Prospects of achieving the target by the end of 1951, however, appear to be remote and most of the members realise it. The important thing, therefore, is to decide to which of three should be given priority and to what extent.

That the Commission is likely to lay an emphasis on agriculture is also indicated by the fact that it will shortly take up for study proposals for a programme of "agricultural extension." Mr. Meyers, a town planner, is keenly interested in the subject and may advise the members from time to time as to the best methods of helping the villager to help himself.

Another scheme, proposed by Mr. Gulzarilal Nanda, envisages the recruitment of two lakh volunteers for social service in villages.

The Commission would also examine the control of capital issues, the problem of foreign capital, and the constitution of an Economic Service in the Central Secretariat.

The inclusion of Mr. Chintaman Deshmukh in the Central Cabinet has been marked by frank jubilation in circles close to the Planning Commission. The feeling is unanimous that the position of that body, which has the Prime Minister for its Chairman, will be greatly strengthened. This is particularly welcomed for the previous Finance Minister Dr. John Matthai, was, in principle, opposed to the Commission commanding a better position than his own Ministry.

Another fundamental difference of opinion, between him and the Prime Minister, is understood to have been in regard to control of expenditure. Dr. Matthai is believed to have resented the day-to-day interference of various Ministries who, in many cases, went over his head to the Prime Minister, and got their favourite schemes sanctioned.

Lately, however, Dr. Matthai had accepted his position as a non-party Minister and would agree to any scheme sponsored by a Congress Minister as long as he could possibly manage it.

Mr. Deshmukh, however, is likely-to bring a fresh mind to bear on the financial problems. He will have the powerful support of the Prime Minister and may be trusted to take independent decisions, free of all influences of party or politics. He would also have the advantage of combining the work of the Planning Commission with that of the Finance Ministry and thus achieving better co-ordination of economic policies.

Efficiency in Industrial Management
Ravi Chandra Prakash

The history of industrial organization and management in India is unfortunately the history of the managing agency system. The country has relied too much on the managing agency whose defects and shortcomings have created wide gaps in our industrial system. The series of proposals put forward by the Ministry of Commerce some time ago for important amendments to the Indian Companies Act were intended to remedy these lacunae. In the wider perspective, the Central Advisory Council of Industries, at their second meeting held on the 28th July 1949 in New Delhi, stated in their resolution that in order to place industry in a healthy competitive position, both for supplying internal needs and for increasing exports, production must be increased, quality must be improved, and cost and prices reduced. These improvements can only be effected according to a well-planned programme of economic expansion and industrial reorganization. This vital problem of technical personnel, technical know-how and research and understanding of human relations in industry is the crux of industrial management in India and a necessary prelude to the successful operation of any scheme of planned industrial development.

The Government are fully alive to his basic requirement of the industry and as stated in their Industrial Policy Statement dated 6th April, 1948; they "are taking steps to remedy the situation; in particular they are considering steps to create a body of men trained in business methods and management."

Meanwhile, the productive organization of industrial establishments must be improved to increase the production. Even the worker's output depends to a considerable degree upon the efficiency with which each separate business unit is conducted. Efficiency in management requires that each firm be in the hands of most competent executives and that these, executives use the best managerial techniques that are known.

The success of any industrial organization must be judged in terms of social welfare. The management of industry, therefore, entails a three-fold obligation: the obligation to investors, to the workers, and to the public. Profit is the mainspring of economic action and it must be earned to maintain the flow of capital in industry intact. At the same time, workers must be treated as human beings deserving a decent standard of living. And finally, the needs of the public must be kept in view because the whole function of the industry is to create the means whereby human wants can be satisfied.

What are the essentials of good management? My good management, we mean the management in those plants which may be classified as above the average in efficiency. The experience and accomplishments of the best industrial enterprises in operation should, therefore, serve as the measuring rod. The following seven aspects of efficient industrial management are chosen to guide our business executives: (1) suitable location; (2) proper layout for building and equipment; (3) plant organization; (4) efficient planning; (5) scientific job study; (6) modern methods of wage payment; and (7) effective management research.

And yet, it is not enough for efficient performance as an excep-
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live merely to understand the economics of business organization, to be proficient in analysing the structure of cost and prices, to devise better capital equipment, or to push up sales. Executives should also concern themselves with the study of human relations in industry. For aught we know that to deal effectively with the problems in industrial society such as the turn-over and absenteeism, low business morale, poor co-operation, and strikes, the executive must recognize that his organization involves problems of human relations. He must see the anxieties and disturbances of people at work, the stresses and strains in human relationships in industry and the resulting inefficiency and waste. Unplanned, haphazard industrial development has created problems which can be understood only by a close touch with people in industry at all levels or else our technical skill and managerial ability both remain sadly deficient.

The factory is then to be viewed as a social system of activities devised and directed to the production of goods. Or, as Burleigh B. Gardner has put it:

"Any concern may be considered as a human organization of people in functional relation to one another. Each person has a place in this structure; he has duties and responsibilities, he has certain relationships with others, and his work has a place in the total pattern of work. Thus within the walls of any plant we have a social organization of people participating together in a co-ordinated system of activities. This social system furthermore is a well-knit unit in which the function of each has direct and indirect effects upon the others. Thus the way one man does his job may have far-reaching effects upon the work of many others, and the behaviour of one may affect the morale and effectiveness of the entire group.

In such a system nothing occurs in isolation, and any change may have disturbing and unforeseen effects. Because it is such a closely integrated system of cooperative effort, it is important that every one concerned with problems of maintaining effective co-operation within it."

Increasing attention to the human problems in industry has, therefore, led to the adoption, in progressive plants in the West, of personnel departments headed by personnel administrators. Their function is to increase efficiency by more careful attention to employee's needs and morale. This involves scientific employment of workers, based on job specifications, cultivation of suitable sources of labour supply, and the effective interviewing and testing of applicants. The personnel department also takes care of transfers, promotions and discharges, and it maintains facilities for health, safety, education, research, recreation, employee's...
And so, hardly any apology is necessary for quoting Gardner above at length, when in India we have yet to cultivate and grow proper attitude towards the human side of industry. Understanding and appreciation of human relations in industry, which is by itself an important pre-requisite for the success of the business executive, further enables him to discharge the obligations to investor and public. From their point of view, his main task is to organize machinery to record quantitative, qualitative and financial results of production. Of all the systems followed in this connection—by different countries, I find the Russian practice most scientific.

Reports, on quantity of output and of goods in process are; compiled in Russia, annually, quarterly or monthly recording the following indicators: (i) volume of output and sales, in natural and monetary units; (ii) volume and kind of capital investment; (iii) number of workers and labour productivity; (iv) working capital (stocks of finished products, materials, fuel, Sash and bank deposits); (v) payroll, by categories of workers; (vi) detailed cost of production (for every operation and item produced); (vii) expenses for fuel, electric power, raw materials, and Semi-finished goods. Furthermore, the plant's statistical, planning and book-keeping departments measure and report in detail the degree of utilization of machines and equipment (percentage of optimum utilization), raw materials and fuel (consumption per unit of output), and labour (working hours per unit of goods produced, number of frames or benches per worker, ratio of auxiliary to direct labour; etc. (Management in Russian Industry and Agriculture by Bienstock, Schwartz and Yugow).

This enables the manager to see where and in-which item he can effect reduction of real unit costs of production, i.e., the amount of materials and labour going into one unit of product. Both costs and profits may accordingly be planned by him. But a skillful manager, worthy of honours, promotions, and bonuses would try to bring actual costs below planned costs and thus raise profits above the planned figure. Even in Russia, this cult of efficiency in management which has been developed as a national movement is based on techniques of Taylor and Gilbreth.

The fundamentals of the managerial principles and philosophy as laid down by Frederick W. Taylor, the father of the scientific management, and subsequently expanded by H. L. Gantt, Frank Gilbreth, Harrington Emerson and Morris L. Cooke, have been described above. It is quite evident that industrial management in India is anything but the scientific management as given to us by the pioneers of the modern management movement. And the present grievous economic situation in the country has convinced everybody of the need of greater productivity to raise the standard of living of the people. We must also know that one way of doing it is to make our industrial management efficient and scientific which would be, in Taylor's own words, as follows:

Science, not rule Of thumb; Harmony, not discord; Co-operation, not individualism; Maximum output, in place of restricted output; and The development of each man to his greatest efficiency and prosperity. ([The Principles of Scientific Management, p. 140].)

The above criteria of good, efficient and scientific management in industry do not conflict: with our different ideologies. They are quite independent of the form of industrial organization that India would develop in future, whether socialisation of industry that destroys individualism, or individualism that is devoid of social responsibility.