 1, 1968. Analysing "Capital formation in manufacturing sector" (the manufacturing sector includes the entire engineering industry as a major sub-sector) the journal noted :

"According to a study by the Economic Times (published in their issue of May 2, 1968) based on the Reserve Bank data for the period 1951-52 to 1965-66 and the 'Economic Times' data for 101 Industrial giants for 1966-67, the gross fixed assets of public limited companies in India engaged in manufacturing have increased fairly rapidly during the plan period; they increased more than four-fold between 1951-52 and 1965-66. By 1966-67, gross fixed assets amounted to about five times the level prevailing in the beginning of the First Plan ...

"How was the assets formation financed?"

"Of the total funds used for assets formation, *more than half was made available from internal sources during each year of the First Plan.* In 1952-53, part of the total internal funds was also used to reduce part of the external liabilities. During the First Plan as a whole, the *internal sources* together contributed 60 per cent of the total funds".

"In the Second Plan, the capital formation rate was sharply pushed up. As a result, there was some shift from reliance on internal funds to external funds. Hence, except for the last two years of the Second Plan, external funds contributed more than half of the total funds. During the Second Plan as a whole, the external funds together contributed 55.2 per cent of the total funds. Of these, borrowings contributed the largest share (29.5 per cent)."

"During the first three years of the Third Plan, there was a shift back to internal sources for assets formation. In the subsequent two years, external sources again played comparatively a bigger role. During the Third Plan as a whole, *the total internal sources provided a little more than half of the total funds for assets formation.* In 1966-67, external sources gave 53.0 per cent of the total funds.

"It is noteworthy that *fresh capital from market has been conspicuously the smallest source of finance* : the percentage contribution of this item being respectively 7 per cent, 12 per

cent and 8 per cent during the three plans. The highest percentage share at only 19.2 per cent, was recorded in 1959-60....." (All emphasis added).

8.6. So much about the "burdens" of entrepreneurship. It is apparent that not only the fabulous dividends and high salaries of top management personnel, but even a substantial part of assets formation (which in the engineering industry, as we have seen earlier, has been as high as nearly 30 per cent per annum between 1961 and 1965) have been financed out of the surpluses created by the workers' labour. It is necessary to recall these facts since the main objection against the fixation of a rational minimum wage is that the industry and the employers cannot "afford" to bear such a "burden"!

8.7. There is also a need to have a closer look at the "recession" and "crisis" as alleged in the engineering industry. According to the Statesman survey quoted above, the annual rate of growth of engineering output "suffered a major setback when it fell from 21.6% in 1962 to 13.9% in 1963. In 1964, it declined to 13.3% and in 1965, it fell further to 10.3%." This fall in the rate of growth cannot in any way be called recession and it is an obvious fact that growth rates on an originally very low base of industrial development are bound to be very high in the initial years and will taper off as the base of the industry is progressively built. The "recession" in the sense of an absolute decline in output was only 0.9% in 1966 and, according to the Statesman survey, in 1967 "there was a further fall of 3%." In the first six months of 1968, there has been another decline by 3%." Thus the fluctuation in the fortunes of the industry are only marginal in character and normal to any industry or business enterprise. No phenomenon which can even remotely resemble a "crash" or "crisis" has arisen in the industry. Nevertheless, the temporary downturn in production in certain factories has caused numerous instances of retrenchment and lay-offs. The entire burdens of the so-called "crisis" were put on the shoulders of the workers and engineering workers were retrenched in thousands and several thousands more laid off for long periods. Thus, the entire "cost" of the recession is seen in the human miseries created among several thousand working class families and the employers who had undoubtedly the capacity to bear the marginal fluctuation in business have not played a morally or socially responsible role. We have to record this fact with all emphasis since we do not believe that this toll of human misery was at all justified by the conditions in industry.

8.8. According to figures submitted before the Wage Board, the "Value Added by Manufacture" (V.A.M.) per worker in the engineering industry stood at Rs. 5,901 in 1965 in the eastern region, as against Rs. 4,518 in West and Rs. 5,139 in the South. As against this high figure of V.A.M. per worker, according to the *Indian Labour Statistics*, 1967 the per capita annual money earnings varied from Rs. 1,685 (in Machinery except Electrical Machinery) to Rs. 1,847 (Metal Products), Rs. 1,986 (Transport Equipment) and to Rs. 2,010 (Electrical Machinery). These figures are material in the context of re-fixing wages. What is obvious is that a surplus of nearly Rs. 6,000 is created by the engineering worker per capita as against less than Rs. 2,000 (in most cases) paid to him as wages.

8.9. In this connection, it is necessary to record that the need-based wage norms evolved at the 15th Indian Labour Conference in 1967 are not in any way "radical" or "too revolutionary" a departure from positions accepted earlier. The truth is that in all essential matters, the 15th ILC's norms were no higher than the norms proposed by an Official Study Group of the Labour Ministry in their memoranda to the Conference and these, in turn, attempted nothing more than bringing together the norms laid down by the Fair Wages Committee (1948) and the observations made by various adjudicators. Therefore, when the workers ask for a minimum wage as per the 15th ILC norms, they ask for nothing more than the essential minimum needs which were accepted as minimum objectives in wage-fixation by the Fair Wages Committee twenty years ago. It would be ridiculous to argue that a modern industry like the engineering industry can subsist on sub-human norms of wages (since non-acceptance of the 15th ILC norms would render any wage a sub-human wage) while, in actual fact, through collective settlements at unit level, workers in some concerns have already obtained more than need-based minimum wages. And these concerns have only become more prosperous after paying rational wage rates. Moreover, as per press reports, the Central Wage Board for Port and Dock Workers is to recommend a minimum wage of Rs. 202 at 215 points in the all-India C. P. Index, which is a realistic move. Wage movements in the recent period also show that wages had to be marked up substantially by Wage Boards in order to obtain some standardisation at national-industry level. According to official figures, the wage increase in sugar industry (First Wage Board) ranged from 38% to 117% Cement (1st Wage Board) ranged from 7 to 100% and in Iron & Steel—28 to 69%. In the case of the engineering industry, however, the wage levels have remained depressed and in a majority of units, the D.A. payments have been far less than justified by the phenomenal price increases in the last few years. Thus the real wages for all categories of workers have fallen very sharply and even where sliding scale D.A. is paid, the semi-skilled, skilled and other categories have suffered continuous erosion in their real wages.

8.10. The entire national economy is now operating at a new price level (and there is no likelihood of the C.P.I. Numbers falling below 200 points—1949 base) and the wages have therefore to be re-fixed at an altogether new level. Since the D.A. payments have not been adequate to cover the actual rise in the price index to any appreciable extent, the case for an upward wage revision rests also on the need to restore the real wage level for all categories and this step itself would go to some extent in bringing the wage levels towards the need-based norms.

8.11. The sharp decline in the workers' bonus in recent years has also to be noted in this regard. Following the abolition of the tax on bonus shares, the Supreme Court judgment striking down certain provisions, etc., the workers' bonus has been slashed considerably and in most companies, bonus quantum has been reduced to the minimum four per cent. Thus, apart from the loss in real wage standards, even the lumpsum bonus payments which served as deferred wage payments annually have also declined considerably, necessitating an upward wage revision most urgently.

8.12. The anarchy in the prevailing wage rates in the engineering industry, with rates varying even from unit to unit, apart from centre to centre, for identical jobs, stands in marked contrast with the fact that the engineering industry operates in a national market and draws on the national market for its inputs. The basic input item, steel, is available at f.o.r. prices at any point in India and so also other items. Thus the existing disparities have no rational at all and can be explained only by the subjective desire of the employers to take as much advantage as they can from the artificially-depressed wage conditions in particular areas or regions.

8.13. The low wage rates and erratic wage-fixation also stands in marked contrast with the quality of the labour force in the engineering industry. The engineering worker, today needs a much higher level of general education and in many cases, preliminary pre-employment training, and this significant change in the quality of the labour force should also be an important factor in fixing the wage rates in this industry.

8.14. The above are some of the general factors which are material in attempting wage-fixation in the engineering industry, justifying a major intervention by the Wage Board. Happily, according to press reports, the "recession" is also stated to be lifting and this can also no longer be a talking point against wage-revision. The "Economic Times" (November 6, 1968) reported: "The trend in the output of engineering industries is heartening. At 208.6, the index of engineering group for July 1968 shows a steep rise of 16.6 per cent over its level for July, 1967, indicating that the fall of recession had descended on this strategic group of industries last year has been giving in recent months....."

More recently, at the meeting of the Engineering Export Promotion Council, on December 20, 1968, while the Commerce Minister, Shri Dinesh Singh, stated that it would not be too difficult for the industry to achieve an export target of Rs. 225 crores by the end of the Fourth Plan (as against Rs. 19 crores in first seven months of 1967-68 and Rs. 50 crores during the corresponding period in 1968-69), Shri L. Rajgarhia, Chairman of the Council and one of the leading engineering employers in the private sector, stated at the meeting: "Why attempt only Rs. 225 crores and not Rs. 500 crores? I personally feel that a Rs. 500 crore target is not wishful thinking." (Statesman, December 21, 1968.) No further comment is needed on the utter unreality of the forebodings of the apostles of gloom who are only extra active when it comes to discussing the question of wage revision.

8.15. Any consideration about the position of the engineering industry in the national economy has to take as the starting point the fact that the development and diversification achieved in the last decade particularly have contributed in establishing a fairly stable base. We do not wish to repeat the statistics but the fundamental point to be stated here is that the country has now made major advances to self-sufficiency in a wide variety of engineering products and an outstanding fact is that even much of the machinery for erecting a complex steel plant can be fabricated in this country. The imbalances in development which are undoubtedly there

do not overshadow the fact that with the establishment of a base in all lines of the engineering industry, the country saves several crores rupees worth of foreign exchange every year and this process of import substitution can be accelerated with better planning. Estimates about export possibilities also show a hopeful picture, as seen from the proceedings of the Engineering Export Promotion Council, referred above. Such a development would have been impossible but for the contributions made by the lakhs of engineering workers who have mastered the new skills and, in the case of several units have shown that productivity standards of advanced countries can be equalled or even exceeded by our workers.

8.16. It is argued in some quarters that the wages in the engineering industry should be kept depressed in order to maintain our competitive position in the export market. Those who argue in this fashion completely miss the central point that while employers ask for the same standard of productivity as in advanced countries, they seek, at the same time, to insist on paying one-eighth of the hourly wages prevailing abroad. It is beyond our comprehension how such a glaring contradiction can be totally ignored. The argument should, in fact, be to the contrary—that in order to provide for the full development of the productivity potential, the present sub-human norms of wages should be speedily done away with and the workers enabled to live a healthy, human existence or, in other words, conceding the demand for a need-based minimum wage and equitable differentials.

8.17. Another consideration suggested in 'connection' with wage revision in the engineering industry is the need to safeguard the interest of the small-scale sector. In this connection, it may be pointed out, firstly, that the really small-scale sector, i.e., those units employing less than 50 workers, is already excluded from our purview. Secondly, the bulk of production and employment are in the really large-scale sector. Thirdly, in the context of the capital-intensive nature of the more advanced units, the number of workers employed is no index about the scale of production, productivity or profit potential. Fourthly, some of the medium-scale undertakings are in the ancillaries line, feeding larger complexes and there is no reason why, the larger undertakings, through job contracting, etc., should be allowed to take unfair advantage of the depressed wage rates forced on the workers in the ancillaries.

8.18. The above are some of the main considerations on which we wish to base our recommendations. The Board's office have worked out the need-based wages. These are :

Zones	at 1967 price level	at 1966 price level
East	Rs. 201	Rs. 180
North	196	175
West	231	205
South	197	175

The regions comprise :

West	. . .	Maharashtra, Gujarat and Madhya Pradesh & Goa.
East	. . .	West Bengal, Orissa, Bihar, Assam, Manipur & Tripura.
North	. . .	U. P., Rajasthan, Punjab, Haryana, Delhi, Himachal Pradesh and Jammu & Kashmir.
South	. . .	Madras, Andhra Pradesh, Kerala & Mysore.

8.19. Our concrete recommendations for wage revision are as follows :

(1) *Scope of Inquiry* : Recommendations will cover all employees except those employed purely in managerial capacity. These recommendations will also be applied to contract labour.

(2) *Paying Capacity* : Engineering industry has adequate capacity to pay Fair Wages.

(3) *Wages* : Need-based wages should be paid on the basis of consumer price index for 1966, with 1960 as the base year.

The following should be the wage scales :

(a) *Un-Skilled*

West :	Rs. 205—4—225—5—250—6—280
East :	Rs. 180—4—200—5—225—6—255
North } South }	Rs. 175—4—195—5—220—6—250

(b) *Semi-Skilled*

A—	Rs. 245—6—275—7—310—8—350
B—	Rs. 270—7—305—8—345—9—390

(c) *Skilled*

A—	Rs. 300—8—340—9—385—10—435
B—	Rs. 330—9—375—10—420—11—475
C—	Rs. 360—10—410—11—460—12—520

(d) *Highly-Skilled*

A—	Rs. 450—12—515—14—585—15—630
B—	Rs. 500—15—575—17.50—645—20—685

(e) Grades for clerical staff should begin with scale for semi-skilled and end with wage scale for highly skilled categories of workers.

Adjustment : Adjustment will be done on the basis of service of the workmen as on 1-1-68 by granting one increment per every three years of service with one increment in the minimum.

(4) *Dearness Allowance* : Dearness allowance should be paid at the following rates for every point rise above the local index for 1966 (base 1960=100), to be revised every month :

(a) Unskilled : WEST :	Rs. 1.40 per point.
EAST :	Rs. 1.25 per point
NORTH/SOUTH :	Rs. 1.20 per point

- (b) Semi-skilled : 10 per cent over and above the per point rates for unskilled categories.
- (c) Skilled : 25 per cent over and above the per point rates for unskilled categories.
- (d) Highly skilled : 40 per cent over and above the per point rates for unskilled categories.

(5) *Fitment* : Every workman will be placed in prescribed wage scales by mutual agreement between the management and the union. In case of disagreement between the parties, cases of difference will be referred to Assessors to be jointly appointed.

(6) *Difficulties* : In the case of difficulties, both the parties will take assistance of tripartite machinery which should be created in each State.

(7) In cases where the units are small and turnover is not substantial, the managements and the unions agree that full implementation of these recommendations is not immediately possible, both the parties may agree to pay less than the wages recommended but not lower than 80 per cent of the wages recommended and the minimum should be reached in a phased manner, not later than three years from the date of enforcement of these recommendations.

(8) In cases where conditions justify, it will be open to the workmen to claim higher wages and in case of disagreement, the same shall be referred to arbitration.

(9) These recommendations should be given effect to from January 1, 1968.

(10) These recommendations will not have adverse effect on schemes of wage scales and D.A., which give higher benefit to the workmen and it will be open to the workmen to claim benefits of such schemes of wage scales and dearness allowance.

(KALI MUKHERJEE) (MOHAMMED ELIAS) (RAM DESAI)

Bombay,

23-12-68.

CHAPTER IX

VIEWS OF EMPLOYERS' REPRESENTATIVES

9.1. Regret for disagreement and broadly the reasons for same :

9.1.1. We regret that, in the vital task of fixing an appropriate wage structure, the three groups of members on the Board have failed to see eye to eye with each other with the result that it has not been possible to produce even majority recommendations in this behalf. We feel that, apart from the complexities of the problem itself, the currently depressed state of our industries, the excessive emphasis on the part of some of our colleagues on the acceptance of the need-based wage principle and disregard of capacity to pay have been primarily responsible for the failure of our efforts. We realise that it is perhaps for the first time that a Wage Board has failed to produce any report as such concerning its primary task, and we have only this to say in defence of our inability to meet the wage demands made that, in our opinion, acceptance of such demands in the present state of affairs would have caused severe distress to a large number of engineering establishments falling within the purview of our work. We produced several case-studies to convince others of the genuineness of our apprehensions but these were brushed aside, without any serious attempt to understand or study them, till we were finally convinced that the issues at stake were not going to be decided upon an objective study of the relevant facts, figures and circumstances. We were thus obliged to give up all hopes of reaching any consensus on the important question of wages.

9.1.2. In stating our views we suffer from a handicap to which we would like to refer at the very outset. Although our views in general, and concerning the capacity to pay in particular, had been submitted to the Board on one occasion or another, the Chairman refused, in spite of our insistent demand in which we were joined by at least one representative from the labour side also, to give us his and the independent members' views on capacity to pay, and in particular the calculations, if any, of the financial impact of their proposals. Apart from the fact that, considering the status of the Chairman and the independent members, we then considered, and still consider, such refusal to be unjustified, such refusal has forced us to conjecture as to which of our arguments and the facts and figures submitted in support thereof have found place in the report of the Chairman and which have not. Our report has therefore to be read along with the report of the Chairman bearing in mind the possibility of some minor discrepancies between the two.

9.2. Unque insistence on need-based wage :

9.2.1. Almost from the very beginning, our colleagues representing labour had asked for the acceptance of the need-based wage formula for the minimum-rated workmen. Their emphasis on this point rather increased in the final stages of our deliberations and that perhaps explains the abrupt and emphatic rejection by them of the

proposals of the independent members as soon as those proposals were made known to us. In the note dated the 22nd June 1968 submitted jointly by these friends to the Board, it was claimed that "wages for the engineering industry must necessarily be on the basis of need-based wages plus something more.... Each and every unit of the engineering industry must pay wages on the basis given above. Units which satisfactorily prove that they do not have sufficient capacity to take additional burden immediately may be permitted to pay 90% of the above wage immediately and remaining to be paid in a phased manner over a period of three years from the date on which the revised scales are brought into operation." We on our part had disputed the validity of their claim generally, and particularly in the circumstances of our industries, and neither side was unfortunately able to convince the other of the reasonableness of its stand. We maintain that the time has not yet come when the principle of the need based wage could be adopted for any group of citizens including the workmen of engineering industries. The unequivocal rejection of the demand for need-based wage of the Central Government employees by no less a person than the Prime Minister of our country lends support to our stand. In the present state of the country's economy the need-based wage can at best remain an ideal to be achieved at some future date. Till we achieve the capacity to reach that ideal condition, we must of necessity focus our attention on what is practically possible at the present moment. The preponderance of judicial opinion as well as the opinions of Wage Boards constituted so far has been against the introduction of the need-based wage in the present state of our economy. Therefore, while we could understand the ideological adherence to the principle of the need-based wage on the part of our colleagues representing labour, we were and are still unable to appreciate their insistence upon the demand for the immediate application of this principle regardless of the consequences. In our opinion it is far more important that industries exist and grow at reasonable levels of wages rather than languish and be doomed for ever in an effort to achieve the impractical for the time being. We are not to be understood as saying that we are inimical or opposed at all costs and in all circumstances to the fixing of wages based on the needs of the working class. All that we say is that the achievement of that objective should be conditioned by practical considerations of the capacity of industry to pay as well as the contemporaneous levels of wages for workmen in other spheres of work.

9.3. Our inability to accept the principle of need-based wage :

9.3.1. We agreed at one stage of our proceedings to an arithmetical exercise being made to find out the level of the need-based wage at various centres in the country. This exercise was made by the Office of the Wage Board and did help to minimise considerably the controversy as to the quantum of the need-based wage but it served also to prove that the need-based wage was far above the currently-paid wage in most parts of the country. While agreeing to an arithmetical exercise being made for determining the quantum of need-based wage we had made it absolutely clear that our agreement to the arithmetical calculation being made should not be understood or interpreted as even a partial acceptance of the

principle of need-based wage, and we take this opportunity of repeating that at no stage of the proceedings we had directly or indirectly agreed or even acquiesced in the acceptance of the principle of the need-based wage for immediate application to our industries or any part thereof.

9.4. Reference to principles for wage fixation laid down by the Fair Wage Committee :

9.4.1. According to the terms of reference the Board was required to work out a wage structure based on the principles of fair wages as set forth in the report of the Committee on Fair Wages. The recommendations of our colleagues representing labour are not based at all on the principles enunciated by the Committee on Fair Wages and hence need not be examined with reference to such principles. To that extent they are outside the terms of reference. But the recommendations of the Chairman and the independent members, we take it, were intended by them to be in conformity with the principles enunciated by the Committee on Fair Wages and hence have been studied by us with reference to such principles. With great respect we are, however, constrained to say, that these learned colleagues of ours also failed to apply these principles correctly in the determination of fair wages in this instance, or have so greatly diluted the application of these principles with their own notions of social justice and equity that their proposals can hardly be said to be based upon the principles of fair wages as set forth in the report of the Committee on Fair Wages. In the paragraph containing our comments on their proposals we shall have occasions to refer to the report of the Committee on Fair Wages, and we, therefore, consider it necessary that some of the relevant portions of the report be briefly set out here to give to our discussion a proper perspective.

“15. While the lower limit of the fair wage must obviously be the minimum wage, the upper limit is equally set by what may broadly be called the capacity of industry to pay. This will depend not only on the present economic position of the industry but on its future prospects. Between these two limits the actual wages will depend on a consideration of the following factors and in the light of the comments given below :—

- (i) the productivity of labour ;
- (ii) the prevailing rates of wages in the same or similar occupations in the same or neighbouring localities ;
- (iii) the level of the national income and its distribution ; and
- (iv) the place of the industry in the economy of the country.

18. We are of the opinion that the wage-fixing machinery should relate a fair wage to a fair load of work and that in case of doubt whether the existing work load is reasonable or not, proper time and motion studies should be instituted on a scientific basis.

20.....We feel that while prevailing rates of wages fixed as a result of proper collective bargaining will bear a close approximation, for the present, to fair wages and should, therefore, be taken into account in fixing fair wages, the same cannot be said of prevailing

wages resulting from unequal bargaining. The wage-fixing machinery should, therefore, make due allowance for any depression of wages caused by unequal bargaining.

23. We are of the view that in determining the capacity of an industry to pay it would be wrong to take the capacity of a particular unit or the capacity of all industries in the country. The relevant criterion should be the capacity of a particular industry in a specified region and, as far as possible, the same wages should be prescribed for all units of that industry in that region. It will obviously not be possible for the wage-fixing board to measure the capacity of each of the units of an industry in a region and the only practicable method is to take a fair cross-section of that industry.

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

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

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

25. Reference has already been made to the close relationship that exists between wages and national income. Another important factor to be considered in the determination of wages is the place that an industry has in the economy or security of the country.

28. We feel that before a wage-fixing machinery decides to make any allowance for benefits, statutory or otherwise, granted to workers, it must examine the nature and extent of those benefits. Where a benefit goes directly to reduce the expenses of a worker on items of expenditure which are taken into account for the calculation of the fair wage, it must necessarily be taken into account in fixing the actual fair wage payable. Where, however, the benefit has no connection with the items of expenditure on which the fair wage is calculated, it cannot naturally be taken into account.

31.The Committee decided that if the standard family was reckoned as one requiring three consumption units and providing one earner, the decision would be in accord with the results of the family budget enquiries.

34. In the written evidence received by us there is unanimity of opinion that fair wages should be determined on an industry-cum-region basis. We support that view as it is not feasible at present to fix wages on any other basis.

36. An examination of the wage structure of different industries in this country shows that the wage differentials obtaining in industries have hitherto been based more on questions of supply and demand, accidents of history and sociological considerations than on any scientific appraisal of the factors that should be taken into consideration. The Committee consider that in the fixation of wage differentials the following factors should be taken into account :—

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

46. The representatives of both employers and workers are agreed that there should be progressive improvement in the fair wage and we support that view. It is not possible for us to be specific as to how the fair wage should progress, but any progressive improvement will naturally depend on improvement in the economic conditions of the country generally and of the industry concerned in particular."

9.5. Compilation of statistical data :

9.5.1. Even though the questionnaire of the Board was addressed to more than 3,000 units of engineering establishments and their workmen, practically no union at the plant level submitted any memorandum. On behalf of the workmen only the Central Federations of Labour submitted claims. These were couched in general terms and were not supported by any study or statement showing that the industry had the capacity to pay the wage demanded by them. On behalf of the industry memoranda were submitted by the two All-India organisations of engineering employers in which the Associations submitted the case of the industry with the help of facts and figures. Besides these two Associations, a large number of individual companies, particularly the larger ones, also submitted detailed

information as to the wage structure obtaining in their individual enterprises and how it was determined. Balance sheets were also submitted to show the state of their finances. Unfortunately the Board could not analyse the data submitted to it. As those who submitted detailed individual data were mostly the large-sized concerns and as in the engineering industries the large-sized concerns account for a major portion of employment, output and investment, the compilation of the data furnished by these concerns would have helped the drawing of the picture of the existing state of affairs generally obtaining in the large units of the industry. As stated earlier this was not or could not be done for reasons which we did not and do not consider justifiable. In these circumstances, the two Associations of employers undertook to get a study made by an economist of the state of the economy of at least the large units in the engineering industries from whom data could be easily obtained and who represented undoubtedly the stronger section of the industry from the point of view of capacity to pay. This study, we understand, was made by the two Associations at considerable financial cost and was submitted to the Board by us. The study covered 303 engineering establishments, and in respect of employment, capital employed and sales, its coverage was quite extensive as is revealed by the following data :

	Rs.
(i) Capital and reserves in 1965 (296 companies)	422.71 crores
(ii) Employees' remuneration in 1965	154.08 crores
(iii) Sales in 1965	1,049.97 crores

When this study was presented to the Board, there was considerable reluctance, in fact opposition, to the acceptance of this evidence on the technical ground that this had been submitted after the close of public hearings and the Board, therefore, could not formally take any notice of such a report. It is true that this report was submitted after the conclusion of public hearings but before the Board had started its policy deliberations; but, in our opinion, that hardly justified opposition to it. The report became necessary only after the Board had failed in its task of analysing the data submitted to it and was intended only to aid the Board in its work by making available to it valuable factual information. The technical objections to the acceptance of the report were, in our opinion, misconceived. However, the report was frequently referred to in our discussions and at no stage was its factual correctness ever disputed or doubted. In this note, we would have occasion to refer repeatedly to that report (as Dr. Paymaster's Report) and it is, therefore, to be considered as forming a part of this note. A copy is attached hereto and marked 'A'.

9.6. General disinclination to consider capacity to pay :

9.6.1. In spite of the data made available to the Board in the form of Dr. Paymaster's report and the data also available to the Board in the various Reserve Bank studies made in this behalf, we noticed in the deliberations of the Board an apparent disinclination to take into account seriously the facts revealed by such studies or

to evaluate their bearing in the matter of wage fixation. A good deal of the time of the Board was spent on discussions centering round the need-based wage and its quantification; but, for considering the capacity of the industry to pay, adequate time was not devoted. In fact, at one stage of the proceedings, one of us felt so strongly in the matter that he gave a letter (25-4-68) to the Chairman requesting that the Board undertake a factual study of the capacity to pay after an appropriate stratification of manufacturing units for such purpose. It was stressed in this communication that unless that was done, no further progress could be made in the work of the Board. In spite of this demand, vague arguments such as the difficulty in selecting the units to represent a fair cross section and absence of adequate data otherwise were continued to be advanced for the Board's inaction and inability to undertake such study. We then stressed, and we repeat it now, that in neglecting and/or failing to assess the capacity of the industry to pay, the Board failed to apply the most important yardstick for fixing wages in terms of the report of the Fair Wages Committee, namely, the capacity to pay.

9.7. Some special features of engineering industries :

9.7.1. As our various arguments, and the facts and figures submitted in support thereof, may not have found any appropriate place in the report of the Chairman and the independent members, we repeat below the more important of our arguments for the consideration of the Government :

(i) The engineering industries are heterogeneous in character. Each engineering industry has different characteristics peculiar to itself. The products vary tremendously and so do manufacturing techniques and the degrees of skill required to produce them. The size of the unit also varies: employment and investment in different units may vary so tremendously that common standards cannot be applied to judge them. The profitability varies from industry to industry as well as from one size of the unit to another. The imbalance in regional development and the aspirations of the underdeveloped or undeveloped areas in the country to set up engineering industries adds a dimension to any consideration of engineering industries and their problems which is independent of purely economic factors. These diversities of development, employment, investment, products, processes and profitability must needs be kept in the background in any consideration of the appropriate wage structure to prevent any damage being caused to the growth of these industries.

(ii) Most of the engineering industries show all the important symptoms of recession, namely, a declining growth rate, a declining level of capacity utilisation and accumulation of stocks (*vide* article in the Reserve Bank of India Bulletin of July 1968 entitled "On recent recessionary trend in organised industry" prepared by the Department of Statistics, Reserve Bank of India). The accumulation of stocks is reflected in the higher incidence of interest charges, discussed more fully in sub-para (vi) below. The extent of under-utilisation of capacity in a large number of engineering industries is shown by the following table compiled from "Monthly Statistics of the Production of Selected Industries in India" published by CSO.

Capacity Utilisation in Engineering Industries

	Production as % of Capacity		
	1965	1966 (Jan-May)	1967
Steel Pipes and Tubes	93.1	82.8	57.9
Cast Iron Spun Pipes	87.0	83.1	63.4
Transmission Towers	85.2	70.9	63.8
Steel Structural, heavy	72.7	64.6	32.7
Steel Castings	67.4	49.0	46.3
Copper and Brass Pipes and Tubes 1	31.8	22.8	10.9
Lead Pipes and Tubes	10.3	5.1	5.1
Zinc Sheets and Strips	91.8	94.5	50.2
Wire Ropes	58.9	61.2	37.8
Expanded Metal	24.6	11.3	12.0
Road Rollers	75.2	72.8	51.1
Cranes, other than Mobile Cranes	45.5	47.0	25.0
Hoist Blocks (Electric/Air)	28.3	15.3	7.5
Lifts	109.4	131.2	70.7
Textile Machinery Looms (Calico, Semi-automatic and Automatic)	36.2	31.2	21.7
Carding Engines (revolving flat cards)	167.8	101.1	53.1
Jute Machinery—Spinning Frames	64.3	38.1	12.4
Ball and roller bearings	71.3	79.2	60.0
Machine Tools—Machine Tool Accessories	104.2	59.6	55.5
Portable tools	111.5	90.9	69.2
Cables and Conductors—Bare Copper Conductors	24.6	14.1	6.9
Winding Wires	82.4	77.2	72.7
Rubber and plastic insulated cables & flexibles	60.7	48.4	44.7
Paper insulated power cables	70.9	70.8	43.1
Arc welding electrodes	72.7	64.6	36.0
House Service Meters	95.0	82.7	73.5
Railway Wagons	85.3	55.7	42.2
Trailers	154.2	70.3	68.0

The recession started to hurt badly round about the middle of 1966 and still continues to hurt. The production index of the engineering group which rose to 330.8 in January 1967 dropped abruptly to 293.2 in June 1967 (*vide* Table 'A' of Dr. Paymaster's Report) and stood provisionally at 208.6 in July 1968. The average for the four months of the fiscal year 1968-69 stands at 194.9. The data furnished above

sufficiently establishes that the engineering industries on the whole are in the grip of a severe recession and signs of recovery are as yet very faint indeed. It is to be seriously considered by Government whether this is the appropriate time for any drastic change in the wage structure of the industry.

(iii) Not only did the production fall quantitatively, the cost of production went up on account of rise in costs of materials, like steel, electricity, coal, etc., as well as increases in dearness allowance, wage structure by and large being linked to the cost of living index. According to Dr. Paymaster's study (Table 'C') the gross profit as per cent of capital employed dropped in the case of 205 companies studied from 12.3% in 1965 to 9.5% in 1966. When figures are available for 1967 and 1968 a further and steep deterioration is most likely to be revealed. This is indicated by a study of profitability rates of 21 large engineering companies included in the study covering altogether 101 industrial giants published in 'the Economic Times' dated 26th February 1968. The position revealed in respect of these large companies is shown in the attachment marked 'B'. The results are indicative of the effect recession is having on the profitability of the industry on the whole. The position of the smaller units of the industry is indeed much worse.

(iv) While the costs tended to rise, the selling prices for a large number of engineering products have either registered a fall or did not rise proportionately to the increase in cost, *vide* statement attached hereto and marked 'C'. This state of affairs is bound to continue till the market is able to absorb a rise in prices commensurate with the increase in costs of which there appears to be no immediate prospect. Increases in labour costs, therefore, have to come out of current profits in the foreseeable future, and this needs to be borne in mind while assessing the capacity of the industry to pay higher wages.

(v) In engineering industries the available statistics conclusively establish a direct co-relationship between size and profitability. In 1956, of the 296 companies covered by Dr. Paymaster's study (Table 'G'), 52 large units (17.5%) accounted for 78.4% of total profits after tax whereas 246 shared between themselves 21.6% of the total profits. Employment-wise also, the same 52 companies paid 67.1% of total employees' remuneration whereas the remaining 246 together paid 32.9%. In the matter of sales also, the above 52 companies accounted for 69.2% of total sales of the group in 1965. These figures conclusively establish a direct co-relationship between size and profitability in the private sector, the position in the public sector undertakings being otherwise. The large companies thus show comparatively better financial results. The Reserve Bank of India Bulletin relating to 1333 companies also establishes the same position (*vide* Tables 'J' & 'K'). If these very large companies are left out, the average profit ratio of the remaining companies would be considerably lower. This conclusion is confirmed by the Reserve Bank study in "Finances of Small Private Ltd. Companies, 1965-66, Table 7", published in the Reserve Bank of India Bulletin, March 1968. This table is attached hereto and is marked "D".

(vi) The capital structure of the industry is lop-sided and rests dangerously on borrowings. The latest figures available for 205 companies in the private sector disclose a state of over-borrowing in 1966, the net worth (Rs. 388.36 crores) being lower than borrowings (Rs. 404.73 crores) and the ratio of net worth to borrowings being 0.9:1 (*vide* Dr. Paymaster's report at pp. 10, 11). This ratio has progressively deteriorated since 1960 when it stood at 1.6 : 1, showing that over the last 7 years the internal capital accumulation has been so inadequate that the industry had to resort to large scale borrowing. In fact, the saturation point in this respect has now been reached and unless this imbalance is rectified in the near future, the further growth of engineering industries will be seriously hampered. The rise in the proportion of interest from 1.1% of total income in 1956 to 2.4% in 1965 (*vide* Table 3.3) also reflects the rise in borrowings. The deterioration in this respect was staggering in 1966. In respect of 205 companies of which figures are available (*vide* page 13 of Dr. Paymaster's Report) interest rose sharply from 2.3% of total income in 1965 to 3% in 1966 indicating a stupendous increase in borrowing. The figures for 1967 are not available; but, the position could, at best, be worse on account of rise in interest rates generally and the necessity of holding larger stocks on account of trade recession.

(vii) It is imperative that the imbalance in the capital structure of the industry is rectified as early as possible. At 0.9 : 1 ratio of net worth (shareholders' fund) to borrowings, the borrowing capacity must be considered as over-strained, and any further increase may prove to be the proverbial last straw on the camel's back leading to closures, or frequent lay-offs and retrenchment. These have been in evidence in increasing proportions in the recent past. This imbalance can be rectified either by raising fresh capital of which prospects have been and continue to be very dim, or by a larger retention of available profits after tax. How much can be retained will, no doubt, be affected by whatever in roads are made on available profits by way of wage increases.

(viii) The paid-up capital and the reserves together constitute the net worth of the company. According to the study carried out by Dr. Paymaster (*vide* Table 'B' at p. 9) the reserves including bonus shares in 1965 accounted for only 40.2% of the net worth of the engineering companies covered by the study as against 57.4% in the case of the 1232 companies in All-Industries as shown by the Reserve Bank study. This comparison shows that the reserve accumulation in the engineering industries has been at a lower rate than the All-Industries average. In 1964-65 the reserve and bonus together constituted 66.89% of net worth in the case of Iron & Steel industry, 61.8% in the case of Aluminium, 73.2% in the case of Cotton Textiles and 61.7% in the case of Jute. The low proportion of reserves is, however, not due to any generous dividend distribution policy. The dividend distributed by the engineering companies are at much lower rates than the average for All-Industries (R.B.I. Study). Profit retention by the engineering industries was also higher than in the case of all but a few industries during 1960-65 period (*vide* Table 5.4 at p. 58 of Dr. Paymaster's Report). In spite of these factors the position of reserves compares unfavourably with that of other industries mentioned above and the All-Industries average.

9.8. Case-study to prove lack of capacity to pay :

9.8.1. In support of our contention that the over-all position of engineering industries at the present moment was not such as could absorb any sizeable dose of wage increase, we submitted to the Board an over-all and three specific case-studies of companies belonging to different groups based upon size. In case these studies have not found any place in the report of the Board we are stating below the essential details of these studies which support our conclusion that, generally speaking, the engineering industries on the whole do not have any capacity to pay any higher wages.

9.8.2.(i) *Over-all Study of 205 Companies* : According to Dr. Paymaster study (*vide* Table 2.2) the profit before tax of 205 companies studied for the year 1966 amounted to Rs. 70.77 crores. The paid-up capital of these companies amounted to Rs. 253.87 crores and the reserves to Rs. 134.47 crores (*vide* Table 2.1). These companies in 1966 accounted for sales totalling Rs. 876.09 crores and the remuneration paid to employees amounted to Rs. 130.03 crores. Taking the return on paid-up capital at 10% and on reserves at 6% and assuming tax at 50% of gross profits, the picture of the combined financial capacity of these companies is revealed as follows:

(All figures in crores)	
	Rs.
1. Gross Profit before tax (<i>vide</i> Table 2.2)	70.77
2. Return on Paid-up Capital @ 10% on Rs. 253.87 crores (<i>vide</i> Table 2.1)	25.39
3. Return on Reserve @ 6% on Rs. 134.49 crores (<i>vide</i> Table 2.1)	8.07
Total of 2 & 3	33.46
4. Treating the return on paid-up capital & reserves as a prior charge and assuming tax @ 50% the gross profits needed to provide the above return	66.92
5. The balance of gross profit in 1966 left over for all purposes including increases in labour remuneration	3.85
6. Total payments to employees in 1966	130.03
7. Even if the entire residual amount is utilised for increasing labour remuneration, the increase cannot exceed	3%

Therefore, it cannot be disputed that the 205 companies covered by the above study taken as a whole cannot be said to have any further capacity to increase labour remuneration.

9.8.3. (ii) *Study of 15 companies employing on an average 556 workmen as on 1-1-1968.*—This study related to 15 companies the names of which together with the number of workmen employed by each are shown in the statement attached hereto and marked 'E'. The study related to the years 1964, 1965 and 1966 and revealed the following position.

(All figures in crores)

Year	Total Paid-up Capital	Total Reserves	Gross Profit before Tax
1964-65	4.24	2.17	0.96
1965-66	4.55	2.67	1.20
1966-67	5.28	2.46	0.91

Year	Return on capital and reserve at 8.5% and 6% res- pectively	Gross profit required to pay return after tax	Gross profit left over after return	Total wages
1964-65	0.55	1.10	— .14	3.00
1965-66	0.62	1.24	— .04	3.48
1966-67	0.63	1.36	— .45	3.82

It is apparent from the above data that this group of 15 companies does not have any capacity to bear any further burden of wage increases. In fact, they are unable to meet fully even the requirement of return on capital and reserves.

9.8.4. (iii) *Study of 17 companies with an average employment of 1628 workmen.*—This study related to 17 companies the names of which together with the number of workmen employed by each are shown in the statement attached hereto and marked 'F'.

(All figures in crores)

Year	Total paid-up capital and reserves	Gross profit before tax
1964	20.72	6.36
1965	22.63	5.43
1966	22.92	2.32

Year	Return on capital & reserves at 8.5% & 6% respectively	Gross profit required to pay return after tax	Gross profit left over after return	Total wages
1964	1.55	3.10	+3.26	9.08
1965	1.67	3.34	+2.10	10.15
1966	1.71	3.42	—1.10	10.36

It is apparent from the above data that these companies also taken together could not even meet the requirement of a reasonable return on capital and reserves in 1966.

9.8.5. (iv) *Study of 16 very large companies with an average employment around 5000 workmen.*—This study related to 16 very large companies the names of which together with the number of workmen employed by each are shown in the statement attached hereto and marked 'G'.

(All figures in crores)

Year	Total Paid up Capital	Total Reserves	Gross Profit before Tax
1963	35.90	31.66	20.70
1964	36.29	39.71	23.49
1965	37.69	45.99	24.27
1966	46.53	43.31	16.44

Year	Retrn Capital & Reserves at 10% & 6% res- pectively	Gross Profit required to pay return after tax	Gross Profit left over after return	Total wages
1963	5.49	10.98	9.72	23.66
1964	6.01	12.02	11.47	27.87
1965	6.53	13.06	11.21	32.04
1966	7.25	14.50	1.94	32.75

It is to be noted that in the year 1966 even this group of large companies could make just enough gross profit to meet the requirement of return on capital and reserves.

9.9. Estimate of total gross profit at present:

9.9.1. The studies referred to above, as stated already, relate to the years 1964, 1965 and 1966 and in one case go back to 1963 also. The years 1964 and 1965 were very good years—perhaps the best in recent years—for engineering industries generally. Recession started to affect profitability in 1966 and the situation has since continued to deteriorate. Looking at the trading results recently published of very large companies like Guest, Keen, Williams, Ltd., Textile Machinery Corporation Ltd., Burn & Co. Ltd., etc., it is not likely that during the years 1967 and 1968 the gross profits before tax of the companies covered by Dr. Paymaster's report will exceed Rs. 30 crores. Even this may be an over-optimistic estimate. It underlines the crisis through which the industry is passing and the inappropriateness and the inadvisability of any drastic upward revision of the wage structure at present.

9.10. Representative character of case-studies :

9.10.1. The factual correctness of the information given in these studies which could be easily verified was at no stage disputed ; but these were brushed aside on the plea that the studies did not represent a fair cross-section of the industry. If a corrective study of a group of 205 units accounting for 876.09 crores of sales, and Rs. 130.03 crores by way of wage payment is not a representative sample of the large sized companies, we fail to understand what would constitute a fair cross-section. Even the corroboration of the result of the over-all study of these companies by individual case-studies was not regarded as sufficient to merit any attention. This attitude confirmed our fears referred to in para 1 above, that our other colleagues were not inclined to base their judgment upon any objective study of the facts figures and circumstances relating to our industries.

9.11. Calculation of need-based wage :

9.11.1. Before we proceed to state the reasons of our disagreement with the proposals of the Chairman and the independent members, we would like to refer briefly to the calculations of the need-based wage as prepared by the Office of the Board. It quantified the need-based wage for some centres based on average prices from 1st December 1966 to 30th November, 1967 as follows:—

Name of the city	As per Diet Schedule Recommended by		
	National Nutrition Advisory Committee	Table IV of Health Bulletin No. 23 (5th Edition)	Table IV of Special Report Series No. 42 (Improved Diet)
Bombay	231.22	210.74	205.09
Calcutta	201.26	194.51	192.58
Madras	197.49	174.09	173.22
Ahmedabad	238.95	207.67	180.07
Bhavnagar	199.67	187.52	172.34
Bangalore	214.62	193.90	188.35
Delhi	196.41	198.32	182.24
Jamshedpur	232.27	213.86	211.31

We are of the opinion that if the food mix were to be as taken into account in making the aforesaid calculations, and if house-rent were to be taken at Rs. 26 per month for Bombay and Calcutta and Rs. 17.50 per month for other Centres, the above figures do represent the need-based wage for three adult consumption units based on average prices during the period 1st December, 1966 to 30th November, 1967. We are, however, of the opinion that further research is needed on the composition of the food mix to reduce cost and yet give adequate sustenance to manual workmen. Until this has been done we consider that in all references to the need-based wage, one may proceed on the basis of Table IV of Special Report Series No. 42. This represents the latest revision of Health Bulletin No. 23 (5th

Edition) by the Indian Council of Medical Research, and has been adopted by some Wage Boards. We have also to add that the provision of house-rent allowance at the scales noted above should not be applied in the calculation of the need-based wage for industrial workmen. The fact that industrial workmen generally live in their own houses on a joint family basis or do not have to incur house-rent or corresponding expense to the extent provided should also receive due consideration. The quantification of the need-based wage proceeds on the assumption of three adult consumption units right from the beginning. This should be reduced to 2.5 generally and in any case during the first 5 years of a workman's career. The latter view has also received judicial approval. Such downward adjustment will also be in keeping with the natural policy aimed at reducing the size of the family.

9.12. Where increase in labour remuneration above minimum wages should have precedence over return on capital and reserves :

9.12.1. Another point which needs consideration is whether increase in labour remuneration is entitled to precedence over return on Paid-up Capital and Reserves at reasonable rates when the wages being paid are much above the level of minimum wages prescribed under the Minimum Wages Act for corresponding work in the same or similar industries. As to this the Fair Wages Committee (Para 24 of their Report) has said that the objective should be not merely to determine wages which are fair in the abstract, but to see that employment at existing levels was not only maintained but, if possible, increased. The level of wages should enable the industry to maintain production with efficiency. In order that employment and production are maintained it is essential that funds required for smooth-running are always adequately available. In other words conditions should exist enabling the investor to maintain his interest in engineering industries. However, much we may have the interest of labour at heart, we cannot create conditions which will stultify the further growth of these industries by making investment in them comparatively unattractive. The engineering shares have already lost much ground between 1964-65 and 1967 (*vide* Table 'F' of Dr. Paymaster's Report) and all concerned with the engineering industries cannot afford to see the public interest in investment in engineering industries recede further. As stated by the Fair Wages Committee the objective should not be merely to determine wages which are fair in the abstract.

9.13. Conditions in engineering industries not comparable to Iron and Steel or Coal industries :

9.13.1. The claim for higher wages in the engineering industries has been supported by comparison with the wages fixed in the coal and iron and steel industries by their respective wage boards. This comparison is not justified. It is to be remembered that while making its recommendations for increasing wages, the Coal Wage Board appreciated the difficulties of the industry in giving effect to its recommendations and, therefore, simultaneously recommended that selling prices of coal should be suitably revised so as to provide the industry with the wherewithal to pay higher emoluments. Subsequently, even though the selling prices for coal were statutorily decontrolled, an appreciable increase in selling prices was achieved by private negotiations between the industry and the consumers of coal.

This enabled a part of the industry to pay higher wages. The weaker section of the industry has, however, still not been able to implement the recommendations of the Wage Board. Similarly the producers of iron and steel were able to pass on the cost of increased wages to consumers of iron and steel to an appreciable extent. There have been successive increases in steel selling prices since the publication of the report of the Iron and Steel Wage Board. Besides the over-all increases selective increases based on section or quality *etcetera* have not been insignificant during the recent past. The position of the engineering industries today is, however, different and is going to remain so in the foreseeable future. It is just not possible at present to pass on the burden of increased wages to the buyers. As will appear from Annexure 'C', not only has it not been possible for the industry to increase selling prices commensurate with the increase in cost, in a number of cases the prices have registered falls. The future prospects are also not such that any part of the increased burden could be passed on to the buyers. To the extent that the engineering products are exported, any transfer of burden is out of the question. This factor must receive due consideration.

9.14. Reasons for disagreement with the Chairman's proposals :

9.14.1. We have given careful consideration to the proposals put forward by the Chairman and the independent members but we are unable to subscribe to these proposals for the reasons explained below :—

(i) As will appear from the following table, the minimum wage payable at the end of the phasing period will approximate to, and in some cases even exceed, the need-based wage as determined by the Office of the Wage Board.

Area		Need-based wage as per Table IV of Special Report Series 42	Minimum rated workmen in Gr. C in the last year of phasing	Minimum rated workmen in Gr. D in the last year of phasing
I.	Bombay	205.09	184.00	202.40
II.	(a) Calcutta	192.58	178.00	195.80
	(b) Jamshedpur	211.31	178.00	195.80
III.	(a) Madras	173.22	172.00	189.20
	(b) Ahmedabad	180.07	172.00	189.20
	(c) Bangalore	188.35	172.00	189.20
	(d) Delhi	182.24	172.00	189.20
IV.	Comparative data not available.			
V.	(a) Bhavnagar	172.34	160.00	176.00

from the above data it can be inferred that, by and large, at the end of the phasing period, minimum-rated workmen employed in industrial units in Groups C and D all over the country will get the need-based wage as determined by the Office of the Wage Board. It is worthwhile mentioning here that employment in such units accounts for above 50% of the total employment in engineering industries. It appears that the authors have proceeded to frame their proposals on the basis that, latest at the end of 5 years' period, the minimum wage in engineering industries generally shall approximate to the need-based wage. In doing so, the authors, have apparently assumed that the capacity of the industry will progressively grow during the next 5 years so as to enable it to increase wages to the need-based level. It is not clear as to what reasoning lies behind such an assumption when all the present indications are that the capacity to pay is getting diminished. It is to be noted that the progressive rise of wages to the level of need-based wage during the next 5 years will be additional to increases in dearness allowances, if any, and annual increments. To put it very mildly, the assumptions underlying the proposals are devoid of any intelligible base. Apparently, the proposals proceed on the basis that wage levels approximating the need-based wage must be attained, if not today, during the next five years definitely for the majority of the workmen employed in engineering industries regardless of the capacity to pay. In making such proposals, the authors have apparently disregarded the principle set out in para 46 of the Committee on Fair Wages wherein the Committee had stated that any progressive improvement of wages should depend on the improvement of the economic conditions of the country generally and of the industry concerned in particular. It is not shown what improvements in the economic conditions of the country generally and of the engineering industries in particular are visualised to justify an automatic and unrestrained increase in basic wage by nearly 33% over and above the neutralisation of the increase in the cost of living.

(ii) It has been recommended that placement in categories shall be determined according to the method of job evaluation recommended by the Board. No exception, of course, can be taken to this recommendation. But the proposals do not state the mechanism to be adopted for such job evaluation and how the wages are to be fixed till such time as job evaluation could be completed. The job evaluation scheme approved by the Board states only the broad outlines of the Scheme. A great deal of further work, discussion and consultation will be necessary between the parties before the job evaluation scheme could be applied in any given case. Some of the companies and unions may find, in their local circumstances, job evaluation too difficult to undertake or implement. Some may perhaps give it up as a job beyond their means. The Scheme as approved by the Board does not provide for any appellate authority to determine cases of dispute. The mere absence of such an authority may discourage some from taking up a task calling for a great deal of consultation, preparation and hard work. In any case, there could be no doubt that, however, desirable the effective implementation of the job evaluation scheme may be, it would be a long and arduous task, and it would be rash to expect that the process could be completed within a period of 2/3 months. The proposals as stated have to apply from the 1st January, 1969. How the authors expect this to be practical? Is it not likely that by this part of the proposals

alone, the flood-gates of industrial disputes will be thrown wide open? We are sure this will be the consequence if the proposals are not suitably modified to make them practically possible of application. An alternative to job evaluation for determining the placement of existing employees must be provided. Along with the proposal for job evaluation, mechanism for its successful implementation must of necessity be spelled out ; otherwise, we are afraid, the proposals will have a much greater potential for causing damage than good.

(iii) The financial effect of their proposals was not stated by the Chairman and the independent members. In the course of our discussions we got the impression from their inability to furnish us with any figures that no attempt was made to quantify even approximately, the financial impact of the wage proposals on that part of the industry which falls within the purview of the Board. We were, therefore, obliged to attempt an approximation of the effect of their proposals which we did and submit our calculations to the Chairman and the independent members for their consideration. We do not know what consideration was given to our comments. Looking however, to the fact that no modification of the wage structure was made by the authors, we have concluded that our comments were either, as usual, brushed aside or were not found acceptable on merits. In the latter event, we consider that the authors owed it to us to explain why they rejected our calculations. In view of this position, we shall refer later in this note (Para 9.15) to the gist of our calculations in the hope that Government will give them due consideration.

(iv) Provision for adjustment of fringe benefits is restricted to the recovery of house-rent at the given rates if the housing accommodation conforms to the standards laid down in the concerned Government letter and to the recovery of the actual cost of subsidised food-grain, if any, supplied to the workmen. The latter provision is not a concession at all as supply of food-grains (as distinct from supply of prepared food at concessional rates in canteens etc.) is, by its very nature, a part of dearness allowance paid in kind and is not to be confused with any fringe benefit. In the matter of food, only the supply of prepared food in factory canteens at subsidised rates amounts to a fringe benefit for which no provision is made in the proposals. Also, house rent cannot be adjusted if the housing accommodation does not conform to the given standards. In other words, if an employer has technically deviated from the given standards or has provided accommodation of a different type than the officially approved standard, no adjustment can be claimed under the proposals. This, in our opinion, is unrealistic and unjustified. Some companies spend heavily on medical expenses but the proposals do not envisage any adjustment. It has been held by the highest judiciary in the country that fringe benefits which go to reduce the expenses of a workman should be adjustable against his wage. The proposals put forward do not permit any such adjustment. The result would be that those employers who have followed liberal policies in the matter of fringe benefits will be put at a disadvantage compared to those who did not follow such liberal policies. How is such discrimination justified? The report of the Fair Wages Committee (Para 28) clearly lays down that where the benefits, statutory as well as non-statutory, goes directly to reduce the expenses of a worker

on items of expenditure which are taken into account for the calculation of the fair wage, it must necessarily be taken into account in fixing the actual fair wage payable. The authors have apparently disregarded or ignored this part of the Fair Wages Committee's report for reasons not stated. We may also mention here that the Board itself had also decided at the time of granting interim relief that fringe benefits will be taken into account while making final recommendations. It is not clear as to why the authors have thought it fit to ignore the principles laid down by the Supreme Court, the report of the Fair Wages Committee and its own decision in this behalf. The position of Government undertakings which come within the purview of the Wage Board needs special mention. The public sector undertakings give extraordinary fringe benefits. The per capita incidence is from Rs. 30 to Rs. 70. Some private sector companies also supply prepared food at so heavily subsidised prices that the per capita benefit comes to as high as Rs. 30 to Rs. 40 per month per worker. In our opinion, the practice of giving fringe benefits, at least in so far as it has an anti-inflationary effect and tends to protect, although partially, the real wages of the workmen, deserves encouragement. It is a pity, therefore, that the proposals under reference will tend to discourage the further growth of fringe benefits. While on the subject of fringe benefits we would also like to add that when in the calculation of the need-based minimum wage, provision is made for miscellaneous expenses at 25% of the total of the cost of food, clothing and housing, a number of fringe benefits which are statutorily in force today such as the provident fund and the ESI should form part of the said 25%. As these are now paid for directly by the employer, the said percentage of 25 needs a downward revision.

(v) No part of the wage recommended by the Chairman and the independent members is related to production or productivity. Perhaps it has been assumed that higher wages will automatically lead to more production or higher productivity. In proceeding with such an assumption the authors have ignored the realities of the situation. That higher wages lead to higher production or greater productivity is, in Indian conditions an exploded myth.

(vi) By its terms of reference the Board was required to bear in mind the desirability of extending the system of payment by results. It is apparent that no part of the present proposals is related to or has any bearing on the system of payment by results. There is no incentive for adopting or extending wage systems linked to production or results. The wage is related to physical attendance only. It was strongly urged by all of us that wages, or at least a part of it, must be linked to production, so that the workmen may begin to realise that in order to earn the given amount of money by way of wages, the stated or agreed production must also necessarily be given. We also stressed in the course of our deliberations that it should not be assumed, as unfortunately was found to be the case, that the normal or standard production cannot be determined. The science of industrial engineering is now fairly well advanced and the fixing of normal or standard production is not a rare exercise even in Indian conditions. A large number of firms have adopted, as a regular practice, industrial engineering techniques to determine normal production and to fix incentive schemes. As was revealed from

the voluminous statistical data filed before the Board, in a large number of engineering units where incentive schemes have been introduced, the earnings of the workmen have been quite substantial and in several cases exceed even 100% of the normal wages. We emphatically maintain that such earnings cannot simply be ignored in evolving a wage structure for the industry. We were distressed to find a total aversion, almost amounting to contempt, to an idea to link wages with production, even partially. That supposedly independent-minded persons should so view the relationship of wages and production was a sad revelation to us, particularly when it is one of the specific requirement of the terms of reference that, in determining the wage structure, the Board should bear in mind the desirability of extending the system of payment by results. We fail to understand how, by their proposals, the authors expect to achieve this objective. We are of the opinion that only by linking wages to production can industrial relations be put on the solid foundation of mutual interests.

(vii) It has been recommended that the workmen shall be granted weightage for past services at the rate of one increment for every three years' service subject to a maximum of three increments. This recommendation ignores the fact that in engineering industries, grant of annual increments is, by and large, the practice in almost all establishments.

(viii) In the matter of phasing it has been recommended that if a worker does not get an additional amount of at least Rs. 10 in his total monthly emolument, he will be put in a subsequent higher phase in such a way that he gets an increment of not less than Rs. 10 in his total emolument. The effect of this part of the recommendations will be that the existing disparity between the wages of different workmen in the same category is likely to be completely upset in a large number of cases. Those who get higher wage now than others may find that the position is reversed. This will no doubt lead to more industrial unrest and heart-burning amongst the workmen. Moreover, when a definite wage structure is being recommended, what is the justification for a minimum guaranteed increase which will vary from person to person in all circumstances? Is it that the Wage Board must necessarily benefit every workman irrespective of all other considerations? If so, we respectfully express our dissent from such an approach.

(ix) The semi-skilled workmen have been divided into two categories and the skilled workmen into six. This differs from the prevailing practice under which workmen are generally divided into unskilled, semi-skilled, skilled and highly skilled categories only. A workman accustomed to be classified or called a highly skilled workman will find it almost impossible to adjust himself mentally to be regarded as a skilled workman only. In any case, he is most likely to demand to be placed in the highest category of skill for the reason that he had been so treated in the past. This will lead to endless disputes. This apart, the recommended scales of pay for the skilled categories of workmen are absolutely out of tune with the existing levels. In some cases, the difference exceeds Rs. 400 per month.

(x) The basic wage recommended will perhaps be the highest compared to other industries. The rationale behind this approach has not been stated or explained. It is also not easily understandable. Looked at from the point of view of the likely course of working class consumer price indexes in the foreseeable future, the fixing of the basic wage at such a high level appears irrational. The authors have suggested the minimum dearness allowance for an unskilled worker of Group A employers at Rs. 35 on the basis of the All-India cost of living index of 207, and they have further suggested adjustment of dearness allowance at the rate of Rs. 1.50 per 2 points of rise or fall. From this it follows that if the price index falls by more than about 46 points, it will cease to affect the suggested wage structure of the minimum rated workmen. In other words, the basic wage structure has, in the case of the lowest paid workmen, been linked to the All-India index of about 161, that is to say, at or about the average of the year 1964. We consider that the underlying assumption that the working class consumer price index will not fall below the average of 1964 during the next 5 years is a doubtful assumption. In any case it is not the aim of national policy to pay on the basis of the cost of living index fixed at 1964 prices. It is also not clear to us as to what benefit is likely to follow the fixing of basic wage at such a high level since all statutory benefits are now related to the total wage. It will unnecessarily create complications and problems for a large number of engineering establishments who have their gratuity schemes or incentive bonus schemes based upon or related to basic wages. It is, of course, provided that the new basic wage will not automatically apply to incentive/production bonus or gratuity schemes. They may be suitably revised by negotiations. But in actual practice it is apprehended it will be extremely difficult to apply these conditions.

(xi) For the adjustment of dearness allowance a sliding scale has been suggested. To the best of our knowledge neutralisation beyond Rs. 1.50 per 2 points of rise or fall has not been suggested anywhere else. We are of the opinion that the adjustment should be uniform at Rs. 1.50 per 2 points for all categories of workmen.

(xii) It is also not clear from the proposals whether the basic wage and dearness allowance will be treated separately or the total of both will be taken into account for effecting the adjustment of existing wages to those recommended. In other words, if an employer paid more by way of dearness allowance and less by way of basic wage than the amount recommended in the proposals or *vice versa*, will he be at liberty to reduce the element where he is paying more while increasing the element where he is paying less. As they stand, the proposals are likely to lead to disputes in interpretation.

(xiii) By its terms of reference the Board was required to frame the wage structure bearing in mind aspects relating to exports of engineering products. It is not stated or explained as to how the proposals under reference will affect the export of engineering products. It is common knowledge that exports of engineering products can take place only with the help of incentive schemes framed by the Government from time to time. There is a natural reluctance on the part of the Government to increase incentive benefits on export schemes. If the additional cost of higher wages recommended is not

neutralised by increasing the incentive benefits on exports, the recommended wage structure will serve to disable engineering industries from developing exports on the basis of existing incentive schemes. The favourable trend in exports which is in evidence of late will receive a serious set-back.

(xiv) The authors have not stated how the quantum of interim relief will be adjusted while implementing their proposals. When interim relief was recommended, it was stated that the manner of its adjustment will be decided at the time of making the final recommendations. In view of the complication created by the demand made by the Employees' State Insurance authorities that E.S.I. contribution will be attracted on interim relief with retrospective effect from 1st April, 1966, the necessity of clarifying the character of this payment has assumed added importance. In our opinion, the Board or the Government should clarify that upto the time of the acceptance by the employer of any of the wage proposals emanating from the Board, with or without modification, the amount of interim relief will have the character of an *ad hoc* payment only, and that from the time of adoption of a new wage structure, the said amount shall merge with the new wage structure.

9.15. Estimation of the financial effect of the Chairman's proposals:

9.15.1. We must admit that the estimation of the financial impact of any wage proposals covering the engineering industries in our country can only be approximate after taking into account whatever data is available and on the basis of certain assumptions. We thought that in order to judge the overall impact of the proposals under reference on the industry as a whole, sample studies should be made of the financial liability likely to accrue on the basis of the proposals under reference in respect of different groups of employers, covering as large a number of companies as was possible within the time available for giving such comments. Accordingly, an assessment was made in respect of 142 engineering firms in Area II employing 71,709 workmen spread over different groups as follows:—

Group A:	...	11,804
Group B:	...	10,649
Group C:	...	18,590
Group D:	...	30,666

This study proceeded on the assumptions that all workmen are unskilled and that increase in the wage of the unskilled workmen will, at least, apply to all categories of workmen (the increase in the case of semi-skilled and skilled categories is going to be much higher as will be shown hereafter). This study also ignored the fact of the minimum increase of Rs. 10 as envisaged in the proposals, as also the fact of initial increments contemplated therein. The consolidated result of the study is shown in the statement attached hereto and marked "H". It will be seen from this statement that the per capita increase per month in the first year of phasing on the basis of the above assumptions varies from 21.4 per month to Rs. 34.9 per man per month depending upon group classification, and in the last year of phasing, the increase varies from Rs. 51.20 to Rs. 59.10 per man per month again depending upon group classification. Taking the average

increase at Rs. 55 and assuming employment at 1 million the annual increase works out to Rs. 66 crores. Adding to this the incidence of 20% on account of fringe benefits the total increase in remuneration to labour works out to Rs. 79.2 or say Rs. 80 crores per annum in the last year of phasing.

9.15.2. The increase in the case of the semi-skilled and the skilled categories is much greater. In the case of Group D employment in West Bengal (Calcutta), the increase will be as shown below:—

Category	Minimum	Maximum
Existing semi-skilled	159·10	184·10
Semi-skilled A under the proposals	233·00	263·07
Semi-skilled B category under the proposals	256·07	286·07
Difference between the existing semi-skilled and the proposed semi-skilled A	73·90	78·97
Difference between the existing semi-skilled and the proposed semi-skilled B	96·97	101·97

The position becomes almost absurd in the case of skilled categories. Assuming that skilled 'C' category in the proposals will correspond to the existing highly skilled category in West Bengal, the difference in the case of a D group employer will be as follows:—

Category	Minimum	Maximum
Existing highly skilled category	229·10	272·60
Proposed skilled C category	406·33	456·33
Difference per workmen per month	177·23	183·73

If any of the existing highly skilled workmen qualify for being placed in F category according to the proposals the difference will be as follows:—

Category of skill	Minimum	Maximum
Existing highly skilled category	229·10	272·60
Proposed skill F category	613·33	713·33
Difference per workman per month	384·23	440·73

9.15.3. The workmen likely to be affected by our proposals are estimated at about 1 million. Category-wise such workmen may be taken to be distributed as follows:—

Unskilled	2,00,000
Semi-skilled	3,50,000
Skilled	3,50,000
Highly skilled	1,00,000

Assuming that all these workmen were employed by Group D employers and further assuming that the increase on re-classification of the existing skilled and highly skilled workmen will not exceed Rs. 180 (see para 9.15.2) per such workman on an average, the increase in wages in the last year of phasing works out to Rs. 12.175 crores per month as follows:—

Category	No. of workmen	Approx. difference in wages per workman per month	Total difference (in crores)
		Rs.	
Unskilled	2,00,000	55.00	1.100
Semi-skilled	3,50,000	85.00	2.975
Skilled	3,50,000	180.00	6.300
Highly skilled	1,00,000	180.00	1.800
	TOTAL		12.175

The employment by Group D employers, however, being only about 50% of total employment, and the wages being paid by other groups of employers being generally, on an average, less than the wages paid by Group D employers by nearly 1/3rd, the above total increase in the monthly wage bill has to be suitably adjusted. On such adjustment the increase works out to approximately Rs. 10.145 crores per month or Rs. 121.740 crores per year in the final year of phasing. Adding 20% for statutory fringe benefits the total increase in the remuneration of labour will amount to approximately Rs. 150 crores. In different years of phasing, the increase will be as follows:—

	Rs. crores
First year	112.25
Second year	123.00
Third year	135.00
Fourth year	142.50
Fifth year	150.00

It may be clarified that the above assessment relates only to the effect of the phased increase in basic wages and does not cover increases in dearness allowance, annual increment, the minimum guaranteed increase of Rs. 10 or the fitment increments. The above figures have

also to be viewed in the context of the existing position that total remuneration to employees does not exceed Rs. 175 crores (estimated) and the gross profits are in the region of Rs. 30 crores. In the best years in the past the industry did not earn gross profits exceeding approximately Rs. 80 crores per annum.

9.15.4. Admittedly Area I, namely, Bombay, and Greater Bombay pays the highest wage of all the regions. Even in that area, the burden to be put on the industry as a consequence of the wage proposals of the Chairman and the independent members will be quite heavy. The increase in the case of skilled and highly skilled categories will be 50 to 100% of the existing total wages. This position is revealed by a case study covering 40 large units in that area as per statement attached hereto and marked 'I'. The assumptions made in the preparation of this statement are indicated in the footnotes of the Statement.

9.16. Share of labour in the total value added by manufacture :

9.16.1. We have judged the reasonableness of the present overall wage level by another yard stick also, namely, share of labour in the total value added by manufacture. From the statement attached hereto and marked 'J', it will be seen that during the period 1959 to 1965 labour emoluments constituted nearly 60% of the value added. How the balance 40% is shared is also indicated in the statement. We consider that there isn't any scope for further reducing the other factor payments.

9.17. How wages in engineering industries have been determined so far :

9.17.1. The prevailing rates of wages for the majority of employees in engineering industries are the result of collective bargaining and/or compulsory adjudication. In the State of West Bengal which has the largest concentration of these industries, the first Omnibus Tribunal Award, covering almost all the major units, came into force in 1948 and, since then, wages have been collectively determined for almost all the units of the industry employing 250 or above workmen by compulsory adjudication and orders issued under the Defence of India Rules. All the small engineering factories (nearly 1200) were parties to an award which came into force in 1967. In the Western Region wage rates have been determined mostly by collective bargaining and partially by compulsory adjudication. In other parts of the country wages have generally been determined by compulsory adjudication. It can therefore be said that by and large wages in engineering industries have been determined either by collective bargaining or by compulsory adjudication. Labour has also been well organised at all levels—unit, state and national. The organisations of labour generally take part in collective bargaining discussions and represent labour in adjudication proceedings. Wherever wages are fixed by collective bargaining or compulsory adjudication, such wages must be treated as fair and reasonable in the given circumstances. In para 20 of its report the Fair Wages Committee also has observed that prevailing rates of wages, fixed as a result of proper collective bargaining, should be taken to bear a close approximation to fair wages and should therefore be taken into account in fixing fair wages. We consider that in ignoring such existing levels of wages

altogether when such wages were shown to have been fixed either by collective bargaining or by compulsory adjudication, the Chairman and the independent members ignored the views of the Fair Wages Committee as contained in para 20 of their report.

9.18. Principles of wage fixation laid down by courts should not be ignored :

9.18.1. Fortunately for us our Supreme Court has laid down for the benefit of industry, labour and the country at large the most salutary principles of wage fixation which we can disregard only at our peril. It is perhaps technically true—and a great deal of emphasis was laid upon this by some members—that a wage board is not bound by the decisions of tribunals and courts and that it could evolve an approach to the problem of wage fixation independently of their decisions. Even assuming that a wage board does enjoy this independence we are unable to appreciate how such independence can belittle the value of principles on which such decisions are based. These are based upon justice and equity for all and not upon the interests of one section only of the community. Their aim is to achieve industrial peace so that all alike may benefit from it. Wage rates are determined in such a way as to ensure continuance of existing employment and to promote further employment wherever possible after taking into account capacity of industry to pay subject of course to certain irreducible minimums. If a wage board were to depart from these principles it can only endanger what it aims to achieve.

9.18.2. Any decision in disregard of the above principles can be set aside by courts in any case as happened recently in the case of the decision of the Central Wage Board for Jute Industry in its application to Shree Bajrang Jute Mills Ltd., (*vide* decision of the Supreme Court dated the 31st October 1968 in Civil Appeal No. 923 of 1966 in the matter of the Workmen of Shree Bajrang Jute Mills Ltd., *v.* The employers of Shree Bajrang Jute Mills Ltd.). Their lordships of the Supreme Court there re-emphasised the appropriateness and the importance of the principle of *region-cum-industry* in the fixation of wages and had to set aside the recommendations of the Wage Board for the reasons briefly stated below :

- (i) No attempt was made by the Wage Board to divide the industry into classes and no cross-section of each class was taken for investigation to decide what burden the units of each class could bear.
- (ii) The approach of the Wage Board to determine uniform wage scales for the entire industry must suffer from inherent weaknesses.
- (iii) Though it may not be possible or even necessary for a wage board to scrutinise all the establishments separately, it would be enough to take a representative cross-section of the industry for assessment, the cross-section to be truly representative one and capable of giving a true picture of the conditions of both the industry and the labour must be one from each region where establishments of the industry in question are situated.

- (iv) By equating the Cotton Textile Industry in West Bengal with the Jute Industry, the Board gave a go-by to the well-established principle of industry-cum-region consistently applied by industrial tribunals whenever wage scales are to be determined.
- (v) In a vast country like India where conditions differ often radically from region to region and even the index of living differs fairly with a wide range, any target to achieve uniformity of wage scales for the entire industry in the country cannot always be just or equitable.
- (vi) The essential pre-requisite of deciding the wage structure, namely, consideration of the capacity of the industry to pay on the principles laid down by the Supreme Court was absent in the recommendations of the Wage Board and that introduced a fatal infirmity in its decisions.

We are of the opinion that the recommendations of the Chairman and the independent members are in material respects contrary and opposed to the principles of wage fixation laid down by the Supreme Court and their acceptance by the Government is likely to be nullified by the highest judiciary in our country. We suggest that Government should try to avoid this eventuality.

9.19. The risk of non-implementation :

9.19.1. In the recent past we have witnessed the disgracing of many wage board recommendations. Presiding over a meeting of the Industrial Committee on Mines other than coal mines on November 7, 1968, the Union Labour Minister is reported to have said that some 90% of the iron ore and limestone mines and more than half of the dolomite mines have not yet implemented the recommendations of the Wage Board for the Mining Industry. It is common knowledge that a large part of the coal mining industry has not yet implemented the recommendations of the coal wage board in spite of the built-in provision for raising the capacity to pay. The fate of the recommendations of the Wage Board for Non-working Journalists is too fresh in our minds to be forgotten. Therefore, we recommend with all the emphasis at our command that Government should seriously endeavour to prevent the same fate befalling the outcome of this Wage Board. To endorse any proposals which would burden industry with an additional liability of over Rs. 100 crores in the first year rising to over Rs. 150 crores in the final year of phasing, when the gross profits of the industry at present are in the region of Rs. 30 crores only and have never exceeded even in the best years in the past to Rs. 80 crores, will serve only to ensure non-implementation. After all, like an individual, an industry can only spend, at the very maximum, whatever it earns. To ask for anything more is, in our opinion, impractical, however, attractive the reasoning behind it may be. This is not to say that there is to be no bottom limit. Those who are below the bottom limit must be pulled up but, by and large, the workmen in engineering industries are getting wages much above any reasonable bottom limit. At this Board has failed to produce even a majority recommendation (this is how matters stand to our knowledge at the time of writing this) all concerned look to the

Government for a just and reasonable decision and we hope that the approach of the Government will be realistic and in keeping with the well-established principles of wage fixation laid down by our Supreme Court.

9.20. Our wage proposals :

9.20.1. While we are of the opinion that the overall wage levels are, generally speaking, fair and reasonable, and in the present circumstances, there is no scope or justification for any increase in such levels, we are not to be understood as supporting or justifying the extremely low level of wages in some individual cases which came to light in the course of public hearings. There is undoubtedly a need for upward revision of wages in such cases, and our proposals take care of it. Also, this being the first time when wages have been looked at from the All-India angle, some streamlining of the wage structure can and should be attempted, so that in the years to come, large disparities in the wage levels obtaining in different regions are minimised. We have kept this objective also in view while framing our proposals. Our proposals should also be viewed in the context of the emphasis we have given to the framing of suitable incentive schemes so that the earnings of workmen may be enhanced by reason of increased productivity. We now proceed to state our proposals in the hope that Government will find it possible to accept these.

9.20.2. We suggest that for the purpose of wage fixation, the country should be divided in the following regions:—

- I. Bombay City and Greater Bombay including Thana, Amber-Industrial Areas, Jamshedpur Industrial Area and Ranchi nath and Kalyan.
- II. Calcutta City and Greater Calcutta, Durgapur and Asansol Industrial Area.
- III. Poona-Chinchwad Industrial Area, Madras Industrial Area and Bangalore Industrial Area.
- IV. The rest of the country.

9.20.3. We suggest that industrial establishments in the engineering industries in each of the regions stated above be divided into the following 4 groups on the basis of number of workmen employed:—

(i) Group A	51 to 250 workmen
(ii) Group B	251 to 500 workmen
(iii) Group C	501 to 1500 workmen
(iv) Group D	1501 and above workmen

9.20.4. We suggest that the workmen be divided in the following categories:—

- (i) Unskilled,
- (ii) Semi-skilled,
- (iii) Skilled 'A',
- (iv) Skilled 'B',
- (v) Highly skilled 'A',
- (vi) Highly skilled 'B'.

9.20.5. The basic wage structure for all the regions and for all the groups of employers shall be as follows:—

Unskilled	40—1—45
Semi-skilled	46—1·5—49—2—65
Skilled 'A'	75—2—95
Skilled 'B'	96—2—116
Highly skilled 'A'	117—3—147
Highly skilled 'B'	148—3—178

NOTE 1.—Except in the case of unskilled workmen there will be an efficiency bar in each of the grades at the end of every five years in the given time scale.

NOTE 2.—At the efficiency bar stage, the employee will be permitted to cross the bar if the employer is satisfied about the employee's work, conduct and efficiency. In other cases the employee shall be allowed to earn annual increments in accordance with the time scale. Such increments may, however, be withhold as a result of specific disciplinary action.

NOTE 3.—Promotion from one category to another will not be automatic.

NOTE 4.—The wage rates are based upon 8 hours' work per day for 26 days (208 hours) in a month.

9.20.6. (i) The scheme of dearness allowance in region I shall be as follows:—

Basic Pay Group	Employer Group A	Employer Group B	Employer Group C	Employer Group D
Upto and including Rs. 45	90	105	115	125
Above Rs. 45 upto and including Rs. 74	95	110	120	130
Above Rs. 74 upto and including Rs. 116	105	120	130	140
Above Rs. 116 upto and including Rs. 147	110	125	135	145
Above Rs. 147	115	130	140	150

(ii) The scheme of dearness allowance in region II shall be as follows:—

Basic Pay Group	Employer Group A	Employer Group B	Employer Group C	Employer Group D
Upto and including Rs. 45	80	90	100	110
Above Rs. 45 upto and including Rs. 74	85	100	110	120
Above Rs. 74 upto and including Rs. 116	95	110	120	130
Above Rs. 116 upto and including Rs. 147	100	115	125	135
Above Rs. 147	105	120	130	140

(iii) The scheme of dearness allowance in region III shall be as follows:—

Basic Pay Group	Employer Group A	Employer Group B	Employer Group C	Employer Group D
Upto and including Rs. 45	75	90	100	105
Above Rs. 45 upto and including Rs. 74	80	95	105	110
Above Rs. 74 upto and including Rs. 116	90	105	115	120
Above Rs. 116 upto and including Rs. 147	95	110	120	125
Above Rs. 147	100	115	125	130

(iv) The scheme of dearness allowance in region IV shall be as follows:—

Basic Pay Group	Employer Group A	Employer Group B	Employer Group C	Employer Group D
Upto and including Rs. 45	65	80	90	100
Above Rs. 45 upto and including Rs. 74	70	85	95	105
Above Rs. 74 upto and including Rs. 116	80	95	105	115
Above Rs. 116 upto and including Rs. 147	85	100	110	120
Above Rs. 147	90	105	115	125

9.20.7. The above rates of dearness allowance relate to the All-India Cost of Living Index of 207. Adjustments for rise or fall shall be made annually on the basis of the average of the All-India Cost of Living Index in the Preceding calendar year and shall apply with effect from the 1st April of the next following year. For every rise or fall of 2 points corresponding increase or decrease in the amount of dearness allowance shall be Rs. 1.50.

9.20.8. The wage structure recommended hereby will replace all wage payments for normal work by whatever name called.

9.20.9. Where the existing basic wage is more than the basic wage recommended hereby and the parties desire to continue the same, the excess of the existing basic wage over the applicable rate in any case shall be deducted from the dearness allowance payable so that the total of basic wage plus dearness allowance shall apply uniformly in all cases. Where the existing basic wage is less than the basic wage recommended hereby, it should be pulled up to the recommended basic wage with corresponding adjustment in the dearness allowance so that the total of basic wage plus the dearness allowance is not less than the recommended total wage (basic+D.A.). The same principle should be followed in the case of Dearness Allowance.

9.20.10. The placement of existing workmen in the various categories should be determined by a scheme of job evaluation to be evolved at the unit level between the employer and the workmen

following the guidelines indicated in the job evaluation scheme, approved by the Board. Until such time as job evaluation is completed, the recommended wage structure should apply on the basis of existing pay packet irrespective of his present classification/categorisation. At the time of placement the workman shall, if necessary, be pulled up to the level of the next pay point in the slab. Every effort should be made by the parties concerned to undertake job evaluation. To avoid any misunderstanding it is clarified that total pay packet means the basic wage, dearness allowance, interim relief under the Wage Board recommendations or otherwise and ad hoc increments, if any. In other words, the total pay packet for normal work shall be the guiding yardstick. The same shall be the position in cases where the basic wage and dearness allowance are not shown separately but a consolidated wage is paid.

9.20.11. If on job evaluation a workman is found to be entitled to a pay (basic wage plus dearness allowance) lower than his present pay packet for normal work, his present total pay packet shall not be reduced. The difference shall be shown separately as personal pay. In such cases, only half of the amount of annual increment to which such workman will be entitled shall be paid to him and the balance half shall be adjustable against the said personal pay.

9.20.11. The basic wage structure as recommended above shall apply to operatives, i.e., manual workmen. For other categories of employees, the basic wage structure shall be as shown hereunder:—

(i) *Supervisory & Technical Staff :*

Such as Foremen, Charge-hand, Supervisors, Draughtsmen etc.

Grade I	.	.	.	.	.	75—3—105
Grade II	.	.	.	.	.	110—5—160
Grade III	.	.	.	.	.	170—7—240
Grade IV	.	.	.	.	.	250—8—330

(ii) *Clerical Staff :*

Such as Clerks, Typists, Stenographers, Telephone Operators, Telex Operators, etc.

Grade I	.	.	.	.	.	60—3—90
Grade II	.	.	.	.	.	100—4—140
Grade III	.	.	.	.	.	150—5—200

(iii) *Drivers :*

(a) Car	.	.	.	.	.	65—2—85
(b) Lorry Drivers	.	.	.	.	.	70—2—90

(iv) *Service Personnel :*

Canteen Cooks	.	.	.	.	.	50—2—70
Compounders	.	.	.	.	.	60—2—80
Head Jamadar	.	.	.	.	.	50—2—70

(v) Sub-Staff :

Such as Durwans, Peons, Messengers,
 Malis, Sweepers, Bearers, Masalchis,
 Canteen Boys, Duftries etc. 40—1—50

All other terms and conditions shall be the same in the case of the above categories of employees as in the case of operatives. The scheme of dearness allowance shall also be the same.

9.20.12. If an employer should be giving, as on the date of the implementation of wage revision, total emolument equal to or higher than the one applicable in his group, he shall continue to pay the said minimum total emolument. Where, however, an employer is paying less than the minimum total emolument applicable in his group, he shall raise the existing minimum total emolument to the total minimum emolument recommended hereby for his group in 3 equal annual instalments subject to a minimum annual increase of 10% of the total minimum emolument paid at the beginning of the implementation period.

9.20.13. The group in which any particular employer will fall shall be determined by the average number of workmen employed by him in the preceding 12 months. The employer falling in any group shall then stay in that group upto the end of the period for which the recommendations of the Wage Board shall apply. In the event of employment in any continuous period of 12 months exceeding 24% of the maximum of his group or falling 25% below the minimum, the matter of re-classification of the establishment should be discussed between the parties, and a settlement arrived at taking into account all relevant factors.

9.20.14. The wages recommended hereby should be supplemented by the introduction of incentive schemes in establishments employing 251 and above workmen in such a way that the workmen are enabled to earn an additional emolument of about 20% of the total minimum employment by increasing productivity. A time limit of 12 months from the date of the acceptance of our recommendations by the Government may be allowed to the parties to enter into negotiations with a view to finalising such incentive schemes. In the event of the parties not arriving at mutually acceptable schemes, they should be at liberty to raise an industrial dispute in this behalf and suitable incentive schemes should then be introduced by industrial adjudication with the help of competent assessors. In this way, wage rates can travel faster to the desired goal of fair wage.

9.20.15. Any increase in wages resulting from the application of those proposals will not automatically serve to raise the liability of the employer, in other respects, such as gratuity or incentive payments. These must continue to be based on existing rates or the schemes should be suitably modified so that the burden on the employer is not increased simply because the division of the total emolument is expressed in a manner different from what obtained at the time the concerned settlements or commitments were made.

9.20.16. These proposals shall be effective from the date of their acceptance by the Central Government.

9.20.17. These proposals shall be operative for a period of not less than 5 years from the date of their acceptance by the Central Government.

9.20.18. For the purpose of determining the group to which an industrial establishment shall belong, the number of workmen employed in that establishment shall be the basis.

9.20.19. The minimum total emolument recommended hereby is inclusive of interim relief earlier granted by the Wage Board.

9.20.20. Emoluments recommended hereby shall be subject to the following deductions—

- (a) Average per capital monthly incidence of non-statutory fringe benefits in the establishment in the preceding financial year ;
- (b) House rent allowance wherever house is provided at the rate of Rs. 26 per month if the minimum wage paid is Rs. 200 per month and proportionately less for lower levels of wages. If the area of accommodation is not the same as laid down in schedule appended to letter No. 5/1/9/64 (SIHS) H.I., dated 18-5-65 of the Central Government a proportionate reduction shall apply.

9.20.21. No adjustment in D.A. will be made unless the cost of living index goes above 212 or falls below 202.

9.20.22. Wages are fixed on the basis of 8 hours' work and 26 working days in a month in the case of Operative and 30 days' work in the case of others.

9.20.23. In cases of categories not specifically covered by these proposals, the workmen concerned will be put in an appropriate scale, looking to the nature of their duties, by mutual agreement.

9.20.24. The above wage recommendations are based upon the workmen giving the properly rated normal output for the period paid for. Where the existing production is below such level, the same shall be brought up to the level of rated normal output, or the wages recommended hereby shall not apply. The normal output shall be determined in cases of dispute by time and motion studies and shall correspond to 70% of production at 100% efficiency in the given circumstances.

9.20.25. These recommendations will not apply to infant establishments, that is to say, industrial establishments which have not completed 5 years from the date the establishment came into regular production.

9.20.26. In cases where the incentive payment exceeds 25% of the basic wage and dearness allowance payable to any workman at any time, such excess amount shall be adjustable against the wage payable. In such cases, a part of the incentive amount, in reality, represents the normal wage.

9.20.27. These recommendations do not apply to workmen employed by labour contractors working in engineering establishments. In our opinion such workmen should fall outside the scope of the Wage Board.

9.21. Summary of our views :

9.21.1. Agreement in the Board could not be reached as the demands made were such as would have caused severe distress to a large number of engineering establishments. Our attempts to convince others of the genuineness of our apprehensions were brushed aside (Para 9.1).

9.21.2. Labour representatives made the acceptance of the principle of need-based wage a condition precedent to any agreement on wages. In our opinion the time has not yet come when the principle of need-based wage could be adopted for any group of citizens including the workmen of engineering industries. It is far more important that industries exist and grow at reasonable levels of wages rather than languish and be doomed for ever in an effort to achieve the impractical for the time being (Para 9.2 and 9.3).

9.21.3. The recommendations of representatives representing labour are not based at all on the principles enunciated by the Committee on Fair Wages. The recommendations of the Chairman and the independent members also do not follow in material respects the principles laid down by the Committee on Fair Wages. In any case they have so greatly diluted the application of these principles with their own notions of social justice and equity that their proposals can hardly be said to be based upon the principles of fair wages as set forth in the report of the Committee on Fair Wages. (Para 9.4).

9.21.4. Practically no union at the plant level submitted any memorandum. The case of labour was pleaded only by the Central Federations of Labour but no data was submitted showing that the industry had the capacity to pay the need-based wage demanded by them. On behalf of the industry, a large number of individual companies submitted data. Besides these the two All-India organisations of engineering employers also submitted the case of the industry. The data submitted to the Board, however, could not be analysed or compiled so as to show the existing state of affairs of the industry. The employers organisations got a factual study of the state of the economy of the large units in the industry prepared by an economist and this was submitted to the Board by us. In respect of employment, capital employed and sales, the coverage of this study is quite extensive. At no stage the factual correctness of the study was disputed or doubted. Even then, technical objections were raised by the representatives of labour to the acceptance of this report which in our opinion are misconceived. (Para 9.5).

9.21.5. There was a general disinclination in the Board to take into account seriously the facts revealed by the various studies submitted by us, or to evaluate their bearing in the matter of wage fixation. In spite of demands made by us the Board did not undertake any factual study of the capacity to pay. The Board thus failed to apply the most important yardstick for fixing wages in terms of the report of the Fair Wages Committee, namely, the capacity to pay. (Para 9.6).

9.21.6. (i) The engineering industries are heterogeneous in character. The diversities of development, employment, investment, products, processes and profitability must need be kept in the background in any consideration of the wage structure to prevent damage being caused to the growth of these industries.

(ii) The engineering industries at present show all the important symptoms of recession.

(iii) The profitability of the industry declined considerably in 1966. The results in 1967 and 1968 are apprehended to be much worse.

(iv) The selling prices for a large number of engineering products have either registered falls or have not risen proportionately to the increase in cost. Increases in labour costs must, therefore, come out of current profits.

(v) The available statistics conclusively establishes a direct correlation between size and profitability in engineering industries.

(vi) The capital structure of the industry is lopsided and rests dangerously on borrowings.

(vii) The borrowing capacity is already over-strained and any further increase may prove to be the proverbial last straw on the camel's back leading to closures, frequent lay-offs and retrenchment.

(viii) The accumulation of reserves in the engineering industries has been at a lower rate than the All-Industries average in spite of a very restricted dividend distribution policy. (Para 9.8).

9.21.7. An over-all case-study of 205 companies and three other case-studies of units employing varying numbers of workmen were submitted to substantiate the contention that engineering industries at present did not have any capacity to pay more wages but these were brushed aside which led us to conclude that our other colleagues were not included to base their judgment upon any objective study of the facts, figures and circumstances relating to our industries. (Paras 9.8 and 9.10).

9.21.8. The current gross profits of engineering industries are estimated not to exceed Rs. 30 crores. (Para 9.9).

9.21.9. Subject to our remarks in para 9.11.1 we accept that the need-based wage may be taken at the values determined for the various centres on the basis of Table IV of Special Report Series No. 42 as worked out by the office of the Wage Board.

9.21.10. Increase in labour remuneration is not entitled to precedence over return on paid-up capital and reserves at reasonable rates when the wages being paid are above the level of minimum wages prescribed under the Minimum Wages Act for corresponding work in the same or similar industries. Conditions should not be created which will stultify the further growth of engineering industries by making investment in these industries comparatively unattractive. (Para 9.12).

9.21.11. Conditions in engineering industries are not comparable to iron and steel or coal industries. (Para 9.13).

9.21.12. (i) The proposals of the Chairman and the independent members proceed on the basis that wage levels approximating the need-based wage must be attained during the next five years for the majority of workmen. It is not shown what improvements in the economic conditions of the country generally and of the engineering industries in particular are visualised to justify an automatic and unrestrained increase in basic wages by nearly 33% over and above the neutralisation of the increase in the cost of living.

(ii) It is not practical to complete job evaluation and the placement of each workman in the appropriate category based on job evaluation within a period of 2/3 months. An alternative to job evaluation for the purpose of fitment should be given until such time that job evaluation is completed.

(iii) The financial effect of their proposals was never stated by the Chairman and the independent members nor did they ever comment on our approximate estimate of the financial effect of their proposals.

(iv) Provision for adjustment of fringe benefits is not sufficient.

(v) No part of the wage recommended by the Chairman and the independent members is related to production or productivity nor do their proposals have any bearing on the system of payment by results.

(vi) We saw in the Board a total aversion, almost amounting to contempt, to any idea to link wages with production, even partially in spite of the data produced before the Board in support thereof.

(vii) There is no justification for fitment increments at the time of the introduction of the new wage scale.

(viii) There is no justification for the initial increase of not less than Rs. 10 at the time of the introduction of the new wage structure. By this the existing disparity between wages of different workmen in the same category is likely to be completely upset in a large number of cases. This will lead to industrial unrest.

(ix) The division of skilled workmen in 6 groups is different from the prevailing practice and will lead to endless disputes. The recommended scales of pay for the skilled categories of workmen are absolutely out of tune with the existing levels. In some cases the increase exceeds Rs. 400 per month.

(x) The minimum basic wage recommended by the Chairman is the highest compared to other industries for which there is hardly any justification.

(xi) The adjustment of dearness allowances should not be on a sliding scale.

(xii) It is not clear from the proposals of the Chairman whether the basic wage and dearness allowance will be treated separately or the total of both will be taken into account for effecting the adjustment of existing wages to those recommended.

(xiii) The favourable trend in exports which is in evidence of late will receive a serious set-back if the Chairman's proposals are implemented.

(xiv) How the quantum of interim relief will be adjusted needs to be clearly specified in view of the demand made by the Employees' State Insurance authorities that E.S.I. contribution will be attracted on interim relief with retrospective effect from 1st April 1966. (Para 9.14).

9.21.13. We estimate the financial effect of the Chairman's proposals at Rs. 112.25 crores in the first year of phasing rising to Rs. 150 crores in the last year of phasing even after ignoring the increases due to fitment-increments and the minimum guaranteed increase of not less than Rs. 10 per month to each workman. (Para 9.15).

9.21.14. The share of labour in the total value added by manufacture is nearly 60%. (Para 9.16).

9.21.15. Wages in engineering industries have been fixed by collective bargaining or compulsory adjudication and hence the existing levels should be treated as fair and reasonable in the given circumstances. (Para 9.17).

9.21.16. Principles of wage fixation laid down by courts should not be ignored. (Para 9.18).

9.21.17. In the recent past we have witnessed the disgracing of many wage board recommendations. The Government should seriously endeavour to prevent such disgrace befalling the outcome of this Wage Board. For this purpose it is necessary that the approach of the Government should be realistic and in keeping with the well-established principles of wage fixation laid down by the Supreme Court. (Para 9.19).

9.21.18. There is no scope or justification for any increase in existing wage levels except in cases where wages are extremely low. Wages should be fixed in terms of our wage proposals contained in para 9.20.

Views and comments of Shri N. K. Sen Gupta

9.22. At the outset I would like to record that I am in agreement with the report submitted by my colleagues representing employers except to the extent of modifications suggested by me. In certain respects I would like to state certain aspects in my own way and also make certain specific proposals. Hence, this supplementary note.

9.23. Capacity to Pay :

9.23.1. The terms of reference to the Wage Board read along with the Fair Wages Committee Report clearly enjoins that in the determination of Wages, the capacity of the industry to pay should be taken into account. In the course of submissions and hearings adequate data was supplied to the Board which would have permitted it to assess the capacity of the industry to pay additional remuneration to employees. It appears, however, that the office of the Board have not compiled or analysed the data in a suitable way which would permit a proper assessment.

9.23.2. Even if the data received by the Board were considered inadequate, it was incumbent on the part of the Board to seek additional information so that reasonable conclusions could be drawn. Since this was not attempted one has to draw the conclusion that the data was adequate. Or, alternatively, the conclusion that has to be drawn is that the important matter of capacity to pay was being ignored by the Chairman and independent members by an apparent disinclination to study and analyse.

9.23.3. It is necessary to record that during discussions in the Board employer's representatives presented a report (Paymaster Report) prepared by an economist on this subject and requested the Chairman to accept the same. The request was turned down on the ground that it had not been submitted at the time of the hearings. I feel constrained to observe that the non-acceptance of the report on a mere technical ground was not justified. During discussions in the Board meetings, this report was frequently used by all sections in the Board and hence one must conclude that *de facto* acceptance was given.

9.23.4. It is possible that all aspects as brought out in the Paymaster Report may not be absolutely correct, but at the same time neither Labour nor the Chairman and independent members can summarily reject the report and its conclusions without first analysing it. If Labour members, independent members or the Chairman had succeeded in producing any analysis based on facts and presented it, employer representatives would have been too willing to consider the same.

9.23.5. Repeated requests were made by employer and labour members in the Board to the Chairman for a draft copy of the chapter on 'Capacity to Pay' so that the same could be examined by the Members. It is a matter of pity that these requests were turned down. In the absence of this draft chapter, it has not been possible for employer representatives, and perhaps others also, to appreciate the basis on which the wage proposals were framed by the Chairman and independent members. We have felt that the action on the part of the Chairman was unjustified as it is difficult to understand how wage proposals can be framed or judged without first analysing the capacity to pay.

9.23.6. Soon after the wage proposals were made by the Chairman and independent members, employers' representatives had raised a specific question as to whether the Chairman would be prepared to consider revising the same if it could be indicated that the proposals were extremely on the high side involving heavy financial impact and that industry did not have the capacity to pay. In answer, employer representatives were informed that the figures in the proposals were unalterable and at the most only minor changes in language or formula could be considered. This clearly establishes that the Chairman and independent members took an extremely rigid stand on the subject thus making it difficult, if not impossible, to have any revisions. It also establishes that wage structure was proposed without first analysing capacity to pay.

9.23.7. A close study of the Paymaster Report will clearly indicate that the financial position of the industry as a whole is not satisfactory enough to justify appreciably higher emoluments to employees. The position is decidedly worse when one takes into account the general effect of the recession even though financial figures are not yet available. It is felt that the financial distress to the engineering industry arising out of recession is sufficiently well known and a close study of the article from the Reserve Bank of India Bulletin of July 1968 on "On recent recessionary trends in organised industry" bears this out adequately.

9.23.8. The Paymaster Report establishes adequately that except to a limited extent in some of the larger units, the capacity to pay additional remuneration is extremely limited. Even amongst the larger units, the paying capacity varies widely and it is difficult to generalise that all large units have capacity to pay. Most of the Public Sector units are already paying very reasonable emoluments even though a sizeable number of them are not giving sufficient financial returns. They just do not have more capacity to pay and they will run into heavier losses if emoluments are increased without linkage to productivity.

9.23.9. At the same time it has to be recognised that the level of remuneration, in certain areas which are not yet adequately developed as also in many of the smaller units, is low. We have generally been seized with this fact. In the wage proposals made by me, provision has, therefore, been made to raise these wages to some extent and it is hoped that this will reduce the current heavy imbalances. The level of remuneration as suggested in the proposals is reasonable and appreciably higher than what some State Governments have prescribed as minimum wages under the Minimum Wages Act. For example, the minimum remuneration payable under the proposals given by me is Rs. 65 basic plus Rs. 45 D.A., a total of Rs. 110 as against Rs. 65 in all as prescribed under the Minimum Wages Act in the State of Punjab.

9.23.10. It must be stressed again that a proper assessment of the capacity to pay is a sine qua non before higher emoluments can be considered. That this view of employers is justifiable is amply established by the recent decision of the Supreme Court in the case of the Jute Award where it has been clearly enunciated that fixation of wages without first establishing capacity to pay is invalid. In any case it is not possible to view with equanimity any proposals where the additional burden in the very first year is likely to be of the order of Rs. 110 crores and in the final phase about Rs. 150 crores—an increase which will wipe out the entire profits.

9.24. Need-based Wages :

9.24.1. The principal and dominant claim from labour right from the time of formation of the Wage Board has been that need based wage must be granted even to the lowest scale of employees irrespective of the state of the economy and irrespective of the profitability of the individual units. As a matter of fact it was stressed by labour that no employer has the right to exist unless it can pay need-based wages.

9.24.2. It is significant to note that this stand has been continuously pressed without consideration of the capacity to pay, the present gap between wages and the need-based level, the likely burden that would fall on the industry, the resultant impact on growth and employment etc. They also maintained that linkage with productivity can only be considered after the need-based level has been first conceded.

9.24.3. For very obvious reasons the engineering industry cannot even consider payment of need-based wages at present but it would be desirable to place on record the significant reasons. There are:

- a) No other industry is paying need-based wages. It may be that certain units are paying more than the present need-based level but that is on account of their present position of profitability. There is no reason to think that they will be able to maintain the level all through.
- (b) The employees under Central and State Governments do not get need-based wages. This claim from Central Government employees has been rejected by Government outright on the consideration that the financial burden will be too high and there is no reason why only a section of the working population should be benefited at the expense of a much larger section.

The total working population under the Central Government is about 2.7 million people. Out of this about 2.4 million draw less than need-based wages. In other words about 90% draw less than need-based wages.

The wage scales in State Governments are generally less favourable and therefore in their case, the position will be worse.

- (c) The wage level in the other Sectors of the economy are also much less than the need-based level, particularly in the agricultural Sector.
- (d) The total working population in the engineering industry to-day is 1 million approximately of which at least 20% will be in the unskilled category, about 35% each in the semi-skilled and skilled categories and 10% in the highly skilled category. The unskilled, semi-skilled and skilled categories at present are drawing less than need-based wages.

9.24.4. At a rough estimate, if need-based wages were to be granted in the Engineering industry and adequate differentials retained between various skills the wage burden would go up by Rs. 170 to 180 crores, if not more.

9.24.5. While need-based wage can be a desirable objective, it is obvious that it cannot be reached till such time as the growth rate of the economy and profitability of industry is adequate along with high productivity. In the present state of affairs, the engineering industry and perhaps several other sectors cannot obviously afford payment of need-based wages.

9.25. Difficulties in evolving a wage pattern :

9.25.1. The approach to the problem of evolving a rational wage structure in the entire country for the engineering industry has proved to be an extremely difficult task. There are many complex factors which have led to this and these are:—

- (a) The industry is extremely large covering over one million employees, employed in undertakings varying in size of 50 employees to as high as 10,000 to 15,000 employees and above.
- (b) The industry is extremely heterogeneous in character inasmuch as by its present definition it covers a large variety of manufacturing and processing industries. The range includes extremely light, light, medium and heavy industries of all assorted products. Grouping all these together for an uniform wage pattern imposes serious problems as their individual special features and economics tend to get ignored.
- (c) The units in the industry are widely dispersed, ranging in location in well developed cities and medium developed towns to semi-rural and entirely rural areas. The conditions peculiar to location aspects cannot get due importance.
- (d) The technological sophistications within units in the industry vary very widely in consideration of the type of products manufactured, their size and state of development.
- (e) The profitability varies over a wide scale though statistics indicate that the larger units seem to give better returns.
- (f) The present level of wages in units in the industry still varies very widely in consideration of their location and local state of industrial and other developments.

9.25.2. One main significant factor that was noted during our deliberations was that there was wide disparity in basic wages particularly between the public and private sector enterprises, substantial variations in dearness allowance schemes as also incentive payments and bonus. Many units in the private sector have low basic wages and dearness allowance but have quite liberal incentive schemes by which higher emoluments are assured. The approach to view the wage packet purely in terms of basic wage and dearness allowance has thus presented serious difficulty as in many cases a substantial portion of the incentive payment and bonus virtually form a part of guaranteed wage.

9.25.3. In a similar way the wide variation in non-statutory fringe benefits specially between the public and private sectors also poses serious problems, as strictly, expenses on such benefits should form a part of wages.

9.25.4. The above and other reasons outline the principal difficulties that have had to be faced and perhaps there may be a better chance of evolving more rational wage structure if more detailed classification could be done, e.g., heavy and medium and separately light machine building, automobiles, metal processing, illumination engineering, general engineering, etc. etc.

9.25.5. Nonetheless we made serious attempts—and generally agreed upon segregation according to regions (depending on the state of industrial development) and groups, depending on the size of employment, even though it was recognised that such classification do not do adequate justice to the problem. Unfortunately, we have not been able to come to an agreed settlement as the expectations of labour are much higher than what the industry could pay. Their attempt has been to secure a high guaranteed minimum wage irrespective of productivity. We, on the other hand, have felt that the guaranteed minimum cannot be stepped up too high and additional emoluments must be secured by higher productivity. Unfortunately, this gap in view points could not be closed. We are still not averse to providing higher emoluments provided labour agrees to link up the matter with productivity.

9.26. Wage structure :

9.26.1. In this Section of the note I shall deal with and give my comments on certain aspects of the proposals of the Chairman and independent members and also make some further proposals. I also differ in certain aspects from my colleagues on the employers' side and such points are also brought up in this Section.

Basic Wages :

9.26.2. The proposals from the Chairman and independent members envisage a very high basic wage and comparatively low dearness allowance with a new element of area allowances. Approximately, the D.A. and the area allowance constitute one-third of the total emolument and two-thirds is taken care of by basic wages.

9.26.3. The raising of basic wages from a mere Rs. 30 or 35 in the Private Sector to as high as Rs. 105 to 132 at the minimum of the scale and Rs. 117 to 152 at the maximum of the scale for the unskilled category is for too high. There are similar high increases in other skills. The new figures are also very high in comparison with the minimum basic pay of Rs. 70 in the public sector for unskilled category.

9.26.4. The result of this rise will be an immediate impact on gratuity schemes and incentive schemes where such schemes are linked in one way or other to basic wages. The logic on which basic wages have been raised so high is not at all clear and no arguments were given by the proposers in their proposals.

9.26.5. The second aspect of the proposal is that basic wages differ from Group to group within the same region. I am of the view that this may cause some disturbances within a region. In my view basic wages constitute the absolute minimum which an employee must get even if the element of dearness allowance were wiped away by a falling dearness allowance with a fall in cost of living. If such a thing were to happen, I do not see any reason why the emoluments of an employee in one skill in one group should differ from an employee in the same skill in another group. On this basis I advocate that it would be best to have the same basic pay scale in all regions and groups. The variable aspect can be taken care of by a variable scheme of dearness allowance as has been the practice hitherto.

9.26.6. The wage proposals made by me in the annexure to this note are based on this approach. I have also advocated a minimum basic higher than what my colleagues in the employer side have done on condition that the incentive schemes which are at present linked to basic wages are suitably revised. So far as gratuity is concerned, I am of the opinion that the higher impact will be small considering that the annual retirement figures are low and probably in the region of 3% or so.

9.27. Area Allowance :

9.27.1. The proposals of the independent members envisages payment of area allowance according to a varying schedule except in Area V. This allowance also varies with the groups. During discussions the independent members stated that the allowance has been introduced to take into account the region-wise variation in cost of living indices and the paying capacity of the various groups of units. It will be noticed also that the area allowance also varies for different skills. No indication has been given, however, as to how this complicated scheme of Area Allowances with so many varying factors has been worked out. In my opinion the scheme is extremely complicated, will create confusion and increase effort in application. I am also afraid that employees will find such a scheme very difficult to understand and hence view it with suspicion.

9.27.2. I must dissent from the scheme of area allowance. In my opinion it will be far better to have a consolidated variable scheme of Dearness Allowance for groups and regions. So far as the variable element of dearness allowance is concerned, I feel that if there are any substantial differences in cost of living for different areas, it would be better to link the V.D.A. scheme to regional cost of living indices wherever available and the rest can be linked to the All India Cost of Living Index.

9.28. Dearness Allowance :

9.28.1. The principal deficiency in the scheme proposed by the independent member is that the degree of neutralisation is higher for the higher wage skills. This will further accentuate differentials or create misunderstandings. In my opinion it would be more advisable to keep the formula for V.D.A. the same for all categories.

9.28.2. I agree with the recommendations recorded at para 14(b) and 14(c) of the proposals regarding the manner of adjustments. With regard to para 14(c), I suggest that an option may be given by which the Management and Employees can negotiate at unit level and decide whether they would like to continue the old system or change over to the new system.

9.29. Efficiency bars and annual increments :

9.29.1. It is noticed that the proposals from the independent members do not suggest any 'Efficiency Bars' in the time scales. All time scales are of ten years duration. Further the rates of increments are very high.

9.29.2. It should be appreciated that whenever there is a time scale of pay and an increment scheme, the employer should have the right to have one or two check points in the time scale where the employee's conduct and performance could be checked carefully before he is allowed increases in his emoluments further. Efficiency Bars have to be introduced for such purposes. The non-inclusion of such a provision is unsatisfactory and cannot be accepted.

9.29.3. With regard to increment rates the proposals are far too high. If the rates proposed are checked up with the increment rates for Central or other government employees, they will be found to be far too high. It has also to be borne in mind that many of the other principal industries like Textiles do not have any scheme of annual increments. The very existence of such a scheme in the engineering industry is a decided advantage but that does not imply that the burden should be made greater by high increment rates, specially considering that the annual increments are not in any way related to productivity.

9.29.4. I also consider that time scales of 10 years duration as proposed too short. Considering that employees are able to get promotion to higher scales of pay if their performance is satisfactory, it would be better to have longer time scales. With overlapping scales of pay, in case of promotion the employee's pay is fixed at a higher point than the minimum. If the scales are short, there is therefore a distinct possibility of stagnation at the maximum which will cause dissatisfaction. This can largely be avoided with longer time scales during which the employee continues to get his annual increments.

9.30. Phasing :

9.30.1. The Chairman and independent members have suggested a scheme of phasing for increase in basic pay in annual instalments, over and above the annual increments that employees get. Further, the phasing in Area V has been made different from that of other areas. For example—for areas, I, II, III, and IV, the phasing suggested is 75, 82, 90, 95 and 100. For area V the phasing proposed is 65, 72.5, 80, 90 and 100. If the initial burden for area V has been made less, it is not clear why in the latter part it has been made more stringent.

9.30.2. Principally, the whole concept of phasing as proposed is obviously on the assumption (and this is a very illogical assumption) that the units in the industry will continue to secure substantial economic gains on a fixed time schedule to enable them to pay higher phased basic pays over and above the annual increments and without any relation to productivity. To the sponsors of the proposal, rapid upward movement at a given rate of the engineering industry and the general state of the economy may be a certainty but I am unable to subscribe to such unrealistic assumptions. I am of the view that the wage scales to be recommended now should only be on the present state of affairs and not on the basis of wild forecasts about the future. If the proposal were conceded on the scheme recommended by the independent members the annual wage bill will go up by approximately Rs. 150 crores by the last year of phasing.

9.30.3. I must dissent very strongly from the entire scheme of phasing. The wages to be fixed now must be on the present state of the industry and other pertinent factors that obtain now. Any increases over and above this must depend entirely on the state of prosperity of individual units and should be settled by collective bargaining at the unit level.

9.31. Pay Fixation :

9.31.1. (a) It has been suggested that at the time of fixation of pay in the revised scale—"every workman will be fitted into the new scale of wages recommended by us, by giving him one increment in the initial pay of the new scale for every completed three years service, subject to a maximum of 3 increments. That will be his initial basic pay for all purposes including phasing".

9.31.2. In the phasing scheme it has also been recommended that the minimum benefit must in any case not be less than Rs. 10.

9.31.3. It is not clear whether the intention is that computation should be done under both schemes for each employee, and then the question will remain which one should be applied in practice—the more favourable one or the less favourable one, as long as the benefit is not less than Rs. 10. The illustrations given only show the method by way of phasing and not by the method of giving increments. In any case the proposal will lead to considerable complications.

9.31.4. The way the 'phasing' is sought to be applied, as in the illustrations, obviously implies that it will be done on an individual basis. In other words, the employee must get substantially higher wage without any relation to productivity, performance, skill etc.

9.31.5. (b) The scheme suggests giving one increment for every three years of service. Obviously, the total service in the company is implied and not the years of service in the particular scale in which the employee may now be.

9.31.6. If this be so, the employee who got into a higher skill earlier, say as a direct recruit, will be at disadvantageous position compared to an employee who entered the same higher skill scale of pay later after a number of years in a lesser skill. This will cause utter confusion.

9.31.7. (c) If we go by the phasing method, it is also possible under certain situations that an employee getting marginally lower wages than another, may get a higher phasing, thus leading to further inequalities and anomalies.

9.31.8. (d) The proposal also envisages that annual increments must be given to the employees in the new scales of pay over and above the annual 'phasing' rises. The illustrations given with the scheme are misleading as they do not show the effect of the annual increments. The difference could be substantial in the case of higher scale employees.

9.31.9. (e) The illustrations imply that the basic pay (actual after phasing) need no longer fall into the appropriate slabs as given in the pay scales for each skill. This will again cause considerable confusion in practice.

9.31.10. Whichever way one looks at the scheme of 'phasing', fixation of pay etc., as enunciated by the Chairman and independent members, one cannot escape the conclusion that it is too complicated, it will give unrealistic results and cause considerable confusion. It will lead to serious anomalies and result in disrupting differentials in the case of many employees and hence cause considerable dissatisfaction. It is also not clear why employees must get rises by way of phasing, apart from annual increments, irrespective of whether the employee is efficient or not, irrespective of the financial position of the particular unit. It appears the scheme is more akin to a method of built-in and guaranteed interim reliefs every year, irrespective of all considerations.

9.31.11. I must strongly dissent from such a scheme. As an alternative, I propose the following :—

- (a) Where existing basic pay scales are more advantageous, the employee may be allowed to retain the same provided the dearness allowance element is adjusted by a suitable amount to ensure that the sum total of basic pay and D.A. at the minimum of the scale does not exceed the total emoluments under the revised scheme.
- (b) If at present any employee is getting more emoluments than under the revised scheme, he may be allowed to retain the same as long as he remains in the same skill. At the time of promotion to a higher skill and scale, he shall come over to the revised scale of pay and allowances. The total emoluments should not, however, be reduced in the process and should be safeguarded if necessary either by fixing him up at a higher stage or by a system of personal allowance, which can be gradually be absorbed in future increments. If the latter system is adopted, the annual adjustment shall be at the rate of 50% of the annual increment.
- (c) Pending evaluation of jobs and placement of individual employees in appropriate categories consistent with skill and job content, the employee shall be allowed either to retain his existing scale or come over to the revised scale. If he chooses to come over to the revised scale, his provisional emoluments shall be determined in the following manner :—

Take his existing emoluments of basic pay and dearness allowance at cost of living index (CLI) 207. Choose the revised scale which is *prima facie* appropriate to his skill. Deduct the revised D.A. element from the earlier total, and then fix his basic pay at the next higher point in the revised scale. In any case the pay thus fixed shall not be less than the minimum of the revised scale. This method will safeguard his emoluments pending re-fixation after proper job evaluation.

Example : Suppose a skilled worker is now getting Rs. 250 total emoluments at CLI 207. If it is *prima facie* assessed that he corresponds to Skill C in the revised scale and his D.A. in

the new scale is Rs. 100, then his basic pay will be Rs. 100. The appropriate pay in the revised scale at the next higher point in Skill C will be Rs. 153 and he should be fixed at this point.

- (d) The example given at (c) above relates to a case where the employee enjoys no fringe benefit of a non-statutory character. For adjustments against non-statutory fringe benefits, the procedure to be followed is outlined below:

The cash equivalent of the total monthly extent of non-statutory fringe benefits should first be computed. The extent of this which is utilised for employees not coming under the purview of the wage board should be deducted with a weightage of 10% and the balance distributed on a numerical average basis in rupees per month per employee.

Example : Suppose a company is incurring Rs. 10,000 per month on non-statutory fringe benefits with a total employee strength of 700 employees of which 50 employees do not come under the purview of the Wage Board. Since employees not coming under the wage board relate to higher categories usually, deduct fringe benefit element for them on a proportionately higher basis, i.e., with a factor of 1.10.

Therefore, amount to be deducted for such employees

$$= \frac{50}{700} \times 10000 \times 1.1.$$

=786 per month.

Therefore, amount per employee coming under Wage Board

$$= \frac{10000 - 786}{650} = \text{Rs. 14.20 per month per employee.}$$

If in a particular unit not all the employees enjoy all categories of fringe benefits, each factor should be computed separately and distributed over those employees who enjoy the benefit.

The extent of fringe benefit should be adjusted against the Dearness Allowance element only. In the particular case if dearness allowance in the revised scale of an employee is Rs. 100, it should now be brought down to Rs. 85.80 after deducting Rs. 14.20.

For purposes of convenience, the computation of cash equivalent of non-statutory fringe benefits per employee per month should be done only once a year on the accounts of the preceding financial year of the unit.

9.31.12. I am of the considered view that if pay fixation is done according to the method outlined by me above, there will be the least amount of anomalies and existing differentials between individuals will not be disturbed. The method will not also give disproportionate financial benefit to one employee compared to another.

9.31.13. I am strongly against the proposals of giving additional increments based on the length of service or any guaranteed minimum rise with immediate effect. The scales of pay as such are an improvement and in the long run they will give substantial advantages to employees compared to their present position. If any particular unit is actually capable of giving more, the matter should be left to collective bargaining at the unit level.

9.32. Job Evaluation :

9.32.1. The proposal from the Chairman and independent members only mention that job evaluation should be done according to the scheme recommended by the Board. It does not, however, spell out certain matters relating to this important subject.

9.32.2. Keeping the long term interest of the industry in view, Job Evaluation is a MUST. In my opinion it is immaterial whether units follow the particular method recommended by the Board or any other established and standardised scientific method. Whatever method is followed, it must be ensured that well developed Industrial Engineering techniques are followed. There is too pronounced tendency on the part of Labour to-day to get jobs of a low job content designated with high sounding names and get them rated high and consequently demand higher wages. This approach has to be stopped and the matter left to scientific evaluation by experienced Industrial Engineers.

9.32.3. I propose that every unit should complete job evaluation within a period of two years from the date of issue of final orders by Govt. of India on the recommendations of the Wage Board. Till job evaluation is completed and employees are fixed in the revised wage scales according to the evaluation, all pay fixation should remain provisional.

9.32.4. I also recommend that if after job evaluation it is found that any employee has to be down graded in scale of pay, he may be given protection for a period of two years during which he should train himself up for any skill appropriate to his pay scale, and for which the employer should give facilities within the unit. If the employee fails to thus qualify, he should be downgraded at the end of the two year protection period. I consider such a scheme feasible, desirable, fair and necessary as no employer should be asked to pay higher emoluments for a lower grade job for an indefinite period. This protection should be on individual employee basis and should not be made applicable to any new recruit who joins the unit after the date of notification by Government about the Wage Board Award.

9.33. Productivity :

9.33.1. The proposals from the Chairman and independent members make no mention of productivity (even though this is specifically included in the terms of reference) and the necessity of linking higher emoluments with higher productivity. A high level of guaranteed wages have been recorded without specifying anywhere what the productivity should be corresponding to the guaranteed level of wages as recommended. The recommendations only mention "wages.

are fixed on the basis of eight hours work, and 26 working days in a month". In my opinion this is not adequate enough, and keeping the long term aspects in view for the growth of the industry, there should be some linkage to productivity even for the guaranteed wages, in spite of the fact that in practice there may be some difficulties in regulation.

9.33.2. I am of the view that for the guaranteed wages, the productivity should be of the order of 75%. The norms should be fixed for each type of work in a unit by Industrial Engineering studies making appropriate allowance for hazards of work, working conditions, fatigue etc. If this is done initially for key aspects of work, the other aspects can be taken care of generally by the system of comparison.

9.33.3. I recommend that in cases where output cannot be measured easily, employer and employee shall come to agreement regarding method of general measurement of performance, which may include if considered desirable, judgment on basis of random sampling of performance or cost standards.

9.33.4. Wherever, performance better than 75% is given by employees, they should be rewarded by financial incentive schemes to be jointly agreed upon between employer and employees. Provision should be kept in the schemes for change in norms whenever methods of work change.

9.34. Variable element of Dearness Allowance :

9.34.1. The reference to Cost of Living Index as 207 should be with 1949 as the base with 100 points.

9.34.2. I am not in favour of having different variable adjustment rates for the different slabs of pay as recommended by the Wage Board independent members. This may give rise to some dissatisfaction. Considering that the fixed element of the Dearness Allowance will be higher for higher scales and skills of pay and that Wage Boards are likely to be formed every 5 years or so to review level of remuneration, I am of the opinion that it would be adequate to have only one rate for the Variable element of D.A. and I suggest that this may be Rs. 1.50 for 2 points.

9.34.3. I concur with the other aspects of the proposals.

9.35. Fringe Benefits :

9.35.1. The proposals from the Chairman and independent members consider fringe benefits only on two accounts viz., housing where such housing conform to a particular government schedule of accommodation and on actual cost of subsidised foodgrains excluding cost on storage and distribution.

9.35.2. By limiting the proposals only to the two aspects, the Chairman and independent members have completely ignored its own assurances given at the time of Interim Relief, ignored the report of the Fair Wages Committee's Report and over and above everything ignored the judgment of the Supreme Court on the subject.

9.35.3. The two proposals made now towards fringe benefits are unrealistic. In the first item *viz.*, housing, why should any allowance be denied to the employer if he has provided housing, may be according to some other schedule? The proposal is not suitable. It seeks to penalise a liberal employer who has provided some accommodation, even though it may not be strictly according to the particular schedule mentioned by the independent members.

9.35.4. In the second case it has been mentioned in the proposals that it applies only to "towns". In other words, it implies that an employer who may have set up outside a town or in the hinterland will not get the benefit, even though the general policy of the Government is to disperse industries even in rural areas for the purposes of development and employment.

9.35.5. The second aspect mentioned in the proposal is no concession at all to the employer. In statutory rationing areas, the case will not arise. In other areas, if an employer has taken up the responsibility of storing and supplying food, which is not its legal responsibility at all, it is obviously doing so as a generous employer and protecting his employees substantially from market fluctuations and scarcities. By preventing him from recovering costs of storage and distribution, the employer is definitely being penalised. I can understand if it is stipulated that the employer shall make no profit out of it, but not the type of recommendations made by the Chairman and independent members. In my opinion if the recommendations were implemented, it would be a sure and certain way of frightening out all employers who have hitherto taken a liberal attitude.

9.35.6. The proposal as given does not appear to be well-conceived and ignores that fringe benefits are given by employers in many other ways. Adequate evidence was brought before the Board that public sector enterprises in general and several private sector enterprises have been giving fringe benefits in various ways, even though it was not their legal responsibility in any manner. It is undeniable that such employers by acting thus have given various essential services and benefits which would not have been possible on an individual or co-operative basis and government services are in any case not available. If no allowances are made for these factors, it is quite clear to me that such employers will tend to gradually withdraw these facilities. In the public sector the fringe benefits vary from Rs. 30 to Rs. 70 per month per employee.

9.35.7. I dissent completely from the proposals of the Chairman and independent members and recommend the following alternative:

- (a) All non-statutory fringe benefit items should be taken into account (provided they have an impact on the domestic budget of the employee), on a unit basis and determined in the manner laid down at para (d) of this note under Pay Fixation.
- (b) The maximum deductions on account of non-statutory fringe benefits shall not exceed 20% of the total emoluments of an employee.

9.35.8. I am of the opinion that if only the above stipulation is laid down the rest of the details can easily be worked out at the unit level without any confusion or complication, and still allow generous employers to take progressive view in the matter.

9.36. Existing Incentive Schemes :

9.36.1. Where existing incentive schemes are based on basic wages, they should be revised so that the incentive payment remains the same on the same level of productivity. The revised incentive scheme may be based on revised basic wages or any other system may be evolved by mutual agreement between employer and employees, in the particular unit.

9.37. Provident Fund :

9.37.1. The existing level of contribution to provident fund should be appropriately changed so that the total amount of contribution by the employer does not change for a period of 3 years from the date of implementation of the award notified by the Government of India. After 3 years, provident fund contribution should be at the usual 8% rate. The special relaxation of 3 years is recommended to enable employers to tide over the present difficult stage.

9.38. General :

9.38.1. I have considered carefully as to whether in the matter of wage structure, emoluments and other allied matters, there should be any basic difference between the Private Sector and the Public Sector.

9.38.2. I am of the considered view that as both have to function within the same economy and similar conditions, and the Public Sector has also to face and exist in the same competitive market, there should not really be any basic difference in the matter of wages, emoluments and other matters.

9.38.3. Most of the units in the Public Sector are at present unable to get adequate financial returns on investments and the bulk of them are incurring losses. The old emphasis was that the Public Sector should be the pace setter or model employer for the purpose of wages, benefits, job security and the like. It was hoped that all these would lead to better industrial relations and would also set high standards in matters of productivity. A review now indicates that most of the objectives have not been realised. The public sector has apparently given disproportionately higher employment than would be justifiable and only led to problems of surplus labour. Higher productivity, higher return on capital investment, better industrial relations are still far away. In certain aspects, the earlier policy seems to have given negative results. Higher basic wages, larger gratuity charges, greater social overhead costs and higher employment have not only raised production costs disproportionately affecting adversely competitiveness but have tended to act as a brake on the urge to raise productivity.

9.38.4. In matters of education, housing etc., the Public Sector incurs substantial additional charges and at present the bulk of its is not recoverable from the employee. In medical benefits, usually better service than what is available under the E.S.I. scheme is given but no exemption from compulsory contribution is available. The recurring charges arising out of the capital investment in addition to the normal running expenses with low productivity impose a severe financial burden. The general financial position of most of the public

sector units is not such that these costs could easily be absorbed and a competitive market faced, considering that the bulk of the private sector units do not incur such additional costs.

9.38.5. Considering all these facts I am strongly of the opinion that the wage pattern, dearness allowance and all other aspects in both the public and private sectors should follow the same pattern. It should be possible to achieve this objective substantially through the recommendations of the Engineering Industries Wage Board. Where the public sector is paying higher basic wages (and this is largely the case), the adjustments should be made in the dearness allowance element. In fringe benefits, the public sector must be given adequate scope to adjust the same subject to the ceiling monthly limit of 20% as already proposed by me. The public sector units are as much a part of the national economy as the private sector units and should not be overburdened with a certain types of expenditures as has been the practice hitherto. I hope this aspect will be kept in mind and no discriminatory practices allowed to exist between the two sectors.

9.38.6. I am of the view that the high minimum guaranteed wages recommended by the Chairman and independent members are entirely unrealistic in the present state of the economy and the state of the engineering industry at present. The minimum wages must be lower and I have given my proposals in this regard. Higher emoluments must be secured by employees through higher productivity if the industry is to progress and production and other costs have to be lowered, both for export purposes as also for putting an effective brake on the price spiral. I see no reason why employees whose performance is low, should be hampered by giving higher guaranteed minimum wages, which seems to come just by the way of attendance in the factory. It is well known, even to trade unions, that in most factories the effective hours of work in a day hardly exceed 50%.

9.38.7. I also see no reason why the scale of remuneration in the engineering industry must outstrip the scale of remuneration in other industries and why attempts must be made to create conditions by which the gap in remuneration with employees in other sectors of the economy should be further widened. If our ultimate objective is to ensure growth and secure higher employment, it is extremely necessary that emoluments must be linked to a greater extent with productivity. Unless surpluses are generated, the economy is bound to become stagnant.

9.38.8. The state of economy is not such as to warrant assumptions of the type made by the Chairman and independent members while recommending the phasing scheme of progressive improvements in emoluments irrespective of performance of an unit and its financial results. In a planned economic structure for the country, many of the basic economic factors are regulated by Government and the annual government budget as also revision of taxes have decided impacts on industry. This being so, it is impossible for an industry to accept a proposition of the type suggested in the phasing scheme. The wages to be recommended must take into account the present realities. Subsequent wage board and collective bargaining will take care of the rest depending on conditions prevailing. I must disassociate myself from any type of formula which is apparently based on extreme assumptions.

ANNEXURE A

WAGE STRUCTURE

9.39. Wage Structure for Industrial Employees :

9.39.1. The industrial employees should be divided into various skills as indicated below. Higher pay scales may be devised in particular cases or units to suit local conditions and depending on job evaluation.

Skill	Pay Scale
Unskilled	Rs. 65—1.00—70—EB—1.25—80—EB—1.50—86
Semi-skilled A	Rs. 70—1.25—75—EB—1.50—84—EB—2.00—94
Semi-skilled B	Rs. 75—1.50—81—EB—2.00—91—EB—2.50—106
Skilled A	Rs. 82—2.00—92—EB—2.50—102—EB—3.00—120
Skilled B	Rs. 90—2.50—105—EB—3.00—120—EB—3.50—134
Skilled C	Rs. 100—3.00—115—EB—3.50—129—EB—4.00—153
Skilled D	Rs. 112—3.50—126—EB—4.00—146—EB—4.50—173
Skilled E	Rs. 127—4.00—147—EB—4.50—174—EB—5.00—194
Skilled F	Rs. 145—4.50—163—EB—5.00—193—EB—5.00—223

The above basic wage structure is for all regions and all groups of employers.

Non-Industrial Employees :

9.39.2. No special wage structure for non-industrial and clerical staff is recommended. Each category should be broadly job-evaluated and fitted into an appropriate scale as for industrial employees. All scales recommended are on the basis of 48 hours working week. The dearness allowance applicable will also be as for industrial staff.

Supervisory Staff :

9.39.3. There is considerable confusion in Industry with the use of the term "Supervisors". In some organisations the practice is to designate a man as Supervisor who merely does clerical types of work relating to a shop. In most others, the practice is to use the term Supervisor to cover cases of such category of staff who actually supervise, guide and control the activities of operative staff under them. The latter definition and practice is more precise.

9.39.4. On this definition it is recommended that the Supervisor in any particular shop or section should be fixed in a scale at least one grade higher than the operative staff in that section. For this purpose, however, if there are any odd cases of higher skilled personnel in the shop, they may be ignored.

For example, Supervisors or Sirdars who supervise unskilled labour should have scale as for semi-skilled A or at most Semi-skilled B. For supervisors who supervise the work of operatives in Skill B, the scale should be Skilled C and so on.

As a third example, the bulk of the people in a tool shop may be in Skill B or Skill C and a few people perhaps in Skill D or Skill E. The supervisor's scale should be one or at best two grades higher than that of the bulk of the people in the shop.

The procedure recommended above should apply equally whether the supervisors are working in technical or non-technical sections.

9.39.5. For higher technical staff who may come within the purview of the Wage Board, it is suggested that appropriate scales be allotted depending upon job evaluation. For this purpose higher scales like Skill G, H etc. may be built up at the unit level.

9.39.6. It should be borne in mind that it is not incumbent that in any particular unit all the scales must be existing. The number and types of scales that should be used will depend entirely on the type of work in a particular unit.

9.39.7. For sub-staff or miscellaneous staff like peons, dufftries, jamadar, mali, watch & ward staff, nurses, ward boys, cooks, canteen boys, masalchis etc. approximate job evaluation may be done and fitted in appropriate scales. Most of them will come within the group Unskilled, Semi-skilled A or B.

ANNEXURE B DEARNESS ALLOWANCE

9.39.8 (Including Fringe Benefit element)

Basic Pay	Employer Group	A	B	C	D
<i>Region I—Bombay City and Greater Bombay including Thana.</i>					
Upto Rs. 75		Rs. 70	85	95	105
Above Rs. 75 upto Rs. 110		Rs. 85	95	105	115
Above Rs. 110 upto Rs. 150		Rs. 95	105	115	125
Above Rs. 150 upto Rs. 200		Rs. 105	115	125	135
Above Rs. 200 upto Rs. 400		Rs. 115	125	135	145
Above Rs. 400		Rs. 125	135	145	155

Region II—Calcutta, Greater Calcutta, Jamshedpur, Ranchi, Durgapur and Asansol Industrial areas.

Upto Rs. 75		Rs. 60	75	90	100
Above Rs. 75 upto Rs. 110		Rs. 75	90	100	110
Above Rs. 110 upto Rs. 150		Rs. 90	100	110	120
Above Rs. 150 upto Rs. 200		Rs. 110	120	120	130
Above Rs. 200 upto Rs. 400		Rs. 100	120	130	140
Above Rs. 400		Rs. 120	130	140	150

Basic Pay	Employer Group	A	B	C	D
<i>Region III—Madras, Bangalore, Coimbatore, Hyderabad, Ahmedabad, Delhi, Poona-Chinchwad, Kanur, Faridabad, Amritsar-Jullundar-Ludhiana areas.</i>					
Upto Rs. 75		Rs. 55	70	80	90
Above Rs. 75 upto Rs. 110		Rs. 70	80	90	100
Above Rs. 110 upto Rs. 150		Rs. 80	90	100	110
Above Rs. 150 upto Rs. 200		Rs. 90	100	110	120
Above Rs. 200 upto Rs. 400		Rs. 100	110	120	130
Above Rs. 400		Rs. 110	120	130	140
<i>Region IV—Rest of the Country.</i>					
Upto Rs. 75		Rs. 45	60	75	85
Above Rs. 75 upto Rs. 110		Rs. 60	75	85	95
Above Rs. 110 upto Rs. 150		Rs. 75	85	95	105
Above Rs. 150 upto Rs. 200		Rs. 85	95	105	115
Above Rs. 200 upto Rs. 400		Rs. 95	105	115	125
Above Rs. 400		Rs. 105	115	125	135

LIST OF ENCLOSURES

- A. Report of Dr. Paymaster.
 - B. Statement of Profitability of 21 large engineering companies as published in the 'Economic Times' dated the 26th February, 1968.
 - C. Statement of the movement of selling prices of a large number of engineering products in the recent past.
 - D. Table 7 of the Reserve Bank Study in "Finances of Small Public Limited Companies, 1965-66".
 - E. List of the Companies covered by study referred to in para 9.8.3 together with the number of workmen employed by each.
 - F. List of the companies covered by study referred to in para 9.8.4.
 - G. List of the companies covered by study referred to in para 9.8.5.
 - H. The consolidated result of the study of the effect of the Chairman's proposals on 142 engineering firms in Area II.
 - I. Statement showing the effect of the Chairman's proposals on 40 large units in Area I & 17 units in Area IV.
 - J. Statement showing share of labour in the total value added by manufacture.
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ASSOCIATION OF INDIAN TRADE AND INDUSTRY

**REPORT ON
THE FINANCIAL WORKING OF
THE INDIAN ENGINEERING INDUSTRY**

1967

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REPORT ON THE FINANCIAL WORKING OF THE INDIAN ENGINEERING INDUSTRY

1. Introduction and Summary

The purpose of this analysis is to evaluate the financial working of the corporate units engaged in the private sector of the Engineering Industry in India. It is based on the financial reports for the years 1956 to 1965 of 303 companies in this industry listed in Appendix I, Table 1 (pages 228-236). Figures for 207 companies were available for only 207 companies and they are shown in Table 2 (pages 237-243), along with comparative figures for the preceding year 1965. The main tables of accounts and financial ratios are shown in Appendix I (pages 228-294).

The financial working of the industry as disclosed by the combined accounts of the industry is judged in the light of comparison with the financial working of companies in other Indian industries published in the Reserve Bank of India Bulletin, and in the light of other suitable criteria. The companies have been also re-grouped region-wise and size-wise to compare their financial working. The method and terms used in this analysis are explained in Appendix II on pages 295-298.

The general conclusion that emerged from this analysis is that whilst the rate of growth attained by the Engineering Industry between 1956 and 1965 and expected of it in future is much higher than the average rate of industrial growth, the profits of engineering companies (especially in relation to Paid-up Capital), dividend distribution and reserve accumulation were lower than the average for All Industries, and the profitability of individual companies varied directly with size. The main conclusions are summarised below.

(1) The Gross Block of the engineering companies covered by this study increased about six-fold from Rs. 103.75 crores in 1956 to Rs. 624.80 crores in 1965. The growth of their Gross Block between 1960 and 1965 has been on an average about 31% per year over 1960, as against 11% in the case of the All Industries average of 1333 companies (Reserve Bank Study figures for 1960-61 to 1964-65), (para 2, pages 213-215).

(2) The high growth rate of Gross Block has been reflected in the faster rate of increase in production of the Indian Engineering Industry, the Official Index Numbers of Industrial Production (1956=100) being 330.8 in January 1967 for the Engineering Group, as against 196.4 for All Industries (General Index). There was, however, an abrupt fall in the Production Index of the Engineering Group from 330.9 in January 1967 to 194.2 in June 1967, reflecting the recession in the Engineering Industry (para 2, pages 213-215).

(3) The engineering companies covered by this study had accumulated Reserves (including Bonus Shares) equal to 40.2% of Net Worth (Paid-up Capital plus Reserves), as against 57.4% in the case

of the All Industries average of 1333 companies (R.B.I. Study), and still higher in the case of other fast growing industries like steel and aluminium. This proportion of Reserves in the case of the Engineering Industry appeared low in view of the high growth rates attained by it in the past and expected of it in future (para 3, pages 215-216).

(4) The low generation of internal funds through Reserves led to greater reliance of the Engineering Companies on Borrowings, the ratio of Net Worth (Shareholders' Funds) to Borrowings having dropped from 1.6 : 1 in 1960 to 1.1 : 1 in 1965. The All Industries (1333 companies) average for 1964-65 was 1.4 : 1. There was a further fall in this ratio in 1965 to 0.9 : 1, indicating a state of over-borrowing and imbalance in the capital structure, which required correction through the issue of new share capital (para 4, pages 216-217).

(5) The Net Sales of the Engineering Companies covered by this study increased from Rs. 277.33 crores in 1956 to Rs. 1055.58 crores in 1965. The proportion of Employees' Remuneration increased from 10.8% of total income in 1956 to 14.4% in 1965. The proportion of interest and Depreciation to Total Income also increased. The profit margin and profit retention also improved, but the proportion of Dividends to Total Income declined between 1959 & 1965. However, latest figures for 207 companies for 1966 show a notable fall in the profit margin, profit retention as also Dividend as per cent of Total Income compared to the corresponding figures for the same companies for 1965 (para 5, page 217).

(6) Out of 296 Engineering Companies, 61 were in loss in 1965, and 119 did not pay any equity dividend in that year. Between 1960 and 1965, 41.8 to 44.1% of the companies paid no equity dividend because of losses or inadequacy of profits (para 6, page 217 and para 9, pages 220-221).

(7) The ratio of Profits after Tax to Net Worth was higher in the case of the Engineering Companies (8.5 to 11.7%) than the All Industries average of 1333 companies (6.5 to 10.9%) mainly because the low proportion of Reserves kept the Net Worth low. However, the ratio of Profits After Tax to Paid-up Capital (excluding Bonus Shares) was lower in the case of the Engineering Companies (13 to 18.3%) than the All Industries average (18.5 to 22.3%) between 1960 and 1965, indicating lower than average returns on original Paid-up Capital. The corresponding ratios of profits after Tax to Paid-up Capital (including Bonus Shares) was also lower in the case of the Engineering Group than the All Industries average (para 7, pages 218-220).

(8) Dividends as per cent of Paid-up Capital were also lower in the case of the Engineering Companies (7.3 to 8.9%) than the All Industries average (10.1 to 11%) between 1960 and 1965 (para 7, pages 218-220).

(9) The Engineering Companies covered by this study retained during the period 1960-65 more profits after tax (32.3 to 53%) than the All Industries average of 1333 companies (33.4 to 39.6%), and all but a few individual industries (para 8, page 220).

(10) The Index Numbers of Variable Dividend Industrial Security Prices (Reserve Bank Series), which used to remain higher for the Engineering Group than the All Industries average up to February 1967, fell below average in July 1967, indicating a more than proportionate fall in the interest shown by investors in the equity shares of engineering companies than in the shares of companies in other industries. This would make it more difficult for engineering companies to raise fresh share capital required to ease the strain of overborrowing and restore the balance of their structure as also for expansion and setting up of new units (para 10, pages 221-222).

(11) Size-wise comparisons show that, in 1965, 23 largest engineering companies with Sales above Rs. 10 crores accounted for 48.6% of the Total Net Sales of 296 companies in 1965, and 29 companies with Net Sales from Rs. 5 to 10 crores accounted for 20.6% of Total Net Sales. Thus, 17.2% of the companies accounted for 69.2% of Net Sales, indicating that there is a considerable degree of concentration in this country. The profit ratios also indicate a marked direct correlation between size and profitability, and the variations are quite conspicuous. Figures for three preceding years also reflect the same tendency. The size-wise analysis shows conclusively that in the Indian Engineering Industry, size is the determining factor as regards profitability and financial capacity (para 11, pages 222-225).

(12) Regionwise variations in profitability are attributable mostly to sizewise variations. The Eastern Region companies show the highest profit ratios, but their average size in terms of sales and other magnitudes is also the highest. The Western region companies, whose average size is next largest, have the second best profit ratios. The average size and profitability of the South and North region companies are lower (para 12, pages 226-227).

2. Growth of the Industry

Table 3.1 on page 244 shows the balance sheet of the engineering companies covered by this analysis, numbering 161 in 1956, 234 in 1960, 303 in 1964 and 296 in 1965. The Gross Block of these companies increased from Rs. 103.75 crores in 1956 to Rs. 624.80 crores in 1965, and their total Gross Assets increased from Rs. 230.70 crores in 1956 to Rs. 1079.21 crores in 1965. Table A on the following page shows the rate of growth of the Gross Block and of the Sales of these engineering companies, along with the Index Numbers of Industrial Production the Engineering Industries Group in India and the General Index of Production. It can be seen that the production of the engineering industries has been growing in the country at about double the average rate of industrial growth. The figures of Gross Block and Sales reproduced from Tables 3.1 and 3.2 in Appendix I (pages 244-247) show a still higher rate of growth in financial terms, but these reflect also the rising prices of the items concerned. Special note may be made of the Production Index of the Engineering Group, which rose from 330.8 in January 1967 and dropped abruptly to 293.2 in June 1967. This clearly brings out the effect of the recession in the Engineering Industry. The figures of "Per Cent Rate of Growth over Previous Year" for the last three years (Table A, page 214) bring out the tapering or fall in the rate of growth in recent years.

India affords an ideal base for the growth of the Engineering industries, as it has huge reserves of iron, coal and bauxite, and a vast market potential in its teeming population. The engineering industry produces development goods, such as structurals, transport equipment, electrical goods, machine tools, industrial machinery and equipment, agricultural machinery, defence equipment and household appliances and other consumer goods. This industry is also required to play a dominant role in the country's import substitution and export development programmes. Therefore, the engineering industries form the backbone of development, and, as such, it is essential to maintain their rate of growth at a high level to enable the country to resume and gain its economic momentum. This calls for healthy financial working, including a sound balance sheet position, and adequate profitability to enable sufficient generation of internal funds to enable repayment of borrowings, financing of a part of expansion, and the payment of dividends at rates that would attract fresh equity capital.

TABLE A
ENGINEERING INDUSTRY
Annual Rates of Growth of Production and Gross Block

Year	Index of Industrial Production (1956=100)				Gross Block Sales			
	General Index	Engi- neering Index	Rate of Growth over previous Year		Rupees in Crores	Rate of Growth over previ- ous year %	Rupees in Crores	Rate of Growth over pre- vious year %
			General Index	Engi- neering Index				
1956 . .	100.0	100.0	..	..	103.75	..	277.33	..
1957 . .	104.2	111.7	4.2	11.7	139.28	34.2	356.07	28.4
1958 . .	107.7	117.7	3.3	5.3	172.33	27.7	370.90	4.2
1959 . .	116.9	130.6	8.5	10.9	199.26	15.6	415.85	12.1
1960 . .	130.1	158.2	11.3	21.1	236.00	18.4	504.46	21.3
1961 . .	151.0	175.3	8.4	10.8	296.87	25.8	560.89	11.2
1962 . .	152.6	206.6	8.2	17.8	356.32	20.0	639.97	14.1
1963 . .	165.8	232.1	8.6	12.3	444.03	24.6	760.18	18.8
1964 . .	177.0	261.9	6.7	12.8	535.51	20.6	932.16	22.6
1965 . .	186.9	282.3	5.5	7.8	624.80	16.7	1055.58	13.2
1966 . .	191.7	295.1	2.5	4.5				
1967 Jan. .	196.4	330.8						
1967 June .	197.2	293.2						
Average Annual rate of Growth between 1956 & 1966			9.2	19.5	52.1*		28.1*	

*Average Annual rate of Growth between 1956 and 1965.

3. Capital Accumulation—Low Proportion of Reserves

The Paid-up Capital of the engineering companies covered by this study increased from Rs. 72.54 crores in 1956 to Rs. 281.06 crores in 1965. As against this, their Reserves increased from Rs. 21.08 crores in 1956 to Rs. 141.65 crores in 1965. The Paid-up Capital and Reserves together constitute the Net Worth, which increased from Rs. 93.62 crores in 1956 to Rs. 422.71 crores in 1965. These figures appear impressive, but, as shown in Table B on page 8, the Reserves and Capitalised Reserves (Bonus Shares) together accounted for only 40.2% of the Net Worth of the engineering companies in 1965, as against 57.4% in the case of the 1333 companies in All Industries as shown by the Reserve Bank study. This comparison shows that Reserve accumulation in the engineering industry is lower than the All Industries average. The Reserves and Bonus Shares together constituted 66.89% of Net Worth in the case of the Iron and Steel Industry, 61.8% in the case of a relatively new industry like Aluminium, 73.2% in the case of Cotton Textiles, and 61.7% in the case of Jute (figures for 1964-65 based on Reserve Bank Bulletin, Nov. 1966).

The low proportion of Reserves in the case of the engineering companies is not due to a generous dividend distribution policy. As a matter of fact, the Dividends distributed by the engineering companies are at lower rates than the average as explained in para 9 (page 220). Even the proportion of Profits Retained to Profits Distributed as Dividends is higher than average in the case of engineering, as explained in para 8 (page 220). There are two reasons for this

TABLE B
ENGINEERING INDUSTRY
Structural of Equity

(Percentages)

Year	Engineering—Our Study				R.B.I. Study—All Industries*			
	Paid-up Capital for Cash etc.	Bonus Shares	Reserves & Premium on Shares	Total	Paid-up Capital for Cash etc.	Bonus Shares	Reserves & Premium on Shares	Total
1956 . .	71.4	5.5	23.1	100.0	n.a.	n.a.	n.a.	..
1957 . .	65.9	6.3	26.1	100.0	n.a.	n.a.	n.a.	..
1958 . .	66.1	6.6	27.3	100.0	n.a.	n.a.	n.a.	..
1959 . .	66.0	5.7	28.3	100.0	n.a.	n.a.	n.a.	..
1960 . .	64.8	4.9	31.3	100.0	48.8	10.2	41.0	100.0
1961 . .	65.0	4.3	30.7	100.0	47.8	10.0	42.2	100.0
1962 . .	65.8	4.7	29.5	100.0	46.2	10.8	43.0	100.0
1963 . .	65.1	5.4	29.5	100.0	45.3	10.1	44.6	100.0
1964 . .	62.6	4.9	32.5	100.0	43.7	9.6	46.7	100.0
1965 . .	59.8	4.4	35.8	100.0	43.9*	9.3*	46.8*	100.0*
					42.6*	9.4*	48.0*	100.0*

*R.B.I. Study for 1960-61 to 1964-65 is for 1333 companies; and for 1964-65 and 1965-66 it is for a smaller sample of 1233 companies.

relatively low proportion of profit accumulation. One is that the industry is relatively new and the other is that the profits earned as a proportion of Paid-up Capital are lower than average in the case of the All Industries average (see para 7, pages 218-219). This low proportion of profit accumulation should be judged in relation to the high growth rate that the industry is expected to maintain in future. There should be adequate generation of internal funds through plough back to sustain the high rate of growth expected of this industry. A glance at Table 3.4 on page 250 will show that Reserves and Capitalised Reserves accounted for 12.2% of total capital funds obtained during 1960-65. The corresponding figure for the 1333 companies in All Industries based on the study published by the Reserve Bank is 18.8%. The same Table 3.4 on page 250 shows that 33.8% of the Capital Funds obtained during 1960-65 by the engineering companies was from Borrowings, the corresponding figures for the 1333 companies in All Industries (R.B.I. Study) being 26.6%.

4. Capital Structure—Increase in Indebtednesses

Owing to the low proportion of Reserve accumulation referred to in para. 3 above, the engineering companies have had to rely more and more on Borrowings since 1960, until total Borrowings exceeded their Net Worth by 1966. This can be seen from the following ratio of Net Worth to Borrowing. (Paid-up Capital plus Reserves).

Ratio of Net Worth to Borrowing

	1960	1961	1962	1963	1964	1965	1966
Engineering Companies (our Study)	1.6:1	1.6:1	1.5:1	1.4:1	1.3:1	1.1:1	0.9:1
All Industries—1333 Companies (R.B.I. Study).	1.7:1	1.6:1	1.6:1	1.5:1	1.4:1		

The above figures clearly show that the engineering industry had to rely more on Borrowings than other industries taken together. The ratio of 1.1:1 for 1965 indicates that the borrowing limit was approaching the saturation point of 1:1. The latest figures available for 207 companies disclose a state of over-borrowing in 1966, the Net Worth (Rs. 388.36) being lower than Borrowings (Rs. 404.73); and the Net Worth to Borrowing ratio being 0.9:1, as against 1.2:1 in 1965 (see Table 2.1 on page 238).

Since lending institutions in India expect a 50% margin against the security of assets, a 0.9:1 ratio of Shareholders' Funds (Net Worth) to Borrowings amounts to not only the exhaustion of the normal limit of borrowing, but a state of overborrowing and considerable financial strain. The Company Law also prescribes a special shareholders' resolution for borrowing in excess of net worth. However, some reputable companies do succeed in borrowing in excess of net worth by way of second mortgage loans from financial institutions,

or loans on more liberal margins, or unsecured loans from collaborators abroad or from companies in the same group. But under normal circumstances, taking an industry as a whole, when the ratio of Net Worth to Borrowing falls below 1 : 1, its normal borrowing capacity may be regarded as having been not only exhausted but actually stretched to the point of straining.

When this ratio comes down to as low as 0.9 : 1 in the case of an industry, it is distinctly in need of fresh equity to correct the imbalance of its capital structure. During the 1958-60 share market boom, companies were able to raise new capital from the market with comparative ease. Since then the capital market has been deteriorating, new concerns being the worst affected. Under prevailing market conditions, fresh share capital cannot be raised from the market, and almost every new issue offered to the public in recent years has had to be underwritten by industrial financial institutions, banks, insurance companies and brokers.

5. Revenue Trend

The Net Sales (adjusted for Stocks and excluding Excise Duties) increased from Rs. 287.80 crores in 1956 in the case of 161 engineering companies to Rs. 1049.97 crores in 1965 in the case of 296 engineering companies. From the point of view of Sales, the engineering industry may now be the country's leading industry. Table 3.2 (page 246) shows the Profit and Loss and Appropriation Account of the engineering companies covered by this analysis from 1956 to 1965. Table 3.3 on page 248-249 shows the percentagewise breakdown of all the items of income, expenditure and appropriations. The increase in Employees' Remuneration from 10.7% of Total Income in 1956 to 14.5% in 1962 and 14.4% in 1965 may be noted. Profits have also improved as percentage of Total Income, but Dividends have declined between 1959 and 1965. Dividends prior to 1959 are not comparable with Dividends in subsequent years, because of the changes in the system of "Grossing", as explained in Appendix II on pages 295-298. Among items of costs, the rise in the proportion of Interest from 1.1% of Total Income in 1956 to 2.4% in 1965 may be noted as reflecting the rising proportion of Borrowings. The increase in the proportion of Depreciation from 2.1% of Total income in 1956 to 3.4% in 1965 may also be noted.

The figures for latest years for 205 companies show that Employees' share of Total Income has risen slightly from 14.4% in 1965 to 14.6% in 1966. Interest has risen sharply from 2.3% of Total Income in 1965 to 3% in 1966, indicating a strident increase in Borrowings, even exceeding Net Worth, as explained in para 4 (pages 216-217). Profits Dividends and Retained Profits showed a fall in 1966 compared to 1965.

6. Profits and Losses

Table 3.5 on pages 251-253 shows the companies making profits or losses, the aggregate amounts of such profit or losses, the number

of companies paying Dividends the amounts of such Dividends and the Retained Profits of such companies. From this table, it can be seen that in 1965, out of 296 companies, 235 made profits and 61 recorded losses. Some of the companies making profits may not have had adequate profits to declare dividends, so that out of 235 companies making profits in 1965, only 191 companies paid Dividends in that year. But even in the case of these 191 companies, 17 paid only Preference Dividends, so that in the year 1965, out of 296 companies, 122 companies (41% of the total number) failed to pay any Equity Dividend. In the same way, about 2 companies out of 5 failed to pay Equity Dividend during 1960 to 1965 because of inadequacy of profits, as explained in para 9 (pages 220 to 221).

7. Profit Ratios

Tables 6.1 to 6.6 on pages 286 to 288 give various profit ratios. An important ratio is that of Profit to Sales, known as the profit margin, which has shown improvement over the period 1956 to 1965 in the case of the engineering companies, as explained in para 5 above. This ratio is not suitable as a criterion for inter-industry comparisons, as (other things being equal) the profit margin viewed in terms of the Net Profit/Sales ratio would vary from industry to industry in direct proportion to its capital intensity as viewed by the Capital/Sales ratio. If the Profit Margin ratio is adjusted for the capital intensity ratio, we get the ratio of Returns on Capital as shown below.

$$\frac{\text{Profit}}{\text{Sales}} \div \frac{\text{Capital}}{\text{Sales}} = \frac{\text{Profit}}{\text{Capital}}$$

The ratios of Profits to Capital may be viewed from different angles, and these ratios are suitable criteria for inter-industry comparisons. One such ratio is Profit after Tax to Net Worth, which varies during the period 1956 to 1965 between 8.5% and 11.4% in the case of the engineering companies covered by this study as shown in Table 6.4 on page 287. This ratio is higher for the engineering companies than the average for All Industries as shown in Table 6.4, but it should be realised that Net Worth includes accumulated Reserves, and a low proportion of Reserves makes this ratio appear comparatively larger. Tables 6.5 and 6.6 give the ratios of Profits after Tax to Paid-up Capital and these ratios are lower for the engineering industry than the All India average.

Another important ratio is that of Dividends as per cent of Paid-up Capital, which has always been lower for the engineering companies covered by this study than the All Industries average as shown in Table 7.2 on page 289. It can be seen that in the case of the Engineering Companies covered by this study, Dividend distribution since 1961 has been between 7.3% and 8.9%, as against the All Industries average of 1333 companies between 10.1% to 11.2% (R.B.I. Study). The abrupt fall in the rate of Dividend for 205 companies (for which latest figures are available) from 9.5% in 1965 to 8.2% in 1966 may be noted.

TABLE C

Engineering Industry—Comparative Ratios—(1964-65)

					Profit Margin	Returns on Capital			
					Profit after Tax as Per Cent of Net Sales	Gross* Profit as Per Cent of Capital Employed**	Profit after Tax as Per Cent of		Dividend as Per Cent of Paid-up Capital
							Net Worth	Paid-up Capital	
I. Our Study :—									
1. Engineering :									
1964 (303 Cos.)	.	.	.	.	4.9	11.3	11.8	16.8	7.8
1965 (296 Cos.)	.	.	.	.	4.5	11.2	10.8	17.1	8.3
1965 (205 Cos.)	.	.	.	.	5.2	12.3	12.3	18.1	9.5
1966 (205 Cos.)	.	.	.	.	4.7	9.5	12.2	16.1	8.2
II. P.B.I. Study :—									
1. Engineering (192 Cos.)	.	.	.	.	4.9	14.5	13.3	22.3	9.9
1.1 Non-ferrous Metal	.	.	.	.	6.8	12.3	15.3	21.4	7.3
1.2 Transport Equipments	.	.	.	.	4.5	11.3	14.0	21.7	9.5
1.3 Electricals Machinery	.	.	.	.	5.2	15.0	15.0	28.0	11.5
1.4 Other Machinery	.	.	.	.	4.8	11.7	12.2	20.2	8.7
1.5 Foundries	.	.	.	.	4.5	11.1	12.0	20.5	9.2
1.6 Ferrous/Non-Ferrous Metal Products	.	.	.	.	4.9	13.9	12.0	21.7	11.8
2. Chemicals	.	.	.	.	6.7	12.7	12.2	19.4	11.7
2.1 Basic Ind. Chemicals	.	.	.	.	8.9	11.7	12.0	17.9	10.7
2.2 Pharmaceuticals	.	.	.	.	6.3	17.2	15.2	29.6	16.9
2.3 Other Chemical Products	.	.	.	.	2.4	10.1	7.8	12.5	10.0
3. Iron and Steel	.	.	.	.	8.1	11.7	10.7	28.7	13.9
4. Aluminium	.	.	.	.	10.8	15.7	13.9	30.4	15.7
5. Electricity Generation	.	.	.	.	11.0	10.1	9.6	16.9	9.7
6. Cotton Textiles	.	.	.	.	2.3	8.7	7.5	15.9	11.4
7. Sugar	.	.	.	.	2.6	10.7	8.5	15.8	10.0
8. All Industries (1333 Cos.)	.	.	.	.	3.7	10.3	9.3	21.1	10.5

*Gross Profit is the Profit before Tax, Managing Agents, Remuneration and Interest.

**Capital Employed is the Total Net Assets.

Table C on page 219 places the various important profit ratios in their proper perspective, from which it can be seen that the ratios for the engineering companies covered by this analysis are generally lower than in the case of fast growing industries like chemicals, iron and steel and aluminium, and are lower than the average for All Industries in so far as the Profit after Tax to Paid-up Capital, and Dividends to Paid-up Capital are concerned.

8. Profit Retention Ratios

Table 5.4 on page 284 gives the proportion of Profits after Tax Retained in the form of Reserves. Our study of engineering companies shows profit retention between 1960 and 1965 at 32.3% to 53.0% of Profit after Tax as against 33.4% to 39.6% in the case of the average for 1333 companies in All Industries. Profit retention by the engineering companies was higher than in the case of all but a few industries during 1960-65. This table shows that the engineering companies covered by this analysis have followed a very prudent distribution policy, and have retained a higher proportion of their disposable profits than the average for All Industries. Even so, their retained profits accumulated as Reserves were less in proportion to their Net Worth than average, and such retained profits formed a smaller proportion of the total capital funds obtained by them as explained in para 3 (pages 215 to 216).

9. Dividends

The lower than average rate of dividend paid by the engineering companies covered by this study is explained in para 7 on pages 13 to 15. Table D on this page shows that about 40.2% to 44.1% of the engineering companies covered by this study did not pay any Dividend between 1961 and 1966. For the period of 1956 to 1960, this proportion of companies skipping dividend was somewhat lower, between 37.9% and 38.9%.

TABLE D
Companies not paying Ordinary Dividend

Year	Total Number of Companies		Companies not paying Ordinary Dividend		Companies paying only Preference Dividend	
			Numbers	Per Cent of Total Cos.	Numbers	
1956	.	.	161	62	38.5	15
1957	.	.	179	68	38.0	12
1958	.	.	198	75	37.9	14
1959	.	.	214	85	39.7	12
1960	.	.	234	91	38.9	8
1961	.	.	257	108	42.0	8
1962	.	.	287	120	41.8	8
1963	.	.	299	132	44.1	6
1964	.	.	303	130	42.9	11
1965	.	.	296	119	40.2	17
1966	.	.	205	88	42.9	13

TABLE E

Frequency distribution of rate of equity dividends paid by the Engineering Companies

Rate of Divi- dend Per Cent per Annum	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
Nil	62	68	75	85	91	108	120	132	130	119	88
Up to 5%	12	12	13	10	15	13	5	11	12	8	8
6 % to 10%	49	55	53	38	46	47	72	68	72	75	58
11% to 15%	17	22	33	41	38	43	49	54	50	57	36
16% to 20%	16	16	13	17	19	21	23	23	25	24	10
21% to 25%	2	2	3	11	13	14	3	6	9	8	5
Above 25%	3	4	8	11	12	11	5	5	5	5	nil
TOTAL	161	179	198	214	234	257	287	299	303	296	205

Table E on this page gives the frequency distribution of dividend rates on equity capital during 1956-65, which presents a moderate picture, with a large proportion of companies skipping dividend, and only a small proportion of companies paying dividends over 15%. In the year 1966, out of 207 companies, only 15 companies paid Dividends above 15%.

10. The Price Trend of Engineering Companies' Shares

The above analysis brings out the low proportion of dividends paid and the lower reserve accumulation in the case of engineering companies. The following figures in Table F (page 222) of Index Numbers of variable Dividend Security Prices based on the series published by the Reserve Bank of India show that whilst the Index of the Prices of Equity Shares of the Engineering Group had been slightly higher than the All Industries Average upto February 1967, in recent months it has fallen below average. This indicates that equity shares of engineering companies have lost more ground in recent months than the equity shares of companies in other industries.

The above trend reflects the sudden loss of popularity enjoyed by the engineering group of companies among investors due to the

prevailing recession. In para 4 on pages 216-217, it has been shown that the engineering companies had resorted more and more to Borrowing, the level of which had exceeded Net Worth in 1966, indicating clearly that its capital structure had been thrown out of balance necessitating the issue of fresh share capital to restore the balance. The worsening position of the capital market in general and for engineering companies in particular would be an impediment in this respect.

TABLE F
*Index Numbers of Variable Dividend
Security Prices—(1961-62 = 100)*

		Weights 1964-65	1965-66	1966-67	February 1967	November 1967 (week ended 18th)
All Industries	 100	86.1	76.7	80.2	84.2	76.5
Engineering Group	 18.7	87.1	76.7	82.1	85.7	71.6
Non-ferrous Metal	 2.8	87.1	75.8	92.0	101.9	87.5
Transport Equipment	 6.3	89.1	79.4	81.2	84.1	68.0
Electric Machinery	 4.0	82.4	72.6	78.3	83.9	74.5
Other Machinery	 1.6	92.5	81.4	85.1	86.8	67.6
Foundries	 1.2	93.5	81.1	79.4	79.0	61.4
Metal Products	 2.8	83.4	72.6	79.6	78.1	66.2

Source : Reserve Bank of India Bulletin.

11. Size-wise Variations

The Engineering Industry in India has a large number of units with a tendency towards concentration. In 1965, of the 296 engineering companies covered by this study, 23 largest units (7.7%) accounted for 48.6% of the Total Sales and 29 more (9.8%) accounted for 20.6% of the Total Sales. Thus 17.5% of the companies with sales over Rs. 5 crores accounted for 69.2% of Total Sales.

TABLE G
Size-wise Ratios—1965

	Sales above Rs. 10 Crores	Sales Rs. 5 to 10 Crores	Sales Rs. 2½ to 5 Crores	Sales Rs. 1 to 2 Crores	Sales under Rs. 1 Crore	Total
1. Number of Companies	23	29	53	46	145	296
2. Per cent of Total Number of Companies	7.7	9.8	17.7	15.6	49.0	100
3. Per cent of Total Gross Block	46.0	16.6	15.7	5.7	16.0	100
4. Per cent of Total Sales	48.6	20.6	14.8	6.6	9.8	100
5. Per cent of Total Employees' Remuneration	47.1	20.0	15.6	8.0	9.3	100
6. Per cent of Total Profit after Tax	57.3	21.1	15.1	5.2	1.3	100
7. Net Sales/Gross Block	1.8	2.1	1.6	1.5	0.9	1.7
8. Net Profit/Net Worth (%)	14.6	12.0	11.7	6.8	1.1	11.4
9. Net Profit/Sales (%)	5.3	5.2	4.5	4.6	0.8	4.6
10. Dividend/Paid-up Capital (%)	13.4	9.5	7.5	4.3	1.4	8.3
11. Dividend/Net Worth (%)	7.5	5.3	4.8	3.5	1.6	5.5
12. Employees' Remuneration/ Total Income (%)	13.7	13.7	15.1	16.2	15.7	14.4

From the above figures, it can be clearly seen that the largest 23 companies, with sales over Rs. 10 Crores, dominate the industry, and also show the best financial results. These figures conclusively establish a direct correlation between size and profitability. The Net Sales to Gross Block ratio indicates that actually the companies with sales over Rs. 5 crores effect more turnover in relation to Gross Block than the smaller companies, indicating, curiously enough, that the smaller companies are more capital intensive. Special note may be made of the percentage of Employees' Remuneration to Total Income, which is also, curiously enough, lower for the larger companies. If the 23 largest companies are left out, the average profit ratios of the remaining 273 companies would be considerably lower.

Table H on page 226 based on the Census of Manufactures shows the degree of concentration in the engineering industry during 1958. Corresponding figures for later years are not available. The sample covers 2319 factories in the private and public sectors of the engineering industries, of which 59.8% employ 50 or less persons and another 19.3% employ 50 to 100 persons. Thus, almost 79.1% of the units employ 100 or less. On the other hand 0.3 per cent of the units employing over 5000 persons control 62.2 per cent of the total fixed capital and account for 27.8 per cent of the total Gross output. The high ratio of fixed capital for units employing 5000 and above is due to the inclusion of public sector units, whose investment is very heavy. The figures relating to persons employed and gross output also indicate that the turnover per employee tends to be higher in the larger units.

Table J and K on pages 224 and 225 give size-wise profitability ratios reproduced from the Reserve Bank of India Bulletin relating to 1333 companies, which also establish a direct correlation between size (Paid-up Capital) and profitability in the case of All Industries as also Engineering industries.

TABLE J

*Profitability Ratios All Industries Sizewise
1963-64 and 1964-65*

	Num- ber of Com- panies	Gross Profits as Percentage of Sales		Gross Profits as Percentage of Total Capital Employ- ed		Profits after Tax as Percen- tage of Net, Worth		Dividends as Percentage of Net Worth		Ordinary Divi- dends as Per- centage of Ordinary Paid up Capital		Total Divi- dends as Percentage of Total Paid-up Capital	
		1963- 64	1964- 65	1963- 64	1964- 65	1963- 64	1964- 65	1963- 64	1964- 65	1963- 64	1964- 65	1963- 64	1964- 65
	1	2	3	4	5	6	7	8	9	10	11	12	13
Rs. 5 Lakhs and below .	951	6.0	5.9	8.4	8.3	6.5	6.6	4.7	4.4	6.8	6.6	6.7	6.5
Rs. 5 Lakhs—10 Lakhs .	278	7.4	7.4	9.1	8.8	6.6	6.6	4.0	3.8	7.8	7.5	7.7	7.6
Rs. 10 Lakhs—25 Lakhs .	436	7.4	7.4	9.3	9.1	6.7	7.1	4.6	4.4	8.1	7.9	7.7	7.6
Rs. 25 Lakhs—50 Lakhs .	265	8.4	7.9	10.0	9.0	7.9	7.3	5.0	4.4	10.1	9.2	9.6	8.7
Rs. 50 Lakhs—1 Crore .	193	9.5	8.8	10.6	9.6	9.3	8.7	5.7	5.3	10.7	10.3	10.0	9.5
Above Rs. 1 Crore .	161	12.1	11.9	11.1	11.2	10.2	10.2	6.2	6.2	11.9	12.4	11.2	11.7

Source : Reserve Bank of India Bulletin—February, 1967—(Page 168).

TABLE K

*Profitability Ratios of Small Medium and Large Cos.
1963-64 and 1965-66*

Industry	Number of Companies		Gross Profits as per cent of Sales				Gross Profits as per cent of Capital Employed				Profits after Tax as per cent of Net Worth			
	Small	Medium & Large	Small		Medium & Large		Small		Medium & Large		Small		Medium & Large	
			1963-64	1964-65	1963-64	1964-65	1963-64	1964-65	1963-64	1964-65	1963-64	1964-65	1963-64	1964-65
Engineering	88	185	9.2	8.0	12.0	11.9	9.2	9.3	12.0	12.5	9.2	11.9	11.8	13.3
All Industries	951	1333	6.0	5.9	10.3	10.0	8.4	8.3	10.6	10.3	6.5	6.6	9.4	9.2

Industry	Dividends as per cent of Net Worth				Ordinary Dividends as per cent of Ordinary Paid-up Capital				Total Dividends as per cent of Paid-up Capital			
	Small		Medium & Large		Small		Medium & Large		Small		Medium & Large	
	1963-64	1964-65	1963-64	1964-65	1963-64	1964-65	1963-64	1964-65	1963-64	1964-65	1963-64	1964-65
Engineering	4.6	4.1	6.2	5.9	5.6	5.4	10.3	10.4	5.4	5.2	9.9	10.0
All Industries	4.7	4.4	5.8	5.6	6.8	6.6	11.1	11.1	6.7	6.5	10.4	10.5

Source : Reserve Bank of India Bulletin—February, 1967—(Page 167).

TABLE H

Degree of concentration in the Engineering Industry—1958

Firms Employing	Percent- age of Total Number of Compa- nies	Percent- age of Total Fixed Capital	Percent- age of Total Persons Employed	Percent- age of Total Gross Output
1. Employed below 20 . . .	15.1	0.6	1.5	0.9
2. Employed between 20 & 50 . . .	44.7	3.3	9.9	7.6
3. Employed between 50 & 100 . . .	19.3	3.1	8.7	6.9
4. Employed between 100 & 250 . . .	10.9	4.7	11.2	8.8
5. Employed between 250 & 500 . . .	4.8	6.0	11.4	10.4
6. Employed between 500 & 1000 . . .	2.9	7.1	13.3	14.9
7. Employed between 1000 & 2000 . . .	1.4	8.4	13.9	15.3
8. Employed between 2000 & 5000 . . .	0.6	4.6	8.5	7.4
9. Employed between 5000 & above . . .	0.3	62.2	21.6	27.8
TOTAL . . .	100.0	100.0	100.0	100.0

Source : Census of Indian Manufactures, 1958.

12. Regionwise Variations

The regionwise variations may be seen from Tables 4.1 to 4.12 on pages 254 to 277 and also from Tables 6 and 7 of Profit and Dividend Ratios on pages 286 to 290. East and West dominate the industry and East has by far the best profit ratios, with West following. But these profit ratios are directly related to size, as can be seen from the following Table L.

TABLE L

Regionwise ratios for 1965

Regions	Number of Companies	Average Net Sales per Company (Rs. Crores)	Employees' Remu- neration as per cent of Total Income	Profit after Tax as per cent of Net Worth	Dividend as per cent of paid-up Capital
1. All India	296	3.57	14.4	11.3	8.3
2. East	83	5.86	15.8	13.5	11.1
3. West	130	3.11	13.5	10.0	6.7
4. North	25	1.27	13.2	8.0	4.3
5. South	58	2.28	12.7	7.7	5.6

The above figures clearly show that regionwise differences are attributable to size, and East shows the highest profit ratios because the average size of companies in that region is also the largest. From Table L (page 226) it can be seen that the regionwise ratios of Employees' Remuneration as per cent of Total Income and Profit after Tax as per cent of Net Worth are parallel, indicating a close correlation between profitability and Employees' Remuneration. Thus, both the level of profits as well as wages is determined by size, indicating that in the Indian Engineering Industry the size of units as judged by turnover or other criteria is the determinant factor in matters of financial working.

TABLE M

Regionwise variations in the average size per company in terms of sales, gross block and total assets

(Rupees in Lakhs)

Year	1961	1962	1963	1964	1965	1965	1966
I. All India							
1. Number of Companies	257	287	299	303	296	205	205
2. Average Sales per Company	216	223	255	308	357	370	428
3. Average Gross Block per Company	115	124	148	177	211	244	307
4. Average Total Assets per Company	217	231	266	309	365	410	503
II. East							
1. Number of Companies	81	85	87	87	83	58	58
2. Average Sales per Company	335	368	423	511	586	760	797
3. Average Gross Block per Company	230	251	293	343	406	523	676
4. Average Total Assets per Company	372	406	455	521	603	763	940
III. West							
1. Number of Companies	109	123	129	132	130	98	98
2. Average Sales per Company	187	183	215	263	311	286	314
3. Average Gross Block per Company	65	74	93	113	138	129	156
4. Average Total Assets per Company	164	177	210	245	300	282	348
IV. North							
1. Number of Companies	20	24	25	26	25	15	15
2. Average Sales per Company	60	65	78	103	127	170	231
3. Average Gross Block per Company .	34	42	53	66	85	105	131
4. Average Total Assets per Company .	82	91	107	131	173	223	268
V. South							
1. Number of Companies	47	55	58	58	58	34	34
2. Average Sales per Company	155	156	162	195	228	198	216
3. Average Gross Block per Company	69	75	95	122	150	174	213
4. Average Total Assets per Company	133	139	175	215	250	281	341

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TABLE I

ENGINEERING INDUSTRY

List of companies included and the rate of ordinary dividend paid

Sl. No.	Name of the Companies	Year of Establishment	Region	Ac- counts Ends on	Years Included	Rate of Ordinary Dividend (Per Cent per Annum)										
						1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
1	Bararkar Engineering—Foundry Works Ltd.	1943	East	March	1956-65	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil
2	Bruton & Co. Ltd.		South	Dec.	1956-66	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil
3	Dumraon Industries Ltd.		North	Dec.	1956-65	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil
4	Ellore Engineering Co. Ltd.		South	March	1956-65	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil
5	Hindustan General Electric Co. Ltd.		East	July	1956-66	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil
6	Investa Machine Tools Ltd.	1942	West	Dec.	1956-64	nil	nil	nil	nil	nil	nil	nil	nil	nil	Amalgamated with Telco.	
7	J. K. Machine Co. Ltd.	1940	East	March	1956-65	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil
8	Lakshmiratan Engineering Works Ltd.	1946	North	Sept.	1956-65	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil
9	Mahindra Engineering Works Ltd.		West	June	1956-65	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil
10	Man Industrial Corporation Ltd.	1946	North	March	1956-65	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil
11	Metal Corporation of India Ltd.		East	March	1956-64	nil	nil	nil	nil	nil	nil	nil	nil	nil	Taken over by Govt.	
12	Motor Machinery Mfars. Ltd.	1948	East	Dec.	1956-65	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil
13	Orient General Industries Ltd.	1954	East	March	1956-66	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil
14	Radio Electricals Ltd.		South	March	1956-64	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil
15	Richardson & Cruddas Ltd.	1858	West	June	1956-64	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil
16	Shamsher Sterling Cable Corpn. Ltd.	1954	West	Dec.	1956-66	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil
17	Steel Products Ltd.	1917	East	April	1956-65	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil
18	Scindia Workshop Ltd.		West	June	1956-65	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil
19	United Electric Industries Ltd.	1950	South	Dec.	1957-66	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil
20	Khandelwal Udyog Ltd.	1956	West	Dec.	1957-66	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil
21	Metal Industries Ltd.	1928	South	Dec.	1957-65	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil
22	Khandelwal Ferro-Alloys Ltd.	1958	West	Dec.	1958-66	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil
23	Sen & Pandit Ltd.	1958	East	June	1958-65	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil
24	Seshasayee Industries Ltd.	1957	South	Dec.	1958-66	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil
25	Raymon Engineering Works Ltd.	1958	East	March	1959-65	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil
26	A. C. C. Vickers, Babcock Ltd.	1959	East	March	1960-66	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil
27	Acme Pig Iron & Centrifugal Pipes Ltd.	1959	West	Dec.	1960-66	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil
28	Asian Cable Corporation Ltd.	1959	West	Dec.	1960-66	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil
29	Chase Bright Steel Co. Ltd.	1959	West	March	1960-66	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil
30	David Brown Greaves Ltd.	1959	West	Dec.	1960-66	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil

ENGINEERING INDUSTRY

List of companies included and the rate of ordinary dividend paid

Sl. No.	Name of the Companies	Year of Establishment	Region	Accounts Ends on	Years Included	Rate of Ordinary Dividend (Per Cent per Annum)										
						1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
31	Dyes & Tools Ltd.	1959	East	Dec.	1960-65					nil	nil	nil	nil	nil	nil	
32	Henley Cables (India) Ltd.	1959	East	Oct.	1960-66					nil	nil	nil	nil	nil	nil	nil
33	Hopes Metal Windows Ltd.	1958	East	Dec.	1960-66					nil	nil	nil	nil	nil	nil	nil
34	Hindustan Kokoku Wire Ltd.	1960	North	March	1960-66					nil	nil	nil	nil	nil	nil	nil
35	Indian Bright Steel Ltd.	1960	West	March	1960-66					nil	nil	nil	nil	nil	nil	nil
36	Madras Aluminium Co. Ltd.	1960	South	Dec.	1960-66					nil	nil	nil	nil	nil	nil	nil
37	Omega Insulated Cable Co. Ltd.	1959	South	Dec.	1960-66					nil	nil	nil	nil	nil	nil	nil
38	Tensile Steel Ltd.	1960	West	March	1960-66					nil	nil	nil	nil	nil	nil	nil
39	Wm. Powell & Sons Ltd.	1960	East	March	1960-64					nil	nil	nil	nil	nil		
40	Antrification Bearing Co. Ltd.	1960	West	Dec.	1961-66						nil	nil	nil	nil	nil	nil
41	Baroda Electric Meters Ltd.	1960	West	Dec.	1961-66						nil	nil	nil	nil	nil	nil
42	Bharat Ball Bearing Co. Ltd.	1960	North	June	1961-65						nil	nil	nil	nil	nil	nil
43	Indian Tack & Nail Co. Ltd.	1961	East	Dec.	1961-65						nil	nil	nil	nil	nil	nil
44	Sakthi Pipes Ltd.	1960	South	Dec.	1961-66						nil	nil	nil	nil	nil	nil
45	Shama Engine Valves Ltd.	1961	North	March	1961-65						nil	nil	nil	nil	nil	nil
46	Shardlow India Ltd.	1960	South	Dec.	1961-65						nil	nil	nil	nil	nil	nil
47	Triveni Engineering Works Ltd.	1961	North	May	1961-65						nil	nil	nil	nil	nil	nil
48	United Wire Ropes Ltd.	1960	West	March	1961-66						nil	nil	nil	nil	nil	nil
49	Associated Bearing Co. Ltd.	1961	West	Dec.	1961-66						nil	nil	nil	nil	nil	nil
50	Apeejay Structurals Ltd.	1961	East	Dec.	1962-65							nil	nil	nil	nil	nil
51	Bharat Forge Co. Ltd.	1961	West	Dec.	1962-65							nil	nil	nil	nil	nil
52	Andhra Foundry Ltd.	1961	South	Sept.	1962-66							nil	nil	nil	nil	nil
53	Bihar Cable & Wire Industries Ltd.	1960	East	Dec.	1962-65							nil	nil	nil	nil	nil
54	F. A. C. I. T. Asia Ltd.	1962	South	March	1962-66							nil	nil	nil	nil	nil
55	Indequip Engineering Ltd.	1961	West	Sept.	1962-66							nil	nil	nil	nil	nil
56	John Oake & Mohan Ltd.	1962	North	June	1962-65							nil	nil	nil	nil	nil
57	Kirloskar Cummins Ltd.	1961	West	Sept.	1962-66							nil	nil	nil	nil	nil
58	Prestolite of India Ltd.	1962	North	Dec.	1962-66							nil	nil	nil	nil	nil
59	Rockwell (India) Ltd.	1962	West	March	1962-66							nil	nil	nil	nil	nil
60	W. S. Insulators of India Ltd.	1961	South	Sept.	1962-66							nil	nil	nil	nil	nil
61	Kirloskar Asia Ltd.	1961	South	Sept.	1962-66							nil	nil	nil	nil	nil
62	Seshasayee Wire Ropes Ltd.	1961	South	March	1962-65							nil	nil	nil	nil	nil
63	S.L.M. Maneklal Industries Ltd.	1961	West	March	1962-65							nil	nil	nil	nil	nil
64	Sikands Ltd.	1962	North	June	1962-65							nil	nil	nil	nil	nil
65	Zenith Lamp & Electricals Ltd.	1962	South	July	1963-66								nil	nil	nil	nil

66	Eagle India Machine Tools Ltd.	1962	East	Dec.	1963-66								nil	nil	nil	nil
67	Elpro International Ltd.	1962	West	Sept.	1963-66								nil	nil	nil	nil
68	Deepak Insulated Cable Co. Ltd.	1963	South	March	1963-66								nil	nil	nil	nil
69	Lakshmi Machine Works Ltd.	1962	South	Dec.	1963-66								nil	nil	nil	nil
70	Hercules Holst Ltd.	1962	West	Aug.	1963-66								nil	nil	nil	nil
71	Hind Auto Industries Ltd.	1962	North	March	1963-66								nil	nil	nil	nil
72	Osajrat Machinery Mfgs. Ltd.	1962	West	Sept.	1963-66								nil	nil	nil	nil
73	Kerry Josta Tools Ltd.	1962	West	July	1963-66								nil	nil	nil	nil
74	Precision Bearings India Ltd.	1962	West	Aug.	1963-66								nil	ni	nil	nil
75	Premier Cable Co. Ltd.	1962	South	March	1963-66								nil	nil	nil	nil
76	Sankey Wheels Ltd.	1962	West	Dec.	1963-66								nil	nil	nil	nil
77	National Standard Duncan Ltd.	1962	West	Dec.	1963-66								nil	nil	nil	nil
78	SIMCO Meters Ltd.	1961	South	March	1963-66								nil	nil	nil	nil
79	Sunderam Claytone Ltd.	1962	South	July	1963-66								nil	nil	nil	nil
80	Tractor Cable Co. Ltd.	1960	South	March	1963-66								nil	nil	nil	nil
81	Holst — O — Mech Ltd.	1963	East	March	1963-65								nil	nil	nil	nil
82	International Tractor Co. of India Ltd.	1963	West	March	1964-66								nil	nil	nil	nil
83	Mahindra Uglie Steel Ltd.	1962	West	Dec.	1964-66								nil	nil	nil	nil
84	Anup Engineering Ltd.	1963	West	Dec.	1964-65								nil	nil	nil	nil
85	Usha Forging & Stamping Ltd.	1962	North	July	1964-65								nil	nil	nil	nil
86	Air Ways India Ltd.		East	Dec.	1956-66	nil	nil	nil	nil	nil	nil	6.0	nil	nil	5.0	
87	Bombay Steel Rolling Mills Ltd.	1952	West	March	1956-65	nil	nil	nil	nil	nil	2.0	5.0	nil	nil	nil	
88	Fuel Injections Ltd.	1954	West	Dec.	1956-66	nil	nil	nil	nil	4.0	5.0	nil	nil	nil	nil	
89	Binny's Engineering Works Ltd.	1949	South	Dec.	1956-66	nil	10.0	nil	nil	nil	nil	nil	5.0	nil	nil	
90	Arthur Butler & Co. Ltd.	1919	East	Sept.	1956-65	nil	nil	nil	nil	nil	nil	10.0	nil	25.0	nil	
91	Kamani Engineering Corporation Ltd.	1945	West	Sept.	1956-66	nil	nil	5.0	7.8	8.0	9.0	9.5	12.0	12.0	nil	12.0
92	Kamani Metal Alloys Co. Ltd.	1944	West	June	1956-65	nil	5.0	7.5	nil	7.5	28.0	17.0	12.0	12.0	nil	
93	Oule Glass Works Ltd.		West	Dec.	1956-66	nil	nil	4.0	8.0	10.0	10.0	11.0	8.0	nil	nil	
94	Matchwell Electricals (India) Ltd.	1947	North	Sept.	1956-66	3.0	nil	6.0	nil	2.0	nil	nil	nil	nil	nil	
95	Britannia Building & Iron Corpn. Ltd.	1867	East	March	1956-66	5.0	5.0	6.0	nil	nil	nil	nil	nil	nil	nil	
96	Hindustan Wire & Metal Products Ltd.	1943	East	Sept.	1956-66	5.0	3.7	4.0	5.0	5.0	5.0	5.0	nil	nil	nil	
97	Garlic & Co. Pvt. Ltd.		West	Dec.	1956-66	5.0	8.0	8.0	10.0	nil	nil	10.0	9.0	9.0	nil	6.0
98	Wheel & Rim Co. of India Ltd.	1951	South	Dec.	1956-65	nil	nil	6.0	nil	nil	nil	nil	nil	nil	nil	
99	National Iron & Steel Co. Ltd.	1934	East	March	1956-66	6.2	6.2	7.5	nil	nil	nil	nil	6.2	nil	nil	
100	Madras Enamel Works Ltd.	1937	South	March	1956-66	8.0	8.0	4.5	4.0	nil	nil	nil	nil	nil	nil	
101	Eagle Rolling Mills Co. Ltd.		East	Dec.	1956-66	7.5	7.5	5.0	nil	nil	4.0	4.0	nil	nil	nil	
102	George Oakes Ltd.	1940	South	April	1956-65	6.0	6.0	9.0	8.0	12.0	15.0	7.5	7.5	0.5	nil	
103	A.P.C.O. Ltd.		West	March	1956-65	10.0	10.0	12.0	nil	nil	nil	nil	nil	nil	nil	
104	Batala Engineering Co. Ltd.		North	Dec.	1956-66	6.0	7.0	8.0	10.0	10.0	nil	nil	12.0	10.0	nil	5.0
105	Ravi Industries Pvt. Ltd.		West	Dec.	1956-65	20.0	20.0	nil	nil	nil	nil	nil	nil	nil	nil	
106	Cochin Malleable Pvt. Ltd.	1947	South	June	1956-65	9.0	8.0	8.0	8.0	8.0	8.0	nil	nil	nil	nil	
107	Delhi Iron & Steel Corporation Ltd.		North	June	1956-65	10.0	10.9	nil	nil	5.0	nil	nil	nil	nil	nil	
108	South India Steel & Sugar Ltd.	1944	South	June	1956-65	12.0	10.0	13.0	15.0	22.0	9.0	7.5	nil	nil	nil	
109	Radio & Electricals Mfgs. Co. Ltd.	1945	South	Dec.	1956-66	12.0	16.0	16.0	24.0	17.5	17.5	17.5	12.0	nil	nil	
110	Indian Malleable Castings Ltd.	1937	East	March	1956-63	6.0	6.0	6.0	nil	nil	nil	nil	nil	nil	nil	
111	Southern Structuralis Ltd.	1956	South	Dec.	1957-66		nil	nil	nil	nil	nil	6.0	9.0	nil	nil	

ENGINEERING INDUSTRY

List of companies included and the rate of ordinary dividend paid

Sl. No.	Name of the Companies	Year of Estab- lish- ment	Region	Ac- counts Ends on	Years Included	Rate of Ordinary Dividend (Per Cent per Annum)										
						1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
112	Industrial Cable (India) Ltd.		North	Oct.	1957-66		nil	nil	nil	nil	nil	nil	nil	nil	nil	6.0
113	Indo-Japanese Industries Ltd.	1956	East	Dec.	1957-65		nil	nil	nil	nil	5.0	5.0	5.0	nil	nil	
114	Structurals Engineering Works Ltd.	1943	West	June	1958-66			17.0	12.0	13.0	8.0	6.0	6.0	6.0	nil	
115	Mysore Lamp Works Ltd.	1941	South	March	1958-65			16.0	20.0	25.0	7.0	8.0	5.0	nil	nil	
116	Hooghly Docking & Engineering Co. Ltd.	1901	East	Dec.	1958-66			10.0	10.5	nil	nil	13.0	10.0	nil	nil	nil
117	Madras Machinery Tools Ltd.	1957	South	March	1959-66				nil	4.0	nil	nil	nil	5.0	nil	nil
118	Ralli Fan Ltd.	1959	West	Aug.	1959-65				nil	7.0	nil	nil	nil	nil	nil	
119	Mysore Machinery Mfgs. Ltd.	1946	South	Dec.	1960-65					10.0	nil	nil	nil	nil	nil	
120	Mollins of India Ltd.	1960	East	Dec.	1960-64					nil	nil	nil	4.0	nil	nil	
121	Universal Electricals Ltd.	1960	East	March	1961-66						nil	nil	nil	4.0	nil	7.5
122	Lynx Machinery Ltd.	1960	West	March	1961-65						nil	nil	2.5	4.0	nil	
123	Globe Auto Electricals Ltd.	1961	West	Sept.	1962-66						nil	nil	nil	nil	nil	8.0
124	Prabhat Udyog Ltd.	1961	West	Aug.	1962-65						nil	nil	6.0	nil	nil	
125	Devldayal Tube Ltd.	1962	West	June	1962-65						6.0	7.5	7.5	nil	nil	
126	Ahmedabad Victoria & Iron Works Ltd.	1904	West	March	1958-66			1.5	8.0	8.8	9.0	6.0	nil	nil	nil	nil
127	National Engineering Co. Ltd.	1946	East	March	1956-65	nil	nil	nil	nil	2.0	2.0	2.0	2.0	2.0	2.0	
128	India Machinery Co. Ltd.	1937	East	June	1956-65	nil	nil	nil	4.0	7.0	7.5	8.0	8.0	7.0	4.0	
129	Tata Nagar Foundry Co. Ltd.	1931	East	March	1956-64	5.0	11.0	5.0	nil	nil	nil	nil	nil	4.0	4.0	
130	Sardar Seovill Duncan Ltd.	1966	East	Oct.	1961-65						nil	nil	nil	nil	4.0	
131	Kaycee Industries Ltd.	1942	West	June	1956-65	nil	nil	nil	nil	nil	nil	nil	5.0	5.0	5.0	
132	Hindustan Brown Boveri Ltd.	1949	West	April	1956-66	6.0	7.0	10.0	nil	4.0	nil	nil	4.0	5.0	5.0	5.0
133	Josts Engineering Co. Ltd.	1907	West	March	1956-60	10.0	10.0	10.0	8.0	10.0	10.0	6.0	6.0	2.0	5.0	8.0
134	Paper Mill Plant Machinery Ltd.	1960	West	Dec.	1961-66						nil	nil	6.0	7.0	5.0	7.0
135	Tractor & Farms Equipments Ltd.	1960	South	Dec.	1961-65						25.0	6.0	0.5	nil	5.0	
136	Automobiles Products of India Ltd.	1949	West	July	1956-66	nil	nil	nil	nil	nil	nil	nil	nil	nil	6.0	6.0
137	Indian Plastics Ltd.	1944	West	March	1956-66	2.5	3.0	nil	nil	nil	nil	nil	nil	nil	6.0	6.0
138	Jinpur Metal Electricals Co. Ltd.	1943	North	March	1956-66	4.0	5.0	6.0	8.5	9.0	10.0	6.0	6.0	6.0	6.0	nil
139	Metropolitan Engineering Co. P. Ltd.	1944	South	Dec.	1956-65	6.0	6.0	8.0	10.0	10.0	6.0	6.0	6.0	nil	6.0	
140	Premier Automobiles Ltd.	1944	West	June	1956-65	6.0	4.0	9.0	9.0	9.0	7.0	nil	4.0	6.0	6.0	
141	Standard Motor Products of India Ltd.	1948	South	Dec.	1956-66	6.0	7.5	7.5	9.0	9.0	7.0	7.0	6.0	6.0	6.0	6.0
142	Indian Steel Rolling Mills Ltd.	1934	East	March	1961-65						10.0	9.0	9.0	9.0	6.0	
143	Wellman Indescent India Ltd.		East	March	1962-66						nil	nil	nil	6.0	6.0	8.0
144	English Electric Co. Ltd.	1956	East	Sept.	1962-66						nil	nil	nil	6.0	6.0	nil
145	Kusum Engineering Co. Ltd.	1938	East	March	1956-66	3.0	3.0	5.0*	5.0*	5.0	5.0	6.0	nil	6.0	7.0	7.0
146	Textool Co. Ltd.	1946	South	April	1956-65	20.0	12.0	15.0	15.0	15.0	15.0	12.0	12.0	12.0	7.0	

147	S.I.M.O.N. Carves Ltd.	1962	East	Dec.	1961-66								nil	nil	7.0	7.0
148	Canara Workshop Ltd.	1942	South	March	1956-66	33.0	33.0	20.0	40.0	22.0	22.0	20.0	20.0	10.0	7.5	10.0
149	Marshall Sons & Co. Ltd.	1919	East	June	1956-65	20.0	20.0	10.0	nil	nil	nil	nil	nil	5.0	7.5	
150	Hindustan Aluminium Ltd.	1958	East	Dec.	1961-66						nil	nil	nil	nil	7.5	9.0
151	Hindustan Dowlat Tool Ltd.	1962	North	March	1961-66						nil	nil	nil	nil	7.5	5.0
152	Associated Industries & Equip. Ltd.	1850	South	March	1956-65	16.0	8.0	8.0	6.0	nil	7.0	8.0	8.0	8.0	8.0	
153	Bajaj Auto Ltd.	1945	West	March	1956-65	10.0	18.0	10.0	20.0	15.0	8.0	10.0	10.0	10.0	8.0	8.0
154	Ahmedabad Star Engg.		West	Dec.	1956-65	nil	5.0	6.0	7.5	8.0	10.5	10.5	8.0	8.0	8.0	
155	Mahindra Electricals Ltd.	1960	West	Dec.	1961-66						nil	nil	nil	6.0	8.0	8.0
156	Tak Machinery Ltd.	1961	West	March	1962-66							nil	nil	nil	8.0	8.0
157	Jay Engineering Works Ltd.	1935	East	Dec.	1956-65	15.0	12.0	12.0	17.0	17.0	15.0	10.0	8.0	8.0	8.0	
158	Sen Releigh Ltd.	1949	East	Sept.	1956-66	6.0	6.0	6.0	8.0	8.0	8.0	8.0	nil	6.0	8.0	8.0
159	Chloride & Exclde Batteries Ltd. (E)		East	Aug.	1959-66				12.0	12.0	4.0	3.0	10.0	8.0	8.0	8.0
160	Bajaj Tempo Ltd.	1958	West	Sept.	1959-66				11.0	20.0	20.0	20.0	10.0	10.0	8.0	nil
161	Gujarat Steel Tubes Ltd.	1960	West	Dec.	1960-66					nil	nil	nil	nil	3.0	8.0	nil
162	Bombay Cycle & Motor Co. Ltd.	1855	West	March	1956-66	6.5	5.0	10.0	12.5	12.5	12.5	9.0	6.2	7.5	8.5	7.5
163	Gammon India Ltd.		West	March	1956-65	25.0	25.0	30.0	20.0	30.0	16.0	11.0	12.0	12.0	9.0	
164	Aluminium Corporation of India Ltd.	1937	East	March	1956-66	9.0	9.0	10.0	12.0	12.0	12.0	5.0	9.0	6.0	9.0	12.0
165	Brady & Morris Engineering Co. Ltd.	1946	West	Dec.	1956-66	5.0	5.0	5.0	5.0	6.0	11.25	11.25	11.25	9.0	9.0	9.0
166	Shivaji Works Ltd.	1900	West	Dec.	1956-66	nil	5.0	7.5	11.0	11.0	11.0	4.5	9.0	9.0	9.0	9.0
167	Bombay Garage Pvt. Ltd.	1952	West	March	1958-65			nil	nil	nil	9.0	9.0	8.0	8.0	9.0	
168	Kirloskar Pneumatic Co. Ltd.	1958	West	March	1958-66			nil	nil	12.5	12.5	10.0	12.5	15.0	9.0	nil
169	India Forge & Drio Stamping Ltd.	1960	South	June	1960-65					nil	nil	nil	nil	nil	9.0	
170	Ghatge Patil Industries (Pvt.) Ltd.		West	June	1961-65						nil	4.0	6.5	6.5	9.0	
171	Eleon Engineering Co. Ltd.	1960	West	Dec.	1961-66						6.0	nil	6.0	9.5	9.5	nil
172	Escorts Ltd.	1944	North	Dec.	1956-66	13.0	14.0	18.0	26.0	16.0	13.0	11.0	nil	10.0	10.0	nil
173	Hind Cycle Ltd.	1939	West	Dec.	1956-66	12.5	7.0	nil	nil	nil	nil	nil	nil	nil	10.0	10.0
174	Killick Industries Ltd.		West	Novr.	1956-66	11.0	11.0	11.0	10.0	8.0	nil	5.0	8.0	8.0	10.0	10.0
175	Saran Engineering Co. Ltd.	1919	North	March	1956-66	10.0	10.0	6.25	8.75	10.0	12.5	10.0	10.0	10.0	10.0	10.0
176	Bajaj Electricals Ltd.		West	March	1956-66	7.5	9.0	5.0	7.5	8.0	7.0	10.0	8.0	9.5	10.0	10.0
177	Crompton Parkinson (Works) Ltd.		West	June	1956-65	7.25	7.25	7.25	8.0	10.0	10.0	7.5	10.0	10.0	10.0	
178	Bengal Enamel Works Ltd.		East	Dec.	1956-65	6.5	7.0	15.0	5.0	6.0	7.0	10.0	10.0	10.0	10.0	
179	Britannia Engineering Co. Ltd.	1917	East	Dec.	1956-66	6.0	6.0	6.0	10.0	10.0	10.0	10.0	9.0	9.5	10.0	nil
180	Ashok Layland Ltd.	1948	South	Sept.	1956-66	6.0	6.0	6.0	8.0	8.0	8.0	8.0	7.0	9.0	10.0	10.0
181	Estrella Batteries Ltd.		West	March	1956-66	6.0	6.0	7.0	9.0	10.0	10.0	11.0	12.0	10.0	10.0	8.0
182	Mysore Kirloskar Ltd.	1941	South	June	1956-65	6.0	7.5	12.0	12.0	12.0	8.0	10.0	12.5	12.5	10.0	
183	Universal Cable Ltd.	1945	East	March	1956-66	2.0	1.0	2.0	2.5	5.0	nil	nil	nil	nil	10.0	10.0
184	General Radio & Appliance Ltd.		West	Dec.	1956-66	nil	7.5	14.0	20.0	20.0	17.5	12.5	12.5	9.0	10.0	13.0
185	Indian Standard Metal Co. Ltd.	1938	West	Dec.	1956-66	nil	nil	nil	6.0	12.5	10.0	7.5	8.0	10.0	10.0	10.0
186	Enfield India Ltd.	1955	South	Dec.	1956-66	nil	nil	nil	5.0	5.0	4.0	4.0	7.5	9.0	10.0	nil
187	India Pistons Ltd.	1950	South	March	1956-65	nil	nil	12.0	27.5	20.0	24.0	18.0	12.5	12.5	10.0	
188	Ruston & Hornsby India Ltd.	1940	West	Dec.	1956-65	nil	nil	nil	8.0	10.0	5.0	nil	nil	nil	10.0	10.0
189	Electrosteel Castings Ltd.	1955	East	Sept.	1956-66	nil	nil	nil	nil	10.0	10.0	10.0	10.0	10.0	10.0	10.0
190	Devidayal Cable Industries Ltd.	1953	West	Dec.	1956-66	nil	nil	nil	nil	nil	1.5	7.0	15.0	10.0	10.0	10.0

ENGINEERING INDUSTRY

List of companies included and the rate of ordinary dividend paid

Sl. No.	Name of the Companies	Year of Establishment	Region	Accounts Ends on	Years Included	Rate of Ordinary Dividend (Per Cent per Annum)										
						1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
191	National Machinery Mfg. Ltd.	1947	West	Dec.	1956-66	nil	nil	nil	nil	nil	6.0	6.0	10.0	10.0	10.0	6.0
192	Bengal Rolling Mills Ltd.	1941	East	April	1956-65	nil	nil	nil	nil	2.5	18.0	10.0	18.0	10.0	10.0	
193	Acme Manufacturing Co. Ltd.	1919	West	June	1956-65	nil	nil	nil	nil	nil	nil	nil	nil	8.0	10.0	
194	Kumardhubi Engineering Co. Ltd.	1915	East	Nov.	1957-65		15.0	10.0	10.0	10.0	12.0	15.0	10.0	10.0	10.0	nil
195	Hindustan General Industries Ltd.	1945	North	June	1957-65		12.0	12.0	12.0	8.0	nil	7.0	8.0	10.0	10.0	
196	John Fowler (India) Ltd.	1953	West	Dec.	1957-66		6.0	10.0	15.0	25.0	10.0	10.0	nil	7.5	10.0	12.5
197	Poysha Industrial Co. Ltd.	1957	West	March	1957-66		nil	nil	nil	nil	7.0	9.0	10.0	10.0	10.0	8.0
198	Indian Link & Chain Mfgs. Ltd.	1956	West	Dec.	1957-66		nil	nil	nil	nil	nil	nil	6.0	8.0	10.0	nil
199	Transformer & Switchgear Ltd.	1956	South	Dec.	1957-66		nil	nil	nil	nil	nil	nil	10.0	10.0	10.0	10.0
200	Alu Capsules Ltd.		West	Sept.	1958-66			14.5	21.0	18.0	nil	20.0	10.0	10.0	10.0	10.0
201	New Standard Engineering Co. Ltd.	1946	West	March	1958-65			nil	12.0	9.0	9.0	9.0	10.0	10.0	10.0	
202	Indian Crown Cork Co. Ltd.		West	Sept.	1958-66			nil	6.0	10.0	nil	10.0	10.0	10.0	10.0	10.0
203	Special Steels Ltd.	1958	West	June	1958-66			nil	nil	nil	nil	5.0	6.5	10.0	10.0	10.0
204	Mahindra Owen Ltd.	1958	West	Oct.	1959-66				nil	nil	nil	2.0	3.0	5.0	10.0	nil
205	Hindustan Wires Ltd.	1959	East	March	1960-66					nil	7.5	6.0	6.0	10.0	10.0	10.0
206	Zenith Steels Pipes Ltd.	1960	East	April	1960-66					nil	nil	6.0	8.0	10.0	10.0	8.0
207	Sandvik Asia Ltd.	1960	West	March	1960-66					nil	nil	nil	6.0	8.0	10.0	10.0
208	Permanent Magnets Ltd.	1960	West	Dec.	1961-66						nil	nil	nil	nil	10.0	8.0
209	SLM Maneklal Industries Ltd.	1961	West	March	1962-66						nil	nil	nil	nil	10.0	10.0
210	Jeevanlal Ltd.	1929	East	Dec.	1956-66	nil	nil	nil	2.5	4.5	10.5	10.5	10.5	10.5	10.5	10.5
211	Bharat Bijlee Ltd.	1946	West	June	1956-65	nil	nil	nil	nil	7.5	8.0	8.0	8.0	10.0	11.0	
212	Easun Engineering Co. Ltd.	1939	South	March	1956-65	nil	nil	nil	6.0	10.0	17.0	9.0	9.0	10.0	11.0	
213	Saru Smeiting & Refining Corp. Ltd.	1945	North	May	1956-65	nil	nil	nil	nil	6.0	11.0	11.0	11.0	11.0	11.0	
214	Hyderabad Alwyn Metal Works Ltd.	1942	South	April	1956-66	nil	nil	nil	nil	nil	10.0	10.0	10.0	11.0	11.0	8.0
215	Testeel Ltd.	1957	West	March	1959-66				nil	nil	nil	nil	nil	11.0	11.0	nil
216	Usha Martin Block (Wire Ropes) Ltd.	1960	East	Dec.	1961-66						nil	nil	7.5	9.0	11.0	9.0
217	Jyoti Ltd.	1943	West	Dec.	1956-66	10.0	12.0	12.0	12.0	12.0	12.0	9.0	10.0	12.0	12.0	12.0
218	Mukund Iron & Steel Works Ltd.	1937	West	March	1956-66	10.0	12.0	10.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	16.0
219	Jessop & Co. Ltd.	1941	East	Oct.	1956-66	8.5	11.4	10.0	10.5	12.0	11.5	9.0	10.0	12.0	12.0	12.0
220	Kirloskar Bros. Ltd.	1920	West	July	1956-66	8.0	8.0	10.0	12.0	10.0	10.0	10.0	10.0	10.0	12.0	10.0
221	Cooper Engineering Co. Ltd.	1940	West	June	1956-65	7.0	10.0	13.0	13.0	13.0	7.0	8.0	8.0	10.0	12.0	
222	Electronics Ltd.	1945	North		1956-66	7.5	16.0	16.0	20.0	20.0	20.0	20.0	15.0	9.0	12.0	12.0
223	Standard Batteries Ltd.	1945	West	June	1956-65	7.5	8.0	14.0	15.0	15.0	10.0	10.0	11.0	11.0	12.0	
224	Rallis India Ltd.		West	Aug.	1956-66	nil	nil	nil	nil	3.5	7.5	7.5	10.0	11.0	12.0	14.0
225	Indian Origen Co. Ltd.		East	March	1957-66		10.0	15.0	15.0	15.0	12.0	12.0	12.0	12.0	12.0	12.0

226	Indian Oxygen Ltd.	1957	East	Sept.	1957-66			10.0	10.0	15.0	15.0	15.0	12.0	12.0	12.0	12.0	12.0
227	Binani Metal Works Ltd.	1941	East	Dec.	1959-66					10.0	25.0	10.0	10.0	12.0	12.0	12.0	12.0
228	Ferro Alloys Corporation Ltd.	1955	West	Dec.	1956-66	nil	nil	nil	nil	nil	8.0	11.0	9.0	7.0	9.0	12.5	8.0
229	Star Textile Engineering Works Ltd.	1948	West	Dec.	1956-66	nil	nil	nil	nil	40.0	40.0	25.0	8.0	11.0	12.5	12.5	15.0
230	Hindustan Motors Ltd.	1942	East	March	1956-66	nil	nil	5.0	9.0	12.0	12.5	11.5	11.5	11.5	12.5	12.5	12.5
231	Kirloskar Electric Co. Ltd.	1946	South	June	1956-66	nil	nil	10.0	9.0	11.0	12.0	10.0	12.5	12.5	12.5		
232	Crescent Iron & Steel Corp. Ltd.	1946	West	March	1956-66	nil	6.0	7.5	10.0	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5
233	Amco Batteries Ltd.	1955	South	June	1956-65	nil	nil	40.0	62.5	25.0	15.0	12.5	15.0	6.9	12.5		12.5
234	Tube Investment of India Ltd.	1949	South	July	1956-66	6.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	11.5	12.5	12.5	
235	G. G. Danekar Mechanical Works Ltd.	1939	West	June	1956-65	9.0	10.0	15.0	12.5	12.5	12.5	12.5	15.0	12.5	12.5		12.5
236	Electric Construction & Equip. Co. Ltd.	1945	East	Oct.	1956-66	10.0	10.0	5.0	10.0	10.0	10.0	10.0	10.0	10.0	12.5	12.5	12.5
237	Bharatva Electric Steel Co. Ltd.	1928	East	Dec.	1956-66	12.5	12.5	12.5	15.0	10.0	10.0	12.5	15.0	15.0	15.0	12.5	5.0
238	Steel Allied Products Ltd.	1951	East	June	1958-65			10.0	55.0	15.0	15.0	15.0	15.0	12.5	10.0	12.5	
239	Bradma of India Ltd.	1952	West	Novr.	1959-66				nil	21.0	11.0	5.0	12.0	12.5	12.5	12.5	11.0
240	Wandelste National Conductions Ltd.	1960	West	Sept.	1961-66						nil	nil	nil	12.5	12.5	12.5	15.0
241	Mysore Electrical Industries Ltd.	1945	South	March	1956-66	11.0	11.0	15.0	20.0	20.0	20.0	12.0	13.0	13.0	13.0	13.0	10.0
242	Quest, Keen and William Ltd.	1956	East	Dec.	1959-66				20.0	24.0	16.0	14.0	14.0	10.0	10.0	13.0	14.0
243	Indian Tube Co. (1953) Ltd.	1953	East	Dec.	1956-66	4.0	10.0	12.5	14.0	7.0	22.0	12.5	14.0	15.0	14.0	14.0	10.0
244	Greaves Cotton & Co. Ltd.	1920	West	March	1956-65	8.5	11.0	7.5	11.0	13.0	12.0	12.0	12.0	14.0	14.0	14.0	12.5
245	Telco Ltd.	1945	East	March	1956-66	8.0	9.0	9.0	12.5*	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5
246	Machinery Manufacturing Corp. Ltd.	1946	West	March	1956-66	nil	nil	nil	nil	nil	12.5	15.0	15.0	17.5	15.0		nil
247	Yeshwant Iron & Steel Co. Ltd.	1947	West	Dec.	1956-66	nil	nil	nil	nil	nil	25.0	10.0	10.0	10.0	15.0	15.0	15.0
248	National Eken Radio Engg. Ltd.		West	Dec.	1956-66	nil	nil	nil	nil	15.0	12.0	15.0	15.0	15.0	15.0	15.0	15.0
249	National Screw & Wire Products Ltd.	1941	East	Dec.	1956-66	nil	nil	nil	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
250	Gannon Dunkerly & Co. Ltd.	1923	West	March	1956-66	6.0	6.0	6.0	10.0	10.0	10.0	12.5	12.5	15.0	15.0	15.0	10.0
251	Killick Nixon & Co. Ltd.		West	July	1956-65	8.0	6.0	nil	nil	nil	nil	nil	15.0	15.0	15.0	15.0	15.0
252	Voltas Ltd.		West	Aug.	1956-66	9.0	9.0	9.0	13.0*	73.0	14.0	14.0	14.0	15.0	15.0	15.0	15.0
253	Indian Hume Pipe Co. Ltd.	1954	West	June	1956-66	9.0	9.0	13.0	13.0	13.0	14.0	14.0	14.0	15.0	15.0	15.0	15.0
254	Atlas Cycle Industries Ltd.	1950	West	Dec.	1956-66	10.0	10.0	10.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	10.0
255	J. K. Steel Ltd.	1953	East	June	1956-65	12.5	12.5	12.5	20.0*	20.0	10.0	15.0	15.0	17.5	15.0		15.0
256	Indian Tool Manufacturing Co. Ltd.	1937	West	March	1956-66	15.0	7.5	7.5	14.5*	14.5	14.5	nil	6.0	6.0	15.0		nil
257	Larsen & Toubro Ltd.	1950	West	March	1956-66	10.0	12.5	12.5	18.0	18.0	14.0	14.0	15.0	15.0	15.0	15.0	15.0
258	Mahindra & Mahindra Ltd.	1945	West	Oct.	1956-66	17.5	17.5	22.0	12.5	12.5	15.0	12.5	12.5	15.0	15.0	15.0	15.0
259	British India Electric Co. Ltd.		East	Dec.	1956-66	20.0	20.0	25.0	25.0	20.0	9.0	12.0	20.0	20.0	15.0	15.0	20.0
260	Addison & Co. Ltd.	1913	South	March	1956-65	21.0	7.5	9.0	nil	7.0	16.5	10.0	10.0	12.5	15.0		15.0
261	Cable Corporation of India Ltd.	1957	West	Dec.	1957-66		nil	nil	nil	nil	10.5	15.5	18.0	25.0	15.0		4.0
262	Steel Containers Ltd.	1958	East	Dec.	1959-66				nil	30.0	20.0	20.0	17.5	17.5	15.0	10.0	
263	Kashuri Engineers Ltd.	1947	South	June	1960-65				nil	nil	nil	nil	22.0	15.0	15.0		
264	S. P. Products (India) Ltd.	1959	East	Dec.	1961-66						nil	20.0	8.0	12.5	15.0	15.0	15.0
265	Killick Slotted Angles Ltd.	1962	West	Dec.	1963-65						nil	nil	10.0	15.0	15.0		25.0
266	National Electric Industries Ltd.	1945	West	March	1956-66	9.0	9.0	9.0	12.0	13.0	13.0	13.0	15.0	15.0	16.0	14.0	
267	Kirloskar Oil Engines Ltd.	1946	West	March	1956-66	9.0	10.0	10.0	15.0	16.0	16.0	12.0	16.0	16.0	16.0	16.0	16.0
268	Metal Box Co. of India Ltd.	1933	East	March	1956-66	17.5	17.5	17.5	25.0	25.0	25.0	19.0	18.0	16.0	16.0	16.0	9.0
269	Sayali Iron & Engg. Co. Pvt. Ltd.		West	Dec.	1957-65		nil	nil	nil	14.0	16.0	8.0	12.0	20.0	16.0		
270	Fit Tight Nuts & Bolts Ltd.	1957	West	Sept.	1958-66				nil	nil	nil	nil	9.0	15.0	16.0		3.0

ENGINEERING INDUSTRY

List of companies included and the rate of ordinary dividend paid

Sl. No.	Name of the Companies	Year of Establishment	Region	Accounts Ends on	Years Included	Rate of Ordinary Dividend (Per Cent Per Annum)										
						1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
271	Kulko Engineering Works Ltd.	1947	West	Dec.	1956-65	6.0	7.5	16.0	25.0	30.0	17.5	8.0	12.5	17.5	17.5	
272	Texmaco Ltd.	1939	East	Dec.	1956-66	12.5	15.0	15.0	20.0	10.0	10.0	12.5	15.0	17.5	17.5	17.5
273	Rane Madras Ltd.	1935	South	March	1956-66	19.0	5.5	10.0	10.0	14.0	15.0	15.0	17.5	15.0	17.0	15.0
274	Burn & Co. Ltd.		East	April	1957-66		20.0	28.5	28.5	28.5	27.5	15.0	17.5	17.5	17.5	nl
275	Associated Battery Makers (B) Ltd.		East	Aug.	1959-66			20.0	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5
276	Rashtriya Metal Industries Ltd.	1946	West	March	1956-66	nil	nil	nil	7.0	8.0	25.0	16.0	10.0	18.0	18.0	20.0
277	Phillips India Ltd.	1929	East	Dec.	1956-66	3.4	8.	12.	12.0	12.0	13.0	15.0	18.0	18.0	18.0	18.0
278	Indian Aluminium Co. Ltd.	1945	East	Dec.	1956-66	6.0	6.0	7.0	12.0	15.0	15.0	17.5	17.5	19.0	19.0	19.0
279	Alcock Ashdown & Co. Ltd.	1884	West	Dec.	1956-66	15.0	12.5	12.5	17.0	17.0	22.5	19.0	19.0	19.0	19.0	5.0
280	Geep Flashlight Industries Ltd.	1948	North	Sept.	1956-66	nil	nil	nil	6.0	10.0	12.0	18.0	15.0	18.0	20.0	16.0
281	National Rolling & Steel Pipes Ltd.	1942	East	June	1956-65	6.0	10.0	10.0	13.0	15.0	15.0	15.0	20.0	20.0	20.0	
282	Aluminium Industries Ltd.	1936	South	March	1956-66	12.5	12.5	12.5	18.0	18.0	18.0	15.0	18.0	18.0	20.0	12.0
283	French Motor Car Co. Ltd.		East	March	1956-65	12.5	12.5	12.5	12.5	20.0	20.0	20.0	20.0	20.0	20.0	
284	Kenyon Greaves Ltd.	1950	West	March	1956-66	13.0	15.0	12.5	5.0	5.0	11.5	12.0	17.0	17.0	20.0	nil
285	National Insulated Cable Co. Ltd.	1942	East	March	1956-66	20.0	20.0	20.0	25.0	25.0	25.0	18.0	20.0	20.0	20.0	20.0
286	National Pipes & Tubes Co. Ltd.	1943	East	Sept.	1956-66	20.0	20.0	12.5	15.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
287	Braithwaite & Co. (India) Ltd.	1930	East	Dec.	1956-66	20.0	20.0	22.5	25.0	25.0	25.0	14.0	20.0	20.0	20.0	8.0
288	Indian Standard Wagon Co. Ltd.	1918	East	March	1957-66		20.0	20.0	28.5	28.5	28.5	20.0	20.0	20.0	20.0	nil
289	Hindustan Tractor & Bulldozers Ltd.	1946	West	March	1956-66	59.0	33.4	34.0	nil	nil	29.1	15.0	24.0	29.2	20.0	12.0
290	Industrial Containers Ltd.	1958	East	Dec.	1960-66				nil	nil	10.0	10.0	30.0	25.0	20.0	10.0
291	Meckenzies Ltd.	1907	West	July	1956-66	nil	nil	nil	nil	10.0	12.0	14.0	14.0	18.0	22.0	24.0
292	Tractor (India) Ltd.	1944	East	June	1956-65	20.0	22.5	30.0	30.0	32.5	32.5	22.5	22.5	22.5	22.5	
293	Sir Ram Vilas Service Ltd.	1941	South	Dec.	1956-65	6.0	27.0	32.5	nil	57.5	56.5	34.0	31.0	19.5	24.0	
294	Indian Steel & Wire Products Ltd.	1935	East	March	1956-66	40.0	40.0	16.0	23.0	24.0	23.0	18.0	18.0	24.0	24.0	24.0
295	Indian Cable Co. Ltd.		West	Dec.	1956-66	15.0	19.0	15.0	22.5*	22.5	22.5	25.0	25.0	25.0	25.0	25.0
296	Martin Burn Ltd.		East	Sept.	1957-66		20.0	20.0	25.0*	25.0	25.0	25.0	25.0	25.0	25.0	25.0
297	Packo Engineering Co. Pvt. Ltd.		West	May	1959-65				15.0	6.0	6.0	20.0	20.0	25.0	25.0	
298	Ralli Wolf Ltd.	1959	West	Aug.	1959-66				nil	nil	5.0	8.75	9.0	19.0	25.0	24.0
299	T. Maneklal Mfg. Co. Ltd.	1948	West	May	1956-66	10.0	10.0	14.0	18.5	27.0	27.0	6.0	25.0	27.0	27.0	
300	Walford Transport Ltd.	1920	East	Dec.	1956-66	15.5	14.5	14.5	25.0	35.0	35.0	35.0	35.0	28.0	28.0	15.0
301	Bridge & Roof (India) Co. Ltd.	1920	East	Dec.	1956-66	20.0	20.0	20.0	30.0*	30.0	30.0	30.0	30.0	30.0	30.0	10.0
302	Hindustan Wire Products Ltd.	1954	North	March	1959-65				nil	nil	nil	10.0	15.0	25.0	30.0	
303	Simpson & Co. Ltd.	1925	South	May	1956-65	13.0	9.0	32.0	56.5	61.0	57.5	40.0	42.5	30.0	31.0	

NOTE.—Accounts closed on or before June 30th of a year are included in the year previous to the year in which the closing date falls, and those that close on or after 1st July of year are included in the year in which such date falls.

TABLE 2.1
ENGINEERING INDUSTRY (1965-66)
Balance Sheet

(Rupees in Crores)

Year	All India		East		West		North		South	
	1965	1966	1965	1966	1965	1966	1965	1966	1965	1966
Number of Companies	207	207	58	58	100	100	15	15	34	34
CAPITAL AND LIABILITIES										
1. Paid-up Capital & Premium on Shares	224.00	253.87	107.89	123.89	74.62	85.63	7.65	8.63	33.84	35.72
1.1 Ordinary	188.84	218.13	87.66	104.43	65.09	75.06	5.76	6.59	30.33	32.05
1.2 Preference	26.94	29.78	13.15	14.84	8.60	9.44	1.77	1.92	3.42	3.58
1.3 Forfeited/Deferred	0.04	0.04	..	..	0.01	0.01	..	..	0.03	0.03
1.4 Premium on Shares	8.18	5.92	7.08	4.62	0.92	1.12	0.12	0.12	0.06	0.06
2. Reserves	118.51	134.49	76.17	88.17	31.83	35.63	3.04	2.84	7.47	7.85
2.1 Capital Reserve	7.65	9.64	5.43	7.07	2.08	2.28	0.03	0.04	0.11	0.25
2.2 Development Rebate	34.91	47.35	22.07	31.40	8.38	10.64	0.96	1.17	3.50	4.14
2.3 Others	75.95	77.50	48.67	49.70	21.37	22.71	2.05	1.63	3.86	3.46

TABLE 2·1
ENGINEERING INDUSTRY—(1965-66)
Balance Sheet

(Rupees in Crores)

Year	All India		East		West		North		South	
	1965	1966	1965	1966	1965	1966	1965	1966	1965	1966
3. Borrowings	283·83	404·73	137·35	205·33	93·73	127·32	15·93	19·72	36·82	52·36
3·1 Debentures	25·10	28·98	18·10	19·71	6·30	6·60	0·03	..	0·67	1·67
3·2 Government Loans	1·71	2·74	1·22	1·26	0·43	0·58	0·04	0·04	0·02	0·86
3·3 Institutional Loans	25·57	42·11	4·67	7·62	12·16	21·08	3·26	5·28	5·48	8·13
3·4 Bank Loans	69·62	231·00	80·28	118·23	58·76	76·39	8·90	9·89	21·68	26·49
3·5 Others	61·83	99·90	33·08	58·51	16·08	21·67	3·70	4·51	8·97	15·21
4. Payables	221·95	249·64	121·11	127·58	76·78	93·14	6·80	9·07	17·26	19·85
4·1 Tax Provision (Net)	30·41	21·67	15·90	10·90	11·12	8·27	0·41	0·45	2·98	2·05
4·2 Sundry Liabilities	191·54	227·97	105·21	116·68	65·66	84·87	6·39	8·62	14·28	17·80
5. Total Liabilities	848·29	1042·73	442·52	554·97	276·96	341·72	33·42	40·26	95·39	115·78

ASSETS

6. Net Block	.	.	.	.	.	.	340.72	439.17	195.79	262.43	87.32	106.76	12.02	14.90	45.59	55.08
6.1 Gross Block	.	.	.	.	.	.	504.90	637.33	303.30	392.09	126.73	153.29	15.75	19.64	59.12	72.31
6.11 Land & Building	.	.	.	.	.	.	113.61	118.64	65.69	65.90	30.49	34.08	4.08	4.26	13.35	14.40
6.12 Plant & Machinery	.	.	.	.	.	.	297.31	328.69	176.02	177.76	70.20	88.49	9.76	12.34	41.33	50.10
6.13 Others	.	.	.	.	.	.	93.98	190.00	61.59	148.43	26.04	30.72	1.91	3.04	4.44	7.81
6.2 Depreciation	.	.	.	.	.	.	164.18	198.16	107.51	129.66	39.41	46.53	3.73	4.74	13.53	17.23
7. Industrial Securities	.	.	.	.	.	.	24.02	27.91	7.89	10.12	14.36	15.85	0.56	0.52	1.21	1.42
8. Intangibles	.	.	.	.	.	.	2.77	2.92	0.68	0.74	1.23	1.55	0.13	0.14	0.73	0.49
9. Inventories	.	.	.	.	.	.	292.75	352.65	146.39	171.77	99.33	124.36	15.32	17.58	31.71	38.94
9.1 Raw Material	.	.	.	.	.	.	117.67	152.05	64.36	87.09	36.20	44.92	5.92	6.76	11.19	13.28
9.2 Finished & Semi-finished	.	.	.	.	.	.	126.88	146.28	54.67	57.48	52.76	63.39	6.82	7.51	12.63	17.90
9.3 Stores, spares etc.	.	.	.	.	.	.	48.20	54.32	27.36	27.20	10.37	16.05	2.58	3.31	7.89	7.76
10. Cash & Government Securities	.	.	.	.	.	.	21.36	22.95	9.44	7.67	9.99	12.06	0.41	0.90	1.52	2.32
11. Receivables	.	.	.	.	.	.	166.67	197.13	82.33	92.24	64.73	81.14	4.98	6.22	14.63	17.53
12. Total Assets	.	.	.	.	.	.	848.29	1042.73	442.52	554.97	276.96	341.72	33.42	40.26	95.39	115.78
13. Bonus Shares	.	.	.	.	.	.	16.32	30.18	13.63	22.34	2.10	6.45	0.30	0.88	0.29	0.51

TABLE 2.2
ENGINEERING INDUSTRY (1965-66)
Profit Loss and Appropriation Account

(Rupees in Crores)

Year	All India		East		West		North		South	
	1965	1966	1965	1966	1965	1966	1965	1966	1965	1966
Number of Companies	205	205	58	58	98	98	15	15	34	34
INCOME										
1. Net Sales, (Sales adjusted for Stock Excise and Commission.)	807.02	876.09	428.79	451.91	285.32	315.31	25.79	34.13	67.12	74.74
1.1 Sales	813.88	878.87	440.70	462.44	280.38	307.97	25.54	34.71	67.26	73.75
1.2 Stock adjustment	24.50	33.94	9.35	14.57	10.77	13.84	1.13	0.59	3.25	4.94
1.3 Less Excise Duty	25.61	29.60	19.47	22.64	2.83	3.28	0.34	0.40	2.97	3.28
1.4 Less Selling Commission	5.75	7.12	1.79	2.46	3.00	3.22	0.54	0.77	0.42	0.67
2. Other Income	13.69	16.06	5.22	6.96	7.01	7.30	0.56	0.82	0.90	0.98
3. Total Income ,	820.71	892.15	434.01	459.87	292.33	322.61	26.35	34.95	68.02	75.72

COSTS

4. Manufacturing Costs	533·57	576·70	274·41	293·04	195·66	218·7	17·83	24·08	45·67	51·51
4·1 Raw Material	436·19	476·84	219·53	230·18	160·87	180·03	15·56	21·54	40·23	45·09
4·2 Stores, Spares, etc.	49·79	57·00	26·10	29·80	20·17	23·51	1·17	1·37	2·35	2·32
4·3 Power, Fuel, etc.	15·74	20·34	10·74	13·80	3·30	4·21	0·27	0·42	1·43	1·91
4·4 Others	31·85	32·52	18·04	19·26	11·32	10·32	0·83	0·75	1·66	2·19
5. Employees	118·87	130·03	67·71	72·31	39·45	44·26	3·37	4·04	8·34	9·42
6. Other Expenses	58·52	71·84	25·66	30·90	24·69	29·52	2·70	4·39	5·47	7·03
6·1 Interest	18·75	27·15	8·81	12·92	6·68	9·21	0·99	1·60	2·27	3·42
6·2 Managing Agents Remuneration	2·65	2·02	1·49	0·98	0·96	0·82	0·07	0·10	0·13	0·12
6·3 Sundries	37·12	42·67	15·36	17·00	17·05	19·49	1·64	2·69	3·07	3·49
7. Depreciation	28·76	34·75	16·52	21·00	7·98	8·81	0·87	1·05	3·39	3·89
8. Less Expenses Capitalised	1·98	1·94	0·73	1·04	0·87	0·67	0·27	0·16	0·11	0·07
9. Total Costs	737·74	821·38	383·57	416·21	266·91	299·99	24·50	33·40	62·76	71·78

APPROPRIATION

10. Profit before Tax	82·97	70·77	50·44	42·66	25·42	22·62	1·85	1·55	5·26	3·94
11. Tax Provision	37·61	29·79	23·84	16·87	10·43	10·32	0·71	0·74	2·63	1·86
12. Profit after Tax	42·24	40·98	26·60	25·79	14·99	12·30	1·14	0·81	2·63	2·08
13. Dividend	21·28	20·78	13·24	12·48	5·91	6·08	0·42	0·34	1·71	1·88
13·1 Ordinary	18·92	18·61	12·14	11·52	5·00	5·35	0·29	0·21	1·49	1·53
13·2 Preference	2·36	2·17	1·10	0·96	0·91	0·73	0·13	0·13	0·22	0·35
14. Retained Profit	24·08	20·20	13·36	13·31	9·08	6·72	0·72	0·47	0·92	0·20

TABLE 2.3
ENGINEERING INDUSTRY (1965-66)
Disposition of Revenue

Year	(Percentages)									
	All India		East		West		North		South	
	1965	1966	1965	1966	1965	1966	1965	1966	1965	1966
Number of Companies	205	205	58	58	98	98	15	15	34	34
INCOME										
1. Net Sales (Sales adjusted for Stock, Excise & Selling Commn.)	97.8	98.2	98.8	98.5	97.6	97.7	97.8	97.7	98.7	98.7
2. Other Income	2.2	1.8	1.2	1.5	2.4	2.3	2.2	2.3	1.3	1.3
3. Total Income		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
COSTS										
4. Manufacturing Costs	64.6	65.6	63.3	63.8	66.9	67.6	67.7	68.9	67.1	68.0
4.1 Raw Material	52.9	53.4	50.6	50.2	55.0	55.8	59.4	61.6	59.1	59.5
4.2 Stores, Spares, etc.	6.0	6.4	6.0	6.5	6.9	7.3	4.4	3.9	3.5	3.1
4.3 Power, Fuel, etc.	1.9	2.3	2.5	3.0	1.1	1.3	1.0	1.2	2.1	2.5
4.4 Others	3.8	3.5	4.2	4.1	3.9	3.2	2.9	2.2	2.4	2.9

5. Employees	14.4	14.6	15.6	15.8	13.5	13.7	12.8	11.6	12.3	12.4
6. Other Expenses	7.1	8.1	5.9	6.7	8.4	9.1	10.2	12.6	8.0	9.3
6.1 Interest	2.3	3.0	2.0	2.8	2.3	2.8	3.7	4.6	3.3	4.5
6.2 Managing Agents' Commission	0.3	0.2	0.3	0.2	0.3	0.3	0.3	0.3	0.2	0.2
6.3 Sundries	4.5	4.9	3.6	3.7	5.8	6.0	6.2	7.7	4.5	4.6
7. Depreciation	3.5	3.9	3.8	4.6	2.7	2.8	3.3	3.0	5.0	5.2
8. Less Expenses Capitalised	0.2	0.2	0.2	0.2	0.2	0.2	1.0	0.5	0.2	0.1
9. Total Costs	89.4	92.0	88.4	90.7	91.3	93.0	93.0	95.6	92.2	94.8
APPROPRIATION										
10. Profit before Tax	10.6	8.0	11.6	9.3	8.7	7.0	7.0	4.4	7.8	5.2
11. Tax Provision	5.5	3.4	5.5	3.7	3.6	3.2	2.7	2.1	3.9	2.5
12. Profit after Tax	5.1	4.6	6.1	5.6	5.1	3.8	4.3	2.3	3.9	2.7
13. Dividend	2.6	2.3	3.1	2.7	2.0	1.9	1.6	1.0	2.5	2.5
13.1 Ordinary	2.3	2.1	2.8	2.5	1.7	1.6	1.0	0.6	2.2	2.0
13.2 Preference	0.3	0.2	0.3	0.2	0.3	0.3	0.6	0.4	0.3	0.5
14. Retained Profit	2.5	2.3	3.0	2.9	3.1	1.9	2.7	1.3	1.4	0.2

TABLE 3.1
ENGINEERING INDUSTRY—ALL INDIA
Balance Sheet

(Percentages)										
Year	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
Number of Companies	161	179	198	214	234	257	287	299	303	296
CAPITAL AND LIABILITIES										
1. Paid-up Capital & Premium on Shares	72.54	89.55	106.71	121.91	142.97	173.48	203.62	236.96	263.40	281.06
1.1 Ordinary*	59.13	72.69	86.19	100.07	116.48	144.48	172.41	204.63	227.03	240.06
1.2 Preference	12.53	14.82	17.80	19.04	19.92	21.03	22.12	24.16	27.68	31.09
1.3 Deferred/Forfeited	0.35	0.34	0.36	0.35	0.33	0.28	0.35	0.28	0.32	0.30
1.4 Premium on Shares	0.53	1.70	2.36	2.45	6.24	7.69	8.74	7.89	8.37	9.61
2. Reserves	21.08	29.20	36.87	44.76	56.22	65.81	72.76	88.05	114.67	141.65
2.1 Capital Reserves	3.42	3.67	3.76	3.64	4.06	4.03	4.20	6.12	6.91	7.52
2.2 Development Rebate	1.14	1.87	4.69	8.67	12.51	16.18	20.70	26.15	34.82	45.04
2.3 Others	16.52	23.66	28.42	32.45	39.65	45.60	47.86	55.78	72.94	89.09
3. Borrowings	74.49	81.29	88.73	100.05	123.22	151.14	187.03	235.18	295.51	327.29
3.1 Debentures	6.62	6.99	10.63	8.58	11.52	13.90	14.97	16.34	23.59	31.07
3.2 Institutional Loans	2.14	2.67	3.82	3.66	5.08	6.00	14.95	22.55	34.49	37.87
3.3 Government Loans	1.48	1.68	1.59	2.12	2.36	2.41	2.11	1.86	1.93	1.93
3.4 Bank Loans	52.09	55.01	57.73	66.54	83.00	109.28	126.17	148.03	180.11	226.23
3.5 Others	12.16	14.94	14.96	19.15	21.26	19.55	28.83	46.40	55.39	75.19

4. Payables	.	.	.	.	.	.	62.59	99.06	102.58	113.82	141.13	168.63	198.97	235.77	262.82	284.21
4.1 Tax Provision (NET)	.	.	.	.	.	.	10.50	9.60	12.76	13.62	16.20	20.31	27.79	30.90	33.54	34.66
4.2 Other Liabilities	.	.	.	.	.	.	52.09	89.46	89.82	100.20	124.93	148.32	171.18	204.87	229.28	249.55

5. Total Liabilities	.	.	.	.	.	.	230.70	299.10	334.89	380.54	463.54	559.06	662.38	795.96	936.40	1079.21
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ASSETS

6. Net Block	.	.	.	.	.	.	69.77	90.52	111.68	128.18	154.19	198.32	238.57	302.04	364.86	422.60
6.1 Gross Block	.	.	.	.	.	.	103.75	139.28	172.33	199.26	236.00	296.87	356.32	444.03	535.51	624.80
(a) Land and Buildings	.	.	.	.	.	.	29.89	38.62	46.58	54.89	62.52	83.77	89.61	114.14	125.13	143.07
(b) Plant and Machinery	.	.	.	.	.	.	50.79	69.48	89.33	109.35	123.28	155.61	202.30	242.52	308.79	366.51
(c) Other Assets	.	.	.	.	.	.	23.07	31.18	36.42	35.02	50.20	57.49	64.41	87.37	101.59	115.22
6.2 Depreciation	.	.	.	.	.	.	33.98	48.76	60.65	71.03	81.81	98.55	117.75	141.99	170.65	202.20
7. Intangibles	.	.	.	.	.	.	0.77	1.10	1.19	1.36	1.51	2.33	2.86	3.13	3.87	3.81
8. Investment in Industrial Securities	.	.	.	.	.	.	7.67	10.51	11.01	12.50	16.42	18.85	21.78	24.43	24.88	29.24
9. Inventories	.	.	.	.	.	.	94.71	117.06	125.91	139.46	172.93	201.49	234.51	276.43	319.57	374.82
9.1 Raw Materials	.	.	.	.	.	.	29.08	33.18	39.16	43.82	54.54	63.96	77.18	92.92	114.16	142.78
9.2 Finished/Semi-finished	.	.	.	.	.	.	51.36	65.16	63.95	70.21	87.14	99.03	111.83	130.91	143.14	163.78
9.3 Stores and Spares etc.	.	.	.	.	.	.	14.27	18.72	22.80	25.43	31.25	38.50	45.50	52.60	62.27	68.26
10. Cash & Government Securities	.	.	.	.	.	.	9.14	14.10	14.43	20.19	20.71	25.35	27.64	27.10	26.45	23.84
11. Receivables	.	.	.	.	.	.	48.64	65.81	70.67	78.85	97.78	112.72	137.02	162.83	196.77	224.90
12. Total Assets	.	.	.	.	.	.	230.70	299.10	334.89	380.54	463.54	559.06	662.38	795.96	936.40	1079.21
*Bonus Shares	.	.	.	.	.	.	5.15	7.47	9.47	9.56	9.74	10.24	12.89	17.41	18.44	18.46

TABLE 3.2
ENGINEERING INDUSTRY—ALL INDIA
Profit & Loss and Appropriation Account

(Rupees in Crores)

Year	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
Number of Companies	160	179	198	214	234	257	286	298	303	296
INCOME										
1. Net Sales (Sales adjusted for Stock, Excise & Commn.)	287.80	354.37	368.19	415.84	500.38	552.85	627.30	756.02	915.67	1049.97
1.1 Sales	277.33	356.07	370.90	415.85	504.46	560.89	639.97	760.18	932.16	1055.58
1.2 Sales Adjustment	13.64	2.40	2.00	6.07	13.55	9.62	9.67	22.52	18.40	28.98
1.3 Less Excise Duty	0.24	0.54	0.58	1.40	11.88	11.20	14.72	18.62	24.35	26.96
1.4 Less Selling Commn.	2.93	3.56	4.13	4.68	5.75	6.46	7.62	8.06	10.54	7.63
2. Other Income	3.47	4.90	5.91	6.78	7.50	8.86	9.88	11.04	14.01	17.76
3. Total Income	291.27	359.27	374.10	422.62	507.88	561.71	637.18	767.06	929.68	1067.73
COSTS										
4. Manufacturing Costs	225.10	268.95	265.35	293.59	355.32	385.37	433.50	514.35	619.88	708.24
4.1 Raw Materials	200.20	236.42	228.30	259.89	302.73	328.11	364.97	429.56	517.41	591.03
4.2 Stores, Spares, etc.	15.72	19.99	22.22	17.39	29.47	31.37	37.57	47.01	55.65	63.10
4.3 Powers, Fuels, etc.	2.44	3.87	4.97	6.21	7.29	8.73	11.11	13.94	16.28	18.43
4.4 Others	6.74	8.67	9.86	10.10	15.83	17.16	19.85	23.84	30.54	35.68

5. Employees	.	.	.	.	.	.	31.15	43.01	51.79	60.38	70.18	80.02	92.55	108.06	132.30	154.08
6. Other Expenses	.	.	.	.	.	.	14.55	19.20	21.99	25.65	28.91	36.22	39.69	53.16	63.46	81.21
6.1 Managing Agents' Remrn.	.	.	.	.	.	.	1.06	1.21	1.31	1.71	1.92	1.79	1.99	2.17	2.63	3.08
6.2 Interest	.	.	.	.	.	.	3.19	4.58	4.91	5.51	6.59	8.62	10.55	13.78	18.17	25.43
6.3 Sundries	.	.	.	.	.	.	10.30	13.41	15.77	18.43	20.40	25.81	27.15	37.21	42.66	52.70
7. Depreciation	.	.	.	.	.	.	6.04	8.23	9.14	11.10	13.58	15.52	20.45	25.55	30.97	35.60
8. Less Expenses Capitalised	.	.	.	.	.	.	0.94	1.01	0.75	1.19	1.09	1.42	2.04	2.05	2.67	3.76
9. Total Costs	.	.	.	.	.	.	275.90	338.38	347.52	389.53	466.90	515.72	584.15	699.07	843.94	975.37

APPROPRIATION

10. Profit before Tax	.	.	.	.	.	.	15.37	20.89	26.58	33.09	40.98	45.99	53.03	67.99	85.74	92.36
11. Tax Provision	.	.	.	.	.	.	7.44	10.49	13.23	14.30	17.83	21.84	30.41	36.02	41.21	44.42
12. Profit after Tax	.	.	.	.	.	.	7.93	10.40	13.35	18.79	23.15	24.15	22.62	31.97	44.53	47.94
13. Dividend	.	.	.	.	.	.	4.65	6.22	8.67	12.46	14.60	15.54	15.30	17.80	20.90	23.42
13.1 Ordinary	.	.	.	.	.	.	4.22	5.49	7.76	11.23	12.86	13.95	13.60	15.94	18.74	20.83
13.2 Preference	.	.	.	.	.	.	0.43	0.73	0.91	1.23	1.74	1.59	1.70	1.86	2.16	2.59
14. Retained Profit	.	.	.	.	.	.	3.28	4.18	4.68	6.33	8.55	8.61	7.32	14.17	23.63	24.52

TABLE 3.3
ENGINEERING INDUSTRY—ALL INDIA
Disposition of Revenue

(Percentages)										
Year	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
Number of Companies	160	179	198	214	234	257	286	298	303	296
INCOME										
1. Net Sales (Sales adjusted for Stock, Excise & Commn.)	98.8	98.6	98.4	98.4	98.5	98.4	98.4	98.6	98.5	98.3
2. Other Income	1.2	1.4	1.6	1.6	1.5	1.6	1.6	1.4	1.5	1.7
3. Total Income	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
COSTS										
4. Manufacturing Costs	77.3	74.9	70.9	69.5	70.0	68.6	68.0	67.1	66.7	66.3
4.1 Raw Materials	68.7	65.8	61.0	61.5	59.6	58.4	57.3	56.0	55.7	55.4
4.2 Stores, Spares etc.	5.4	5.5	5.9	4.1	5.8	5.6	5.9	6.1	6.0	5.9
4.3 Powers, Fuels etc.	0.9	1.2	1.3	1.5	1.5	1.6	1.7	1.8	1.7	1.7
4.4 Others	2.3	2.4	2.7	2.4	3.1	3.0	3.1	3.2	3.3	3.3

5. Employees	.	.	.	.	.	.	10.7	12.0	13.8	14.3	13.8	14.2	14.5	14.1	14.2	14.4
6. Other Expenses	.	.	.	.	.	.	5.0	5.3	5.9	6.1	5.7	6.4	6.2	6.9	6.9	7.6
6.1 Managing Agents' Remrn.	.	.	.	.	.	.	0.4	0.3	0.3	0.4	0.4	0.3	0.3	0.3	0.3	0.3
6.2 Interest	.	.	.	.	.	.	1.1	1.3	1.4	1.3	1.3	1.5	1.7	1.8	2.0	2.4
6.3 Sundries	.	.	.	.	.	.	3.5	3.7	4.2	4.4	4.0	4.6	4.2	4.8	4.6	4.9
7. Depreciation	.	.	.	.	.	.	2.0	2.3	2.5	2.6	2.6	2.8	3.2	3.3	3.3	3.3
8. Less Expenses Capitalised	.	.	.	.	.	.	0.3	0.3	0.2	0.3	0.2	0.2	0.2	0.3	0.3	0.3
9. Total Costs	.	.	.	.	.	.	94.7	94.2	92.9	92.2	91.9	91.8	91.7	91.1	90.8	91.3
APPROPRIATION																
10. Profit before Tax	.	.	.	.	.	.	5.3	5.8	7.1	7.8	8.1	8.2	8.3	8.9	9.2	8.7
11. Tax Provision	.	.	.	.	.	.	2.6	2.9	3.5	3.4	3.5	3.9	4.8	4.7	4.4	4.2
12. Profit after Tax	.	.	.	.	.	.	2.7	2.9	3.6	4.4	4.6	4.3	3.5	4.2	4.8	4.5
13. Dividend	.	.	.	.	.	.	1.6	1.7	2.2	2.9	2.9	2.8	2.4	2.3	2.2	2.2
13.1 Ordinary	.	.	.	.	.	.	1.4	1.5	2.0	2.7	2.6	2.5	2.1	2.1	2.0	2.0
13.2 Preference	.	.	.	.	.	.	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.2	0.2	0.2
14. Retained Profit	.	.	.	.	.	.	1.1	1.2	1.4	1.5	1.7	1.5	1.1	1.9	2.6	2.3

TABLE 3.4
ENGINEERING INDUSTRY
Sources and uses of Funds

Year	Rupees in Crores			Percentages		
	1956-60	1960-65	1956-65	1956-60	1960-65	1956-65
SOURCES						
1. Internal Sources . . .	87.56	214.54	302.10	31.2	29.1	29.7
1.1 Depreciation . . .	47.83	120.39	168.22	17.3	16.4	16.5
1.2 Capital Reserves . . .	4.59	8.72	13.31	1.4	1.2	1.3
1.3 Other Reserves . . .	35.14	85.43	120.57	12.5	11.5	11.9
2. External Sources . . .	193.11	521.52	714.63	68.8	70.9	70.3
2.1 Share Capital (New Issues)	65.84	129.37	195.21	23.5	17.6	19.2
2.2 Borrowings . . .	48.73	249.07	297.80	17.4	33.8	29.3
2.3 Payables . . .	78.54	143.08	221.62	27.9	19.5	21.8
3. Total Sources . . .	280.67	736.06	1,016.73	100.0	100.0	100.0
USES						
4. Fixed Assets . . .	141.74	403.92	545.66	50.5	54.9	53.7
4.1 Gross Block . . .	132.25	388.80	521.05	47.1	52.8	51.2
4.2 Industrial Securities . . .	8.75	12.82	21.57	3.1	1.8	2.2
4.3 Intangibles . . .	0.74	2.30	3.04	0.3	0.3	0.3
5. Current Assets . . .	138.93	332.14	471.07	49.5	45.1	46.3
5.1 Inventories . . .	78.22	201.89	280.11	27.9	27.4	27.5
5.2 Cash and Government Securities . . .	11.57	3.13	14.70	4.1	0.4	1.4
5.3 Receivables . . .	49.14	127.12	176.26	17.5	17.3	17.4
6. Total Uses . . .	280.67	736.06	1,016.73	100.0	100.0	100.0

TABLE 3.5

ENGINEERING INDUSTRY
Profit Making & Loss Making Companies

Year	Companies Making Net Profit (after providing for Depreciation and Tax)						Companies Making Loss (after providing for Depreciation and Tax)							
	Profit after providing for Depreciation and Tax		Dividends paid		Retained Profit		Loss after Depreciation		Dividends Paid		Reduction in Reserves			
	Number of Companies Making net Profit	Amount of Net Profit Rupees in lakhs	No. of Cos. paying		Amount of Dividends Rupees in lakhs	No. of Companies	Amount in Rupees in lakhs	No. of Companies Making losses	Amount of Loss Rupees in lakhs	No. of Cos. paying		Amount of Dividends Rupees in lakhs	No. of Companies	Amount Reduction Rupees in lakhs
			Ord. & preference Dividends	Pre-ference Dividends only						Ord. & Preference Dividends	Pre-ference Dividends only			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
ALL INDIA														
1956	135	835.21	112	12	457.96	135	377.25	24	43.44	5	3	6.63	24	50.07
1957	149	1,099.46	120	11	622.06	149	477.40	28	58.60	1	1	0.23	28	58.83
1958	164	1,433.84	135	14	859.10	164	574.74	34	97.78	4	..	8.63	34	106.41
1959	177	1,989.67	140	11	1,244.99	177	746.68	37	110.39	1	1	0.46	37	110.85
1960	191	2,435.98	150	7	1,453.21	191	982.77	43	121.31	2	1	7.02	42	128.33
1961	203	2,603.80	165	8	1,547.27	203	1,056.53	54	188.81	3	..	7.13	54	195.94
1962	227	2,652.27	173	8	1,527.70	220	1,124.57	64	389.20	3	..	2.98	64	392.18
1963	229	3,415.95	173	5	1,778.67	229	1,637.28	70	218.82	2	1	1.23	70	220.05
1964	245	4,732.67	182	11	2,089.71	245	2,642.96	58	277.26	1	..	0.38	..	278.54
1965	235	5,157.69	191	17	2,341.44	235	2,816.25	61	363.75	2	..	1.50	..	365.25

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
EAST REGION														
1956	.	44	494.10	44	7	268.90	44	228.20	7	13.95	..	..	7	13.95
1957	.	52	699.61	43	4	402.73	52	296.88	6	14.41	..	..	6	14.40
1958	.	56	899.86	48	4	564.29	56	335.57	9	14.67	1	..	9	15.72
1959	.	60	1,239.22	50	4	816.30	60	422.92	11	39.73	..	..	11	39.73
1960	.	60	1,408.48	47	2	878.33	60	530.15	16	64.28	1	..	16	69.28
1961	.	63	1,520.26	50	1	943.39	63	576.87	18	127.52	1	..	18	128.12
1962	.	67	1,521.01	54	..	930.65	67	590.36	18	283.10	1	..	18	283.55
1963	.	68	1,835.42	53	1	1,047.14	68	788.28	19	92.39	1	1	19	93.15
1964	.	74	2,661.60	58	3	1,214.36	74	1,447.24	13	62.02	..	..	13	62.92
1965	.	64	2,875.42	56	2	1,348.62	64	1,526.80	19	90.49	2	..	19	91.97

WEST REGION														
1956	.	52	223.33	37	2	127.34	52	95.99	12	27.22	3	2	12	32.56
1957	.	57	253.00	49	6	149.95	57	103.05	14	38.75	..	..	14	38.75
1958	.	62	337.37	51	6	184.41	64	152.96	19	69.63	3	..	19	77.21
1959	.	71	447.78	56	4	260.26	71	187.52	18	60.47	1	1	18	60.93
1960	.	82	643.92	64	3	364.27	82	279.65	16	35.14	1	1	16	37.16
1961	.	88	681.35	79	4	383.22	89	298.13	21	40.40	1	..	21	46.68
1962	.	98	737.79	82	4	374.01	96	363.78	25	84.24	1	..	25	84.71
1963	.	100	1,105.54	81	2	501.36	101	604.18	29	71.39	..	..	29	71.39
1964	.	109	1,491.88	86	3	622.12	109	869.76	23	121.66	1	..	23	122.04
1965	.	108	1,598.33	93	6	686.90	106	911.43	22	175.72	..	..	22	175.72

NORTH REGION

1956	.	13	15.18	9	2	7.21	13	7.97	1	0.19	..	..	..	1	0.19	
1957	.	11	16.26	8	1	8.45	11	7.81	4	2.82	..	1	1	0.23	4	3.05
1958	.	13	25.54	11	3	13.48	13	12.06	2	0.99	..	..	..	2	0.99	
1959	.	13	34.69	10	3	19.87	13	14.82	2	0.73	..	..	..	2	0.73	
1960	.	14	34.23	12	1	21.87	14	17.36	3	4.40	..	..	..	3	4.40	
1961	.	15	45.12	8	3	23.64	15	21.48	5	2.19	1	..	0.25	5	2.44	
1962	.	16	52.44	10	2	27.18	15	25.26	8	9.98	..	..	..	8	9.98	
1963	.	17	71.54	11	2	21.00	17	50.54	8	37.11	..	..	..	8	37.11	
1964	.	20	100.87	12	3	40.67	20	60.20	6	31.82	..	..	..	6	31.82	
1965	.	20	132.44	14	5	46.34	20	86.10	5	23.28	..	..	..	5	23.28	

SOUTH REGION

1956	.	27	102.60	20	1	54.51	27	48.09	4	2.08	2	1	1.29	4	3.32
1957	.	31	130.59	20	..	60.93	31	69.66	4	2.62	..	..	..	4	2.62
1958	.	33	171.07	25	1	96.92	33	74.15	4	12.49	..	..	..	4	12.49
1959	.	33	267.98	24	..	148.56	33	119.42	6	9.46	..	..	..	6	9.46
1960	.	35	344.35	27	1	188.74	35	155.61	8	17.49	..	..	..	8	17.49
1961	.	37	357.07	28	..	197.02	37	160.05	10	18.70	..	..	..	10	18.70
1962	.	42	341.03	27	2	195.86	42	145.17	13	11.88	1	..	2.06	13	13.94
1963	.	44	403.45	28	2	209.17	44	194.28	14	17.93	1	..	0.47	13	18.40
1964	.	42	478.32	26	2	212.56	42	265.76	16	61.76	..	..	..	16	61.76
1965	.	43	551.50	28	4	259.58	43	291.92	15	74.28	..	..	..	15	74.28

TABLE 4.1
ENGINEERING INDUSTRY—EAST REGION
Balance Sheet

(Rupees in Crores)

Year	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
Number of Companies	51	58	65	71	76	81	85	87	87	83
CAPITAL AND LIABILITIES										
1. Paid-up Capital & Premium on Shares	37.86	50.01	61.33	66.52	78.48	93.51	99.30	111.96	117.57	121.67
1.1 Ordinary*	30.67	39.77	48.45	53.20	61.55	75.32	81.36	95.16	99.73	100.41
1.2 Preference	6.92	8.80	10.83	11.20	11.21	11.28	11.53	11.56	11.96	14.35
1.3 Deferred/Forfeited	0.10	0.11	0.11	0.10	0.07	0.07	0.07	0.07	0.07	0.06
1.4 Premium on Shares	0.17	1.33	1.94	2.02	5.65	6.84	6.34	5.17	5.81	6.85
2. Reserves	14.69	20.69	25.95	30.51	37.09	41.87	43.97	50.55	67.67	83.46
2.1 Capital Reserves	2.83	3.21	3.22	3.13	3.56	3.22	3.35	4.70	5.46	5.62
2.2 Development Rebate	0.69	1.19	2.86	5.54	7.43	9.18	11.65	14.49	19.05	25.06
2.3 Others	11.17	16.29	19.87	21.84	26.10	29.47	28.97	31.36	43.16	52.78
3. Borrowings	33.71	36.37	43.19	50.43	57.41	72.32	90.09	105.15	131.58	159.18
3.1 Debentures	5.86	5.96	7.44	7.82	10.81	12.96	14.07	15.47	16.90	21.32
3.2 Institutional Loans	0.52	0.69	1.53	1.58	2.23	2.18	4.02	8.54	10.28	7.60
3.3 Government Loans	0.79	0.84	0.78	1.16	1.38	1.64	1.18	1.07	1.02	1.27
3.4 Bank Loans	22.14	21.45	24.61	31.34	34.01	46.22	57.50	59.06	75.83	92.90
3.5 Others	4.40	17.43	18.83	8.53	8.98	9.32	13.32	21.01	27.55	36.09

4. Payables	27.43	58.70	58.60	63.77	77.38	93.50	112.10	128.69	136.83	136.12
4.1 Tax Provision (Net)	3.65	7.03	6.88	7.81	8.57	10.58	14.84	17.25	17.76	16.13
4.2 Other Liabilities	23.78	51.67	51.72	55.96	68.81	82.92	97.26	111.44	119.07	119.99
5. Total Liabilities	113.69	165.77	189.07	211.23	250.36	301.20	345.46	396.35	453.65	500.43

ASSETS

6. Net Block	44.27	59.94	74.63	80.75	96.60	124.95	140.34	167.92	195.66	217.54
6.1 Gross Block	64.06	91.05	113.94	126.39	147.73	186.44	213.30	255.22	298.64	337.30
6.11 Land & Buildings	18.84	24.04	29.99	34.73	39.25	55.83	53.41	60.74	67.36	74.97
6.12 Plant & Machinery	30.73	44.01	57.40	70.21	77.93	93.68	121.39	142.46	168.38	194.29
6.13 Other Assets	16.49	23.00	26.55	21.45	30.55	36.93	38.50	52.02	62.90	68.04
6.2 Depreciation	17.79	31.11	39.31	45.64	51.13	61.49	72.96	87.30	102.98	119.76
7. Intangibles	0.09	0.36	0.38	0.58	0.44	0.66	0.78	0.74	0.82	0.92
8. Investment in Industrial Securities	1.77	3.87	4.06	4.37	6.78	7.60	8.52	9.41	7.95	8.75
9. Inventories	42.45	59.62	65.40	70.65	84.03	98.82	114.70	131.05	150.16	165.49
9.1 Raw Materials	18.90	22.49	26.07	28.10	33.01	38.18	42.12	48.05	60.05	72.20
9.2 Finished & Semi-finished	17.61	28.35	28.14	30.92	37.50	44.58	51.47	58.54	61.77	63.83
9.3 Stores and Spares etc.	5.94	8.78	11.19	11.63	13.52	16.06	21.11	24.46	28.34	29.46
10. Cash and Government Securities	4.58	8.92	8.59	14.57	11.42	13.13	12.59	11.75	10.61	10.82
11. Receivables	20.53	33.06	36.01	40.31	51.09	56.04	68.53	75.48	85.45	96.91
12. Total Assets	113.69	165.77	189.07	211.23	250.36	301.20	345.46	396.35	453.65	500.43
*Bonus Shares	3.32	5.59	7.52	7.52	7.52	7.72	10.03	14.41	14.92	14.73

TABLE 4.2
ENGINEERING INDUSTRY—WEST REGION
Balance Sheet

(Rupees in Crores)

Year	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
Number of Companies	64	71	81	89	98	109	123	129	132	130
CAPITAL AND LIABILITIES										
1. Paid-up Capital & Premium on Shares	25.96	29.19	33.70	40.18	45.55	54.93	71.93	82.05	93.52	102.51
1.1 Ordinary*	20.81	23.81	27.47	33.47	38.31	47.03	62.53	72.25	82.19	90.54
1.2 Preference	4.72	4.94	5.76	6.23	6.74	7.13	7.29	7.71	9.32	9.89
1.3 Deferred/Forfeited	0.10	0.10	0.10	0.10	0.10	0.09	0.16	0.09	0.13	0.13
1.4 Premium on Shares	0.33	0.34	0.37	0.38	0.40	0.68	1.95	2.00	1.88	1.95
2. Reserves	4.36	5.36	6.84	8.72	12.13	15.12	18.36	24.87	31.98	39.78
2.1 Capital Reserves	0.57	0.44	0.51	0.37	0.39	0.70	0.74	1.28	1.29	1.74
2.2 Development Rebate	0.33	0.52	1.24	1.99	3.19	4.47	5.58	7.26	9.71	12.47
2.3 Others	3.46	4.40	5.09	6.36	8.55	9.95	12.04	16.33	20.98	25.57
3. Borrowings	30.75	34.61	34.96	37.69	47.39	56.27	66.87	89.40	109.35	142.37
3.1 Debentures	0.62	0.90	3.06	0.58	0.63	0.46	0.42	0.39	6.21	9.05
3.2 Institutional Loans	1.27	1.37	0.93	1.07	1.41	2.15	6.65	8.35	16.40	18.71
3.3 Government Loans	0.69	0.67	0.65	0.80	0.65	0.74	0.81	0.65	0.69	0.45
3.4 Bank Loans	23.55	27.27	26.61	26.67	35.64	46.61	48.62	59.76	70.19	90.30
3.5 Others	4.63	4.40	3.71	8.57	9.06	6.31	10.37	20.25	15.86	23.86

4. Payables	25.83	28.98	31.43	34.20	44.56	52.20	61.32	75.06	89.09	105.36		
4.1 Tax Provision (Net)	5.31	0.93	4.05	4.05	5.02	6.46	8.39	9.55	11.18	12.99		
4.2 Other Liabilities	20.62	28.05	27.38	30.15	39.54	45.74	52.93	65.51	77.91	92.37		
5. Total Liabilities	86.90	98.14	106.93	120.79	149.63	178.52	218.48	271.38	323.94	390.02		

ASSETS

6. Net Block	17.51	20.81	25.14	31.71	37.88	46.63	61.86	84.65	105.13	126.87		
6.1 Gross Block	27.23	33.03	39.95	48.89	58.38	71.24	91.46	120.35	149.05	179.26		
6.11 Land and Buildings	9.22	10.10	11.46	13.66	15.31	18.29	23.47	36.69	37.08	43.60		
6.12 Plant and Machinery	13.10	16.89	21.16	26.04	27.34	38.57	49.33	58.11	82.20	98.63		
6.13 Other Assets	4.91	6.04	7.33	9.19	15.73	14.38	18.66	25.55	29.77	37.03		
6.2 Depreciation	9.72	12.22	14.81	17.18	20.50	24.61	29.60	35.70	43.92	52.39		
7. Intangibles	0.64	0.67	0.73	0.66	0.92	1.25	1.33	1.63	2.02	1.91		
8. Investment in Industrial Securities	4.11	4.75	5.02	6.12	6.95	7.30	8.79	9.76	10.85	13.78		
9. Inventories	38.97	42.24	43.51	48.37	62.54	72.08	84.61	100.95	114.83	141.26		
9.1 Raw Materials	6.42	6.87	9.32	10.96	15.35	17.29	25.69	31.32	36.69	47.30		
9.2 Finished & Semi-Finished	27.58	28.76	26.71	28.50	36.32	41.02	44.49	53.45	59.16	72.57		
9.3 Stores, Spares, etc.	4.97	6.61	7.48	8.91	10.87	13.77	14.43	16.28	18.98	21.39		
10. Cash and Government Securities	3.68	3.92	4.69	4.11	6.01	7.43	10.24	9.95	10.41	8.68		
11. Receivables	21.99	25.75	27.84	29.82	35.33	43.83	51.65	64.44	80.70	97.52		
12. Total Assets	86.90	98.14	106.93	120.79	149.63	178.52	218.48	271.38	323.94	390.02		
13. *Inclusive of Bonus Shares	0.77	0.81	0.88	0.97	1.05	1.35	1.50	1.64	1.69	1.90		

TABLE 4.3
ENGINEERING INDUSTRY—NORTH REGION
Balance Sheet

(Rupees in Crores)

Year	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
Number of Companies	15	15	15	15	17	20	24	25	26	25
CAPITAL AND LIABILITIES										
1. Paid-up Capital & Premium on Shares	1.74	1.94	2.01	2.47	3.46	4.77	6.39	7.77	9.92	10.70
1.1 Ordinary*	1.19	1.27	1.30	1.73	2.38	3.29	4.42	5.70	7.35	8.07
1.2 Preference	0.45	0.59	0.63	0.66	0.90	1.34	1.57	1.67	2.40	2.47
1.3 Deferred/Forfeited	0.10	0.08	0.08	0.08	0.09	0.05	0.05	0.05	0.05	0.04
1.4 Premium on Shares	..	..	..	..	0.09	0.09	0.35	0.35	0.12	0.12
2. Reserves	0.29	0.37	0.54	0.71	0.89	1.14	1.35	1.56	1.95	2.87
2.1 Capital Reserves	..	..	..	0.01	0.01	0.01	0.01	0.02	0.04	0.04
2.2 Development Rebate	..	0.01	0.05	0.09	0.21	0.28	0.43	0.56	0.85	1.09
2.3 Others	0.29	0.36	0.49	0.61	0.67	0.85	0.91	0.98	1.06	1.74
3. Borrowings	2.61	2.81	2.76	2.96	4.72	5.06	7.21	10.32	13.64	20.83
3.1 Debentures	0.13	0.13	0.13	0.13	0.03	0.03	0.03	0.03	0.03	0.03
3.2 Institutional Loans	0.20	0.29	0.68	0.20	0.56	0.56	1.85	2.63	3.36	4.73

3.3 Government Loans	.	.	.	.	.	1.61	1.44	1.21	1.68	0.02	3.36	3.41	2.27	0.03	0.04	0.04
3.4 Bank Loans	.	.	.	.	.	0.67	0.95	0.74	0.95	0.75	1.06	3.06	2.68	4.95	6.60	10.85
3.5 Others, ..	.	.	.	.	.											
4. Payables	.	.	.	.	.	2.19	3.12	4.22	4.16	4.51	5.49	6.90	7.06	8.50	8.99	
4.1. Tax Provision (NET)	.	.	.	.	.	0.10	-0.16	0.21	0.30	0.42	0.61	0.73	0.52	0.62	0.52	
4.2. Other Liabilities	.	.	.	.	.	2.09	2.96	4.01	3.86	4.09	4.88	6.17	6.54	7.88	8.47	
5. Total Liabilities	.	.	.	.	.	6.83	8.24	9.53	10.30	13.58	16.46	21.85	26.71	34.01	43.39	

ASSETS

6. Net Block	.	.	.	.	.	1.74	1.93	2.09	2.21	3.01	5.13	8.00	10.18	13.08	16.02	
6.1 Gross Block	.	.	.	.	.	2.34	2.67	2.98	3.29	4.40	6.94	10.16	13.13	17.14	21.21	
(a) Land and Buildings	.	.	.	.	.	0.62	0.71	0.80	0.90	1.26	1.77	2.54	3.34	4.49	5.17	
(b) Plant and Machinery	.	.	.	.	.	1.32	1.48	1.69	1.83	2.38	3.88	5.76	7.49	10.52	13.66	
(c) Other Assets	.	.	.	.	.	0.40	0.48	0.49	0.56	0.76	1.29	1.86	2.30	2.13	2.38	
6.2 Depreciation	.	.	.	.	.	0.60	0.74	0.89	1.08	1.39	1.81	2.16	2.95	4.06	5.19	
7. Intangibles	.	.	.	.	.	0.01	0.02	0.01	0.02	0.05	0.15	0.24	0.31	0.30	0.23	
8. Investment in Industrial Securities	.	.	.	.	.	0.11	0.19	0.18	0.23	0.25	0.30	0.31	0.34	0.34	0.58	
9. Inventories	.	.	.	.	.	3.32	4.27	5.68	6.15	7.39	7.58	9.74	11.64	14.94	19.84	
9.1 Raw Materials	.	.	.	.	.	0.96	0.65	0.91	1.09	1.33	1.65	2.59	3.67	5.35	8.05	
9.2 Finished/Semi-finished	.	.	.	.	.	1.70	2.89	3.93	4.28	5.25	4.77	5.65	5.99	6.90	8.49	
9.3 Stores and Spares, etc.	.	.	.	.	.	0.66	0.73	0.84	0.78	0.81	1.16	1.50	1.98	2.69	3.30	
10. Cash and Government Securities	.	.	.	.	.	0.22	0.22	0.19	0.39	1.57	1.46	1.04	1.12	0.91	0.59	
11. Receivables	.	.	.	.	.	1.43	1.61	1.38	1.30	1.31	1.84	2.52	3.12	4.44	6.13	
12. Total Assets	.	.	.	.	.	6.83	8.24	9.53	10.30	13.58	16.46	21.85	26.71	34.01	43.39	
*Bonus Shares	.	.	.	.	.	0.02	0.03	0.03	0.03	0.03	0.03	0.05	0.05	0.30	0.30	

TABLE 4.4
ENGINEERING INDUSTRY—SOUTH REGION
Balance Sheet

(Rupees in Crores)

Year	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
Number of Companies	31	35	37	39	43	47	55	58	58	58
CAPITAL AND LIABILITIES										
1. Paid-up Capital and Premium on Shares	6.98	8.41	9.67	12.74	15.48	20.27	26.00	35.18	42.39	46.18
1.1 Ordinary*	6.46	7.84	8.97	11.67	14.24	18.84	24.10	31.51	37.76	41.05
1.2 Preference	0.44	0.49	0.58	0.95	1.07	1.28	1.73	3.22	4.00	4.38
1.3 Deferred/Forfeited	0.05	0.05	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07
1.4 Premium on Shares	0.03	0.30	0.05	0.05	0.10	0.08	0.10	0.38	0.56	0.68
2. Reserves	1.74	2.78	3.54	4.82	6.11	7.68	9.08	11.07	13.07	15.54
2.1 Capital Reserves	0.02	0.02	0.03	0.13	0.10	0.10	0.10	0.12	0.12	0.12
2.2 Development Rebate	0.12	0.15	0.54	1.05	1.68	2.25	3.04	3.84	5.21	6.42
2.3 Others	1.60	2.61	2.97	3.64	4.33	5.33	5.94	7.11	7.74	9.00
3. Borrowings	7.42	7.50	7.82	8.97	13.70	17.49	22.86	30.31	40.94	49.91
3.1 Debentures	0.01	..	..	0.05	0.05	0.45	0.45	0.45	0.45	0.67
3.2 Institutional Loans	0.15	0.32	0.68	0.81	0.88	1.11	2.43	3.03	4.45	6.83
3.3 Government Loans	..	0.17	0.16	0.16	0.31	0.03	0.12	0.11	0.18	0.17
3.4 Bank Loans	4.79	4.85	5.30	6.85	9.99	13.04	17.78	24.26	27.49	32.18
3.5 Others	2.47	2.16	1.68	1.10	2.47	2.86	2.08	2.46	8.37	10.06

4. Payables	7.14	8.26	8.33	11.69	14.68	17.44	18.65	24.96	28.40	33.74
4.1 Tax Provision (NET)	1.44	1.48	1.62	1.46	2.19	2.66	3.83	3.58	3.98	5.02
4.2 Other Liabilities	5.70	6.78	6.71	10.23	12.49	14.78	14.82	21.38	24.42	28.72
5. Total Liabilities	23.28	26.95	29.36	38.22	49.97	62.88	76.59	101.52	124.80	145.37

ASSETS

6. Net Block	6.25	7.84	9.82	13.51	16.70	21.61	28.37	39.29	50.99	62.17
6.1 Gross Block	10.12	12.53	15.46	20.69	25.49	32.25	41.40	55.33	70.68	87.03
(a) Land & Buildings	3.21	3.77	4.33	5.60	6.70	7.88	10.19	13.37	16.20	19.33
(b) Plant & Machinery	5.64	7.10	9.08	11.27	15.63	19.48	25.82	34.46	47.69	59.93
(c) Other Assets	1.27	1.66	2.05	3.82	3.16	4.89	5.39	7.50	6.79	7.77
6.2 Depreciation	3.87	4.69	5.64	7.18	8.79	10.64	13.03	16.04	19.69	24.86
7. Intangibles	0.03	0.05	0.07	0.10	0.10	0.27	0.51	0.45	0.73	0.75
8. Investment in Industrial Securities	1.68	1.70	1.75	1.78	2.44	3.65	4.16	4.92	5.74	6.13
9. Inventories	9.97	10.93	11.32	14.29	18.97	23.01	25.46	32.79	39.64	48.23
9.1 Raw Materials	2.80	3.17	2.86	3.67	4.85	6.84	6.78	9.98	12.07	15.23
9.2 Finished/Semi-Finished	4.47	5.16	5.17	6.51	8.07	8.66	10.22	12.93	15.32	18.89
9.3 Stores & Spares, etc.	2.70	2.60	3.29	4.11	6.05	7.51	8.46	9.88	12.25	14.11
10. Cash & Government Securities	0.66	1.04	0.96	1.12	1.71	3.33	3.77	4.28	4.52	3.75
11. Receivables	4.69	5.39	5.44	7.42	10.05	11.01	14.32	19.79	23.18	24.34
12. Total Assets	23.28	26.95	29.36	38.22	49.97	62.88	76.59	101.52	124.80	145.37
*Bonus Shares	1.04	1.04	1.04	1.04	1.14	1.14	1.31	1.31	1.53	1.53

TABLE 4.5

ENGINEERING INDUSTRY—EAST REGION

Profit & Loss and Appropriation Account

(Rupees in Crores)

Year	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
Number of Companies	51	58	65	71	76	81	85	87	87	83

INCOME

1. Net Sales (Sales Adjusted for Stock, Excise & Commission)	112.18	159.08	177.21	215.58	244.77	264.91	305.14	356.59	428.90	474.43
1.1 Sales	109.20	160.60	179.18	217.36	252.84	271.69	313.29	368.42	444.97	487.09
1.2 Stock Adjustment	4.30	0.33	0.33	1.78	5.67	6.27	7.71	7.33	7.68	9.58
1.3 Less Excise Duty	0.14	0.45	0.44	1.24	10.82	9.81	11.98	15.59	19.69	20.15
1.4 Less Selling Commission	1.18	1.40	1.86	2.32	2.92	3.24	3.88	3.57	4.06	2.09
2. Other Income	1.26	2.17	2.79	2.87	3.51	3.96	4.12	5.10	6.13	6.75
3. Total Income	113.44	161.25	180.00	218.45	248.28	268.87	309.26	361.69	435.03	481.18

COSTS

4. Manufacturing Costs	81.63	111.90	119.13	146.32	165.02	175.22	199.04	229.97	276.09	303.69
4.1 Raw Materials	71.15	96.16	99.42	123.21	136.17	144.67	162.14	184.18	222.91	244.72
4.2 Stores, Spares, etc.	6.30	8.60	11.02	12.60	14.37	15.67	18.22	22.32	24.87	28.24
4.3 Powers, Fuels, etc.	1.45	2.73	3.51	4.36	4.85	5.57	7.35	9.17	10.43	11.47
4.4 Others	2.73	4.41	5.18	6.15	9.63	9.31	11.33	14.30	17.88	19.26

5. Employees	14.95	23.64	28.96	33.92	39.14	43.55	49.47	55.54	66.87	76.04
6. Other Expenses	5.71	8.29	9.98	11.71	12.95	15.80	19.19	22.73	25.71	31.61
6.1 Managing Agents' Remrn.	20.60	10.74	0.71	1.03	11.00	0.96	11.13	0.95	1.30	1.53
6.2 Interest	1.33	1.92	2.21	2.58	3.00	4.09	4.84	6.02	7.60	10.29
6.3 Sundries	3.78	5.63	7.06	8.10	8.95	10.75	13.22	15.76	16.81	19.79
7. Depreciation	3.24	5.13	5.67	6.59	7.93	9.05	12.12	14.71	17.19	18.23
8. Less Expenses Capitalised	0.87	0.93	0.62	1.01	0.80	0.90	0.93	0.38	1.05	0.69
9. Total Costs	104.66	148.03	163.12	197.53	224.24	242.72	278.89	322.57	384.81	428.88

APPROPRIATION

10. Profit before Tax	8.78	13.22	16.88	20.92	24.04	26.15	30.37	39.12	50.22	52.30
11. Tax Provision	3.98	6.37	8.03	8.93	10.60	12.22	17.99	21.69	24.22	24.45
12. Profit after Tax	4.80	6.85	8.85	11.99	13.44	13.93	12.38	17.43	26.00	27.85
13. Dividend	2.69	4.03	5.65	8.16	8.83	9.44	9.31	10.48	12.14	13.50
13.1 Ordinary	2.42	3.52	5.13	7.42	8.02	8.56	8.36	9.49	11.13	12.27
13.2 Preference	0.27	0.51	0.52	0.74	0.81	0.88	0.95	0.99	1.01	1.23
14. Retained Profit	2.11	2.82	3.20	3.83	4.61	4.49	3.07	6.95	13.86	14.35

TABLE 4.6
ENGINEERING INDUSTRY—WEST REGION
Profit & Loss and Appropriation Account

(Rupees in Crores)

Year	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
Number of Companies	64	71	81	89	98	109	123	129	132	130
INCOME										
1. Net Sales (Sales Adjusted for Stock, Excise & Commn.)	133.91	145.70	139.17	139.20	181.54	203.50	220.87	285.10	348.16	411.80
1.1 Sales	126.39	147.27	140.64	138.36	178.82	204.19	224.79	277.86	347.46	404.47
1.2 Stock Adjustment	8.99	0.18	0.27	2.73	5.32	2.22	0.12	12.31	8.12	14.35
1.3 Less Excise Duty	0.07	0.06	0.09	0.11	0.30	0.42	0.96	1.53	2.23	3.10
1.4 Less Selling Commission	1.40	1.69	1.65	1.78	2.30	2.49	2.84	3.54	5.19	3.92
2. Other Income	1.61	2.05	2.15	2.76	2.68	3.09	3.96	4.25	5.54	8.39
3. Total Income	135.52	147.75	141.32	141.96	184.22	206.59	224.83	289.35	353.70	420.19
COSTS										
4. Manufacturing Costs	110.43	118.19	106.68	101.69	134.80	147.76	160.36	203.30	245.34	289.94

4.1 Raw Materials	101.20	108.54	95.35	96.30	116.72	128.63	137.76	175.34	209.93	246.75
4.2 Stores, Spares, etc.	5.95	5.98	7.41	2.05	12.53	12.56	15.18	19.75	23.87	27.47
4.3 Powers, Fuels, etc.	0.65	0.72	0.98	1.17	1.64	2.12	2.46	3.14	3.82	4.14
4.4 Others	2.63	2.95	2.94	2.17	3.91	4.45	4.96	5.07	7.72	11.58
5. Employees	12.60	14.58	17.38	20.07	23.33	27.14	31.55	37.99	47.69	56.74
6. Other Expenses	6.53	8.07	8.92	10.32	11.96	15.50	14.25	22.57	27.75	36.56
6.1 Managing Agents' Remun.	0.33	0.31	0.46	0.50	0.72	0.61	0.58	0.82	0.93	1.09
6.2 Interest	1.33	2.00	2.06	2.20	2.64	3.25	3.98	5.30	7.19	10.17
6.3 Sundries	4.87	5.76	6.40	7.62	8.60	11.64	9.69	16.45	19.63	25.30
7. Depreciation	1.86	2.09	2.29	2.78	3.60	4.12	5.23	6.72	8.72	10.72
8. Less Expenses Capitalised	0.07	0.06	0.09	0.15	0.26	0.42	0.83	1.42	1.10	2.60
9. Total Costs	131.35	142.87	135.18	134.71	173.43	194.10	210.56	269.16	328.40	391.36

APPROPRIATION

10. Profit before Tax	4.17	4.88	6.14	7.25	10.79	12.49	14.27	20.19	25.30	28.83
11. Tax Provision	2.20	2.74	3.47	3.38	4.70	6.08	7.74	9.85	11.60	14.60
12. Profit after Tax	1.97	2.14	2.67	3.87	6.09	6.41	6.53	10.34	13.70	14.23
13. Dividend	1.33	1.50	1.92	2.61	3.66	3.89	3.74	5.01	6.22	6.87
13.1 Ordinary	1.19	1.29	1.59	2.22	2.87	3.28	3.17	4.34	5.32	6.01
13.2 Preference	0.14	0.21	0.33	0.39	0.79	0.61	0.57	0.67	0.90	0.86
14. Retained Profit	0.64	0.64	0.75	1.26	2.43	2.52	2.79	5.33	7.48	7.36

TABLE 4.7
ENGINEERING INDUSTRY—NORTH REGION
Profit & Loss and Appropriation Account

(Rupees in Crores)

Year	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
Number of Companies	14	15	15	15	17	20	24	25	26	25
INCOME										
1. Net Sales (Sales Adjusted for Stock, Excise & Commn.)	8.14	9.88	10.12	11.67	11.89	12.15	16.04	19.36	26.67	32.05
1.1 Sales	8.09	8.85	9.45	11.71	12.04	12.08	15.71	19.65	26.67	31.84
1.2 Stock Adjustment	0.30	1.28	0.99	0.28	0.10	0.37	0.83	0.31	0.88	1.48
1.3 Less Excise Duty	0.03	0.03	0.05	0.05	0.07	0.08	0.17	0.15	0.19	0.34
1.4 Less Selling Commission	0.22	0.22	0.27	0.27	0.18	0.22	0.33	0.45	0.69	0.93
2. Other Income	0.23	0.25	0.40	0.31	0.37	0.70	0.46	0.31	0.77	0.61
3. Total Income	8.37	10.13	10.52	11.98	12.26	12.85	16.50	19.67	27.44	32.66
COSTS										
4. Manufacturing Costs	6.56	8.03	8.01	9.12	8.98	9.09	11.78	13.56	18.95	21.99
4.1 Raw Materials	6.10	7.39	7.32	8.25	8.02	8.04	10.41	11.57	16.01	19.01
4.2 Stores, Spares, etc.	0.17	0.30	0.32	0.38	0.40	0.46	0.63	0.93	1.40	1.49
4.3 Powers, Fuels, etc.	0.08	0.09	0.10	0.15	0.14	0.15	0.20	0.29	0.37	0.39
4.4 Others	0.21	0.25	0.27	0.34	0.42	0.44	0.54	0.77	1.17	1.10

5. Employees	0.75	0.91	1.03	1.21	1.39	1.54	1.90	2.49	3.43	4.30
6. Other Expenses	0.70	0.75	0.84	0.85	0.93	1.12	1.52	2.12	2.81	3.61
6.1 Managing Agents' Remrn.	0.03	0.03	0.04	0.04	0.04	0.04	0.05	0.07	0.03	0.08
6.2 Interest	0.16	0.16	0.17	0.19	0.22	0.25	0.37	0.61	0.92	1.35
6.3 Sundries	0.51	0.56	0.63	0.62	0.67	0.83	1.10	1.44	1.86	2.18
7. Depreciation	0.12	0.15	0.19	0.22	0.30	0.34	0.47	0.85	1.11	1.21
8. Less Expenses Capitalised	..	0.01	0.01	..	0.01	0.08	0.22	0.19	0.28	0.32
9. Total Costs	8.13	9.83	10.06	11.40	11.59	12.01	15.45	18.83	26.02	30.79

APPROPRIATION

10. Profit before Tax	0.24	0.30	0.46	0.58	0.67	0.84	1.05	0.84	1.42	1.87
11. Tax Provision	0.09	0.17	0.22	0.24	0.32	0.41	0.63	0.50	0.73	0.78
12. Profit after Tax	0.15	0.13	0.24	0.34	0.35	0.43	0.42	0.34	0.69	1.09
13. Dividend	0.07	0.08	0.13	0.20	0.22	0.24	0.27	0.21	0.41	0.46
13.1 Ordinary	0.06	0.07	0.08	0.12	0.16	0.17	0.20	0.14	0.28	0.28
13.2 Preference	0.01	0.01	0.05	0.08	0.06	0.07	0.07	0.07	0.13	0.18
14. Retained Profit	0.08	0.05	0.11	0.14	0.13	0.19	0.15	0.13	0.28	0.63

TABLE 4.8
ENGINEERING INDUSTRY—SOUTH REGION
Profit & Loss and Appropriation Account

(Rupees in Crores)

YEAR	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
Number of Companies	31	35	37	39	43	47	55	58	58	58
INCOME										
1. Net Sales (Sales Adjusted for Stock, Excise & Commn.)	33.57	39.71	41.69	49.39	62.18	72.29	85.25	94.97	111.94	131.69
1.1 Sales	33.65	39.35	41.63	48.42	60.76	72.93	86.18	94.25	113.06	132.18
1.2 Stock Adjustment	0.05	0.61	0.41	1.28	2.46	0.76	1.25	2.57	1.72	3.57
1.3 Less Excise Duty					0.69	0.89	1.61	1.35	2.24	3.37
1.4 Less Selling Commission	0.13	0.25	0.35	0.31	0.35	0.51	0.57	0.50	0.60	0.69
2. Other Income	0.37	0.43	0.57	0.84	0.94	1.11	1.34	1.38	1.57	2.01
3. Total Income	33.94	40.14	42.26	50.23	63.12	73.40	86.59	96.35	113.51	133.70
COSTS										
4. Manufacturing Costs	26.48	30.83	31.53	36.46	46.52	52.30	62.32	67.52	79.50	92.62
4.1 Raw Materials	21.75	24.33	26.21	32.13	41.82	46.77	54.66	58.47	68.56	80.55
4.2 Stores, Spares, etc.	3.30	5.11	3.47	2.36	2.17	2.68	3.54	4.01	5.51	5.90
4.3 Powers, Fuels, etc.	0.26	0.33	0.38	0.53	0.66	0.89	1.10	1.34	1.66	2.43
4.4 Others	1.17	1.06	1.47	1.44	1.87	2.96	3.02	3.70	3.77	3.74

5. Employees	2.85	3.88	4.42	5.18	6.32	7.79	9.63	12.04	14.31	17.00
6. Other Expenses	1.61	2.09	2.25	2.77	3.07	3.80	4.73	5.74	7.19	9.43
6.1 Managing Agents' Remrn.	0.10	0.13	0.10	0.14	0.16	0.18	0.23	0.33	0.37	0.38
6.2 Interest	0.37	0.50	0.47	0.54	0.73	1.03	1.36	1.85	2.46	3.62
6.3 Sundries	1.14	1.46	1.68	2.09	2.18	2.59	3.14	3.56	4.36	5.43
7. Depreciation	0.82	0.86	0.99	1.51	1.75	2.02	2.63	3.27	3.95	5.44
8. Less Expenses Capitalised	..	0.01	0.03	0.03	0.02	0.02	0.06	0.06	0.24	0.15
9. Total Costs	31.76	37.65	39.16	45.89	57.64	66.89	79.25	88.51	104.71	124.34

APPROPRIATION

10. Profit before Tax	2.18	2.49	3.10	4.34	5.48	6.51	7.34	7.84	8.80	9.36
11. Tax Provision	1.17	1.21	1.51	1.75	3.21	3.13	4.05	3.98	4.66	4.59
12. Profit after Tax	1.01	1.28	1.59	2.59	3.27	3.38	3.29	3.86	4.14	4.77
13. Dividend	0.56	0.61	0.97	1.49	1.89	1.97	1.98	2.10	2.13	2.59
13.1 Ordinary	0.55	0.60	0.96	1.47	1.87	1.94	1.87	1.97	2.01	2.27
13.2 Preference	0.01	0.01	0.01	0.02	0.02	0.03	0.11	0.13	0.12	0.32
14. Retained Profit	0.45	0.67	0.62	1.10	1.38	1.41	1.31	1.76	2.01	2.18

TABLE 4.9
ENGINEERING INDUSTRY—EAST REGION
Disposition of Revenue

										(Percentages)
YEAR	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
Number of Companies	51	58	65	71	76	81	85	87	87	83
INCOME										
1. Net Sales (Sales Adjusted for Stock, Excise & Commn.)	98.9	98.7	98.4	98.7	98.6	98.5	98.7	98.6	98.6	98.6
2. Other Income	1.1	1.3	1.6	1.3	1.4	1.5	1.3	1.4	1.4	1.4
3. Total Income	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
COSTS										
4. Manufacturing Costs	71.9	69.4	66.1	67.0	66.5	65.2	64.4	63.5	63.4	63.1
4.1 Raw Materials	62.7	59.6	55.2	56.4	54.8	53.8	52.4	50.9	51.2	50.8
4.2 Stores, Spares, etc.	5.5	5.3	6.1	5.8	5.8	5.8	5.9	6.2	5.7	5.9
4.3 Powers, Fuels, etc.	1.3	1.8	1.9	2.0	2.0	2.1	2.4	2.5	2.4	2.4
4.4 Others	2.4	2.7	2.9	2.8	3.9	3.5	3.7	3.9	4.1	4.0

5. Employees	13.3	14.7	16.2	15.5	15.7	16.2	16.0	15.4	15.4	15.8
6. Other Expenses	5.0	5.1	5.5	5.4	5.2	5.8	6.2	6.3	5.9	6.6
6.1 Managing Agents' Remrn.	0.5	0.4	0.4	0.5	0.4	0.3	0.4	0.2	0.3	0.4
6.2 Interest	1.2	1.2	1.2	1.2	1.2	1.5	1.5	1.7	1.7	2.1
6.3 Sundries	3.3	3.5	3.9	3.7	3.6	4.0	4.3	4.4	3.9	4.1
7. Depreciation	2.9	3.2	3.1	3.0	3.2	3.4	3.9	4.1	3.9	3.8
8. Less Expenses Capitalised	0.8	0.6	0.3	0.5	0.3	0.3	0.3	0.1	0.1	0.2
9. Total Costs	92.3	91.8	90.6	90.4	90.3	90.3	90.2	89.2	88.5	89.1

APPROPRIATION

10. Profit before Tax	7.7	8.2	9.4	9.6	9.7	9.7	9.8	10.8	11.5	10.9
11. Tax Provision	3.5	4.0	4.5	4.1	4.3	4.5	5.8	6.0	5.6	5.1
12. Profit after Tax	4.2	4.2	4.9	5.5	5.4	5.2	4.0	4.8	5.9	5.8
13. Dividend	2.4	2.5	3.1	3.7	3.6	3.5	3.0	2.9	2.8	2.8
13.1 Ordinary	2.1	2.2	2.8	3.4	3.3	3.2	2.7	2.6	2.5	2.5
13.2 Preference	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
14. Retained Profit	1.8	1.7	1.8	1.8	1.8	1.7	1.0	1.9	3.1	3.0

TABLE 4.10
ENGINEERING INDUSTRY—WEST REGION
Disposition of Revenue

										(Percentages)				
YEAR	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965				
Number of Companies	64	71	81	89	98	109	123	129	132	130				
INCOME														
1. Net Sales (Sales Adjusted for Stock, Excise & Commn.)	98.8	98.6	98.5	98.1	98.5	98.5	98.2	98.5	98.4	98.0				
2. Other Income	1.2	1.4	1.5	1.9	1.5	1.5	1.8	1.5	1.6	2.0				
3. Total Income	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0				
COSTS														
4. Manufacturing Costs	81.5	80.0	75.5	71.6	73.2	71.5	71.3	70.3	69.4	69.0				
4.1 Raw Materials	74.7	73.5	67.5	67.8	63.4	62.3	61.3	60.6	59.4	58.7				
4.2 Stores, Spares, etc.,	4.4	4.0	5.2	1.4	6.8	6.1	6.8	6.8	6.7	6.5				
4.3 Powers, Fuels, etc..	0.5	0.5	0.7	0.8	0.9	1.0	1.1	1.1	1.1	1.0				
4.4 Others	1.9	2.0	2.1	1.6	2.1	2.1	2.1	1.8	2.2	2.8				

5. Employees	9.3	9.8	12.3	14.1	12.6	13.1	14.1	13.1	13.5	13.5
6. Other Expenses	4.8	5.5	6.3	7.3	6.5	7.5	6.3	7.8	7.8	8.7
6.1 Managing Agents' Remrn.	0.2	0.2	0.3	0.4	0.4	0.3	0.3	0.3	0.3	0.3
6.2 Interest	1.0	1.4	1.5	1.5	1.4	1.6	1.7	1.8	2.0	2.3
6.3 Sundries	3.6	3.9	4.5	5.4	4.7	5.6	4.3	5.7	5.5	6.1
7. Depreciation	1.3	1.4	1.6	2.0	1.9	2.0	2.3	2.3	2.4	2.6
8. Less Expenses Capitalised	..	..	..	0.1	0.1	0.2	0.3	0.5	0.3	0.6
9. Total Costs	96.9	96.7	95.7	94.9	94.1	93.9	93.7	93.0	92.8	93.2

APPROPRIATION

10. Profit before Tax	3.1	3.3	4.3	5.1	5.9	6.1	6.3	7.0	7.2	6.8
11. Tax Provision	1.6	1.9	2.4	2.4	2.6	2.9	3.5	3.4	3.4	2.9
12. Profit after Tax	1.5	1.4	1.9	2.7	3.3	3.2	2.8	3.6	3.8	3.9
13. Dividend	1.0	1.0	1.4	1.8	2.0	1.9	1.6	1.7	1.8	1.6
13.1 Ordinary	0.9	0.8	1.1	1.6	1.5	1.6	1.4	1.5	1.5	1.4
13.2 Preference	0.1	0.2	0.3	0.2	0.5	0.3	0.2	0.2	0.3	0.2
14. Retained Profit	0.5	0.4	0.5	0.9	1.3	1.3	1.2	1.9	2.0	2.3

TABLE 4.11
ENGINEERING INDUSTRY—NORTH REGION
Disposition of Revenue

										(Percentages)
YEAR	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
Number of Companies	14	15	15	15	17	20	24	25	26	25
INCOME										
1. Net Sales (Sales Adjusted for Stock, Excise & Commn.)	97.2	97.5	96.2	97.4	97.0	94.5	97.2	98.4	97.2	98.1
2. Other Income	2.8	2.5	3.8	2.6	3.0	5.5	2.8	1.6	2.8	1.9
3. Total Income	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
COSTS										
4. Manufacturing Costs	78.4	79.2	76.1	76.1	73.2	70.7	71.4	68.9	69.1	67.3
4.1 Raw Materials	72.9	72.9	69.6	68.9	65.4	62.5	63.1	58.8	58.4	58.2
4.2 Stores, Spares, etc.	2.0	3.0	3.0	3.2	3.3	3.6	3.8	4.7	5.1	4.6
4.3 Powers, Fuels, etc.	1.0	0.9	0.9	1.2	1.1	1.2	1.2	1.5	1.3	1.1
4.4 Others	2.5	2.4	2.6	2.8	3.4	3.4	3.3	3.9	4.3	3.4

5. Employees	9.0	9.0	9.8	10.1	11.3	12.1	11.5	12.7	12.5	13.2
6. Other Expenses	8.3	7.4	8.0	7.1	7.6	8.7	9.2	10.8	10.2	11.1
6.1 Managing Agents' Remrn.	0.3	0.3	0.4	0.3	0.3	0.3	0.3	0.4	0.1	0.3
6.2 Interest	1.9	1.6	1.6	1.6	1.8	1.9	2.2	3.1	3.3	4.1
6.3 Sundries	6.1	5.5	6.0	5.2	5.5	6.5	6.7	7.3	6.8	6.7
7. Depreciation	1.4	1.5	1.8	1.8	2.4	2.6	2.8	4.3	4.0	3.7
8. Less Expenses Capitalised	..	0.1	0.1	..	..	0.6	1.3	1.0	1.0	1.0
9. Total Costs	97.1	97.0	95.6	95.2	94.5	93.5	93.6	95.7	94.8	94.3

APPROPRIATION

10. Profit before Tax	2.9	3.0	4.4	4.8	5.5	6.5	6.4	4.3	5.2	5.7
11. Tax Provision	1.1	1.7	2.1	2.0	2.6	3.2	3.9	2.6	2.7	2.4
12. Profit after Tax	1.8	1.3	2.3	2.8	2.9	3.3	2.5	1.7	2.5	3.3
13. Dividend	0.8	0.8	1.2	1.7	1.8	1.9	1.6	1.1	1.5	1.4
13.1 Ordinary	0.7	0.7	0.8	1.0	1.3	1.3	1.2	0.7	1.0	9.9
13.2 Preference	0.1	0.1	0.4	0.7	0.5	0.6	0.4	0.4	0.5	0.5
14. Retained Profit	1.0	0.5	1.1	1.1	1.1	1.4	0.9	0.6	1.0	1.9

TABLE 4.12
ENGINEERING INDUSTRY—SOUTH REGION
Disposition of Revenue

										(Percentages)
YEAR	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
Number of Companies	31	35	37	39	43	47	55	58	58	58
INCOME										
1. Net Sales (Sales Adjusted for Stock, Excise & Commn.)	98·9	98·2	98·6	98·3	98·5	98·5	98·5	98·6	93·6	98·5
2. Other Income	1·1	1·8	1·4	1·7	1·5	1·5	1·5	1·4	1·4	1·5
3. Total Income	100·0	100·0	100·0	100·0	100·0	100·0	100·0	100·0	100·0	100·0
COSTS										
4. Manufacturing Costs	78·1	70·8	74·6	72·6	73·7	72·6	72·0	70·1	70·0	69·3
4·1 Raw Materials	64·1	60·6	62·0	64·0	66·3	63·7	63·1	60·7	60·4	60·3
4·2 Stores, Spares, etc.	9·7	12·7	8·2	4·7	3·4	3·6	4·1	4·2	4·9	4·4
4·3 Powers, Fuels, etc.	0·8	0·9	0·9	1·0	1·0	1·3	1·3	1·4	1·4	1·8
4·4 Others	3·5	2·6	3·5	2·9	3·0	4·0	3·5	3·8	3·3	2·8

5. Employees	8.4	9.7	10.5	1.03	1.00	10.5	11.1	12.5	12.6	12.7
6. Other Expenses	4.7	5.2	5.3	5.5	4.8	5.2	5.5	6.0	6.3	7.0
6.1 Managing Agents' Remrn.	0.2	0.4	0.2	0.2	0.2	0.3	0.3	0.4	0.3	0.3
6.2 Interest	1.1	1.2	1.1	1.1	1.1	1.4	1.6	1.9	2.2	2.7
6.3 Sundries	3.4	3.6	4.0	4.2	3.5	3.5	3.6	3.7	3.8	4.0
7. Depreciation	2.4	2.1	2.3	3.0	2.8	2.8	3.0	3.4	3.5	4.1
8. Less Expenses Capitalised	..	..	..	..	..	..	0.1	0.1	0.2	0.1
9. Total Costs	93.6	93.8	92.7	91.4	91.3	91.1	91.5	91.9	92.2	93.0

APPROPRIATION

10. Profit before Tax	6.4	6.2	7.3	8.6	8.7	8.9	8.5	8.1	7.8	7.0
11. Tax Provision	3.4	3.0	3.5	3.5	3.5	4.3	4.7	4.1	4.1	3.4
12. Profit after Tax	3.0	3.2	3.8	5.1	5.2	4.6	3.8	4.0	3.7	3.6
13. Dividend	1.6	1.5	2.3	3.0	3.0	2.7	2.3	2.2	1.9	1.9
13.1 Ordinary	1.6	1.5	2.3	2.9	3.0	2.6	2.2	2.1	1.8	1.7
13.2 Preference	..	..	..	0.1	..	0.1	0.1	0.1	0.1	0.2
14. Retained Profit	1.4	1.7	1.5	2.1	2.2	1.9	1.5	1.8	1.8	1.7

TABLE 5.1
ENGINEERING INDUSTRY—R.B.I. STUDY
Balance Sheet

(Rupees in Crores)

YEAR	1960-61	1961-62	1962-63	1963-64	1964-65	1964-65	1965-66
Number of Companies	192	192	192	192	192	173	173
CAPITAL AND LIABILITIES							
1. Paid-up Capital & Premium on Shares	122.53	133.05	144.18	158.76	167.97	136.71	144.34
1.1 Ordinary*	105.15	118.19	129.12	143.31	151.25	123.65	130.39
1.2 Preference	17.38	14.86	15.06	15.45	16.72	13.06	13.95
1.3 Premium on Shares	..	..	..	..	..	..	..
2. Reserves	56.86	67.32	77.55	91.24	113.66	98.28	116.67
2.1 Capital Reserves	8.54	9.32	9.80	11.85	12.64	11.08	11.43
2.2 Development Rebate	11.42	15.15	19.33	23.22	29.79	23.22	29.26
2.3 Others	36.90	42.85	48.42	56.17	71.23	83.98	75.98
3. Borrowings	109.06	126.39	149.58	184.75	218.23	156.40	201.65
3.1 Debentures	8.03	9.79	9.66	9.41	11.84	7.87	10.47
3.2 Institutional Loans	5.89	6.45	6.43	7.63	9.08	7.57	8.28
3.3 Bank Loans	73.04	87.46	106.36	124.25	142.02	104.55	136.35
3.4 Others	22.10	22.69	27.13	43.46	55.29	36.41	46.55
4. Payables	124.38	149.46	168.67	196.08	217.73	189.38	197.08
4.1 Tax Provision (NET)	15.32	19.08	27.29	28.29	27.92	25.57	23.99
4.2 Other Liabilities	109.06	130.38	140.95	167.79	189.81	163.81	173.09

5. Total Liabilities	412.83	476.22	539.98	630.83	717.59	580.77	659.74
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ASSETS

6. Net Block	134.84	155.28	176.17	208.02	237.57	182.17	213.49
6.1 Gross Block	212.35	247.56	285.27	336.50	391.39	299.47	349.94
(a) Land and Buildings	60.77	69.77	79.46	88.36	97.87	78.43	91.71
(b) Plant and Machinery	134.31	156.46	180.76	219.65	259.83	196.24	230.69
(c) Other Assets	17.27	21.33	25.05	28.49	33.69	24.80	27.54
6.2 Depreciation	77.51	92.28	109.10	128.48	152.82	117.30	136.45
7. Intangibles	1.25	1.32	1.50	1.58	1.80	1.66	1.94
8. Investment in Industrial Securities	9.36	11.29	13.17	15.06	14.86	14.32	14.99
9. Inventories	168.95	195.43	222.23	261.04	290.93	232.28	264.96
9.1 Raw Materials	63.30	74.95	83.93	98.19	111.17	89.53	106.18
9.2 Finished/Semi-finished	69.72	77.66	89.28	101.98	108.64	99.23	110.04
9.3 Stores and Spares etc.	35.93	42.82	49.02	60.87	70.52	43.52	48.74
10. Cash and Government Securities	16.26	17.77	16.80	16.20	16.16	15.55	15.79
11. Receivables	82.17	95.13	110.11	128.93	134.97	134.79	148.57
12. Total Assets	412.83	476.22	539.98	630.83	717.59	580.77	659.74
*Bonus Shares	9.43	9.73	11.90	15.26	15.61	15.32	18.12

TABLE 5.2
ENGINEERING INDUSTRY—R.B.I. STUDY
Profit & Loss and Appropriation Account

(Rupees in Crores)

YEAR	1960-61	1961-62	1962-63	1963-64	1964-65	1964-65	1965-66
Number of Companies	192	192	192	192	192	173	173
INCOME							
1. Net Sales (Sales Adjusted for Stock, Excise & Selling Commn.)	430.15	471.63	546.36	632.45	759.11	625.74	686.55
1.1 Sales	430.93	476.74	552.26	643.50	779.27	636.98	698.93
1.2 Stock Adjustment	10.21	7.94	11.62	12.70	12.66	11.70	10.81
1.3 Less Excise Duty	10.99	13.05	17.52	23.75	32.82	22.94	23.19
2. Other Income	4.02	4.63	5.08	6.08	7.47	6.66	7.90
3. Total Income	434.17	476.26	551.44	638.53	766.58	632.40	694.45
COSTS							
4. Manufacturing Costs	280.80	300.13	345.64	397.30	478.04	387.91	421.83
4.1 Raw Materials	238.46	253.81	291.74	330.17	398.76	330.54	360.36
4.2 Others	42.34	46.32	53.90	67.13	79.28	57.37	61.47

5. Employees	62.27	71.11	82.47	95.08	113.53	97.97	113.37
6. Other Expenses	39.67	46.70	53.04	60.65	73.22	60.75	69.75
6.1 Interest	5.67	7.17	8.50	10.83	25.18	10.54	14.56
6.2 Managing Agents Remrn.	2.10	1.83	2.06	2.49	2.74	2.27	2.24
6.3 Sundries	31.90	37.70	42.48	47.33	45.30	47.94	52.95
7. Depreciation	12.89	15.45	17.65	20.80	25.18	19.53	20.26
8. Less Expenses Capitalised	..	..	..	..	..	..	..
9. Total Costs	395.63	433.39	498.80	573.83	689.97	566.16	526.21

APPROPRIATION

10. Profit before Tax	38.54	42.87	52.64	64.70	76.61	66.24	69.24
11. Tax Provision	16.27	20.16	30.78	35.30	39.08	35.46	36.35
12. Profit after Tax	22.27	22.71	21.86	29.40	37.53	30.78	32.89
13. Dividend	13.21	14.58	13.13	15.34	16.69	14.70	15.17
13.1 Ordinary	11.99	13.54	12.19	14.47	15.48	13.76	14.11
13.2 Preference	1.22	1.04	0.94	0.87	1.21	0.94	1.06
14. Retained Profit	9.06	8.13	8.73	14.06	20.84	16.08	17.72

TABLE 5-3
ENGINEERING INDUSTRY—R. B. I. STUDY
Desposition of Revenue

								(Percentages)	
YEAR	1960-61	1961-62	1962-63	1963-64	1964-65	1964-65	1965-66		
Number of Companies	192	192	192	192	192	173	173		
INCOME									
1. Net Sales (Adjusted for Stock, Excise, & Selling Commn.)	99·0	99·0	99·1	99·0	99·0	98·9	98·9		
2. Other Income	1·0	1·0	0·9	1·0	1·0	1·1	1·1		
3. Total Income	100·0	100·0	100·0	100·0	100·0	100·0	100·0		
COSTS									
4. Manufacturing Costs	64·7	63·0	62·7	62·2	62·3	61·3	60·7		
4·1 Raw Materials	51·9	53·3	53·1	51·7	52·0	52·3	51·8		
4·2 Others	9·8	9·7	9·6	10·5	10·3	9·0	8·9		
5. Employees	14·3	14·9	15·0	14·9	14·8	15·5	16·3		

6. Other Expenses	9.1	9.9	9.6	9.5	9.6	9.6	10.0
6.1 Interest	1.3	1.5	1.5	1.7	3.3	1.7	2.1
6.2 Managing Agents' Remrn.	0.5	0.5	0.4	0.4	0.4	0.3	0.3
6.3 Sundries	7.3	7.9	7.7	7.4	5.9	7.6	7.6
7. Depreciation	3.0	3.2	3.2	3.3	3.3	3.1	3.0
8. Less Expenses Capitalised	..	..	..	..	..	..	..
9. Total Costs	91.1	91.0	90.5	89.9	90.0	89.5	90.0

APPROPRIATION

10. Profit before Tax	8.9	9.0	9.5	10.1	10.0	10.5	10.0
11. Tax Provision	3.8	4.2	5.6	5.5	5.1	5.6	5.2
12. Profit after Tax	5.1	4.8	3.9	4.6	4.9	4.9	4.8
13. Dividend	3.0	3.1	2.4	2.4	2.2	2.3	2.2
13.1 Ordinary	2.8	2.9	2.2	2.1	2.0	2.1	2.0
13.2 Preference	0.2	0.2	0.2	0.2	0.2	0.2	0.2
14. Retained Profit	2.1	1.7	1.5	2.2	2.7	2.6	2.6

TABLE 5.4
PROFIT ALLOCATION RATIOS
Profit Retained as Per Cent of Profits after Tax

													(Percentages)	
Industry	No. of Cos.	1955-56	1956-57	1957-58	1958-59	1959-60	1960-61	No. of Cos.	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66
I. OUR STUDY														
1. Engineering			41.3 (160)	40.2 (179)	35.0 (198)	33.7 (214)	36.8 (234)		36.8 (234)	35.6 (257)	32.3 (286)	44.3 (298)	53.0 (303)	5.1 (296)
II. R. B. I. STUDY														
1. Tea Plantation	136	—29.7	30.7	—18.5	14.6	33.7	32.8	142	18.8	4.2	2.4	18.9	27.6	
2. Coffee & Rubber Plantation .	33	25.0	23.4	9.6	15.0	—3.4	25.9	35	24.6	—9.7	14.0	27.5	21.2	
3. Coal Mining	44	27.5	—52.7	17.5	29.7	10.6	35.4	45	31.8	10.3	46.6	54.9	23.8	
4. Edible Veg. & Hydro. Oil .	13	59.1	11.6	@	32.3	54.4	41.8	16	44.0	19.0	27.1	—6.7	47.1	
5. Sugar	75	26.8	39.4	37.5	21.7	33.6	33.7	81	33.5	12.1	—66.7	24.8	36.8	
6. Tobacco	7	28.8	16.7	2.7	13.9	12.0	26.3	5	27.5	12.8	35.4	2.9	14.6	
7. Cotton Textiles	211	44.7	41.2	@	—858.2	18.6	50.3	260	54.0	53.3	13.0	23.3	28.4	
8. Jute Textiles	49	—299.9	@	—17.0	35.7	43.9	31.4	56	31.9	—1062.4	57.5	41.6	—37.8	
9. Silk, Woollen & Rayon Textiles	12	69.1	69.5	58.5	99.2	54.5	64.7	17	49.6	52.3	28.7	49.0	38.7	
10. Iron and Steel	2	77.0	72.4	64.3	68.4	59.9	39.4	2	43.2	43.9	57.6	62.2	51.2	
11. Aluminium	3	51.5	23.2	—43.1	—2.5	34.3	42.4	3	45.3	52.7	55.6	44.5	48.5	
12. Engineering	91	49.2	45.6	46.9	38.5	35.3	42.3	192	40.7	35.8	39.9	47.8	55.5	
12.1 Non-Ferrous Metals . .								7	63.9	45.1	52.7	66.4	65.8	
12.2 Transport Equipments .	15	51.4	50.8	21.0	40.5	23.7	36.5	32	36.9	36.1	36.3	44.2	56.5	
12.3 Electricals Machinery .	21	41.4	45.5	40.1	35.5	38.2	41.7	45	39.6	40.0	36.7	55.9	59.0	
12.4 Other Machinery . . .	52	50.9	42.3	58.0	34.6	41.5	46.0	54	55.0	48.9	50.0	54.2	57.0	
12.5 Foundries & Engg. Workshop								25	6.4	28.7	40.0	45.6	54.9	
12.6 Ferrous/Non-Ferrous Products	193	10.0	@	@	95.6	57.1	73.5	29	34.1	12.8	32.6	31.2	45.8	

13. Chemicals	45	32.7	32.2	21.7	11.8	42.1	51.0	90	47.2	43.6	39.1	38.9	39.5
13.1 Basic Industrial Chemicals	13	38.7	36.5	8.0	-2.5	40.0	50.7	35	51.1	46.4	40.5	41.5	40.3
13.2 Medicines & Pharmaceuticals	13	28.6	19.1	32.2	37.5	32.6	33.3	32	44.2	48.6	43.4	38.8	42.7
13.3 Other Chemicals Products	19	23.3	33.3	27.9	5.9	48.5	51.7	23	31.3	14.3	23.6	23.7	19.9
14. Matches	3	6.6	5.6	-114.8	23.4	31.3	25.1	2	25.6	21.5	36.2	22.4	2.4
15. Minerals Oil	2	100.0	57.6	55.4	53.3	50.9	21.8	15	41.5	32.6	-19.6	-23.1	25.2
16. Cement	12	41.4	45.8	9.4	0.3	14.3	6.1	20	11.0	12.3	31.4	28.3	17.8
17. Paper and Paper Products	18	47.4	15.1	31.0	44.1	45.0	37.3	20	41.8	30.7	30.3	42.5	13.1
18. Rubber and Rubber Products	5	47.4	49.6	48.2	38.0	40.7	-43.9	8	38.7	56.9	-31.2	37.8	50.0
19. Electricity Generation	30	30.5	27.1	28.6	31.0	31.0	39.3	29	41.1	37.2	26.8	45.8	42.5
20. Trading	42	-02.2	21.5	11.0	29.7	30.1	9.8	73	2.0	9.9	12.0	24.3	25.8
21. Shipping	10	33.0	68.0	69.2	39.0	-192.0	@	14	nil	nil	39.0	38.7	41.3
All Industries	1001	42.5	41.1	24.7	28.5	37.7	38.4	1333	39.6	36.4	33.4	38.6	39.2

Note.— @ Denotes Profit after Tax as Negative. Figures in bracket show the number of Companies.

TABLE 6

PROFIT RATIOS

6.1. Profit before Tax as Per Cent of Net Sales

(Percentages)

Year	Our Study—Engineering Industry					R.B.I. Study— All India	
	All India	East	West	North	South	All Industries	
1956	. . .	5.3	7.8	3.1	2.8	6.5	n.a.
1957	. . .	5.8	8.3	3.4	3.0	6.3	n.a.
1958	. . .	7.2	9.5	4.4	4.5	7.4	n.a.
1959	. . .	7.8	9.7	4.0	5.0	8.8	n.a.
1960	. . .	8.2	9.8	5.9	5.6	8.8	8.7
1961	. . .	8.3	9.9	6.1	6.9	9.0	8.1
1962	. . .	8.4	9.9	6.4	6.5	8.6	8.1
1963	. . .	9.0	10.6	7.1	4.3	8.3	8.2
1964	. . .	9.3	11.7	7.2	5.3	7.8	7.6 7.9*
1965	. . .	8.8	11.0	7.0	5.8	7.1	7.6*
**1965	. . .	10.3	11.7	8.8	7.2	7.8	
**1966	. . .	8.1	9.4	7.2	4.5	5.3	

6.2. Profit after Tax as Per Cent of Net Sales

(Percentages)

Year	Our Study—Engineering Industry					R.B.I. Study— All India	
	All India	East	West	North	South	All Industries	
1956	. . .	2.7	4.3	1.5	1.8	3.0	n.a.
1957	. . .	2.8	4.3	1.5	1.3	3.2	n.a.
1958	. . .	3.6	4.3	1.9	2.4	3.2	n.a.
1959	. . .	4.5	5.5	2.8	2.9	3.8	n.a.
1960	. . .	4.6	5.5	3.3	2.9	5.2	5.3
1961	. . .	4.4	5.3	3.1	2.0	4.7	4.5
1962	. . .	3.6	4.1	3.0	2.6	3.9	3.8
1963	. . .	4.2	4.9	3.6	1.8	4.1	4.0
1964	. . .	4.8	6.0	3.9	2.6	3.7	3.7 3.7*
1965	. . .	4.5	5.8	3.4	3.4	3.6	3.6*
**1965	. . .	5.2	6.2	5.3	4.4	3.5	
**1966	. . .	4.7	5.7	3.8	2.4	2.8	

*On a smaller sample of 1,232 companies as against 1,333 companies for previous years.

**On small sample of 205 companies.

TABLE 6

PROFIT RATIOS (Contd.)

6.3. Gross Profit as Per Cent of Total Capital employed

(Percentages)

Year	Our Study—Engineering Industry					R.B.I. Study— All India
	All India	East	West	North	South	All Industries
1956	8.5	9.4	6.7	6.3	11.3	9.5
1957	8.9	9.6	7.3	5.9	11.6	7.5
1958	9.8	10.5	8.1	7.0	12.5	8.0
1959	10.6	11.6	8.2	7.8	13.1	9.8
1960	10.6	11.2	9.4	5.8	12.7	10.2
1961	10.1	10.3	9.1	6.8	12.3	10.1
1962	9.9	10.5	8.6	6.7	11.6	10.2
1963	10.5	11.6	9.7	5.3	9.8	10.6
1964	11.4	13.0	10.3	6.9	9.3	10.3 10.3*
1965	11.2	12.8	10.3	7.6	9.2	10.1*
**1965	12.3	13.7	11.9	8.7	8.0	
**1966	9.5	10.3	9.5	8.5	6.4	

6.4. Profit after Tax as Per Cent of Net Worth

(Percentages)

Year	Our Study—Engineering Industry					R.B.I. Study— All India
	All India	East	West	North	South	All Industries
1956	8.5	9.1	6.5	7.3	11.6	8.8
1957	8.8	9.7	6.2	5.6	11.3	6.5
1958	9.3	10.1	6.6	9.4	12.0	7.2
1959	11.2	12.4	7.7	6.8	14.7	6.5
1960	11.6	11.6	10.5	6.1	15.1	10.9
1961	10.9	10.3	9.1	7.3	12.1	10.0
1962	8.2	8.6	7.2	5.4	9.4	8.6
1963	9.8	10.7	9.6	3.6	8.4	9.4
1964	11.7	14.0	10.8	5.8	7.4	9.2 9.2*
1965	11.3	13.5	10.0	8.0	7.7	8.5*
**1965	12.3	14.4	14.1	10.6	6.3	
**1966	10.5	12.2	10.1	7.1	4.7	

*On a smaller sample of 1,232 companies as against 1,333 companies for previous years.

**On small sample of 205 companies.

TABLE 6
PROFIT RATIOS (Contd.)

6.5. Profit after Tax as Per Cent of Paid-up capital

(Percentages)

Year	Our Study—Engineering Industry					R.B.I. Study— All India	
	All India	East	West	North	South	All Industries	
1956 . . .	10.9	12.7	7.6	8.6	14.4	n.a.	
1957 . . .	11.6	13.7	7.3	6.7	15.2	n.a.	
1958 . . .	12.5	14.4	7.8	11.8	16.4	n.a.	
1959 . . .	15.4	18.0	9.6	13.8	20.3	n.a.	
1960 . . .	16.2	17.1	13.3	10.1	21.1	18.4	
1961 . . .	13.9	14.9	11.7	9.0	16.7	17.3	
1962 . . .	11.1	12.5	9.1	6.5	12.6	15.2	
1963 . . .	13.5	15.5	12.6	4.4	10.9	17.0	
1964 . . .	16.9	22.1	14.6	7.0	9.8	17.3	
1965 . . .	17.0	22.9	13.9	10.2	10.3		
**1965 . . .	18.8	24.6	30.0	14.9	7.8		
**1966 . . .	16.1	20.7	14.3	9.4	5.8		

6.6. Profit after Tax Per Cent of Paid-up capital excluding Bonus Shares

(Percentages)

Year	Our Study—Engineering Industry					R.B.I. Study— All India	
	All India	East	West	North	South	All Industries	
1956 . . .	11.7	13.9	7.8	8.7	17.0	n.a.	
1957 . . .	12.6	15.4	7.5	6.8	17.3	n.a.	
1958 . . .	13.7	16.4	8.1	12.1	16.5	n.a.	
1959 . . .	16.7	22.2	9.9	13.8	22.1	n.a.	
1960 . . .	17.4	18.9	13.7	10.2	22.8	22.3	
1961 . . .	14.8	16.2	11.9	9.1	17.0	20.8	
1962 . . .	11.8	13.9	9.3	6.6	13.3	18.5	
1963 . . .	14.5	17.5	12.8	4.4	11.3	20.7	
1964 . . .	18.2	25.3	14.9	7.2	10.1	21.1	21.1*
1965 . . .	18.3	26.0	14.1	10.5	10.7		20.2*
**1965 . . .	20.3	26.2	20.6	15.5	7.8		
**1966 . . .	18.3	25.3	15.5	10.8	5.9		

*On a smaller sample of 1,232 companies as against 1,333 companies for previous years.

**On small sample of 205 companies.

TABLE 7
DIVIDEND RATIOS
7.1. Dividend as Per cent of net worth

(Percentages)

Year	Our Study—Engineering Industry					R.B.I. Study— All India
	All India	East	West	North	South	All Industries
1956	4.9	5.1	4.4	3.4	6.4	5.2
1957	5.3	5.7	4.3	4.1	5.4	4.8
1958	6.0	6.5	4.7	5.1	10.0	5.1
1959	7.5	8.4	5.2	5.7	8.4	6.5
1960	7.3	7.6	6.3	5.1	8.8	6.6
1961	6.5	6.9	5.5	4.1	7.1	6.3
1962	5.5	6.5	4.1	3.5	5.6	5.8
1963	5.5	6.4	5.3	2.2	4.5	5.8
1964	5.5	6.5	4.9	3.4	3.8	5.6
1965	5.5	6.5	4.8	3.4	4.2	5.7* 5.6*
**1965	6.2	7.2	5.6	3.9	4.1	
**1966	5.4	5.8	5.0	3.0	4.3	

7.2. Dividend as Per Cent of Paid-up capital

(Percentages)

Year	Our Study—Engineering Industry					R.B.I. Study— All India
	All India	East	West	North	South	All Industries
1956	6.4	7.1	5.1	4.0	8.0	8.5
1957	6.9	8.1	5.1	4.1	7.2	7.9
1958	8.1	9.2	5.7	6.4	10.0	8.3
1959	10.2	12.3	6.5	8.1	11.7	10.8
1960	10.2	11.2	8.0	6.4	12.2	11.2
1961	8.9	10.1	7.0	5.0	9.7	11.0
1962	7.5	9.4	5.2	4.2	7.6	10.1
1963	7.4	9.3	6.1	2.7	5.9	10.4
1964	7.9	10.3	6.6	4.1	5.0	10.5
1965	8.3	11.1	6.7	4.3	5.6	10.8* 10.7*
**1965	9.5	12.2	7.9	5.5	5.1	
**1966	8.2	10.1	7.1	3.9	5.4	

*On a smaller sample of 1,232 companies as against 1,333 companies for previous years.

**On small sample of 205 companies.

TABLE 7

DIVIDEND RATIOS (Contd.)

7.3. Dividend as Per Cent of Paid-up capital excluding Bonus Shares.
(Percentages)

Year	Our Study—Engineering Industry					R.B.I. Study— All India	
	All India	East	West	North	South	All Industries	
1956 . . .	6.9	7.8	5.3	4.1	9.4	n.a.	
1957 . . .	7.5	9.1	5.3	4.2	8.3	n.a.	
1958 . . .	8.9	10.5	5.9	6.6	10.1	n.a.	
1959 . . .	11.1	13.8	6.7	8.2	12.7	n.a.	
1960 . . .	10.9	12.4	8.2	6.4	13.1	13.5	
1961 . . .	9.5	10.0	7.3	5.1	10.3	13.3	
1962 . . .	8.0	10.4	5.3	4.2	8.0	12.3	
1963 . . .	8.1	10.7	6.2	2.7	6.2	12.7	
1964 . . .	8.5	11.8	6.8	4.3	5.2	12.8	13.2*
1965 . . .	8.9	12.6	6.8	4.4	5.8		13.2*
**1965 . . .	10.2	14.0	8.1	5.7	5.1		
**1966 . . .	9.3	12.3	7.7	4.6	5.3		

7.4. Equity dividend as per cent of Equity Capital

(Percentages)

Year	Our Study—Engineering Industry					R.B.I. Study— All India	
	All India	East	West	North	South	All Industries	
1956 . . .	7.1	7.9	5.7	5.0	8.5	n.a.	
1957 . . .	7.5	8.8	5.4	5.5	7.6	n.a.	
1958 . . .	9.0	10.6	5.8	6.1	10.7	n.a.	
1959 . . .	10.0	13.8	6.6	6.9	12.5	n.a.	
1960 . . .	11.0	13.0	7.5	6.7	13.0	12.0	
1961 . . .	9.6	11.3	6.9	5.2	10.1	11.8	
1962 . . .	7.8	10.3	5.1	4.5	7.7	10.7	
1963 . . .	7.8	10.0	6.0	2.5	6.2	11.1	
1964 . . .	8.2	11.1	6.5	3.8	5.3	11.1	11.4*
1965 . . .	8.7	12.2	6.6	3.5	5.5		11.4*
**1965 . . .	10.0	13.8	7.7	5.0	4.9		
**1966 . . .	8.5	11.0	7.1	3.2	4.8		

*On a smaller sample of 1,232 companies as against 1,333 companies for previous years.

**On a small sample of 205 companies.

TABLE 8

SIZEWISE RATIOS

8.1. For the year 1965

	Total	Sales above Rs. 10 Crores	Sales between			Sales under Rs. 1 Crore
			Rs. 5 & Rs. 10 Crores	Rs. 2 & Rs. 5 Crores	Rs. 1 & Rs. 2 Crores	
1. Number of Companies	296	23	29	53	46	145
2. Per Cent of Total Cos.	100	7.7	9.8	17.9	15.6	49.0
3. Per Cent of Total Paid-up Capital	100	36.6	16.8	14.0	10.5	22.1
4. Per Cent of Total Sales	100	38.6	20.6	14.8	6.6	9.4
5. Per Cent of Total Gross Block	100	46.0	16.6	15.7	5.7	16.0
6. Per Cent of Total Assets	100	45.5	20.4	15.9	8.9	9.3
7. Per Cent of Total Employees' Remrn.	100	47.1	20.0	15.6	8.0	9.3
8. Per Cent of Total Profit after Tax	100	57.3	21.1	15.1	5.2	1.3
9. Net Sales/Gross Block	1.7	1.8	2.1	1.6	1.5	0.9
10. Profit after Tax as Per cent of Net Worth	11.4	14.6	12.0	11.7	6.8	1.1
11. Profit after Tax as Per cent of Net Sales	4.6	5.3	5.2	4.5	4.6	0.8
12. Dividend as Per cent of Paid- up Capital	8.3	13.4	9.5	7.5	4.3	1.4
13. Dividend as Per cent of Net Worth	5.5	7.5	5.3	4.8	2.5	1.6
14. Employees' Remuneration as Per cent of Total Income	14.4	13.7	13.7	15.1	16.2	15.7
15. Average Sales Per Company Rs. Lakhs	357	2,238	751	381	151	72
16. Average Gross Block per Com- pany Rs. Lakhs	211	1,350	368	194	129	59
17. Average Total Assets per Com- pany Rs. Lakhs	603	2,136	751	374	208	69

TABLE 8
SIZEWISE RATIOS
8.2. For the year 1964

	Total	Sales above Rs. 10 Crores	Sales between Rs. 5 & Rs. 10 Crores	Sales between Rs. 2 & Rs. 5 Crores	Sales between Rs. 1 & Rs. 2 Crores	Sales under Rs. 1 Crore
1. Number of Companies .	303	25	20	60	50	148
2. Per Cent of Total Companies	100	7.5	6.0	18.0	15.0	53.5
3. Per Cent of Total Paid-up Capital	100	35.8	10.9	14.6	7.8	30.9
4. Per Cent of Total Sales .	100	45.7	12.7	18.2	6.7	16.7
5. Per Cent of Total Gross Block	100	41.9	10.4	14.5	7.8	25.4
6. Per Cent of Total Assets .	100	45.0	15.6	18.9	9.5	11.0
7. Per Cent of Total Employees' Remun.	100	49.0	14.2	22.0	9.6	4.5
8. Per Cent of Total Profit after Tax	100	58.7	15.4	18.0	7.9	nil
9. Net Sales/Gross Block . .	16.8	18.2	20.4	21.1	14.7	11.8
10. Profit after Tax as Per Cent of Net Worth	10.5	15.6	14.9	13.4	11.3	10.9
11. Profit after Tax as Per cent of Net Sales	5.5	5.2	4.2	4.2	4.0	3.6
12. Dividend as Per Cent of Paid- up Capital	7.4	12.3	10.3	8.4	6.7	4.8
13. Dividend as Per Cent of Net Worth	4.9	7.4	6.8	5.4	4.9	3.7
14. Employees' Remuneration as Per Cent of Total Income .	14.2	12.3	13.7	14.8	17.6	16.8
15. Average Sales per Company Rs. Lakhs	347	1,993	694	345	144	74
16. Average Gross Block per Company Rs. Lakhs . . .	206	1,048	328	151	97	108
17. Average Total Assets per Com- pany Rs. Lakhs	309	1,888	732	321	178	69

TABLE 8
SIZEWISE RATIOS
8.3. For the year 1963

	Total	Sales above Rs. 10 Crores	Sales between			Sales under Rs. 1 Cror
			Rs. 5 & Rs. 10 Crores	Rs. 2 & Rs. 5 Crores	Rs. 1 & Rs. 2 Crores	
1. Number of Companies	299	21	16	54	45	161
2. Per Cent of Total Companies	100	7.0	5.4	18.1	15.0	54.1
3. Per Cent of Total Paid-up Capital	100	35.6	14.1	15.8	7.9	26.6
4. Per Cent of Total Sales	100	48.5	13.1	23.7	8.2	6.5
5. Per Cent of Total Gross Block	100	44.1	12.7	18.2	9.6	15.4
6. Per Cent of Total Assets	100	42.2	14.3	20.6	9.3	13.6
7. Per Cent of Total Employees' Remrn.	100	46.8	13.3	22.6	10.5	6.8
8. Per Cent of Total Profit after Tax	100	49.5	17.0	20.9	9.3	3.3
9. Net Sales/Gross Block	1.7	1.8	1.8	2.0	1.5	0.9
10. Profit after Tax as Per Cent of Net Worth	9.8	11.9	12.4	10.6	11.3	1.7
11. Profit after Tax as Per cent of Net Sales	4.2	4.3	5.4	3.7	4.8	2.1
12. Dividend as Per Cent Paid-up Capital	7.5	11.8	7.1	8.0	7.0	1.9
13. Dividend as Per Cent of Net Worth	5.5	7.5	5.4	4.7	4.9	2.1
14. Employees' Remuneration as Per Cent of Total Income	14.1	13.3	13.6	14.5	16.8	16.2
15. Average Sales per Company Rs. Lakhs	254	1,756	625	333	138	30
16. Average Gross Block per Com- pany Rs. Lakhs	149	932	353	150	95	42
17. Average Total Assets per Com- pany Rs. Lakhs	266	1,602	709	304	164	66

TABLE 8

SIZEWISE RATIOS

8.4. For the year 1962

	Total	Sales above Rs. 10 Crores	Sales between			Sales under Rs. 1 Crore
			Rs. 5 & Rs. 10 Crores	Rs. 2 & Rs. 5 Crores	Rs. 1 & Rs. 2 Crores	
1. Number of Companies	286	16	12	49	51	158
2. Per Cent of Total Companies	100	5.6	4.2	17.1	17.8	55.3
3. Per Cent of Total Paid-up Capital	100	30.2	11.1	21.9	11.0	25.8
4. Per Cent of Total Sales	100	41.0	14.0	23.0	11.2	10.8
5. Per Cent of Total Gross Block	100	39.7	10.0	25.0	12.7	12.6
6. Per Cent of Total Assets	100	37.9	13.4	25.5	13.4	9.8
7. Per Cent of Total Employees' Remun.	100	39.2	15.1	23.2	13.2	9.3
8. Per Cent of Total Profit after Tax	100	46.2	19.6	14.9	11.7	7.6
9. Net Sales/Gross Block	1.7	1.9	2.2	1.7	1.6	1.1
10. Profit after Tax as Per Cent of Net Worth	8.2	10.5	10.8	8.4	8.4	3.0
11. Profit after Tax as Per Cent of Net Sales	3.6	3.8	4.2	2.2	3.6	3.6
12. Dividend as Per Cent of Paid- up Capital	7.5	11.7	12.5	8.2	7.2	1.6
13. Dividend as Per Cent of Net Worth	5.5	8.2	8.1	5.4	5.2	1.7
14. Employees' Remuneration as Per Cent of Total Income	14.5	13.5	15.4	13.8	16.4	15.9
15. Average Sales per Company Rs. Lakhs	223	1,643	745	301	141	43
16. Average Gross Block per Company Rs. Lakhs	124	884	295	182	89	28
17. Average Total Assets per Com- pany Rs. Lakhs	1	1,568	740	345	155	47

APPENDIX II

METHOD AND TERMS

Accounting Period

The study is on the basis of calendar years. All the companies covered by this study do not adopt the same accounting year. For the purpose of the preceding Tables, accounts closed on or before June 30th of a year are included in the year previous to the year in which the closing date falls, and those that close on or after 1st July of a year are included in the year in which such date falls. All the figures are in book values.

BALANCE SHEET

Capital and Liabilities

(1) Paid-up Capital includes paid-up value of ordinary, preference and deferred shares.

(2) Reserves may be created from either current revenue surpluses or non-recurring or capital receipts, such as refund of excess profits tax deposits, profits on sale of investments, or other income or gain, or through revaluation of assets or on capital reorganisation. Reserves created from current revenue surpluses may be earmarked against future liabilities or contingencies, such as doubtful debts or future liability in respect of payment of gratuity to employees, or may be held as pure surpluses such as general reserves and plant re-installment reserves. Reserves include the profit and loss account balance and all other reserves, but exclude accumulated depreciation, tax provision and funds earmarked for employees' benefit.

(3) Borrowing include Debentures (as also mortgage Debentures), Government loans, Institutional loans, Banks loans and other loans such as Deposits from public Managing Agency loans. Inter Corporate loans and loans from different parties.

(4) Payables include all current liabilities, but do not include items covered by (3) above. They have been divided into Tax Provision and Sundry Liabilities.

4.1. Tax Provision is created out of current profits to provide for direct tax liabilities. Tax liabilities are taken net of advance payment of tax.

4.2. Sundry Liabilities include current liabilities incurred during the normal course of business, and also funds earmarked for employees' benefit.

(5) Total liabilities represent items 1 to 4 above.

II Assets :

Assets may be divided into Fixed Assets and Current Assets.

(a) Fixed Assets comprise the block (Gross or Net), Industrial Securities and Intangible Assets such as goodwill and patent rights.

(b) **Current Assets** : It is customary to treat as Current Assets, cash and all other assets that "can be readily converted into cash or will be converted into cash fairly rapidly in the normal course of business". This meaning of the term should not be confused with that of "current Assets" as defined in the Indian Companies Act. Inventories, Cash, Government Securities and Receivables are regarded as Current Assets.

(6) **Net Block** is equal to the Gross Block less the Depreciation in respect of the corresponding assets.

6.1. **Gross Block** is equal to the cumulative expenditure (book value) on physical assets such as lands, buildings, railway sidings, plant, machinery, equipment, furniture fixtures and vehicles at historical cost less the value of assets retired, irrespective of whether such assets were intended for replacement or expansion.

6.2. **Depreciation** is accumulated by making provision out of the profits of current years for wear and tear of physical assets. It includes not only the provision for normal depreciation based on the estimate of the working life of the assets, but also initial or extra depreciation allowed for Income-Tax purposes in order to encourage investment.

(7) **Industrial securities** are regarded as Fixed assets, because a substantial part of such investment is in subsidiaries or related enterprises, and the companies do not seem to hold industrial securities as purely financial or trading propositions.

(8) **Intangible** include national assets such as goodwill and patent rights, preliminary expenses, prospecting and surveying expenses on issue of new shares and debentures.

(9) **Inventories** include stocks of manufactured and semi-manufactured goods and stores of raw materials fuel and spare parts.

(10) **Cash and Government securities** include cash, bank balances and investment in Government and Semi-Government Securities.

(11) **Receivables** include bills receivable, advance payments and credit allowed to customers and others.

(12) **Total Assets** represent items 6 to 11 above.

PROFIT AND LOSS AND APPROPRIATION ACCOUNT

I. **Income :**

(1) **Net Sales** is sales net of excise duty, cess, outward freight and selling agents' commission and discount; and are adjusted for net increase or decrease in stocks of finished and semi-finished goods.

(2) **Other Income** includes interest and dividends earned and administrative income such as share transfer fees, but excludes all transfers from dividend equalisation and other reserves, credits for over-provision of tax, transfers from reserve accounts in past years and capital receipts.

(3) **Total Income** is the sum of items (1) and (2) above.

II. Costs :

(4) Manufacturing Expenses include cost of raw materials inward freight, and stores consumed, Fuel and Electricity used, insurance, repairs and renewals and other costs connected with the manufacturing process, but exclude the remuneration of employees.

(5) Employees include wages, salaries, bonus, welfare expenses and all other expenditure on employees.

(6) Other Expenses are divided into (i) Interest, (ii) Managing Agents' Remuneration and (iii) Sundries, such as stationery and printing, selling and establishment charges and other expenses of an overhead nature.

(7) Depreciation includes Depreciation provided in respect of physical assets but excludes Depreciation written back in respect of assets retired or scrapped in the corresponding year.

(8) Total Cost is the sum of items (4), (5), (6) and (7) above.

III. Appropriations :

(9) Profits before Tax represent the difference between Total Income and Total Costs (including Managing Agents' Remuneration and Depreciation) without taking into account Tax Provision.

(10) Tax Provision includes provision made out of profits in respect of liability for direct tax, including Income-tax, Super-tax, Excess Profit Tax, Business Profits Tax, Excess Dividend Tax and Wealth Tax relating to the income of the Company from all sources.

(11) Profit after Tax are derived by deducting Tax Provision from Profit before Tax. They represent the quantum of profits available for paying Dividends and for allocation to Reserves.

(12) Dividends include dividends on Equity and Preference Shares. A change in the system of taxation of dividends was brought about by the Finance Act of 1959. Under the present law a company closing its accounts after 31st March 1959 has to deduct income tax at source from the dividend at 22 per cent, and the shareholder is entitled to a corresponding tax credit in his returns. Prior to this, an Indian company was required to pay income tax at the rate of 30 per cent (plus surcharge at 1.5 per cent) and super-tax at 20 per cent on the whole of its taxable profits, and when it declared dividends out of the taxed profit, each shareholder was deemed to have himself paid on the dividend he received a proportionate amount of income-tax (but not super-tax) through the agency of the company. He was credited with the amount of income-tax attributable to the dividend received by him at the time of his assessment. As the tax-credit was given at the company rate of income-tax, which was higher than personal rates of income-tax applicable to the shareholder, tax credit always exceeded the income-tax payable on the dividends by the shareholder and the excess was set off against the other tax liabilities of the shareholder or was refunded to him. The granting of tax credit to the shareholder however, involved several complications in actual practice, as the rate of grossing depended on two factors : the composition of the profits of the company availed

of by the company for declaring dividends and the composition of profits transferred to reserves in earlier years, in case dividends were declared out of accumulated reserves. Sometimes, it took years to arrive at the exact rate of tax credit of the shareholder. This pattern of company taxation was revised by the Finance Act of 1959, according to which the shareholder now gets his dividend with tax deducted at source in respect of his personal tax liability, for which he gets credit in his personal tax assessment. He now gets no credit in respect of the tax paid by the company on its own income.

(13) Retained Profits are the residuum of profits after providing for Depreciation, Tax Provision and Dividends, which are not distributed but retained in the business.

ANNEXURE 'B'

Profitability rates of 101 industrial giants

(Economic Times 26th February, 1968)

Name of the Company	Gross Profits as % of total capital employed		Profits after tax as % of net worth		Dividends as % of net worth	
	1965-66	1966-67	1965-66	1966-67	1965-66	1966-67
1. Guest, Keen Williams . . .	15.8	10.9	13.4	9.8	6.6	5.3
2. Premier Automobiles . . .	4.7	1.0	4.1	—12.1	4.5	..
3. Indian Aluminium . . .	20.0	14.1	20.6	12.7	4.5	6.8
4. Union Carbide . . .	15.8	13.4	15.0	24.3	6.5	5.2
5. Indian Tube . . .	16.6	9.4	14.9	10.5	10.5	7.2
6. Larsen & Toubro . . .	11.8	9.9	16.2	14.6	9.9	9.3
7. Jessop & Co. . .	13.3	11.1	14.6	9.6	4.1	3.7
8. Texmaco . . .	12.2	5.4	15.1	5.1	7.2	7.2
9. Ashok Leyland . . .	15.4	8.9	15.6	8.3	7.4	6.3
10. Philip India . . .	19.4	20.0	19.0	22.9	10.0	10.4
11. Metal Box . . .	21.2	11.8	13.6	9.0	7.1	6.6
12. ACC—Vickers . . .	4.4	—3.8	8.2	17.1	..	..
13. India Oxygen . . .	14.6	13.2	12.3	9.1	7.5	6.3
14. Siemens Engg. . .	5.2	4.6	6.5	8.8	3.4	..
15. India Cables . . .	16.2	15.3	12.0	13.7	9.6	8.8
16. Escorts . . .	8.5	8.7	14.7	15.3	6.2	1.2
17. Mukand Iron & Steel . . .	10.2	7.4	14.3	10.4	7.4	8.2
18. Greaves Cotton . . .	13.1	10.4	10.7	15.8	6.9	7.8
19. Crompton Greaves . . .	19.8	23.1	16.6	18.0	6.2	6.4
20. Jay Engineering . . .	10.7	6.8	9.6	0.1	6.1	1.4
21. Indian Explosives . . .	25.7	26.7	16.4	18.5	10.6	10.5

NOTE.—Incomes and expenditures relating to previous years are not accounted for while arriving at profits and earnings.

ANNEXURE 'C'

Statement Showing Variation in Selling Prices of Engineering Commodities

Name of Firm	Remarks																																				
1. Calcutta Expanded Metal Mfg. Co. Private Ltd., Calcutta.	There has been no increase in the prices of expanded metal products in the past 4 years while prices of raw materials & wages increased considerably during this year.																																				
2. Sen-Raleigh Limited, Calcutta	Price for bicycles are controlled by Government of India through a system of voluntary control followed by industry. During 1965-67 the prices of Raleigh gents increased from time to time as under:— <table><tr><td></td><td>1-4-65</td><td>15-10-66</td><td>1-12-66</td><td>1-2-67</td><td>Increase</td></tr><tr><td>Each Rs.</td><td>177.90</td><td>185.90</td><td>195.90</td><td>197.61</td><td>10%</td></tr></table>		1-4-65	15-10-66	1-12-66	1-2-67	Increase	Each Rs.	177.90	185.90	195.90	197.61	10%																								
	1-4-65	15-10-66	1-12-66	1-2-67	Increase																																
Each Rs.	177.90	185.90	195.90	197.61	10%																																
3. Hyderabad Allwyn Metal Works Ltd.	There has been no revision of prices of refrigerators & allcut machines since 1965.																																				
4. Bharti Electric & Steel Co. Ltd., Calcutta	Average selling prices of steel castings during 1965-67 per metric tonne were as under :— <table><tr><td></td><td>1965</td><td>1966</td><td>1967</td></tr><tr><td></td><td>Rs.</td><td>Rs.</td><td>Rs.</td></tr><tr><td>Railway</td><td>2,754.61</td><td>2,731.94</td><td>2,393.89</td></tr><tr><td>C. B. Couplers</td><td>2,933.59</td><td>3,173.95</td><td>3,336.29</td></tr><tr><td>Civil</td><td>3,277.70</td><td>3,281.74</td><td>2,698.97</td></tr></table>		1965	1966	1967		Rs.	Rs.	Rs.	Railway	2,754.61	2,731.94	2,393.89	C. B. Couplers	2,933.59	3,173.95	3,336.29	Civil	3,277.70	3,281.74	2,698.97																
	1965	1966	1967																																		
	Rs.	Rs.	Rs.																																		
Railway	2,754.61	2,731.94	2,393.89																																		
C. B. Couplers	2,933.59	3,173.95	3,336.29																																		
Civil	3,277.70	3,281.74	2,698.97																																		
5. Shyamnagar Tin Factory Private Ltd.	The prices of tin plate per ton & 4 Gallon Tin container each have been given below : <table><tr><td></td><td>Price of tin plate per ton</td><td>Price of each 4 gallon in container</td></tr><tr><td></td><td>Rs.</td><td>Rs.</td></tr><tr><td>June 1963</td><td>1,383</td><td>2.40</td></tr><tr><td>March 1964</td><td>1,404</td><td>2.50</td></tr><tr><td>June 1964</td><td>1,485</td><td>2.70</td></tr><tr><td>Dec. 1964</td><td>1,650</td><td>2.93</td></tr><tr><td>March 1965</td><td>1,786</td><td>3.16</td></tr><tr><td>August 1965</td><td>1,985</td><td>3.50</td></tr><tr><td>Nov. 1966</td><td>2,135</td><td>3.75</td></tr><tr><td>June 1967</td><td>2,230</td><td>3.77</td></tr><tr><td></td><td>2,405</td><td></td></tr><tr><td>Jan. 1968</td><td>Do.</td><td>3.77</td></tr></table> Thus, the margin is very low.		Price of tin plate per ton	Price of each 4 gallon in container		Rs.	Rs.	June 1963	1,383	2.40	March 1964	1,404	2.50	June 1964	1,485	2.70	Dec. 1964	1,650	2.93	March 1965	1,786	3.16	August 1965	1,985	3.50	Nov. 1966	2,135	3.75	June 1967	2,230	3.77		2,405		Jan. 1968	Do.	3.77
	Price of tin plate per ton	Price of each 4 gallon in container																																			
	Rs.	Rs.																																			
June 1963	1,383	2.40																																			
March 1964	1,404	2.50																																			
June 1964	1,485	2.70																																			
Dec. 1964	1,650	2.93																																			
March 1965	1,786	3.16																																			
August 1965	1,985	3.50																																			
Nov. 1966	2,135	3.75																																			
June 1967	2,230	3.77																																			
	2,405																																				
Jan. 1968	Do.	3.77																																			

Thus, the margin is very low.

Name of the Firm	Remarks
6. Texmaco, Calcutta	Railway Board placed orders for wagons during the year 1965-66 to 1968-69 by reducing the prices in each year as per details given below : (1) During the year 1965-66, the Railway Board placed an order for BCX wagons at a price of Rs. 55,500 with base date 1-4-1964 vide their letter No. 64/RS(1)/954/15/349, dated 12-4-68. In this order the wage factor was taken at 20. (2) During the year 1966-67, no orders were placed by the Railway Board. (3) During the year 1967-68, the Railway Board placed an order for BCX wagons at a price of Rs. 55,200 with base date 1-4-1966 vide their letter No. 66/RS(1)/954/9/384, dated 29-6-67. In this order the wage factor was reduced from 20 to 15. Here it is to be pointed out that during the year 1967-68 the Railway Board reduced the basic price from Rs. 55,500 to Rs. 55,200 and further did not take into account the wages and material escalations during the period 1-4-64 to 1-4-66 which came to Rs. 3,988. This tentamounts to reduction in the price by Rs. 4,288. During this year the Railway Board further placed an order for MBC wagons at a price of Rs. 23,275 with base date 1-4-66 vide letter mentioned above. (4) During the year 1968-69, the Railway Board placed an order for BCX wagons at the price of Rs. 53,150 with the base date 1-4-67 in place of Rs. 55,500 in 1965-66 and Rs. 55,200 in 1967-68 and further reduced the wages factor to 13. The order for MBC wagons was placed for Rs. 22,860 in place of Rs. 23,275 vide Railway Board's letter No. 67/RS(1)/954/14, dated 4-11-67. Here also first of all the basic price was reduced by Rs. 2,050 and Rs. 415 in the case of BCX and MBC wagons respectively. Further, the increases in material and wagons escalations amounting to Rs. 1,722 and Rs. 661 in respect of BCX and MBC wagons were not taken into account by the Railway Board to bring up the price to the base date 1-4-67. This meant reduction in the price by Rs. 3,772 for BCX and Rs. 1,076 for MBC wagon. Thus, from 1965-66 to 1968-69 the Railway Board has reduced the price of BCX wagaons by Rs. 8,060 (Rs. 2,350 in basic price & Rs. 5,710 in respect of material and wages escalation which has been not considered by the Railway Board) and in the case of MBC wagons the price reduction from 1967-68 to 1968-69 has been Rs. 661 (Rs. 415 in basic price and Rs. 246 material and wages escalation not considered by the Railway Board).
7. The National Polling & Steel Ropes Ltd., Calcutta.	The market condition for steel wire ropes is deplorable and distress selling is taking place at almost 30% below the D.G.S.D. rate contract level.

Name of Firm	Remarks																																			
8. The National Insulated Cable Co. of India Ltd., Calcutta.	The price of 1.5 Sq. mm. Cable was Rs. 21.75 per 100 Meters in 1965, was reduced to Rs. 21.29 in 1967 and has been further reduced to Rs. 18.40 this year showing a reduction of about 15%.																																			
9. Davidson of India Pvt. Ltd. (Amalgamated with M/s. Andrew Yule & Co. Ltd.), Calcutta.	Prices of Industrial Fan Blowers have not been enhanced during the past few years on the contrary in one or two varieties price reduction has been effected consequent upon production cost reduction on account of increased production of the particular types.																																			
10. Kirloskar Electric Company Ltd., Bangalore	Average Prices of standard 11 KV Transformers; <table><tr><th>Capacity (KVA)</th><th>1965</th><th>1966</th><th>1967</th><th>1968</th></tr><tr><td>50</td><td>5,250</td><td>6,100/5,750</td><td>4,750/4,000</td><td>3,700</td></tr><tr><td>100</td><td>6,450</td><td>7,800/7,500</td><td>7,300/5,700</td><td>5,300</td></tr><tr><td>250</td><td>13,500</td><td>14,500</td><td>13,500/11,000</td><td>10,250</td></tr><tr><td>500</td><td>20,750</td><td>25,000</td><td>22,000/18,000</td><td>18,000</td></tr><tr><td>750</td><td>26,600</td><td>32,000</td><td>28,000/25,000</td><td>25,000</td></tr><tr><td>1000</td><td>33,500</td><td>40,100</td><td>33,000/30,000</td><td>30,000</td></tr></table>	Capacity (KVA)	1965	1966	1967	1968	50	5,250	6,100/5,750	4,750/4,000	3,700	100	6,450	7,800/7,500	7,300/5,700	5,300	250	13,500	14,500	13,500/11,000	10,250	500	20,750	25,000	22,000/18,000	18,000	750	26,600	32,000	28,000/25,000	25,000	1000	33,500	40,100	33,000/30,000	30,000
Capacity (KVA)	1965	1966	1967	1968																																
50	5,250	6,100/5,750	4,750/4,000	3,700																																
100	6,450	7,800/7,500	7,300/5,700	5,300																																
250	13,500	14,500	13,500/11,000	10,250																																
500	20,750	25,000	22,000/18,000	18,000																																
750	26,600	32,000	28,000/25,000	25,000																																
1000	33,500	40,100	33,000/30,000	30,000																																
11. Lillooah Iron Works, Calcutta	Due to fall in demand selling prices are falling for D.G.S.&D. orders in particular and others in general. To cite an instance, a D.G.S.&D. order was placed for very large quantity of Universal hose railway couplings at Rs. 3.75 per pc. in 1962. The same item in 1965 was order at Rs. 3.41 per pc. In the current year an order has been placed at Rs. 2.70 per pc. and that also for supply during 1968-69 when Government controlled raw material prices according to the present trend, are expected to rise further. The sum total effect is that raw material prices have risen by about 20% and selling price dropped by about 30%. For mass production items even normal depreciation costs and overhead expenses are not realised due to abnormally low selling price. In the case of general fabrications, selling prices have been reduced compared to 1965 to get enough work load to keep the factory running. Judging from the percentage, the fall in prices in 1967-68 compared to 1965 is on an average 15%.																																			

Name of Firm	Remarks					
12. Cromolite (India) Pvt. Ltd., Calcutta	Selling prices of steel Folding Furnitures :—					
	Series No.	From year 1965 and till 11-12-66		From 12th Dec, 66 till date		
		each		each		
	2100	22.50		24.50		
	2200	19.50		21.00		
	2300	25.00		28.50		
	2500	27.50		30.00		
	2800	39.00		42.00		
	2900	16.00		17.00		
	3000	50.00		53.00		
	3100	42.50		46.00		
	3200	48.00		51.50		
	3300	39.00		42.00		
	3400	20.00		21.50		
	4000	22.50		25.00		
	4100	25.50		28.50		
	7400	25.50		..		
	8400	24.50		25.00		
13. The Jay Engineering Works Ltd., Calcutta	Selling prices of sewing machines have been as shown below :—					
	Model/Drive	1-11-64 to 30-6-65	1-7-65 to 31-6-66	1-11-66 to 30-9-67	1-10-66 to 31-12-68	1-1-68
	Domestic Hand	150	155	170	170	180
	—Foot	205	215	235	235	250
	—Motor	..	..	235	235	250

Tailor	—Hand	.	.	175	180	195	195	200
	—Foot	.	.	230	240	260	260	270
	—Motor	..	..	..	..	260	260	270
Industrial	—Foot	.	.	400	425	455	675	675
	—Motor	.	.	..	673.40	705	925	925

The selling price of the above three models of sewing machines are sold to Government against their tenders/enquiries. The prices shown are retail selling prices and generally 15% discount is allowed to Government department on these prices.

ANNEXURE 'D'

TABLE—Profitability Ratios—Selected Industries, 1964-65 and 1965-66

Industry	Number of Companies		Gross profits as percentage of sales				Gross profits as percentage of total capital employed				Profits after tax as percentage of net worth			
	Small	Medium and large	Small		Medium and large		Small		Medium and large		Small		Medium and large	
			1964-65	1965-66	1964-65	1965-66	1964-65	1965-66	1964-65	1965-66	1964-65	1965-66	1964-65	1965-66
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1. Tea plantations	116	139	10.3	9.3	14.5	13.9	6.2	6.0	8.8	8.8	3.0	2.5	5.6	5.2
2. Other plantations	20	35	24.3	26.7	33.7	32.4	9.1	11.0	15.1	14.7	6.3	6.2	10.1	9.6
3. Engineering	85	187	7.2	8.1	11.8	11.7	7.7	8.8	12.5	11.8	5.0	5.2	13.1	12.3
4. Chemicals	59	91	10.5	11.4	15.9	16.1	12.2	13.4	12.7	13.8	11.4	12.4	12.5	12.2
5. Electricity generation and supply	36	30	11.4	11.2	24.7	21.1	6.4	6.3	10.1	8.7	4.4	3.9	9.7	10.2
6. Trading	156	74	2.1	2.0	5.4	5.8	6.9	7.9	8.7	9.6	7.4	7.7	9.3	11.1
7. TOTAL (including others)	853	1333	5.9	5.5	9.9	9.4	8.4	8.3	10.4	9.9	6.7	5.8	9.3	8.7

Industry	Dividends as percentage of net worth				Ordinary dividends as percentage of ordinary paid-up capital				Total dividends as percentage of total paid-up capital			
	Small		Medium and large		Small		Medium and large		Small		Medium and large	
	1964-65	1965-66	1964-65	1965-66	1964-65	1965-66	1964-65	1965-66	1964-65	1965-66	1964-65	1965-66
	15	16	17	18	19	20	21	22	23	24	25	26
1. Tea plantations	3.3	3.0	4.7	4.7	7.3	6.5	9.8	10.1	7.3	6.5	9.5	9.8
2. Other plantations	4.2	4.7	8.0	7.8	7.7	8.7	15.5	16.0	7.2	8.0	13.5	13.9
3. Engineering	3.8	3.0	6.3	5.9	6.1	4.9	10.9	10.8	5.9	4.7	10.5	10.3
4. Chemicals	5.2	3.6	7.7	7.5	5.9	4.6	12.7	13.1	5.8	4.5	12.2	12.6
5. Electricity generation and supply	2.7	2.6	5.5	5.4	6.3	6.3	10.0	10.4	6.2	6.2	9.7	10.0
6. Trading	4.8	5.2	7.1	6.9	5.7	6.4	12.7	12.8	5.7	6.3	11.6	11.8
7. TOTAL (including others)	4.2	3.8	5.7	5.6	6.6	6.1	11.3	11.3	6.5	6.0	10.7	10.6

ANNEXURE 'E'

List of companies and No. of workmen employed

Sl. No.	Name of firm	No. of workers as on 1-1-68
1	M/s. Spinning Accessories P. Ltd.	102
2	M/s. Jeewanlal (1929) Ltd.	2145
3	M/s. Lynx Machinery Ltd.	345
4	M/s. Chaliha Rolling Mills P. Ltd.	157
5	M/s. Calcutta Steel Co. Ltd.	557
6	M/s. Bengal Rolling Mills Ltd.	236
7	M/s. Usha Automobile & Engineering P. Ltd.	709
8	M/s. Bhartia Commercial Co. Ltd.	160
9	M/s. Modern India Construction Co. Ltd.	817
10	M/s. Bagri Steel Industries Ltd.	130
11	M/s. Orient General Industries P. Ltd.	1948
12	M/s. Hindustan Wires Ltd.	144
13	The Fort William Co. Ltd.	484
14	M/s. Shalimer Industries P. Ltd.	246
15	M/s. Shalimar Wires & Industries Ltd.	172
TOTAL		8352

ANNEXURE 'F'

List of companies and No. of workmen employed

Sl. No.	Name of firm	No. of workers as on 1-1-68
1	Agarwal Hardware Works P. Ltd.	485
2	Bengal Electric Lamp Works Ltd.	863
3	Bhartia Electric Steel Co. Ltd.	2018
4	Bharat Electrical Industries Ltd.	318
5	Binani Metal Works Ltd.	960
6	Britannia Building & Iron Co. Ltd.	326
7	Britannia Engineering Co. Ltd.	1963
8	C. Comens & Sons Ltd.	98
9	Electrosteel Castings Ltd.	1307
10	India Machinery Co. Ltd.	733
11	Jay Engineering Works Ltd.	5098
12	National Insulated Cable Co. of I. Ltd.	1013
13	National Iron & Steel Co. Ltd.	2504
14	National Pipes & Tubes Co. Ltd.	350
15	National Rolling & Steel Ropes Ltd.	310
16	Tatanagar Foundry Co. Ltd.	1918
17	Textile Machinery Corpn. Ltd.	7413
TOTAL		27677

ANNEXURE 'G'

List of companies and No. of workmen employed

Sl. No.	Name of firm	No. of workmen as on 1-1-68
1	British India Electric Constn. Co. Ltd.	1250
2	Braithwaite & Co. (India) Ltd.	5119
3	Bridge & Roof Co. (India) Ltd.	2200
4	Burn & Co. Ltd.	8980
5	Guest, Keen, Williams Ltd.	11171
6	Garden Reach Workshops Ltd.	4539
7	Indian Aluminium Co. Ltd.	4794
8	Indian Cable Co. Ltd.	4001
9	Indian Standard Wagon Co. Ltd.	3845
10	Indian Tube Co. Ltd.	3044
11	Jessop & Co. Ltd.	12854
12	Kumardhubi Engineering Works Ltd.	3004
13	Machinery Manufacturers Corpn. Ltd.	1426
14	Metal Box Co. of India Ltd.	8396
15	National Insulated Cable Co. of I. Ltd.	1002
16	The Shalimar Works Ltd.	797
TOTAL		76422

ANNEXURE 'H'

Statement showing Financial Liability on the basis of the proposals contained in the note submitted to the Wage Board by two Independent Members in case of 142 member-firms in West Bengal in Area II.

Year	Financial Liability	Percentage Increase in Wage Bill	For Capital Average Increase	No. of workers employed
1	2	3	4	5
GROUP A—51—251 WORKERS— 83 FIRMS.				
First Year .	Rs. 4,12,791.00	36.9%	34.9	11,894
Second Year	Rs. 4,93,033.00	45.9%	41.8	
Third Year .	Rs. 5,91,754.00	52.69%	50.1	
Fourth Year	Rs. 6,60,147.00	58.78%	55.9	
Fifth Year .	Rs. 6,98,451.00	62.19%	59.1	

ANNEXURE 'H'—contd.

1	2	3	4	5
GROUP B—251—500 WORKERS— 30 FIRMS				
First Year .	Rs. 2,61,156.00	21.65%	24.5	
Second Year .	Rs. 3,33,966.00	27.68%	31.3	
Third Year .	Rs. 4,25,779.00	35.29%	39.9	10,649
Fourth Year .	Rs. 4,94,467.00	40.99%	46.4	
Fifth Year .	Rs. 5,45,412.00	45.21%	51.2	
GROUP C—501—1500 WORKERS— 22 FIRMS				
First Year .	Rs. 4,07,494.00	17.30%	21.9	
Second Year .	Rs. 5,51,558.00	23.41%	29.6	
Third Year .	Rs. 7,30,026.00	30.99%	39.2	18,590
Fourth Year .	Rs. 8,41,565.00	35.72%	45.2	
Fifth Year .	Rs. 9,53,106.00	40.46%	51.2	
GROUP D—1501 WORKERS AND ABOVE— 7 FIRMS				
First Year .	Rs. 6,58,894.00	14.65%	21.4	
Second Year .	Rs. 9,51,487.00	21.16%	31.0	
Third Year .	Rs. 12,85,881.00	28.60%	41.8	30,666
Fourth Year .	Rs. 14,94,042.00	33.23%	48.7	
Fifth Year .	Rs. 17,03,872.00	37.90%	55.5	
				71,709

NOTE.—The minimum increase of Rs. 10/- per workman and initial three increments have been ignored.

ANNEXURE 'I'

Statement showing the additional financial burden which will be cast on some of the engineering units in Area I if the Wage Proposals as made by the Chairman and independent members on the Wage Board are implemented (in respect of Unskilled, Semi-skilled, Skilled† and Highly Skilled‡ categories)*

	Unskilled			Semi-Skilled		
	Wages Paid	Wages Proposed	Difference (— or +)	Wages Paid	Wages Proposed	Difference (— or +)
1	2	3	4	5	6	7
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1. M/s. Alcock, Ashdown & Co. Ltd. (C).	216.55	190.00	+26.55	225.65	217.60	+8.05
2. M/s. American Spring & Pressing Works Pvt. Ltd. (C)	205.98	190.00	+15.98	216.38	217.60	—1.22
3. M/s. Automobile Products of India Ltd. (D)	239.63	208.40	+31.23	244.83	239.07	+5.76

ANNEXURE 'T'—contd.

	1	2	3	4	5	6	7
4. M/s. Bharat Bijlee Ltd. (C)	211.35	190.00	+21.35	221.75	217.60	+4.15	
5. M/s. Dalal Engineering P. Ltd. (A)	193.47	167.00	+26.47	206.47	190.00	+16.47	
6. M/s. De Smet P. Ltd. (A)	127.21	167.00	-39.79	142.71	190.00	-47.29	
7. M/s. Devidayal Stainless Steel Industries P. Ltd. (A)	112.98	167.00	-54.02	125.98	190.00	-64.02	
8. M/s. (East Asiatic Machinery & Industrial Engg. Co. Ltd. P.)							
M/s. Turner Hoare & Co. Ltd. (B)	217.85	176.20	+41.65	238.85	202.27	+36.58	
9. M/s. Garlick & Co. P. Ltd. (C)	214.47	190.00	+24.47	225.65	217.60	+8.05	
10. M/s. Godrej & Boyce Mfg. Co. Pvt. Ltd. (D)	232.37	208.40	+23.97	240.17	239.07	+1.10	
11. M/s. Gansons P. Ltd. (A)	157.30	167.00	-9.70	169.00	190.00	-21.00	
12. M/s. Hakimrai Jaichand (A)	188.10	167.00	+21.10	192.00	190.00	+2.00	
13. M/s. Indian Hume Pipe Co. Ltd. (D)	213.95	208.40	+5.55	233.45	239.07	-5.62	
14. M/s. India Tube Mills & Metal Industries P. Ltd. (B)	152.62	176.20	-23.58	165.62	202.27	-36.65	
15. M/s. Indian Link Chain Mfrs. Ltd. (A)	117.00	167.00	-50.00	143.00	190.00	-47.00	
16. M/s. Indian Smelting & Refining Co. Ltd. (B)	213.75	176.20	+37.55	225.65	202.27	+23.38	
17. M/s. Janak Mfg. Works (A)	174.02	167.00	+7.02	179.48	190.00	-10.52	
18. M/s. John Baker & Sons (B)	210.05	176.20	+33.85	215.25	202.27	+12.98	
19. M/s. Khira Steel Works P. Ltd. (C)	131.30	190.00	-58.70	143.00	217.60	-74.60	
20. M/s. Killick Nixon & Co. Ltd. (A)	208.75	167.00	+41.75	237.35	190.00	+47.35	
21. M/s. Krishna Steel Inds. P. Ltd. (B)	212.65	176.22	+36.43	224.35	202.27	+22.08	
22. M/s. Lallubhai Aminchand P. L. (B)	175.55	176.20	-0.65	184.65	202.27	-17.62	
23. M/s. Malleavle Iron & Steel Castings Co. P. Ltd. (C)	212.65	190.00	+02.65	225.17	217.60	+7.57	
24. M/s. McKenzies Ltd. (A)	222.40	167.00	+55.40	231.50	190.00	+41.50	
25. M/s. Metal Rolling Wks. P. L. (B)	175.55	176.20	-0.65	184.65	202.27	-17.62	

* Corresponds to Semi-skilled A in the the proposals.

† Corresponds to Skilled B in the proposals.

‡ Corresponds to Skilled F in the proposals.

ANNEXURE 'T'—contd.

	1	2	3	4	5	6	7
26. M/s. Mukand Iron & Steel Works Ltd. (B)	211.35	208.40	—2.95	217.85	239.07	—21.22	
27. M/s. Nathani Steel Yard (C)	193.46	190.00	+3.46	207.76	217.60	—9.84	
28. M/s. New Standard Engg. Co. Ltd. (C)	210.05	190.00	+20.05	221.75	217.60	+4.15	
29. M/s. National Ecko Radio & Engg. Co. Ltd. (C)	213.95	190.00	+23.95	228.25	217.60	+10.65	
30. M/s. Permanent Magnets Ltd. (A)	146.25	167.00	—20.75	185.25	190.00	—4.75	
31. M/s. Rashtriya Metal Inds. Ltd. (B)	164.3	176.20	—12.17	170.43	202.27	—31.84	
32. M/s. Scindia Workshop Ltd. (C)	209.79	190.00	+19.79	224.35	217.60	+6.75	
33. M/s. Steelage Inds. P. Ltd. (C)	211.35	190.00	+21.35	221.75	217.60	+4.15	
34. M/s. Telerad P. Ltd. (B)	180.05	176.20	+3.85	183.95	202.27	—18.32	
35. M/s. Vasant Industrial & Engg. Works (C)	211.35	190.00	+21.35	217.85	217.60	+0.25	
36. M/s. Voltas Ltd. (D)	224.00	208.40	+15.60	250.00	239.07	+10.93	
37. M/s. Western Mechanical Inds. P. Ltd. ()	180.05	167.00	+13.05	183.95	190.00	—6.05	
38. M/s. Oriental Can Mfg. Co. (A)	152.00	167.00	—15.00	165.00	190.00	—25.00	
39. M/s. Ruby Industries (A)	107.90	167.00	—59.10	124.80	190.00	—65.20	
40. M/s. Kamani Engg. Corp'n. Ltd. (C)	211.35	190.00	+21.35	217.85	217.60	+0.25	

Statement showing the additional financial burden which will be cast on some of the engineering units in Area I if the Wage Proposals as made by the Chairman and Independent members on the Wage Board are implemented (in respect of Unskilled, Semi-skilled, Skilled† and High Skilled† categories).

	Skilled			Highly-skilled		
	Wages Paid	Wages Proposed	Diff. erence (— or +)	Wages Paid	Wages Proposed	Diff. erence (— or +)
1	2	3	4	5	6	7
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1. M/s. Alcock, Ashdown & Co. Ltd. (C)	271.70	300.40	—28.70	369.51	620.93	—251.42
2. M/s. American Spring & Pressing Works Pvt. Ltd. (C)	238.48	300.40	—61.92	257.98	620.93	—362.95

ANNEXURE 'T'—contd.

1	2	3	4	5	6	7
3. M/s. Automobile Products of India Ltd. (D)	287.73	331.87	—44.14	† 339.73	620.93	—281.20
4. M/s. Bharat Bijlee Ltd. (C)	243.85	300.40	—56.55	295.85	† 620.93	—325.08
5. M/s. Dalal Engineering P. Ltd. (A)	245.47	259.00	—13.53	297.47	544.27	—246.80
6. M/s. De Smet. P. Ltd. (A)	165.81	259.00	—93.19			
7. M/s. Devidayal Stainless Steel Industries P. Ltd. (A)	138.95	259.00	—120.05	223.48	544.27	—320.79
8. M/s. (East Asiatic Machinery & Industrial Engg. Co. P. Ltd.) M/s. Turner Hoare & Co. Ltd. (B)	306.00	275.87	+30.13	432.00	544.27	—112.27
9. M/s. Garlick & Co. P. Ltd. (C)	271.70	300.40	—28.70	328.13	620.93	—292.80
10. M/s. Godrej & Boyce Mfg. Co. Pvt. Ltd. (D)	297.37	331.87	—34.50	401.37	620.93	—219.56
11. M/s. Gansons P. Ltd. (A)	196.30	259.00	—62.70	280.80	544.27	—263.47
12. M/s. Hakimrai Jaichand (A)	207.60	259.00	—51.40	259.60	544.27	—284.67
13. M/s. Indian Hume Pipe Co. Ltd. (D)	256.85	331.87	—75.02	321.85	620.93	—299.08
14. M/s. India Tube Mills & Metal Industries P. Ltd. (B)	185.12	275.87	—90.75	217.62	544.27	—326.65
15. M/s. Indian Link Chain Mfrs. Ltd. (A)	182.00	259.00	—77.00	221.00	544.27	—323.27
16. M/s. Indian Smelting & Refining Co. Ltd. (B)	243.85	275.87	—32.02	302.35	544.27	—241.82
17. M/s. Janak Mfg. Works (A)	208.08	259.00	—50.92	..	..	..
18. M/s. John Baker & Sons (B)	238.65	275.87	—37.22	282.85	544.27	—262.42
19. M/s. Khira, Steel Works P. Ltd. (C)	176.00	300.40	—124.40	195.00	620.93	—425.93
20. M/s. Killick Nixon & Co. Ltd. (A)	256.85	259.00	—2.15			
21. M/s. Krishna Steel Inds. P. Ltd. (B)	243.85	275.87	—32.02	295.85	544.27	—258.42
22. M/s. Lallubhai Aminchand P. Ltd. (B)	197.65	275.87	—78.22			
23. M/s. Malleable Iron & Steel Castings Co. P. Ltd. (C)	256.85	300.40	—43.55	289.35	620.93	—331.58
24. M/s. McKenzies Ltd. (A)	251.00	259.00	—9.00	303.00	544.27	—241.27
25. M/s. Metal Rolling Wks. P. Ltd. (B)	197.65	275.87	—78.22			

* corresponds to Semi-skilled A in the proposals.

† corresponds to Skilled B in the proposals.

‡ corresponds to Skilled F in the proposals.

ANNEXURE 'I'—contd.

	1	2	3	4	5	6	7
26. M/s. Mukand Iron & Steel Works Ltd. (B)	250.35	331.87	—81.52	321.85	620.93	—299.08	
27. M/s. Nathani Steel Yard (C)	225.96	300.40	—74.44	258.46	620.93	—362.47	
28. M/s. New Standard Engg. Co. Ltd. (C)	237.35	300.40	—63.05	282.85	620.93	—338.08	
29. M/s. National Ecko Radio & Engg. Co. Ltd. (C)	239.95	300.40	—60.45	276.35	620.93	—344.58	
30. M/s. Permanent Magnets Ltd. (A)	224.25	259.00	—34.75	232.75	544.27	—261.52	
31. M/s. Rashtriya Metal Inds. Ltd. (B)	192.53	275.87	—83.34	218.53	544.27	—325.74	
32. M/s. Scindia Workshop Ltd. (C)	244.53	300.40	—55.87	366.25	620.93	—254.68	
33. M/s. Steelage Inds. P. Ltd. (C)	251.65	300.40	—48.75	289.35	620.93	—331.58	
34. M/s. Telerad P. Ltd. (B)	199.55	275.87	—76.32				
35. M/s. Vasant Industrial & Engg. Works (C)	243.85	300.40	—56.55	295.85	620.93	—325.08	
36. M/s. Voltas Ltd. (D)	449.00	331.87	+117.13	478.90	620.93	—142.03	
37. M/s. Western Mechanical Inds. P. Ltd. ()	199.55	259.00	—59.45				
38. M/s. Oriental Can Mfg. Co. (A)	178.00	259.00	—81.00				
39. M/s. Ruby Industries (A)	135.20	259.00	—123.80				
40. M/s. Kamani Engg. Corp'n. Ltd. (C)	246.45	300.40	53.95	308.85	620.93	—312.08	

NOTES.—1. Since the proposals classify operatives into 10 categories, which do not correspond to the categories existing in engineering units in Bombay for the purpose of this Statement, only four categories, viz. Unskilled, Semi-skilled, skilled and Highly skilled are taken, which respectively correspond to Unskilled, Semi-skilled A, Skilled B, and skilled F of the proposed classification.

2. The wages of operatives in Bombay are generally daily-rated. As such, to arrive at monthly wages, the daily wages are multiplied by 26.

3. (a) The wages paid as shown in the first column of the different categories, are at the starting point of the basis wages plus dearness allowance for the month of September, 1968, on the basis of index for August 1968 of 737 (1934 = 100).

(b) The wages proposed, as shown in the second column of different categories, is basic wages at the starting point plus dearness allowance on the basis of average all-India Working Class Consumer price indices for the period from October 1967 to March 1968, which works out at 216. (As per proposals, same dearness allowance will be payable for the period from July 1968 to December 1968). Area allowance is also included.

4. The alphabets (A), (B), (C) and (D), as the case may be, shown in the Second Column against the names of engineering units, signify the Group into which they fall on the basis of labour strength furnished to the Association.

ANNEXURE 'I'—contd.

Statement showing the additional financial burden which be cast on some of the Engineering Units in Area IV if the Proposals made by the Chairman and Independent Members on the Wage Board are implemented.

Sl. No.	Name of Firm	UN-SKILLED			SEMI-SKILLED		
		Wages Paid	Wages proposed	Diff.	Wages paid	Wages proposed	Diff.
1	2	3	4	5	6	7	8
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	Saibro Engg. Works, Lucknow (A)	65.00	140.00	-75.00	84.50	160.00	-75.50
2	Ludhiana Steel Rolling Mills, Ludhiana (A)	80.00	140.00	-60.00	90.00	160.00	-70.00
3	Maco Pvt. Ltd., Sonapat (A)	72.00	140.00	-68.00	95.00	160.00	-65.00
4	Saharanpur Engg. Works, Saharanpur (A)	77.00	140.00	-62.50	92.50	160.00	-67.50
5	Saraya Engg. Works Ltd., Gorakhpur (A)	67.50	140.00	-72.50	75.00	160.00	-85.00
6	Triveni Structural Ltd., Allahabad (B)	70.00	148.00	-78.00	75.00	170.67	-95.67
7	Man Industrial Corpn. Ltd., Jaipur (B)	86.06	148.00	-61.94	93.86	170.67	-76.81
8	Goetz India Ltd., New Delhi (B)	90.00	148.00	-58.00	105.00	170.67	-65.67
9	Modern Industries, Gaziabad (C)	65.00	160.00	-95.00	71.50	184.00	-112.50
10	Bharat Steel Tubes Ltd., Haryana, (C)	90.00	160.00	-70.00	130.00	184.00	-54.00
11	Atlas Cycle Industries Ltd., Haryana. (D)	81.00	176.00	-95.00	94.00	202.67	-108.67
12	Associated Industries Corpn., Kanpur (A)	65.00	145.25	-80.25	117.00	166.00	-49.00
13	Lakshmiratan Engg. Works Ltd., Kanpur (C)	87.50	166.00	-78.50	97.50	190.90	-93.40
14	Globe Steels, Ballabgarh (C)	81.00	166.00	-85.00	92.50	190.90	-98.40
15	Shiva Iron & Brass Works, Delhi (A)	79.00	150.50	-71.50	86.00	172.00	-86.00
16	Ahuja Radios, New Delhi (A)	76.00	150.50	-74.50	83.00	172.00	-89.00
17	Kalkaji Compressor Works, New Delhi (A)	84.50	150.50	-66.00	111.00	172.00	-61.00

ANNEXURE 'I'—Contd.

Sl. No.	Name of Firm	UN-SKILLED			SEMI-SKILLED		
		Wages Paid	Wages proposed	Diff.	Wages paid	Wages proposed	Diff.
1	2	3	4	5	6	7	8
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	Saibro Engg. Works, Lucknow (A)	130.00	200.00	-70.00	..	..	..
2	Ludhiana Steel Rolling Mills, Ludhiana (A)	140.00	200.00	-60.00	600.00	340.00	-260.00
3	Mace Pvt. Ltd., Sonapat (A)	120.00	200.00	-80.00	..	..	..
4	Saharanpur Engg. Works, Saharanpur (A)	107.50	200.00	-92.50	266.00	340.00	-74.00
5	Sarya Engg. Works Ltd., Gorakhpur (A)	100.00	200.00	-100.00	140.00	340.00	-200.00
6	Triveni Structurals Ltd., Allahabad (B)	85.00	214.00	-129.00	205.00	370.00	-165.00
7	Man Industrial Corp'n. Ltd., Jaipur (B)	104.26	214.00	-109.74	164.06	370.00	-205.94
8	Gietz (India) Ltd. New, Delhi (B)	165.00	214.00	-49.00	206.00	370.00	-164.00
9	Modern Indus., Gaziabad (C)	104.00	232.67	-28.67	225.00	400.00	-175.00
10	Bharat Steel Tubes Ltd., Haryana (C)	160.00	232.67	-72.67	240.00	400.00	-60.00
11	Atlas Cycle Indus. Ltd., Haryana (D)						
12	Associated Indus. Corp'n., Kanpur (A)	130.00	207.50	-77.50	156.00	352.75	-196.75
13	Lakshmiratan Engg. Works Ltd., Kanpur (C)	122.50	241.40	-18.90	171.50	415.00	-243.50
14	Globe Steels, Ballabgarh (C)	135.00	241.40	-206.40	208.00	415.00	-207.00
15	Shiva Iron & Brass Works, Delhi (A)	94.00	215.00	-31.00	176.00	365.50	-89.50
16	Ahuja Radios, New Delhi (A)	91.00	215.00	-124.00	150.00	365.50	-215.50
17	Kalkaji Compressor Works, New Delhi (A)	138.50	215.00	-76.50	255.00	365.50	-110.50

NOTES.—(1) For the purpose of this statement only four categories viz. Unskilled, Semi-skilled, Skilled and Highly-skilled are taken which respectively correspond to Unskilled, Semi-skilled (A), skilled (A) and Skilled (D) of the proposed classification.

(2) The wages of the workers are generally daily-rated. As such, in order to arrive at monthly wages, the daily wages are multiplied by 26.

(3) The Alphabets (A), (B), (C) and (D), as the case may be, shown in the Second Column against the names of the Engineering Units indicate the Group into which they fall on the basis of the labour strength furnished by the Association.

ANNEXURE J

TABLE II—*Total Value Added by Manufacture in Engineering Industries and Estimates of Factor Payments and other Charges*
(Rs. in lakhs)

Item 1	1959* 2	1960 3	1961 4	1962 5	1963 6	1964 7	1965 8
1. Value added by manufacture	163,03	201,88	233,91	279,64	340,23	413,94	490,75†
2. Distribution of Value Added.							
1. Emoluments paid.—							
1.1 Amount	105,99	123,68	140,09	166,76	200,00	235,84	290,42†
1.2 Percentage	65.0	61.2	59.9	59.6	58.8	57.0	59.2
2. Advertising, selling and similar other charges.—							
2.1 Amount	14,26	19,66	24,58	27,88	32,11	40,61	46,48
2.2 Percentage	8.8	9.7	10.5	10.0	9.4	9.8	9.5
3. Managing Agents' remuneration.—							
3.1 Amount	1,82	2,50	2,34	2,71	3,23	3,74	4,01
3.2 Percentage	1.1	1.2	1.0	1.0	1.0	0.9	0.8
4. Interest.—							
4.1 Amount	5,25	7,20	9,76	11,63	15,00	20,30	20,25
4.2 Percentage	3.2	3.6	4.2	4.1	4.4	4.9	5.7
5. Tax provision.—							
5.1 Amount	15,12	20,72	26,27	40,19	48,80	57,71	60,90
5.2 Percentage	9.3	10.3	11.2	14.4	14.3	13.9	12.4
6. Profits retained.—							
6.1 Amount	8,44	11,57	11,45	12,64	19,49	30,63	32,25
6.2 Percentage	5.2	5.7	4.9	4.5	5.7	7.4	6.6
7. Dividend/net profit.—							
7.1 Amount	12,15	16,66	19,42	17,83	21,60	25,11	28,14
7.2 Percentage	7.5	8.3	8.3	6.4	6.4	6.1	5.8

*As relevant data for 1959 are not available from the Reserve Bank of India study, the ratios for 1960 have been utilised in working out the estimates for 1959.

†Data estimated from ASI-1965 (provisional Results) General Review.

CHAPTER X

ACKNOWLEDGEMENTS

The Board wishes to place on record its grateful thanks to the Department of Labour & Employment, Ministry of Labour, Employment & Rehabilitation, Government of India for all the help and assistance given and various facilities provided to the Board for the discharge of its functions.

10.2. We wish to express our thanks to the State Governments of some of the States, who readily helped us by affording several facilities for holding our sessions in their states. We had occasion to avail of similar facilities from several organizations of employers and workers and also from certain individual employers. We wish to place on record our grateful thanks to them also.

10.3. The Board is also thankful to the organizations of employers and workers as also to the representatives of such organizations who appeared before the Board, for all the information and views placed before it. The Board also wishes to express their thanks to the managements of engineering undertakings which it had occasion to visit, for having shown the members round their factories.

10.4. The Board is obliged to the Department of Labour & Employment, Government of India, for having placed at its disposal the services of Shri P. N. Razdan, Regional Labour Commissioner (Central), as Secretary to the Board. The Board wishes to place on record its appreciation of the excellent work done by Shri Razdan. He had to work hard in preparing notes and material for the deliberations of the Board, in analysing the views and contentions placed before us, in drafting the report and in discharging various other functions. He had done a difficult and sensitive work ably and efficiently. His knowledge of labour problems and experience of handling them proved of great advantage in his dealing with the work of the Board. As the Board did not have the services of a suitable Accounts Officer, the burden of that work also fell on Shri Razdan and Investigator Gr. I.

10.5. Shri R. P. Kapoor, Investigator Gr. I from Labour Bureau, Simla, worked as Investigator Gr. I for the Board. He was immensely useful to the Board. We wish to place on record our appreciation of his hard work and assistance particularly in the matter of compilation, research and analysis of the statistical and financial data and preparation of estimates of need based minimum wage, which he did with ability and intelligence. We also wish to mention with appreciation the useful services rendered to the Board by Shri T. P. Narayanan, Stenographer. For most of the time Shri Narayanan had to handle the work as a Stenographer single handed and he discharged his functions very ably and accurately. The other

secretariat staff of the Board, Office Superintendent, Investigator Gr. II, Typing Section, other clerical staff and Class IV staff spared no pain in giving full co-operation and assistance to the Board, working some times for long hours and on holidays. They bore the burden ungrudgingly and discharged their duties to the satisfaction of the Board.

10.6. The Board also expresses its thanks to the Central Government Industrial Tribunal, Bombay, for having shared its office accommodation with the secretariat of the Board.

L. P. Dave,
Chairman.

B. Natarajan,
Independent Member.

Shiv Chandika Prasad
Independent Member

Kali Mukherjee
Mohammad Elias

N. K. Sen Gupta
P. R. Bagri

Ram Desai
(Members representing
workers)

Bharat G. Doshi
(Members representing
employers)

P. N. Razdan,
Secretary.

Bombay,
Dated 23rd December 1968.

APPENDIX I

(See Para. 1.1)

GOVERNMENT OF INDIA

MINISTRY OF LABOUR AND EMPLOYMENT

New Delhi, the 12th December 1964.

RESOLUTION

No. WB-4(3)/64.—In pursuance of the recommendations made in para. 25 of Chapter XXVII of the Second Five Year Plan and in para. 20 of Chapter XV of the Third Five Year Plan, the Government of India have decided to set up a Wage Board for the engineering industries excluding the steel plants for which a Wage Board is already in operation. The term "Engineering Industries" for this purpose will include also foundries except those to which the recommendations of any other Wage Board have already been applied.

2. The composition of the Wage Board for the engineering industries will be as follows :—

CHAIRMAN :

Shri F. Jeejeebhoy.

INDEPENDENT MEMBERS:

- (i) Shri N. Venkatasubbaiah.
- (ii) Professor B. Natarajan.

MEMBERS REPRESENTING WORKERS:

- (i) Shri Kali Mukherjee.
- (ii) Shri Mohd. Elias.
- (iii) Shri Ram Desai.

MEMBERS REPRESENTING EMPLOYERS:

- (i) Shri N. K. Sen Gupta.
- (ii) Shri P. R. Bagri.
- (iii) Shri P. Bhattacharji.

3. The following will be the terms of reference of the Board:—

- (a) to determine the categories of employees (manual, clerical, supervisory etc.) who should be brought within the scope of the proposed wage fixation;
- (b) to work out a wage structure based on the principles of fair wages as set forth in the Report of the Committee on Fair Wages?

Explanation—In evolving a wage structure, the Board should, in addition to the considerations relating to fair wages, also take into account

- (i) the needs of the industries in a developing economy;
- (ii) the special features of the engineering industries including the aspects relating to exports;
- (iii) the requirements of social justice;
- (iv) the need for adjusting wage differentials in such a manner as to provide incentives to workers for advancing their skill;
- (c) to bear in mind the desirability of extending the system of payment by results.

Explanation—In applying the system of payment by results the Board shall keep in view the need for fixing a minimum (fall back) wage and also to safeguard against over-work and undue speed.

4. The following classes of engineering establishments shall be excluded from the purview of the Wage Board.

- (i) public sector undertakings which are run departmentally ;
- (ii) establishments employing less than 50 workers ;
- (iii) workshops attached to non-engineering establishments.

5. The headquarters of the Wage Board will be located at Bombay and all correspondence intended for the Board shall be addressed to the Chairman, Central Wage Board for Engineering Industries, City Ice Building, 298 Bazar-gate Street, Fort, Bombay.

P. M. MENON,

12th December 1964

Secretary to the Government of India

No. WB-4(3)-64

Dated, New Delhi, the 12th December 1964

ORDER

ORDERED that a copy of the Resolution be communicated to all concerned.

ORDERED also that the Resolution be published in the Gazette of India for general information.

P. M. MENON,

12th December 1964

Secretary to the Government of India

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APPENDIX II

**GOVERNMENT OF INDIA
CENTRAL WAGE BOARD
ENGINEERING INDUSTRIES**

QUESTIONNAIRE

GOVERNMENT OF INDIA
CENTRAL WAGE BOARD
ENGINEERING INDUSTRIES

PHONE: 251467
GRAMS: "ENGINWAGES"

CITY ICE BUILDING
298, BAZARGATE STREET
FORT, BOMBAY-1

To

The Management and the Workmen of the Concern known as

Dear Sirs,

The Government of India in the Ministry of Labour and Employment has by its Resolution of 12th December 1964 constituted a Central Wage Board for Engineering Industries of India, excluding steel plants. On the next page you will find the terms of reference to the Wage Board for working out of a wage structure for the employees of the industry based on the principles of fair wages as set forth in the Report of the Committee on Fair Wages. On page 5 of this letter you will find by way of introduction some relevant extracts from the Report of the Committee on Fair Wages which is to be taken as the basis of this Board's investigations. The Board takes the view that the units of engineering industries engaged in the production and/or shaping of ferrous and non-ferrous metals are the units with which the Board is concerned.

2. This Board has prepared a questionnaire hereby issued to the employers and the workmen of the engineering industry and their organisations, to the Government of India and the State Governments, and to Associations and persons, who are in a position to assist the Board in the matters under investigation. The Board will be grateful if you will be so good as to pursue the questionnaire and let us have your answers to the questions which have been framed as fully as possible, having regard to the nature of the enquiry and the terms of reference. Please let me have *twenty copies* of your answers for the use of the Board.

3. Furthermore, will you please be so good as to let us know whether you wish to be heard before the Board either personally or through any organisation of employers or workmen to support the views which you may express in your answers to this questionnaire. In case you wish to be so heard please give the name and address of such organization.

4. Any contribution which you are able to make to the subject will be appreciated.

5. As the Board desires to proceed with the work as fast as possible it is requested that your reply to the questionnaire may please be furnished so as to reach us not later than the middle of October 1965.

6. The management of establishments of Engineering Industries are requested to post copies of this questionnaire, together with a translation in the regional language, on their Notice Boards and at places of work of the workmen for their information.

Yours faithfully,

(F. JEEJEEBHOY),
Chairman of the Board.

Dated 15th August, 1965.

GOVERNMENT OF INDIA
MINISTRY OF LABOUR AND EMPLOYMENT

New Delhi, the 12th December, 1964.

RESOLUTION

No. WB-4(3)/64.—In pursuance of the recommendations made in para 25 of Chapter XXVII of the Second Five Year Plan and in para 20 of Chapter XV of the Third Five Year Plan, the Government of India have decided to set up a Wage Board for the engineering industries excluding the steel plants for which a Wage Board is already in operation. The term "Engineering Industries" for this purpose will include also foundries except those to which the recommendations of any other Wage Board have already been applied.

2. The composition of the Wage Board for the engineering industries will be as follows:—

CHAIRMAN :

Shri F. Jeejeebhoy.

INDEPENDENT MEMBERS:

(i) Shri N. Venkatasubbiah.

(ii) Professor B. Natarajan.

MEMBERS REPRESENTING WORKERS:

(i) Shri Kali Mukherjee.

(ii) Shri Mohd. Elias.

(iii) Shri Ram Desai.

MEMBERS REPRESENTING EMPLOYERS:

(i) Shri N. K. Sen Gupta.

(ii) Shri P. R. Bagri.

(iii) Shri P. Bhattacharjī.

3. The following will be the terms of reference of the Board:—

- (a) to determine the categories of employees (manual, clerical, supervisory etc.) who should be brought within the scope of the proposed wage fixation;
- (b) to work out a wage structure based on the principles of fair wages as set forth in the Report of the Committee on Fair Wages?

Explanation—In evolving a wage structure, the Board should, in addition to the considerations relating to fair wages, also take into account

- (i) the needs of the industries in a developing economy;
- (ii) the special features of the engineering industries including the aspects relating to exports;
- (iii) the requirements of social justice;
- (iv) the need for adjusting wage differentials in such a manner as to provide incentives to workers for advancing their skill;
- (c) to bear in mind the desirability of extending the system of payment by results.

Explanation—In applying the system of payment by results the Board shall keep in view the need for fixing a minimum (fall back) wage and also to safeguard against over-work and undue speed.

4. The following classes of engineering establishments shall be excluded from the purview of the Wage Board.

- (i) public sector undertakings which are run departmentally;
- (ii) establishments employing less than 50 workers;
- (iii) workshops attached to non-engineering establishments.

5. The headquarters of the Wage Board will be located at Bombay and all correspondence intended for the Board shall be addressed to the Chairman, Central Wage Board for Engineering Industries, City Ice Building, 298 Bazar-gate Street, Fort, Bombay.

P. M. MENON

12th December, 1964.

Secretary to the Government of India.

No. WB-4(3)/64

Dated, New Delhi, the 12th December, 1964

ORDER

ORDERED that a copy of the Resolution be communicated to all concerned.

ORDERED also that the Resolution be published in the Gazette of India for general information.

P. M. MENON

12th December, 1964.

Secretary to the Government of India.

THE FAIR WAGES COMMITTEE'S REPORT

As the wage structure is to be based on the principle of fair wages as set forth in the Report of the Committee on Fair Wages the following extracts from that Report are reproduced:—

- (a) We consider that a minimum wage must provide not merely for the bare sustenance of life but for the preservation of the efficiency of the worker. For this purpose the minimum wage must also provide for some measure of education, medical requirements and amenities.
- (b) It will be seen from this summary of the concept of the living wage held in various parts of the world that there is general agreement that the living wage should enable the male earner to provide for himself and his family not merely the bare essentials of food, clothing and shelter but a measure of frugal comfort including education for his children, protection against ill-health, requirements of essential social needs and a measure of insurance against the more important misfortunes including old age.
- (c) The attainment of the living wage is therefore our objective too but nevertheless it is the duty of this Committee to examine how far present-day circumstances permit us to approach the living wage and how a wage that might be considered fair could be fixed having

- regard to the many limitations that prevent the immediate attainment of the objective. On one point there is complete unanimity of opinion, *viz.*, that the fair wage should on no account be less than the minimum wage.
- (d) While the lower limit of the fair wage must obviously be the minimum wage the upper limit is equally set by what may broadly be called the capacity of industry to pay. This will depend not only on the present economic position of the industry but on its future prospects. Between these two limits the actual wages will depend on a consideration of the following factors and in the light of the comments given below:—
- (i) the productivity of labour ;
 - (ii) the prevailing rate of wages in the same or similar occupations in the same or neighbouring localities ;
 - (iii) the level of the national income and its distribution ; and
 - (iv) the place of the industry in the economy of the country.
- (e) As regards the measure of the capacity the Committee consider that in this context the main objective of the fixation of fair wages should not be lost sight of. The objective is not merely to determine wages which are fair in the abstract, but to see that employment at existing levels is not only maintained, but if possible increased. From this point of view it will be clear that the level of wages should enable the industry to maintain production with efficiency. The capacity of industry to pay should therefore be assessed by the Wage Boards in the light of this very important consideration. The Wage Boards should also be charged with the duty of seeing that fair wages so fixed for any particular industry are not very much out of line with wages in other industries in that region.
- (f) We are of the view that in determining the capacity of an industry to pay it would be wrong to take the capacity of a particular unit or the capacity of all industries in the country. The relevant criterion should be the capacity of a particular industry in specified region and, as far as possible, the same wages should be prescribed for all units of that industry in that region.
- (g) We feel that before a wage-fixing machinery decides to make any allowance for benefit statutory or otherwise, granted to workers it must examine the nature and extent of those benefits. Where a benefit goes directly to reduce the expenses of a worker on items of expenditure which are taken into account for the calculation of the fair wage, it must necessarily be taken into account in fixing the actual fair wage payable.
- (h) The Committee decided that if the standard family was reckoned as one requiring three consumption units and providing one earner the decision would be in accord with the results of the family budget enquiries.
- (i) The Committee considered that in the fixation of wage differentials the following factors should be taken into account:—
- (1) the degree of skill ;
 - (2) the strain of work ;
 - (3) the experience involved ;
 - (4) the training required ;
 - (5) the responsibility undertaken ;
 - (6) the mental and physical requirements ;
 - (7) the disagreeableness of the task ;
 - (8) the hazard attendant on the work ;
 - (9) the fatigue involved.

Extract from the main conclusions/recommendations of the 15th Session of the Indian Labour Conference (11th and 12th July 1957).

WAGE POLICY DURING THE SECOND FIVE-YEAR PLAN

1. While accepting that minimum wage was 'need-based' and should ensure the minimum human needs of the industrial worker the following norms were accepted as a guide for all wage fixing authorities including minimum wage committees, wage boards, adjudicators, etc.—

- (i) In calculating the minimum wage the standard working class family should be taken to comprise three consumption units for one earner, the earning of women, children and adolescents being disregarded.
- (ii) Minimum food requirements should be calculated on the basis of a net intake of calories as recommended by Dr. Aykroyd for an average Indian adult of moderate activity.
- (iii) Clothing requirements should be estimated on the basis of a per capita consumption of 18 yds. per annum, which would give for the average worker's family of four a total of 72 yds.
- (iv) In respect of housing, the rent corresponding to the minimum area provided for under Government's Industrial Housing Scheme should be taken into consideration in fixing the minimum wage.
- (v) Fuel, lighting and other miscellaneous items of expenditure should constitute 20 per cent of the total minimum wage.

QUESTIONNAIRE

1. Please give:—

- (a) The name of the unit and of the union or unions operating in the establishing;
- (b) Your address, and
- (c) Your designation.

2. Please state to which branch of engineering industries covered by this Wage Board, and to which units thereof, your answers have special reference?

THE WAGES

3. Please give the history of your engineering establishment, its beginnings, its progress through the years, its present position, and its normal expectations of the future.

4. Please give particulars of production of your establishment in the last fifteen years, together with a table of the number of persons employed from year to year. Please also give a picture of the financial structure of your concern, the changes therein, if any, from time to time, and the nature of its progress through the years; as also the changes in the wage structure from time to time; have such changes been the result of adjudication, arbitration, amicable settlement or legislation. and please attach copies of documents relating thereto.

5. Please state what you consider would be a fair wage in your establishment for:

- (a) the unskilled;
- (b) Semi-skilled;
- (c) Skilled;
- (d) Highly skilled;
- (e) Specialists' grade;
- (f) The clerical staff;
- (g) The subordinate staff;

- (h) The supervisory categories ;
- (j) Any other category in your establishment.

6. Please give details as to how you have come to the conclusion as to the fair wages in answer to question No. 5; it is assumed that a family has been taken as constituting three consumption units.

7. Please give details of the cost of living of a family of 3 consumption units in your region together with particulars of prices of commodities and the living requirements of the several categories, and the results of any enquiries into cost of living index. Please also give your estimates as to cost of living based on the formula accepted by the 15th Indian Labour Conference.

8. Are there any other engineering establishments comparable to yours in the vicinity or in the region, and if so, what wages do they pay for the categories mentioned in question No. 5? What is the general trend of industrial wages in your vicinity and in your region?

9. Please state what you consider should be the minimum fair wage payable in your area to categories similar to those mentioned in question No. 5 above?

10. What in your opinion would be a living wage for the aforesaid categories?

11. How have the changes in wage rates since 1947 affected the standard of living of the workers in your establishment or region? Have you any suggestions to make arising therefrom? If so, please give full particulars.

PRODUCTIVITY OF LABOUR

12. What in your opinion is the impact of the productivity of labour in relation to the quantum of fair wages?

13. What is the percentage of your annual wage bill (including all benefits) to the cost of production of the year? Has it varied over the years and to what extent, and have there been any reasons for such variations? Please also answer this question by substituting 'annual wage bill of managerial staff' in place of 'annual wage bill'.

14. Are you satisfied with the productivity of labour in your establishment? If you are not so satisfied, what are your suggestions for improving the position?

15. In your estimate has there been any increase or decrease in the productivity of labour within the last 10 years? Please give details to support your conclusion.

16. In this connection please give also a list of factors for which you have had to make allowances, like the change in the character of production, introduction of modern machinery etc.

INCENTIVE PAYMENTS

17. Have you an incentive scheme of payment in your factory and if so, what are the results therefrom? Please submit a copy of the scheme.

18. Are you in favour of the system of piece-rates being prescribed for occupations which are at present time rated or partly time rated and partly piece rated? If so, please give particulars. Please state in detail what piece rate schemes you have in existence and their results in terms of increased emoluments and increased production.

19. Would you prefer a scheme of piece-rates where the rate increases with the quantum of production so as to provide progressive incentives? If you do approve of such a system, would you suggest at what point in the

graph of production the several present time rates should be fixed for your establishment?

20. Are you of the view that there are too many scales in respect of time rated occupations? If so, would you indicate the number of time scales into which the time rated workers should be grouped?

21. As regards payment by results, are you in favour of a study to be undertaken by qualified industrial engineers in respect of occupations, both time and piece-rated, and if you do not favour such study, have you anything else to suggest on the subject?

PREVAILING WAGES IN REGION AND CAPACITY TO PAY

22. Do you consider that the wages paid by you are the prevailing rates of wages for the same or similar occupations in the region and/or the neighbouring localities? If there are any differences, how are they accounted for? Please give details.

23. What is your view as regards the existing disparity in industrial wages between different regions in India today? Do you suggest that the disparities should be narrowed or eliminated? If so, please give suggestions.

24. Please give the wages of industries other than engineering industries in your region.

25. Please give details of labour organisations in your establishment and in your area, the membership which they have, and the influence which they have exercised in the formulation of the wage structure.

26. Please give details of the present wages of the several categories of your establishment, their dearness allowance and any other benefit which they get, together with a statement of their total emoluments at the commencement, at the middle, and at the end of the scale, including provident fund contributions and any other benefits which can be reckoned in terms of money, and including also the bonus which your concern will have to pay; what deductions have been made for amenities like Employees State Insurance Scheme?

27. What in your view is the place of the engineering industries in the economy of the country and to what extent does its importance in the economy affect the fixation of a fair wage.

28. What in your view are the essential needs of the engineering industry in a developing economy which would have an impact on wages?

29. What is your opinion as to the capacity of the engineering industries to pay a fair wage? What is the level of the fair wage which in your opinion the industry is able to sustain and will be able to sustain in the future? In this connection please forward a copy each of your balance sheets and profit and loss accounts and Directors' Reports for the last 15 years, and please give a complete tabulated statement of the financial position of the concern indicative of its capacity to pay, to enable the Board to understand the situation for the purpose of the fixation of a fair wage.

30. With reference to the economic expansion which is taking place in the country, what in your opinion is the place of the engineering industry in this expansion?

31. What are the most promising lines of exports in your production? and what difficulties, if any, are you experiencing in increasing your exports? And what are the inducements which you get for exports?

32. Have any targets been laid down for export in the next Five Year Plan, and would increase in cost of production like higher wages affect the capacity of the industry to achieve the targets in view of international competition and if so, to what extent?

33. According to the Fair Wage Committee's Report the object of fixation of fair wages is not merely to determine the wages which are fair in the abstract but to see that the employment which exists is not only maintained but if possible, increased. Viewed in this light, will any upward revision of existing wage levels in your region affect the present or future level of employment or the capacity of the industry to maintain production and efficiency, and if so, to what extent?

34. How in your opinion should the capacity of the units of the industry to pay be ascertained? For such purpose would you take the industry as a whole in India, or would you take a representative cross section, or would you take it regionally, or in a combination of vicinity plus region, or in any other way? Please give your views in full.

35. Would you suggest that the wages of engineering concerns in the same region should be fixed according to their size, performance and financial capacity, or do you suggest a uniform structure as an All-India wage, or do you suggest an All-India minimum?

36. Do you agree that in determining the capacity of the industry regard must be had for a fair return on capital, a fair remuneration to management, and a fair allocation to reserves and depreciation, so as to keep the industry in a healthy condition; or do you subscribe to the view that the requirements of social justice demand that fair wages must be paid at all costs? Would you reconcile these points of view and suggest a wage structure so that social justice may flourish along with adequate emoluments?

37. Should the Board take into account any repercussions arising out of the elimination from this enquiry of engineering units employing less than 50 persons? Please give full details.

38. Would you consider an ad-hoc increase of wages appropriate, and should the increases which might be suggested by the Board be prospective or retrospective?

39. Will social justice be satisfied if the increase is given primarily to the lowest paid in the industry?

NATIONAL INCOME

40. What in your opinion is the impact of the level of national income and its distribution on the wages to be fixed for the workmen in the engineering industries? Do you consider whether the question of National Income and its distribution is a factor which in the present context could exercise any appreciable influence on the wage structure, and if so, how and to what extent?

DIFFERENTIALS

41. Do you consider that the present differentials in the wages of workers fairly reflect the differences in skill and work, or do you take the view that the differentials should be narrowed down? In the latter case please suggest how it should be managed.

42. Do you consider that the present differentials provide the requisite incentive to the workers for advancing their skill? If not, please state in what manner you would like the differentials to be altered so as to provide such an incentive?

43. Is it possible to have a single occupational nomenclature in the whole industry for persons doing the same kind of work? and if so, please give your suggestions.

44. How would you assess the weightage to be given for the following factors, which, according to the Fair Wages Committee, should be taken into account in the fixation of wage differentials—

1. Degree of skill ;
2. Strain of work ;

3. Experience involved ;
4. Training required ;
5. Responsibility undertaken ;
6. Mental and physical reasons ;
7. Disagreeableness of task ;
8. Hazard of work ;
9. Fatigue involved.

CATEGORIES UNDER INVESTIGATION

45. Has categorisation of employees in your establishment been done by any scientific method of job evaluation? and if so, please give broad features thereof.

46. What in your opinion should be the categories to be covered by this investigation?

47. Do you favour the inclusion in our investigations of all categories which are covered by the term 'workmen' as defined in the Industrial Disputes Act, or would you include any other categories?

48. Would you exclude categories like apprentices and learners from this enquiry?

BASIC WAGES AND DEARNESS ALLOWANCE

49. Do you prefer the system of basic wage plus dearness allowance or do you favour the merging of the whole or part of the dearness allowance into basic wage? In case of such merger how would you compensate for future rises and falls in the cost of living?

50. Are you of the opinion that the present system of dearness allowance should be replaced? If so, please give full details of your scheme.

51. If the system of dearness allowance is to be continued do you suggest any changes? Do you favour a flexible scheme of dearness allowance linked to the cost of living? and if so, please give details.

52. To what extent should neutralisation of higher cost of living be effected? Please give details of your views on the subject.

53. In the computation of a minimum fair wage, what provision would you make for a measure of education, medical requirements and amenities? Please give details, and please also state what allowances should be made where such educational and medical requirements and amenities have already gone into the computation of a minimum fair wage?

54. Do you favour incremental scales of wages for the workers? In what way would you otherwise remunerate seniority and service?

55. Should increases in emoluments be made only in cash, or otherwise?

56. What in your opinion will be the impact on wages of the recommendations of the Bonus Commission?

WOMEN'S WAGES

57. Please state whether any difference exists in your establishments and in your area at present in the wages paid to the men and the women workers for doing the same or similar work?

58. In your opinion should equal pay be given for equal work?

59. What would be the percentage of women employees who suffer a handicap because of their sex?

60. The Committee on Fair Wages are of the opinion that the adoption of a different method of calculation in the case of women engaged on work done exclusively by them does not infringe the principle of equal pay for equal work? Are there any occupations in your establishment to which these remarks have relevance?

CONTRACT LABOUR

61. What is the extent of the employment of contract labour in your establishment—temporary, casual, or permanent; and in what respects do their wages and terms of employment differ from the rest? In your opinion is the subject of contract labour and its emoluments covered by this Wage Board?

GENERAL

62. What in your view are the impacts of increasing degrees of mechanisation on the change of skills and employment potentials?

63. Do you regard standardisation of occupational nomenclatures to be a real problem, and if so can you give any indication as to how you would approach it?

64. Do you or do you not agree with the view that in spite of the heterogeneous character of the engineering industry and varieties of their products, as also differences in their size and financial position, there is a certain commonness in approach to the question of classification in their occupations in the various parts of the country, and therefore, it may be possible to standardise wages in the industry?

65. Do you agree with the view that notwithstanding the position as stated in the last question there are important regional differences in the actual earnings of the workers and that therefore due consideration must be given to the regional features of wages?

66. Do you agree with the view that in most of the engineering industries 70 per cent of the workers are engaged in 25 or less occupations which are common to most of the engineering concerns? Does that simplify the work of standardisation of wages?

67. Would you conclude that standardisation of wages as between groups of engineering units could be achieved, and if so how?

68. Is it correct that some engineering units are highly developed and mechanised whereas others are old and have not been modernised? What is your suggestion as regards the latter's liability in the matter of paying wages?

69. Do you know that in some important centres of engineering industries attempts have been made to standardise wages through the awards of Industrial Tribunals or by Arbitrations or by agreement of parties? What are your views about them?

70. Are there any other points of view which you would like to place before the Board.

The above Questionnaire is sent with the compliments of the Board with the forwarding letter and the Board awaits your replies thereto with twenty copies.

APPENDIX III

(See para 1.12)

Statement showing venue & dates of the meetings of the Central Wage Board for the Engineering Industries

Board's meeting	Venue of the meeting	Dates of the meeting	Board's meeting	Venue of the meeting	Dates of the meeting
I	Calcutta	8-2-65	XVI	Delhi	13-11-67 to 15-11-67
II	Bombay	8-4-65 to 9-4-65	XVII	Bombay	14-12-67 to 16-12-67
III	Calcutta	6-9-65 to 7-9-65	XVIII	Bangalore	15-1-68 to 17-1-68
IV	Bombay	20-11-65	XIX	Delhi	26-2-68 to 28-2-68
V	Delhi	14-12-65 to 15 12 65	XX	Bombay	12-3-68 to 13-3-68
VI	Delhi	9-1-66	XXI	Calcutta	31-3-68 to 2-4-68
VII	Calcutta	11-2-66 to 12-2-66	XXII	Delhi	25-4-68 to 26-4-68
VIII	Bangalore	18-7-66	XXIII	Bombay	16-5-68 to 17-5-68
IX	Delhi	22-8-66	XXIV	Bombay	21-6-68 to 22-6-68
X	Delhi	6-12-66	XXV	Delhi	29-8-68 to 30-8-68
XI	Bombay	19-4-67 to 20-4-67	XXVI	Delhi	20-9-68 to 21-9-68
XII	Bombay	13-7-67	XXVII	Bombay	28-10-68 to 29-10-68
XIII	Delhi	10-8-67	XXVIII	Delhi	28-11-68 to 30-11-68
XIV	Madras	13-9-67	XXIX	Bombay	23-12-68
XV	Calcutta	23-10-67			

APPENDIX IIIA

(See para 1.12)

Statement showing venue and dates of public Hearings held by the Central Wage Board for Engineering Industries

Public Hearing	Venue of the Hearing	Dates on which the hearing was held	Remarks
I Calcutta		6-9-65 to 11-9-65	Hearing on Interim relief for Eastern & Northern Region.
II Madras		8-10-65 to 9-10-65	Hearing on Interim Relief for Southern Region.
III Bombay		15-11-65 to 20-11-65	Hearing on Interim relief for Central & Western Regions.
IV Delhi		22-8-66 to 24-8-66	Hearing on main issues for Northern & Central Regions.
V Bombay		2-11-66 to 8-11-66	Hearing on main issues of all India nature.
VI Delhi		5-12-66 to 8-12-66	Ditto.
VII Bombay		19-4-67 to 20-4-67	Hearing on main issues for Western Region.
VIII Bombay		13-7-67 to 14-7-67	Ditto.
IX Delhi		10-8-67 to 11-8-67	Hearing on main issues for Northern Region (on special request).
X Madras		12-9-67 to 14-9-67	Hearing on main issues for Southern Region.
XI Jamshedpur		19-10-67 to 23-10-67	Hearing on main issues for Eastern Region.

APPENDIX IIIB

(See para 1.12)

Names of the persons who appeared before the Central Wage Board for Engineering Industries, Bombay during the public hearings of the Board at different places

Dates of public hearings	Place of hearing	Names of the persons who were heard	Names of the organisations represented
1	2	3	4
I. Public Hearings on Interim Relief			
6-9-65 to 11-9-65	Calcutta	(a) <i>Workers' Representatives</i>	
		1. Shri Gopeshwar Dass	I. N. T. U. C. and Indian National Engineering Workers' Federation.
		2. Shri Phani Ghosh	H.M.S. and Indian Metal & Engineering Workers' Federation.
		3. Shri Samiran Mitra	West Bengal Engineering Workers' Union.
		4. Shri Ram Sen	A.I.T.U.C. and National Federation of Metal & Engineering Workers' of India.
		5. Shri Anil Das Chaudhari	U.T.U.C. and Bengal Aluminium Workers' Union and also Phillips Workers' Union.
		6. Shri B. D. Srivastva	Reliable Water Supply Karamchari Sangh, Lucknow.
		(b) <i>Employers' Representatives</i>	
		7. Shri D'Costa	Indian Iron & Steel Co., Kulti Works.
		8. Shri S. P. Dasgupta	National Instruments Ltd. Jadavpur.
		9. Shri Ghosh	Indian River Steam Navigation Co., Rajabagan Dockyard.
		10. Shri B. K. Roy	Bengal Electric Lamp Works Ltd.
		11. Dr. J. K. Roy	Electric Lamp Manufacturers Ltd., and Hind Lamps Manufacturing Co. Ltd.
		12. Dr. J. N. Agarwal	Engineering Association of India (Eastern Region).
		13. Shri S.K. Asthana	Engineering Association of India (Northern Region) for small & medium size units.

APPENDIX IIIB—contd.

1	2	3	4
		14. Shri J. N. Chatterjee . . .	Indian Engineering Association.
		15. Shri S. Prakash . . .	Indian Aluminium Co. Ltd., Calcutta.
		16. Shri J. P. Sharma . . .	Associated Industrial Corporation Ltd., Kanpur.
		17. Shri Dina Nath . . .	Indian Sugar & General Engineering Corporation Ltd., Jamunanagar.
		18. Shri S. C. Rastogi . . .	New Central Jute Mills, Engineering Department.
		19. Illegible . . .	Ship Repairers Ltd., Calcutta.
8-10-65 to 9-10-65	Madras .	(a) <i>Workers Representatives</i>	
		1. Shri M. S. Krishnan . . .	National Federation of Metal & Engineering Workers of Indian and A.I.T.U.C., Mysore State.
		2. Shri K. S. Janakiraman . . .	Ditto.
		3. Shri R. Rangaswamy . . .	Tamilnad I.N.T.U.C. and Indian National Engineering Workers' Federation.
		4. Shri S. C. C. Anthony Pillai . . .	H.M.S. and Indian Metal & Engineering Workers' Federation.
		5. Shri K. S. Sastry . . .	Hindustan Shipyard Labour Union, Visakhapatnam.
		6. Shri Kattoor Gopal . . .	Coimbatore District General Workers' Progressive Union.
		(b) <i>Employers' Representatives</i>	
		7. Shri D. J. Algar . . .	Metal Box Co. (India) Ltd.
		8. Shri P. S. Prakasa Rao . . .	Hindustan Shipyard, Visakhapatnam.
		9. Shri L. C. Joshi . . .	Associated Cement Co. Ltd., Sahbad Engineering Works.
		10. Shri N. S. Bhat . . .	Indian Engineering Association of India, (Southern Region).
		11. Shri J. P. Sankarajika . . .	Engineering Association of India (Southern Region).
		12. Shri N. R. Srinivasan . . .	T.V.S. Group of Companies.

APPENDIX IIIB—*contd.*

1	2	3	4
15-11-65 to 20-11-65	Bombay	(a) <i>Workers' Representatives</i>	
		1. Shri R. S. Kulkarni . . .	A.I.T.U.C.
		2. Shri G. Sundaram . . .	National Federation of Metal & Engineering Workers.
		3. Shri M. S. Krishnan . . .	Public Sector Employees' Unions of Bangalore.
		4. Shri Chakravarti . . .	Supervisory Categories of employees of Hindustan Aeronautics Ltd., Banga- lore.
		5. Illegible . . .	Non-affiliated Workers' Unions in Kerala.
		6. Shri Daniel Theophilus . . .	Hindustan Aeronautics Em- ployees' Association.
		7. Shri F. Loos . . .	Ditto.
		8. Shri S. Nagaraja Rao . . .	Bharat Earth Movers. Em- ployees' Association.
		9. Shri V. K. Tambe . . .	I.N.T.U.C. & Indian Na- tional Engineering Wor- kers' Federation.
		10. Shri Raja Kulkarni . . .	Ditto.
		11. Shri Tulsi Boda . . .	Bombay Labour Union affiliated to Hind Maz- door Panchayat.
		12. Shri N. Sane . . .	Ditto.
		13. Shri Phani Ghosh . . .	H.M.S. & Indian Metal & Engineering Workers' Federation.
		14. Shri Vilas Gandhi . . .	Labour Unions of 6 Poona Units.
		15. Shri Shankaram Rowde . . .	Indian Metal & Engineering Workers' Federation.
		16. Shri Nazir Ahmed . . .	A.C.C.'s Shahbad Engi- neering Works Em- ployees Union.
		(b) <i>Employers' Representatives</i>	
		17. Shri Kapoor . . .	Bharat Earth Movers (Rly. Coach Division).
		18. Shri D. Thambia . . .	Hindustan Aeronautics Ltd., Bangalore.
		19. Shri G. S. Nair . . .	United Electrical Indus- tries, Quilon.
		20. Shri Mahavir Swaroop . . .	Indian Telephone Indus- tries, Bangalore.

APPENDIX IIIB—contd.

1	2	3	4
		21. Shri Chellapan . . .	Bharat Electricals Ltd.
		22. Shri S. K. Roy . . .	Heavy Electricals Ltd., Bhopal.
		23. Shri D. Prakash . . .	Aluminium Corporation Ltd., J. K. Steel Ltd., and J. K. Business Machines.
		24. Shri P. Mehta . . .	Indian Hume Pipe Co. Ltd.
		25. Shri L. C. Joshi . . .	Indian Engineering Asso- ciation of India, Bombay Chamber of Commerce, Gujarat Vepari Maha Mandal & a few indivi- dual units.
		26. Shri Firodia . . .	Maratha Chamber of Com- merce & Industry.
		27. Shri R. D. Pusalkar . . .	Indian Engineering Asso- ciation, Poona, Zonal Committee.
		28. Shri Acharya . . .	Mahindra Group of Con- cerns.
		29. Shri B. V. Shah . . .	Alcock & Ashdown Co. Ltd.
		30. Shri D. J. Algar . . .	Metal Box Co. (India) Ltd.
		31. Shri Gidwani . . .	Indian Tool Manufacturers, Bombay.
		32. Shri C. R. Singhvi . . .	Jay Engineering Co. Ltd., Calcutta.
		33. Shri O. P. Setley . . .	Anglo Indian Jute Mills Co. Ltd., Calcutta.
		34. Dr. J. N. Agarwal . . .	Engineering Association of India.

II. Public Hearings on Main Issues

22-8-66
to
24-8-66

New Delhi

(a) Workers' Representatives

1. Shri Satish Loomba . . . National Federation of
Metal & Engineering
Workers of India &
A.I.T.U.C.
2. Shri Dixshit . . . I.N.T.U.C., U.P.

(b) Employers' Representatives

3. Shri S. M. Mehta . . . Association of Merchants
and Manufacturers' of
Textile Store & Machinery.

APPENDIX IIIB—contd.

1	2	3	4
		4. Shri S. S. Ratna	Globe Steel, Balabgarh.
		5. Shri J. P. Sharma	Northern India General Employers' Federation, Kanpur & Associated Industrial Corporation, Kanpur.
		6. Shri D. P. Mukherjee	Indian Engineering Association (Northern Region).
		7. Shri S. S. Taluja	Engineering Association of India (U. P.).
		8. Shri Iyer	Engineering Association of India (Rajasthan).
		9. Shri T. P. Chaturvedi	Engineering Association of India (Haryana).
		10. Shri Mathur	Electronic Industries.
2-11-66 to 8-11-66	Bombay	(a) <i>Workers' Representatives</i>	
		1. Shri H. K. Sohoni	Indian Metal & Engineering Workers' Federation & H.M.S.
		2. Shri Narayan Das Gupte	Ditto.
		3. Shri Sundaram	National Federation of Metal & Engineering Workers of India and A.I.T.U.C.
		4. Shri Raja Kulkarni	I.N.T.U.C.
		(b) <i>Employers' Representative</i>	
		5. Dr. Ram Agarwal	Engineering Association of India and All India Manufacturers Organisation.
5-12-66 to 8-12-66	New Delhi	(a) <i>Workers' Representatives</i>	
		1. Dr. Vidyarthi	Engineering Association of India.
		2. Shri D. P. Mukherjee	Indian Engineering Association.
		3. Shri L. C. Joshi	Ditto.
		4. Shri S. H. Chaudhry	Engineering Association of India.
		5. Shri D. N. Nigam	Public Sector Undertakings.
		6. Shri S. J. De	Public Sector undertakings.
		7. Shri S. S. Taluja	Engineering Association of India for small & medium scale industries.

APPENDIX IIIB—contd.

1	2	3	4
		8. Dr. J. N. Agarwal	Engineering Association of India.
		9. Shri Bharat Doshi	Indian Engineering Association.
19-4-67 to 20-4-67	Bombay	(a) <i>Workers' Representatives</i>	
		1. Shri Desai	Gujarat Indian Trade Unions Congress.
		(b) <i>Employers' Representatives</i>	
		1. Shri S. K. Ray	Heavy Electricals Ltd. Bhopal.
		2. Shri Devasthale	Chawgle & Co., Goa.
13-7-67 to 14-7-67	Bombay	(a) <i>Workers' Representatives</i>	
		1. Illegible	Charotar Gramodhar Sahakari Mandal Employees' Union.
		(b) <i>Employers' Representatives</i>	
		1. Shri L. C. Joshi	Engineering Association of India (Western Region), Indian Engineering Association, (Western Region) Maratha Chamber of Commerce and Industry & Gujarat Vepari Maha Mandal.
10-8-67 to 11-8-67	New Delhi	2. Shri Kajiji	Ditto.
		(a) <i>Workers' Representatives</i>	
		1. Shri S. A. Dange	A.I.T.U.C. and National Federation of Metal & Engineering Workers.
		(b) <i>Employers' Representatives</i>	
		2. Shri D. D. Puri	Indian Engineering Association (Northern Region).
		3. Shri S. B. Kale	Ditto.
		4. Dr. J. K. Bose	Hind Lamps Ltd., Shikohabad.
12-9-67 to 14-9-67	Madras	(a) <i>Workers' Representatives</i>	
		1. Shri G. Ramanujam	I.N.T.U.C. and Indian National Engineering Worker's Federation.
		2. Shri K. S. Krishnamoorthy	Bharat Earth Movers Employees' Association.
		3. Shri S. Venkatraman	Kirloskar Electric Employees Association & Guest Keen William (Sankey Division) Employees Association.

APPENDIX IIIB—concl'd.

1	2	3	4
		4. Shri M. C. Narasimhan	. Mysore Kirloskar Employees' Association.
		5. Shri R. Mahadevan	. Hindustan Aeronautics Employees' Association.
		6. Shri Nazir Ahmed	. A.C.C. Engineering Works Employees' Union.
		7. Shri N. R. Dharwarkar	. A.C.C. Engineering Works Staff Union.
		8. Shri M. S. Rama Rao	. A.I.T.U.C., Bangalore.
		9. Shri Sundaram	. A.I.T.U.C., Madras.
		10. Shri S. Raghavandan	. Madras Enamel Works Employees' Union.
		(b) Employers' Representatives	
		11. Shri C. Devadas	. Pen Spares Manufacturing Co., Madras.
		12. Shri K. Eswaran	. Easan Engineering Co. Madras.
		13. Shri N. S. Bhat	. Indian Engineering Association, (Southern Region).
		14. Shri K. R. Srinivasan	. Ditto.
19-10-67 to 23 10-67	Jamshedpur	(a) Workers' Representatives	
		1. Shri Vyas	. Indian Copper Corpn, Workers' Union.
		2. Shri S. Chaudhary	. Golmuri Tinsplate Workers Union.
		3. Shri P. Bhattacharjee	. H.M.S. and Indian Metal & Engineering Workers' Federation, West Bengal.
		4. Shri Narayan Das	. Ditto.
		5. Shri Ram Sen	. National Federation of Metal & Engg. Workers' and A.I.T.U.C., West Bengal.
		6. Shri Keder Das	. A.I.T.U.C., Bihar.
		7. Shri V. K. U. Menon	. Wire Products Labour Union.
		8. Shri Gopeshwar Das	. I.N.T.U.C. & Indian National Engg. Workers' Federation.
		(b) Employers' Representatives	
		9. Shri R. H. Mody	. Ferro-Manganese Plant, Joda.
		10. Shri R. P. Singh	. Indian Aluminium Co. Ltd. Chotamuri Plant, Ranchi.
		11. Shri Goel	. Indian Copper Corporation.
		12. Shri R. Sinha	. Re-rolling Mills, Calcutta.
		13. Shri S. N. Chaudhary	. Engineering Association of India (Eastern Region)
		14. Shri D. P. Mukherjee	. Indian Engineering Association (Eastern Region).

APPENDIX IV

(See Para. 2.3)

GOVERNMENT OF INDIA
CENTRAL WAGE BOARD
ENGINEERING INDUSTRIES

PHONE : 251467

GRAMS: "ENGINWAGES"

Ref : EWB/

City Ice Building,
298, Bazargate Street,
Fort, BOMBAY-1.

15th April, 1965.

To

The Manager,

.....

..... (Address)

AND

The workmen of the said concern.

WHEREAS there has been made by labour before this Wage Board a claim for an interim advance in emoluments pending the final decisions of the Board :

Now, therefore, the Board directs that such claims shall be submitted to this Board by the said workmen, supported by all relevant facts, figures and documents, within one month of the date hereof, and that a copy of the same shall be sent to the Chairman for onward transmission to the management. The workmen may send their claims and the copy thereof direct to the Chairman, but if they are represented by an organisation, then through the organization. The management may thereafter within two months submit to the Board their views on the subject, and shall simultaneously give a copy of the same to the claimants or their Unions as the case may be. Thereafter the question whether any interim increase in emoluments is indicated, and if so to what extent, will be considered by the Board.

2. Parties are requested to state (a) whether they wish to be heard by the Board on the subject and (b) if so, through which person or organisation. Parties shall *inter alia* give full particulars existing wages and emoluments, and the number of workmen with their categories.

3. The management is required to post copies of this order of the Board on the notice board at its office and at places of work of its workmen.

The Managements and the workmen are requested to supply fifteen copies of their respective memoranda for the use of the Board.

Sd/- F. JEEJEEBHOY,
Chairman.

APPENDIX V
INTERIM RELIEF
GOVERNMENT OF INDIA

Ministry of Labour, Employment & Rehabilitation
(Deptt. of Labour & Employment)

Dated New Delhi, the 23-7-66.

RESOLUTION

No. WB-4(4)/66.—A Central Wage Board for the engineering industries was set up by the Government of India by their Resolution No. WB-4(3)/64, dated the 12th December, 1964. Soon after the constitution of the Wage Board, claims were made by labour for grant of interim relief. After hearing all the parties who wished to be heard, the Board discussed the subject at four sessions but it was unable to arrive at an agreed solution. The Board decided on 12th February, 1966 by a majority vote (Chairman not voting) to recommend to the Government of India a Scheme of interim relief, the details of which are given in Appendix I. The employers' representatives on the Wage Board expressed their inability to associate themselves with the majority recommendations and added separate notes of dissent which are reproduced in Appendix II to this resolution.

2. Government has taken note of the main points made out in the dissenting notes of employers' representatives which are as follows :—

- (i) The quantum of interim relief recommended by the majority should be reduced.
- (ii) The interim relief should not be extended to workmen drawing upto Rs. 500/- and that it should be restricted to workmen only in the lower wage groups.
- (iii) The interim relief should be payable from the date from which the Board's recommendations are accepted by the Government.

3. After careful consideration of the majority recommendations and the notes of dissent added by the employers' representatives, Government has decided to accept the majority recommendations. Where any increases in wages or dearness allowances have already been sanctioned, expressly subject to adjustment against the interim or final recommendations to be made by the Wage Board, such adjustment would be permissible upto the extent of the interim increase now recommended; any excess, however, will not be recoverable from the workers.

4. The Board's recommendations were received by the Government in the first week of March. It is decided that the interim relief should be payable with effect from the first April, 1966.

5. Employers in Engineering Industries are requested implement the Wage Board's recommendations as accepted by Government.

Sd/- P. C. MATHEW,
Secretary to the Government of India

No. WB-4(4)/66

Dated, New Delhi, the

ORDER

ORDERED that a copy of the Resolution be communicated to all concerned.

ORDERED also that the Resolution be published in the *Gazette of India* for general information.

Sd/-
(P. C. MATHEW),
Secretary to the Government of India.

SCHEME OF INTERIM RELIEF

(APPENDIX I)

PRESENT: *Chairman and all members of the Central Government's Wage Board for the Engineering Industries of India, with the exception of Shri Venkatasubbaiah.*

Soon after the constitution of the Central Wage Board for Engineering Industries of India claims were made by labour for interim relief. The subject of interim relief is by no means simple and involves consideration of a set of complex factors which were fully discussed by the Board, not the least of such factors being the diversity of wages in the industry and the considerable regional differences. After hearing all parties who wished to be heard at important centres in India the Board discussed the subject at four separate sessions but was unable to arrive at an agreed solution in a background of rising prices and the acute shortage of essential materials. Many claims and suggestions emanated during the course of extensive discussions of the Board and although there was some measure of agreement on certain points there were also major differences. The discussions were continued until it became evident that an agreed solution was not possible. The Chairman placed before the Board several suggestions based on the arguments as they took shape, and ultimately as there was no hope of unanimity the subject was put to the vote on a draft of the Chairman on 11-2-1966 which in his opinion reflected some common points of view and also provided some safeguards. After consideration of the draft and after some amendment thereof, the Board decided by a majority vote (the Chairman not voting) to recommend to the Government the following scheme of interim relief :

THE SCHEME OF INTERIM RELIEF

Workers getting as on 31-12-1965* wages (i.e., basic plus D.A. or a consolidated wage) in the wage range mentioned in items under column I below shall be paid interim relief with effect from 1-1-1966* as shown against each item in col. II below :—

Wages and wage range	Interim relief payable with effect from 1-1-66
I	II
(1) Upto and inclusive of Rs. 105 per month.	Rs. 12.50 per month subject to limitation that nobody gets as a result of these recommendations more than Rs. 111 per month.
(2) Above Rs. 105 but not more than Rs. 150 per month.	Rs. 7.50 per month.
(3) Above Rs. 150 but not more than Rs. 250 per month.	Rs. 6.00 per month.
(4) Above Rs. 250 but not more than Rs. 500 per month.	Rs. 5.00 per month.

*The dates are changed to 31-3-1966 and 1-4-1966 respectively.

NOTES:

- The question of the impact of regional differences will be determined at the time of final decision of the Board.
- The Board recognizes that some units and sectors of the industry give substantial fringe benefits. The Board records that it will take this factor into consideration at the time of its final decision.
- The above recommendations shall be *ad hoc* relief adjustable according to final decision of the Board and shall not count for Provident Fund, Gratuity, incentive payments, bonus, and other allowances.
- These recommendations shall not apply to workers drawing wages (Basic plus D.A.) above Rs. 500/-.

- (e) These recommendations shall come into force with effect from 1-1-1966.
- (f) This is an *ad hoc* scheme and must be regarded as such.

Sd/- F. Jeejeebhoy,
Chairman—12-2-66.

Sd/- Kali Mukherjee
12-2-66.

Sd/- B. Natarajan
12-2-66.

Sd/- Ram Desai
12-2-66.

Sd/- Mohammad Elias
12-2-66.

We regret our inability to associate ourselves with these recommendations and shall be submitting our separate note of dissent.

Sd/- P. Bhattacharji

Sd/- P. R. Bagri

Sd/- N. K. Sen Gupta.

Sd/- P. N. Razdan,
Secretary

NOTES OF DISSENT

(APPENDIX II)

Note of dissent on proposals for Interim Relief—Engineering Industries Wage Board

* * * * *

NOTE OF DISSENT BY SHRI N. K. SEN GUPTA

I have to dissent from the majority view on the following considerations :

- (a) The proposals suggest *interim relief on a liberal scale apparently ignoring the fact that substantial sectors of the Engineering Industry are at the moment facing an economic recession due to scarcity of important raw materials, inadequacy of foreign exchange and substantial curtailment of governmental expenditure on industrial products.*
- (b) Interim relief to the depressed sector of employees upto the level of the expenditure on food as calculated by the Iron & Steel Wage Board is understandable and acceptable. Such relief should, however, be given, in my opinion in stages so that the smaller establishments can adjust themselves. If this is not done, there will either be retrenchment or prices will go up or both and this would aggravate the economic crisis through which the engineering industry is passing now.
- (c) The organised sector of the industry pays minimum wage of Rs. 100/- and above to the un-skilled workers. This section to some extent already protected against rise in the cost of living by systems of periodical increases in dearness allowances with varying degrees of neutralisation. *In the lower wage brackets some interim relief is perhaps acceptable but is not understood as to why such relief should not be adjustable with future increase in D.A.*
- (d) *The proposed interim relief in the higher wage brackets are apparently not justifiable on the theory of the "food basket". Obviously they have been proposed on the emotional grounds of giving satisfaction to all employees that they are not being over-looked. The extent of relief however, is not such as will give any satisfaction, but at the same time the effect on industry may be substantial.*

- (e) Certain sectors of the Industry, notably the public sector, are already giving a wide range of fringe benefits to employees. The extent of this benefit varies from Rs. 40/- to Rs. 60/- per month or more. This sector is, therefore, already paying more than the nominal cash wages and dearness allowances. By such fringe benefits in kind and cash, employees are already protected appreciably from the impact of fluctuations in prices.

The proposals of this Wage Board (on majority count) ignores this important factor and imposes additional burden on the public sectors. It is contrary to the principle laid down by the Fair Wages Committee Report. In my view at least a substantial portion of the cash value of fringe benefits currently being given, should be adjustable for purposes of interim relief.

- (f) The Wage Board has recognised that existing level of wages have regional disparities, some of which are substantial. The ultimate objective should be to reduce such disparities but the 'interim relief' proposals only tend to perpetuate such disparities. *In my view no interim relief is admissible in units where the wages or higher than the minimum fixed by the Iron & Steel Wage Board.*
- (g) The proposals do not allow for adjustments of advances in emoluments given from the date the Wage Board was set up, whether such advances were given by Tribunals or agreements. This amounts to penalisation of employers who have been more liberal.
- (h) The majority decision on interim relief has been *arrived at without even calculating the cost to the industry. The "capacity to pay" has not been assessed and this therefore contravenes the Fair Wages Committee Report.*
- (i) The interim relief should not be applicable to units where wage disputes are pending before adjudication. The Majority recommendation has ignored this aspect.
- (j) A proposal was also made by me that interim relief (suggested on majority count) shall be subject to adjustment to the extent of 50% of any rise in dearness allowance from 1st January 1966 as also 50% on any existing non-statutory fringe benefits. This proposal was, however, not acceptable to members representing workers.

Sd/- N. K. Sen Gupta

INTERIM RELIEF—NOTE OF DISSENT BY SHRI P. R. BAGRI

(1) I regret my inability to associate myself with the majority recommendation for interim relief and record below my note of dissent.

(2) From the written submissions made to the Board and in the course of public hearings on interim relief, the following facts (briefly stated) came to light prominently.

- (i) The engineering industries are of heterogenous nature. There is a great deal of diversity not only in the products made by the engineering units; but, also in the size of the units and their capacity to pay.
- (ii) There is a good deal of disparity in the minimum wages (basic plus dearness allowance) in different regions and, within the same region also, the wages paid by different units vary greatly from each other. The regional wage pattern has played a decisive role in the fixing of wages. Wages paid in the Bombay region have been greatly influenced by those paid by the Cotton Textile Industry, the Cotton Textile being the premier industry of that region, and in the same way, the wages paid in the West Bengal region have been affected by the wage structure of the Jute and Cotton industries.

- (iii) By and large, employees of engineering industries enjoy time-scales for basic wages and dearness allowance is linked to the cost of living index. In many industries previously covered by Wage Boards, time scales were found not to exist.
- (iv) According to the decision of the Board, the workmen of over 3,000 units had been specifically asked to put forward their demand, if any, for interim relief. Surprisingly, only a small number made any whatsoever.
- (v) In a large number of engineering establishments there are subsisting settlements/agreements regarding wages which are binding on the parties for different periods from 2 to 5 years. These settlements are in the nature of package deals.
- (vi) Adjudication/arbitration or other proceedings were pending in a large number of cases and the State Governments were continuing to forward the disputes regarding wages to Industrial Tribunals. In West Bengal alone, 1,200 engineering establishments of which majority will fall within the purview of this Board are parties to a pending adjudication.
- (vii) Over and above the basic wage plus dearness allowance, the workmen are in receipt of production/incentive bonus which adds considerably to their earnings. Many larger engineering establishments are operating in some form or other production/incentive bonus schemes.
- (viii) Since after the Indo-Pakistani conflict in September 1965 the industry is in the grip of a crisis owing to shortage of foreign exchange leading to shortage of imported materials and spares and other factors.
- (ix) The representatives of the employers appearing before the Board contended that the industry was not prosperous and produced statistics in favour of their claim. The representatives of the workers, however, contended otherwise but did not put forward any evidence in support of their contention except stray cases of good Balance Sheets of some selected Companies.
- (x) The industry gave a number of fringe benefits. The extent of the fringe benefits, however, varied from unit to unit. The Public Sector undertakings claimed fringe benefits amounting to as much as 40% of the normal wages.

(3) I regret to find that the majority recommendation completely ignores the above findings; in fact, the recommendation is opposed to the above findings of facts. A good deal of the time of the members and Government money was spent in holding public hearings on interim relief and it is painful to find that the knowledge gained from these hearings was not at all used in the taking of the decision on interim relief. The atmosphere at the meeting was charged with a spirit of collective bargaining. It was like this that the Wage Board must give something as otherwise, there was bound to be a great deal of labour trouble and the employers must somehow buy the peace. I am afraid, I am unable to associate myself with this approach.

(4) It is emphasized that what the Board was concerned with at this stage was "relief" and, therefore, it must look to the areas of distress. *It was proved during hearing that there existed pockets of low wages and, undoubtedly, relief was called for in those cases.* In fact, to the best of my understanding, the view of the Chairman also appeared to be the same. It was for this reason that the Chairman tried to channel the discussion on interim relief to the necessary expenditure on food (food basket) and indicated that the discussion will be more fruitful if confined to food basket. The proposals submitted by him at the Bombay and Delhi meetings of the Board also indicated this approach in as much as his proposals were confined to wages up to Rs. 105/- per month. The majority recommendation, however, bears no relevance to the conception of food basket or relief being given to the distressed sector only.

(5) The majority recommendation applies equally to those who have compensated their workmen for rise in the cost of living by suitable agreed adjustments of dearness allowance and those who did not make any such adjustments. I am unable to appreciate the fairness of this approach. In fact, I would like to take the liberty to remark that this is an extremely unfair approach and it is harmful even from the point of view of labour to place on the same pedestal those employers who, in their enlightened self-interest, have compensated their labour for increase in the cost of living and those who have not done so. In a large number of engineering establishments in the Western region, there is almost 100% neutralization of the increase in the cost of living; but, even in these cases no exception could be made and this, in spite of the view taken by even the Chairman also that the circumstances in Western region called for special consideration.

(6) At the February meeting of the Board at Calcutta it was emphasized that the crisis which had started in October 1965 owing to credit squeeze, power shortage in some areas, shortage of foreign exchange and consequent shortage of imported material and spare parts has considerably deepened since then and could not be ignored while making recommendations for interim relief. The attention of the Board was drawn to the statement of the Chairman of the Railway Board that Railway purchases during this year will be reduced by about Rs. 45 crores. Assuming 30% labour content in the sale price of engineering goods, this would represent loss of labour value of the order of Rs. 13.5 crores. In other words, it would involve retrenchment and lay-off of nearly 1,00,000 workmen in addition to large scale lay-off and retrenchment which has already followed the enforcement of the Industrial Scarce Materials Control Order since September 1965. I feel that with a background like this, it is inadvisable to burden the industry with a wage rise of the order of nearly Rs. 5 crores annually and, in any case, the situation did not warrant any consideration of cases which were outside the areas of distress, that is to say, those getting above Rs. 105/- per month.

(7) I am also of the view that where settlements/agreements have been entered into and where such settlements/agreements are still operative, the sanctity of these should not be made to suffer. After all such settlements/agreements are in the nature of package deals and are generally arrived at after a good deal of 'give and take'. Our national policy on labour has rightly laid stress on voluntary settlement of disputes. The Board should do nothing to defeat this national policy. As was submitted to us in the public hearings, several of these settlements have been arrived at after the setting up of the Wage Board and I am unable to appreciate how it is fair to ignore any advances in wages granted by such settlements/agreements and, particularly those in anticipation of the recommendations of the Wage Board.

(8) By and large, wages in the engineering industries have not remained static. The majority of workmen have, during the last 2 or 3 years, received increases ranging from Rs. 10/- to Rs. 40/- in their normal wages.

(9) Apropos the current crisis in the engineering industries, these industries must look out, even as a desperate measure, for overseas markets. It is common knowledge that our engineering products are priced out of international markets on account of our high cost of production, including labour. Any increase in money wages, therefore, without reference to corresponding increase in productivity is going to further worsen our competitive ability. *For this reason among others we stressed that productivity must be taken into account even at the stage of interim relief, but, unfortunately, even such an important consideration failed to get due consideration.* In the engineering industries, the principle of payment-by-results has already found considerable recognition; but, it was unable to receive the blessings of the Board, even though, by its very terms of reference, the Board is obliged to take into account "payment-by-results" in formulating the wage structure of the industry.

(10) *Several types of fringe benefits are commonly given in the engineering establishments.* One of the employers' Associations stated before us in the public hearings that the extent of fringe benefits amounted to 22½% of the wage bill. In many Public Sector establishments and some in the Private Sector also, the extent of fringe benefits amounted to about 40% or so.

The Fair Wages Committee, whose report has been cited as our guide by the terms of reference, has clearly stated that where the benefit granted by an employer goes directly to reduce the expense of a worker on items of expenditure which are to be taken into account for calculating the Fair Wages payable, such benefits should be taken into account in fixing wages. I take the view that the Board in arriving at its decision was bound by the above dictum and that we could ignore it only by ignoring our very terms of reference. Unfortunately, even the offer made by the employers representatives that fringe benefits beyond a certain percentage of wages should be allowed to be adjusted against the advances to be recommended by the Board did not find favour with the majority.

(11) I feel that any recommendation of the Board can only apply with effect from the date its recommendations are accepted by the Government and should not apply retrospectively, as suggested by the majority of our colleagues in their scheme for interim relief.

(12) For the consideration of the Government I beg to make the following alternative recommendations by way of interim relief.

I. SCHEME 'A'

Wages and wage range	Interim Relief
(a) Upto and inclusive of Rs. 75 per month.	Wages to be brought upto Rs. 75 per month subject to the limitation that increase in the case of any workman will not be more than Rs. 12 per month or less than Rs. 10 per month.
(b) Above Rs. 75 but not more than Rs. 85.	Rs. 10 per month.
(c) Above Rs. 85 but not more than Rs. 95.	Rs. 8 per month.
(d) Above Rs. 95 but not more than Rs. 105.	Rs. 6 per month.

Alternatively,

II. SCHEME 'B'

(a) All the employers should be divided into two groups as follows :—

(i) Those employing above 250 workers.

(ii) Those employing upto and including 250 workers.

(b) The increase in the cost of living index from the 1st April, 1963 to the end of the month preceding the acceptance of this recommendation by the Government should be determined with reference to the place of work. If the cost of living index for a particular place of work is not compiled by the Central Government, the cost of living index of the nearest town will apply.

(c) The employers in group (a) (i) are to compensate the workers for the increase in the cost of living index at the rate of Re. 1/- for every complete 5 points increase and employers in group (a)(ii) are to compensate for the increase at the rate of Re. 1/- for every complete 10 points increase based on the wage as on 1-1-1963.

(d) All increases in wages in between the periods mentioned in (b) above by virtue of a voluntary agreement, award of an Industrial Tribunal, Labour Court, Arbitrator, etc. an order issued by a State Government or the Central Government under the Defence of India Rules or in any other manner except increments given in the normal course in accordance with the agreed wage scale will be deducted from the increase payable in accordance with the applicable rate mentioned in (c) above and, the balance, if any, shall be payable.

(e) The extra payable in accordance with the preceding para shall apply with effect from the date the recommendations of the Wage Board are accepted by the Central Government.

(f) The extra referred to in the preceding para will be paid as a separate lump sum amount and will not qualify for treatment as wages for other purposes viz., payment of production bonus, attendance allowance/bonus.

(g) The value of any fringe benefits paid by an employer in excess of 20% of the basic wage and dearness allowance shall be adjustable against the increase in wages pursuant to para (d) above. The following benefits shall be considered as fringe benefits:

- (i) Cost of subsidy for the supply of cheap food of any other consumable material.
- (ii) House rent allowance or subsidy for providing house or accommodation at a cheap cost.
- (iii) Cost of supply of fuel at cheap cost or no cost.
- (iv) Travelling allowance for coming to or going from the place of work.
- (v) Contribution to Provident Fund and E.S.I.
- (vi) Attendance allowance.
- (vii) 25% of the Production Bonus, if any.

(h) For further increases in the cost of living indices after the first application of this scheme, employers will continue to compensate the workers in the manner provided in (c) above until the final recommendations of the Board are accepted by the Government.

Illustrations explaining the working of Scheme 'B' are given in the attached sheet.

(13) I am of the opinion that the acceptance of any one of the above alternative recommendations will be just and fair both to the employees and the employers.

CALCUTTA,

Dated the 23rd February, 1966.

Sd/- P. R. BAGRI,
Member

Central Wage Board for
Engineering Industries

Illustrations to explain the working of scheme 'B'

Particulars	Case A	Case B	Case C	Case D	Case E
1. Wages as on 31-3-63	80	80	80	100	100
2. Increase in wages since 31-3-63 as per (d).	Nil	5	10	20	10
3. Increase in terms of para (c)	80	85	90	120	110
4. Deductions in terms of para (d)	20	20	20	20	20
	Nil	—5	—10	—20	—10
5. Value of fringe benefits (vide para g) in excess of 20%.	100	100	100	120	120
	Nil	10	20	10	20
6. Money wage payable	100	90	80	110	100

NOTE 1.—It will be seen that those who started at the same level as on a particular date in the past but received different increases in the intervening period are levelled up now.

NOTE 2.—The giving of fringe benefits does not affect any employer adversely. Those who give more fringe benefits, give less money wage. It is generally acknowledged that one of the wage in which the rise in prices could be arrested is for employers to give more benefits by way of fringe benefits and this purpose is achieved by scheme 'B'. This will remove the disincentive on the part of employers to give more fringe benefits.

INTERIM RELIEF NOTE OF DISSENT BY MR. P. BHATTACHARJI

I regret to record by dissent from the Chairman's Scheme on interim relief supported by a majority of the Wage Board for the Engineering Industries.

2. From the written submissions from the Employers and Employees received by the Wage Board and from the hearings on the interim relief, certain important factors came to light in regard to the Engineering Industries.

- (a) There is wide divergence in the minimum wages (Basic plus Dearness Allowance) paid in the engineering industry in each region. This is quite apart from the regional disparities in wages, which is a factor present in all other industries. For instance the minimum wage (Basic plus Dearness Allowance) in the Bombay region was found to vary from Rs. 39/- to Rs. 175/- per month as on 1-1-65. (The minimum wage in many establishments in Bombay is now over Rs. 180/- p.m.)
- (b) By and large, employees of engineering establishments enjoy time scales for basic wages, and *dearness allowance* linked to the consumer price index. Thus the total emoluments of such workmen have increased progressively and are continuing to increase. The revision of the consumer price index consequent on Lakdawalla Committee's report gave additional 'ad hoc' rise in wages to the workmen in Bombay region. Similarly the West Bengal Government gave special 'ad hoc' relief in September 1964 over and above the wage rise through rise in cost of living index.
- (c) In general, and specially in the case of Public Sector enterprises, substantial fringe and other benefits—which in many cases are as high as 40% of the wages—are enjoyed by the workmen.
- (d) Many of the larger units have systems of 'payment by results' over and above the basic wages and dearness allowance, which contribute very handsomely to the cash earnings of the workmen.
- (e) Many engineering establishments throughout India have had to resort to lay-off or retrenchment of workmen from October 1965 on account of the current crisis in the industry owing to credit squeeze, power shortage in some areas, shortage of foreign exchange leading to shortage of imported material, spares etc., paucity of orders and other factors. (The 23rd Session of the Indian Labour Conference in October 1965 confined its deliberations to this subject alone).

3. At the hearing in Calcutta in September 1965 the Chairman wanted the employers' representatives to confine their arguments to the extent of advance in wages from April 1963 to September 1965. At the hearing in Bombay he went a step further and wanted the employers' arguments to be confined to the expenditure on food ("food basket") as calculated by the Iron and Steel Wage Board.

4. After completion of the hearings, and presumably taking into consideration the factors which emerged from the written submissions and the hearings, the Chairman put forward a scheme (Enclosure I) at the Bombay meeting of the Board on 20th November 1965 based on the necessity of "relief" to the "distressed" sector of the workmen only, which was taken as those with wages (Basic plus Dearness Allowance) upto Rs. 105/- p.m. This was in consonance with his directives at the hearings. The members representing the employers agreed with the scheme (subject to some minor corrections); but the scheme was withdrawn on the labour members refusing to accept it.

At the Board's next meeting in Delhi on 14th December 1965, the Chairman put forward another scheme (Enclosure II), which was virtually a modification of the first proposal. The Employer Members accepted the proposal

and Dr. B. Natarajan (Independent Member) agreed with the Chairman. But the Workers' representatives did not agree and this scheme, too was withdrawn.

At the meeting in Calcutta, on 11th February 1966 the Chairman put forward a third scheme which was later put to vote and forms the basis of the majority recommendation.

5. This scheme abandons the "food basket" approach altogether and gives "something" to all workmen receiving basic and dearness allowance up to Rs. 500/- p.m. This has no relevance to the hearings as channelled by the Chairman. Furthermore, this ignores the concept of 'relief'. The latest *unanimous and final* decision of the Wage Board for the Iron and Steel Industry which is a *privileged* and protected industry consisting of many large units, fixed the minimum wage at Rs. 120/- p.m. On the basis of the *unanimous* decision of the Jute Wage Board the minimum wage for Jute industry at present is less than Rs. 100/- p.m. (a member of the Jute Wage Board is on the Engineering Wage Board). The INTUC in its argument before the Second Cotton Textile Wage Board pleaded for relief to employees in receipt of a total of basic wages and dearness allowance lower than Rs. 120/- p.m. We, therefore, cannot accept the recommendation for *Interim Relief* to all workmen in receipt of basic wages and dearness allowance upto Rs. 500/- p.m. The recommendations accepted by a majority of colleagues has gone far beyond the "food basket" theory and the minimum *final* recommendation of the Iron & Steel Wage Board. This we consider grossly inequitable and unfair.

6. Between the Board Meeting held in Delhi on 14th December 1965 and the meeting held in Calcutta on 11th/12th February 1966 the economic crisis deepened very rapidly in spite of the claim in Bombay and Delhi by some of the Employee Members that this was only a short temporary phase which would not last more than 2 to 3 months. With the severe cut in spending by the Railways which is the largest purchase organisation of the Government, a very large number of engineering workmen are being rendered idle which in its turn will have chain reaction on other auxiliary industries. From the preamble to the majority recommendation it will be seen that adequate notice has not been taken of this most important factor of heavy recession in Engineering Industries. At the hearings, substantial evidence was led to indicate that there are many engineering establishments which have been suffering financial loss for years. For example, Heavy Electricals (Bhopal) and Hindustan Ship Yard pleaded incapacity to pay any interim relief. No consideration has been shown to such engineering establishments suffering financial loss. The workmen did not lead any documentary evidence to prove the capacity of the industry to pay.

7. It may not be out of place here to quote from the Report of the Fair Wages Committee: "The objective is not merely to determine wages which are fair in the abstract but to see that employment at existing levels is not only maintained, but if possible increased." It is significant that the scheme does not take into consideration the burden of minimum bonus (4%) irrespective of loss in a year under the Payment of Bonus Act, nor does it attempt to consider the additional cost to the industry.

8. The proposed scheme ignores three factors which the Wage Board is duty bound to take into account in the context of its terms of reference:

- (a) the needs of the industries in a developing economy,
- (b) the special factors of the engineering industries including the aspects relating to exports and
- (c) to bear in mind the desirability of extending the systems of payment by results.

9. Apropos the economic crisis, the industry must export to survive. Evidence was led at the hearings on the difficulties of the engineering industry in the export market. When self-reliance and reduction in the cost of production are being advocated by the authorities at every step, we are puzzled that this aspect was not given consideration in framing the proposal which will enhance the cost of production without any commensurate increase in productivity and thus deepen the crisis and hasten hardships on account of closures and retrenchment. Incentive schemes are a common feature of the engineering

industry but earnings of schemes based on payment by results have been completely ignored. The Chairman's scheme does not indicate that at the time of the final consideration this point will be taken cognisance of. It is therefore apprehended that the question of linking the wage increase to productivity may be ingored at the final stage even though this is advocated by many authorities including the Reserve Bank of India and the Central Labour Minister.

10. The proposal also envisages application of the interim relief even in establishments where disputes relating to wages and emoluments are pending before tribunals. Evidence was led at the hearings to prove that in West Bengal over 1200 engineering establishments are before the 7th Industrial Tribunal since 1962 on the subject of wages. In Bombay, over 84 disputes relating to wages and dearness allowance had been referred to adjudication since the setting up of this Wage Board. Many other State Governments were referring disputes relating to Wages to adjudication. I consider that the Wage Board has no jurisdiction to sanction interim relief in establishments where disputes on wages were pending before Adjudication.

11. There are several engineering establishments where settlements or agreements covering wages and emoluments are in force. Many of these agreements have been "package deals". Enhancement of wages now through interim relief in such cases would be unfair as it would violate the principle of "quid pro quo". No interim relief should be applicable in these establishments during the period the agreements are in force.

12. The Fair Wages Committee clearly stated "where the benefit granted by an employer goes directly to reduce the expense of a worker on items of expenditure which are to be taken into account for calculating the Fair Wages Payable". The proposal ignores the fringe and other benefits but only expresses the hope that these will be taken into consideration at the time of its final decision.

13. The scheme of interim relief does not provide for adjustment against future increases in D.A. where the D.A. is linked to the consumer price index. In these instances further imposition of interim relief which cannot be adjusted against future increases in D.A. is not justified.

14. I also cannot agree to retrospective enforcement of interim relief. It must be prospective from the date Government accepts any *unanimous* recommendation of the Wage Board.

15. It may be mentioned here that perhaps due to inadequate staff no recording or summary of the arguments presented by employees and employers was done by the Wage Board Secretariat. As a result the deliberations of the Board on the subject of interim relief, were handicapped and had hardly any relevance to the facts placed before the Wage Board at the hearings, thus making it a forum for collective bargaining when I was assured by the Chairman in his letter dated 19th July 1965 that this would not be the case.

16. We are constrained to record that the Scheme appears to have been based on the philosophy that every Wage Board must give some interim relief to all workmen irrespective of merits or facts of the case. This naturally found support among the Labour Members but members representing the Industry are unable to associate themselves with this approach. Considerations such as the economics of the industry, capacity to pay, linking of wage increases to productivity, the quantum of payments made to day and the need for creating conditions to enable the industry to export to survive, cannot be sacrificed and we cannot be a party to ignoring even our terms of reference.

17. Believing in the principle of 'social justice' and the need for removing the large pockets of distressingly low paid workers, I consider that 'relief' should be given to those workmen whose wages (basic plus dearness allowance) are inordinately low as judged from the "food basket" angle. At the same time it may cause hardship to employers concerned if such workmen were to be levelled up suddenly. As a first step, therefore, the relief has to be as

high as practicable at the lower levels at the same time avoiding dislocation of the units concerned. On these principles I would recommend the following scheme of interim relief:—

Wages (Basic plus D.A.)	Interim Relief
(a) Upto and inclusive of Rs. 75 per month.	Wages to be brought upto Rs.75 per month subject to a maximum of Rs. 12 and minimum of Rs. 10.
(b) Above Rs. 75 but not more than Rs. 85 per month.	Rs. 10 per month.
(c) Above Rs. 85 but not more than Rs. 95 per month.	Rs. 8 per month.
(d) Above Rs. 95 but not more than Rs. 105 per month.	Rs. 6 per month.

Encl.: I

INTERIM RELIEF

1. All those workmen who are at present receiving a total of basic and D.A. (or a consolidation thereof) less than Rs. 70/- per month shall be brought upto Rs. 70/- per month i.e. total of basic and D.A. or a consolidation thereof as a measure of interim relief.
2. Those getting at present Rs. 70/- and above up to Rs. 79/- (inclusive) per month as total of basic and D.A. or consolidation thereof shall get Rs. 10/- per month as interim relief.
3. Those getting at present Rs. 80/- and above up to Rs. 90/- (inclusive) per month as total of basic and D.A. or consolidation thereof shall get an interim relief of Rs. 15/- per month.
4. Those getting at present Rs. 91/- and above but less than Rs. 105/- per month as total of basic and D.A. or consolidation thereof shall be brought upto Rs. 105/- per month i.e. total of basic and D.A. or consolidation thereof.
5. The increase shall be regarded as lump sum addition to wages drawn at present as a special allowance to be absorbed in terms of the final award.
6. In the case of public sector concerns, the fringe benefits in excess of 25% of the total emoluments of the workmen may be added to the dearness allowance for the purpose of the above adjustments.
7. This recommendation of interim relief shall not apply to those units whose wage structure is pending adjudication before a Tribunal or other duly constituted body.
8. These recommendations shall apply to all units of the engineering industry of India employing 50 persons and more, which are engaged in the production and/or shaping of ferrous or non-ferrous metals, subject to the exceptions in paragraph 4 of the Resolution, of the Government of India, dated 12-12-1964.

NOTE.—Received this on 20-11-65.

Proposed Interim Relief

1. Those getting at present below Rs. 60/- (basic plus D.A. or Consolidated Wage) p.m. shall be brought upto Rs. 60/- p.m.

Present Wage Group	Monthly Interim Relief	
	Rs.	Rs.
2. Those getting at present above Rs. 60 but not more than .	65	9.50
3. Those getting at present above Rs. 65 but not more than .	70	8.50
4. Those getting at present above Rs. 70 but not more than .	80	8.00
5. Those getting at present above Rs. 80 but not more than .	85	7.50
6. Those getting at present above Rs. 85 but not more than .	90	7.00
7. Those getting at present above Rs. 90 but not more than .	95	6.50
8. Those getting at present above Rs. 95 but not more than .	99	6.00
9. Those getting above Rs. 99 but less than Rs. 105 .	shall be brought upto Rs. 105.	

NOTE.—Received this on 14-12-65.

APPENDIX VI

(See Para. 5.4)

Major Groups, Minor Groups and Sub-groups of Engineering industries according to Industrial Classification, indicative of the items of manufacture in the Industries

I. BASIC METAL INDUSTRIES—

(a) Iron and Steel Basic Industries—

Smelting.

- (i) Pig Iron
- (ii) Semi-finished Steel
- (iii) Steel Ingots and Metal for Castings

Rolling Mill and Foundry Products except Structural—
Finished Steel

Iron and Steel Structural—

- (i) Transmission Towers
- (ii) Heavy Structural

Pipes and Tubes

- (i) Steel Pipes and tubes
- (ii) Seamless tubes
- (iii) Cast Iron spun pipes

Castings and Forgings—

- (i) Steel Castings

Ferro-alloys

Iron and Steel Basic Industries, not elsewhere classified.
Electrical Steel Sheets.

(b) Copper Smelting and Rolling Mills—

Copper Smelting (Virgin Metal) Rolling Mill Products

- (i) Pipes and Tubes
- (ii) Sheets and Circles
- (iii) Electrolytic Copper Wire Rods

(c) Aluminium Manufacturing—

Aluminium (Virgin Metal)

Semi-manufactures—

- (i) Sheets and Circles
- (ii) Foils
- (iii) Wire Rods for A.C.S.R.
- (iv) Rods and Sections (Extruded)

(d) Brass Manufacturing—

Pipes and Tubes

Sheets and Circles

(e) Basic Metal Industries not elsewhere classified—

Metals, not elsewhere classified—

- (i) Antimony
- (ii) Lead (Virgin Metal)
- (iii) Gold

Alloys, not elsewhere classified—

- (i) Brass/Copper and Similar Alloy Section (Extruded)
- (ii) Arsenical Copper Rods

Basic forms, not elsewhere classified—

- (i) Lead Pipes and Tubes
- (ii) Lead Sheets
- (iii) Zinc Sheets and Strips

II. MANUFACTURE OF METAL PRODUCTS EXCEPT MACHINERY AND TRANSPORT EQUIPMENT—

(a) Manufacture of Fittings, Fixtures and Fasteners—

Bolts, Nuts, Nails, Screws, Rivets and other Fasteners—

- (i) Wood Screws
- (ii) Machine Screws

Springs, Chains, Zips, Wires and Wire Products—
Wire Ropes

(b) Manufacture of Hand Tools and Small Tools—

Hacksaw Blades
Steel Files

(c) Enamelling, Japaning, Lacquering, Galvanising, Planning and Polishing Metal Products—

Enamelware

(d) Manufacture of Metal Products, not elsewhere classified—

Razor Blades

Torches, Hurricane and Oil Pressure Lamps—

- (i) Hurricane Lanterns
- (ii) Oil Pressure Lamps

Thermos Flasks

Stoves

- (i) Pressure type
- (ii) Non-pressure type

Metal Products not elsewhere classified—

- (i) Crown Cork
- (ii) Expanded Metal
- (iii) Bright Bars

III. MANUFACTURE OF MACHINERY EXCEPT ELECTRICAL MACHINERY—

(a) Manufacture of Agricultural Machinery—

Tractors and Harvestors—
Tractors

(b) Manufacture of Mining, Earth Moving and Construction Machinery—

Other Mining Machinery—
Haulages
Earth Moving Machinery
Road Rollers

(c) Manufacture of Prime Movers, Boilers and Steam Generating Plants—

Internal Combustion Engines—

- (i) Diesel Engines—
 - (a) Vehicular Type
 - (b) Stationary Type

Boilers and Steam Generating Plants—**(i) Boilers (Industrial)**

- (a) Lancashire
- (b) Vertical
- (c) Water Tube
- (d) Others

(d) Manufacture of Industrial Machinery—**Textile Machinery and Accessories—**

- (i) Looms (Calico, Semi-automatic and Automatic).
- (ii) Complete Ring Spinning Frames
- (iii) Carding Engines (Revolving Flat Cards).
- (iv) Shuttle.

Jute Machinery.

- (i) Spinning Frames.
- (ii) Carpet Backing Looms.
- (iii) Roll/Cone Winder.
 - (a) Scroll Type.
 - (b) Traverse Bar Type.
- (iv) Cop Winder (Ordinary).
- (v) Softener.
- (vi) Bailing Press.
- (vii) Drawing Frames.
- (viii) Pre-beaming Machines.
- (ix) Sizing Machines.

Sugar Machinery.

- (i) Milling Plant.
- (ii) Boiling House.
- (iii) Centrifugal.
- (iv) Others.

Tea Machinery.

- (i) Tea Stalk Extractor.
- (ii) Tea Rollers.
- (iii) Tea Sifters.
- (iv) Tea Dust Machines.
- (v) Tea Sorters.
- (vi) Tea Dryers.
- (vii) C.T.C. Machines.
- (viii) Others.

Cement Mill Machinery.**(e) Manufacture of Machinery Components and Accessories—****Conveying Machinery.**

- (i) Lifts
- (ii) Hoist Blocks (Electric/Air).
- (iii) Cranes (other than mobile cranes).
- (iv) Conveyors.

Power Driven Pumps.**Ball Roller and Tapered Bearings.****Ball & Roller Bearings.****Air and Gas Compressors and Vacuum Pumps****Air Compressors.**

Machine Tools.

- (i) Complete.
- (ii) Accessories.
- (iii) Portable.

Machine Tools—

- (1) Machine Tools, Metal Working.
- (2) Machine Tools Accessories.
- (3) Portable Tools.
- (4) Other Metal forming Machines.
- (5) Wood Working Machines.
- (6) Furnaces.
- (7) Gas Welding and Cutting Equipment.
- (8) Electric Welding Machines.
- (9) Re-rolling Plants and Sand and Shot Blasting Machines.
- (10) Plastic Working Machines.

Machinery Components and Accessories not elsewhere classified—

- (i) Sewing Machine Needles.
- (ii) Milling Cutters.
- (iii) Reamers.
- (iv) Lathe Tools (Tool Bits).
- (v) Diamond Drill Bits.
- (vi) Threading Tools.
- (vii) Tungsten Carbide (Sintered).
- (viii) Bandsaw Blades—
 - (a) Wood Working.
 - (b) Metal Cutting.
- (ix) Twist Drills.

(f) Manufacture of Commercial, Office and Household Machines—**Weighing Machines—**

- (i) Platform Scales.
- (ii) Weighing Bridges above three tons capacity.
- (iii) Beam Scales.
- (iv) Others.

Sewing and knitting machines.

Sewing Machines.

Typewriters.

Duplicators.

Air Conditioners—

Portable Room Air Conditioners.

Refrigerators—

Domestic Refrigerators.

IV. MANUFACTURE OF ELECTRICAL MACHINERY, APPARATUS, APPLIANCES AND SUPPLIES—

- (a) Manufacture of Machinery, Apparatus and Supplies for the generation, storage, transmission and transformation of electrical energy—

Power Transformers.

- (b) Manufacture of Electric Motors and Furnaces—

Electrical Motors.

(c) Manufacture of Electrical Cables and Insulated Wires—**Conductors—****(i) Bare Copper.****(ii) Aluminium.****Winding Wires.****Rubber and Plastic Insulated Cables and Flexibles.****Paper Insulated Power Cables.****(d) Manufacture of Batteries—****Storage Batteries.****Dry Cells.****(e) Manufacture of Electrical Appliances—****Electrical Lamps—****(1) Incandescent Filament Lamps—****(i) G.L.S.****(ii) Other than G.L.S.****(2) Fluorescent Lamps.****(3) Miniature Lamps.****Electrical Fans.****Water Coolers.****(f) Manufacture of Communication Equipment.****Radio Receivers.****(g) Manufacture of Electrical Machinery, Apparatus, Appliances and Supplies, not elsewhere classified—****(i) Conduit Pipes.****(ii) Arc Welding Electrodes.****(iii) House Service Meters.****(iv) Electrical Wiring Accessories—****(a) Plastic Accessories.****(b) Brass Lamp Holders.****(v) Motor Starters.****V. MANUFACTURE OF TRANSPORT EQUIPMENT—****(a) Ship Building and Repairing.****(b) Manufacture of Rail Road Equipment—****Manufacture of Railway Coaches and Wagons—****Railway Wagons.****(c) Manufacture of Motor Vehicles—****Cars.****Passenger Buses—****(i) Petrol.****(ii) Diesel.****Trucks—****(i) Petrol.****(ii) Diesel.****Jeeps & Land Rovers.****Motor Vehicles, not elsewhere classified—Station Wagons, Utilities.****Mobile Health Vans.**

- (d) Manufacture of Motor Cycles and Scooters—
 Motor Cycles.
 Scooters and Scooterettes.
- (e) Manufacture of Bicycles & Tricycles—
 Bicycles Complete.
 Bicycles Spare Parts and Accessories.
- (f) Manufacture of Aircraft.
- (g) Manufacture of Transport Equipment, not elsewhere classified—
 Transport equipment not elsewhere classified—
 (i) Mopeds.
 (ii) Three Wheelers.
 (iii) Trailers.

I MISCELLANEOUS MANUFACTURING INDUSTRIES—

- (a) Professional, Scientific, Measuring and Controlling Instruments, not elsewhere classified.
 (i) Measuring Instruments.
- (b) Manufacture of Watches and Clocks—
 Manufacture of Clocks.
- (c) Manufacture of Industries, not elsewhere classified—

APPENDIX VII

(See Para. 7.81)

Report of the Sub-Committee on Job Evaluation

This Sub-Committee was appointed at the meeting of the Wage Board held at Bangalore on 18th July 1966 and was asked to examine Item No. 5 on the Agenda of the Bangalore meeting. The item was suggested by Shri N. K. Sen Gupta and it is relating to application of Job Evaluation in the Engineering Industry. The Sub-Committee met on 23rd August 1966 and has come to the unanimous decision as follows :—

“1. Implementation of differentials in wage-scales should be based on application of Job Evaluation which should be done jointly by the Management of a given concern and the workmen in the said concern. Job Evaluation may be done by any of the accepted methods, but the point system may be adopted as it is simple and convenient. In applying point system following attributes should be taken into account :

- (i) Education.
- (ii) Experience involved.
- (iii) The degree of skill.
- (iv) Strain of work.
- (v) The responsibility undertaken.
- (vi) The physical and mental requirements.
- (vii) The disagreeableness of the task.
- (viii) The training required.
- (ix) The hazard attendant on the work.
- (x) The fatigue involved.

2. These attributes should be assigned points as may be agreed by the Management and the workers so that total number of points come to 100. The Sub-Committee recognises that assignment of points will depend on conditions, plant and machinery etc. in a given factory and therefore, assignment of points should be done by mutual agreement between the Management and the workers.

3. Each attribute may be divided in the degrees depending on the types of jobs and process in a given concern and it should be done in consultation with the workers.

4. After analysing each of the jobs or processes as the case may be, total points will be worked out by multiplication of attribute weightage as may be decided under item No. 2 above, by the degree as may be decided under item No. 3 above. On the basis of total points scored for each of the jobs or processes, scale for the said job or process will be decided by the parties.

5. Any system of job evaluation which is adopted for application in a given concern should be applied after study of jobs and processes to be made by a team consisting of equal representatives of the Management and the workers. For this purpose both the parties should nominate equal number of representatives who should be trained in techniques of job evaluation for a reasonable period before they are called upon to work on application of the job evaluation in their concern.

Sd/- DR. B. NATARAJAN
Chairman.

Sd/- N. K. SEN GUPTA

Sd/- RAM DESAI

NEW DELHI,
August 23, 1966.