



REPORTS AND ENQUIRIES

The Development of Employers' Organisations in India

by

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INTRODUCTORY SURVEY

Until the nineteenth century the economic structure of India was not affected by contact and commerce with Europe. Yet at the time "when merchant adventurers from the West made their first appearance in India, the industrial development of this country was at any rate not inferior to that of the most advanced European nations".¹

Before the East India Company was established by Royal Charter in 1600, Portuguese, Dutch and French Trading Companies had opened commercial relations with India, and the East India Company itself was "primarily a trading corporation whose rôle was to exchange as far as possible the manufactured goods of England for the products of India".² These were the products of the Indian artistic handicraft industries carried on in towns which, being the seats of courts, needed for their princes and nobles a supply of what in modern parlance might be described as luxury goods. Dependent on this special market the urban industries were bound to decline when the demand for costly fabrics and articles began to decrease; this type of town could not itself survive the withdrawal of the courts as and when provinces were absorbed into British India. The relatively small number of towns situated on the trade routes had more stability, but there was not sufficient internal trade to give them much importance.³

When the efforts of the State began to be "concentrated on the improvement of communications and on facilitating the flow of trade, which continued to consist mainly of exports of Indian raw materials and imports of foreign manufactured products"⁴, the fine textile

¹ *Report of the Indian Industrial Commission, 1916-1918*, p. 6. Cmd. 51. 1919 (The Commission was appointed by the Government of India to study the conditions of industry and to suggest an industrial policy for India.)

² *Ibid.*, p. 6.

³ Cf. D. R. GADGIL : *The Industrial Evolution of India in Recent Times*, pp. 7 and 8. Madras, 1929.

⁴ *Report of the Indian Industrial Commission*, p. 6.

handicrafts—of which the muslin industry of Dacca was an outstanding example—had to contend with conditions giving little encouragement to the maintenance of crafts practised in the leisurely fashion of the artistic producer, and this was another cause contributing to their decay.

The fifties saw the introduction of railways into India and inevitably the economic history of the country entered on a new phase. A little earlier the Indian export trade (almost negligible until 1830) was stimulated by a failure of the American cotton crop in 1846, and European merchants, who had been organising the export of raw materials and the import of foreign manufactured articles, extended their operations. But it was the outbreak of the American Civil War in 1861 and the closing of the ports of the Southern States, with the cotton famine in Lancashire as a result, which all at once opened the way for the Indian cotton trade on a scale undreamed of before. In Bombay and the Central Provinces the Government vigorously pushed forward construction of roads and railways and met the sudden demand for Indian cotton by various measures ; there was no lack of response from the cultivators, who “were quick to seize the opportunity of making extra profit ”.¹

The organisation of Indian export trade remained wholly in the hands of European merchants until a much later date, and even to-day they are responsible for a considerable portion of India's export business.

Large-scale development of the agricultural resources of the country by the application of Western industrial methods began early in the nineteenth century. The first European venture was the cultivation of indigo, but this can hardly be called a plantation industry as the indigo planter secured the crop mainly by contracting with his tenants and other landlords to sow and deliver a definite quantity of the plant at a price fixed beforehand. The coffee industry dates from 1830, when the first plantation was started in Mysore (although the cultivation of coffee is said to have been introduced from Mecca in 1600), and reached its highest point of prosperity in 1862, a little before the time (1866) when, after many vicissitudes, tea-planting was placed on a sure foundation both financially and industrially. The plantation area has expanded steadily ; the distribution of the estates and their size vary considerably from province to province. From the employer's point of view his control of the plantation workers is the same as that of any other industrial manager, but in securing labour he reaps advantage from the fact that the demand is not for the individual worker but for families and that the occupation is essentially agricultural.

The jute mill industry (originally a Bengal hand-loom industry) has a special advantage in that India has a virtual monopoly of the raw product. Manufacture by machinery was not introduced until 1854, but some ten years later trade began to expand and it is now one of the most important textile industries in India. Since the jute mills

¹ GADGIL : *op. cit.*, p. 17.

are on a much bigger scale than the cotton mills, employing on an average three times as many workers in a single mill¹, the development of the industry is of great importance to the population of the comparatively restricted area where jute is grown and manufactured. Both the direction and the management of the jute industry are almost entirely in European hands.²

The cotton industry began to come into prominence about the same time as mechanical processes were first employed for jute, and it rapidly established its position as a leading Indian industry in the circumstances to which allusion has already been made in this article. Up to the last three or four years Bombay Presidency, favoured by shipping and railway facilities and the position of Bombay city as a business centre, has dominated the cotton textile trade, more than two-thirds of the mills being within its borders. Lately the industry has gained a footing in smaller towns situated in the cotton-growing tracts and able to turn their advantage to account. The control and management of cotton is largely Indian; in Bombay, Parsees—who established the industry—retain the lead, in Ahmedabad (Gujerat), the second cotton centre, Hindu interests preponderate. In Bombay and Ahmedabad and in most of the smaller centres Europeans control some mills, and in many cases Englishmen (mainly from Lancashire) are employed as managers or heads of departments, but there are now many mills where the whole of the managing staff is Indian.³

Organised coal mining was initiated early in the nineteenth century, but it was only in 1895 that production reached 3 million tons. Production continued to increase steadily during the next twenty years and the industry was stimulated by an unprecedented demand during and immediately after the European war to attain a production peak of 21¾ million tons, while in 1929 over 22½ million could be recorded owing to improved methods of working and the closing down of some of the weaker mines. Among mines (a term which in India includes the open workings of manganese and mica mines, as well as rock salt workings and lead, silver and other metallic mines) the coal-mining industry now easily holds the first place; it accounts for two-thirds of all workers employed in mines and 88 per cent. of those employed underground.⁴

Although European interests predominate in the ownership of collieries, an industry which is closely dependent on them, the Tata Iron and Steel Company, is wholly Indian. This vast enterprise did not actually begin manufacture until 1911, four years after the company was floated, but now, directed from Bombay, and with a managing staff mainly composed of Englishmen and Americans at its works

¹ In 1929 there were 347,000 workers employed in 95 jute mills, as against 338,000 workers in 295 cotton mills. Cf. *Report of the Royal Commission on Labour in India* (Calcutta, 1931), pp. 7 and 8.

² *Ibid.*, p. 8.

³ *Ibid.*, p. 7.

⁴ *Ibid.*, p. 106.

at Jamshedpur, it is on such a scale as to need over 100 miles of railway lines working within its factories.¹

Miscellaneous large-scale industries include paper, printing, brick and tile, cement, artificial silk, matches, tanning and leather works, rice and flour milling; these have established and have maintained their position notwithstanding Western competition.

Collective bargaining has only recently secured acceptance in India. Up to the time of the war associations of merchants had existed mainly to deal with matters of common interest in the commercial and trading field; they had neither the wish nor the power to enter into matters affecting the internal working of industrial concerns², and at this stage efforts to amalgamate European and Indian bodies met with no success. It was the situation arising in the war years that led to the employers' recognition of the advisability of acting together in labour matters. Two of the most important employers' organisations led the way. In 1918 the Committee of the Indian Jute Mills Association made a recommendation (adopted by its members) that *Khoraki* (an allowance) should be paid to jute workers in respect of the short-time working necessitated by war conditions. The introduction of a 10-hour working day was accepted by the Bombay Millowners' Association on the recommendation of their committee before it was enacted by legislation. Commenting on the action taken by these two great industries the Royal Commission on Labour has the following passage in its report³:

"Since then associations of employers have been compelled to devote considerable attention to the demands of employees for improved working conditions. This period coincides with the beginnings of trade unions in India, and the growth of trade unionism may be said to have been one of the factors in bringing home to associations of employers the need for common action, not only as regards working time and output, but also in respect of wages and other matters affecting the lives of their workers."

PROVINCIAL ASSOCIATIONS

Commercial Associations

In India, as elsewhere, commercial associations were primarily formed to deal with the regulation of a particular trade, to adjust disputes arising between merchants engaged in that trade and with the general object of promoting and protecting their interests and rights.

¹ *Ibid.*, p. 62.

² A notable exception was in the jute industry, where—for 30 years before the war—the Indian Jute Mills Association had made it a practice to regulate hours in its members' factories to meet variations in supply and demand. Cf. *Report of the Royal Commission on Labour in India*, p. 316.

³ *Ibid.*, p. 316.

Many such commercial associations—both European¹ and Indian—exist in the various provinces of India ; the organisation and functions of these bodies can best be illustrated by giving a few representative instances.

The oldest and most influential of these associations in Bombay is that of the Bombay Native Piece-Goods Merchants, formed in 1881 to further and defend their interests. In 1899 the grain merchants of Bombay formed an association with a similar object. Both these bodies are wholly Indian. Other important commercial associations are those of the Calcutta Rice Merchants and the Exchange and Bullion Brokers ; there is moreover an Indian Produce Association. The Calcutta Hides and Skins Shippers' Association, which dates from 1919, has a European membership. Madras, Karachi, Delhi, Rangoon and other commercial centres have their own associations ; these are generally composed either of Europeans or of Indians but some include both.

Chambers of Commerce

When merchants first felt the need of combining for a common purpose they chose Chambers of Commerce as the most suitable form of association ; these deal with the whole field of trade and commerce, and their influence on the economic and industrial life of the country is considerable.

The Bengal Chamber of Commerce (which claims to represent the trade, commerce and industry of the Presidency²) was the first of these Chambers to come into existence in India. It was founded in Calcutta in 1833 by European merchants, bankers, shipowners, insurance companies, etc. ; it now consists of 240 members, for the most part European. The Bombay Chamber of Commerce was formed in 1836, in the same year as the Madras Chamber ; Burma has had a Chamber of Commerce since 1853 and Karachi from 1860. These bodies are the most important of those which are composed wholly or chiefly of European members. They are 17 in all and while in some cases they have a limited Indian membership their essential character remains European ; they are all affiliated to the Associated Chambers of Commerce of India and Ceylon.

Indian merchants began to establish Chambers of Commerce in 1887 ; in that year the Bengal National Chamber made a beginning in Calcutta and it has now a membership of 300. But it was not until 1907 that the Indian Merchants' Chamber of Bombay was formed, when it at once commanded attention and laid the foundations of the power and influence it wields throughout India to-day. It was founded to secure organised action on all matters directly or indirectly relating to the interests of the Indian business community

¹ The term "European" is used in this connection as synonymous with "non-Indian".

² *Report of the Royal Commission on Indian Labour : Oral Evidence, Bengal, Vol. V, Part II, p. 280. 1932.*

and to promote the objects of this community whether in internal or foreign trade, in the shipping and transport industries, manufacture, banking and insurance.¹ Membership is open only to Indian firms and individual Indian merchants; in 1930 the total membership was 480. The affairs of the Chamber are conducted by a President, a Vice-President, and a Managing Committee of 31 members, with the aid of a Secretary. Seventeen leading commercial associations of Bombay are affiliated to the Chamber. In the first few years of its existence it was the practice of the Indian Merchants' Chamber to indicate a policy to other chambers and associations when important commercial and industrial questions arose; when, later, the Indian Chambers of Commerce and Industry were federated this duty was assumed by the Federation, but the Indian Merchants' Chamber still retains considerable influence with other bodies of similar character and aims.

Among Indian Chambers of Commerce, of which there are now seventeen in all, the three following come next in order of importance: the Southern Indian Chamber at Madras, established in 1909, the Indian Chamber at Calcutta, founded in 1925, and the Burma-Indian Chamber at Rangoon, founded in the same year. These bodies are primarily provincial in their organisation and activities, but on matters of broad policy such as protection of Indian industries, currency and exchange they generally stand together. They are all now affiliated to the Federation of Indian Chambers of Commerce and Industry. Of late some Chambers of Commerce have agreed that no definite attitude on an important matter should be adopted without mutual consultation; in particular this applies to questions which are to come under discussion at the annual Sessions of the International Labour Conference.

Employers' Organisations

Organisations of manufacturers are few in comparison with commercial associations and chambers of commerce. The oldest and most important employers' organisation is the Bombay Millowners' Association, formed in 1875 by European and Indian millowners; this owed its inception "to the serious attempts that were being made at that time to remove the import duties on yarn when the millowners realised the urgent need of a central organisation to guide the destinies and protect the interests of the infant industry".² In its broad outlines the activities of the Association may be grouped under the following five heads: collection and distribution of statistics concerning the Indian textile industry in general and the Bombay industry in particular; registration of trade marks of its members; concerted action by members on matters affecting general policy; initiation of measures for the progressive development of the industry and

¹ *Report of the Indian Merchants' Chamber (Bombay)*, 1930, p. 21.

² Cf. Written Statement by the Bombay Millowners' Association, in *Report of the Royal Commission on Indian Labour: Evidence*, Vol. I, Part 1, p. 402, 1931.

reduction of production costs ; and, finally, protection of the industry's interests by promoting, supporting or opposing all legislative and other measures by which the trade, commerce and manufactures of the members of the Association would be affected. At the time that the Association was formed the trade union movement did not exist in India. Later the Association on several occasions attempted to provide machinery for the settlement of disputes between its members and trade unions, but so far no practical scheme has been adopted.

The affairs of the Association are in the hands of a President, a Vice-President and a Managing Committee of 20 members composed of Indians and Europeans.¹ The cordial relations existing between the European and Indian millowners have contributed to the lasting success of the Association, which has thriven ever since it was launched ; at the end of December 1931 the membership had reached 88. It is not affiliated either to the Associated Chambers of Commerce of India and Ceylon or to the Federation of Indian Chambers of Commerce and Industry.

In Ahmedabad, where the cotton-mill industry is wholly in Indian hands, the employers established an Association in 1891. The Ahmedabad Millowners' Association is second only in importance to that of the Bombay Millowners and its objects are similar. Its present membership is 67 and is entirely Indian.

To Ahmedabad belongs the credit of being the only place where machinery has been set up for regulating relations between a group of employers and their workpeople. The local Labour Union was formed in 1918 after a strike, and in 1920 the Employers' Association and the Labour Union agreed to initiate a system of conciliation. Under this system all disputes which cannot be settled between the workers themselves and the management of the mill concerned, or by the endeavours of the Association's secretary to arrange matters amicably with the individual management in the light of a report received from the Labour Union, are referred to a Permanent Arbitration Board consisting of one nominee of the Association and one of the Labour Union. If the arbitrators cannot reach agreement in a particular case it is referred to an umpire whose decision is binding. The Association claims that the conciliation machinery has improved the conditions of the workers and has been favourable to the development of harmonious relations between labour and capital in Ahmedabad.²

The Delhi Factory Owners' Association concerns itself with the interests of cotton manufacturers in the Punjab and Northern India, and the Baroda Millowners' Association (founded in 1918) fulfils similar functions for the State of Baroda. Both of these organisations are affiliated to the Federation of Indian Chambers of Commerce and Industry ; their objects are similar to those of the Bombay and Ahmedabad Associations.

¹ *Ibid.* (Cf. footnote ¹ on page 4.)

² Cf. Written Evidence by the Ahmedabad Millowners' Association, in *Report of the Royal Commission on Indian Labour : Evidence*, Vol. I, Part 1, p. 265.

The Indian Jute Mills Association is the leading employers' organisation in the jute-mill industry. The manufacturers founded it in 1884, with headquarters at Calcutta. Its purpose was to encourage and secure united feeling and action, to protect its members against competition and to obtain the enactment of legislation which would be beneficial to the trade. It is affiliated to the Bengal Chamber of Commerce. In 1931 its total membership was 60, for the most part European.

The East India Jute Association came into existence much later; Indian jute manufacturers started it in 1928, with purposes in line with those of the Indian Jute Mills Association. Only Indian firms belong to it.

The Indian Mining Association, which dates from 1894, and the Indian Mining Federation, formed in 1913, are the most important organisations connected with coal mining. Practically all the European and a few Indian coal concerns in Bengal and Bihar and Orissa are included in the membership of the Association, upon whose programme every legitimate means of protecting and fostering the interests of those engaged in the coal-mining industry finds a place. Indian capital in the coal-fields of Bengal and Bihar and Orissa is represented by the Indian Mining Federation. The Federation's membership varies with the state of the coal trade; in prosperous times it is about 300, in depressed times — as in 1930 — it may fall to 100.¹

In 1881 plantation employers formed the Indian Tea Association; this remains the most important organised body of the tea cultivators, representing 530,000 out of 628,000 acres in the north-east, or 84 per cent. of the area devoted to tea. The Association is predominantly European in its membership² and is affiliated to the Bengal Chamber of Commerce. A purely Indian association came into being in 1917; it is called the Indian Tea Planters' Association and has its headquarters in Jalpaigiri. To all intents and purposes it represents the whole body of Indian tea planters in Assam, the Dooars and Terai, cultivating an acreage of 25,000.³ It is affiliated to the Federation of Indian Chambers of Commerce and Industry.

Recently Indian shipping interests found a basis of organisation in the Indian National Steamship Owners' Association, established at Bombay in 1929. It seeks to further the common good of the Indian shipowners by means of discussion and consideration of all questions affecting the Indian Mercantile Marine in order to facilitate good feeling and united action. This is also affiliated to the Federation of Indian Chambers of Commerce and Industry.

Southern India has (in the Madras Presidency) some 22 cotton mills and various minor industries, such as oil mills, tanneries, etc. Certain large employers of labour formed the Employers' Federation of Southern India in 1920, with the aim of promoting better feeling

¹ *Report of the Royal Commission on Labour in India: Evidence, Vol. IV, Part 2, p. 251.*

² *Idem*, Vol. VI, p. 243.

³ *Ibid.*, p. 315.

between employers and employees ; its aims also include the safeguarding of employers against "misguided and unfair action by employees".¹

According to written evidence submitted by this Federation to the Royal Commission on Indian Labour², all its members are European, and "generally speaking the large Indian employers of labour are either not in sympathy with the aims and objects of the Federation or are unwilling to incur the financial expenditure necessary."

In addition to the more important employers' organisations referred to above there are a number of small local associations of manufacturers of matches, glass, cement, lac, etc., scattered all over India, which do not seem to call for detailed treatment here.

CENTRAL ORGANISATIONS

The Associated Chambers of Commerce of India and Ceylon

Until 1905 no step was taken to form central organisations, which might state authoritatively the considered views of the commercial and industrial communities on questions of vital importance to them. The "European"³ Chambers of Commerce, at a Conference held in Delhi in that year, were the first to realise the need for concerted action, and fifteen years later, in 1920 (again at a Delhi Conference), the decision was taken to constitute the organisation known as the "Associated Chambers of Commerce of India and Ceylon". While its main object is the promotion and protection of the trade, commerce and industries of India and Ceylon, the principal work carried on is the organising of an annual meeting of its members for the discussion of commercial and industrial questions and the adoption of resolutions. The Articles of Association provide for the election of a chamber which nominates the President for the year ; the annual meeting appoints the Secretary. These two officers do all the executive work ; there is no managing committee.

The 17 "European" Chambers of Commerce constitute the Associated Chambers and the membership strength of the central body is the aggregate membership of the individual organisations.

The Federation of Indian Chambers of Commerce and Industry

The Indian commercial community had also recognised as early as 1913 that a central organisation was needed through which Indian industrialists and business men could make their views known. From that date a considerable strengthening of Indian commercial organisa-

¹ Cf. C. W. E. COTTON, I.C.S. : *Handbook of Commercial Information for India*, p. 44. Second Edition. Calcutta, 1924.

² *Report of the Royal Commission : Evidence*, Vol. VII, Part 1, p. 204.

³ The so-called "European" Chambers of Commerce are those having the majority of their membership non-Indian.

tions was effected, and in 1915, when the first Indian Commercial Congress was held in Bombay, it was resolved to establish the Associated Chambers of Commerce and Industry, with strictly Indian membership.¹ For some years the organisation languished for lack of support, and it was decided in January 1927, at the fourth Indian Commercial Congress, held in Calcutta, to form a Federation of Indian Chambers of Commerce; in order to make it clear that industry also was represented, the name was changed the next year to the "Federation of Indian Chambers of Commerce and Industry".

The principal objects for which the Federation was established are to promote Indian business in both internal and foreign trade, transport, industry, finance and all other economic interests, to secure organised action, direct or indirect, in regard to these activities, to take all necessary steps for promoting, supporting or opposing legislation affecting them, and in general to endeavour to secure the prosperity of the business community at home and the interest and well-being of the Indian business communities abroad.

The members are divided into two classes: ordinary members and honorary or corresponding members. Ordinary membership is open to any chamber of commerce, or commercial or industrial association, having on its roll not less than 25 members, provided that should such a body have less than this number of members the Executive Committee, being satisfied that a substantial portion of them are incorporated companies engaged in trade or in industry, may admit the organisation in question. The Executive Committee has power to elect as honorary members merchants or mercantile firms in any part of India, members of the Central or Provincial Legislature, or any individual whose admission, in their opinion, is likely to promote the interests of the Federation. The Executive Committee may also appoint foreign and colonial chambers of commerce as corresponding members.²

Proposal to form an All-India Federation of Employers' Associations

The fact that the Indian delegation to the International Labour Conference included an employers' representative, appointed by the Government, first caused the question of an All-India Federation of Employers' Organisations to be raised.

The Bombay Millowners' Association³ led the way in the matter in 1921 and took it up again in 1925. At that time some of the "European" chambers of commerce were interested in the project, while others were not; on the other side the Indian Merchants' Chamber

¹ *Indian Year Book*, 1931, p. 761.

² Cf. *Proceedings of the Second Annual Meeting of the Federation*, pp. viii-xi. Calcutta, 1929.

³ It will be remembered that this Association has a mixed membership (Indian and non-Indian).

(Bombay) was in favour of it. On each occasion, for a variety of reasons, little progress was made.

In 1929 the Bombay Millowners' Association communicated with all the leading organisations in India which might be expected to be interested to urge that the necessity for an All-India organisation was even greater than four years earlier. Since legislation deriving from International Labour Conventions affected labour and industry as a whole, it was the opinion of the Association that employers in India should be in a position to speak with authority and with one voice; also that in the absence of such a Federation as the Association proposed the true interests of the country and the employers had already suffered. It was submitted that the principal duties of this national body would be: (1) to nominate delegates and advisers to represent the employers of India at the International Labour Conference; (2) to study subjects on the Conference agenda with a view to making suggestions; (3) to take all necessary steps for supporting or opposing Recommendations or Draft Conventions of the Conference; (4) to secure organised and concerted action on the subjects involving the interests of members; (5) to take all possible steps to establish harmonious relations between labour and capital. The suggestion that the Associated Chambers of Commerce or their member bodies should join the Federation did not win the approval of the majority of the "European" chambers of commerce.

The Ahmedabad Millowners' Association also opposed the project. Their position was that the Federation of Indian Chambers of Commerce and Industry (formed in 1927) had already been working on the lines suggested by the Bombay Millowners' Association and that this body should be the organisation to deal with questions concerning employers¹; they could not admit that there was any need for a separate organisation and did not contemplate joining it if it were formed.² In these circumstances the scheme was abandoned for the time being.

It will readily be understood that any plan to form a Federation for the purposes enumerated above would be faced with the difficulty that most of the organisations which were asked to join were not exclusively employers' associations, either in their aims or in their constitution. But the failure of the proposal may well have been due to other causes, if not to one in particular; for amongst the purely employers' organisations, with the exception of the Bombay Millowners' Association and the Indian Jute Mills Association, Indians and non-Indians are separately organised, and this in itself would have presented a serious problem so soon as the proposed Federation had to consider the nomination of an employers' delegate to the

¹ It may be recalled that the membership of the Federation includes such associations of large employers of labour as the Ahmedabad Millowners' Association itself, the Delhi Factory Owners' Association, the Indian Mining Federation, the East India Jute Association, the India Match Manufacturers' Association, the Indian National Steamship Owners' Association, the Indian Tea Planters' Association, etc.

² *Report of the Ahmedabad Millowners' Association, 1930-1931*, pp. 112, 122-126.

International Labour Conference. Moreover, while the Bombay Association includes both Indians and non-Indians in its membership, it is not affiliated to any central organisation, either Indian or "European".¹

RELATIONS WITH INTERNATIONAL ORGANISATIONS

The Indian National Committee of the International Chamber of Commerce

Economic and financial questions which are unrelated to labour are dealt with by the International Chamber of Commerce, founded in Paris in 1920. The Federation of Indian Chambers of Commerce and Industry early realised that it was desirable for the Indian commercial community to collaborate actively with this institution, and in 1927, the year the Federation was established, it enrolled itself as an organising member of the International Chamber. It was soon recognised that an Indian National Committee was needed if collaboration with the International Chamber was to be close and useful, and that this alone would entitle the Indian commercial community to rights and privileges similar to those enjoyed by other national committees. In December 1928 the initiative was taken by the Federation in the form of a resolution setting up the Indian National Committee, the existing members of the Federation being associated with the Federation itself as the organising members of the Committee; the Committee's purposes are to participate in the promotion of the objects of the International Chamber of Commerce, which are described as follows: (1) to facilitate the commercial intercourse of countries, (2) to secure harmony of action on all international questions affecting finance, industry and commerce, and (3) to encourage progress and to promote peace and cordial relations among countries and their citizens by the co-operation of business men and organisations devoted to the development of commerce and industry.²

Members are divided into two categories: organising members and associate members. Organising membership is open to national

¹ Since this article was written the President of the Federation of Indian Chambers of Commerce has issued a statement to the Press announcing the establishment of a central organisation for industrial employers in India, called the All-India Organisation of Industrial Employers, with headquarters at Bombay. A number of influential employers of labour (both individuals and joint-stock companies) are stated to have already joined the new Organisation. Its aims, according to the Articles of Association, are to promote and protect the industrial development of India, and to secure the proper representation of the interests of its members in the Indian provincial and central or federal legislatures as well as in the International Labour Conference, the International Chamber of Commerce and other such conferences and committees bearing on trade, commerce, or industry. The Organisation also intends to take all steps which may be necessary for promoting, supporting, or opposing legislation or other measures affecting or likely to affect, directly or indirectly, industries in general or particular industries.

² INDIAN NATIONAL COMMITTEE OF THE INTERNATIONAL CHAMBER OF COMMERCE: *Constitution*, p. 1.

and local financial, industrial, commercial and shipping organisations of a representative character and not conducted for individual profit or partisan purposes. Associate membership is open to individuals, firms and corporations engaged in business activities provided that they are already members of organisations eligible for membership of the International Chamber of Commerce. Decisions regarding qualifications for membership are within the discretion of the Executive Committee of the Indian National Committee. The present membership of the Indian National Committee is 36 organising members and 19 commercial firms as associate members, all of them Indian. Under the rules and regulations membership is also open to "European" bodies in India. The Committee nominates three members to the Council of the International Chamber of Commerce.

A few years after the Indian National Committee was set up the "European" Chambers of Commerce took into serious consideration the advisability of co-operating, through the Committee, with Indian Chambers of Commerce and commercial associations on matters relating to the International Chamber. The President of the Associated Chambers of Commerce of India and Ceylon approached the President of the Indian National Committee by letter, asking whether the Associated Chambers could have a voice on the Indian National Committee equal to that of the Federation of Indian Chambers of Commerce and Industry if they shared donations, subscriptions and incidental expenses with the Federation.

In reply it was pointed out (a) that it was only as being one of the Committee's original organising members that the Federation had a part in it, and (b) that in the opinion of the President of the Committee it was not possible to consider a division of its membership between national members (Indian commercial bodies) and those not Indian by nationality, giving equal voting power to each. He knew of no other national committee which had adopted such a system, but pointed out that it was open to the Associated Chambers to apply for membership of the Committee on the same terms as any other commercial body.¹ Since this correspondence neither the Associated Chambers nor any of its constituent members have taken steps to join the Indian National Committee under its ordinary rules and regulations.

The Federation of Indian Chambers of Commerce and Industry and the International Organisation of Industrial Employers

At the very outset of the Federation's career its leaders realised the advantage of keeping in close touch with institutions dealing with labour or with industrial and economic problems of an international character. The International Organisation of Industrial Employers, which was founded in 1920 (with offices at Brussels) for the

¹ Cf. INDIAN NATIONAL COMMITTEE : *Report of the Proceedings of the Executive Committee for the Year 1930*, pp. 22-23. Calcutta, 1931.

express purpose of considering all questions that come before the International Labour Conference, is made up of leading employers from various countries. In 1928, only a year after the Federation was formed, it was admitted to membership of this international body, being recognised for this purpose as the representative Indian employers' organisation. The Federation nominates a member of the Executive of the International Federation.

RELATIONS WITH THE INTERNATIONAL LABOUR ORGANISATION

The employers of India were officially represented at the First Session of the International Labour Conference, held at Washington in 1919, and at every Session since there has been an employers' delegate from India. In the early years, before each annual Session of the Conference, the leading "European" Chambers of Commerce were invariably invited to submit to the Government of India names of representatives who might be nominated to serve as employers' delegates on the Indian delegation; the Government based their action on the ground that employers' organisations as such were representative only of particular districts or provinces.¹ Thus, with the exception of 1921 (the Third Session of the Conference), when the employers' delegate was of Indian nationality, from 1919 to 1926 the employers of India were represented by British business men nominated at the suggestion of prominent "European" Chambers of Commerce. While this position was not satisfactory to the Indian employers' organisations they raised no serious objections during these years. The only protest seems to have been made by the Indian Merchants' Chamber of Bombay in 1923.²

In the meantime, from 1920 onwards, as a result of political unrest, the Nationalist movement in India was assuming a more pronounced form, and was too widespread for the Indian commercial and industrial community to remain unaffected by it. In 1928 the presidential address at the second annual meeting of the Federation of Indian Chambers of Commerce and Industry contains this sentence: "Indian commerce and industry are intimately associated with, and are indeed an integral part of, the National movement, growing with its growth and strengthening with its strength."³ This is evidence that the Indian commercial and industrial community was becoming increasingly keen to claim its rights and privileges.

In 1926, when the Government disregarded the opinions of the Indian commercial and industrial community, and followed the suggestion of leading "European" Chambers of Commerce in appointing an Englishman—Ex-President of the Bombay Chamber of Commerce (a "European" Chamber)—as employers' representative on the Indian

¹ Cf. *Bulletin of Indian Industries and Labour*, No. 4, p. 37. Calcutta, 1921.

² *Report of the Indian Merchants' Chamber for the Year 1923*, p. 608.

³ *Proceedings of the Second Annual Meeting of the Federation of Indian Chambers of Commerce, held at Calcutta, December 1928*, p. 4.

delegation to the Eighth and Ninth Sessions¹ of the Conference held that year, Indian commercial and industrial bodies protested vehemently against this appointment, for the fifth year in succession; of a "non-national" as representative of the employers of India.

For the first time since 1921 an Indian by nationality was nominated by the Government as employers' delegate for the 1927 Session; the appointment was made on the recommendation of leading Indian Chambers of Commerce, and at each of the following Sessions the Government has appointed an Indian to serve as delegate for the employers, although on two occasions a non-Indian was sent as one of the technical advisers. On each occasion Indian commercial associations protested against the appointment of advisers who were not Indian by nationality.

Increasing interest in the activities of the International Labour Organisation has been shown by Indian employers' organisations since the Government has virtually recognised the claims of the Indian commercial and industrial community to be represented at the annual Sessions of the Conference by Indian nationals only. At the Eleventh Session in 1928 the Indian employers' delegate, referring to the fact that the advisers as well as the official representative were Indians, said that he looked forward "with every confidence to an era of fruitful co-operation between Indian employers and the International Labour Office".² Undoubtedly the formation of the Federation of Indian Chambers of Commerce and Industry in 1927 has enabled the Indian commercial and industrial community to formulate views and opinions on questions which are to come before the Conference and has led them to adopt definite policies on these questions; indeed, during the last few years the Indian employers' delegates have taken an active part both in the plenary meetings of the Conference and on its committees.

While they have been in a position to manifest their growing interest in the activities of the International Labour Office they have availed themselves of opportunities of drawing the attention of the Conference to special conditions obtaining in India. In fact, from the speeches of Indian employers' delegates at successive Sessions of the Conference and their handling of certain points in the discussions the outline of a programme emerges.

In 1931 the Indian employers' conviction that the interests of overseas countries are apt to be overlooked by the International Labour Office was restated in vigorous terms by the representative of the employers at the Fifteenth Session. His argument was that Asiatic countries, in particular, were beginning to feel that so little allowance was made for their point of view that it amounted to their being denied their rightful share in the responsibility for Conference decisions. He said that his experience at the Conference made him feel that the Organisation concentrated on European problems and

¹ A special Maritime Session followed the annual Session of the General Conference in 1926.

² *Proceedings of the International Labour Conference*, Eleventh Session, 1928, Vol. I, p. 179.

was governed by European views. He thought it extremely undesirable that there should be room for an impression that Asiatic countries were rushed into accepting decisions.¹

In regard to labour legislation in India the employers' delegates, while expressing their sympathy with the aims of progressive social and industrial legislation, have laid special stress on the industrial backwardness of India and the consequent necessity of avoiding a too rapid introduction of advanced legislation which might put India in an unfavourable position for meeting foreign competition. At the Fifteenth Session the employers' delegate suggested that the record of India in respect of ratifications might be considered to be somewhat in advance of her actual requirements.²

The Indian employers have every year referred to the question of labour conditions in the Indian States and the application in those States of Labour Conventions ratified by India.³ The Indian employers maintain that in British India they have to face the rivalry of industries in the Indian States, which are carried on without any of the restrictions to which industry is subjected in British India as a result of ratification of International Labour Conventions. The Indian employers in British India therefore urge that the Government of India should devise machinery which would make it possible to bring the Indian States into line with British India in regard to International Labour Conventions. The reply of the Government has always been that on account of practical difficulties, coupled with constitutional difficulties even more important, they are not in a position to force the Indian States to ratify the Conventions.⁴

The employers point out on the other hand that in India there is a vast and promising field for the work of the International Labour Organisation; they have emphasised the necessity of having representatives of the Organisation stationed in such important industrial and commercial centres as Bombay and Calcutta, for they consider that the provision of one correspondent's office only, and that in Delhi, is insufficient. The employers' delegates have also repeatedly drawn attention to the desirability of increasing the number of Indians on the staff of the International Labour Office.

Further, the Indian employers' delegates to the International Labour Conference have become convinced that an office to represent the Federation of Indian Chambers of Commerce and Industry should be set up either in Geneva or in Paris. Such an office should be run by an Indian, who would devote his whole time to this work; he would keep in constant touch with International Labour Office activities, and would also be called upon to assist the Indian employers'

¹ *Idem*, Fifteenth Session, 1931, Vol. I, p. 163.

² *Ibid.*, p. 161.

³ Cf. P. P. PILLAI : *India and the International Labour Organisation*, pp. 107-173. Patna, 1931.

⁴ The Indian States comprise nearly one-third of India. They are ruled by Indian Princes and their internal administration, legislative as well as executive, is autonomous. The British Government is pledged not to interfere in their internal administration in normal circumstances.

delegates at the annual Sessions of the Labour Conference. It has been pointed out that this representative of the Federation could be charged with the duty of attending the meetings of the International Organisation of Industrial Employers and might be something in the nature of an Indian Commissioner to the International Chamber of Commerce in Paris.

Proposals to this effect have repeatedly been made to the Federation, but it has been so entirely absorbed in constitutional problems of fundamental importance that it has not been able to take action in regard to the scheme. It is, however, not unreasonable to expect that given propitious circumstances the permanent employers' delegation contemplated will be established either in Geneva or in Paris.

Since India is still in the comparatively early stages of industrial development and from the outset has had to encounter severe competition from the industrially advanced countries, Indian employers are naturally apprehensive of embarking on policies which, in their view, might seriously hamper India's own industrial progress. At the same time they have fully realised the necessity of adopting such measures as would raise the well-being of Indian workers to a satisfactory level.

A policy for the improvement of the conditions of the workers was laid down in the following resolution passed at the fourth annual meeting of the Federation of Indian Chambers of Commerce and Industry held at Delhi in April 1931 :

"While fully recognising that, without adequate protection, patronage and co-operation of the State to withstand competition from foreign countries, it is not possible to bring in India conditions which will improve to a satisfactory standard the well-being of all workers, the Federation calls upon its member bodies to make strenuous efforts to bring about such improvements in wages, in hours of labour and conditions of work—agricultural, industrial, commercial and others—as is possible under the existing unsatisfactory conditions in respect of protection, tariffs and exchange and currency policy of the State."¹

The Work of the Conciliation and Arbitration Authorities in Germany in 1931

The *Reichsarbeitsblatt*² has recently published statistics showing the work of the conciliation and arbitration authorities in 1931 in comparison with previous years. These statistics have a special interest in view of the effects of the depression, and are summarised below.

¹ *Proceedings of the Fourth Annual Meeting of the Federation, Delhi, 1931*, p. 166.

² No. 31, Part II, pp. 465 et seq.