

and Australia in fact Australia is practically fading out of the picture while Argentine alone, which exported only half the quantity last year, is reported to have surplus of 3 million tons. India's import requirements of wheat are not expected to exceed a million and a half tons.

It is not possible at this stage of the negotiations with Burma to get even the outline of the picture clearly. Shri Kidwai says the rice position is comfortable. There is 1½-lakh tons due from Burma according to the existing agreement. What he wants is a comfortable reserve and that, too, to be kept in Burma, of the order of 3 to 5 lakh tons to be drawn upon whenever India requires it. Burma will have to give the assurance that this quantity

of rice would always be on tap for India. As barter deals go, the proposed arrangements appear to be too elastic to be incorporated in the usual form of an agreement. Perhaps Shri Kidwai likes to keep things a little vague. There is no question that this measure of elasticity will be extremely useful for a country which does not know its requirements very precisely and cannot possibly work out its food budget to the nearest thousand tons of wheat or rice.

The relaxation of procurement of wheat is, in the circumstances, perhaps justified, since by signing the International Wheat Agreement, India has the assured supplies needed for stabilising the situation, if it becomes necessary to do so in future.

increasing procurement, when procurement could be increased so very easily, have strengthened Shri Kidwai's hands sufficiently to withstand browbeating by the wheat exporting countries? Perhaps commonsense economics is not always sound politics. While Shri Kidwai's success, partial though it is till now, in getting Burma to come down from her high perch and talk business in terms which this country can understand, wins him all the applause, the way he has allowed himself to be knuckled under on the wheat agreement does little credit to his flare for meeting a situation half way, and outwitting his adversaries in a battle of wits, for which he is deservedly reputed.

Making Industry Efficient

THE Amendment of the Industries (Development and Regulation) Act which is proposed by the Bill now before Parliament merely attempts to overcome some of the difficulties which have been experienced in practice during the last year. It provides, however, an opportunity to discuss the working of the original Act and of industrial policy in general, an opportunity which was not missed by the members of Parliament. Broadly speaking, it would be true to say that the Act has so far fulfilled only the regulatory aspect of its objects and even in that, there appears to be only a slow groping towards a solution of the many problems which industry faces today. The Act itself gives wide powers to the Government to license new industrial undertakings. This power can obviously be used very usefully for the purpose of preventing expansion of capacity where this is either unnecessary or harmful. But unless the results of various applications are made known, both of those approved and rejected, as also the reasons for the decisions, it will not be possible to evaluate the working of the Act in this respect.

The Act also gives the Government wide powers of investigation into any scheduled industry or any undertaking in a scheduled industry in certain circumstances. These include (a) a substantial fall in the volume of production, (b) a marked deterioration in the quality and

(c) a rise in the price of the article produced for which there is no justification or which could be avoided. This power to take action is also given for the purpose of conserving any resources of national importance which are utilised in such industrial undertakings as well as when an industrial undertaking is being managed in a manner likely to cause serious injury or damage to the interests of the consumers.

On completion of such investigation, the Government can issue directions to the undertaking (1) regulating the production of any article or class of articles and fixing the standard of production, (2) requiring the undertaking to take such steps as Government thinks necessary for stimulating the development of the industry, (3) prohibiting the undertaking from resorting to any act prejudicial to its production, capacity or economic value, and (4) controlling the prices or regulating the distribution of any article or class of articles which have been the subject matter of investigation.

That is not all. If the directions which are issued are not compiled with, the Central Government can authorise the taking over of the management of the concern by any person or body of persons, including a Development Council. It can be seen, therefore, that the Act already gives fairly wide powers to the Government while the amending bill merely attempts to rectify

some minor defects which have been noticed in practice and some of which at least could have been avoided by more careful drafting.

All these, powers, however, are mainly negative in character. They aim at preventing abuses in industrial management and expansion in directions which are not approved by the Government, presumably because they are not approved by the Planning Commission.

The more positive provisions of the Act are those dealing with the establishment of Development Councils. The second schedule of the Act contains a long list of powers and functions which may be given to each of these Councils by the Central Government. These functions are very wide and it is apparent that the Councils are expected to be the main agency through which the different industries are to put their own houses in order and through which the development of these industries on the lines drawn up by the Planning Commission is to be achieved. So far Development Councils have been set up only for the diesel engine industry and the fertiliser industry. The first meeting of these Councils took place only a short time ago and they have yet to start functioning effectively. The Government obviously want to watch how these Councils function before setting up any others. The process is going to take a very long time indeed.

themselves seem to have awakened. It is to the need for greater industrial efficiency. In his address at the annual meeting of the Millowners' Association Shri C D Somani stressed the need for a lowering of the cost structure of the cotton textile industry, though he emphasised more the need for sympathy from the Government for the achievement of 'this objective' than any specific steps that could be taken by the industries themselves. While not minimising the scope that undoubtedly exists for improving the efficiency of management, one cannot deny that there is some point in the arguments advanced by the industrialists. If they are to lower the cost of production, they must be given a fairly free hand in bringing about rationalisation of working, so that productivity can be increased.

This question of reducing costs and increasing productivity can be viewed from various angles. The leader of the International Labour Office Productivity Mission which has been studying our cotton and engineering industries brought out some of these. The need for rationalisation of production cannot be gainsaid. Yet management has to face insurmountable difficulties in bringing it about. Retrenchment is not a socially desirable way of doing it, but if it is necessary for increasing the productivity of labour and reducing costs, it has to be faced equally. The Government had no compunction about it when it came to getting rid of the surplus hands in the Ordnance' factories. This remedy is denied to the private sector as Sir Vithal Ghandavarkar bitterly complained in his speech at the Millowners' Association. By refusing to face the crucial issue standing in the way of raising productivity, the social burden of high cost production is made to appear lighter than what it is.

Another point may be raised. This is about the scope for payment by results in measures for increasing productivity. Prof Matthew, the leader of the ILO Mission, said that the introduction of the system of payment by results was one of the objects of the Mission. On the other hand, Sir Vithal Chandavarkar was emphatic (though these words do not appear in the cyclo-styled copies of his speech which were circulated at the Millowners' Association meeting) that the Labour Ministry had made it quite

inducements to workers was "out" side the scope of the Mission's work." These contradictory state-ments must be reconciled by the authorities concerned, in the interest of clear thinking on a subject of great social import.

Sir Vithal Chandavarkar particularly stressed that his Association's opposition to the proposal arose out of the disturbing effect it would have on the existing wage structure, which has been worked out in consultation with labour. His fear was that any change made in that wage structure might lead to dissatisfaction among workers and to disputes, both of which would affect production adversely.

Prof Matthew did, it is true, stress other methods which can be usefully employed for the improvement of workers productivity. The object of the Mission was to show, he pointed out, how the application of modern techniques of work study and plant organisation could also contribute towards the same end. On the basis of their experience he expressed the view that there were a number of factors which would have to be taken into account before the highest levels of productivity could be attained. He mentioned four:

(a) The need for improvement of physical working conditions and better provisions for workers safety, health and comfort;

(b) The need for proper selection, education and training of factory supervisory staff from the foreman up to the top level;

(c) The need for adequate machine maintenance and the increased use of technically trained men on such work; and

(d) The need for securing greater flexibility in the allocation of duties between different jobs and for a scientific study of the system of wage payments.

These recommendations have been set out in full because firstly, they indicate how slow the process of improvement is likely to be and secondly, because they raise complex problems of industrial policy. Consider the first factor. If the physical conditions are to be improved, it will mean additional expenditure. The cost structure is, therefore, likely to be raised rather than lowered at least initially. In any case, the industrialists are strongly opposed to any such move.

In fact they have been calling for a halt to social legislation imposing financial burdens on industry. How far an improvement in physical conditions will improve productivity within a reasonably short time and to a level where it more than outweighs the increased costs, is a matter for dispute. Only if it does that, can it fall outside the purview of 'social legislation'. Not that there is anything wrong about social legislation as such, but so long as private enterprise is expected to play a part, a proper balance will have to be maintained between the objectives of social improvement and economic development.

The problem of industrial policy is to give a lead on these important matters. The Industries (Development and Regulation] Act gives wide powers to the Government and to the Development Councils constituted under the Act. The way in which these powers are used will determine the future of industrial development in this country. There is as yet little indication of such a bold industrial policy. The Government is still groping, though it may be that it is moving in the right direction.

CONGRESS AND KARNATAKA

THE resolution on the formation of new linguistic states passed at the last plenary session of the Congress which warned that any further steps in this direction must wait until the Andhra state was stabilised, has now been translated into the language of administration. Why not face it and be done with it? This is not the language that the administration likes to use or is in the habit of using. It prefers another Committee of Enquiry and this has been promised by Pandit Nehru for Karnataka.

The integrity of the Mysore state has to be respected, as long as its Chief Minister has the necessary pull with the Congress High Command and carries sufficient weight with the Government at the Centre. Samyukta Karnataka is not opposed by the people of Mysore except those who have vested interest in the *status quo*. The obvious solution would have been to seek the necessary political reconciliation and explore avenues for it, instead of trying to shelve the "issue by appointing another Committee of Enquiry. Gaining time, yes, but for what purpose?