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The Father P. Carty Endowment Lectures

PLANNING
AND
INDIAN LABOUR

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(*A Review of Industrial Labour Planning*)



*Two Lectures delivered at the University of Madras
on 22nd and 23rd July, 1954.*



by

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P R E F A C E

Under the Father P. Carty Endowment Lectureship, I delivered a course of two lectures in July 1954 at the University of Madras. The lectures are printed as they were delivered. An attempt is made in the first lecture to review briefly the salient points regarding industrial labour in the various plans of pre-independent India as also to assess their value. The second lecture is concerned with Labour in the First Five-Year Plan against the background of the provisions in the Constitution of India. The concluding part outlines the present Labour policy. I am greatly obliged to Dr. De Forest O'Dell, Head of the Department of Journalism, Osmania University, for having revised my manuscript. I am thankful to the University of Madras for inviting me to deliver the lectures as well as for permitting me to publish the same.

Osmania University,
Hyderabad-Deccan.
Dated March 10, 1955.

M. ABDUL QADIR

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Planning and Indian Labour

LECTURE I

I am thankful to the authorities of the University of Madras for having invited me to deliver the Carty Endowment Lectures for 1953-54. My main justification for accepting the kind invitation is my grateful response to the honour extended by the *alma-mater* to one of its own graduates, who left the local academic fold nearly two decades back for “pastures new”, though trying at the same time to maintain old contacts and forge new links by intermittent visits to the University Centre, lest he should forget his own moorings and run the risk of weakening, with the efflux of time, the manifold ties, cherished by him. Further, while accepting the invitation, I felt honoured to have been asked to lecture under the endowment, which commemorates the services of a great personality, whose name and fame were known to me, even in my undergraduate days, connected as the latter was with an organisation common both to the College, where he taught, and the one where I studied.

When I glanced through the commemoration volume presented to Father Carty on his 65th birthday, I realised all the more the high regard in which he was held by his friends, pupils and admirers. The privilege extended to me gives me an opportunity, although indirect, of reviv-

ing memories of personalities who had distinguished themselves in the “cause of University Education, and whose contribution to the educational and moral uplift of successive generations of South Indians has been as remarkable as it has been gratifying.”

To me Father Carty symbolises a life dedicated to a mission full of ethical and human values, expounded and preached by the Catholic Church and, as a matter of that, by all the World Religions. It is a source of pride to share the quest for “the one increasing purpose running through the ages” or shall I say, several purposes leading to one main purpose and to attempt, in one way or the other, to lift the human personality from the abyss into which it has fallen as result of the impact of *anti-moral* forces on modern life, and to strive for the rehabilitation of the human body, mind and spirit.

I recall reading the “Sir William Meyer Lectures”, delivered by Father Carty, on the subject, “Economics a Social Science”. May I venture to say that those lectures have helped me to choose my present subject, because of my concern for the wider implications of the human character of Economic Science which was so ably expounded by Father Carty.

A planned policy for labour has as its ultimate objective the uplift of the teeming millions each one of them having an individual and dynamic personality of his own. But it was a sheer travesty of facts that, as result of industrialisation, labour force began to be treated as a commodity

and a mechanistic, static and insular approach characterised most of the attempts to solve Labour Problems. It became the fashion for the economists to extend the operation of market laws even in the domain of Labour Economics. As a vindication of such an unrealistic approach, we now stand in need of purposive planning for Labour. We need a programme which will have the restoration of the dignity of human personality as its motive force, so that it may function in the proper setting and contribute to the realisation of the ethical ends in life.

Though the general title of my lectures is "Planning and Indian Labour", I have limited the range of my subject to a manageable size by excluding problems connected with Labour in plantations, mines, transport services and agriculture. Even for the topics covered, I have tried to be concerned more with the broad features and the general trends, rather than overpowering details and insipid figures. For, at times, there is justification in playing the role of general physician, rather than narrow specialist, to prefer general stock-taking rather than minute dissection. Whatever arguments theoretical and practical may be adduced, in favour of Socialism or Capitalism, there is no denying the fact that the aforesaid systems have undergone, within recent times, a transformation productive of a new system which is neither unalloyed Socialism nor pure Capitalism. Both the upholders of rugged individualism and uncompromising collectivism have become mere personalities of historical interest. The emergence of the welfare state has, to an extent, diverted our attention from a monistic form to a

plural structure of a society characterised by the harmonious blending of the two opposite systems, so that the capitalistic countries are adopting the hitherto abhorred features peculiar to Socialism, and the Socialistic countries are experimenting with the formerly discredited capitalist features. It is in such a context that we have to view Labour Planning in India.

“Welfare State is a state that provides for its citizens a wide range of social services. They deal with education, health, unemployment, pensions in old age and so on. Their primary purpose is to give the citizen security. The Welfare State provides insurance against the accidents of ill-health, insurance against the misfortune for unemployment and old age and survivors’ pensions.” With such welfare arrangements, a floor for poverty is constructed so that no man is allowed to fall below it.

Having the above objective in view, modern governments proceed with measures, which well calculated and properly worked out, may result in the maintenance of a high level of employment. This involves planned policy having ramifications in every department of economic life. But concerned as I am with a particular aspect of planning, I shall refer briefly to the important requisites of Labour Planning.

First I speak concerning the objectives of Labour Planning. While some emphasise expansion of the industrial product as the main objective of Labour Planning, others insist on the distribution of the product of industry as the

desirable end. I may point out that we need not treat them as alternate objectives. They are inter-related. The recent shift of emphasis from the first to the second objective is to be viewed more in the nature of a swing of the pendulum whereby the neglected idea now asserts with equal force over the ruling idea. Expansion of the industrial product without corresponding distribution of the product of industry has self-defeating results, any attempt at redistribution of the product has the long-run tendency towards increased production. Hence, the primary objectives of Labour Planning should be both distributive justice and augmented national income. Attempts in the above direction may help us more towards promotion of a stable labour force and a fairly uninterrupted economic development.

Having the above objective the planner may proceed to tackle the question of recruitment. The choice of agency for recruitment, centres of recruitment and direction of recruited labour are important factors to be considered within any scheme of recruitmental planning. The merits and demerits of indirect *versus* direct recruitment need not be recapitulated here. The issue comes down to the question of either dispensing with the method of recruitment through intermediaries, if possible, and, in case it becomes a necessary evil, to minimise its undesirable effects by proper checks and safeguards. Besides, we have to recognize that the Employment Exchange Organisations have become part and parcel of our recruitmental planning, and the more we improve the organisation and technique of the Employment Services, the surer we may become of the chances of rais-

ing Labour from the local forwarding agents and other procurement agencies.

The long distance and short distance movement of labour is closely connected with the policy of Location of Industry. The haphazard movement of labour may result in its over-concentration in a few centres, and dearth in other centres. That is the reason why the location of industry in a particular region or place should take cognizance of the strength, composition and availability of Labour force in the area or place selected, and why full consideration should be given to the various implications of long distance movement of labour.

Another important aspect of recruitment is concerned with the direction of labour. Workers must be directed to the factories, where they are needed most. The critics of the above policy may point out that such an interference on the part of public authorities is not required, as the operation of the price mechanism will cause the necessary adjustment. Direction of labour may not be accepted as a normal practice of free competitive economy. But free competitive economy does not exist, and knowing as we do the limitations of the automatic working of price mechanism in the labour market, we may have to devise ways and means for the territorial and occupational distribution of labour. To direct labour to a particular locality or industry we may have to improve working conditions, raise wages and may have to adopt the opposite methods to divert labour from areas of high labour concentration.

Under democratic planning we shall have to rely on planning through inducements, rather than planning through coercion. Further the State may impose restrictions on the building of new factories in the prosperous areas, where "firms will compete with each other for an inadequate supply of labour and bid up wages to a uselessly high and indeed dangerous level ; it may compel some firms instead to build their factories in the area where old industries are contracting." Such measures will go a long way in solving some of the problems, which depressed areas face and will act as safeguard against the lopsided character of industrial development.

Having outlined the main part of a scheme of planned recruitment, we pass on to the question of wage planning. While fixing wages the following conditions should be fulfilled as far as possible. Care should be taken to have a level of wages adequate and conducive to the health and working capacity of the labour force. Besides, the wage paid must promote the efficiency of labour ; it must be "fair" in counterbalancing the disadvantages of less attractive occupations and industries. Finally, it should attract workers, where they are in demand, and divert them from areas of over-concentration of labour.

Such a policy requires State regulation of wages. The dangers of leaving the determination of wages to the bargaining strength of the employer and worker are many. Even in countries where the bargaining strength of the worker is fairly strong, there exists the practice of setting

up special wage boards in depressed areas or industries.

Besides the theoretical justification for the abandonment of *laissez-faire* in regard to labour-management relationship, there are other practical considerations warranting a statutory fixation of minimum wages in a country like India.

Another prerequisite of a sound labour policy is the right of the State to regulate industrial relations. For the above purpose, machinery for the settlement of disputes is evolved and should be suitable for peculiar situations under different stages of economic development. The machinery evolved should be based on the recognition of the economic, psychological and human factors, behind "the apparently intransigent attitude of labour." The positive role of devising means calculated to a more harmonious industrial relationship can be fulfilled by improvement of industrial conditions of work and life of the worker and "prescribing measures of welfare and security for labour". The employer should regard the worker not so much as his adversary, but as a partner in a joint enterprise.

In the light of the main requisites of labour planning, I shall attempt now to review briefly the salient points regarding labour contained in the relevant sections of the various plans in pre-independent India, which correspond to the era before the First Five Year Plan. During the closing stages of World War II, Economic Planning for both the reconstruction and construction of India became a subject of absorbing interest. Plans official and non-

official, representing different strands of thought available for administrators, businessmen, publicists and economists.

Early in 1944, we had the first part of the Bombay Plan, followed later on in 1945 by its second part. The Bombay Plan, signed by eight industrial magnates and one economist, attempted to project a scheme for the economic development of India within the framework of capitalistic structure. Though conscious of the "obvious weaknesses of the present system", the planners thought, "it would be equally mistaken to uproot an organisation, which has worked with a fair measure of success in several directions." No doubt, a change was welcome, but the governing consideration of the authors of the plan was "stability and orderly development", hoping that the proposed development would provide full employment. To quote from part two of the plan, the objectives before the planners were, (i) to secure to every person a minimum income essential for a reasonable standard of living and, (ii) to prevent gross inequalities in the incomes of different classes and individuals. Further it stated, "subject to the provision of the basic minimum, it is desirable to leave enough scope for variations in income according to ability and productivity." Some of the measures proposed, under labour-planning, for increasing the general level of the incomes are as follows :

- (i) Provision of full employment.
- (ii) Increase in efficiency.
- (iii) Improvement in under and rural areas.

The author expressed the opinion that "the number of persons who would be without work at any particular time could be reduced to manageable dimensions if a well-thought out policy of employment is in existence." Schemes of relief like unemployment insurance were to be devised only when the plan was sufficiently advanced, and economic conditions were stabilised. A governmental public works programme was the suggested means for reducing the volume of seasonal and temporary unemployment. Those thrown out of work because of technological changes were to be provided with suitable courses of training to fit themselves for new jobs. It was also thought that "during the progress of the plan the amount of construction work which the investment programme would involve would itself provide a very substantial increase in the scope for employment." Further, the plan envisaged the establishment of the basic minimum wage for all occupations and provision of free social services as well as subsidised utility services at low cost.

As regards the promotion of efficiency, it was laid down that though wages should not fall below a certain minimum, care should be taken to leave sufficient incentives for improvement in efficiency and expansion of production.

It was also suggested that "the general level of wages must increase and the wage-rates of industrial and agricultural labourers must be gradually adjusted so that the present disparity between them is reduced."

While discussing the methods of preventing gross

inequalities in income, the Bombay Plan suggests direct taxation as the most effective one, thus recognising the role of fiscal policy in the achievement of distributional justice. Steeply graduated income-tax, higher scale of taxation for unearned incomes and levying death duties are the devices selected to achieve the goal.

The scope and character of the economic role of the State as envisaged by the Bombay Plan help us to understand the distinctive features of Labour Planning in the document under review. "Limited State-control over the different sectors of national economy and free scope for the true enterprising individual would appear to be the twin foundations of the economic order, envisaged by the Bombay Plan." We do not dispute for a moment the fact that the Bombay Planners have recognised the importance of Labour Planning but it also remains the fact that throughout their document their emphasis seems to be on sufficient incentives for improvement in efficiency and expansion of production. We feel that with them equitable distribution is made the function of augmented production. The Planners even state that "schemes of relief like unemployment insurance ought to be possible when the plan is sufficiently advanced and economic conditions are to a certain extent stabilised." Without going at greater length into the question of how far Bombay Plan has a capitalistic character, we venture to say that the Planners have not bestowed much attention on the conditions under which production could be expanded. "The Planners have no doubt fixed the target of the per capita income,

but they have not laid down any basic principles, which would ensure the widest possible dispersal of the purchasing power in the community." There has not been an appreciation of the fact that optimum production is incompatible with the capitalistic system. The recurrent crises in recent economic history bear ample testimony to the above contention.

We may proceed to brief mention of a plan of an Engineer-Economist published by the All India Manufacturers' Organisation in 1944. We are referring to the Visvesvaraya Plan. Visvesvaraya was the first to address himself to the task of economic planning on western lines in India, and it is but right that we should give due attention to the work of this pioneer in Indian Planning. The primary object of the plan is to raise the standard of living of the masses in India, to lift the country's economic efficiency to a level at which the average citizen would not only find ready employment, but would also be able to earn a livelihood. The principal aims of the citizen, according to the Plan, should be :

- (i) Politically, to secure the transfer of the administration of the country into the hands of the representatives of the people.
- (ii) Economically, to increase their working power, their capacity for production of commodities and income.
- (iii) Socially, to build up in every region, in every corner of the country a reasonable standard of subsistence, rest, recreation and adventure.

Formation of a National Reconstruction Board was suggested so that the grave deficiencies in India's social and economic spheres may be solved. As far as the economic function of the Reconstruction Board is concerned, the author of the Plan suggests the countrywide economic organisation, to be built so as to make feasible the working of Five Year Plan. The emphasis in the Plan is on the establishment of industries here, such as Automobiles, Aeroplanes, Iron and Steel, heavy Electrical Industries, and Ship-building. There also is a proposal in the Plan for the manufacture of machinery and plan for industrial establishment, as well as power machinery and armament manufacture.

We do admit that the proposed industrial development in the Visvesvaraya Plan does imply an increase in the volume of employment. But the author does not have a systematically worked out scheme for labour. We need not indulge in a criticism of the above Plan just on this score as there is his vicarious atonement for the future sin of neglect of labour, in the form of his pioneer work on Economic Planning for India in the past.

We may turn our attention now to the official plan called *Second Report on Reconstruction Planning*. For the sake of brevity, we shall refer to it either as the Official Plan or the plan of Bureaucracy. The short-term objective of the plan was the immediate solution, during the post-war era of war-created problems. The long-term objective was discussed in the report under the head of

“Developmental Policy”. There is generally a tendency to charge all bureaucratic plans of lack of genuineness on the part of the ruling power to solve the problem of the dependent country and to impute motives. Without entering into the soundness of the charge, we shall proceed to consider the salient features of the above plan. As far as the objective is concerned, it is stated thus : “The ultimate objective of all planning must be to raise the standard of living of the people as a whole, and to ensure employment for all. To that end the purchasing power of the people must be increased by improvement in the efficiency and consequently the productivity of labour on the one hand and a simultaneous development and reorganisation of agriculture, industries and services on the other.” Further, “labour policy must produce conditions in which labour can feel that it is a partner in industry and in the undertaking, in which it works, and which ensure the labour fair conditions both of work and relaxation...” Besides, “the ultimate aim of the Government must be full employment of all those seeking work. As the plan develops, industrial expansion will absorb larger numbers than at present. . . Employment is a product of economic and social development and depends on industrial, agricultural public works and financial policies.” The following extract from the speech of Sir Ardeshir Dalal, then Member for Development and Planning delivered at the 27th Session of the Indian Economic Conference, is equally significant. Sir Ardeshir Dalal remarked : “What Government can do is to make a survey of all the resources in men, materials and

money, estimate to what extent it is possible to employ them for as large an improvement in economic life as is possible within the limitations set by the political, social and other conditions of India and thus arrive at a reasonable target within a given period of time.”

The objectives as set forth in the plan of Bureaucracy as well as in the speech of Sir Ardeshir Dalal before an Academic Body have been sufficiently elastic to cover any liberal scheme of labour planning. Under the short-term objectives is included the resettlement and re-employment of defence service personnel and of labour displaced from war-industry, and military works. As far as the long-term objectives are concerned, the following items were included within the purview of the development policy :

- (i) Improvement in Employment services.
- (ii) Social security schemes.
- (iii) Scientific research on Industrial Health.
- (iv) Improvement in workshop and factory conditions.
- (v) Welfare covering improved housing, canteens, etc.
- (vi) Improvement in Industrial relations.
- (vii) A thorough over-all of Labour Code.
- (viii) Improved technique for collection of Labour Statistics.

We may take the very charitable view of the Labour Reforms proposed by the bureaucratic plan that on the whole it was a cautious and comparatively conservative document. It was fragmentary in nature, and, therefore, does not give us the sense of an organic whole.

The plans reviewed hitherto have in common the fact that they attempt at Economic reconstruction within the existing frame-work. Quite distinct from them is the People's Plan, drafted by the Post-war Reconstruction Committee of the Indian Federation of Labour. The framers of the Plan claimed that it represents labour's views on post-war development. Its framers claimed that it is the only Plan with emphasis on labour plan, and it takes into account both expansion of production, and equitable distribution. "The object of the Plan is to provide for the satisfaction of the immediate basic needs of the Indian people within a period of ten years." The Plan, therefore, prescribes increased production in all the sectors of economic life. But the authors of the People's Plan emphasise agricultural development, mainly, since they believe that the purchasing power of the people cannot be raised unless agriculture, most important calling in the occupational pattern of the country, becomes a paying productive calling. As a first step towards agrarian reform, they suggest nationalisation of land. The compensation proposed to the land-owners and rent receivers is Rs. 1,735 crores in the form of 3% self-liquidating, forty-year bonds issued by the State. The priority of the Plan is to the manufacture of consumer goods, as far as its industrial planning is concerned. The idea is that the large scale production of consumer goods would afford opportunities for the creation of the large volume of employment. The total capital to be invested in the manufacture of consumption goods is Rs. 3,000

crores. Further, the development of basic industries, like power, minerals, heavy chemicals and machinery, is to be subservient to the needs of the consumer-goods industries, and a sum of Rs. 2,000 crores, to be invested in the Basic Industries.

The Gandhian Plan has for its basis a separate economic ideology. The basic principles are simplicity, non-violence, sanctity of labour and human values. In the words of Mahatma Gandhi, "Agarwal Plan claims to be a comparative study of the *Charkha* Economics based on non-violence and the industrial Economics which to be paying must be based on violence, that is exploitation of the non-industrialised countries." Simplicity and decent relations and cottage industrialism are the essence of the Gandhian Plan. The above Plan is worthy of our attention, because in the words of the author of the Plan, "A Gandhian Plan is a practical and imperative need of the moment, because it presents to the perplexed and war-torn world an economic system based on peace, democracy and human value." An attempt is made in the Plan to solve the paradox of poverty amidst plenty. Agarwal is for Gandhiji's advocacy of production by masses, instead of mass-production.

In as much as the chief objective of the Plan is to raise the material as well as cultural level of the masses, it has a significance for the labour planner. Besides, there is an attempt to restore the dignity of labour, by sanctifying it. Labour becomes a source of delight and a life-giving

force. The ideas here are akin to those of writers like Ruskin and Tolstoy, who also speak of the joy of work and the free play of the creative impulses of the workers. The vulgar rich, with their soul-killing pastimes and the exploited workers, clammering for leisure, represent the two extremes. "An equitable distribution of the obligation as well as the opportunities given should be the basis of the normal routine of the community."

There is insistence on every one becoming as self-sufficient as possible. This doctrine of self-sufficiency preached by Gandhiji has been called obscurantist mediaevalism, but Agarwal explains that what Gandhiji wants is decentralised production and the imposition of barriers on the indiscriminate growth of mechanised industrialisation.

The interests of workers in agriculture, cottage industries, large-scale industries, key industries and public utilities will be carefully safeguarded by the State through suitable legislation regarding a living wage for each person, healthy conditions of work, limited hours of labour, machinery for the settlement of disputes between employers and the employees, and protection against the economic consequences of old age, sickness, accident and unemployment. Further, the Congress Resolution on Fundamental Rights is repeated herein. This declares that Labour is to be free from serfdom, and conditions bordering serfdom ; women workers are to be protected and specially adequate provision for relief during maternity periods is to be made ; children of school-going age are not to be employed in mines and factories.

The economic ideas of the Agarwal Plan can be understood only in relation to the whole Gandhian Philosophy of life and social relations. But the danger of the acceptance of such a philosophy is that its expounders show a tendency to by-pass the legal and social framework and to exalt the moral aspects of man. It is well-worth remembering that human nature, to an extent, is a product of social and economic institutions, under which man lives and it can be transformed only by a change in these institutions. If we stop with just an enunciation of moral values, without working out the economic implications and details of the same, we can hardly have any practical guidance in the solution of the economic problems. As Agarwal Plan considers small holdings and handi-crafts to be the main features of the future Indian Economy, we cannot expect any guidance on the problem of modern industrial labour arising out of large-scale industries to come from this plan.

In our enthusiasm for the First Five Year Plan, we are likely to forget the valuable work done by the National Planning Committee appointed in 1938 on the eve of World War II. The composition of the above committee was broad based. Unfortunately, the work of the sub-committees was suspended because of the political happenings in India during the war, but the activities were resumed soon after the end of the hostilities, and we have now as many as 25 sub-committee reports, to the credit of the National Planning Committee. The success of the work of the National Planning Committee owes much to the dynamic energy of its General Secretary, the late Prof.

K.T. Shah. We cannot afford to ignore the work of the above body, in as much as it did pioneer work in national planning and paved the way for the work of the Planning Commission, subsequently established.

The National Plan for Labour is based on the Resolution of Fundamental Rights passed by the Karachi Session of the Indian National Congress, which stressed the imperative need for ensuring a fair return to the industrial worker. The State was given adequate authority for owning, controlling, managing or otherwise regulating the different sectors of national economy in order to further the attainment of the objectives of the Plan. The main recommendations of the Sub-Committee relate to hours of work, child-labour, health and safety, wages, housing, holidays, social insurance, and trade disputes. Besides, there is a plea in the report of the Sub-Committee for widening the scope of the Factories Act to workers in unregulated industrial undertakings and to have progressive labour legislation for plantation labour, seamen, dock-workers, building workers, domestic servants and shop-assistants.

In presenting views on wages, the National Plan expressed the opinion that no worker should be required to work for less than a living wage. It declares : "Wage-level in any given industry should be placed as high as possible consistently with the claims on production other than wages." It is also stated that there should be different minimum wages for different industries or in different occupations in the same industry. As far as the administrative machinery for enforcing mini-

imum wages is concerned the plan lays down that it should be administered by the Provinces, after the minimum rates are fixed by the Trade Board, so as to apply universally to a trade or any special area. Consultative or advisory functions are given to the Central Wage Board.

States and/or local authorities should be invested with the responsibility of providing adequate housing accommodation to the industrial worker. In case, the local authorities are undertaking the responsibility the Government may subsidise them, if necessary. The Planners, however, express the view that "the system of employers providing housing accommodation to their employees is not desirable." Further, it is also stated that "a site for any new industry should not be chosen unless it is found suitable from the point of view of industrial housing."

Under the recommendations pertaining to social insurance, workmen's compensation, maternity benefit, sickness, invalidity and unemployment insurance, as also old age and survivors pension form the main items. Finally, it is laid down that the employers should recognise trade unions for the purposes of collective bargaining, so that the process of negotiation during industrial disputes may be facilitated. The Planners, however, are not in favour of compulsory arbitration ; they advocate conciliation boards and industrial courts. The spirit behind the National Plan is a genuine desire to see that the workers are given a voice or control in the conduct of industrial systems.

L E C T U R E I I

The period between the termination of World War II and the declaration of Independence for India was characterised by negotiations with the ruling power resulting in the formation of an Interim Government for India, pending the actual transfer of power in its fullest form. As far as Labour policy during the above period is concerned, we can do no better than to refer to the salient points in the Presidential Address of Shri Jagjivan Ram, then Labour Member of the Central Government, before the Conference of Labour Ministers, on 14th October, 1946. He emphasised the following objectives to guide the Labour policy in the future :—

- (i) Promotion of fair-wages agreement and rationalisation of the rates of dearness allowance.
- (ii) Schemes for industrial training and apprenticeship.
- (iii) Improvement of working condition.
- (iv) Elimination of Contract Labour.
- (v) Schemes of Labour Welfare and housing.
- (vi) Institution of suitable machinery for the promotion of industrial peace and acceptance of the principle of compulsory adjudication, as embodied in the new Industrial Relations Bill.
- (vii) Medical and monetary relief to workers during sickness.
- (viii) Implementation of the ideals of International Labour Organisation.

The Interim Government could not establish a permanent policy for Labour, and had to leave its promulgation to the post-independence era. What the Interim Government could do was to have certain working arrangements for the time and take into account the general trends as manifested in the various plans of the pre-independence era.

The next landmark in the history of labour planning is the new industrial policy announced by the Government of India, on 6th April, 1948. The new industrial policy has significance for us, in as much as it was enunciated by a responsible government of Free India. It was in response to incessant appeals from the industrialists "to elicit the intention of the government with regard to the industrialisation of the country and the function of private enterprise therein" as also "to meet the pressing claims of the working class for a fair deal to a section of the community deserving a just and equalitarian treatment in the new social order". Against such a background the resolution on the new industrial policy was introduced in the Dominion Parliament by Dr. P.S. Mookerjee, who held the portfolio for Industry and Supply. The fundamental objective of the Industrial Policy was "to establish a social order where justice and equality of opportunity shall be secured for all the people." The immediate objective was to "provide educational facilities and health services on a much wider scale and to promote a rapid rise in the standard of living of the people by exploiting the latent resources of the country, increasing production and offering opportunities to all for employment in the service of the community"

The industrialists were assured that for the next ten years they “will be allowed all facilities for efficient working and reasonable expansion”, as far as the existing undertaking were concerned. It was also held that, under the prevailing conditions, the mechanism and the resources of the State may not permit it to function forthwith in industry as widely as desirable. Assurance was given that whenever it became possible for the government to acquire private enterprise, “compensation will be awarded on a fair and equitable basis” to the owners of industries to be transferred to public enterprise.

In view of the objectives referred to, the Government of India demarcated the respective spheres of State and private enterprise in industry. The governing consideration was to cause minimum disturbance to the existing industrial structure of the government in order to “maintain the current volume of production and to step it up further”. Jawaharlal Nehru, speaking on the policy resolution in the Dominion Parliament, said, “One has to be very careful that in taking any step the existing structure was not injured very much. In the state of affairs in the world and in India today, any attempt to have a clean slate, *i.e.*, a sweeping away of all that they had got would certainly not bring progress nearer, but rather delay it tremendously.”

By appreciating the eagerness of the government to maximise production, it is only with some hesitation that we can accept the plea that “it can be achieved only by giving a new lease of life to private enterprise” for as long

as profits flow into the pockets of the owning and not the working class, so long is there little chance of improvement in labour-capital relations and it would become difficult for the mobilisation of the factors of production to their maximum capacity.

The argument that the Government is lacking the necessary personnel and administrative machinery to acquire and operate industries cannot be an effective argument for giving a new lease of life to private enterprise. There is no justification to think that the operating personnel in private industry will be reluctant to remain in industry when it is taken over by the Government. The state undertaking will attract personnel far more than private enterprise for the former offer greater security of tenure, better terms of employment, better conditions of work and higher wages. Besides, the State can develop a national cadre of technicians and skilled labour, being in a better position to organise and develop such cadres of service. Again, the plea for a dynamic technology and "for a postponement of nationalisation of industry till the advances in technology take place" is not a sound justification for a policy of *status-quo*. Technological advances are always in the process of change and if we wait for the time, when the most up-to-date technique would be available and then nationalise, I am afraid further rapid developments would be in the formative stage, or would be nearer realisation, and we would be left with obsolete apparatus. Hence in view of the fact, that there is bound to be a time-lag between technological advances and the implementation of tech-

niques, it would not be proper to go on postponing nationalisation.

Realising that the industrial frame-work, proposed under the new Industrial policy, leaves a wide scope for the operation of private enterprise, an attempt was made to reconcile the conflicting claims of capital and labour by endorsing the resolution on industrial truce, passed by the Industries' Conference, held in December 1947. The resolution declared that "the system of remuneration to capital, as well as labour must be so devised that while in the interests of the consumers and the primary producers excessive profits should be prevented by suitable methods of taxation and otherwise and that there will be common sharing of the common effort after making due provision for payment of wages to labour, a fair return on the capital employed in the industry and reasonable reserves for the maintenance and expansion of the undertaking should be ensured". A sliding scale varying with output was suggested in industrial production for labour's share. Finally, works committees and production committees, bipartite in character, were suggested as effective means for substantial reduction in the volume of industrial disputes. "In the case of unresolved conflicts, Government trust that management and labour will, in their own interest and in the larger interests of the country, agree to settle them through recognised channels of conciliation and arbitration, which will be provided by the Government." Permanent industrial tribunals are to be established for dealing with major disputes.

While summing up the new Industrial Policy, we may remark that “the quantum of labour’s enthusiasm and support to the above policy depended on the steps to be taken by the State in effective furtherance of the policy.”

We have the clue to the labour policy of the Government of India in Part III and Part IV of the Constitution of India. Part III of the Constitution is concerned with Fundamental Rights. Article 16 says that “there shall be equality of opportunity for all citizens in matters relating to employment or appointment to any office under the State” ; having as its corrolary the clause “no citizen shall, on grounds only of religion, race, caste, sects, descent, place of birth, residence or any of them, be ineligible for or discriminated against in respect of any employment or office under the State”. Article 19 is concerned with details regarding the right to freedom. “All citizens shall have the right to freedom of speech and expression, to assemble peaceably and without arms, to form association or unions, to move freely throughout the territory of India, to reside and to settle in any part of the territory of India, to acquire, hold and dispose of property and to practise any profession, or to carry on any occupation, trade or business.” Articles 23 to 25 ensure right against exploitation. “Traffic in human beings and *begar* and other similar forms of forced labour are prohibited” with the proviso that nothing in this Article shall prevent the State from “imposing compulsory service for public purposes.” Article 24 declares that “no child below the age of 14 years shall be employed to work in any

factory, or mine, or engaged in any other hazardous employment". Article 31 reads as follows : "No person shall be deprived of his property, save by authority of law." Further, "no property, movable or immovable, including any trust in or in any company owing, any commercial or industrial undertaking shall be taken possession of or acquired for public purposes under any law authorising the taking of such possession or such acquisition, unless the law provides for compensation for the property taken possession of or acquired and either fixes the amount of the compensation or specifies the principles on which, and the manner in which, the compensation is to be determined and given."

The fundamental rights thus ensures for the individual, are : (i) equality of opportunity in matters of public employment, (ii) protection of rights, regarding freedom of speech, assembly, association, free movement, residence and settlement, and acquisition and disposal of property and choice of profession, occupation, trade or business, (iii) prohibition of traffic in human beings and forced labour, (iv) prohibition of employment of children in factories, mines, etc., (v) safeguards against compulsory acquisition of property. The frame-work, thus provided, could be utilised by the planner for progressive measures calculated to promote and stabilise labour welfare.

While the law courts can take cognizance of any violation of fundamental rights, the case is quite different in regard to the directive principles of State policy. And

to quote Article 37 of Part IV of the Indian Constitution, comprising the Directive Principles of the State Policy, “the provisions contained in this part shall not be enforceable by any court, but the principles therein laid down are nevertheless fundamental in the governance of the country and it shall be the duty of the State to apply these principles in making laws”. The principles, enunciated in the Constitution, are in the nature of desirable ends, backed by the underlying philosophy of welfare state, the establishment of which seems to be the essence of the Constitution. “The State shall strive to promote the welfare of the people by securing and protecting as effectively as it may, a social order in which justice, social, economic, and political shall inform all the institutions of the national life.” Article 39 catalogues the details of such a policy. “The State shall, in particular, direct its policy towards securing :

- (i) that the citizens, men and women equally, have the right to an adequate means of livelihood ;
- (ii) that the ownership and control of the material resources of the community are so distributed as best to subserve the common good ;
- (iii) that the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment ;
- (iv) that there is equal pay for equal work for both men and women ;
- (v) that the health and strength of workers, men and women, and the tender age of children are not abused and that citizens are not forced by econo-

mic necessity to enter avocations unsuited to their age or strength ;

- (vi) that childhood and youth are protected against exploitation and against moral and material abandonment.”

Article 41 says that the State, shall, within the limit of its economic capacity and development, make effective provision for securing the rights to work, to education and to public assistance in cases of unemployment, old age, sickness and disablement and in other cases of undeserved want. A further measure calculated to bring about humane conditions in the life of the worker is enunciated in Article 42. It follows : “The State shall make provision for securing just and humane conditions of work and for maternity relief.” The objective of Social Security is expounded in Article 43. “The State shall endeavour to secure by suitable legislation or economic organisation 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.” A detailed examination of the Articles under Directive Principles of State Policy shows that the Constitution has provided, further, a frame-work, sufficiently flexible within which progressive measures for the welfare of labour can be devised, without making any fundamental changes in the present structure of capitalistic society. What is aimed at

is a policy of socialistic measures without switching over to socialism as such.

As regards authorities for labour-legislation we may remark here that both the Union Parliament and the State Legislatures have powers over number of subjects. Regulation of Labour and safety in mines and oil-fields is the exclusive concern of the Union Parliament. In List III of the Seventh Schedule of the Constitution of India is contained the list of subjects for which there is the concurrent jurisdiction of the Union Parliament and the State Legislatures. The following are the subjects, in this connection :—

- (i) Trade Unions ; industrial and labour disputes.
- (ii) Social security and social insurance ; employment and unemployment.
- (iii) Welfare of Labour, including conditions of work, Provident Funds, Employer's Liability, Workmen's Compensation, Invalidity and Old age Pension, and Maternity benefits.
- (iv) Vocational and Technical Training of Labour.

The Planning Commission had to draw a plan within the frame-work of the Constitution and it proceeded to formulate the plan for labour confining itself to the prescribed limits. Welfare of the working class and the country's economic stability were the two angles, from which labour problems were to be approached. The following extract from the First Five Year Plan sums up the plan in relation to labour. "The basic needs of the worker for food, clothing and shelter must be satisfied. He should also enjoy

improved health services, wider provision of social security, better educational opportunities, and increased recreational and cultural facilities. The conditions of work should be such as to safeguard his health and protect him against occupational and other hazards. He should be treated with consideration by the management and he should have access to impartial machinery, if he fails to get a fair deal. Finally, he should have freedom to organise and adopt lawful means to promote his rights and interests.”

The planners consider that “the employers and the employees are partners in the common task of promoting the welfare of the community and both must, therefore, join hands in increasing production, improving quality and reconciling costs. As far as possible, disputes are to be avoided. This implies continuous contact between the workers and employers and the supervisory staff. Works Committee should ensure that differences are settled on the spot. Whenever the employers and workers fail to reach a settlement the State must step in to offer conciliation. The machinery and procedure for arbitration and adjudication should, however, be such as to ensure a fair settlement without unnecessary waste of time, money and legal technicalities.

“As regards wages, the planners hold the opinion that a further rise in wages will not, under present conditions, benefit the workers permanently, for it will be neutralised by a rise in prices.”

The policy of the Government is, therefore, to control

prices on the one hand and to keep down on the other, increase in money incomes. To ensure a good return to the worker for his labour the minimum wage legislation should be enforced effectively. Wage Boards should, in fact, be set up on a tripartite basis in the States and at the Centre to study all aspects of the wage problems and secure adjustments in the wages of the workers, periodically.

While referring to the achievements of Labour, the planners express the view that "the improvement of the economic conditions of the workers might have been greater had it not been for the rise in prices and the failure of industry in many cases to renovate and modernise plant and to rationalise management." The Commission suggests that "in consultation with employers and workers, means should be found to safeguard the position of workers in enterprises, when rationalisation is carried out." In order to reduce costs and promote maximum efficiency certain methods have been advocated. It is expected that standardization of musters, fixing of work loads, prescribing uniform working conditions, stoppage of fresh recruitment, absorption of superfluous workers in other departments, ensuring the position of raw materials and the capital market, the availability of capital goods and the demand for products before the installation of new machinery, provision of training facilities in other occupations for those thrown out of employment, offering incentives for sharing the gains of rationalisation—all these would result in the smooth working of rationalisation.

The Plannig Commission has also suggested produc-

tivity studies in the industries so that the condition of our industries might be investigated and proper measures be adopted to increase productivity in them.

In some quarters opinion has been expressed that a policy of gradualism characterises the First Five Year Plan considered as a whole, and I may venture to say that the above statement holds good in regard to labour-planning as well. A policy of gradualism such as the Plan involves is not the most effective method to solve the grave problems facing the country. The Planning Commission while considering a higher level of employment as desirable circumscribed its objectives by certain limiting conditions. It is of opinion that if the attainment of such an objective requires sacrificing indefinitely the fruits of technical progress, the loss to the community over a period may be much greater than the gain and as such the line of action to be taken by the policy makers, though not expressed, is implied. "In discussing the problem of equality and social justice the Planning Commission is so enamoured of the existing economic order that they would seem to rely on the good-will and sense of patriotism of the capitalist, completely oblivious of the history of the last half a century Savings and capital-formation in the private sector can be guarded against a likely fall only by keeping the profit incentive sacrosanct. The cheering optimism of the Planning Commission leads them to bank on a voluntary restriction of dividends and ploughing back profits for expansion of existing industries."

The attitude of the Planning Commission to problems

connected with the establishment of Industrial Peace deserves our attention. The Commission observes that peace in industry is essential for the realisation of the targets of the Plan. To achieve this, they prescribe an approach which would conceive the employer-worker relationship as a partnership, subordinated to an endeavour to promote the satisfaction of the economic needs of the community. But a scheme for such a partnership raises many practical difficulties not quite appreciated by the advocates of such partnership. The Commission maintains that recourse to strike may be suspended or withheld in cases of emergency and when essential services are affected by the strike. The alternative to strikes in the form of a machinery for the just settlement of the claims of the party is suggested. But may I point out that the proclamation of States of Emergency on the basis of which strikes are to be tabooed, depends upon the views of those holding power and their own interpretation of the term 'State of Emergency'. In a Planned Economy, the Commission maintains, strikes and lockouts have no place, but it is worthwhile remembering that now that India has launched on a policy of Planning and Economic Development, the future years for the country are going to be either years of framing the Plan or years of the implementation of the Plan or years of both. As such, the implications of the above statement are that there is to be no place for strikes and lockouts in future. Further, the mere hope that the Plan aims at the realisation of social justice does not appear a sufficient excuse for depriving the workers of the right to strike. No doubt,

tripartite bodies and Works Committees for settlement of differences are all evidences of the Commission's good intentions. The main question is that of the proper and effective working under present conditions. Problem of Industrial Relationship is likely to remain a difficult problem, even in the Five Year Plan, particularly so as the development and expansion of industries is made the responsibility of private enterprise. In the words of Zweig, "In a Planned Economy, workers must either be slaved by political bureaucratic or technocratic rule or granted a high standard of self-government in industry, which would enable them to play a large part in working out and executing the Schemes of Economic Planning.

As regards the wages, the Commission observe, "at this juncture, any upward movement of wages will further jeopardise the economic stability of the country, if it is reflected in costs of production and consequently raises the price of the products." It is forgotten that labour is merely trying to defend its present slice in the cake of National Income and not asking for a larger slice by pressing for a rise in wages, due to rise in the cost of living.

According to the Report of Progress of the Five Year Plan from April 1951 to September 1953, the main achievements in the field of Labour have been the following :—

- (i) Improvement in Industrial Relations, as indicated by the decline in the number of man days.
- (ii) The provision of retrenchment and lay-off benefit

to workers under the Industrial Disputes (Amendment) Act of 1953.

- (iii) The establishment of Joint Consultative Board.
- (iv) The enactment of Provident Fund Act of 1952.
- (v) Appreciable progress in the implementation of the Minimum Wages Act (1948) and the Employees' State Insurance Act of 1948.
- (vi) Considerable work in the matter of training schemes and productivity studies.

Whatever might be the reasons for our sense of satisfaction or otherwise with the progress of labour, during the first half of the planned period, we cannot under-estimate the magnitude of problems, which we have to solve, for laying the foundations of a stable and progressive policy for labour, in the near and distant future years of the economic development in India. We may in this connection summarise briefly the outlines of labour policy as laid down by the present Labour Minister, in his opening speech, at the Third Labour Conference, held at Nainital on 8th October, 1952. The issues referred to by Shri Giri deserve our consideration, as they are given expression to by one who has been associated with the labour movement in the country for the last three decades.

First, there is the question of internal settlement *vs.* outside compulsion as a method for resolving industrial disputes. It is agreed that it is far better for management and labour to settle the differences amongst themselves than for them to go as litigants and opponents before a Labour

Tribunal or Court. There is no denying the fact that the principle of compulsory arbitration, introduced for the first time as a result of wartime exigencies and continued thereafter as a measure inevitable in a period of economic uncertainty and emergency, has given a great setback to the growth of trade-unionism in this country. It has been rightly remarked that "compulsory arbitration is inappropriate in peace-time, as drugging is in health." Compulsory adjudication should be resorted to only in case of failure of voluntary conciliation. Nevertheless, the principle of compulsory arbitration cannot be abandoned altogether. It is suggested that the above device should be used in the case of unresolved disputes in public utility services while the method of internal settlement should be the normal feature in non-public utility services.

This gives rise to another question connected with the application of the above method to further categories of employment. Workers' organisations are opposed to workers in Defence Industries being treated any differently from the rest of the industrial workers. They are against special laws for particular categories of employment. There should be a general law embracing all categories of employment, with, of course, transitional provisions as to the time of applicability and exemption and special clauses for certain categories of employment, so that even the categories exempted or specially treated may not overlook the fact that ultimately they will be brought within the frame-work of the general law. That is why there is opposition in some quarters to special schemes or a special law

relating to industrial relations in Banks.

As far as the working of the machinery of voluntary settlement is concerned, it may be remarked that an agreement entered into between the bargaining agent and the employee should automatically bind all workers in the establishment. An appeal from the findings of the Conciliation Officer as the right bargaining agent should be to the Industrial Tribunal, the decision of which will be final. When the parties find themselves unable to solve their differences through direct negotiation, there comes the need for conciliation. Active State intervention in disputes between labour and management is no more than a mere palliative and cannot produce lasting results. Hence the policy of selective and discretionary compulsory adjudication should be the last item in the alternate devices for the settlement of industrial disputes.

One other main cause of Industrial Disputes is the policy of the employers in regard to rationalisation. If the employers agree to having rationalisation only when absolutely necessary and proceed to plan it beforehand in such a way that the existing workers are not thrown on the streets without alternative employment, the fruitful source of faction between labour and management is controlled in the very initial stages. A proper functioning of the tripartite consultative machinery can be of immense use in the above direction. Regulation of the pace of rationalisation and minimisation of the effects of retrenchment must be the twin-foundations of planned rationalisation.

Another important issue connected with industrial relations is the question of right to strike or lockout. Some have taken the view that whilst strikes should be permitted, lockouts should be prohibited. The argument is based on the fact that lockouts have more disastrous social effects than strikes. But the right to strike or lockout should be restricted during certain stages, such as negotiation, conciliation and arbitration, as also during the period of the operation of settlements, collective agreements and awards. Again in public utilities, some would like to see all strikes and lockouts prevented whether such prevention is through outright prohibition or by reference to adjudication.

We have multiplicity of authorities for the avoidance and settlement of disputes. The most important agencies are :

- (i) Standing Conciliation Boards.
- (ii) Commissions of Enquiry.
- (iii) Labour Courts.
- (iv) Appellate Tribunal.

Shri Giri is of opinion that the following agencies may be retained :—

- (i) Works Committees.
- (ii) Conciliation Officers.
- (iii) Courts of Conciliation.
- (iv) Industrial Tribunals or Courts of Arbitration.

The function of agencies for conciliation, arbitration and adjudication, both voluntary and compulsory, is some-

what limited in that they are designed to tackle and solve only specific problems. The time has come for the evolution of a new long-term approach to the problem of labour-management relations, and such an approach cannot be considered independent of other items in a planned labour policy.

The question of the recognition of Trade Unions has agitated labour administrators and publicists for a long time. The majority of the employers' organisations would prefer that only the most representative union should be permitted to be recognised. The same opinion is held by most of the State Governments. Opinion is divided among workers' organisations. The majority are in favour of permitting the employer to recognise only one union, the one with the largest membership or getting the largest support in the event of voting by secret ballot. There should anyway be provision for the compulsory recognition of trade union.

As far as the outsider problem is concerned, the policy should be one of restriction of outsiders rather than their elimination. The employers' view that outsiders should be totally excluded is untenable, at least under the present circumstances.

A number of important developments of vital concern to labour in regard to labour-management relations and detailed consultations during and after the Nanital Conference, however, convinced Shri Giri that conditions in the country were not favourable for a change in the basic:

policy governing the administration of labour laws. It was felt that the country had entered on a period in which profits particularly in the industrial sphere were not what they used to be. It was also felt that the First Five Year Plan was only half way through and it was of the utmost importance that we should all pull our weight together in the full implementation of it. Hence, compulsory adjudication was to continue as an important feature of labour-management relations for some time more, though the policy of mutual negotiation and settlement of disputes was to remain the ultimate device for the settlement of labour disputes.

Obsessed with the idea of the present low profits in the industrial sphere, it was thought necessary to examine the causes of the inefficient and uneconomical working of some of the industrial establishments. A team of experts from I.L.O. was invited recently to conduct productivity studies in textiles and engineering industries. The experts demonstrated that increases from 6 to even more than 100% were possible in individual operations by the application of better techniques, thus making clear that the responsibility for low productivity could not be placed wholly or in some cases, even largely, at the doors of labour.

To establish harmony in the long continued war between labour and management, we will have to analyse not merely the economic factors involved, but the social and psychological background as well. "If we were to take into account all the human and psychological factors, behind the apparently intransigent attitude of labour, we could easily explain

many of his irrational and extravagant behaviours. For the economist can explain the probable economic effects of various labour measures and laws and can indicate how a certain programme may affect employment, production, profits and wages, the sociologists and the psychologists must analyse the causes of human behaviour and also decide what results they desire in a given context." The key to a more harmonious industrial relationship in India or elsewhere lies not only in improving the material conditions of work and life of the worker, but also in regarding him as a partner in joint enterprise.

As it has been pointed out by those concerned with the evolution of a new formula of industrial relations, the following important considerations should prompt the formula makers :—

- (i) The law as well as the machinery for the settlement of disputes should be as simple as possible.
- (ii) All our efforts must aim at building up of a sound trade union movement.
- (iii) The withdrawal of the State-intervention must be gradual.
- (iv) There should be progressive implementation of measures of social security, introduced already on a small scale, and introduction of new measures in keeping with a time schedule.

I realise that my review of labour planning spread over a period of about ten years has been rather panoramic. I have not given you statistical details, nor have I tried to

present an elaboration of all the items pertaining to the subject of my lectures. My only defence is that I prefer to be more suggestive than exhaustive. My observations are in the nature of suggestive references to ideas and issues, occupying at the moment, the minds of labour economists, labour legislators and labour administrators. But in the course of evolving ideas or tackling issues, one has to guard against one-sided treatment of the subject with undue emphasis on the economic causality of phenomena for it may encourage, on the one hand, intransigence of labour and, on the other hand, exploitation by management. What is required is a human approach so that we may not have a situation described in the following lines of Crabbe :

“When Plenty smiles—alas ! she smiles for few
And those who taste not, yet behold her store
Are as the slaves that dig the ore
The wealth around that makes them doubly poor.”

