AITUC

GENERAL COUNCIL MEETING

General Secretary's Report

and

Other Materials

3

MADRAS

17—19 JULY 1986

C O N T E N T S

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OUTLINE OF GENERAL SECRETARY'S
REPORT ON DEVELOPMENT (JULY 1985-JULY 1986)
AND TASKS FOLLOWING THEREFROM

1. In the report to the Hyderabad session of the General Council, July 3 to 5, last year it was stated:-

"The single most important political event during the past one year has been the violent movement of Sikh Secessionists and terrorists in the Punjab aided and abetted by foreign imperialist agencies and the Pak military authorities, creating a qualitatively new threat to national unity and security ...."

Now another year has passed, marked by the Punjab accord, the killing of Sant Longowal, elections for the State Assembly resulting in decisive Akali victory - but situation as a whole has deteriorated.

While no settlement of the Punjab problem is in sight, the terrorists continue to kill innocent persons, now mainly Hindus, some of whom have begun to leave the State in panic - Hindu - Sikh relations getting embittered - official Akali leadership under severe pressure from their dissidents closely linked with the pro-khalistan extremists.

How to check this drift towards disaster?

United trade union mobilisation of Sikh and Hindu workers against terrorism and communalism, for national and secular unity, is being tried heroically(recent joint rallies in Amritsar and Jullundur, Anti-terrorist strikes by SEB, Bank Employees and Railway workers), but is unable to make a DECISIVE INTERVENTION in such a siutation. We must continue with our efforts.

This includes determined and conscious T.U. political activity outside Punjab to maintain communal peace and prevent BJP/RSS/Shiv Sena from provoking retaliatory attacks on Sikhs.

2. Other divisive and disruptive forces have also grown in different parts of the country in this period:-

= Hindu-Muslim communal tensions greatly aggravated by controversies over Muslim Womens'(Protection of Rights) Bill and Babri Masjid-Ram Janma Bhoomi-religious fundamentalists on both sides creating provocations resulting in a number of riots, particularly in U.P. towns - policy of appeasement followed by Central Government.

= Caste killings by armed private "Senas" continuing in Bihar villages - in majority of cases, Harijans, poor peasants and agricultural workers the victims of landlord terror.

= Arwal Massacre perpetrated by police.

= Fuel added to the fire by violent agitation launched on Maharashtra - Karnataka border for "liberation" of Belgaum - only two Communist Parties refused to join such fratricidal strife between neighbouring States.

= Outburst of Nepali people's agitation in Darjeeling District of West Bengal demanding separate State of "Gurkhaland" - a challenge to Left Front Government's policy towards ethnic minorities.

Generally speaking, the trade unions have been hardly carrying on any sustained ideological-political campaign among the workers against the reactionary divisive forces which constitute the most dangerous threat to the unity of the working people. It is not due to mere complacency but also the inevitable reflection of deep-rooted economism in our T.U. work.

Punjab is an honourable exception - magnitude of the immeidate danger from the terrorist, and secessionist forces, and worsening Hindu-Sikh relations, have brought our TU's into the streets.

In such a situation, the joint all-TUs'(including official INTUC) initiative against Communal and Divisive forces, their joint Declaration and Convention on May 11th attended by 900 delegates, followed by joint delegation to Amritsar and Jullundur, acquires great significance - "National Solidarity Day" call for August 9th.

= Unless we take it down to all States and major industrial centres for follow-up action, a good opportunity will be lost to prevent workers from being overwhelmed by communal and chauvinistic passions.

3. = <u>On the international arena,</u> a titanic struggle continues between the forces of Peace and those of Imperialist aggression, for and against the "Star Wars" project of USA, for and against deployment of nuclear missiles in W.Europe, for and against a freeze on nuclear testing.

= During this period, the new landmark was the Reagan-Gorbachyov summit meeting at Geneva - a moral victory for the opponents of nuclear war, putting the US warmongers on the defensive before the bar of world public opinion - but not yet able to pin them down to concrete measures.

= Geneva was preceded and followed by the great and noble peace initiatives of the Soveit Government, embodied in the sucessive proposals of Comrade Gorbachyov - unilateral Soviet moratorium on tests, extended twice to test US responses and sincerity - profound impact on world opinion, mobilising broadest yet support of peoples and governments, including representatives of ruling bourgeoisie in many countries in addition to India and the non-aligned States.

= But Reagan's committment to the "Star Wars" strategy, to intensification of the arms race, to "State terrorism" against nations which refuse to bow down before US blackmail, could not yet be reversed - hence, world continues to face grave danger of nuclear war leading to mutual destruction.

= Newer and newer types of missiles and bombs being designed and produced, and tested against developing countries.

= USA's European allies have at last sanctioned Reagan to go ahead with production of latest chemical weapons.

= The April aggression on Libya - universally condemned

= One hundred million dollars sanctioned by US Congress for official "aid" to the Contras in Nicaragua - denounced by International Court of Justice as flagrant violation of UN Charter.

= Reagan administration backing Afghan counter-revolutionaries more blatantly than before.

= South African racist regime resorting to more and more repressive "emergency" measures - anti-apartheid struggle for liberation reaching new heights of determination and militancy inside S.A. with broader international support demanding imposition of comprehensive sanctions - Blocked by W.European Powers, especially UK and West Germany but they are more isolated now.

= Joint all-TUs' Convention observed 'Anti-Apartheid Day' on June 16th, but only at "top" level - called for TUs' FUND COLLECTION AS SOLIDARITY WITH SOUTH AFRICAN STRUGGLE - AITUC must play its part in this.

= Sri Lanka crisis remains unresolved - virtual civil war going on - Jayawardene Government utilising British, Israeli and other mercenaries for military operations against Tamils - in this situation, US & UK strategic designs re: Trincomalee being pushed ahead - danger to Indian security and to Indian Ocean.

= Economic and financial neo-colonialist strategy against developing countries, including India, continues to drain out domestic resources:

= Foreign debt reached Rs. 24,004 crores on 1.4.85

= Repayment of principal and interest now exceeding Rs.3,000 crores per year

= Adverse balance of trade, 1985-86 anticipated at approximately Rs. 8,000 crores.

= "Open-door" policy of liberalisation is giving accelerated entry to MNC's - foreign collaboration tie-ups by Indian private companies rose from 752 in 1984 to 1,024 in 1985, the main partners being from USA, FRG, UK and Japan (only 4 collaborations with USSR in 1985) - this is apart from public sector.

= Single biggest international action against imperialist exploitation was the continental T.U.Conference of Latin American countries last year in Havana against the Foreign Debt.

= In Asia, we are still lagging behind, even in popularising the Declaration and decisions of the Asian and Oceanic Conference on Development, New Delhi, February 1986 - concrete exposure of MNC's misdeeds an urgent task (Union Carbide, Bata?).

4. Meanwhile, irresistible logic of Rajiv Gandhi Government's economic and industrial policies is manifesting itself in a hundred ways:-

E.g. <u>Further liberalisation of</u> = licensing rules
= foreign brand names
= import and customs duties
= limits on industrial capacities and product-mix
= conditions applicable to MRTP and FERA Companies

= Economic Survey, 1985-6, clearly says only such "sick" units as are found to be potentially viable need to be taken up for restoring their health - number of sick units, 31.12.84, has reached 93,282, out of which over 90% considered to be "non-viable", i.e. they should be closed down;

= Threat of closure extends to public sector units also, e.g. some IDPL and NTC plants, Akbar Hotel of ITDC;

= A record boom has been registered, 1984-85 in private sector profits, dividends declared, share prices, and investment by Non-resident Indians; meanwhile, the consumer price index rose from 586 in March 1985 to 638 in March 1986;

= Articles of Association of companies being changed so as to enable NRI shareholders and MNC's to have majority of Directors (5 out of 9) on the Boards - this is supposed to be "incentive" for their investment;

= World Bank Chairman, Clausen, on his visit to India made it clear that India's investment "climate", though improved is not yet attractive enough, requires more liberalisation, relaxing of controls so as to inspire "confidence" in foreign investors, and scrupulous implementation of conditions attached to World Bank loans, especially for power and transport projects, i.e. charges on public should be raised - connection between this prescription and Indian Government's free hand for private sector is obvious;

= <u>Privatisation:</u> Reports(not contradicted)of Government plans to allow private sector shareholding in <u>10</u> leading public sector undertakings! NTPC, BHEL, ONGC, MMTC, Hindustan Aeronautics, National Fertiliser Corporation, Indian Petrochemical Corporation, Madras Refineries, Indian Oil Corporation - have we warned the workers concerned and organised any protests?

= "Joint Sector" already announced for new oil refineries, oil drilling, and power generation - what happens to public control of the "commanding heights" of the economy?

= Rs. 700 crores contract for HBJ gas pipeline awarded to the French MNC, Spie Capag, without whose collaboration no Indian company may be associated with the work;

= Reported proposal under Goverment's consideration to hand over monitoring of management of some key public sector institutions to so-called "expert consultancy" firms run by NRIs closely connected with MNCs in USA;

= Maruti car company allowed to import machinery from abroad, when the same was being offered within India by a consortium of engineering firms headed by our public sector HMT;

= Private firms being entrusted with manufacture of several components and supplies hitherto produced in the Ordnance factories; private "security" agencies to guard International airports, Government offices, etc.

= Maintenance work in power stations, steel plants, and on railways, being increasingly contracted out to private parties;

= Even duplicate postal services between major cities being run in the interests of business houses by private courier agencies, utilising the services of the public sector Vayudoot Airlines!

= Working of new textile policy should be reviewed - its impact on the different sectors;

= Electronics indutry, indigenous, foreign and "screw-driver" technology, all are booming;

= Indian scientists, engineers, technical personnel, especially in public sector, downgraded in favour of imported technology;

= Jobs and job security, as well as employment potentials, being threatened in various industries and occupations by continuing, closures, lock-outs, retrenchment, rationalisation, introduction of new technology, etc. - Workers and TUs should see these not as unconnected or isolated problems of specific industries/units, but as inevitable consequences of the promonopoly policies of the Government;

= Ban on recruitment to Government jobs has been partially lifted recently - but, at same time, various schemes for compulsory (or "voluntary") retirement are being pushed through with incentive of the "Golden hand-shake"(e.g.BHEL);

= General propaganda is on: "Indian industry is suffering from "surplus" manpower which must be identified and weeded out - without this, public sector will not survive" - Trade Unions should cooperate and not resist in raising productivity and linking wages with it - Rajiv Gandhi's tirade against trade unions and their leaders in his speech to the Congress Centenary celebrations at Bombay, should make us vigilant.

= Richest Trade Union experience on COMPUTERISATION issue is of the Bank employees - a complicated struggle being wage by AIBEA, an essential part of which is popularisation among employees and public of an alternative Credit and Banking Policy in the national interest.

5. Struggles: This period has witnessed a large number of struggles and protracted strikes on issues of wage-rise, bonus, increased workload, lockouts, high prices, trade union rights, non-implementation of agreements, etc. The workers have fought doggedly on the basis of united action of different unions - this is the GENERAL PATTERN, whose organisational symbol at the central level is the NCC;

* Tamilnadu textile workers were on strike three times, in August, November and March, against SIMA's new offensives, for Bonus, and for take-over of 8 closed mills;

* Strike at Birla's Mavoor Rayons going on since July 1985;

* 5,000 workers of Birla's Gwalior Rayon at Nagda conducted successful 6 -weeks' strike;

* On issue of hike in administered prices, Delhi Bandh (February 10, 1986) West Bengal and Tripura Bandhs (11/2), All-India Bandh(26/2);

* Earlier, on 12.9.85, one-day general strike and bandh in West Bengal on issue of closed mills, remunerative prices to jute growers, etc.;

* Bihar Electricity workers on strike, September 11 to October 2;

* Contract Labour's strike at Quartzite mines at Chiraipani (Madhya Pradesh);

* Iron-ore miners of Barbil (Orissa) on strike, January 1 to 24;

* Uttar Pradesh State Government employees of Kanpur on prolonged strike for upgrading of city, mass arrests;

* All-India State Government employees strike against Art. 311(2)(b), February 26;

* 40,000 municipal workers of Andhra Pradesh on State-wide strike;

* One day, all-India strike of Journalists and non-Journalists against Wage Board, April 2;

* General strike on April 9 of coal miners against non-implementation of JBCC agreement;

* 5,000 Cooperative bank employees of Andhra Pradesh on strike, May 15;

* Indefinite hunger strike and dharna at Delhi and Calcutta by construction workers of public sector NBCC and Bridge and Roof Co. against retrenchment (still continuing);

* 20,000 textile workers of Delhi, one-day strike on 11/4, indefinite strike from 28/5;

* Several militant struggles took place in Goa;

6. After an interval of 14 years, Indian Labour Conference was called on November 25-26 -AITUC and CITU invited as observers', denied delegate status, UTUC and TUCC excluded altogether - we decided to boycott and carried on protest campaign - WFTU also represented to Government - finally, they changed their earlier decision, invited 1 delegate each from the left unions - on this basis, we attended.

= On this issue, as earlier on verification, opportunism got the upper hand inside the NCC; even if we had boycotted, others were determined to participate without us;

= ILC solved no problems, avoided many urgent issues, its "concensus" (formulated by Labour Ministry) was not acceptable to either the Trade Unions or employers;

= One thing became clear - complete identity of views between the private sector managements and public sector executives - basically anti-labour concepts couched in the same language - even the INTUC spokesman was disgusted and said so openly;

= In view of this, not surprising that for future tripartites, Government has approved that representatives of public sector managements will form part of a single delegation to be selected by the Council of Indian Employers - so there is no distinction left!

= Further, the Council of Indian Employers and the All-India Manufacturers' Organisation (the two bodies representing top monopolists) are to give "adequate" representation in their delegations to medium scale, small-scale, and cottage industries as well as the unorganised sector!

= Now the Standing Labour Committee's meeting was called on July 11th - but postponed till mid-September.

7. The General Council should discuss and evaluate how far we have actually been able to implement the many important decisions and programmes taken by it and by the Working Committee during this period:-

= At Hyderabad, we gave top priority to the slogan:

"DEFEND, EXTEND and DEMOCRATISE THE PUBLIC SECTOR", amd called for a Campaign Week from August 9 to 15 - Inadequate reports at our disposal show that best observance of the Week was in the Eastern Coalfields - also, a Public Sector Convention was held in Bangalore on August 15 - elsewhere, a few meetings;

= Bhopal Day, December 3 - ultimately it was the AIPSO which organised a Convention at Bhopal on that date, against the MNCs' role in developing countries - solidarity fund drive was launched by AITUC - Messages received from Trade Unions in France, Spain, Portugal, New Zealand - but response within the country is poor - Bhopal solidarity more in USA;

= State Conventions against closures and lockouts (held in Bihar, Andhra Pradesh)-NCC called for an all-India Day on this issue on September 12 - no reports.

= September 1 - Anti-war Day (WFTU's call), October 3 - 40th anniverssary of founding of WFTU, October 31 - 65th birthday of AITUC.

From available reports, all these were observed, but not in a uniform way, and in some centres not at all.

= A National Textile Convention was held in Delhi, September 5-6 by AITUC,CITU,HMS, jointly-our representation showed lack of seriousness - It would be unreal to expect effective implementation of the important decisions taken, viz.,

= Nationalisation of Textile Industry Day on November 4.

= All-India Direct Action Day on December 2;

= Struggle week in March 1986.

= Bangalore Sessions call to "Organise the Unorganised" also making slow and uneven progress - among the specific tasks adopted were holding of district/State conventions, setting up of District T.U.Councils, and struggles for implementation of statutory minimum wages, regularisation of contract workers and no further extension of the contract labour system; special attention to young workers and women;

= A few District Councils have been formed - Southern Regional Convention of Bidi Workers was held on December 7, but there is as yet no coordinated movement for implementation of the statutory benefits and welfare schemes to which they are entitled;

= The May Day centenary observance this year was comparatively more successful - AITUC and CITU issue a joint May Day Appeal and a large number of rallies and demonstrations took place in all States - There was good sale of May Day booklets in various languages, and workers responded enthusiastically;

= Separate reports will be presented regarding:

= Progress of AITUC Building Fund collections(target up to May Day was Rs. 10 lakhs)

= Circulation and financial position of "T.U.Record" and "AITUC Samvad";

= Sale of WFTU Special Stamps and realisation of sale proceeds;

= Bhopal solidarity collections

8. The TASKS formulated last year still hold good - they have not been fulfilled - the problem is one of implementation;

= State TUCs were asked to hold special sessions for tightening up their organisation and ensuring minimum functioning of the State centres, without which no centralised and coordinated activity is possible - Punjab,H.P., Haryana, Maharashtra, responded; Bihar STUC, after making all preparations, suddenly cancelled their convention - There are 5 or 6 States without any properly functioning centres maintaining contact with their affiliated unions.

= Struggle against the anti-public sector policies must be intensified - another public sector convention is on the agenda - States can take the initiative also - new charters of demands have to be prepared as the existing agreements are due to expire - but, as per the Arjun Sen Gupta Committee's recommendations, this time Government wants to replace collective bargaining by Wage Boards or similar [illegible]inery - such [illegible] step will [illegible]

= Workers of the unorganised sector are responding whenever we take up their issues - mainly this has to be done at State level, and through the machinery of District T.U. Councils - but can we, within next 6 months, plan out central conventions at a higher level of = Bidi workers

= Building and construction workers

= Non-coal mines workers?

It is deplorable that due to organisational weaknesses and lack of coordination among our own unions, such workers are being often deprived of even statutory minimum wages and other benefits and welfare facilities.

= Industrial federations in these sectors exist but are yet unable to implement coordinated programmes of agitation and mass activity -

= All peace and anti-war programmes should be made part and parcel of our T.U. propaganda - so, also, the rousing of class consciousness against the communal and divisive forces - on these issues now, INTUC sections can also be drawn in; We should make preparations for observance of Sept.1- The International Day of TU action for peace.

= NCC has to be activated - another all-India general strike situation may mature sooner than we imagine, AITUC should be alert so as to be in the forefront and not left behind;

= If General Council decides that AITUC should participate in next verification of T.U. membership, that implies very serious preparations with responsibility given to State leaders;

= Issue of industrial pollution very much in the public attention after Bhopal disaster-Gas leakage at Sri Ram Chemicals and Fertilisers in Delhi - since then, 8 more cases of leakage reported from different plants, resulting in 1 death and 236 seriously affected = and on 22/6, leakage of heavy water at Kalpakkam nuclear reactor- Chernobyl accident near Kiev shows need for extreme vigilance and caution - AITUC should attempt a Seminar on this subject.

= T.U. rights, including right to strike, under growing attack - ESMA being used (Badarpur, Hissar) after being extended for another 4 years - Government preparing amendment of Trade Union Act.

= Next AITUC Session due in December - State TUC's should complete their conferences before that - bring affiliation fees payments up to date.

= The 11th World TU Congress is being held in September in Berlin (GDR). The draft main document circulated should also be popularised amongst workers and discussed by our Trade Unions.

NATIONAL SOLIDARITY DAY - 9 AUGUST 1986

DECLARATION OF CONVENTION AGAINST COMMUNAL AND DIVISIVE FORCES

The trade union convention for National Integration and against Communalism and Divisive forces held in New Delhi on Sunday May 11, 1986 and jointly sponsored by ten central trade union organisations voices its grave concern at the worsening communal tensions in the country and the growth of communal and fundamentalist organisations of different shades exciting narrow secretarian sentiments and creating chasms between different sections and communities, thus weakening the fabric of the unity and the integrity of the nation. The extent to which such a threat can go is being manifested in Punjab where secessionist elements are trying to destroy the unity of the country.

This Convention warns the working class of the dangers posed by the religious, casteist, linguistic, chauvinist and all other parochial elements, usually encouraged by vested interests, who do not let go any opportunity to whip up frenzies and dissensions and foment violence. In this regard this Convention reiterates the earlier resolution of the joint meeting of the trade unions held on 22.3.1986, which gave examples of such vile attempts. This Convention strongly feels that no concession which undermines supermacy of the Indian Constitution and secularism should be made under any circumstances.

This convention is alarmed that the outbreak of violent acts in industrial centres are on the increase because of the activities of the religious and regional chauvinists and other such divisive elements. This has its adverse impact on the solidarity of the working class in their legitimate struggles.

The administrative lapses in many parts of the country have rendered the official machinery ineffective in dealing with the violent communal disturbances. In the rural areas, the most deprived sections of the society like the Harijans and Adivasis are the worst victims. This convention calls for a thorough clean up of the administration and stringent action against the guilty.

This Convention emphasises the need for creating a sense of confidence amongst all affected sections of the people by ensuring protection against attacks from communal and other such obscurantist forces with no religious, regional linguistic or ethnic consideration.

This Convention notes with alarm the clandestine moral and material support extended to the disruptive forces by some foreign powers and agencies and calls upon the working class to be vigilant against such elements of disintegration.

The trade union movement in India has a long tradition, extending over years, of common united struggles over-riding considerations of caste or community and rallying under its banner all sections of the working class during the freedom struggle and after and therefore specially fitted to fight all divisive forces and carry on the struggle for national integration and social progress.

This convention re-affirms the role of trade union movement as the most effective instrument of socio-economic transformation, for which the unity of the country and solidarity of working class are imperative.

This convention exhorts the people in general and the working class in particular, to identify, expose and isolate communal and other such anti-national divisive, disruptive, secessionists and terrorist elements and to frustrate their sinister designs without hurting religious susceptibilities of any community.

This convention is totally opposed to the formation of trade unions based on community, caste, religion or any such sectarian consideration and decides that the trade unions regardless of their affiliation, to observe National Solidarity Day on August 9, 1986 for launching a continuing awareness movement for national integration and for combating divisive forces of all denominations. Meanwhile towards that end joint conventions, rallies, demonstrations, etc. shall be held in all the States and industrial centres in the country.

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ARJUN SENGUPTA COMMITTEE REPORT

The Committee was appointed in September 1984 by the Government of India to review the National Policy for Public Enterprises. The Committee submitted its Report in December 1984. The Report has neither been made public nor placed before Parliament. Clandestinely, however, the Report has already been published and the contents have by now become public knowledge and among wide sections of the people.

The Committee consisted of

Arjun Sen Gupta,	Chairman
R. Ganapati,	Member
Bimal Jalan,	"
Y.K.Alagh,	"
S.V.S.Raghavan,	"
D.V.Kapur,	"
S.D.Srivastava	"
Nitin Desai,	"
B.Swaminathan,	Member-Secy.

As the full Report is somewhat longish, reproduced below the Chapter X of the Report entitled the SUMMARY OF RECOMMENDATIONS, for information of General Council members. At this time, the Report is of special importance as it has made recommendations in regard to wage determination and other matters relating to workers in the public sector enterprises.

-- AITUC Secretariat.

SUMMARY OF RECOMMENDATIONS
Public Enterprises and National Planning

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10.1 Careful dovetailing of all plans of public enterprises with the National Plan is required only in a few core sectors as below:

Coal and lignite
Crude oil, petroleum and natural gas
Power
Primary steel production
Primary production of aluminium, copper, lead zinc and nickel
Fertilizers
Primary production of petrochemical intermediates
(Para 2.3)

10.2 The plans of enterprises in the non-core sector are to be integrated with the National Plan only in an indicative manner as for private sector units. (Para 2.4)

10.3 It is necessary to evolve a set of rules and conventions by which the Government can help in the better performance of Public Enterprises by reducing points of intervention without minimising the Government's right to have needed information for evaluating performance. The Government should be primarily concerned with overall strategic planning and policy, rather than with day-to-day functioning of public enterprises. (Paras 3.8 & 3.10)

ORGANISATIONAL STRUCTURE OF PUBLIC ENTERPRISES

10.4. It is recommended that the Holding Company structure provides a reasonable framework of organisational structure for public enterprises. This structure would combine the objectives of centralised policy formulation with decentralised operation and management. Where Holding Companies cannot be formed, the existing unitary companies can be reorganised into Apx Companies with a Board of Directors at the Apx level and Divisons or Units under them as profit or cost centres with Local Management Committees and adequate delegation of powers from the Apex Board. (Para 3. 14)

10.5 It is recommended that the Government should have dealings only with the Boards of the Holding or Apex Companies and not with subsidiary companies or Divisions(para 3.15)

10.6 The Board of Holding Company or the Apex Company would coordinate the activities of the subsidiaries or the Divisions in the areas of employment,wages, financial and pricing policies. The subsidiaries or the Divisions would be delegated all authority needed for fulfilment of targets and operational efficiency. (para 3.16)

10.7 Performance Evaluation of the Holding Company or the Apex Company will be done by the Government in terms of a few agreed criteria. (Para 3.18)

10.8 The Committee recommends that the institution of Government Directors should continue but the appointment of Government Directors should be restricted only to the Board of the Holding Company. The Government should ensure that officials nominated as Government Directors should have had adequate expertise of public enterprises; otherwise, such officials, before being nominated to the Board, should be given an orientation of sufficient period in one or more public enterprises under the charge of the Administrative Ministry. (Para 3.19)

10.9 It is recommended that the public enterprises in the core sectors should all be reorganised into Holding Companies under the administrative control of the concerned sectoral Ministries and such Holding Companies should also include supplies of major inputs, machinery and equipment manufacturers and related consultancy organisations. In case where a single sectoral Holding Company becomes too large, it may be necessary to set up more than one such Holding Company. (Para 3.20)

10.10 The Government's involvement with the Holding Company in the core sector would only be limited to:

(i) appointment of the Chief Executive and other members of the Board of Directors;
(ii) investment financing and project appraisal;
(iii) target setting, budget, performance evaluation; and
(iv) broad policy guidelines(Para 3.21)

10.11 It is recommended that the Chief Executive would assist the Minister in discharing his responsibility to the Parliament and the Secretary of Administrative Ministry would not be concerned with these matters. (Para 3.22)

10.12 The Holding Company in the core sector would specify its plans for investment, production, capacity utilisation, profits, dividend, etc., for a period of five years and arrive at a Memorandum of Understanding with the Government on mutually agreed basis. There would be an annual review of performance based on this Memorandum of Understanding. (Para 3.23)

10.13 Various public enterprises in the non-core sectors should be reorganised into a few Holding Companies and Apex Companies depending on the nature of the product, location and other linkages. These Holding Companies or Apex Companies should continue to be under the sectoral Ministries which would retain the administrative supervision over the companies including appointment of Chief Executives and Members of the Board of Directors and evaluate their performance according to some well defined norms and criteria. (Para 3.24)

10.14 The Committee suggests that the promotions should be set up as Autonomous Boards or as registered societies rather than as companies. (Para 3.25)

10.15 The taken-over units from the private sector should be reorganised into larger companies under the appropriate sectoral Ministries. (Para 3.26)

10.16 The Committee recommends that a Working Group should go into the details of the following:

(i) formation of Holding Companies and Apex Companies under the sectoral Ministries from among the sectoral public enterprises;

(ii) transfer of existing public enterprises or any of their constituent units of appropriate sectoral Ministry;

(iii) merger of existing public enterprises into smaller number of companies by appropriate regrouping; and

(iv) based on the re-organised Holding and Apex Companies suggest, where necessary transfer of certain subjects for nodal responsibility from one Ministry or Department to another. (Para 3.27)

AUTONOMY OF PUBLIC ENTERPRISES

A. Investment Approvals & Capital Budget

10.17 In the case of core sector enterprises, the existing system of fully integrating their plans with the total public sector plan and the present system of investment approvals must continue since in most cases the public enterprises plans are co-terminus with the national sectoral plans. To the extent the public sector enterprises in the non-core sectors can finance their investment requirements by raising funds from the public through deposits or debentures or by borrowing from the financial institutions, they need not be subjected to any process of governmental clearance and the public sector plan should include only the flows through the budget. (Para 4.5 & 4.6)

10.18 For the core sector, investment approvals by Government should be built around two-stage clearance. In the first stage, besides conveying approval in principle, and sanctioning preliminary expenditure, a 'Task Force' should be set up by PIB to go into all aspects relating

availability of equipment, capability of manufacture by public enterprises, need for import and quantum of imports. In the second stage, detailed scrutiny regarding technology, costs, etc., should take place. Based on the report of the 'task force' on indigenous availability of equipment the need for import, quantum of import, foreign exchange requirements, price preference, etc. should be finalised by PIB.
(Paras 4.7 & 4.8)

10.19 Single Window clearance by PIB is recommended in the second stage, including approvals for financing packages, external credits, collaboration agreements, capital goods imports, location and environmental aspects etc.
(Para 4.9)

10.20 It is recommended that the present limits for investment approval by the EFC and PIB be enhanced as below:

(i) EFC - Investment proposals costing over Rs. 5 crores but not above Rs. 25 crores.

(ii) PIB - Investment proposals costing over Rs. 25 crores.

Corresponding changes must be made in the delegated powers of the Public Enterprises. (Para 4.10)

10.21 Project Appraisal Division of the Planning Commission should be nodal agency for submitting a comprehensive appraisal report for consideration of EFC and PIB. PAD should be suitably strengthened for effective discharge of this additonal responsibility. Investment proposals may be sent to PAD and Administrative Ministry simultaneously, by Public Enterprises after approval by their Boards.
(Paras 4.11 & 4.12)

10.22 For financially viable enterprises in the non core sector Government would contribute only towards equity. Investment approvals for equity participation in such cases would be dependent on the enterprise meeting the performance criteria and payments of dividend at the prescribed rates. The remaining requirements for project investment should be raised outside the budget through borrowing or non-convertible debentures but without Government guarantee.
(Paras 4.13 &4.17)

10.23 Where non-core enterprises are used as agencies for other than commercial objectives, either Government should undertake additional equity contrbution or the additional net cost of such activities should be reimbursed. (Para 4.14)

10.24 Since selling of shares may create problems of ownership without giving the Public Sector enterprises any greater advantages the Committee does not recommend selling of shares to the public enterprises. (Para 4.1[illegible])

B. Wage Policy in Public Enterprises

10.25 It is recommended that basic wage structure of employees of public enterprises should be determined on industry basis or industry-cum-region basis by a wage Commission or through the mechanism of industry-wise Wage Boards for a period of 5 years. (Para 4.26)

10.36 It is recommended that mobility of management personnel between Public Enterprises should not be discouraged. (Para 4. 41)

ACCOUNTABILITY OF ENTERPRISES

A. Performance Evaluation

10.37 On the basis of agreed plans for investments, production, capacity utilization, profits, dividends etc., for a period of five years, the Government in the Administrative Ministry and the Holding Company or Apex Company, as the case may be, would enter into a Memorandum of Understanding. According to this certain obligations would also be cast on the Government in terms of provision of equity, price level etc. This Memorandum would be reviewed each year and updated. The performance of the Holding Company or Apex Company as the case may be, would be reviewed and evaluated on this basis making due allowance for the failure, or otherwise, of the Ministry or Department to fulfil its part of the Understanding. (Para 3.23 & 5.3)

FINANCIAL PERFORMANCE

10.38 It is recommended that for evaluating financial performance of public enterprises, the following criteria should be used:

(i) Gross margin on assets (for all enterprises)
(ii) Net profit on net worth (for core sector and profit-making enterprises)
(iii) Gross Margin on Sales (Service enterprises)

(Para 5.5)

10.39 In respect of core sector enterprises, the rate of net profit should be atleast a stipulated percent and gross margin on capital should be improving over time. (Para 5.7)

10.40 In the non-core sector, enterprises should be judged against the industry average for both gross margin on capital employed and the rate of net profit. (Para 5.8)

10.41 In evaluating the performance of Service Enterprises, attention should be focussed on direction of change in the gross margin on sales. (Para 5.9)

10.42 In loss-making enterprises, gross margin should be positive. In addition, the following to be monitored:

(a) Ratio of loan liabilities to assets.
(b) Ratio of wages to value added per worker.
(c) Cash loss per worker. (Para 5.10)

Productivity and Cost Reduction

10.43 In the core sector enterprises, monitoring unit cost and productivity should be undertaken by examining the direction of change in indicators like capacity utilisation and raw materials costs (at constant prices). Wherever possible, an overall index of cost of production should be evolved for monitoring changes in costs and productivity. In Service Enterprises, productivity can be monitored by the direction of change in the utilisation of assets, number of days of inventory and [illegible]

Technical Dynamism

10.44 It is recommended that attempts should be made to evolve technology development indices even on a rough basis. (Para 5.12)

Project Implementation

10.45 It is recommended that the following indices should be monitored for project implementation in the core sector:

(a) Percentage utilisation of plan funds

(b) Average slippage in ongoing projects, the weights for the average being defined by the cost of each project.

(c) Percentage cost revision for the approved investment programme relative to the previous year. (Para 5.13)

10.46 A group constituted by Administrative Ministry with representatives from the Ministry, Bureau of Public Enterprises and the Planning Commission should prepare an annual Performance Evaluation Report based on these performance indicators for each enterprise and submit it to the Planning Commission for arriving at the investment decisions and PESB for appointment, promotion, confirmation or extension of top management. (Para 5.15)

10.47 Detailed monitoring of subsidiaries and divisions should be carried out by the Holding or Apex Company. (Para 5.17)

10.48 A working Group may be set up to evolve appropriate information system based on the above performance evaluation criteria. (Para 5.17)

B.Audit: Role of the Comptroller and Auditor General

10.49 It is recommended that accounting policies and accounting standards should be evolved for public enterprises with the help of C & AG professionals in the field and BPE. Thereafter supplementary audit of C&AG may not be considered necessary for profitable, non-core enterprises. Amendment to Companies Act would be necessary for this. However, the periodicial performance audit of Public Enterprises conducted by C&AG would be continued. (Para 5.19 & 5.22)

10.50 For large companies, especially in the core sector, supplementary audit of C&AG may continue; if necessary, provision can be made only for audit by C&AG. (Para 5.23)

c. Relations with Parliament

10.51 It is submitted that

(i) Parliament questions on day-to-day operation and management of public enterprises may be avoided.

(ii) COPU can examine and probe the working of public enterprises in depth and in direct contact with the management of the public enterprises.

(iii) Debates on the Demands for Grants of the Administrative Ministries or Departments, tabling of Annual Reports, and Annual accounts of public enterprises and tabling of Public Enterprises Survey in both Houses of Parliament may be used as occasions for discussing the performance of individuals public enterprises as well as the performance of public enterprises as a whole.
(Para 5.26)

TECHNOLOGY UPGRADATION

10.52 The transfer of know-how of imported processes and designs should take into account availability of product design, product engineering and production engineering groups of high calibre. This is essential for effective transfer of 'Know- How' from a collaborator. Where monopoly producers are catering to the needs of monopoly users, the selection of technology, product size and product design by import should be decided upon jointly by them. (Para 6.1)

10.53 It is recommended that appropriate mechanism should be adopted to ensure prompt absorption and improvement of imported technology, through association of the R&D personnel from the very beginning. Adequate investment in R&D should be made in the enterprise to facilitate technology absorption and upgradation. (Para 6.2)

10.54 All major projects should include technology adaptation programmes and for this purpose the Government should consider providing part of this expenditure as grant.
(Para 6.3)

FINANCIAL VIABILITY OF LOSS MAKING UNITS

A. Capital Restructuring

10.55 It is recommended that where a company has suffered cash losses for a number of years, after excluding the interest burden, Bureau of Public Enterprises should examine such cases, suo moto, for capital restructuring.
(Para 7.3)

B. Closure

10.56 BPE should undertake special studies of the operations of public enterprises incurring cash losses which fulfil the following criteria.

(a) Units should have incurred cash losses over a continuous period of not less than five years.

(b) Value added per employee per month should be less than the average monthly emoluments per employee.

(c) Equity capital should have been wiped out by mounting deficits.

BPE would, thereafter, submit a comprehensive report to PIB which would then make suitable recommendations to the Cabinet of reviving or closure of the Unit.
(Paras 7.5 to 7.7)

10.57 Proposals for investment by loss making units should not be considered without BPE having undertaken the exercise indicated in para 10.53. (Para 7.8)

10.58 Where healthy public enterprises are willing to voluntarily take over sick public enterprises, suitable package of measures in favour of volunteering public enterprises would be considered and Government procedures for such take-overs or mergers should be simplified. (Para 7.8)

10.59 Where closure is recommended, a liberal compensation scheme for the workers should be evolved. It is recommended that a suitable fund or an insurance scheme be evolved for financing expenditure on compensation to retrenched workers. An Expert Group of representatives of the Labour Ministry, General Insurance Corporation, BPE etc. should be set up for this purpose. (Paras 7.9 & 7.12)

10.60 Where taking over, a sick private sector unit is mooted, a study similar to the one in respect of closure of sick units should be undertaken by BPE and a comprehensive report brought before PIB which may make suitable recommendations to the Government. (Para 7.11)

PRICING IN PUBLIC SECTOR

10.61 Where public enterprises are functioning under price controls, it is recommended that the periodicity of revision should be reasonable. Government's decision on the recommendations of bodies like BICP on price fixation should be taken within a reasonable time or an additional element in price should be added to allow for the delays.(Para 8.2)

10.62 It is recommended that:

(i) Price control must be retained only in areas where the nature of product justifies;

(ii) Where public enterprises operate in competition with the private sector, the former should be left free to fix prices on commercial considerations; and

(iii) In areas, where prices are uncontrolled, Government should not get involved, formally or informally, in approving or fixing prices. (Para 8.3)

10.63 It is recommended that BICP should be explicitly asked to take into account the need to provide incentives for improvement in efficiency and for replacement of equipment, while fixing prices. (Para 8.4)

10.64 It is recommended that in fixing prices of products of public enterprises operating under monopoly conditions, particularly intermediates, attention should be paid to ensure international competitiveness and reducing costs. (Para 8.5)

PRICE PREFERENCE

10.65 It is recommended that price preference to public enterprises should be phased out over a period of 4 or 5 years. If necessary, Government may give subsidies to such units. (Para 8.6)

OTHER ISSUES

Award of Contracts

10.66 It is recommended that Ministries or Departments of the Government shall not interfere in areas of decision-making which are well within the delegated powers of the public enterprises. It is recommended that public enterprises should process their cases directly through Capital Goods Committee, Foreign Investment Board. RBI,CCI & E,etc. as done by private enterprises. (Para 9.2)

Expenditure on Township and Residential Quarters

10.67 Within the framework of BPE's guidelines public sector enterprises should be free to invest on township and residential accomodation without prior approval of the Government within the limits of delegated powers subject to the constraints of the approved capital budget.(Para 9.3)

BPE Guideline

10.68 It is recommended that BPE guide-lines on norms and standards in various areas of operation may be reviewed. BPE's instructions based on recommendations of COPU accepted by the Government, decisions of the Cabinet and its committees, etc. are mandatory for all public enterprises. It is also, recommended that in the case of public enterprises, generally, economy instructions for filling up of posts, stoppage of advertisements, etc. may not be applied ipso facto. (Para 9.4)

10.69 It is recommended that a Group consisting of the representative of C&AG, professionals in the field including public enterprises and BPE should evolve accounting policies and standards for the public enterprises. (Para 9.5)

....

BHARAT HEAVY ELECTRICALS LTD.
NEW DELHI

From: Surup Singh, Addl. General Manager(P)
To: Head of Division

Bhopal/Hyderabad/Tiruchy/Hardwar/Jhansi/CED B'lore/ISG B'lore/EPD B'lore/Jagdishpur/BAP Ranipet/MHD Tiruchy/Goindwal Project Chandigarh/SM-Muzaffarpur/SM-ER Calcutta/SM-SR Madras/SM-WR Baroda/R&D Hyderabad/HERP Varanasi/CFP Rudrapur/SM-NALCO/PG-SAS/PG(Comml Mgt)/PEM/SM-NR/SM-TS/SM(HQ)/PM(HQ)/PG-Training/ROD(HQ)/Exports/HRDI/Industry Sector/Power Group(HQ)/Corporate Office.

No.AA:PER:G:18: Dated: 17th April, 1986.

Sub: BHEL Premature Retirement Scheme.

The Board of Directors in its meeting held on 31st March, 1986 approved the BHEL Premature Retirement Scheme. A copy of the Scheme is enclosed. It is requested that the Scheme may be circulated widely for the information of the employees. A monthly report of retirements made under the Scheme may please be sent to Corporate Office to reach us by the 15th of the following month.

Sd/-
(Sarup Singh)
Addl.General Manager(P)

Enclo: as above.

BHEL PREMATURE RETIREMENT SCHEME

1. Title:

The Scheme will be called "BHEL PREMATURE RETIREMENT SCHEME."

2. Objectives:

The Scheme is meant for providing terminal benefits to the employees who retire before the actual date of superannuation either voluntarily or as required/advised by the Management to so retire prematurely for being physically/medically unfit to continue in the service of the Company due to their incapacitation as certified by the Company's Chief Medical Officer/Medical Board constituted for the purpose by the Head of the Division; or to off load surplus manpower or for other reasons to be communicated in writing to the employee concerned.

3. Coverage:

It will cover all regular employees except:-

a) Re-employed pensioners of the Defence Services and Civil Pensioners on the rolls of the Company, other than those absorbed in the Company in public interest.

b) Employees appointed on contract basis for a specific period.

c) Govt. servants and other employed on deputations terms.

d) Employees on deputation to other organisations in India or abroad who opt for permanent absorption in those organisations.

e) Employees whose services are permanently transferred in Public interest to Central/State Governments/autonomous bodies/Public Undertakings.

4. Eligibility:

The Scheme will apply to an employee after he has crossed the age of 50 years provided he has served the Company for a minimum period of 15 years. In the case of Government servants who have opted for absorption in the Company, the period of service will count from the date of joining the Company.

The restrictions regarding age and service period, as mentioned above, will not apply in case of employees found medically unfit to continue in service and those who are declared surplus.

5. General Conditions:

(a) The discretion to accept or to reject the request for pre-mature retirement without assigning any reason will rest entirely with the Management in cases where it is sought for before attaining the age of 55 years.

(b) Requests for pre-mature retirement will not be accepted in the following cases:-

i) Where disciplinary proceedings are pending or are contemplated against the employee concerned for imposition of major penalty and the disciplinary authority, having regard to the circumstances of the case is of the view that imposition of penalty of removal or dismissal from service would be warranted.

ii) Where prosecution in criminal courts is contemplated/or may have been launched in a Court of Law.

iii) Employees who resign their appointments on their own volition.

(c)An employee seeking pre-mature retirement or retired prematurely under this Scheme will not be eligible for re-employment in the Company.

6. Procedure:

An employee who wishes to retire pre-maturely under this Scheme may submit an application in the prescribed form to the Head of the Unit through proper channel. A minimum of one month notice is necessary in cases of such requests.

In the case of employees who are declared medically unfit for service, bio-data with the necessary medical report will form the record for this purpose.

7. Competent Authority:

The competent authority to accept the retirement under this Scheme is the Executive Director/GGM/GM of the Unit in respect of the non-executives and the Director (Personnel) in respect of the Executives in concurrence with the respective functional Director.

8. Benefits Admissible.

In addition to other terminal benefits available to the employees retiring on superannuation like C.P.F., Gratuity, full encashment of leave etc., he will also be paid a lumpsum one time payment equivalent to 50% of salary which he may be getting on the day immediately preceding the date of his retirement for his notional balance service upto normal superannuation or for five years,whichever is less. Salary for this purpose means pay plus Dearness allowance. Lumpsum payment may be made in one instalment or in annual instalments, not exceeding three if the employee so desires. The lump sum payment will be reduced by the amount of pay received, if any, by the employee under the Workmen's Compensation Act or under similar provisions made applicable to those who are not covered under the Workmen Compensation Act consequent upon pre-mature retirement.

NOTE: (1) Benefits which accrue to an employee under statutory provisions/acts/laws on the date of pre-mature retirement shall not be abridged by this Scheme save as provided in Clause (8) above.

(2) Payment under this Scheme is subject to the employee's vacating Company's quarter and payment of all outstanding dues.

(3) Income Tax liability will be met by the employee himself.

9. Effective date of Scheme

The above Scheme is introduced on an experimental basis and shall come into force from the date of issue of orders. The Scheme is liable to be withdrawn at the discretion of the Company without any notice and assigning any reason therefor. Likewise the Company reserves to itself the right to alter and/or amend the above conditions of the Scheme.

10. Interpretation:

In the event of any doubt in the interpretation of any provision of this Scheme, the matter shall be referred to the Corporate Office for a clarification/decision.

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SAIL Adopts Three Models to Revise Wage Negotiation Strategy.

SAIL will completely revise its strategy while negotiating a new wage agreement with the trade unions.

In an internal paper summing up the management priorities for the year, SAIL has decided to fix three broad principles for negotiating the new agreement. The three different models will in one way or the other link the question of wage increase with the productivity levels achieved and also the cost per tonne of steel.

The first model will take into account the employment cost per tonne of steel, the second model will link the question of wage increase to production, quality, inventory and manpower control and the third model will be a contribution-based scheme linked to production of saleable steel, hot metal and a combination of both.

At present the SAIL management has not decided whether one or a mix of the three models will be chosen as the basis for discussions with the unions. This will be finalised through internal consultations.

Apart from this, in the current year, the management will also stress on the implementation of non-executive promotion policy. SAIL has framed guidelines where the scales of these employees have been clubbed into clusters. In addition, a new scale called N-10 scale has been introduced. This has been done essentially to preserve the skills of employees.

Under this scale, only such workers who have the necessary supervisory/managerial abilities would be promoted to the executive ranks after undergoing a training programme. For the other employees, the prospects of growth would be assured by the new method of clubbing scales into clusters. For instance, a number of other skilled employees would be able to move into a new cluster group of technician/master craftman.

Another major priority for SAIL would be to implement a new appraisal system for executives. Here work would be assessed through targets set earlier. Also performance revive discussion and a discipline rating would be established for the executives.

At present, SAIL is setting up workshops at the plant level to explain the process of target setting and later a few more workshops would be planned to develop the skills of review and discussions.

The incentive scheme will also come in for revision during the current year, while the existing schemes would continue, these would be linked to quality and techno-economic parameters. Overtime and absenteeism would be built in into the incentive scheme.

For instance, at present Bhilai and Salem units provide payment for higher levels of operation while containing a penal clause for absenteeism. In principle, the SAIL management has also decided that the potential of the incentive scheme should be around 35 to 40 per cent of the total wage.

(from AIOE Labour News, June 1985)

According to the latest Report Published by BPE in SAIL Manpower Cost as % of cost of production was 12.0 in 1982-83, 15.0 in 1983-84 and 13.4 in 84-85. Value added per man month for the corresponding years were Rs. 2065, Rs. 2414 and Rs. 4073.

CONCESSIONS GALORE TO MONOPOLIES AND TNCs

It is indeed difficult to keep pace with the rapid flow of concessions being extended to industry and trade on various counts.

Since the last budget the flow has in fact been accelerated with new concessions either in the name of export promotion or economy of scale, competitiveness etc. extended to different industries.

The Economic Survey, 1985-86, issued by the Ministry of Finance has listed since the earlier budget for 1985-86, the changes brought about in the industrial policy in favour of monopolies, various concessions, reliefs given.

These are indicated below:

1. In March 1985, the Government announced the delicensing of 25 broad categories of industries.

2. In June 1985, delicensing was extended to 82 bulk drugs and related drug formulations.

3. In December 1985, delicensing was extended to MRTP and FERA companies for 22 out of the 27 industries exempted from sections 21 and 22 of the MRTP Act in May, 1985 provided that such undertakings were located in a Centrally-declared backward area.

4. For many of the industries within the ambit of industrial licensing, the facility of "Broad-banding" was accorded. "Broad-banding" was extended in stages and by the end of January 1986 covered some 28 industry groups.

The Survey says:

"As regards broad-banding, some 17 MRTP companies had availed of this facility by the end of December 1985, mostly in the automobile sector."

5. Towards the end of 1985, the government announced a scheme of capacity reendorsement under which the reendorsement facility would be available to all licensed units which had achieved 80 percent of their licensed capacity during any of the previous five years preceding 31st March, 1985.

6. Furthermore, in cases where, even after capacity increases through the re-endorsement facility, units are left at uneconomic scales of operation, the capacity will be expanded on automatic basis.

7. The Government announced in December 1985, a simplified procedure to accelerate modernisation and replacement in industry, for cases where modernisation/replacement or renovation results in increase in capacity upto 49 per-cent of the licensed capacity. The locational constraints would not apply in these cases.

8. The assets threshold of MRTP companies was raised in March 1985 from Rs. 20 crores to Rs. 100 crores.

9. In May 1985, the Government issued a notification exempting MRTP companies in 27 industries from Sections 21 and 22 of the Act which permitted MRTP companies to directly seek a licence under the Industrial (Development and Regulation) Act.

10. At the end of December 1985, the Government notified a revised and expanded list of Appendix-I industries. The new list specifies 30 broad groups of industries in which MRTP and FERA companies are permitted to set up capacities, provided the concerned items of manufacture are not specifically reserved for the small-scale or public sectors.

11. In the name of industrialisation of backward areas, the conditions permitting the MRTP and FERA companies to establish non-Appendix I industries in backward districts has been liberalised.

The export obligations have now been reduced to 25 percent for categories B and Zero for category A.

12. "The Government has also taken steps to ease exit of unviable units......."

13. In June 1985, the Government announced the new Textile Policy.

14. As a follow-up to the new textile policy, licensing policies for synthetic yarns and fibres have been liberalised.

15. In the case of Sugar, the levy proportion for sugar produced by mills was reduced from 65 to 55 percent.

16. "An extremely liberalised policy frame work has been created for the electronic industry". Except for some consumer electronics, the industry, by and large, is not subject to upper limits on capacity.

17. The Long Term Fiscal Policy presented to Parliament on December 19, 1985 gives more concessions and assures no increase in direct taxes during the next five years.

In the budget for 1986-87 and thereafter new concessions and tax reliefs have been given to Big Business. Even the tax on inter coprorate dividend was also withdrawn.

Some of the recent measures in favour of industry and trade are indicated below. The list is not, however, exhaustive, but will demonstrate the wind of changes and its direction.

Licence Procedure Further Simplified

The Government has further simplified procedures for obtaining an industrial licence under section 22 of the MRTP Act for undertakings covered under the broadbanding schemes.

It has been decided to dispense with the requirement of publishing a general notice for proposals submitted under the broadbanding schemes. Also the requirement of making a separate application under section 22 of the MRTP Act has been waived.

This is to allow undertakings falling under the MRTP Act to avail of the facilities under the broad-banding scheme.

65 Industries allowed to expand

The Government on May 28 announced that 65 industries including synthetic fibres, chemicals, drugs and engineering goods can enhance production capacities to achieve economies of scale.

The minimum operational capacities to achieve economies of scale have been laid down for these items by the industry ministry. The list of industries will be further expanded.

Rs. 100 Crore Relief Package

The Finance Minister announced a series of post-budget concessions to trade and industry which would mean a revenue sacrifice of Rs. 100 crores in a full year.

Of the Rs. 100 crore worth of revenue sacrifice, a chunk of Rs. 60 crores is accounted for by concessions in the field of electronics, where the customs duties have been reduced drastically.

Rs. 750 crore for Textile Modernisation Fund

A sum of Rs. 750 crores textile modernisation fund for the next five years should meet modernisation requirements. Almost 75 percent of the Fund would be used to help weak units. The remaining funds would be extended for modernisation assistance for healthy units on the usual terms applicable as was done by IDBI.

Deemed Export Facility Extended

The Government on June 24 decided to accord the facility of deemed exports to all the indigenous manufacturers supplying their goods against global tenders. The deemed exports, however, will be to the extent of the indigenous content of the supplies, according to an official press release.

More Cash Compensatory Scheme

With effect from July 1, 1986, the Cash compensatory Scheme (CCS) has been extended to 30 new items covering different product Groups, having export potential. Barring cotton textiles items for which new rates would be applicable till December 31, 1988, CCS on all other items in different sectors would be valid upto March 31, 1989.

The new rates which will now number seven in place of existing 17 rates, would range from 5 percent to 20 percent of the f.o.b value.

The export products in the new regime were categorised into eight major product groups for administrative convenience and simplification of procedure.

These, with the average CCS rate in brackets, were: engineering goods (13.6 percent), Chemicals and allied products (11.02 percent), Plastic goods (7.07 percent), agricultural products and processed food items (6.22 percent), leather goods (10.68 percent), sports goods (12.92 percent), textiles (11.49 percent), and handicrafts and carpets (12.74 percent).

Licensing Policy to be further Liberalised

The Union Government had decided to liberalise the industrial licensing policy further by bringing an additional number of industries within the fold of what is described as "minimum operational capacities."

The Government had only recently announced a list of 65 industries covering such sectors as synthetic fibres, chemicals, drugs steel and engineering industry in general where minimum capacities in respect of each sector were laid down.

Under this liberalised policy the government has merely reversed the concept of licensed capacities where it has now stipulated minimum capacities of licensing. Under the conventional system, what is stipulated is the maximum capacities.

Another Package of Concessions

The Finance Minister announced on 20 June 1986 yet another package of excise and customs duty concessions.

Simultaneously, he announced a new rationalised duty drawback system which enhanced the rates for a number of export items, while adding new items to the draw back list.

The duty concessions will entail loss of revenue of about Rs. 30 crores. The rationalised drawback system will cost the exchequer nearly Rs. 40 crores.

This was the second set of reliefs announced since June 11 when the Government came out with concessions amounting to Rs.100 crores.

Export Subsidy

50 percent subsidy would be provided on expenditure incurred submitting tenders for overseas projects of approved items. It has also been decided to give 10 percent project assistance on consultancy exports and graded financial assistance spanning five years for setting

The financial assistance for opening consultance offices abroad would be to the tune of 60 percent during the first two years. It would be gradually brought down to 25 percent in the fifth year after which no assistance would be available.

Mr. Shiv Shankar gave the export-import figures for the April-December period last year (1985) as Rs. 7655.57 crores and Rs. 13,866.57 crores respectively.

Compared to the corresponding period in 1984, exports declined by six percent while imports increased by 18 percent. Thus the trade gap virtually doubled to Rs. 6,211 crores.

The growth rate of exports is exp~~e~~cted to be around 10-11 percent in 1986-87 compared to the growth of 13.2 percent during the Sixth Plan period.

Synthetic Fibre and Synthetic yarn Industries Broadbanded

The Government has broadbanded the synthetic fibre and synthetic filament yarn industries to enable units belonging to one to produce the other and vice-versa without going through the formality of obtaining the relevant licence.

The Government had recently announced schemes of broadbanding for a number of industries. In effect, this means that now units producing polyster filament yarn with an industrial licence for the same can go into the production of synthetic fibre without the necessity of obtaining the licence for the latter and vice-versa.

CCS on Textiles Increased

Cash compensatory support has been increased for a number of items in order to promote the exports of textiles, including jute goods, from July 1.

For the first time, CCS at the rate of five percent of the f.o.b. value was fixed in the case of cotton yarn.

A cash assistance of 8 percent was granted, after a gap of some years in the case of cotton readymade garments. CCS for hessian was raised to 10 percent from 8 percent. For jute soil savers, it was doubled to 12 percent.

Broad Banding Extended

The Government has decided to extend the broad banding scheme to the electrical cables and wires industry. Manufacturers will be allowed flexibility for purposes of licensing to produce the following items: electrical cables, wires, conductors, strips of all types connected with telecommunications.

NUMBER OF FOREIGN COLLABORATIONS APPROVED.

Year		Number
1970	-	183
1981	-	389
1982	-	590
1983	-	673
1984	-	752
1985	-	[illegible]

[illegible]

INCREASING FOREIGN COLLABORATION - IMPACT OF LIBERALISATION POLICY

* * * * *

The number of foreign collaborations by Indian Companies during 1985 rose sharply to 1024 against 752 in 1984, according to the figures released by the Indian Investment Centre in Delhi.

The USA has the largest number of collaborations having a total of 197, followed by the FRG at 180, the UK at 147 and Japan at 108.

In contrast the number of Indian Companies' collaboration with the USSR was only four in 1985.

Industry-wise break up shows that the highest number was in electrical equipment at 205 followed by industrial machinery at 152 and transportation at 101.

Whereas foreign collaboration in telecommunications was only three in 1984, it rose to 36 in 1985 reflecting the impact of the policy of liberalisation.

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The Economy as Reviewed by the NCAER.

The NCAER in its review of the Indian economy for January-March 1986 observed the following:

1. The foreign exchange reserves declined by Rs. 204 crores during 1985-86 upto March 21, 1986 as against a rise of Rs. 1,319 crores during 1984-85.

The level of foreign exchange reserves at the end of 1985-86 equals "just four to five months' imports in terms of value or at best one year's trade deficit".

2. During 1985-86," .... the country should be prepared for a trade deficit above Rs. 7,500 crore". It said that this deterioration is as much the result of a marked rise in imports, despite the decline in world prices of crude oil, as the inadequate rise in non-oil exports.

3. The review said that inspite of the below-target growth in agriculture as well as in industry, the economy managed an over 4 per cent growth in 1985-86.

4. The size of deficit budgeted for 1985-86 was the highest ever and the revised deficit turned out to be 25 per cent higher than the size anticipated.

5. The growth in industrial output continued to be much below the 8.3 percent target for 1985-86.

During the 11 months period between April 1985 and February 1986, the average index of industrial production was 6 per cent higher than in the corresponding period of 1984-85. This was lower than 7.4 percent growth in industrial output recorded in April-February 1984-85.

.....

LABOUR COST AS % OF VALUE OF PRODUCTION

Industries	1980-81	1981-82	1982-83	1983-84
Tea	-	36.9	35.5	25.2
Sugar	9.3	8.7	7.9	8.7
Tobacco	16.4	17.3	16.4	16.7
Cotton Textiles	19.2	16.3	15.1	15.9
Silk & Rayon	13.5	15.1	15.8	14.1
Aluminium	9.6	9.2	9.1	11.0
Engineering	12.8	12.4	13.4	14.2
Chemicals	9.0	9.5	10.0	10.3
Cement	15.4	14.6	12.2	13.0
Rubber & R. Products	9.5	8.1	7.7	8.6
Paper & Paper Products	14.5	13.0	13.1	12.8
Electricity Generation	7.9	4.7	5.5	5.3
Trading	-	4.9	5.5	6.0
Shipping	10.5	11.2	12.1	13.9
Total (incl. others)	12.8	12.5	12.7	13.2

The study of THE ECONOMIC TIMES (July 3, 1985) is based on the cost structure of large public limited companies in the private sector.

LABOUR CONTENT IN COST OF PRODUCTION IN SOME OF THE COMMODITY GROUPS IN PUBLIC SECTOR

Sl. No.	Enterprise Group	No.of Employees	Labour content: % of Cost of Production
1.	Steel	250314	14.77
2.	Minerals & Metals	111207	19.77
3.	Coal	640858	47.50
4.	Power	17739	5.61
5.	Petroleum	101039	1.18
6.	Chemicals & Pharmaceuticals	830806	7.00
7.	Heavy Engineering	146036	18.16
8.	Medium & Light Engineering	115591	24.32
9.	Transport Equipment	109142	15.71
10.	Consumer Goods	58705	12.75
11.	Agro-based Enterprises	17266	27.67
12.	Textiles	176920	28.7

LOCKOUTS, CLOSURES, LAY-OFF AND RETRENCHMENT

LOSS OF MANDAYS DUE TO LOCKOUTS AS COMPARED TO STRIKES

(b) NUMBER OF MANDAYS LOST (IN MILLION).

Year	Strikes	Lockouts	Total
1980	12.02	9.91	21.95
1981	21.21	15.38	36.58
1982*	10.71	22.50	33.21
1983* (P)	11.54	21.94	33.48
1984 (P)	39.56	15.57	55.13
1985 (P) (Jan-July)	4.47	9.53	14.00

(P) = Provisional

* = The mandays lost due to Bombay textile strike which is not included in the total is estimated at 41.40 million and 13.38 million, respectively, during 1982 and 1983.

Over the years, strikes have generally accounted for a larger share of mandays lost compared to lockouts. However, in the year 1982 as well as 1983, mandays lost due to lockouts, being 68% and 66% respectively of the total, was more than that of strikes. During 1984, there is a reversal of this trend, lockouts accounting for 28% of total mandays lost.

PERCENTAGE DISTRIBUTION OF MANDAYS LOST DUE TO STRIKES AND LOCKOUTS

(1980-85)

Year	Strikes	Lockouts	Total
1980	54.8	45.2	100.0
1981	57.9	42.1	100.0
1982	32.2	67.8	100.0
1983 (P)	34.5	65.5	100.0
1984 (P)	71.8	28.2	100.0
1985 (P) (Jan-July)	31.9	68.1	100.0

(P) = Provisional

ANALYSIS OF MANDAYS LOST BY SECTORS/SPHERES

Analysis of mandays lost by sectors (Public & Private) and Spheres (Central and State) shows that the private sector accounted for more than 76% of the total manday losses and industrial establishments in the State Sphere accounted for nearly 82% of the total mandays lost.

NUMBER OF CLOSURES AND WORKERS AFFECTED (1980-85) FOR REASONS OTHER THAN INDUSTRIAL DISPUTES

Year	Units	Workers affected
1980 (P)	338	18,052
1981 (P)	349	37,377
1982 (P)	286	26,602
1983 (P)	226	43,234
1984 (P)	188	71,937
1985 (P)	37	1,907

(P) = Provisional

Note : Excluding off-season closures.

NUMBER OF UNITS RESORTING TO RETRENCHMENT WORKERS RETRENCHED (1980-85).

Year	Units	Workers retrenched
1980 (P)	724	15,341
1981 (P)	726	17,320
1982 (P)	758	15,922
1983 (P)	689	20,381
1984 (P)	495	10,022
1985 (P) (Jan-July)	181	3,322
		82,308

Gujarat, Maharashtra, Haryana, Orissa and Tamilnadu accounted for 86% of units resorting to retrenchment and 77% of workers retrenched during 1985.

NUMBER OF UNITS AND WORKERS LAID-OFF (1980-85).

Year	No. of Units	No. of Workers affected
1980 (P)	1,610	304,090
1981 (P)	1,323	311,308
1982 (P)	1,521	306,400
1983 (P)	1,304	244,247
1984 (P)	847	148,564
1985 (P) (Jan-July)	346	57,295

(P) = Provisional

Haryana, Tamil Nadu, Maharashtra, Andhra Pradesh, Punjab, Gujarat, MP, UP and Rajasthan together accounted for 84% units resorting to lay off and 83% of workers laid off during 1985 (January-July).

REGISTERED UNEMPLOYED AND PLACEMENTS

(In thousands)

Year	Placements	Percentage of placements to registrations.	Vacancies Notified.	Percentage of placements to vacancies notified.	Live Register.	percentage increase in Live Register over the previous year.
1	2	3	4	5	6	7
1975	404.1	7.4	681.6	59.3	9326.3	10.6
1976	496.8	8.8	845.6	58.8	9784.3	4.9
1977	461.6	8.7	803.4	57.5	10924.0	11.6
1978	460.6	7.5	830.7	55.5	12677.8	16.1
1979	466.3	7.6	878.7	53.1	14333.9	13.1
1980	477.7	7.8	837.7	57.0	16200.3	13.0
1981	504.1	8.0	896.8	56.2	17838.1	10.1
1982	473.4	8.1	819.9	57.7	19753.0	10.7
1983	485.9	7.2	826.0	58.8	21953.3	11.1
1984	407.3	6.5	707.8	57.5	23546.8	7.3
1985 (Up to Nov.)	349.0	6.5	622.0	56.1	26134.0	10.9
1986 (January) March 86	--	--	---	--	26538.0 27034.0	--

UNEMPLOYED GRADUATES AND POST-GRADUATES.

The Rajya Sabha was informed that the number of Graduates and Post Graduates on the live register of Employment Exchanges for the period ended 1982 - 1985 (June) is as under:-

As at the end of		Number on Live Register: Graduates		Post-Graduates
1982	-	15,99,294	-	1,70,156
1983	-	17,67,343	-	2,00,698
1984	-	19,39,256	-	2,19,907
1985 (June)	-	20,31,721	-	2,44,705

(Rajya Sabha Reply, February 1986)

NUMBER OF JOBSEEKERS CONTINUE TO SWELL

The number of registered jobseekers which was 1.56 million at the end of the Second Five Year Plan, rose to 23.91 million at the end of the Sixth Plan. By December 1985, the jobseekers' number has further gone up to 26.26 million which included 21.82 million men and 4.44 million women.

Of these jobseekers, 13.26 million were educated (above matric) and 11.24 million uneducated (below matric and illiterates).

	No. of Jobseekers
At the end of Second plan	1.56 million
At the end of Third Plan	2.47 ,,
At the end of Fourth Plan	8.15 ,,
At the end of Fifth Plan	13.41 ,,
At the end of Sixth Plan	23.91 ,,
January 1986	26.54 ,,

INDUSTRIAL "SICKNESS"

1. No. of Sick Units

as at the end of	No. Large	No. Small	No. All
Dec., 1979	378	20,975	22,366
Dec., 1980	409	23,149	24,550
Dec., 1981	422	25,342	26,758
Dec., 1982	450	58,534	60,147
Dec., 1983	491	78,363	80,110
Dec., 1984	545	91,450	93,282

II. Outstanding amounts

(Rs. Crores)

Dec. 1979	1,158	262	1,623
Dec. 1980	1,324	306	1,809
Dec. 1981	1,479	359	2,026
Dec. 1982	1,804	567	2,578
Dec. 1983	2,041	729	3,101
Dec. 1984	2,339		3,638

ALL-INDIA AVERAGE

CONSUMER PRICE INDEX

for

INDUSTRIAL WORKERS

(Base: 1960_100)

Months	1985	1986
January	588	629
February	585	633
March	586	638
April	594	643
May	600	651
June	600	
July	615	
August	618	
September	619	
October	625	
November	630	
December	630	

ANNUAL AVERAGE FOR

1984 - 576

1985 - 607

SALIENT FEATURES OF THE FOURTH PAY COMMISSION REPORT

The Fourth Central Pay Commission was set up vide resolution dated 29 July, 1983 with the following members--

1. Shri Justice P. N. Shinghal - Chairman
2. Prof M. V. Mathur - Member
3. Dr Gopal Das Nag - Member
4. Mr J. P. Kacker - Member
5. Mr A. K. Majumdar - Member - Secretary

The Commission came into existence on 1 September 1983. It started functioning effectively from the beginning of April, 1984 on being located at Vigyan Bhavan Annexe and with the necessary complement of staff. Two of the distinguished members of the Commission, Dr Gopal Das Nag and Mr J.P. Kacker passed away towards the closing stage of the Commission's work.

The Commission was required to examine the structure of emoluments etc. of all Central Government employees, including those of Union Territories, officers belonging to All India Services and Armed Forces Personnel. The terms of reference of the Commission were amended twice-first in February 1985 to provide for report on interim relief and then in November, 1985 bringing the entire pension structure for pensioners-past and future-within the Commission purview.

The Commission has finalised the first part of its report dealing with the pay structure and emoluments of government employees in accordance with the terms of reference in a period of about 27 months. Part two of the report dealing with the pension structure for past and future pensioners and other retirement benefits is under consideration of the Commission.

The Commission received about 8500 memoranda of which more than 2000 were from unions and associations of government employees.

The Commission had discussions with Chief Ministers and Ministers of the State Governments, officers of the Central and State Governments, public sector undertakings, and prominent persons as also with representatives of more than 300 associations of government employees. These discussions took about 140 working days.

The basic data relating to pay scales, number of posts, etc was not available and the Commission conducted a special survey covering about four million civilian government employees to collect information regarding their pay scales and designation, etc. Collection and processing of this voluminous data with the assistance of National Informatic Centre took about 15 months.

The Commission had earlier given a report on interim relief in March 1985 giving the benefit of about Rs. 327 crore to government employees which provided an increase of about 10 per cent of the basic pay to every employee.

The number of government employees, including armed forces personnel, covered by the recommendations of the Commission is about 52 lakh.

There were 153 scales of pay for civilian employees at the time of setting up of the Commission. The number of pay scales has now been reduced to 36, which is a reduction of about 76 per cent.

Pay Scales

The 36 scales of pay recommended by the Commission for the civilian employees are (in Rs):

1) 750-940 2) 775-1025.
3) 800-1150 4) 825-1200.
5) 950-1400 6) 950-1500.
7) 975-1540 8) 975-1660.
9) 1150-1500 10) 1200-1800.
11) 1200-2040 12) 1320-2040.
13) 1350-2200 14) 1400-2300.
15) 1400-2600 16) 1600-2660.
17) 1640-2900 18) 2000-3200.
19) 2000-2120 20) 2000-3500.
21) 2375-3500 22) 2200-4000.
23) 3000-4500 24) 3000-5000.
25) 3700-5000 26) 4100-5300.
27) 4500-5700 28) 5100-5700.
29) 5900-6700 30) 5100-6700.
31) 5900-7300 32) 7300 (fixed).
33) 7300-8000 34) 7500 (fixed).
35) 8000 (fixed) 36) 9000 (fixed).

Illustrations

The scales of pay for some categories of employees in the proposed pay structure are given by way of illustration.

1) Peon, sweeper, chowkidar, mali, khalasi, messenger -- Rs. 750-940.
2) Postman, Lineman in P&T, Police Constable--Rs. -- 825-1200.
3) Lower Division Clerk, Ticket Collector, Staff Car Driver--Rs. 950-1500.
4) Commercial Clerks in Railways--Rs.975-1660.
5) Postal Assistant, Telephone Operator in Telecommunications--Rs. 975-1540.
6) Upper Division Clerk, Travelling Ticket Examiner in Railways--Rs. 1200-2040.
7) Assistants and Stenographers in Secretariat --Rs. 1400-2600.

8) Inspectors in Income Tax, Excise & Customs, and Police--Rs. 1640-2900.

9) SectionOfficers in Secretariat, Asstt. Engineer, Dy Superintendent of Police--Rs. 2000-3500.

10) Junior Time Scale in Group 'A' Services--Rs. 2200-4000.

11) Junior Administrative Grade, Deputy Secretary in Secretariat--Rs. 3700-5000.

12) Director in Secretariat, DIG, Conservator of Forests --Rs. 4500-5700.

13) Scientist Grade 'G'--Rs. 5100-6700.

14) Joint Secretary in Secretariat, Senior Administrative Grade in group 'A' Services, IG Police--Rs.5900-6700.

15) Additional Secretary in secretariat--Rs. 7300 (fixed)

16) General Manager in Railways, Member in P&T Boards, Member in CBEC and CBDT--Rs. 7300-8000.

17) Secretary to the Government of India, Chief Secretary, DGHS, DG (Works), Member Railway Board--Rs. 8000 (fixed).

18) Cabinet Secretary, Chairman Atomic Energy Commission --Rs. 9000 (fixed).

The lowest-basic pay recommended for Central Government employees is Rs 750 p.m. and the highest pay recommended is Rs. 9000 p.m. The pay of Rs. 9000 p.m. is for the Cabinet Secretary, the three Service chiefs, and Chairman of Atomic Energy Commission. The ratio between the lowest pay (Rs 750) and the highest pay (Rs 9000) will be 1:12 (pre-tax). The ratio after necessary tax deductions will come to 1:9.15.

Stagnation Increments

The new pay scales have been generally elongated at different levels to ensure annual increments to the employees for a longer period.

(a) The scale for Peons, Khalasis, which was of 13 years span has now been elongated to 20 years.

(b) The existing 21 years' scale for LDC has been elongated to a span of 25 years.

Higher level posts in organised services have been suggested to improve the promotion prospects.

Grant of stagnation increments subject to a maximum of three increments has been recommended for all Central Government employees up to senior time scale level.

Some of the posts which have been upgraded are postman and mail guard in Department of Posts and linesman and wireman in Department of Telecommunications. This will benefit more than one lakh employees.

More than 5000 posts of gangman in the Railways have also been upgraded.

...

Improved pay scales have been recommended for more than a lakh of employees in the running staff of the Railways.

Staff car drivers in Central Government are proposed to be brought on uniform pay scale.

Improved pay scales recommended for inspectors of Custom and Central Excise.

Improved pay scale recommended for pioneers in Border Road Organisation and sepoys in Customs & Central Excise Department.

Cent Percent Neutralisation.

Posts in Central police organisations and for police in Union Territories have been upgraded. Allowances for these employees have also been enhanced and procedure simplified. Deduction from pay for free rations is to be discontinued.

Amount of non-practising allowance for medical officers has been enhanced.

The scheme for compensation against price rise has been rationalised and extended to all Government employees on a graded basis. Cent per cent neutralisation for employees with revised basic pay up to Rs. 3500 p.m., 75 per cent neutralisation for those getting pay up to Rs.6000 and 65 per cent neutralisation for those getting pay above Rs. 6000 p.m. The scheme of compensation against price has been simplified providing for twice-a-year payment based on percentage increase in index average over the level of 608 to which the new pay structure is related.

Quantum of house rent allowance for all categories of employees has been raised substantially and procedure for payment of house rent allowance has been simplified. Fixed rates of HRA have been suggested for employees in different pay ranges, with amount payable ranging from Rs 150 to Rs 1000 p.m. for A, B-1 and B-2 class cities. Extension of HRA at lower rates is also suggested for employees in all other places including unclassified cities.

The scheme of special compensatory allowances for service in difficult, remote and bad climate areas has been rationalised and the rates of allowance have been improved substantially.

The rates of city compensatory allowance have been rationalised.

For employees covered by medical allowance has been recommended at a flat rate of Rs 25 p.m. in lieu of reimbursement for out-door treatment.

Income limit has been raised to Rs 500 p.m. for determining dependency.

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In lieu of different types of interest - bearing and other advances, a general purpose interest - free advance, equal to half-a-month's basic pay is recommended once in a year for all Government employees.

Other advances like loans for house building, purchase of motor car to continue.

Leave Accumulation

Leave accumulation limit is proposed to be increased to 240 days, which will also be applicable for encashment at the time of retirement.

Coverage of schemes for educational assistance has been extended to all employees and its payment has been rationalised.

Reimbursement of tuition fee at a flat rate of Rs 20 p.m. per child for Class X and below and Rs 25 p.m. per child for class XI and XII has been recommended.

In respect of physically handicapped/mentally retarded child, the rate of allowance recommended is Rs 50 p.m.

Similarly, for hostel subsidy, the existing rate of Rs 60 p.m. per child has been raised to Rs 150 p.m.

The subsidy for purchase of books has been raised to Rs 120 per child for secondary and higher secondary and Rs 50 p.m. per child for other classes.

Benefit of the rationalised educational allowance scheme is recommended to be restricted to only two children in consonance with national objective of small family.

The period of payment of daily allowance at full rates for employees on duties away from their headquarters has been extended to 180 days, and rates of daily allowance have also been improved and simplified.

In respect of women employees, relaxation of age limit up to 35 years is recommended for employment in Government in case of widows, divorcees and legally separated women.

Overtime Opposed

Industrial and non-industrial employees of Central Government have been brought on par in the matter of leave.

No change either in the age of superannuation or period of service for voluntary retirement has been proposed.

The Commission has not favoured the present scheme of overtime allowance. Improved work culture among the employees and extended working hours, particularly for office staff, has been recommended.

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Introduction of office machines and modern techniques for better administrative efficiency recommended.

Regular training for employees at all levels suggested to improve performance and efficiency.

For commissioned officers including those in specialised cadres, like AMC/ADC/RVC, an integrated scale of pay (Rs 2300-5000) covering officers up to the rank of Brigadier is recommended. This will enable the officer to continue to draw increments up to the 28th year of service and thus provide considerable motivation even to those who are not promoted due to cadre 'constraints'.

A rank pay in addition has been recommended ranging from Rs 200 to Rs 1200 p.m., for officers up to the rank of Brigadier.

Starting salary for infantry solider in armed forces improved substantially by raising it to Rs. 900 p.m.

Facility of free ration extended to major general and above.

Various allowances and facilities for armed forces rationalised and improved.

The rates of CILC have been rationalised and amounts improved substantially.

The Commission has recommended an addition of 20 per cent of basic pay subject to a minimum of Rs 50 for fixing of pay in the proposed scales of pay. This is a more liberal formula for fixation of pay than in the past.

The recommendations regarding the pay scales are to be given effect from the beginning of the current financial year.

RECRUITMENT BAN ORDER RELAXED

Ministry of Finance
O.M.No.F7(1)-E(Coord)/86 dated 20.5.86

The undersigned is directed to refer to this Ministry's communications cited in the margin (O.M.No.7(1)-E(Coord)/84 dated 3-1-84, 13-1-84, 31-1-84, 20.6.84, 31-7-84, 12-9-84 and No.7(4)-E(Coord)/85 dated 2.4.85) on the subject mentioned above.

2. Representations have been received from various Staff Associations requesting for lifting of the ban orders. Similar requests have also been received from various Ministries/Departments. The question regarding continuance or otherwise of the ban orders on creation/filling up of posts has been considered and it has been decided that the existing guidelines may be modified to the extent indicated below:-

(I) Vacancies both Plan and non-Plan arising due to promotion, retirement or death may be filled up. It may, however, be done after the posts which have been found to be surplus, as a result of the review by the Cabinet Secretary's Committee, have been abolished.

(II) While creating any new assets such as purchase of vehicles, establishment of new organisations, etc. staff required for running such assets should also be provided. The number of posts that can be made available by re-deployment from existing strength should be taken into account in deciding on the staff requirement.

(III) As regards creation of posts under Plan schemes, the staff component should be considered as a part of the entire Plan scheme at the formulation stage. While approving a Plan scheme by the Ministries/Departments under the delegated powers by EFC/PIB, no piecemeal decision should be taken in respect of approval of the scheme alone leaving aside the staff component. In other words, whenever a scheme is approved, the necessary staff for execution of such schemes may also be provided for. However, while taking such a decision, a condition should be imposed that the precise timing of filling up of such posts should be indicated with reference to the various phases of completion of the project or scheme.

3. There is no modification in the existing guidelines, subject to (II) above, regarding creation of non-Plan posts. Such proposals for creation of non-Plan posts will continue to be considered at the level of the Finance Minister/Cabinet.

4. The Ministry of Home Affairs etc. are requested to issue suitable instructions to all Departments, attached offices, and subordinate offices under them and all Union Territories Administrations to bring to their notice the modifications mentioned above. The Ministries concerned may also inform the autonomous organisations under them regarding the above mentioned modifications.

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GOVERNMENT CIRCULAR ON GRATUITY CALCULATION

No.S-70024/12/84-SS.IV
Government of India/Bharat Sarkar
Ministry of Labour/Shram Mantralaya

New Delhi,
dated the 30 May. 1985.

To

All the State Governments/Union Territory Administrations.

Subject: The Payment of Gratuity Act, 1972-Calculation of the amount of gratuity payable under the Act.

* * * * * * *

Sir,

I am directed to say that the Supreme Court had in its judgement in the case of M/s. Digvijay Woollen Mills Limited vs Mahindra Prataprai Buch and others held that for the purpose of sub-section (2) of section 4 of the Payment of Gratuity Act, the amount of gratuity in respect of monthly rated employees has to be calculated by dividing the monthly wages by 26 and multiplying by 15. The Supreme Court has also held in the case of Jeewan Lal Limited vs E. Govindan and others that 20 months wages specified under sub-section (3) of section 4 of the Payment of Gratuity Act means wages for 600 days i.e. 20 months multiplied by 30. In this connection, a copy of each of the two judgements are enclosed (Annexures I and II) for ready reference.

2. This Ministry has been advised that the Supreme Court has interpreted the law, as it is, and it will be applicable to all cases of payment of gratuity under the Payment of Gratuity Act, 1972. This may kindly be brought to the notice of all concerned for information and necessary action.

Yours faithfully,

Sd/-
(A.K. Bhattarai)
Under Secretary.

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CENTRAL CIVIL SERVICES(RECOGNITION OF SERVICE ASSOCIATIONS) RULES, 1986.

No.2/10/80-JCA
Government of India/Bharat Sarkar
Ministry of Personnel, Public Grievances and Pensions
(Department of Personnel & Training)

....

New Delhi, the April, 1986.

NOTIFICATION

In exercise of the powers conferred by the proviso to Articles 309 and Clause (5) of Article 148 of the Constitution, and after consultation with the Comptroller and Auditor General in relation to persons serving in the Indian Audit Department, the President hereby makes the following rules, namely:

THE CENTRAL CIVIL SERVICES (RECOGNITION OF SERVICE ASSOCIATIONS) RULES, 1986.

1. Short title: These rules may be called the Central Civil Services(Recognition of Service Associations)Rules, 1986.

2. Definitions:- In these rules, unless the context otherwise requires -

(a) "The Government" means the Central Government;

(b) "Government servant" means any person to whom the Central Civil Services(Conduct) Rules,1964, apply and;

(c) "Service Association" includes a Federation or a Confederation of Service Associations.

(d) "Group" as occuring in these Rules means a Group as defined in Part II of the Central Secretariat Services (Classification,Control & Appeal) Rules, 1965.

3. Service Associations already recognised:- A Service Association which has been recognised by the Government before the commencement of these rules and in respect of which the recognistion is subsisting at such commencement, shall be deemed to have been recognised by the Government under these rules and shall continue to be so recognised, until the recognition is withdrawn under Rule 8 or for a period of 5 years from the date of promulgation of these Rules, whichever is earlier. Its recognition thereafter shall be subject to all the provisions of these Rules.

4. Conditions for recognition of Service Associations:-

No Service Association shall be recognised by the Government after the commencement of these rules, unless all the following conditions are satisfied namely:-

a) The recognition of Service Associations of all Government servants shall be governed only by these Regulations.

b) An application for recognition of Service Association should be made to the Government with information like Memorandum of Association, By-laws of the Association, Names of Office bearers, total membership and any other information required by the Government.

c) the Service Association is formed primarily with the object of promoting the common service interests of its members;

d) membership of Service Association is restricted to a distinct group of Government servants(viz. Group A, Group B, Group C, and Group D) all such Government servants being eligible for membership of the Service Association;

e) (i) A minimum membership of 35 per cent of the entire Group shall be insisted upon for the purpose of recognition to Service Association. This percentage, for the purpose of recognition for participation in the Councils under the Joint Consultative Machinery & Compulsory Arbitration for Central Government employees, shall be related to the area of that Department or Office, as the case may be, so as to be linked to the relevant Departmental Council or office Council.

(ii) The membership of the Government servant shall be automatically discontinued on his ceasing to belong to such Group.

Provided that where the eligibility for membership of an employee has thus ceased on moving out of the relevant Group of employees represented by the association, he may be allowed to continue to to represent the said association if he happened to be the member of that association in any Council under the Joint Consultative Machinery, for a period not exceeding two years or till his successor is nominated or his term otherwise expires, whichever is the earliest.

(iii) A minimum membership of 35 percent amongst the constituent Groups shall be insisted upon for the purpose of recognition of a federation/confederation.There may be no objection to such a federation being composed of associations of different groups.

(iv) The continued recognition of the existing recognised service associations under these Rules shall be decided on the fulfilment of the conditions mentioned at (i) & (ii) of Sub-Clause (e) above, after an interregnum of 5 years from the date of promulgation of these Rules. If such associations do not satisfy these conditions, they would automatically stand de-recognised after a five year period. There shall be no bar to such regrouping even before such a five year period.

.........3/-

f) (i) Only serving employees shall be the members of the association.

(ii) No total outsider having no service-nexus with the Government shall be allowed to become member of the Service Association.

g) the service Association is not formed on the basis of any caste, tribe or religious denomination or of any group within or section of such caste, tribe or religious denomination.

h) the Executive of the Service Association is appointed from amongst the members only; and

i) the funds of the Service Association consist exclusively of subscriptions from members and grants, if any, made by the Government and are applied only for the furtherance of the objects of the Service Association.

5. <u>Conditions subject to which Recognition is continued</u>

Every Service Association recognised under these rules shall comply with the following conditions, namely:-

a) the Service Association shall not send any representation or deputation except in connection with a matter which is of common interest to members of the service Association:

b) the Service Association shall not espouse or support the cause of individual Government servants relating to service matters;

c) the service Association shall not maintain any political fund or lend itself to the propagation of the views of any political party or a member of such party;

d) all representations by the Service Association shall be submitted through proper cha-nnel and shall, as a normal practice be addressed to the Secretary or Head of the Department or Office;

e) a list of members and office bearers, an up-to-date copy of the rules and an audited statement of accounts of the Service Association shall be furnished to the Government annually through proper channel after the general annual meeting so as to reach the Government before the 1st day of July each year;

f) any amendment of a substantial character in the rules of the Service Association shall be made only with the previous approval of the Government and any other amendment of minor importance shall be communicated through proper channel for transmission to the Government for information;

g) the previous permission of the Government shall be taken before the Service Association seeks affiliation with any other Service Association, or Federation or Confederation;

h) the service Association shall cease to be affiliated to a Federation or Confederation of Service Associations whose recognition under these rules is withdrawn by Government;

j) the service Association shall not start or publish any periodicial magazine or bulletin if directed by the Government to do so on the ground that the publication thereof is prejudicial to the interests of the Central Government, the Government of any State or any Government authority or to good relations between Government servants and the Government or any Government authority;

k) the Service Association shall not address any communication to a foreign authority except through the Government which shall have the right to withhold it;

l) the Service Association shall not do any act or assist in the doing of any act which, if done by a Government servant, would contravene any of the provisions of Rules 8,9,11,12,16 and 20 of the Central Civil Services (Conduct) Rules, 1964; and

m) communications addressed by the Service Association or by any office-bearer on its behalf to the Government or a Government authority shall not contain any disrespectful or improper language.

6. VERIFICATION OF MEMBERSHIP

The verification of membership for the purpose of recognition of the Service Associations shall be done by the secret ballot system. The verification of membership will be conducted by Ministry of Labour, Government of India.

7. AFFILIATION BY FEDERATION/CONFEDERATION

A Federation or a Confederation of Service Associations shall affiliate only recognised service Associations; and if the recognition accorded to any of the service Associations affiliated to a Federation or a Confederation of Service Associations is withdrawn, the Federation or Confederation of Service Associations shall forthwith dis-affiliate such Service Association.

8. WITHDRAWAL OF RECOGNITION

If, in the opinion of Government, a Service Association recognised under these rules has failed to comply with the conditions set out in Rule 4, Rule 5 and Rule 7, the Government may withdraw the recognition accorded to such association.

9. RELAXATION

The Goverment may dispense with or relax the requirements of any of these rules to such extent and subject to such conditions as it may deem fit in regard to any Service Association.

10. **APPELLATE AUTHORITY**

If any question arises as to the interpretation of any of the provisions of these Rules or if there is any dispute relating to fulfilment of conditions for recognition it shall be referred to the Government, Department of Personnel & Training being the nodal agency for Recognition Rules, whose decision thereon shall be final. If necessary, the Department of Personnel and Training may consult the Ministry of Law and the Ministry of Labour for taking a final decision in the matter.

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PRODUCTIVITY IN TERMS OF VALUE ADDED OF DIFFERENT INDUSTRY GROUPS OF PUBLIC ENTERPRISES

Sl. No.	Industry Group	Value Added (Rs. Crores)		Percentage Increase	% of Value Added to Capital employed	
		1984-85	1983-84		84-85	83-84
1.	Steel	1,119.07	740.71	51.08	30.21	24.65
2.	Minerals&Metals	496.32	392.28	26.52	26.42	24.26
3.	Coal	2415.11	1714.24	40.89	84.33	67.16
4.	Power	135.85	110.53	22.91	6.79	9.27
5.	Petroleum	4610.18	3649.45	16.73	72.50	78.14
6.	Chemicals, Fertilisers & Pharmaceuticals	999.76	852.48	17.28	37.53	37.54
7.	Heavy Engineering	912.25	805.84	13.20	70.78	65.12
8.	Medium & Light Engineering	673.11	582.59	15.54	53.85	55.38
9.	Transportation Equipment	742.05	564.23	31.52	52.89	46.86
10.	Consumer Goods	116.00	82.20	41.12	330.45	66.56
11.	Agro-based Products	39.61	35.76	10.77	98.80	101.65
12.	Textiles	233.81	217.41	7.54	41.55	44.22

GROWTH OF EMPLOYMENT IN PUBLIC ENTERPRISES

Year	No. of Enterprises	No. of employees in lakhs (Regular)	Percentage Increase in Man-power over previous year
1979-80	169	17.75	4.23
1980-81	168	18.39	3.61
1981-82	188	19.39	5.44
1982-83	193	20.25	4.44
1983-84	201	20.72	2.32
1984-85	207	21.07	1.69

IN PRIVATE SECTOR

	Employment in lakhs	% Increase/Decrease
1979	72.08	-
1980	72.27	(+) 0.26
1981	73.95	(+) 2.3
1982	75.47	(+) 2.1
1983	75.22	(-) 0.33
1984	73.43	(-) 2.4