

MEMORANDUM OF SETTLEMENT

under Sec 18(1) of the Industrial Disputes Act and Rule 25(1) of the Tamil Nadu Industrial Disputes Rules.

Names of parties : M/s Ashok Leyland Limited and its workmen represented by the Ashok Leyland Employees' Union, Madras

Representing Employer : Mr F Holdsworth
Managing Director
Mr V N L Rao
Divisional Manager - Personnel
Mr J Chandrasekaran
Industrial Relations Manager

Representing Workmen : Mr R Kuchelán
President
Mr C K Madhavan
Vice-President
Mr M Ganesan
Vice-President
Mr R Jayapal
Vice-President
Mr K Santhanakrishnan
General Secretary
Mr M Thangappan
Joint Secretary
Mr E Balumanickam
Joint Secretary
Mr A Thomas
Treasurer

Number and broad description of the categories of workmen : Workmen ~~423~~ - Monthly rated and daily rated employed in the factory and offices of the Company.

SHORT RECITAL OF THE CASE.

1. The Ashok Leyland Employees' Union (hereinafter referred to as the Union) Madras, which is recognised by Ashok Leyland Limited (Hereinafter referred to as the Company), as the sole representative of the workmen working in the Company, presented a Charter of Demands dated 29th June 1977,

containing two main parts - (i) revision of the basic terms and conditions and of wages and other remunerations, and (ii) grievances and sectional demands relating to the specific terms and conditions pertaining to workmen employed in the various sections and departments; and subsequently supplementary demands presented on 13th July and 20th July 1977, consequent to the expiry of the Settlement dated 30th May 1974 entered into between the parties.

2. Direct negotiations were held between the parties on various dates from 4th September 1977 onwards in the months of September, October and November 1977, with a view to come to an understanding and amicable settlement on the various demands raised by the Union on behalf of the aforesaid workmen, as also other issues raised by the Company in regard to certain matters. A Settlement in full and final settlement of all the demands/issues has been arrived at, with a view to maintaining cordial relations and to promote the interests of the workmen and the efficient operation of the Company's business on the 30th day of November 1977, which is as under:

TERMS AND CONDITIONS

Coverage - Workmen in the categories mentioned in ANNEXURE - A to this Settlement who are on the rolls of the Company on and from the date of this Settlement excluding Trainees, Apprentices, Casuals and other temporary workmen appointed for specific periods.

1. BASIC PAY:

a) Pay Scales - Increments - Span:

Effective 1st December 1977, the pay scales, annual increments and span applicable to the Monthly Rated and Daily Rated categories of

workmen covered by this Settlement will be as shown in ANNEXURE - A.

(b) Individual Fitment:

To arrive at the revised basic pay with effect from 1st December 1977, Rs.74/- per month in the case of Monthly Rated workmen and Rs.3.37 per day in the case of Daily Rated workmen, will be added to the individual basic pay as of November 30th, 1977 and the basic pay so arrived at will be fitted at the appropriate step in the pay scale applicable to the workman as shown in ANNEXURE - A.

In the event the revised basic pay does not fit into a step in the revised pay scale the same will be fitted at the next higher step. Workmen will continue to be eligible for annual increment in the revised pay scales on the due dates..

2. DEARNESS ALLOWANCE:

Effective 1st December 1977, Dearness allowance calculated at the rate of 35 paise per point beyond 1100 points of the Madras City Industrial Workers Cost of Living Index (1956 base) will be paid each month on the basis of the previous month's Cost of Living Index to all the workmen (monthly and daily rated) entitled to dearness allowance payment, if they have attended work on all the working days on which they are required to work in the month.

PROVIDED that for the sixth day's work (ie. Sunday, optional working day), dearness allowance will be paid at the rate of 1/30th (one thirtieth) of the amount of dearness allowance mentioned above, ie.:

$$C - 1100 \times 35 \text{ ps.}$$

30

C = Madras City Industrial Workers Cost of Living Index.

Similarly, 1/30th (one thirtieth) of the amount of dearness allowance will be deducted from the dearness allowance payable for the month, for absence in a working day.

HOUSE RENT ALLOWANCE:

All the workmen (monthly and daily rated) covered by this Settlement who are entitled, will be paid Rs.50/- per month as House Rent Allowance from 1st December 1977.

CONVEYANCE ALLOWANCE:

All workmen who are entitled to Conveyance Allowance will be paid Rs.40/- per month as Conveyance Allowance, effective 1st December 1977.

PROVIDED workmen who are provided the facility of Company Bus will not be entitled to any conveyance allowance.

PROVIDED further those workmen who are availing 'Charter Bus' facility will be paid the difference between Rs.40/- per month and the actual charge being borne by them towards this facility. Increase, if any, in future of charge payable for the said facility will be fully adjusted from such conveyance allowance.

PROVIDED further the present practice of not paying the conveyance allowance to those watchmen who are provided Company's quarters will continue.

5. NIGHT SHIFT ALLOWANCE:

Effective 1st December 1977, Night Shift Allowance to workmen who are required to work in the night shift (full shifts commencing or ending between 12 midnight and 6 am) will be as per ANNEXURE - B.

6. MILK, VITAMINS, etc:

The existing practice of giving milk and Vitamin tablets to certain workmen in certain departments/jobs will continue. However, effective 1st December 1977, all workmen covered by this Settlement will be paid

Rs. 14/- per month towards milk, Vitamins, etc. No additional arrangements will be made by the Company to supply these items.

UNIFORMS & STITCHING CHARGES:

All workmen covered by this Settlement will be supplied annually with material towards Uniforms and paid stitching charges as per ANNEXURE - C.

SHOES, TOWELS, STITCHING CHARGES:

Effective 1st January 1978, all workmen covered by this Settlement will be paid a lumpsum amount of Rs.131/- per annum towards Shoes, Towels and additional Stitching Charges (over and above the stitching charges mentioned in ANNEXURE - C).

9. WASHING ALLOWANCE:

Those workmen who are presently in receipt of Washing Allowance will continue to receive the same in future.

All other workmen who are governed by this Settlement will be paid Rs.5/- per month as Washing Allowance effective 1st December 1977.

10. MEDICAL REIMBURSEMENT:

Workmen who are covered by this Settlement and who are not covered by the Employees' State Insurance Scheme will be reimbursed medical expenses incurred by them for self and family upto a maximum of Rs.500/- per annum, effective 1st July 1977, in lieu of the present practice of paying Rs.100/- per annum.

The reimbursement will be against actual vouchers to be submitted.

Unavailed portion of the benefit will be permitted to be carried forward upto 3 (three) years.

INCENTIVE BONUS SCHEME - STREAMLINING:

The Union and Management expressed their concern over the inequities existing in the present incentive bonus schemes applicable to the workmen. After several discussions, the parties felt that in order to reduce these inequities, remove the anomalies, and make the incentive bonus scheme more effective, the best solution is perhaps to fully re-vamp the incentive bonus schemes. However, as this would involve very detailed studies which may take three to four years before any clear proposal can be discussed and implemented, as an interim measure the parties ~~expressed the desire/~~ agreed to examine the following:

- a) As an immediate step towards reduction of inequities the extreme cases of direct employees earning incentives falling below 200% and above 350% will be dealt with in such a way that those below 200% will be brought up to 200% and those above 350% will be brought down to 350%.
- b) To consider lifting the ceilings on a selective basis, wherever possible, in the direct group incentive earnings falling between 200% and 350% provided the indirect employees incentive schemes are either do-linked from that of the direct, wherever possible, or revised relationships are established between the indirect and direct incentive bonus schemes.

The Management has submitted to the Union a scheme (ANNEXURE - D) by which the above can be effected and the Union agreed to study the details of the scheme and negotiate with the Management in order to arrive at a mutually acceptable scheme for implementation, and will endeavour to do so in three months' time.

Both parties will extend their utmost co-operation in arriving at a mutually acceptable settlement in this regard, expeditiously, to achieve

, objective of making the incentive scheme more effective through proved productivity and removal of inequities and anomalies.

19 EVALUATION:

The parties recognise the need to jointly undertake a Job Evaluation programme. With this in view a 'Job Evaluation Committee' consisting of Management and Union representatives, will be constituted shortly. . The Committee will discuss and draw out a mutually acceptable Action Plan in this regard.

ESSENTIAL SERVICE PERSONNEL:

The following categories of workmen shall be deemed as essential service personnel:

- i) All Watch & Ward personnel; ii) Fire Service personnel;
- iii) Conservancy employees, including those of sewage disposal plant;
- iv) Medical Department personnel; v) All personnel engaged in the maintenance of buildings, plant and equipment; vi) Power Station and Electrical Sub-station personnel; vii) Telephone Operators; viii) Machine Accounting personnel, and ix) any other category of employees mutually agreed upon.

The Company recognises the right of personnel employed for essential service as detailed above to be members of the Union. The Union agrees that in view of the nature of their work they will be excluded from participation in any strike, in order to ensure that the safety and well-being of the establishment as well as of the workmen are not affected during the strike period. It is also agreed that in the event of any strike, the Union will co-operate with the Management to ensure that any material actually being processed shall be completed before work

is abandoned. Any of those employees acting in violation of this provision shall render themselves liable to disciplinary action. Employees belonging to those categories will not be required to do any other work which can be construed to imply that the Management seeks to break the strike.

14. LUMP SUM EX-GRATIA PAYMENT:

The Management hereby agrees to pay a lumpsum ex-gratia amount of Rs.1450/- (Rupees one thousand four hundred and fifty only) to each workman covered by this Settlement, who has been in Company's service on and from 1st July 1977 and who continues to be on the rolls of the Company on the date of this Settlement, in full and final settlement of all claims towards arrears/dues of the enhanced terms and conditions of this Settlement earlier to 1st December 1977 or the effective dates specifically mentioned against terms in this Settlement. Proportionate deduction will be made from this sum in case of eligible workmen for the period of unauthorised absence, if any, in excess of 25 per cent during the period 1st July 1977 and 30th November 1977. All advances to the workmen which are outstanding, other than festival, ad hoc advance paid on 10th September 1977, and educational advance (which are recoverable as per terms thereof) including balance of Rs.200/- in the advance paid as per circular dated 10th December 1976, will be recovered from the above ex-gratia payment, along with Income Tax deduction, if any.

15. In consideration of the enhanced wages, allowances and other benefits extended to the workmen by this Settlement, the Union on behalf of the workmen hereby agrees:

a) To extend wholehearted co-operation to the Management in ensuring efficient operation of the factory by maintenance of due discipline,

Encouragement of pride in workmanship, avoidance of loss in manhours due to bad time-keeping or avoidable absenteeism, and the development of maximum productivity.

- b) To co-operate in implementing the Company's expansion programme by increasing the production as detailed below during the currency of this Settlement. It is agreed that additional men, material and equipment will be provided as found necessary for the production programme:

<u>From</u>	<u>Chassis per day</u>	<u>Engines per day</u>
December 1977	35	41
July 1978	37	44
January 1979	40	47
July 1979	42	50
January 1980	45	53
July 1980	48	56

- c) That this Settlement is in full and final settlement of all demands contained in their Charter of Demands dated 29th June 1977 and the demands and the Departmental grievances submitted subsequently and up to date, and that during the tenure of this Settlement they will not raise any further demand involving any financial commitment whatsoever to the Management either directly or indirectly, except the payment of annual bonus under the Bonus Act.
- d) Not to resort to strike, go-slow, or any such direct action during the tenure of this Settlement, intended to pressurise Management in pursuance of any dispute or cause for grievance, and likewise Management will not resort to lock-out or victimisation; instead both Parties will adopt constitutional methods to resolve such disputes/grievances, if any, through process of collective bargaining.

CODE OF DISCIPLINE:

The Management and Union reaffirm their faith in collective bargaining and agree to abide by the Code of Discipline adopted at the 16th Session of the Indian Labour Conference held at Nainital in May 1958 and subsequent amendments and clarifications thereto.

The Management agrees to deal with any grievance of any employee expeditiously in accordance with the mutually accepted grievance procedure of the Company.

17. All other terms and service conditions governing the workmen which are expressly referred to in the previous Settlements will continue to bind the parties unless they have been repealed in writing or altered, amended, or re-stated in this Settlement.

18. PERIOD OF SETTLEMENT:

This Settlement shall come into force from the date of signing and shall remain in force till 31st December 1980, and thereafter shall continue to be binding till a new Settlement is reached between the parties. The parties agree that after 30th September 1980 either of them may give three months notice of their intention to terminate this Settlement.

WITNESS WHEREOF the parties hereto have signed the Settlement on this
10th day of November 1977.

BEHALF OF THE COMPANY

1. Sd/ F. Holdsworth
Managing Director
2. Sd/ V.N.L. Rao
Divisional Manager Personnel
3. Sd/ J. Chandrasekaran
Industrial Relations Manager
4. Sd/ T.R. Balasubramaniam
Divisional Manager Production
5. Sd/ S.V. Yakkundi
Manager Industrial Engineering

ON BEHALF OF THE UNION

1. Sd/ R. Kuchelan
President
2. Sd/ C.K. Madhavan
Vice President
3. Sd/ K. Santhanakrishnan
General Secretary
4. Sd/ R. Jayapal
Vice President
5. Sd/ E. Balumanickam
Joint Secretary
6. Sd/ M. Thangappan
Joint Secretary

Witnesses :

1. Sd/ E.K. Nayan
2. Sd/ N. Venkateswaralu

Witnesses :

1. Sd/ M. Ganesan
(Vice President)
2. Sd/ A. Thomas
(Treasurer)

Copy to :

- (1) The Secretary to the Government of Tamil Nadu, in-charge of Labour
Fort St. George, Madras - 600 009
- (2) The Conciliation Officer
- (3) The Commissioner of Labour, Madras

REVISED PAY SCALES APPLICABLE WITH EFFECT FROM 1st DECEMBER 1977.

A.

MONTHLY RATED WORKMEN

<u>Category No.</u>	<u>Classification</u>	<u>Scales of Pay</u> Rs.
1	Senior Chargehand Stores Foreman Senior Rate Fixer Junior Designer Assistant Service Engineer Junior Sales Representative	540 - 15 - 615 EB - 15 - 765 EB - 18 - 855
2	Clerk Grade I Progress Chaser Grade I Store Keeper Grade I Compounder/Pharmacist Draughtsman Head Watchman Assistant Buyer	440 - 10 - 540 EB - 15 - 615 EB - 15 - 795
3	Nurse Stenographer Service Mechanic Junior Chargehand Junior Rate Fixer Stores Chargehand Junior Technical Assistant Laboratory Assistant Comptist Grade I Punch Operator Grade I Adreme Operator Bradme Operator	440 - 10 - 570 EB - 10 - 700

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MONTHLY RATED WORKMEN (contd)

<u>Category No.</u>	<u>Classification</u>	<u>Scales of Pay</u> Rs.
4	Clerk Grade II Progress Chaser Grade II Store Keeper Grade II Telephone Operator Punch Operator Grade II Typist Grade I Senior Inspector Comptist Grade II	410 - 7.50 - 440 - 10 - 500 EB - 10 - 600 EB - 10 - 650
5	Driver Despatch Rider	390 - 5 - 415 EB - 10 - 515 EB - 10 - 625
6	Clerk Grade III Progress Chaser Grade III Store Keeper Grade III First Aider Typist Grade II Tracer Junior Inspector Blue Print Operator	390 - 5 - 410 - 7.50 - 470 EB - 7.50 - 575
7	Spare Parts Picker & Packer Head Peon Assistant Head Watchman	390 - 5 - 450 EB - 5 - 515
8	Peon Watchman Mazdoor (Fair Price Shop) Gate Checker - Fair Price Shop	365 - 5 - 415 EB - 5 - 495

B. DAILY RATED WORKMEN

<u>Classification</u>	<u>Scales of Pay</u> Rs.
Highly skilled	19.70 - 0.25 - 21.20 EB - 0.50 - 26.20 EB - 0.50 - 31.20
Setter	19.50 - 0.25 - 22.25 EB - 0.25 - 24.75
Skilled (higher)	19.10 - 0.20 - 20.10 - 0.25 - 21.60 EB - 0.25 - 23.85
Skilled (lower) and Viewers (Inspection)	18.60 - 0.20 - 21.00 EB - 0.20 - 22.60
Semi-skilled (higher)	18.30 - 0.17 - 20.51 EB - 0.17 - 22.21
Semi-skilled (lower)	16.28 - 0.15 - 19.28 EB - 0.15 - 20.78
Unskilled	16.15 - 0.15 - 19.15 EB - 0.15 - 20.20

NIGHT SHIFT ALLOWANCE.

Workmen (monthly and daily rated) who are required to work in the night shifts (shift commencing or closing between 12 midnight and 6 am), will be paid Night Shift Allowance as per the following rates for each full shift worked, effective 1st December 1977.

<u>Category</u>	<u>Night Shift Allowance per shift</u>
Monthly rated workmen in pay scale Categories 8, 7	Rs. 1.25
Monthly rated workmen in pay scale Category 6, and Daily Rated workmen in Category unskilled and Semi-skilled lower	Rs. 1.50
Monthly rated workmen in pay scale Categories 5,4,3 and Daily rated workmen in pay scale Categories Semi-skilled higher, skilled lower and viewers	Rs. 2.00
Monthly rated workmen in pay scale Categories 2, 1 and Daily rated workmen in pay scales Categories Skilled higher and Setter	Rs. 2.50
Daily rated workmen in pay scale Category Highly skilled	Rs. 3.25

MATERIALS FOR UNIFORM AND STITCHING CHARGES

<u>Category</u>	<u>Type</u>	<u>Material</u>	<u>Quantity Mtrs.</u>	<u>Stitching charges- Rs.</u>
Blacksmith	4 pants	Khaki drill	10.96)	13.00
	4 shirts	Khaki matty	10.96)	
Battery shop personnel	-do-	-do-	-do-	-do-
Chassis Rectification personnel	-do-	-do-	-do-	-do-
Cutter Grinders	-do-	-do-	-do-	-do-
K.T. Shop personnel (excepting sand/shot blasters)	-do-	-do-	-do-	-do-
Mechanics (Service/Transport Dept)	-do-	-do-	-do-	-do-
7. Test Drivers	-do-	-do-	-do-	-do-
8. Welders	-do-	-do-	-do-	-do-
9. All other daily rated employees	-do-	-do-	10.96) 9.14)	-do-
10. Engineering Dept. personnel	4 pants 4 shirts	White drill White Matty	10.96) 9.14)	18.00
11. Viewers (Inspection)	-do-	Khaki drill White Matty	10.96) 10.96)	18.00
12. Head Peon	5 pants 5 shirts	White drill White matty	13.68) 13.68)	22.50
13. Peon	4 pants 4 shirts	White drill White matty	10.96) 10.96)	20.00
14. Pickers and Packers	4 pants 4 shirts	Khaki drill White matty	10.96) 9.14)	18.00
15. Watch & Ward Personnel	4 pants 4 shirts	Khaki drill Khaki matty	10.50) 11.50)	26.00
16. Fuel Injection Personnel/Draughts-men/Booking Clerks & Shop Clerks	4 pants 4 coats	White drill	27.42	28.00

No.	Category	Type	Material	Quantity Mtrs.	Stitching charges per annum Rs.
17.	Jig Borers	4 pants 4 coats	White drill	27.42	28.00
18.	Markers	-do-	-do-	-do-	-do-
19.	Setters	-do-	Khaki drill Grey drill	10.96) 16.45)	28.00
20.	Inspectors(Sr. and Jr. attached to Tool Room, H.T. Cutter Grinding)	4 pants 4 dust coats	White drill White drill	27.42) 27.42)	28.00
21.	Inspectors (Sr. and Jr.)	4 pants 4 dust coats	Khaki drill White drill	10.96) 16.45)	28.00
22.	Medical Dept. personnel	6 pants 6 D.coats 6 shirts white poplin	White drill) -do-)	41.00) 19.00)	66.00
23.	Drivers	5 pants 1 coat 5 shirts white matty	white drill) -do-)	17.50) 11.50)	39.50
24.	Punch Operators/ Comptist/Bradma Opr.	4 pants 4 coats	white drill -do-	27.42	28.00
25.	Clerks/Typists/Steno	4 pants 4 shirts white poplin	white drill white poplin	10.96 10.96	28.00
26.	Women employees	4 sarees /4 dust coats 4 blouses (colour & quality to be specified)		cost Rs.250/ inclusive of stitching charges	
27.	Chargehands (Jr. & Senior)	4 pants 4 D.coats	white drill) -do-)	27.42)	28.00
28.	Lab. personnel	4 pants 4 D.coats	-do-	27.42	28.00

All issues are annual by nature. New entrants will be entitled for pro-rated issue on the following pattern:-

Entrants between January to March - Full quantum
 -do- April to June - Three fourths of the quantum
 -do- July to Sept. - Half the quantum
 -do- Oct. to Dec. - One-fourth of the quantum

INCENTIVE BONUS SCHEME
PROPOSALS FOR STREAMLINING

OBJECTIVES :

1. To reduce inequities in the existing incentive bonus schemes and narrow down disparities as far as possible.
2. To establish and implement incentive bonus schemes for indirect employees based on their own performance as far as possible in place of the existing schemes.

ACTION PLAN:

1. For Direct Employees:

- a) It is proposed to take action only for groups lying at the two extremes of a bandwidth of incentive bonus percentages ranging from 200% to 350%.
- b) Status quo will be maintained with regard to time allowed values currently applicable to groups whose average bonus percentage during the 12 months period from September 1976 to August 1977 fall between 200% and 350%.
- c) All the time allowed values currently applicable to groups whose average bonus percentages during the 12 months period from September 1976 to August 1977 are above 350% will be brought down to 350% bonus level for the same production level to be maintained by those groups of men concerned.

Provided that such of those employees who lose their incentive bonus earnings due to this correction will be

compensated suitably (by payment of an amount equal to 12 times the difference between the corrected rate of incentive bonus earnings and the average of the incentive bonus earnings during the 12 months period from September 1976 to August 1977.

- d) From that date, no incentive bonus earnings in the factory will be allowed to exceed 350%.
- e) The time allowed values currently applicable to groups whose average bonus percentages during the 12 months period from September 1976 to August 1977, fall below 200% will be adjusted to 200% from the month such employees/groups of employees, through their own effort, enhance their current incentive bonus earnings to a level which is at least half way between 200% and their current applicable average percentage, and maintain the same.
Provided if the production levels attained as above, drop down, they will be paid on the old basis.

Example:

	Employee A	Employee B
Current Bonus % (Average of Sep.76 to Aug.77)	130%	100%
Minimum of Bandwidth	200%	200%
Difference	70%	100%
% of Incentive bonus to be brought up by own effort	165%	150%
The corrected % of Incentive bonus payable	200%	200%

If production level falls below 165% or 150% of Incentive bonus, then Employee A or Employee B will be paid at 130% or 100% respectively.

For Indirect Employees:

- a) It is proposed to revise the incentive schemes applicable to different categories of indirect men in order that, as far as practicable, their own productivity or their contribution towards direct productive activities will be recognised while computing their incentive earnings.
- b) Detailed proposals on indirect incentives will be prepared over the next 6 months and will be negotiated with the Union.
- c) The preparatory work involved in determining the appropriate basis for various groups of indirect men is considerable. Therefore, an interim action of de-linking the indirect men from direct factory average will be necessary. During the interim period, they will be paid every month a flat amount which is equivalent to the average incentive earnings of the group during the period September 1976 to August 1977. As and when the basis for incentives is determined and agreed with the various groups, the fixed amount paid during the interim period will be replaced by incentives calculated on such agreed basis.

3. Once the establishing of incentive scheme for indirect, de-linking them from direct, is done, the present ceiling applied to the direct incentive earning group falling within the bandwidth of 200% to 350% (taking average percentage during 12 months Sep. 76 to August 77) will be lifted to 350%, subject to production constraints, if any.