

cent. incentive element. Since the old dearness allowance has been largely merged in the new time scales of pay, the new basis of computation yields piece rates which are substantially higher than the old rates hitherto prevalent because the incentive element of 25 per cent. is now also earned on the merged dearness allowance.

2. When the piece work rates in Ordnance Factories were correlated to new monthly scales in 1953, it was decided that all rates which had consistently yielded more than 75 per cent. profit on the *old basic wage* should be revised. Although a number of rates had been suitably revised, this work had not been completed. In order to avoid delay in the correlation of piece work rates to the new time scales, which would have been detrimental to the interests of the large majority of workers, it was decided that correlation should be immediately undertaken but with a ceiling of profits of 50 per cent. over the time wage of each piece workers till loose rates are revised. This ceiling of 50 per cent. is on the new basic wage, i.e., the old basic wage plus the proportion of the dearness allowance incorporated in pay and is significantly higher in most cases than the level of 75 per cent. accepted hitherto.

3. The revised rates which are provisional took effect from 1-9-1960. As a result of the new schemes, earnings of the vast majority of piece workers in Ordnance Factories have increased substantially. The wages of a small minority whose rates have been loosely fixed, have been limited to 50 per cent. over the time scale of pay. The ceiling, however, does not effect piece workers whose rates are not loosely fixed.

4. The imposition of the ceiling is a factor in the determination of the wages under the new scheme and adjustments made on this account are not deductions from the workers' wages within the meaning of the Payment of Wages Act.

5. No loss of production on account of the promulgation of the new piece rates has been reported to Government. The question of the removal of the ceiling will be decided when the rates are revised.

Alloy and Tool Steel Plant

*563. { Shri Ram Krishan Gupta:
Shri P. G. Deb:
Shri Vidya Charan Shukla:
Shri Morarka:
Shri Sadhan Gupta:
Shri Aurobindo Ghosal:
Shri B. Das Gupta:
Shri Indrajit Gupta:
Shrimati Renu
Chakravartty:
Shri Goray:
Shri Hem Barua:

Will the Minister of **Steel, Mines and Fuel** be pleased to refer to the reply given to Starred Question No. 744 on the 24th August, 1960 and state:

(a) whether Government have examined the report for the proposed alloy and tool steel plant; and

(b) if so, the result thereof?

The Minister of Steel, Mines and Fuel (Sardar Swaran Singh): (a) and (b). The Government have approved the location of the Alloy Steels Plant in Durgapur under the management of the Hindustan Steel Limited. Further examination of the report has been taken up by the Hindustan Steel Limited.

West German Loan

*564. { Shri D. C. Sharma:
Shri Inder J. Malhotra:
Shri Bahadur Singh:

Will the Minister of **Finance** be pleased to state:

(a) whether any loan is being given by West Germany as contribution for India's development during 1960-61; and

(b) if so, what is the amount and in what terms?