The Economic Weekly

A Journal of Current Economic and Political Affairs

ELEVENTH YEAR OF PUBLICATION

December 5, 1959 | Volume XI—No. 49 | Price 50 Naye Paise

EDITORIALS

Pay Commission 1621

Betrayal and Dishonesty 1622

WEEKLY NOTES

Conference Lines and Indian Shipping—Special Advances to Steel Companies—Rigging Up New Issues—:Indian Patents in 1958 1624

LETTERS TO THE EDITOR

Heading for Cloth Famine?: A Protest—Military Implications of Our Transport Policy: A Comment 1627

OBITUARY

G S Sardesai —S R T 1628

BOOK REVIEW

The Chinese Economic Model —S D Punekar 1629

SPECIAL ARTICLES

Why Lament for Economies? — A K Dasgupta 1631

Sensitivity of Central Taxes: 1948-49 to 1954-55 —D T Lakdawala and M V Khambadkone 1633

FROM THE CHAIR

India Steamship Co Ltd 1641

AROUND BOMBAY MARKETS

Cotton in Limelight 1645

COMPANY NOTES

India Steam—Indian Aluminium Debentures Issues—NICCO—National Rolling-Killick's New Board 1649

CURRENT STATISTICS

Banking Returns — Bombay Money Rates and Bullion Prices—Index Number of Wholesale Prices — Tea Auctions in Calcutta—Industrial Production in August 1650

THE ECONOMIC WEEKLY

104, Apollo Street, Fort, Bombay

Telephone : 253406

innual Subscription : Rs 24

Foreign 40 s or $ 6

Pay Commission

THE Pay Commission's major recommendations in regard to salary revisions have been accepted by the Government of India. The Commission's job was not an easy one. It had to examine as many as 517 pay scales covering about 18 million employees. Besides, it was also asked to examine the service conditions and to recommend suitable modifications, if necessary. The recommendations to be realistic could not ignore the economic conditions in the country and the need for reasonably rapid development. To these is added the all-pervading problems of large-scale unemployment with its tendency to lead to overemployment and to depress wages. The arduousness of the task entrusted to the Commission can therefore be well imagined.

The main recommendation relates to the merging of dearness allowance with the basic pay and tie formulation of suitable scales of pay for various types of jobs, taking into consideration the present cost of living. On a first look, the principles enunciated by the Pay Commission for fixing pay scales and the actual scales prescribed would appear to be fair and reasonable. In the revision of pay of such a vast number of employees, anomalies are bound to occur and they will come to light only when the present employees are brought to the new scales.

The general approach of the Commission to the revision of pay was guided by the consideration that recruitment at different levels of persons with requisite qualifications and abilities should not suffer and that the new scale should help to maintain their efficiency. Hence the Commission's concern for amenities like housing, medical aid, facilities for the schooling of children etc and retirement benefits. These three together should satisfy the reasonable demand of Government employees. But the snag is that the proposed amenities are not likely to materialise in the near future.

The question of pay revision came up because of the rising cost of living. Cost of living has not shown any tendency yet to abate. In these circumstances, it would not be surprising if Government employees press for some immediate relief instead of relying on the promise of a more secure future on retirement. If one looks at it from that angle, one will find the immediate gains negligible.

Take, for example, the wage scales proposed for peons and lower division clerks, sav, in Bombay City which is a high-cost area and compare it with the present scale. Peons on the pay scale Rs 30-½-35, start on a basic pay of Rs 30 to which is added dearnes., allowance Rs 45 (including the interim relief of Rs 5), compensation allowance Rs 7.50 and house rent allowance, Rs 10, making up a total of Rs 92.50. In the proposed scale for peons Rs 70-85. the starting salary would be Rs 70 basic and dearness allowance of Rs 10, making up a total of Rs 80 which is the minimum basic that the Pay Commission has fixed on examination of cost of living, nutritional standards, etc. This Rs 80 should be compared with the Rs 75 in the present scale—Rs 30 pay and Rs 15 dearness allowance, The compensatory allowance and allowance for house rent remains unchanged. The total in the proposed scale, therefore, would come to Rs 97,50 as against Rs 92.50 as at present. This, however, is not the whole story, for against Rs 5 increment that the peon will get in hia total remuneration, there will be a deduction of Rs 4.20 on account of provident fund, leaving him with a net amount of Rs 93.30. This has only to be compared with his present remuneration of Rs 92.50 to establish that the immediate gain will be negligible.

In the case of lower division clerks the present pay stale is Rs 60-130, the starting basic pay is Rs 60 to which is to be added Rs 55 dearness allowance (including Rs 5 interim). Rs 12.50 compensation allowance and Rs 15 for house rent, making a total of Rs 142.59. The new scale for lower division clerks is Rs 110-180. The starting salary is Rs 110 to which is added Rs 10 as dearness allowance, the compensatory allowance is slightly less viz Rs 10 and the house rent slightly higher, Rs 20. making up a total of Rs 151. From this, compulsory contribution to the provident fund takes away Rs 6.60. leaving a net amount of Rs 111.10. This is to be compared to the present total remuneration of Rs 1 12.50.

With the increase in pay, holidays are to be cut down from 23 to 16, hours of work increased, casual leave reduced from 15 to 12 and earned leave also slightly restricted. In other words, what is expected is more work but. with no corresponding advantage immediately.

The merger of dearness allowance with pay will raise another problem. At present those Government servants who are provided with Government accommodation pay 10 per cent of their salary exclusive of dearness allowance as their rent. In the new scheme as there is no distinction between basic pay and dearness allowance, the house rent one has to pay will go up to the extent of 10 per cent of dearness allowance, which hereafter would form part of the regular pay, in the case of officers who are getting dearness allowance at present, i e, those getting a salary of Rs 1000 and below. This class is also likely to lose a portion of their compensatory allowance admissible to high cost areas like Bombay and Calcutta, because under the new scheme, this allowance is a percentage of the salary, with a ceiling, and not a fixed amount for different slabs, as before. And there is also a possibility of losses, where the pay in the new scale is fixed on point-to-point basis.

When one takes all these things into consideration, it is difficult to see how the Government can resist the claim for interim relief in lieu of the proposed amenities which form a part of the pay revision scheme but which are not likely to materialist* in the immediate future, for example, the Commission has calculated Rs 15/20 per head for the extension of contributory health service scheme. How far this scheme is workable outside Delhi is a problem by itself. But as it is admitted that the present facilities outside Delhi are unsatisfactory, it is only natural that a Government servant should be entitled to some compensation, when he cannot lake advantage of the existing facilities for no fault of his.

The entire scheme of salary fixation will come to naught, unless Government employees are assured of obtaining their essential requirement, at least the food items, at reasonable prices. This follows from the Commission's decision of de-linking wages from cost of living index, Whether this could be done through properly organised consumers' co-operatives or through any other method has to be examined carefully and the governmental assistance necessary for such an organisation is overdue.

One item on which controversy is raging is in regard to the age of retirement. The Commission's recommendation to raise it to 58 from the present 55 was based on sound considerations. Its rejection by the Government is unreasonable when the non-gazetted staff are allowed to serve upto 60. The gazetted staff whose number is infinite—imal as compared to the non-gazetted is the class whose experience Government can hardly forgo at this juncture and why they should be retired at 55 remains debatable. This is not in any way going to reduce unemployment for most of them secure employment outside Government and some times very lucrative employment.

Betrayal and Dishonesty

IT is seldom the fate of Commissions to solve issues: perhaps it is their function not to. But, as a rule, the futility of a commission comes to light after its work is finished. In the case of the Monekton Commission now being appointed by Britain to report on conditions in Central Africa — the futility is apparent from the very start.

The Monckton Commission will have 26 members, of whom 20 have already been appointed. They comprise the nominees of the British and Central African governments, two of them being appointed from Australia and Canada as '"impartial"' members. The six places which remain to be filled will be given lo British privy councillors, three Tory and three Labour. And here a minor deadlock has developed. The Labour party has refused to associate itself with the Commission, on the ground that both its composition and terms are objectionable,. If alterations are made in both, the party says it might co-operate.

The objections of the Labour party are indeed valid. The Monckton Commission, as now envisaged, is overwhelmingly loaded in favour of Federation in Central Africa. Of the 20 members so far appointed, only five are Africans; and none of these are in any sense representative of African opinion in the Rhodesias and Nvasaland. In fact three of them are actually Government employees. The Labour party's demand is that nationalist African opinion should be adequately represented on the Commission, and should in any case be quite free to try to influence the Commission's verdict by organising political opinion in favour of its stand. Mr Macmillan has unbended so far as to allow Dr Hastings Banda and some of the oilier nationalists, who are now in detention camps, to testify before the Commission; but the demand that these leaders should be set at liberty and the bans on their