

A-27
C4

No.1(46)/69-NCL(C)
Government of India
National Commission on Labour

D-27, South Extension, Part-II,
New Delhi, dated the Feb., 25, 1969.

The Chairman and the Members of the
National Commission on Labour.

Sub:-Fifteenth Meeting of the Commission -
Record of **decision/discussions** - Bombay
January 31 to February 2, 1969.

Sir,

I am directed to forward a copy each of the following
record of decisions of the Fifteenth Meeting of the Commission and discussions held at Bombay from January 31 to
February 2, 1969:-

- 1) Commission's Fifteenth Meeting - January 31 and February 1, 1969.
- 2) Discussions with:
 - (a) Shri L.K.Jha, Governor, Reserve Bank of India - February 1, 1969.
 - (b) Shri Vasantrao Dada Patil and other representatives of Sugar Co-operatives - February 1, 1969.
 - (c) Chief Minister of Maharashtra and Leaders of Opposition Parties in Maharashtra Legislature on "Employment of Local Persons in Maharashtra"- February 2, 1969.

Yours faithfully,

P.D. Gaiha

(P.D. Gaiha)
Deputy Secretary

NATIONAL COMMISSION ON LABOUR

Record of decisions of the Fifteenth Meeting
of the Commission and record of discussions
held at Bombay from January 31 to February 2,
1969.

The Fifteenth Meeting of the National Commission on Labour was held in Syndicate Hall, Bombay University, Bombay, on January 31 and February 1, 1969, and the Commission held discussions with the Governor of Reserve Bank, Mr. Vasant Rao Dada Patil, the Chief Minister of Maharashtra and Leaders of Opposition Parties in Maharashtra Legislature on February 1 and 2, 1969, at Bombay. The following were present:-

1. Dr. P.B. Gajendragadkar, Chairman
2. Dr. Baljit Singh, Member
3. Dr. Bharat Ram, Member
4. Shri D.C. Kothari, Member
5. Shri Manohar Kotwal, Member
6. Shri R.K. Malviya, Member
7. Shri G. Ramanujam, Member
8. Shri Raja Ram Shastri, Member
9. Shri Naval H. Tata, Member
10. Shri S.R. Vasavada, Member
11. Shri B.N. Datar, Member Secretary

.....

Discussions at the meeting of the Commission
at Bombay on Friday, 31st January, 1969 from
9.30 A.M. to 1.00 P.M.

The Chairman stated that the Chapters circulated to the Members would be taken up for discussion in the following order:

1. Chapter 25, International Obligations.
2. Chapter on Working Conditions.
3. Chapter 24, Labour Statistics, Research and Intelligence.
4. Chapter on Agricultural Labour.
5. Chapter on Forest Labour.

Chapter 25 and the Chapter on Working Conditions were thereafter discussed.

3.00 P.M. to 5.00 P.M.

Chapter 24, Labour Statistics, was discussed.

Contd.....

After discussion, the following timings were fixed for the Commission's meetings in February and March 1969:

28.2.1969: 3.00 P.M. to 6.00 P.M.
1.3.1969)
2.3.1969) 9.30 A.M. to 12.30 P.M.; 3.00 P.M. to
3.3.1969) 6.00 P.M.
27.3.1969: 3.00 P.M. to 6.00 P.M.
28.3.1969)
29.3.1969) 9.30 A.M. to 12.30 P.M.; 3.00 P.M. to
30.3.1969) 6.00 P.M.

The Chairman mentioned at the meeting that on inquiries it was found that it would be difficult to get accommodation at Simla for Members' residence and Commission's sitting in the first week of May. The Chairman suggested that the Commission should hold its meetings at Delhi from 5th to 10th May. This suggestion was accepted.

Saturday, 1st February, 1969

10.30 A.M. to 12.00 Noon: Mr. L.K. Jha gave evidence before the Commission.

12.00 Noon to 1.00 P.M. : Mr. Vasant Rao Dada Patil and his colleagues gave evidence before the Commission.

3.00 P.M. to 5.30 P.M. : Mr. Ramanujam mentioned that the record of discussions of the meetings held on January 4 to 8 required amendment. The record showed that there was consensus about a particular recommendation which was not correct; according to him there was no consensus.

The Member-Secretary stated that the said minutes were not being confirmed today. He also stated that consensus emerged on the final day when Shri Ramanujam was absent. However, the Chairman stated that the question was open and would be discussed again.

The Chapters on Agricultural Labour and Forest Labour were then discussed.

Sunday, 2nd February, 1969.

The Commission met the Chief Minister of Maharashtra and leaders of the Opposition Parties in Maharashtra Legislature and discussed with them the problem of Employment of Local Persons. The discussions were held at the Chief Minister's residence from 4.00 to 5.15 P.M.

Record of discussion on Chapter 25 -
'International Obligations' at the
meeting of the National Commission on
Labour at Bombay from 9.30 A.M. to
11.00 A.M. on 31st January, 1969.

1. Page 3 - Para 2.2: The word "premier" in the last line on page 3 should be deleted.

In the same para, the historical sequence should be stated. The National Organisation AITUC in this country was born more out of necessity of representing the workers at the I.L.O., than out of the necessity of federating workers' organisations.

In the same para, it should be brought out that since Independence it has been the INTUC that has been representing the workers at the ILO.

2. Section III should be deleted. The said material should be incorporated in the Chapter on Trade Unions and Employers' Organisations.

The Chapter should be called "I.L.O. and International Obligations" rather than "International Obligations".

3. Page 16 - Para 10.1 : In the fourth line from the bottom of page 16, add the word "formally" after the words "has not been", and after the words "ratified by India", add the following, "though we ought to add that the freedom to form associations or unions is one of the fundamental rights guaranteed by Article 19(1)(c)."

4. Page 18 - Para 11: Delete the word "only" in the first line of this para.

Para 11 should begin with : "The I.L.O. Conventions are meant to set" (as it appears on p.19) and at the end say: India has ratified thirty out of the 128 Conventions.

5. Page 19 - Para 11.1 : Delete the words "seem to" in the last line on p.19.

6. Page 21: At the end of Section II, add: Though there may be some difficulty in implementing the other conventions or recommendations, so long as India observes in spirit the crux of these conventions/recommendations, it would give labour movement the necessary psychological satisfaction. It is hoped that Government will either ratify them or follow the spirit of these recommendations/conventions.

NATIONAL COMMISSION ON LABOUR

Meeting at Bombay

Date: 31.1.69

Time 11.30 A.M. to 1.00 P.M.

Record of Discussion on the
Chapter on Working Conditions.

1. The possibility of the recognised union being given the right to prosecute the employers for violations of the legal provisions, through Inspectors or otherwise was examined; since no satisfactory solution could be found the matter was dropped.
2. Page 6 Para 4 (bottom): The findings of the Enquiry into Chinakuri accident should be given.
3. Page 10: After para 6.1 insert another para giving the nature of non-observance of statutory provisions, number of prosecutions, number of convictions and the nature of punishment imposed.
4. Page 13 1st line: The name of the Committee and the year of its report should be mentioned. This should be followed as a practice.
5. Page 20 Para II (v): The word "Ferozabad" should be substituted by "certain centres".
6. Something about working conditions in shops and commercial establishments should be mentioned.
7. In the case of plantations mention should be made about protection against sun, rain, etc.
8. Page 25 Para 14.1: Plantations should be included in the list of industries where child labour is employed.
9. Page 26 Para 15.1 (last line): The word "guess" should be deleted and reasons for a lower norm should be specified.
10. Page 29 Para 18(i): The measure contemplated should be specified.
11. Page 29 Para 18(ii): In the second sentence add "some cases" after the words "there has been in".
12. Page 29 Para 18(iii): The words "should have a right to" to be replaced by "shall".

Contd....

13. Page 29 Para 18(iv): The first sentence should be modified to take note of the efforts by some associations.
14. Page 31 Para 18(vii): The first sentence is too sweeping. The para should be modified.
15. Page 31 Para 18: Rehabilitation of workers involved in accidents should be mentioned/as a remedy.
16. Page 33 Para 22: In the third sentence delete the words "which" and "requires our recommendation" and add, "and we have to make a recommendation about it" after the words "trade union leaders".
17. Page 34 Footnote: This should either be dropped or the proposal given in concrete form.
18. Page 36 Para 24: The need for reduction in hours of work in the case of obnoxious processes to be mentioned.
19. Page 36 Para 24.2: In the second sentence insert "immediate" after the words "do not propose".
20. Page 37, Second and Third lines: Delete ".spread over, say a period of ten years". The two stages should be 45 hours and 40 hours.
21. Page 37, Para 24.2: (i) Delete the last two sentences. Instead say: "Though similar evolution in this country should also be encouraged, yet legislation may also be necessary at the appropriate time for a gradual reduction of hours of work".
(ii) In respect of night shift workers, lesser hours of work should be recommended.
(iii) A note on the number of holidays giving the practices in different countries should be prepared.
(iv) It should be recommended that while granting exemptions under the Act relating to spread over, workers should also be consulted.
22. Page 38, Para 24.5: We should mention here that the gradual reduction of hours should apply to Railways also. (Mr. B.C, Ganguli to be consulted about this).
23. Page 39 Para 25.2: Should be redrafted to bring out the reasons for not agreeing to relaxation in over-time limits.

24. Page 39 Para 26: We should say that as far as possible, employment of children should be abolished and in case it is considered necessary, the hours of employment should be so fixed as to enable the children to attend schools.

25. Page 42 Para 28 (i) In the 12th line the word "invariably" should be replaced by "sometimes".
(ii) The last few lines should be redrafted to emphasise deterrent punishment without recommending the minimum penalty.

26. Page 44: The first sentence should read: "In a country as populous as ours, a tendency may develop to discount the value of human life."

Record of discussion on Chapter 24 - Labour Statistics, Research and Intelligence at the meeting of the National Commission on Labour at Bombay from 3.00 P.M. to 5.00 P.M. on 31st January, 1969.

1. A recommendation should be made that when Advisory Bodies drew up a programme for statistics or indices, these bodies should recognise or bear in mind the fact that such statistics/indices are required by Labour (unions or workers' organisations.)

2. Page 9 - Para 6 (Lines 8, 7 and 6 from the bottom): The sentence "The interest shown to the public" should read as: "Generally speaking, the interest shown by employers' organisations in research is oriented to specific situations with the aim of putting across the employers' view point to the public."

3. PP.8-10 - Para 6: It should be stated in this paragraph that overlapping of research and statistics should be avoided.

4. Page 16 - Para 8.6: The recommendations made at the end of this para should be made more concrete. The following should be added at the end of the para: "This could be achieved by the setting up of a standing council".

5. Page 19 - Para 9.2: The following should be deleted (lines 7, 6, 5 from the bottom).

"With the limited latitude we have given to collective bargaining and that too over an experimental period".

Recommendations (iii) and (iv) should also be accepted and (iii) should cover collective agreements which are registered with the Authorities.

6. Page 26 - Para 10.5: Substitute "formalised" for the word "wider" in the first sentence of recommendation(1).

In the same recommendation, in the third sentence substitute the word "convinced" by a suitable word, e.g. "explained".

7. PP.27-28 - Para 10.5, recommendation (3):

It should be made clear that the procedure suggested in this recommendation should not result in delays in compiling the index.

Contd.....

The Central Labour Bureau should be responsible for compiling the indices. Those State Governments who want to be associated with the compilation of the indices should be allowed to do so. But the initiative and conclusive character in regard to the indices should remain with the Simla Bureau.

From the composition of the Committee at the Central level, the representative of the Finance Ministry should be omitted.

8. Page 28 - Para 10.5, recommendation (4):

A recommendation that the prices should be published should be included.

9. Page 33. Additional paragraph circulated in the meeting regarding the Institute of Labour Research:

It should be made clear that the Labour Research Institute, already existing, should not be wound up. This Institute should be activated in accordance with the recommendation.

Record of discussion with Mr.L.K. Jha,
Governor, Reserve Bank of India at the
meeting of the National Commission on
Labour at Bombay from 10.30 A.M. to
12.00 Noon on the 1st February, 1969.

.....

Immediate prospects of the National Economy

"My assessment of the economy in the next 2-3 years is optimistic, in the sense that price stability will continue largely because of the abundance of foodgrains available. As experience in the past has shown, the supply of foodgrains has had more impact on price level than money supply and other related factors. This year's crop is going to be at least as good if not slightly better than last year's. This means that while last year's crop came after two years of drought and every farmer nervously kept back something for his future, this year whatever he produces he will be anxious to sell and, therefore, the availability in the market is going to be appreciably higher than last year, even assuming that production is no better than last year. That, for the current year at least, gives a reasonably good assurance about price level. Besides, export performance also has been favourable last year and there are signs of its gathering momentum.

"There are two things where one sees cause for concern. The first is: foreign exchange. This is likely to deteriorate. Last year, we had improvement in exports and we had debt repayment of between 400 and 500 million dollars. Even so we hope to end the year with our reserves slightly better than last year. In the previous year we consumed more aid than was made available last year. There was a backlog of aid drawn upon, and aid utilisation was more than the aid pledged. That position naturally cannot continue for long, and with the understandable doubts about continuance of aid at even past levels or slightly below them, there is great deal of uncertainty as to what is going to be the position next year. If there is a shortage of foreign exchange, then its impact on industrial production will be great, because some raw materials have to be imported. The past practice of cutting on imports of raw materials to meet foreign exchange difficulties is no way of tackling the problem. And if consumption of imported items has to be cut, it means we have to take unpleasant decisions. Newsprint, for instance, is a big consumer of foreign exchange. During the war Britain had a tough time on account of this item. Government will become unpopular if it cuts newsprint. Petrol and crude oil imports constitute another chunk of imports. If we make a cut, everybody is going to be affected. These are hard, unpleasant decisions. Even

Contd.....

today we are importing rice in the midst of an overall food balance. The question is whether we take that kind of a cut in consumption which is necessary to adjust shortages of foreign exchange or whether we allow shortage of foreign exchange affect our production front.

"The second point about the present economic trends which causes concern is that still there is no revival of new investment. It no longer is true that it is because people do not want to put money into industry. But new industries are not coming up. The public sector has to start investment, because that affects not only the shape of the economy and its growth but also employment. We have to think a little more about the unemployed than those who are already having a job.

Need Based Minimum Wage

"Speaking in a personal way I have grave misgivings about certain things which are taken for granted; as axiomatic. We have inherited a certain idiom of thought from the British. The British had a great genius for coining phrases which made their self-interest appear to be virtuous. If we look to what is known as collective bargaining, which is a well-enshrined and highly respected principle, its roots lay in the British 19th century laissez faire. Collective bargaining was the magic answer to avoid exploitation of labour. That answer did not originate in countries which had planning; much less in the countries which were socialist. The basic concept of what is proper wage is not something to be decided by trial and error. If we look at the scene today, in doing justice to the claims of labour, we come across striking disparities. For example, the best paid are not the hardest worked or the most skillful. It depends upon the negotiating position of the industry and its unions. There is no logic in drivers of the Bombay Government, the Bombay University, the Bombay Municipality, the All India Radio or the Reserve Bank of India getting different wages merely because the employers happen to be different. Therefore, the concept of a fair wage has to be evolved on a higher social, economic and political plane as to what is just. Whether we call it 'need-based' or by some other name, is only a way of approaching the problem. It will not be practicable to have a uniform approach in the sense that we only look at need and that the answer comes out right. One could certainly say that our target is to ensure that the need is met in every case but if that is the target, then what are the impediments in its

Contd.....

way? We come across difficulties in defining the need itself. What is need from one man's point of view may not be so from another's. If we want to have the concept of a need-based wage, then we have to see how it can be applied in each industry whether there are any problems in meeting. And we have also to ask ourselves: Will it or should it apply to the man who gets his first employment in a new industry?

"If we look at a period when industry was generally speaking prosperous in the country, employers were quite willing to settle with labour on any reasonable demands which they made including even a 'need-based wage'. In doing so, apart from the fact that the industry was doing well, they were making an unwritten and unspoken assumption that higher wages will be paid ultimately by the consumer and not by the employer and by the Exchequer also because it is a 50 per cent partner in the profits earned. It may suit the employer to accept the demand. And this does not necessarily mean that it has resulted in something which is not an imposition on the entire community, which includes the rural, the unemployed and even the industrial sector employees. Industry's capacity to pay a higher wage and settle on the negotiating table should be limited to that which the industry can absorb within its cost structure and without raising prices. If they want to give more than that, the public interest - the consumer and the State must have a voice and an important voice, because two people cannot agree behind the back of the ultimate paymaster.

"In the case of Government, the capacity to pay may have no relevance. The Reserve Bank is also in the same position in this respect. There is no limitation to its capacity, because notes can be printed. The criterion in the case of Government should be, what betterment the Government can make without increasing the burden on those sections of the community who are even poorer and more worthy of Government's consideration than Government servants. In today's conditions when you are taxing every conceivable thing which the poorest of the poor use, can we use such money to subsidise Government servants' standard of living. The answer would be in the negative even on the ground of social justice. The feeling that Government servants, merely because the limitation of capacity to pay is not there, must be assured of a certain minimum standard should not be automatically accepted. It is very much a matter of judging how the economy is moving at the time, when everybody is under distress. When prices rise the whole community is under distress; and to feel that only one section, because it is patronised by Government, can get

Contd.....

a higher degree of protection does not mean that we are doling out social justice.

"In regard to the Government servants, the real trouble has been that Government never looks at the problem except when there is agitation. This is the sad thing and bad thing about the relationship between Government and its employees. Government is apt to leave its wage structure sacrosanct and it is touched only in the atmosphere of a highly explosive situations. There has been a failure in this respect. The wage policy of Government, particularly in regard to low-paid employees, should be a matter of discussion every year or two, at least much more frequently than it is to-day. It is not merely the wage question; there are many other things: working conditions, medical facilities, etc. which Government does provide. The provisions regarding these facilities, e.g. medical facilities, raise hopes in the minds of Government employees which are not fulfilled. Government's relations with its employees are not what they should be or those existing in the private industry. There is no dialogue between the employer and the employee. There is no joint approach.

"In the case of Government, as things stand to-day, acceptance of the need-based minimum wage would be a dangerous doctrine to subscribe to. Government have, no doubt, to move towards it; but for that the rest of the community must also begin to have a better standard of life. If the whole economy prospers and then the budget prospects improve, it is a proper index for the Government to give more. Having got to the situation of a jam and a crisis, we need a body like a Pay Commission which looks at the problem and carries conviction with both the parties, with a bit of conciliation and arbitration combined. To appoint a Pay Commission would be the right solution.

"Government and Reserve Bank have been asking the Banks to go into villages and open branches, and opening such branches opens a focal point of employment. Some banks are not able to afford to open any branches in rural areas because unions insist on the same complement of workers which has been fixed for urban areas. A staff of 5 is not sustainable in a rural branch. This is a case where relaxation of the rigid principle will be necessary.

"We are talking of regional imbalances being corrected. Why should an employer who finds labour

Contd.....

readily available in urban areas go to rural areas if the same wages have to be paid there? Therefore, the union and management, on social considerations, should agree that new ventures of this type be exempted from the norms evolved for the industry for a period of 5-6 years. After that they can again discuss and come to an agreement.

"If a plant wants to expand and says that it could expand and employ more people if it was allowed to pay poor wages, that is not a working proposition. One cannot have in the same plant two types of workers getting different wages. If an employer were to say that he wants to build up a reserve for starting something new and for that purpose he would not pay the need based minimum (even though he has capacity to pay), that would be going too far."

It is not easy to find an answer, because we are not
"If one asks "why Government as an employer should be allowed to say that? the answer would be difficult. This is a problem where it is writing on a clean slate. Having gone so far and having got a certain type of wage alignment, it becomes very difficult to say that merely to provide new resources to the employer, workers should forego something. But in to-day's conditions of the economy there would not be many institutions where the profit level, on existing wage structure, tax structure, etc., is such that there is a comfortable cushion for a choice between wage increase and expansion. When the Government says that it shall use the resources for development, the benefits of that development to go the entire community. When a private employer says that, the worker is entitled to ask if he has made a contribution to his undertaking by foregoing wages, then what is his return from that investment? Is there any way of giving him a return? Government has got even the right to tax; but a private employer has no such right. Therefore, if a private employer says that he will hold back what is legitimately expected, then those who are deprived of it should have some compensation. If he gives to the employees shares in the new undertaking, that would be such compensation.

"If need-based minimum is to be the first charge in the case of the private employer, would it be possible to discriminate between the private employer and the Government in this respect? To this question the answer will be : "If we assume that one set of assumptions is unchangeable and only the Government set is in the melting pot, then the logic takes one shape. But it is equally plausible to ask, if this is good and sound for Government, then what amendment or modification is necessary in the wage policy in the private sector so that the two are not startlingly disparate. Of course, it is not possible to give a straight reply; but it is necessary to provoke some further thinking on it.

"If one were to deal with the problem as it were on the plane of practicability and political feasibility, then what we need today in industry - both public and private sectors - is not so much an attempt to reverse the trend on the wage front, but to reverse the trend on the productivity front. This is the greatest weakness. The bank employees today are the highest paid of all; but if you look at their output, it is shockingly low. It is a bye-product of the theory of collective bargaining in the banking industry.

Contd.....

"There should be some ceiling on overtime; and if we are going towards need-based, it should be linked more to output. Productivity must be improved. In industry, productivity is tangible. Some ban on overtime is preferable. If overtime is totally banned, the immediate response (reaction) will be to go slow, not to work, etc. There will be a crisis. It will precipitate matters.

"Periodical reconsideration of salaries of Government employees, say, every five years is preferable.

"There is one difference between Government and industry. Industry cannot create money to pay the wages. It is out of the money which is legitimately in circulation that industry pays. Government can print money to pay. So the impact of the increase in money supply resulting from increase in wages of Government employees is much more than the impact of increase in wages in the private sector.

"It is true that if unit A, because it can afford to pay higher wages, does so, other units which cannot do so will be affected. But if there is adequate linkage between productivity and wages, then it should be possible for units B, C and D also to pay such wages.

"Price stability was expected within the next 2-3 years. As we go farther in point of time, after one is assured adequate food supplies, other demands assume importance. It will not be correct to merge the dearness allowance into basic wages now on the assumption that there is already stability; there is no such stability. It (merger of D.A. in basic wages) is a question at which both the employers and the employees have to look at from the longer point of view. Does it (merging of D.A.) mean that if there is price rise the employees will not ask for D.A.? It is not a thing which follows from the expectation of stability to which he referred, in the next 2-3 years. Such stability can be upset by events like an attack by a foreign power.

"Prices are not expected to be lower than the current level. If wages are fixed having regard to the present level of prices, then there should be no increase for about 5 years. Because it is the experience in Delhi that as soon as dearness allowance of Government employees is raised, prices of all commodities go up. It is true of course, that even if the wages are fixed as stated above, there will have to be some element of dearness allowance for the lowest paid category.

"Discrimination between Government servants and private employees is inherent in a situation of unequal incomes. The very fact that you are giving something more to a section means that there is discrimination. The question is, how far we should go in that direction.

Priorities for Industrial Employment

"The real mainspring of new stimulus and development activity in the economy has to come from the higher income of the farmer. The things which he would buy should have priority, both because there will be a market for them and also because it is only when he gets for his efforts

the things that he needs that he feels it worthwhile to produce more. The farmer requires fertilizers, tractors, tiller's implements. Expansion should take place in the kind of goods for which the demand is there and will continue to remain unsatisfied in the next 4-5 years. The feeling that the farmer can spend only on textiles should not be entertained any longer. Transistors, radios, bicycles, even airconditioners are commodities which a farmer may need.

"The other need is in the chemical field; specially, with refining capacity going up, each refinery throws up a number of bye-products. It is by their utilization that the economy will expand. Plastics, in a very wide sense, can be used in industry, instead of metal. There is a vast new area of development potential in plastics. Therefore, chemicals as a group would be the second major field of development in the Fourth Plan period.

There is neither prospect nor need for further development in steel when Bokara goes into production.

"Aluminium will be an industry which will continue to expand. It has a tremendous potentiality and there is a great demand. It is an industry where export markets are not too bad.

"Cotton textiles cannot expand in an overall sense unless some more capacity to produce cloth including synthetics comes into being, we shall soon have a very sad situation. Machinery has become obsolete. Some replacement of obsolete machinery in textile industry is necessary and this will generate employment in the engineering industry.

be "People are ignoring the importance of paper industry. The impact of so many million children going to schools every year will felt after 3-4 years. It has a great scope.

" There is not much scope for expansion in machine building. The existing capacity has to be fully utilised.

'Sons of the soil'

"Now about the Sons of the soil: In one State where he had been about two months ago, there were a lot of people talking to him about it. Opening of the branch of the Reserve Bank there was delayed for six months because of the agitation against employing any non-Biharis in the branch. He told the people that if this principle was accepted, then the highly industrialised States and cities will be well off; they will keep all the employment to themselves. People from other States working in these cities will have to return in thousands.

"Tamilnadu despite such a strong feeling being worked up there on the language issue, has not taken to the doctrine of the sons of the soil on the employment issue, because people from that State are working all over India.

"Mangalore is a prosperous area, the industries there being tiles, fishing and cashew nuts. There is no local labour in Mangalore. They are talking of building a harbour and labour for it will have to come from Madras or Andhra Pradesh. The advantage that you get hardworking people, or people more suitable for a type of work wherever they are required, is a real advantage because labour can move freely. If you try to prevent this happening, it will impoverish the country, and even the areas which seem likely to benefit from it. In Bengal, the policy was of encouraging Bengalis for jobs which previously were not manned by them. This was tried in the Police force. Basically it is not a thing which is not suited to them. This attempt began to cause trouble. The cry for sons of the soil is raised and sometimes even leaders felt that they must respond to it, otherwise they would become unpopular. But if an economic view is taken, having regard to the totality of the situation in the country, it will be seen that this view is wrong. If Bombay does not have any non-Maharashtrian labour, Bombay will be poorer than it is to-day.

" Normally the bias of an employer is in favour of a local man, because he has not to face the housing, educational and other problems of assimilation with local population.

"Central public sector undertakings are exceptions. The worst culprit in this matter is the Central Government Undertakings. Central Government units provide housing to labour they employ. They feel that they are recruiting labour on a national plane. Everywhere they have done this, e.g. Heavy Engineering project in Bihar, Heavy Electricals in Bhopal etc. and the steel plants. The State Government gives their land free in the hope that it will provide employment to its citizens; but the Central Government does not fulfil their expectation. The chief man in these undertakings has a bias in favour of his own people, and that starts the chain.

" If Central Government starts an enterprise, why should local people alone be chosen? This is an appropriate question: One could well say that Defence Installations are purely national. Here recruitment can be on an all India basis. For special reasons they have to be located in areas which are most suitable. But when it comes to an industrial undertaking created by the national wealth, the location pattern can be one way of correcting regional imbalances? Therefore only defence installations should be left out; they should remain altogether national; but when public sector undertakings are located in different States, local people should be given preference.

"Even though the movement of people does not involve any cost for an employer in Bombay, he does recruit people only from Bombay. He has no reason to prefer an outsider to a Bombay-man. On the contrary, he has a slight bias in favour of a local man. He (the worker) will not go too far away on long leave. If despite this fact people have come from U.P. to Bombay to sell milk, the question is, why? Is it not because that man is too poor in his place and is prepared to serve at a lower remuneration than the local man. The Udipi restaurants are doing good business in Bombay; but nobody gave them a preference; they have flair for the profession. The weight of the evidence is not in support of the view

that left to itself the sons of the soil will be ignored. The reason why this problem has arisen is that during the period of deflation when not only employment was not rising but there was lay-off, the feeling grew that sons of soil were being laid-off or discriminated against. Therefore, the solution is to have more economic growth.

"If any underdeveloped State makes the demand that bank deposits should not go out of that state, it will be harmful to the very State that makes that demand. A study should be made as to how much of the capital invested in Bombay is local capital; it is largely from outside".

Record of discussions with Mr. Vasant Dada Patil and other representatives of Sugar Co-operative at the meeting of the Commission at Bombay on 1st February, 1969 from 12 noon to 1 P.M.

Mr. Ogale's note seems to have been drawn up with a view to prejudicing the Commission against the Co-operative Sugar Factories; 'real' facts have not been stated; 'false allegations' have been made against the co-operative factories. They have been called Bourbons. It is alleged that they do not look to the future, that their outlook is outmoded. All this is not correct. These factories try to produce more only to run the factories efficiently, to improve the lot of Labour, and to protect the small farmer. They are trying new experiments everyday. If all that is alleged in the note had been true, these co-operatives would not have done anything more than what was expected by the Government in the Five Year Plans. Government has complimented them for making new experiments for increasing production.

Workers who work with Kisans are different from those who work in factory. Whatever wage rates have been fixed by the Sugar Wage Boards are being paid to the factory workers; they are being paid from the very beginning and with retrospective have never avoided paying according to the said wage rates. In fact they try to pay more. They were paying bonus even before the Payment of Bonus Act, 1965, was passed. The Government rate for kisans was less formerly; now it is slightly higher. They pay Rs. 3/- more than the Government rate. They pay one month's bonus. Under the Payment of Bonus Act, for the first 4-5 years an undertaking has not to pay any bonus; but even in the first year the co-operative sugar factories pay one month's bonus. Some factories have paid 20% bonus, some have paid 33%. It has been paid to all workers in the factory. They also pay overtime and that too at three times the normal rate.

There is one category of labour which helps the farmers in the fields, that is farm labour. There is another category viz., those who carry sugarcane from the field to the factory. In other States the farmer himself brings sugarcane from his field to the factory. In Maharashtra, co-operative sugar factories employ labour for carrying sugarcane from the field to the factory.

The sugar rate is based on five components: (1) Sugar(Sugarcane) price; (2) betterment capital; (3) recovery; (4) duration; (5) conversion costs. The cost of cutting the sugarcane and its transport is not included. There is a reason for this, and this arises from the method of manufacture. The factory gets sugarcane from an area of 15 miles surrounding it. One member may be 15 miles away, another 10 miles away and so on. If the members are asked to bring the sugarcane to the factory, as is done in other States, the transport costs for each member will be different. That is why the factory itself brings the sugarcane from the fields. The factories require sugarcane from day to day and therefore it is better to have their own people to get it.

A complaint has been made in the note submitted by Mr. Ogale that the State Farming Corporation pays more and Co-operative factories pay less. But even the State Farms do not pay a uniform rate; there are different rates. Formerly there were private factories and these have been taken over by Government. They have a vast acreage, 70,000 acres. The factories were already established and were functioning. Government had to pay nominal price for the land. Therefore their capital expenditure is less. Their average expenses are low. 65% of the agriculturists members of cooperative sugar factories have 5 acres of land. Only 7 per cent have irrigation facilities. 83% of the members are owning one acre. Out of 5 acres, 4 acres are Jirayat and one acre Bagayat. A small farmer with one acre does not get what the guaranteed worker gets. It is true that last year a higher price was paid for sugarcane. Gur manufacturers pay more than what the sugar factories pay. If members of co-op. sugar factories try to give sugarcane for gur manufacture, the factories can cut the sugarcane themselves and bring it to factories. The co-operative societies have to pay advances to the members. The State Farming Corporation pays more because it operates on a larger basis. It was formerly private-owned. Their area is compact. All their fields are within 4-5 miles. Their transport costs are very low. The co-operative factories have to pay more for transport, though their cutting costs might be slightly less. If transport costs and cutting costs are taken together, the co-operative factories pay more to the worker than the State Farming Corporation. The co-operative societies run the factories for a longer period; they provide more work.

Those who work with the farmer are not employees of the co-operative societies. It is seasonal employment. The farmer has a small holding. His family members help him. He requires some help some times; for that he has to employ labour. There are two types of agriculture: Bagayat and Jirayat. Jirayat gives very little production. The farmer's family is large. What he produces is not enough for his family. There is very little surplus to sell. The farmer is not fully employed and production is low. That is why he is not able to pay his labour high wages. If there is a wide disparity between the rates of wages in the same village, then it will not be possible to have any labour available for Jirayat agriculture. Therefore, this difficulty arises in villages. The co-operative factories also cannot compel the farmers to pay the same rate to their labour as is paid to a guaranteed labour.

The co-operative sugar factories pay proper wages, provide housing facilities, medical facilities, pay bonus, etc. to their factory workers. They do not pay less than the private factories. They do not give threats to workers. One complaint made against the co-operative factories is that under the pretext of employing or suppress the workers.

Contd...

local labour, they give employment to their own people. There are so many people available amongst the agriculturists that it is necessary to provide employment to them. But that does not mean that the factories employ any type of people. Students from I.T.I. are employed everywhere. The factories train them. That is the way of recruiting technical people. But the scope for employing technicians is not as large. But for clerical work and unskilled work, the factories do employ local people. These factories do not prevent workers from joining trade unions or from forming unions. They do negotiate with unions and workers; but they (the factories) naturally do not have special interest in them as they have for the farmers who are their members; because their object in starting the factory is to improve the conditions of farmers. Formerly, farmers had to sell their produce in the market and they actually spent. The societies retain only as much money as is required for expansion and for their needs; the rest of the money is refunded to members.

/They try
to pay more
to farmer
rather than
to workers.

*many
times
they got
less for
their
produce
than

It is alleged that the societies borrow at the rate of 9 per cent. But that is the rate of interest prevailing everywhere. It is not possible to get money at lower rate. Societies try to get the money back from farmers and utilize it in the co-operative factories. Societies utilise 10 per cent of the money for increasing the capital of the society, to make the society strong. Farmers require money for agricultural operations. Societies advance loans to farmers; farmers do not get loans from anywhere else.

Government has made two provisions for co-operative sugar factories. Government had advanced rupees ten lakhs share capital; afterwards it was raised to 15, then to 20 lakhs. Now it is Rs. 35 lakhs. The co-operative societies have to collect Rs. 65 lakhs. They raise this money by taking loans. That is how the industry is started. The interest goes on accumulating. Therefore, it is not possible to make any profit for the first 5 to 7 years. Thereafter it is possible to earn profits. Improvements in irrigation are made during the initial period. Societies take Rs. 5 per ton by way of non-refundable deposit.

It is true that sugarcane growers in Maharashtra get more than those in U.P. But in Maharashtra, they have to spend Rs. 500 for water and Rs. 1200 per acre for fertilizers. The water rates are less in other States.

It is alleged in the complaint that while in the State Farming Corporation, labour was able to extract from its Board of Directors, an increase of 45 per cent in the rates of harvesting and transport labour in cooperative sugar factories harvesting labour has not been able to obtain a rise of even 30 per cent. It is necessary to point

out in this connection that the State Farms were incurring losses for three years. Besides, co-operative sugar factories are small as compared to the State Farming Corporation. People with one acre cannot be compared with state farms.

The co-operative societies do try to improve the conditions of labour; they do not suppress labour. They provide housing. They have not so far been able to help the consumers on their own. The co-operative sugar factories are only 57; there are 160 private factories. The private factories produce 70%, whereas the total production of the co-operative factories is 30 per cent.

The factories have to supply 60% of the sugar produced to Govt. at the rate fixed by Govt. This rate is low. They, therefore, incur a loss on 60% of their produce and make a profit on the remaining 40%; the average come to Rs. 180/- per bag.

The sugarcane cutter cuts sugarcane and transports it to the factory. The factory pays him instead of the farmer paying him. The factory pays the cutting and transportation charges on behalf of the farmer.

There are "A" Class members of the co-operative societies; they are shareholders. They share in the profits as well as in the losses. That is not possible in the case of workers. (That is why they are not made shareholders). If a worker is taken on the Board of Directors it will be difficult to carry on the work of the society; he will create difficulties. A worker who is vocal will become a director in such a case. There will be no discipline. The organisation is for the benefit of farmers. If a worker is on the Board of Directors, he will not agree to the distribution of the surplus amongst members. He will insist on payment to him.

Record of discussion on the Chapter on Agricultural Labour at the meeting of the National Commission on Labour at Bombay from 3.00 P.M. to 5.00 P.M. on 1st February, 1969.

.....

Page 1, Introduction: Quotation from the Minister's message to be dropped. The same ideas should be put in our own words.

Para 3.1 (Page 5, 2nd and 3rd lines from the top): It should be brought out that the Commission has received very little help by way of oral evidence from any representatives or organisations.

Page 6, para 5 (6th line): For the words "so-called lower castes" a suitable expression should be substituted, e.g. socially weaker or backward sections of the community.

Page 7: In Table 2 figures for 1967 should be given

Page 8, Para 5.1 (line 3): For the words "fluctuated around" substitute "remained stationary at about".

Page 10, para 5.4: For the word "pure" in the third line of the para substitute another suitable word, e.g. "distinct".

Page 11, (8th line): The sentence "No later estimates are available." should be deleted. In its place it should be stated that according to various estimates it was between 6 to 9 millions, (indicating the period).

Foot-notes to be given to indicate the sources.

Page 12: In Table 4, 1956-57 column to come first and then 1960-61 column.

Page 20: Delete the word "hopelessly" in the first line.

Page 20, Para 9.3: The statement that the disparity between agricultural and non-agricultural sectors is being reduced should be elaborated.

Page 20, (line 3 from the bottom): "manufacturing" should be substituted for the word "non-agricultural".

(Same line): the words "wage rates" are not appropriate; these should be further clarified.

Page 21, Top: Data about household expenditure to be given, with references.

Contd.....

Page 33, para 18, (line 8): There is a reference to "Some economists"; the names of the economists should be mentioned.

Page 33, para 19: First sentence: The words "as our.... sense of despair", should be deleted.

page 34: 2nd Line: Insert the words "commencement of the" before the words "Green Revolution".

page 34, Table 7: Sources to be given.

Page 36, Para 20: The third sentence in this para: "Even so....slow." should be clarified or suitably amended.

Page 36, para 20.1: It should be emphasised that when development programmes are prepared, they should be carried out expeditiously like projects, according to the time-table.

Page 37: Para 20.2: Where a reference is made to Bhumi Sena, say that Zilla Parishads prepare the Plans and Workers' Co-operatives to execute them.

Page 38, para 20.4: Last two sentences to be strengthened. Agricultural labour is unorganized and therefore it is Govt's duty to find funds on priority basis. This has to be done.

Page 41, para 22: State clearly how agricultural labour should be organised. The suggestions should be more concrete.

Para 23: To be discussed with Mr. Jayaprakash Narayan.

Page 43, para 25: This should be elaborated.

Page 44: Role of agricultural prices para to be added at 26.2.

Crop insurance as a means of stabilising agricultural wages. Percentage of revenue should go towards this: add para 26.3

Note: Mr. Tata kindly agreed to give a short paragraph on Water Desalinization Scheme on a national scale (for exploring the avenues for water supply).

CHAPTER ON FOREST LABOUR

Page 7, para 7: in line 11, substitute "by" for "of". (The sentence to be suitably amended).

Page 7, para 7.1: What is intended to be stated about nationalisation should be made clear.

Record of discussions with the Chief Minister of Maharashtra and leaders of Opposition Parties in Maharashtra Legislature, on employment of local persons held at Bombay on the 2nd February 1969 at 4 p.m.

-.-.-.-

When it is urged in the Memorandum that the Commission should recommend a suitable provision requiring the employers to employ at least 90% of the local persons in industries and commercial establishments, what is meant is 90% of the total number of employees. It is possible that in certain categories where highly skilled personnel is required, sufficient number of local persons with the necessary qualifications or technical knowledge may not be available. But the number of such posts would be very small. Even the Government of India have said that in public sector undertakings Class III and Class IV employees should be entirely local. Different tests may be necessary for recruitment at different levels; but everything being equal, a local person should be preferred. By "local" is not meant a person speaking the language of the State, e.g. Marathi. A person who is resident of the State for a certain period is also to be treated as local. It is not intended to prevent anyone from coming into the State for employment, but if suitable local persons are available, they should get the first preference.

If employees are categorised as unskilled, semi-skilled, skilled, highly skilled, etc., and it provided that a particular percentage in the unskilled or, unskilled and semi-skilled categories will be from local persons and for the higher categories merit will be the criterion for recruitment, and if the categories are left loose, the indirect result will be that it will be impossible for the local population to get employment in those higher categories. It will depend upon the Selection Committee or the person in charge of recruitment to decide as to who is to be deemed to be suitable, and it will be possible for them to prefer and recruit people from outside disregarding the claims of local persons. This is what is actually happening in the public sector undertakings in this State. Not only this. Even records will be prepared in such a way as to show that local persons were asked to join but they did not join, without in fact giving them any call. This is done deliberately. That is the sad experience in this State.

State Government is required to displace a large number of persons for the construction of different projects. Their lands are taken away; they are dishoused; they lose their means of livelihood. But such people are not taken even as Chaprasis in these public sector undertakings. Hardly 10 per cent people from local areas are absorbed. In one such case when a number of complaints were made, the matter

was investigated and it was found that only $3\frac{1}{2}$ per cent employees were Maharashtrians in that newly started big concern. After the Government of Maharashtra protested, the percentage has now gone up to 35. There are also complaints that train loads of people come from the area from which the top man or appointing authority comes. Even advertisements are issued in newspapers in the State from where the appointing authority comes.

The fear that if the principle of recruiting local people is accepted, a further demand will be made that people from that particular area where the project or industry is started, and not from the State as a whole, should be given preference (for example: Vidarbha, Marathwada, Western Maharashtra etc.) is not well founded. When land is acquired for a new project, the Maharashtra Government first takes care of that particular area; that is their policy so far as irrigation projects are concerned. But that does not happen in the case of Central Public sector undertakings. The Commission should make an on the spot study in the MIG factory and other undertakings. The displaced persons could have been trained for particular jobs for which people would have to be recruited when the factory started working. But that is not done the local people are not re-recruited on the ground that they are not suitable.

The Chief Minister stated that he had held a series of meetings with employers and requested them to consider this problem seriously. That was about $1\frac{1}{2}$ years back. He told them feeling that was being created and asked them to be careful. But later on recession came and the position, instead of improving, deteriorated. Large number of local people were thrown out of employment.

Every new project has two stages: constructional and operational. For construction work, contractors are engaged and they bring their labour. When the construction work is completed and the operational stage starts, these people say that they must be absorbed in the new undertaking. This should not be allowed. When a project is undertaken, the requirements of labour for the operational stage can be estimated. The local people who are deprived of their lands and houses should be trained for these jobs and employed. They should not be got rid of by saying that they are untrained.

There may be some processes for which occupational aptitudes might be necessary. But merely because certain processes have been worked so far by people from a particular district or State, it does not follow that any particular occupational aptitude is necessary for those processes, which is possessed by people from that area alone; local people also can do that work if they are given a chance. If people in Dhulia can run the milk industry efficiently, how can one say that people from U.P. alone can run that industry in Bombay and not the local people.

The Chief Minister stated that in spite of the directives issued by the Government of India and in spite of his talks and discussions with private employers, the situation had not improved. He referred to NOCIL by way of illustration and said that hundreds of acres of land were given to the industrialists on Thana-Belapur road. There was an understanding that local people will be given preference; but that was not observed. The Government of Maharashtra and the leaders of opposition Parties in the State Legislature had therefore come to the conclusion that it was necessary to find a solution to this problem. This is a burning question and they thought that the National Commission on Labour would be the proper forum before which it should be placed. According to them the solution suggested by them in the Memorandum would be the proper solution, viz. a suitable provision should be made requiring the employers to employ at least 90% of the local persons in industries and commercial establishments. They were not afraid that if Maharashtra did this, Maharashtrians would be discriminated against in the other States, because that was being done even now. IAS officers and others selected on merit and appointed outside Maharashtra had to come back as it was made impossible for them to work at the places where they were posted and the Maharashtra Government had to find suitable postings for them.

The situation has worsened and a solution has to be found out immediately; otherwise a problem of law and order would be created. But the solution should not be at the cost of national integration. This is a question of national policy, and whatever is done should not be for Maharashtra State only, but for all the States. The same percentage should be fixed for all the States. This can best be done by a Central legislation.