

COMMITTEE ON PETITIONS

(Eleventh Lok Sabha)

FIRST REPORT



[Presented to Lok Sabha on 11 March 1997]

**LOK SABHA SECRETARIAT
NEW DELHI**

February 1997/Phalguna 1918 (Saka)

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COMPOSITION OF THE COMMITTEE ON PETITIONS
(1996-97)

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SECRETARIAT

Dr. A.K. Pandey — *Additional Secretary*
Shri J.P. Ratnesh — *Joint Secretary*
Shri Ram Autar Ram — *Director*

*Resigned from Lok Sabha w.e.f. 6.3.1997.

**FIRST REPORT OF THE COMMITTEE ON PETITIONS
(ELEVENTH LOK SABHA)**

INTRODUCTION

I, the Chairman of the Committee on Petitions, having been authorised by the Committee to present the Report on their behalf, present this First Report of the Committee to the House on the following matter:—

- (i) Action Taken by Government on the recommendations of the Committee on Petitions contained in their Twelfth Report (Eighth Lok Sabha) on the petition regarding uniformity in wages, payment of provident fund arrears and provision of house sites etc. to beedi workers and representation regarding problem of eatable tobacco (zarda) workers.
 - (ii) Action Taken by Government on the recommendations made by the Committee on petitions in their Seventh Report (Tenth Lok Sabha) on Petition regarding need for providing a railway level crossing at Daund, District Pune (Maharashtra).
 - (iii) Action Taken by Government on the recommendations of the Committee on Petitions contained in their Ninth Report (Tenth Lok Sabha) regarding plan to revive the Rashtriya Pariyojana Nirman Nigam Limited (formerly The National Project Construction Corporation Limited).
 - (iv) Representation of Shri Venkateswarlu Ex CL/South Central Railway regarding provision of alternative job to him in Railways.
2. The Committee considered the draft Report at their sitting held on 4 March, 1997 and adopted it.
3. The observations/recommendations of the Committee on the above matters have been included in this Report.

NEW DELHI;
March 4, 1997

DILEEP SANGHANI,
Chairman,
Committee on Petitions.

13 Phalgun, 1918 (Saka)

ACTION TAKEN BY GOVT. ON THE RECOMMENDATIONS OF THE COMMITTEE ON PETITIONS CONTAINED IN THEIR TWELFTH REPORT (EIGHTH LOK SABHA) ON THE PETITION REGARDING UNIFORMITY IN WAGES, PAYMENT OF PROVIDENT FUND ARREARS AND PROVISION OF HOUSE SITES ETC. TO BEEDI WORKERS AND REPRESENTATION REGARDING PROBLEMS OF EATABLE TOBACCO (ZARDA) WORKERS

1.1 The Committee on Petitions in their Twelfth Report (Eighth Lok Sabha) presented to Lok Sabha on 25 July, 1989 had dealt with a petition regarding uniformity in wages, payment of provident fund arrears and provisions of house sites etc. to beedi workers and representation regarding problems of eatable tobacco (zarda) workers and made certain observations/recommendations.

1.2 Action taken Notes have been received from the Ministry of Labour in respect of the recommendations contained in the Report. The recommendations made by the Committee and the replies furnished by the Government are given in Appendix-I.

1.3 The Committee will now deal with action taken by Government on some of their recommendations.

In para 1.60 of their Twelfth Report (Eighth Lok Sabha), the Committee had recommended as follows:—

“The petitioners have complained that the beedi workers are required to work under horrible conditions and raw materials like tobacco, leaves, thread, etc. being provided by the contractor/sub-contractor are quite often insufficient with the result that the workers are required to purchase extra material from the market at their own cost. The existence of such practice was admitted by officials. The Committee are really pained to note that the beedi workers, who are not being paid even the minimum wages are being subjected to such type of exploitation, even while the beedi manufacturers are earning huge profits. The Committee, recommend that immediate steps be taken to review and refix the quantum of raw materials and inputs which are supplied to the beedi workers by the contractors for the manufacture of beedis. Any complaints in this regard should be taken serious note of and the contractor/sub-contractor concerned awarded deterrent punishments by amending the law, if necessary.”

1.4 The Ministry of Labour in their reply have stated as under:

“In the meeting held on 3rd July, 1990 under the Chairmanship of the then Union Labour Minister to review the implementation of various laws for the welfare of Beedi workers, it was decided that quantity of raw material, i.e., tobacco, tendu leaves, thread etc., to be supplied to the beedi workers should be standardised for different sizes of beedis. Accordingly, the State Governments were requested to constitute a tripartite committee consisting of employers, employees and Government representatives to standardise the quantity of raw material issued to the Beedi workers for rolling a given number of beedis of different sizes.

According to information received from State Governments, tripartite committee have been set up in the States of Tamil Nadu and Madhya Pradesh. The Committee is being constituted in the State of Assam while it is under reconstitution in the State of Andhra Pradesh.

The State Governments of Rajasthan, Karnataka, Maharashtra, Gujarat and Orissa have stated that adequate provisions are contained in the respective States, Beedi and Cigar Workers (Conditions of Employment) Rules regarding settlement of any disputes arising out of supply of raw materials to the Beedi workers.

The State Government of Kerala have informed that the problem does not exist in the State. In the States of Tripura and Uttar Pradesh, raw materials are given to Beedi workers according to size and standard of beedis and therefore, they do not feel the necessity for constitution of a Committee for this purpose.”

1.5 The Committee are happy to note that tripartite Committee have been set up in the States of Tamil Nadu and Madhya Pradesh and it was being constituted in the State of Assam while it was under reconstitution in the State of Andhra Pradesh. The Committee are informed by the Ministry that in other States either the problem does not exist or the raw materials are given to Beedi workers according to size and standard of beedis and they do not feel the necessity for constitution of a Committee.

1.6 The Committee hope that the tripartite Committees would suggest measures to standardise the quantity of raw material issued to Beedi Workers to help streamline their working and save them from further exploitation.

1.7 In para 1.61 the Committee had recommended as follows:—

“The Committee observe that the beedi workers are not getting the benefits arising from the Beedi and Cigar Workers (Conditions of Employment) Act, 1966 as the enforcement of various provisions of the Act, is not fully ensured by the State Governments with whom

the implementation of the Act rests. The Committee find that with a view to removing administrative and practical difficulties experienced by the implementing agencies and for effective implementation of the provisions of the Act, the Beedi and Cigar Workers (Conditions of Employment) Amendment Bill, 1987 was introduced in Rajya Sabha as far back as in December, 1987. The Bill has yet to be considered and passed by Lok Sabha. The Committee would like the Government to expedite the passage of the Amendment Bill and while doing so care may be taken to incorporate all necessary changes so as to make the amended Act a comprehensive piece of legislation for ensuring the welfare of all the beedi workers."

1.8 Giving latest position in the matter, the Ministry of Labour have stated as under:—

"The Beedi Workers (Conditions of Employment) Amendment Bill has been passed by the Parliament. As a result the following amendments in the main Act have been made:

- (i) Definition of 'employees' has been amended to cover those workers who are working in the godowns.
- (ii) Provision has been made for setting up of Creches where there are more than 30 female workers.
- (iii) Payment of overtime wages on the basis of wages earned in a week in which a worker has actually worked has been clarified.
- (iv) Provision has been made to send a copy of the notice declaring a particular day as weekly holiday in the industrial premises, to the Inspector within a fortnight.
- (v) The Appellate Authority has been vested with powers of a Civil Court for production of records and attendance of witnesses.
- (vi) Penalty for obstructing the Inspectors has been enhanced to imprisonment upto six months or fine of Rs. 5,000/- or with both.
- (vii) The State Govts. have been given powers to prescribe time limit within which disputes may be referred to the specified authority.
- (viii) It has been provided that labour inspectors shall treat as absolute confidential from the employers, the source of complaints brought to their notice."

1.9 The Committee are happy that the Beedi workers (Conditions of Employment) Amendment Bill has been passed by the Parliament thereby making some useful changes for the welfare of the Beedi workers. The Committee hope that the provisions of the Bill will be implemented in letter and spirit.

1.10 In para 1.69 of their Twelfth Report (Eighth Lok Sabha) the Committee had recommended as follows:—

“The Committee note that under Rule 41 of the Beedi and Cigar Workers Welfare Fund Rules Identity Cards are issued to the beedi workers which enable them to get benefits of the welfare fund, namely medical facilities, scholarships to children, housing subsidy, etc. The card contains information of all the dependents of a beedi worker and the whole family is entitled to these benefits. During evidence the Committee were informed that since the employers are reluctant to issue Identity Cards to beedi workers, the Ministry of Labour have permitted the State Governments and the local authorities to maintain registers for beedi workers. About 20.17 lakhs workers have so far been issued Identity Cards. The Committee strongly feel that it is the duty both of the Central and State Government to ensure that Identity Cards are issued to all beedi workers as expeditiously as possible. A time bound programme should therefore be drawn up and implemented. The work relating to issue of Identity Cards should be monitored by the Labour Secretaries in each State.”

1.11 The Ministry of Labour in their action taken note have stated as follows:—

“The Ministry attach a high priority to the task of issue of Identity cards to beedi workers and towards this end, have prescribed targets for each dispensary/field officers which are being closely monitored. At the same time, the State Governments have also been urged upon to take up special surveys/campaigns for issue of identity cards to beedi workers as done by the State Government of Madhya Pradesh who, in association with the L.W.O. during the course of last year have issued about 6.60 lakhs identity cards covering all the beedi workers in the State. Other State Governments have been requested to take up similar campaign in their respective States. So far 27.34 lakhs beedi workers have been issued identity cards as shown in the Annexure.”

1.12 The Committee are happy to note that pursuant to their recommendations 27.34 lakh beedi workers have already been issued with the identity cards and targets towards this and have been set for each dispensary/field officers which are also being monitored. This step will go a long way in helping the beedi workers to get their entitled benefits of welfare fund, namely medical facilities, scholarships to children, housing subsidy, etc. The Committee hope that this work may be speeded up to cover all the eligible workers as early as possible.

1.13 In para 1.71 of the Report, the Committee had recommended as follows:—

“The Committee recommended that necessary steps be taken to streamline the collection of provident fund from the workers and employers; the workers be given the receipt for the contribution made by them and the employers also made to deposit the entire provident fund collection including their share with the Government so as to avoid chances of misuse. The recovery of provident fund arrears from the employers should be expedited and the defaulters in this regard dealt with strictly under the law. Government should ensure that as and when workers become eligible for the provident fund, it is paid to them at the earliest and in any case within two months. Government should also ensure that sufficient number of application forms are made available not only in Provident Fund Commissioner’s Office but also in the offices of recognised trade unions so that the workers are not unnecessarily inconvenienced in obtaining loans/advances and their applications are cleared within a period of two months at the most.”

1.14 In their action taken note the Ministry of Labour has stated as follows:—

“The establishment engaged in the manufacture of Beedis have been brought under the purview of the Employees’ Provident Fund and Miscellaneous Provisions Act, 1952 *vide* notification No. GSR 660 dated 17.5.1977. 12.99 lakhs members belonging to Beedi Industry are subscribers to Employees’ Provident Fund as on 31.3.1994. The field formations have been advised to ensure that all eligible workers are made members of the EPF & Misc., Provision Act, 1952. A statement showing the State-wise coverage under this Act is at Annexure.

All efforts have been made to streamline the working of the provisions of the Act. The contributions are payable by the employers in any branch of the State Bank of India. Annual Accounts slips duly authenticated are issued every year to the Beedi Workers covered under the Act. Computers have been installed to ensure that accounts slips are issued without much delay.

As regards recovery of provident fund arrears, the E.P.F. Organisation has set up a recovery machinery for effective realisation of the dues. E.P.F. organisation also files prosecutions and IPC cases on defaults.”

1.15 The Committee on Petitions considered the above reply as furnished by the Ministry of Labour at their sitting held on 30 October, 1996, and desired to get the additional information as to what are the conditions of eligibility of Beedi Workers for becoming member of the Employees Provident Fund and the number of beedi workers covered under the EPF & M.P. Act, 1952 till date, etc.

The Ministry of Labour have accordingly furnished the following information *vide* their communication dated 31 December, 1996:—

“Workers employed in Beedi establishments can be extended P.F. benefit only if the Beedi establishment in which they are working is covered under the EPF & MP Act 1952. To cover Beedi establishment under the Act, following conditions must be fulfilled :—

- (i) The establishment is at least three years old.
- (ii) The establishment is employing 20 or more employees.

Therefore, all the Beedi establishments which do not fulfil these two conditions are not covered under EPF & MP Act, 1952. As such the workers employed therein cannot get the P.F. benefit even though they are beedi workers. This results into the gap between the total number of beedi workers and number of beedi workers enrolled as P.F. members.

2. Other reasons for the gap in number of beedi workers and P.F. members are as under :—

- (i) It has been noticed in many places that the head of the family to whom the contractors supplies the raw materials has been enrolled as the member but in reality the entire household including wife and children are beedi rollers. Though the women and children at home are counted as beedi workers, the actual enrollment in Provident Fund is given only to one person i.e. the head of the family. That counts for wide variation between the number of beedi workers identified and the membership achieved.
- (ii) It is noticed that many beedi workers seek final settlement often due to economic compulsions. Of them, those who have the benefits after attaining the age of 55 are not eligible to become members, even if they are employed again as home workers.

3. Out of the total 42.73 lakhs estimated beedi workers, the number of beedi workers covered under the E.P.F. & M.P. Act, 1952 has risen to 15.48 lakhs as on 31.12.1995.”

1.16 The Committee are happy to note that 15.48 lakh members belonging to the Beedi Industry are subscribers to the Employees Provident Fund as on 31.12.1995 and the field formations have been advised to ensure that all eligible workers are made members of the EPF and Misc. Provisions Act, 1952. The Committee also note that as regards recovery of Provident Fund arrears, the EPF organisation has set up a recovery machinery for effective realisation of the dues. The Committee expect that the procedural aspects of collecting contribution, giving receipts, maintaining accounts, payments from the fund etc. are properly supervised and monitored so as to ensure transparent and efficient handling in the overall interests of the workers.

II

ACTION TAKEN BY GOVERNMENT ON THE RECOMMENDATIONS MADE BY THE COMMITTEE ON PETITIONS IN THEIR SEVENTH REPORT (TENTH LOK SABHA) ON PETITION NO. 4 REGARDING NEED FOR PROVIDING A RAILWAY LEVEL CROSSING AT DAUND, DISTRICT PUNE (MAHARASHTRA)

2.1 The Committee on Petitions in their 7th Report (10th Lok Sabha) presented to Lok Sabha on 13th May, 1993, dealt with the petition (No. 4 as signed by Shri Sanjay Madanlal Dabi of Shivaji Chowk, Daund, District Pune, Maharashtra and others) presented to Lok Sabha by Shri Anna Joshi, M.P. on the need for providing a Railway Level Crossing at Daund, District Pune (Maharashtra).

2.2 The Committee had made certain observations/recommendations on the matter and the Ministry of Railways were requested to implement those recommendations and furnish their action taken notes for the consideration of the Committee.

2.3 The main observations/recommendations of the Committee were contained in Para 1.21 and 1.22 of the report which are reproduced below:—

- 1.21 "The Committee note that the Railways have been informed by the Public Works Department, Bombay that after considering the various aspects and difficulties likely to be experienced in each case, they have come to the conclusion that the construction of road overbridge in km. 265/600 in place of existing level crossing and on State Highway No. 67 and 10 belonging to the State Works Department on the cost sharing basis is the only solution to the traffic problem on Ratas-Daund-Ahmednagar Road and Daund City. The Committee are informed that the Government of Maharashtra has made a reference to the Railway Department to include this work in the Annual Works Programme of Railways.
- 1.22 The Committee note that the Railways had to face various difficulties in finalising the location and the type of crossing facility at Daund Yard. As it has been finally decided to construct a road overbridge, the Committee desire that the proposed work might be taken up on priority basis and included in Annual Works Programme of Railways so that the long standing demand of the people of the region is fulfilled. It will make the life of the people safe and instil a sense of security in their minds. The Committee

would like to be apprised of the action taken in the matter within three months.”

2.4 The Ministry of Railways have furnished their action taken notes through the various communications dated 21st July, 7th September, 29th November, 1995, 29th January, 1996 and 8th November, 1996 indicating the progress, of implementation of the above said recommendations. A statement showing the progress of implementation is reproduced at Appendix-II. In their latest communication dated 8th November, 1996, the Ministry of Railways have stated as follows:—

“In this connection, it is informed that the work for construction of Road over Bridge near Daund City in lieu of level crossing No. 18-B at Km. 265/3-4 on Pune Daund Section was included in the Budget of the Railway for 1996-97 which has already been sanctioned at a cost amounting to Rs. 264.37 lakhs out of which Railway's share is Rs. 117.50 lakhs and State Government's share is Rs. 146.87 lakhs. An outlay of Rs. 10 lakhs has been provided during the current financial year for this work.

General arrangements drawing for the work is under revision. Draft agreement is awaited from PWD authority of the State Government of Maharashtra. Reminder has been issued to the PWD by Railway in this regard.”

2.5 The Committee are happy to note that the work for Construction of Road over Bridge near Daund City in lieu of level crossing No. 18-B at Km. 265/3-4 on Pune-Daund section was included in the Budget of the Railway for 1996-97 which has already been sanctioned. They also note that an outlay of Rs. 10 lakhs has been provided during the current financial year for this work. The Committee expect that the actual construction and completion of the work would now be speeded up in coordination with the State Government of Maharashtra to meet the long standing demand of the people of the region.

III

ACTION TAKEN BY GOVERNMENT ON RECOMMENDATIONS OF THE COMMITTEE ON PETITIONS CONTAINED IN THEIR NINTH REPORT (TENTH LOK SABHA) REGARDING PLAN TO REVIVE THE RASHTRIYA PARIYOJANA NIRMAN NIGAM LIMITED (FORMERLY THE NATIONAL PROJECTS CONSTRUCTION CORPORATION LIMITED)

3.1 The Committee on Petitions in their Ninth Report (Tenth Lok Sabha) presented to Lok Sabha on 26 August, 1993, dealt with a petition relating to an "Employees Plan" to revive the Rashtriya Pariyojana Nirman Nigam Limited (formerly the National Projects Construction Corporation Limited).

3.2 As per the procedure laid down in this behalf, the Ministry of Water Resources were requested to furnish within the stipulated time period, notes indicating Action Taken by them to implement the recommendations of the Committee for the consideration of the Committee. However, on account on long delay of more than two years in furnishing any information to the Committee on the status of implementation of the recommendations, the Secretary and other concerned officers of the Ministry of Water Resources were requested to appear in person before the Committee and explain the reasons for delay as also apprise the Committee on the status of implementation of the recommendations. The Committee, accordingly, took evidence of these officers on 12 September, 1995.

3.3 However, immediately preceding the date fixed for the oral evidence of these officers, the Ministry of Water Resources submitted to the Committee on 8 September, 1995 a note indicating the efforts made by them for the revival of the Rashtriya Pariyojana Nirman Nigam Limited, which is reproduced *in extenso* at Appendix-III.

3.4 The major points, emerging out of the discussion with the officers and the written information received from the Ministry, are dealt with below.

3.5 In para 1.10 to 1.20 of their Ninth Report (Tenth Lok Sabha) the Committee had *inter alia* recommended that:—

"The Committee hope that the National Project Construction Corporation Ltd. would continue their efforts to finalise the different components of the Revival Plan and implement them as early as possible. The Committee would like the Corporation to

discuss with the Ministry of Finance the details of the components regarding conversion of existing Government loan, sanction of the Government Counter Guarantee for the balance amount of Rs. 37 crores and Government guarantee for US \$ 1.75 million and persuade/convince them for revival of the Corporation and also fix up a realistic time schedule for finalisation of the revival programme and adhere to it so that the company can be revived at the earliest in the larger national interest. The Committee would like to be apprised of the steps taken in this direction within the next three months.”

During oral evidence, the Committee asked the representatives of the Ministry of Water Resources to furnish more detailed information on their revival proposals. Information received from the Ministry under the following captioned notes is reproduced at Appendices IV, V & VI.

- (1) Observations of the Ministry of Finance on the Revival Plan of 8/92 of Rashtriya Pariyojna Nirman Nigam Limited—4/93
(Appendix IV)
- (2) Revised Revival Plan of Rashtriya Pariyojna Nirman Nigam Limited
(Appendix V)
- (3) Difficulties expressed by Rashtriya Pariyojna Nirman Nigam Limited in procurement of works.
(Appendix VI)

3.6 During evidence before the Committee, the Committee desired to know the reasons for delay of more than two years in implementing these recommendations of the Committee on Petitions. The representative of the Ministry of Water Resources explained that they had taken up this matter of revival of NPCC with the Ministry of Finance. In 1993 itself, there was an *inter-departmental* meeting which also included representative of the Department of Expenditure. The Ministry of Finance had however, observed that:—

“No, there is no way out that the NPCC can be revived. The best thing is to phase it out or to close the organisation.”

* Subsequently, on 4 January, 1996, additional information was furnished by the Ministry of Water Resources on certain aspects under the following captioned notes which is reproduced *in extenso* as Appendices VII & VIII:

- (i) Details of perception of the other concerned Ministries/Departments on the revised Revival Plan of Rashtriya Pariyojana Nirman Nigam Ltd. (Appendix VII).
- (ii) Difficulties or impediments that cannot be overcome by the management to manage the affairs of the Company competitively (Appendix VIII).

3.7 The witness stated that this position was not acceptable to the Ministry of Water Resources. He added:—

“Our Minister decided that we should go to the Cabinet Committee on Economic Affairs to put forth all the problems of the Nigam and then take a decision at the Governmental level. So we have been continuously working on this.”

3.8 The witness further stated that “there are two alternatives. One is that we should revive the company at any cost by putting money. The other is to close the company. In the second alternative. There are two ways of doing it. One way is to just close the company once for all. The other way is to phase it out over a period of time because the company is doing a lot of works. These were the alternatives which were being examined.”

3.9 In this context, the witness further submitted that the Standing Committee on Agriculture had also said that efforts should be made to revive the NPCC.

3.10 On being asked to give the details of the steps taken by the Ministry of Water Resources to revive the company, the witness explained as follows:

“A comprehensive plan was formulated. The Comprehensive Revival Plan was formulated by a Company of Chartered Accountants on behalf of the Nigam and it was approved in another inter-Ministerial meeting taken by the Secretary (WR) on 18.8.1992 and it was decided therein that the proposals for each components of the revival plan be taken up with the concerned Organisations/Ministries. The main components of the revival plan were as under:

(i) Conversion of existing Government loan of Rs. 40.40 crores into equity.

(ii) Waiver of interest of Rs 14.50 crores and penal interest of Rs. 2.10 crores due on Government loans up to 30.9.1992.

(iii) Interest free working capital fund loan of Rs. 15 crores repayable in 15 half yearly instalments commencing from September, 1997 to meet working capital requirement a term loan of Rs. 5 crores carrying interest @ 15% (with moratorium for 5 years) and repayable in 15 half yearly instalments beginning September, 1995 for modernisation of equipments.

(iv) Grant of Rs. 22 crores from National Renewal Fund to remove surplus manpower with benefits as admissible under Voluntary Retirement Scheme.

(v) Counter Government guarantee for Rs. 60 crores and US \$ 1.75 million.

This was the proposals which was discussed by the Secretary (WR).”

3.11 Asked whether the opinion of the employees was reflected in the Chartered Accountants Plan, the representative of the Ministry of Water Resources stated that "the Associations (of the employees) had already given their revival plan."

3.12 Asked to explain the considerations weighing with the Ministry of Finance in objecting to the revival proposals, the representative of the Ministry of Water Resources stated that according to the Ministry of Finance "the return on the investment is not commensurate with whatever we are proposing. So they did not encourage it. They asked us to close it."

3.13 Elaborating on the differing perceptions of the Ministry of Finance and the Ministry of Water Resources, the witness stated that:

"Our effort has been to revive the company but we have to go to the Cabinet for a final decision. What has happened is that when we were doing all these things, the Finance Ministry, after looking at the whole structure of this company, said that we should engage a consultant to prepare a kind of paper on this."

He further stated:

"Our Banker said that the consultant should be acceptable to them... The State Bank of Patiala, our Banker, has agreed to the proposal for engaging a consultant. We have given the work to examine the status of our company."

3.14 The Committee enquired about the reason for the losses suffered by the Company. The witness explained that "in 1985-86 the out turn of the Company was of the order of Rs. 140 crores. However, because of the Iraq war we had a set back and our dues were held up. We have to take money from the State Governments which are not paying so easily. These two factors came in our way... We are making all out efforts to increase our outturn. Presently, it is Rs. 120 crore and in 1995-96, we have plans to increase it to Rs. 130 crore. We are able to pay salaries to 1,000 more workers, out of 2,500 who are surplus. With the efforts that we are making to increase our outturn, we may be able to accommodate more persons. We have to compete in the market now because there is neither price preference nor purchase preference for us. That is why we are saying that with the increase in the outturn, the company will be able to improve its position."

3.15 In this context, the representative of the Ministry of Water Resources further added that:—

"We in the Ministry of Water Resources, are definitely committed for the revival of NPCC. If we had accepted the Finance Ministry's recommendation in 1992, we would have closed NPCC. But we in the Ministry are committed to somehow make this company work and start making some profit. Until 1986, it was not bad. After 1986, somehow this Iraqi war came and this company got struck up there.

You asked how did we happen to have such a large manpower. As our CMD has explained when NPCC was at its peak working and thought that they will get more work, they employed more people. About 5,500 people got employed on the rolls of the NPCC. Immediately after the war, we found that the works were available only in India and we could manage to give work to only about 3,000 people. The result is that we have found about 2,500 people surplus. May be at that stage it was over optimise, so we had engaged more people. That is the reason why we had this surplus staff. Now we are trying to increase our Order Book position, so that we can engage as many of these people as possible, on works which can give us some profit.”

3.16 The Committee also enquired whether in the wake of globalisation of the Indian economy, it was possible for the NPCC to compete in the international arena for construction projects. The representative of the Ministry explained:

“When we are not able to increase our Order Book position within the country, how can we go and compete in foreign countries?”

The witness also explained difficulties in undertaking construction projects within the country.

3.17 Asked about the final authority to decide about the revival of NPCC, the witness stated that “the final authority will be the Cabinet... There is a Cabinet Committee on Economic Affairs to whom all such financial matters are referred. Whatever CCEA says is the Cabinet decision.”

The witness added that:

“This matter has still not gone to CCEA because there are other organisations also involved in this. When we make a case either for revival or for reducing the staff, this has also to be examined by the Labour Ministry because a large number of manpower is also involved. The Department of Public Enterprises, the Finance Ministry and the Law Ministry also have to be consulted. We prepare the papers, give the status position and ask for their comments. First, the Finance Ministry said this company is not viable and, therefore, we should close this company. We did not agree with them. We said that it was not necessary to close the unit and that we could still do something to make it viable. Then a further report was prepared. Then all the Departments agreed to our proposal, with some modifications. The Labour Ministry said only one thing. They said if we wanted to close it, we must follow the Labour Act.., The Law Ministry says there is no question of law involved in this, so, they are not concerned. When we were not getting response from the Ministry of Finance, then our Minister had a meeting with the representatives

of all the Departments. The Finance Ministry said that the whole thing should be examined by a consultant.”

3.18 The Committee enquired about the time frame, if any, for approaching the Cabinet Committee. The witness explained:

“Sir, I want to tell one thing here. The last decision was, when the Minister of State took a meeting of all the Departments, that we may go in for a consultant. It may be taken rightly or wrongly. But the decision was that the consultant has been fixed up and he has been given three months time till December this year to submit his recommendations on the organisation itself. After these recommendations are available, we will take a month to consider them and hopefully by January, 1996 we will go to the Cabinet Committee with a detailed note. We have to examine the recommendations in consultation with Finance Ministry.”

3.19 As regards the present status of implementation of the recommendations of the Committee, the Ministry of Water Resources in their latest communication dated 21.11.1996 has informed as under:—

“On the receipt of the report of Consultant, M/s. S.R. Botliboi, the draft CCEA note was modified and after approval of M(WR & HFW) was forwarded to the Ministry of Finance in March, 1996 for their approval.

On the formation of new Government, the Ministry of Finance returned the CCEA note to this Ministry for obtaining the approval of the New Minister (WR).”

In the meanwhile, the financial year was also over and the CCEA note was revised and after obtaining the approval of the Minister (WR) the CCEA note was forwarded to the Ministry of Finance in August, 1996 for their approval. The Ministry of Finance has yet to forward their approval/concurrence to this Ministry.

Observations/recommendations of the Committee

3.20 The Committee have noted the efforts being made by the Ministry of Water Resources to revive the Rashtriya Pariyojana Nirman Nigam Ltd. (formerly NPCC Ltd.). The Committee have been informed that the Rashtriya Priyojana Nirman Nigam Ltd. had awarded in September, 1995 the job of preparation of revival package to the consultant M/s Botliboi. On receipt of the report of consultant, M/s S.R. Botliboi, the draft CCEA note was modified and after approval of M(WR & HFW), was forwarded to the Ministry of Finance in March, 1996 for their approval. The Committee have further been informed that on formation of new Government, the Ministry of Finance returned the CCEA note to the Ministry of Water Resources for obtaining the approval of the new Minister (WR).

3.21 As per the latest position placed before the Committee, the revised CCEA note as approved by the Minister (WR) was forwarded to the Ministry of Finance in August, 1996 for their approval and the Ministry of Finance has yet to forward their concurrence to the Ministry of Water Resources.

3.22 The Committee expect that keeping in view the larger national interests as also the interest of the employees, the Government will consider the matter in the right perspective and take a conscientious decision at an early date.

IV

REPRESENTATION OF SHRI VENKATESWARLU EX.CL/SOUTH CENTRAL RAILWAY REGARDING PROVISION OF ALTERNATIVE JOB TO HIM IN RAILWAYS

4.1 Shri K. Venkateswarlu in his representation dated 2 April, 1995 has stated that he worked as Casual Labour in the Engineering Department of the Railway Electrification project, South Central Railway, Vijayawada, from 16.5.1978 to 27.3.1984 without any break. Then he was posted to work under LF/RJY as approved substitute from 30.3.1984 to 29.10.1985. During the year 1979, he was directed for medical examination where upon he was found fit for appointment against a post of C-I Medical Classification. Subsequently, there was a proposal to absorb him as Khalasi alongwith some others in the Electric Traction Shed. But he was not taken as he was earlier found fit for C-I medical classification post. Then, the Senior DPO/BZA promised him that suitable alternative job would be provided to him. Although he personally persued the matter, the Railway authorities did not provide him any alternative job. Consequently, he was forced to approach the Andhra Pradesh High Court in the matter who in their judgement dated 15.2.1989 directed the Railways to provide him with an alternative job suitable to his medical classification. Notwithstanding the High Court judgement in 1989 in his favour, the Railway Administration did not provide him the alternative job so far leaving him unemployed for the last many years.

4.2 Shri Venkateswarlu has, therefore requested for intervention in the matter and for directing the Railways Administration to provide to him the alternative job immediately as per Court's judgement.

4.3 The matter was taken up with the Ministry of Railways (Railway Board) on 10 May, 1995. The Ministry *vide* D.O. No. E(REP)I-95 SC-18/187 dated 8 February, 1996 have intimated that it had been decided to absorb Shri Venkateswarlu, Ex-CL/Vijaywada in any department in Gr. 'D' category with C-I medical classification for which he was found fit, because there was no vacancy of Khalasi under IOW in Engg. Department for the post he was screened. The Division was taking action to absorb him accordingly.

As per directions of the Committee, the Ministry of Railways were requested on 30 December, 1996 to furnish the latest position in the matter. The Ministry *vide* their O.M. No. E(REP)I-95 SC-18/187 dated 23 December, 1996 have intimated that "Shri Venkateswarlu has been

offered the post of Safaiwala in the Gr. of Rs. 750-940 (RSRP). He has accepted the post and has since joined on 16.7.96 in Medical Department.”

4.4 The Committee are surprised to note that the Railway Administration had failed for seven long years to implement the A.P. High Court Judgement dated 15.2.1989 regarding appointment of Shri Venkateswarlu against a post of C-I medical classification for which he was found fit. Considering the facts of the case, the Committee are constrained to observe that the unjustified delay on the part of the Railway Administration betrays not only contempt of the Court but an attempt to deny justice to a poor and helpless petitioner, forcing him ultimately to approach a parliamentary committee for their intervention in the matter. The Committee feel that if intervention of parliamentary committee is required for ensuring implementation of a High Court Judgement, there can not be a sadder comment on the insensitivity and irresponsibility of the Railway Administration. Without further going deep into other issues involved in the instant case, the Committee suggest that Railways take appropriate measures for making their administration more sensitive and responsible with a view to preventing recurrence of such lapses in future.

4.5 The Committee note with satisfaction that through their intervention the grievance of the petitioner has been redressed satisfactorily.

NEW DELHI;
March 4, 1997

Phalgun, 13, 1918 (Saka)

DILEEP SANGHANI
Chairman,
Committee on Petitions.

APPENDIX I

(Reference Para 1.2 of the Report)

ACTION TAKEN REPLIES FURNISHED BY THE GOVT. ON THE RECOMMENDATIONS OF THE COMMITTEE ON PETITIONS CONTAINED IN THEIR TWELFTH REPORT (EIGHT LOK SABHA)

Observations/Recommendations of the Committee (Para No. 1.57)

The Committee find that in the absence of any consensus having been taken either by the Central Government or State Governments, the exact number of beedi workers in the country is not known. According to the Central Government there are 32.75 lakh beedi workers, but the petitioners and Government officials, informed the Committee during their visit to Ahmednagar and Pune that the number might be anywhere between 52 and 70 lakhs. The Committee fail to understand why Government have not so far considered it necessary to carry out a comprehensive survey in this regard and how in its absence Government are able to formulate and implement welfare schemes for the beedi workers so as to benefit them all. The Committee would like the Central Government to undertake in a systematic manner the work of registration of all beedi workers in cooperation with the State Governments concerned and this work should be completed within a fixed time frame.

Reply of the Government

Beedi Workers obtaining Welfare benefits under the prototype Scheme of Beedi Workers Labour Welfare Fund can be divided into two categories:

- (i) Those who are working in industrial premises.
- (ii) Those who are home workers.

The Beedi and Cigar Workers (Condition of Employment) Act, 1966 is implemented by the State Government. The model Rules provide for employers to maintain register of workers in licenced industrial premises and also of those who are home workers.

Beedi Workers Welfare Fund Act, 1976 is enforced by the Central Government Rule 40 (2) (a) of Beedi Workers Welfare Fund Rules, 1978, requires the executive authorities of any local bodies such as Municipality, District Board, Panchayat Board, Block Development Unit in any State/ Union Territory where persons are engaged in manufacturing beedi to prepare a register of beedi workers residing within the jurisdiction of that authority.

With a view to collecting information on the number of beedi workers, we have impressed upon the State Governments to enforce the provisions

of the Beedi and Cigar Workers (Condition of Employment) Act/Rules which *inter alia* prescribe the maintenance of registers.

Rule 41 of Beedi Workers Welfare Fund, Rules, 78 provide that owner of an establishment, factory or contractor engaged in manufacture of beedies shall issue to every employee an Identity Card in form 'E' on which a photograph of worker would also be affixed. Due to reluctance on the part of the employer to issue such Identity Cards, instructions have been issued to officers of the Labour Welfare Organisation and executive authorities of local bodies to issue Identity Cards for the purpose of extension of welfare facilities to beedi workers under Beedi workers Welfare Fund. Beedi Workers Welfare Fund, Rules have been amended on 22.9.89 to provide for imposition of fine upto Rs. 2,000/- if any owner of an establishment factory or contractor fails, without reasonable cause, to issue any employee an Identity Card.

Under the Chairmanship of Union Labour Minister a meeting was held on 3rd July, 1990 which was attended by employers', employees and State Government representatives. On the basis of decision taken in the above tripartite meeting, Union Labour Minister has written to Labour Ministers of the concerned State Government to undertake a special drive to issue Identity Cards to the Beedi workers through local bodies, by 30th September, 1990. Welfare Commissioner in the Labour Welfare Organisation have also been directed to undertake special drive through medical officers in 154 dispensaries in the country being run under Beedi workers Welfare Fund.

As per information received in this Ministry, there are about 32.75 lakhs beedi workers in the country out of which Identity Cards have been issued to above 20.15 lakhs. The issue of Identity Cards is necessary so that these workers can be identified to provide them welfare facilities. The main welfare facilities to be extended to the beedi workers under Beedi Workers Welfare Fund, are — Housing, Medical, Educational and Recreational etc. The hospital and dispensaries are opened where there is concentration of beedi workers. Applications for housing loan/subsidy etc., are invited from the workers, employers, State Governments, under schemes. Similarly for grant of scholarship to the wards of beedi workers, applications are invited and depending upon the provision in the Budget, the scholarship are sanctioned.

Therefore, even if there has been no census, information from the Welfare Commissioners and State Governments on the number of beedi workers is received and compiled from time to time and the welfare schemes are framed augmented accordingly.

Recommendation of the Committee (Para No. 1.58)

The Committee also recommend that the proposed survey should *inter-alia* cover a study about the average size of a family engaged in the manufacture of beedis, its educational and financial status and other essential data which may be helpful in formulating welfare schemes for them.

Reply of the Government

Welfare Schemes under Beedi Workers Welfare Fund are extended to the beedi workers whose monthly income does not exceed Rs. 1600/- p.m. Welfare facilities under Beedi Workers Welfare Fund have been framed keeping this into account. In fact, schemes under this Fund are intended to meet the minimum basic requirement of beedi workers. In identity cards there is a column for details of the family members. The majority of beedi workers are home workers. They fall in the unorganised sector and are scattered in small numbers in the villages and even in cities all over the country. It would be very difficult to have a comprehensive survey covering all workers on their educational and financial status in the entire country. Even if such survey is conducted it may not be of much use. However, it may be mentioned that National Labour Institute had undertaken a study of the beedi workers of Central India and a survey was also conducted regarding the conditions of beedi workers in the North Arcot District of Tamilnadu. National Labour Institute has also published a report on National Workshop held on the workers in the beedi industry in 1986.

These survey reports give an adequate idea regarding socio-economic background of the beedi workers in other regions also.

Thus we are already having fair idea about financial, educational and social status of beedi workers. The welfare measures under the Beedi Workers Welfare Fund are to supplement and not to supplement the efforts of the State Governments. Opening of hospitals/dispensaries and provision of housing facilities and educational facilities like scholarship to the wards of beedi workers is not contingent upon the social or educational or financial status. These are the essential minimum facilities which are to be provided to them. Therefore such survey may not be necessary, as it may not materially alter the welfare facilities to beedi workers.

Recommendation of the Committee (Para No. 1.59)

A conspicuous feature of the beedi industry is that there is no uniformity in the level of wages earned by beedi workers in different States and even in different parts of the same State. Even the minimum wage fixed under the Minimum Wages Act, differs from State to State. The Committee were dismayed to learn from the Secretary, Ministry of Labour that there was no statute under which uniform wages could be fixed for beedi workers throughout the country and further that it may not be possible to enforce

inform wages for the industry as a whole. The Committee feel that there is a will to bring about this reform, there should be no difficulty in effectively enforcing the policy with the cooperation of the State Governments. This is important because in the absence of a uniform wage policy, the unscrupulous manufacturers are able to exploit the workers by shifting their factories to areas where the wages are comparatively lower and thus avoid payment of higher wages. Needless to say, such migration of industry is not in the interest of the beedi workers, who are left with no source of earning their livelihood. While it may not be practicable to lay down uniform wages throughout the country, it should be possible to minimise the glaring disparities that exist at present so that migration of the industry from one place to another becomes an unprofitable venture and the workers are not put to hardship. The Committee therefore recommend that the matter should be studied in depth and placed before the next Labour Minister's conference for consideration/implementation. The Committee also recommend that the wages fixed for beedi workers should always be higher than the minimum wages fixed for the area. The wages so fixed should be linked with the price index so that with the increase in the price index, the wages got increased automatically.

Reply of the Government

For the purpose of fixation/revision and also enforcement of minimum wages under Minimum Wages Act, 1948, the State Governments are the appropriate authority. The Central Government has time and again impressed upon the State Government to revise minimum wages after two years or on 50% rise in the Consumer Price Index number whichever is earlier.

The Minimum Wages Act provides for definite procedure for fixation and periodical revision and enforcement of minimum rate of wages. The Central Government is monitoring implementation of this Act by the State Governments. Governments of Andhra Pradesh, Assam, Bihar, Rajasthan, Tamilnadu, Tripura, Uttar Pradesh and West Bengal — the principal beedi manufacturing States have already fixed minimum wages for beedi workers residing within these States.

The Union Labour Minister has recently issued letters to all the Chief Ministers for considering fixation and revision of the wages and it also states that the minimum wages in any employment in the State may not be below Rs. 15/- per day. There is provision for variable DA which takes care of rise in price index.

As far as uniformity of wages is concerned, in view of the vastness of the country and wide difference in the level of development in industry and region, the National Commission on Labour 1969 while examining the issue of uniformity of wages, observed that such a wage in the sense of uniform monetary rate remuneration for the country as a whole was

neither feasible nor desirable. The Commission, however, suggested that an effort should be made to fix regional minimum wages in the homogenous region in each State. On the basis of recommendation of Indian Labour Conference held in 1985, the Central Government has circulated draft guideline for fixing regional minimum wages to all the State Governments/Union Territory Administrations for comments. In the light of comments received the matter was placed before the meeting of Labour Minister Conference held on 28th May, 1987 for consideration. In the light of conclusions, the Central Government had circulated in July, 1987 certain guidelines for regional minimum wages.

[O.M. NO. Z-20025/288-W-II dated 19.10.1990 from Ministry of Labour]

Recommendation of the Committee (Para 1.60)

The petitioners have complained that the beedi workers are required to work under horrible conditions and raw materials like tobacco, leaves, thread, etc. being provided by the contractor/sub-contractor are quite often insufficient with the result that the workers are required to purchase extra material from the market at their own cost. The existence of such a practice was admitted by officials. The Committee are really pained to note that the beedi workers, who are not being paid even the minimum wages are being subjected to such type of exploitation, even while the beedi manufacturers are earning huge profits. The Committee, recommend that immediate steps be taken to review and refix the quantum of raw materials and inputs which are supplied to the beedi workers by the contractors for the manufacture of beedies. Any complaints in this regard should be taken serious note of and the contractor/sub-contractor concerned awarded deterrent punishments by amending the law, if necessary.

Reply of the Government

In the meeting held on 3rd July, 1990 under the Chairmanship of the then Union Labour Minister to review the implementation of various Laws for the Welfare of Beedi Workers, it was decided that quantity of raw material, i.e., tobacco, tendu leaves, thread etc., to be supplied to the beedi workers should be standardised for different sizes of beedies. Accordingly, the State Governments were requested to constitute a tripartite Committee consisting of employers, employees and Government representatives to standardise the quantity of raw material issued to the Beedi workers for rolling a given number of beedies of different sizes.

According to information received from State Governments, tripartite committee have been set up in the States of Tamil Nadu and Madhya Pradesh. The Committee is being constituted in the State of Assam while it is under reconstitution in the State of Andhra Pradesh.

The State Governments of Rajashtan, Karnataka, Maharashtra, Gujarat and Orissa have stated that adequate provisions are contained in the respective States' Beedi and Cigar Workers (Conditions of Employment) Rules regarding settlement of any disputes arising out of supply of raw materials to the Beedi workers.

The State Government of Kerala have informed that the problem does not exist in the State. In the States of Tripura and Uttar Pradesh, raw material are given to Beedi Workers according to size and standard of beedies and therefore, they do not feel the necessity for constitution of Committee for this purpose.

[O.M. No. Z-20025/388- W-II dated 4.5.94 from Ministry of Labour]

Recommendation of the Committee (Para 1.61)

The Committee observe that the beedi workers are not getting the benefits arising from the Beedi and Cigar Workers (Conditions of Employment) Act, 1966 as the enforcement of various provisions of the Act, is not fully ensured by the State Governments with whom the implementation of the Act rests. The Committee find that with a view to removing administrative and practical difficulties experienced by the implementing agencies and for effective implementation of the provisions of the Act, the Beedi and Cigar Workers (Conditions of Employment) Amendment Bill, 1987 was introduced in Rajya Sabha as far back as in December, 1987. The Bill has yet to be considered and passed by to Lok Sabha. The Committee would like Government to expedite the passage of the Amendment Bill and while doing so care may be taken to incorporate all necessary changes so as to make the amended Act a comprehensive piece of legislation for ensuring the welfare of all the beedi workers.

Reply of the Government

The Beedi Workers (Conditions of Employment) Amendment Bill has been passed by the Parliament. As a result the following amendments in the main Act have been made:

- (i) Definition of 'employee' has been amended to cover those workers who are working in the godowns.
- (ii) Provision has been made for setting up of Creches where there are more than 30 female workers.
- (iii) Payment of overtime wages on the basis of wages earned in a week in which a worker has actually worked has been clarified.
- (iv) Provision has been made to send a copy of the notice declaring a particular day as weekly holiday in the industrial premises, to the Inspector within a fortnight.
- (v) The Appellate Authority has been vested with powers of a Civil Court for production of records and attendance of witnesses.

- (vi) Penalty for obstructing the Inspectors has been enhanced to imprisonment upto six months or fine of Rs. 5,000/- or with both.
- (vii) The State Government have been given power to prescribe time limit within which disputes may be referred to the specified authority.
- (viii) It has been provided that labour inspectors shall treat as absolute confidential from the employers, the source of complaints brought to their notices.

[O.M. No. Z-20025/3/88-W.II dated 5.8.93 from Ministry of Labour].

Recommendation of the Committee (Para No. 1.62)

The beedi workers have demanded that the contract system should be abolished as the contractors are not paying them the minimum wages and they are also deprived of their rights like payment of gratuity, bonus, provident fund, weekly holidays, etc. Government's view is that abolition of contract system is not feasible because such a law will be impracticable of enforce. The Committee consider that in the given situation some other alternatives need to be devised to stop the exploitation of the workers. The Committee recommend that urgent steps need to be taken to organise the beedi industry on the lines of a cottage industry. Workers' cooperative may be formed as in the case in handloom industry. By organising workers cooperatives, the inputs for the manufacture of beedis could be made available to the individual workers at subsidised rates, as the cooperatives would be able to make bulk purchases. The most important area which needs to be looked after is the marketing the beedis. In this field there is so much of competition that all the big manufacturers are spending huge amounts on advertisements through different media. Therefore, unless the beedi workers are organised into cooperatives and their sales promotion is entrusted to a unified agency, these workers have no chance of standing on their own. The Committee feel that there should be a centralised agency which could market the beedis prepared by individual workers or their cooperatives under one brand name. For this purpose sustained publicity will be needed. The Committee desire that the Central Government should explore the possibility of having such a system in conjunction with the State Governments concerned.

Reply of the Government

A draft Scheme for organising the beedi workers on cooperative basis was sent to all the State Government for their approval. This scheme envisages sharing of share capital amount between the State Governments and the Labour Welfare Organisation, Majority of State Governments have declined to share the amount of subsidy towards share capital due to financial constraints. In view of this and also in view of the fact that such

cooperatives could not have any viable infrastructure for sale of unbranded beedis, the proposal has been dropped.

[O.M. No. Z-20025/3/88-W.II dated 5.8.93 from Ministry of Labour.]

Recommendation of the Committee (Para No. 1.63)

The Committee note that a Welfare Fund has been created by means of a cess levied on beedi production at the rate of 30 paise for every thousand beedis on all production beyond 20 lakh beedis. The money so collected is utilised for providing medical facilities, scholarships, subsidy for housing etc. to workers. The cess collected goes into the Consolidated Fund of India. In the year 1988-89, the receipts were Rs. 11 crores while Rs. 8 crores only were spent on the Welfare of the beedi workers. The Committee recommend that the total cess collected from the beedi industry should be kept separately like petroleum cess and be utilised only for the Welfare of beedi workers. The Committee further recommend that the exemption limit be reduced from 30 to 10 lakhs beedis and beyond this limit cess be levied at the rate of 30 paise for every thousand beedis workers and their dependents. Taking into consideration the plight of the beedi workers and the need for providing larger funds for the Welfare of the Workers, the Committee consider it essential that the recommendation is examined and implemented without delay.

Reply of the Government

Section 3 of Beedi Workers Welfare Cess Act, 1976 provides that cess shall be levied at such rate as shall not be less than 10 paise or more than 50 paise per thousand beedies manufactured, as the Central Government may from time to time fix by notifications in the Official Gazette. The present rate of cess is 30 paise for every one thousand of manufactured beedies. Though the cess collected under Beedi Workers Welfare Cess Act is credited to the Consolidated Fund of India, a separate account is maintained and the Fund is utilised only for various Welfare measures in respect of beedi workers only and not for any other category of workers. The amount of cess collected and expended incurred under the Beedi Workers Welfare Fund for the last four years is as indicated below:—

Year	Opening balance (crores)	Receipt (crores)	Expenditure (crores)	Closing (crores)
1986-87	7.06	4.16	3.24	8.54
1987-88	8.55	11.00	4.19	15.37
1988-89	15.37	11.98	6.59	20.76
1989-90	20.76	12.26	8.32	24.70

Under the provision of Section 3 of Beedi Workers Welfare Cess Act, 1976 the duty of excise by way of cess is collected by the collectorate of

Customs and Central Excise which sends to the Welfare Commissioner a return indicating the amount of Cess collection and credited to the Fund during previous month.

From this it is evident that Cess can be collected where excise duty is levied. The Ministry of Finance have exempted from levy of excise duty the establishments manufacturing 20 lakhs or less unbranded beedies. There was a demand that this exemption limit of 20 lakhs may be abolished. We had taken up the matter with the Ministry of Finance but they have not found it possible to withdraw the exemption because of administrative reasons and as this exemption is availed of mainly by persons in unorganised sector/cottage sector.

Recommendation of the Committee (Para No. 1:64) --

The beedi workers have demanded that like other industrial workers, they should be covered under Employees State Insurance Scheme. It has been stated that this facility can be extended to such workers only who are working on regular basis. Workers in their homes or working on part time basis cannot be covered under the above scheme. They can however, be provided medical facilities, etc. under the welfare schemes. The Committee recommend that an insurance scheme on the lines of the Group Insurance Scheme for Rural Landless Workers may be introduced for the benefit of Beedi Workers. They further recommend that mobile dispensaries should be started to provide better medical facilities to them.

Reply of the Government

The E.S.I.C. Act contains an enabling provision under which appropriate Government is empowered to extend its provisions to any other establishment etc. With a view to covering maximum number of workers in beedi, industry, E.S.I.C. had approved in principle on 21.8.1981 extension of E.S.I.C. scheme to beedi manufacturing establishments employing 10 or more persons in the implemented areas, irrespective of the fact whether power was used in the manufacturing process or not. The State Government were required to consider the extension of scheme to such establishments and make suitable arrangements to provide full medical care to the insured persons and their family. At present about 21.725 workers working in the Beedi factories and establishments are covered under E.S.I.C. scheme, in the various states. It is not administratively possible to cover home workers (who collect material from factory establishment etc., and roll beedi at home with the help of their family members) under E.S.I.C. Act.

Group Insurance Scheme for beedi workers through cooperative societies under which an amount of Rs. 5,000/- is paid by LIC to a cooperative society on death of beedi worker, by whatsoever cause to an eligible workers, is in operation under Beedi Workers Welfare Fund. The premium, charged by LIC at the rate of 45/- per member per annum is subsidised to the extent of 50% from the Welfare Fund. Apart from this,

the Chief (P&GS), LIC of India Central Office Bombay has been requested to inform whether there is any scheme for insurance of agriculture labour/rural worker or similar social security measure or Group Insurance Scheme to see whether this can be extended to cover the beedi workers also.

It may also be stated that so far 154 dispensaries for providing medical facilities to the beedi workers at different places in the country have been set up. Out of 154 dispensaries 30 are Static, 108 are Statio-cum-mobile besides 9 allopathic mobile dispensaries and 7 ayurvedic dispensaries. In addition one 10 bedded hospital has been one Chest Clinic and 50 bedded T.B. hospital has been set up under beedi fund. There is also a proposal for setting up of two hospitals, one each at Gursahaiganj District Farrukhabad in Uttar Pradesh and Dhuliayan District Murshidabad in West Bengal. A decision has been taken that now instead of hospitals, more and more dispensaries may be opened to cover larger number of beedi workers in scattered areas. A proposal for setting up of 46 new dispensaries in various States where there is concentration of beedi workers is also under consideration.

Recommendation of the Committee (Para No. 1.65)

The Committee note that a large number of beedi workers suffer from TB and cancer. They recommend that certain number of beds be reserved for beedi workers in Government hospitals. There should also be arrangements for preventive medical care and cancer diagnostic centres may be established in areas where beedi workers are concentrated.

Reply of the Government

Various schemes under medical care to beedi workers have been framed under Beedi Workers Welfare Fund. Medical facilities are provided to beedi workers and their family members through 154 dispensaries one 10 bedded hospital at Mysore, 50 bedded T.B. hospital at Karma and a Chest Clinic at Nimtita (West Bengal). Most of the dispensaries perform mobile duties and also provide medical check up and relief where the beedi workers are concentrated. Through these hospitals and dispensaries, preventive medical care, as far as T.B. is concerned, is also provided. In addition to existing dispensaries/hospitals construction work for upgrading 10 bedded hospital at Mysore to 50 bedded one is also in progress.

There is a scheme under Beedi Workers Welfare Fund for reservation of beds in T.B. hospital Sanatoria and scheme for demiciliary treatment of beedi workers suffering from T.B. Beedi workers undergoing treatment in Sanatoria where beds have been reserved the provided free treatment for a period not exceeding 9 months and beyond this in exceptional cases. Now a days demiciliary treatment for T.B. is referred as hospitalisation for longer period is not considered necessary. The workers suffering from T.B.

and undergoing domiciliary treatment through approved dispensaries run by employers/State Governments or Welfare Funds are entitled for treatment charges @ Rs. 50/- to Rs. 150/- per month for a period of 9 months and in exceptional case upto 12 months. Subsistence allowance is also paid.

There is no scheme for reservation of bed in the hospital for treatment of the beedi workers and dependents suffering from cancer. However, from December, 1989, a new scheme has been introduced for the treatment of beedi workers suffering from cancer. The patient who receives treatment whether as indoor patient or outdoor patient from a recognised hospital is entitled for reimbursement of actual expenditure on treatment, medicines and diet charges. In addition if the worker happens to be the only earning member of the family and there is no other source of income during the period of treatment a subsistence allowance at the rate of Rs. 200/- to Rs. 250/- per month is paid. A daily allowance of Rs. 10/- per day is also paid for onward/return journey in addition to railway/bus fare.

Since there is provision for reimbursement of actual expenditure for treatment of cancer there is no necessity of establishing Cancer Diagnostic Centres. The Workers can get themselves checked up and treated in the recognised hospital and get actual expenditure reimbursed.

Recommendation of the Committee (Para No. 1.66)

During informal discussions with the petitioners at Ahmednagar, the beedi workers complained that maternity leave was not being given to the lady workers and that the sum of Rs. 250/- given as maternity benefit was too meagre. The Committee would like the Government to look into these problems and suitable action be taken in the matter. They recommend that there should be provision for grant of maternity leave and the sum of Rs. 250/- being given to the workers at present as maternity benefit should be raised to Rs. 1,000 for the first two deliveries.

Reply of the Government

According to Section 37(3) of the B&CW (CE) Act, 1966 the provision of Maternity Benefit Act 1961 applies to the beedi establishments. It also applies to the home workers subject to certain modification. The Maternity Benefit Act 1961 provides for (i) Maximum 12 weeks' leave (ii) payment of medical bonus of Rs. 250/- except where pre natal confirmation and post-natal care is provided by employer free of charge (iii) payment of average daily wage for period of actual leave. The responsibility for implementation of Maternity Benefit Act, 1961 lies with the State Governments concerned.

In addition to what is made available to the beedi workers under Maternity Benefit Act, 1961 a Maternity Benefit Scheme under Beedi Workers Welfare Fund has also been introduced by the Central Government w.e.f. April, 1988 to supplement and not to supplant efforts

of the employers and State Governments. Under this Scheme of Labour Welfare Organisation a female beedi worker is paid a lump sum amount of Rs. 250/- per delivery but not more than twice in her life time. The amount disbursed and number of beneficiaries of this scheme since its inception, is as follows:—

Year	No. of beneficiaries	Amount disbursed
1988-89	2790	6,97,500
1989-90	8109	20,27,250

This scheme has been introduced keeping in view the pecuniary condition of the beedi workers. The payment under the Fund at the rate of Rs. 250/- per delivery upto two children is considered quite adequate. The scheme is becoming very popular and there is substantial increase in the number of beneficiaries. As the fund has other scheme to support, increase in the rate of benefit under this scheme may not be feasible.

Further, in order to increase facilities to female beedi workers, it is proposed to reserve for delivery purpose, 3 bed each in the State Government hospital/dispensaries near each of 154 dispensaries under the Fund. The expenditure in this regard is proposed to be borne by Beedi Workers Welfare Fund.

The role of Fund being supplemental, these facilities are considered to be quite adequate for present and there is no need for enhancing the amount of Rs. 250/- per delivery as mentioned aforesaid.

Recommendation of the Committee (Para No. 1.67)

During evidence the Committee were informed that only about 30 per cent of the total applicants from among the wards of beedi workers who applied for scholarships were being awarded scholarships. About the remaining 70 per cent it was stated that as and when more funds were available, the matter could be considered. The Committee consider that the demand of the beedi workers for increasing the number of scholarships, taking into account their poverty and illiteracy, is genuine and sincere efforts need to be made in this regard so that much larger number of scholarships are made available to their children. The quantum of scholarship should also be increased.

Reply of the Government

Beedi Workers Welfare Fund has been established to extend various welfare facilities to the Beedi workers, like health, housing, education and recreation etc. These measure are extended in the form of various prototype schemes framed for this purpose. There is a scheme for award

of scholarship to the school and college going children of beedi workers. The amount of scholarship varies from Rs. 15/- to 200/- p.m. depending upon the class in which the ward is studying.

During 1988-89 a sum of Rs. 1.14 crores was disbursed as scholarship to 34,423 students. In 1989-90 a sum of Rs. 1.47 crore was disbursed to 45,387 students. A provision of Rs. 1.75 crores has been made in B.E. 1991 for the award of scholarship. The total expenditure under beedi fund during 1988-89 and 1989-90 was Rs. 6.59 crores and 8.32 crores respectively. Therefore, the amount of Rs. 1.14 crores and 1.47 crores as scholarship disbursed is quite sufficient, because there are other schemes also which are to be implemented within the available resources. The schemes under health and housing need priority over other scheme. Hospitals, dispensaries have been established for the benefit of beedi workers and more dispensaries are proposed to be set up for which a big portion of available resources have to be allocated as committee expenditure. In view of this it is not possible and advisable to cover 100% wards of beedi workers under this scheme. The amount of expenditure on a scholarship and number of students covered, increases, with the increase in the revenue of the fund. There is already provision for increasing disburseable amount by 10% every year for scholarship and that rate of increase is adequate.

Recommendation of the Committee (Para No. 1.68)

The Committee note that most of the beedi workers are not having their own houses and are forced to live in zopadpattis. The Committee are of the opinion that the poor beedi workers with their meagre resources are not in a position to purchase houses. Therefore, land found surplus under the Urban Ceiling Act should be given to the workers at a nominal price or at a lease for 99 years. The Committee further recommend that housing loans given to the beedi workers should be at par with the loans given to the weaker sections of the society, under the 'Build Your Own House' and 'Housing Scheme for Economically Weaker Sections'. The limit of loan also needs to be increased to match the rising cost of construction as assessed by the Public Works Department of the State concerned from time to time. The Committee have been informed that in Maharashtra double mortgage system for obtaining loan has been allowed. The Committee recommend that such a facility should be extended to all the States so as to encourage workers to have their own houses.

Reply of the Government

Recommendation under para 1.68 of the Committee on Petitions can broadly be divided into following categories:—

- (i) Land found surplus under the Urban Land of the Ceiling Act should be given to the workers at a nominal price or at a lease of 99 years.

- (ii) Housing loans given to the beedi workers should be at par with the loans given to the weaker sections of the society under the "Build Your Own Houses Scheme" and "Housing Scheme for Economically Weaker Section".
- (iii) Limit of loan needs to be increased to match the rising cost of construction as assessed by the Public Works Department of the State concerned from time to time.
- (iv) As prevalent in Maharashtra, double mortgage system for obtaining loan may be allowed to encourage workers to have their own houses.

As regards (i) it may be mentioned that Urban Ceiling Act is enforced by the State Governments. The land found surplus is disposed off to subserve the common good. Under H.S.E.W.S. Scheme of housing for beedi workers the State Governments provide land for construction of houses for the beedi workers.

In context of (ii) above, it may be stated that under the Build Your Own House Scheme an amount of Rs. 1,000/- as subsidy and Rs. 6,000/- as loan is paid to a worker for construction of house on plot owned by him. The loan is interest free and recoverable in monthly instalments, in span of 9 years. Under Housing Scheme for Economically Weaker Section, no loan is given by the Central Govt. but only a subsidy of Rs. 5,000/- plus development charges upto Rs. 1,000/- per tenement is given by the Central Government to the State Govt. Under this scheme, the respective State Governments arrange loan from the HUDCO or other financial institutions. The loan granted by HUDCO under the Economically Weaker Section Category is also subject to 7% of interest while the loan under 'BYOHS' is given without charging any interest. Since BYHOS and HSEWS are two different housing schemes with different objectives in mind the proposal for bringing the subsidy limit of two schemes at par is not considered necessary.

As regards (iii) above, it may be mentioned that at the commencement of 'BYHOS' the loan limit was Rs. 4,000/- and a subsidy of Rs. 1,000/- was payable. To make this scheme more attractive the limit of the loan was enhanced from Rs. 4,000/- to Rs. 6,000/- from 24.9.1987. An additional subsidy of Rs. 1,000/- is also payable to a beedi worker who adopts small family norms. According to information received from HUDCO, it is known that the cost of construction of houses as per specification laid down under 'BYOHS' is Rs. 12,500/- (approx.) From the existing limit it would be seen that loan to the extent of 50% of the estimated cost of construction under 'BYOHS' is given to a beedi worker. Even under the statement of objects and reasons under the Beedi Workers Welfare Fund Act 1976 it has been spelt out in unambiguous terms that the Fund is intended to supplement, and not to supplant the efforts of the employers and the State Governments to ameliorate the living conditions of the

labour engaged in beedi establishment. In view of position explained above, the existing limit of loan and subsidy under the 'BYOHS' appears to be sufficient.

As regards (iv) above, the Committee has not specifically mentioned the name of the Scheme. However, it may be stated that under the HSEWS the ownership of the houses finally vests with the beneficiary, *i.e.* the worker. However, till the entire loan and interest thereon is paid by the worker who enters into agreement to own the house, the State Government is the owner of the houses. The terms and conditions for agreement to own those houses are worked out by the State Government or the agency nominated as responsible for the refund of loan.

From the existing provision under the HSEWS it is seen that there is no provision against mortgaging of a house and it is for the concerned State Government or the agency so nominated to enter into agreement and the terms and conditions for the agreement are to be worked out by the State Government or the agency so nominated. In view of this position it will be seen that under our 'HSEWS', there is no bar to mortgaging the house and it is for the respective State Governments to work out the terms & conditions of the agreement. Thus under HSEWS there may be no objection if other State Government also follow the example of Maharashtra Govt. in allowing double mortgage system for obtaining loan.

Under 'BYOHS' the worker has been allowed to mortgage the land on which he or she proposes to construct the house. The mortgage clause has been incorporated as an alternative to the surety/guarantee clause in 'BYOHS'. Under this scheme, if the mortgagee covenants to create a 2nd mortgage in favour of any other financial institution, he shall not do so without obtaining the prior permission of the mortgagee and on the consent being given, the draft of the 2nd mortgage will be submitted to the mortgagee for approval.

Even under the Group Housing Scheme for beedi workers the Co-operative Group Housing Society is allowed to negotiate a 2nd mortgage (in addition to mortgage to the Welfare Fund) of the tenements in favour of a financial institution or any person. (O.M. No. Z-20025388-W.II dated 19.10.90 from Ministry of Labour)

Recommendation of the Committee (Para No. 1.69)

The Committee note that under Rule 41 of the Beedi and Cigar Workers Welfare Fund Rule identity Cards are issued to the beedi workers which enable them to get benefits of the Welfare Fund, namely medical facilities scholarships to children, housing subsidy etc. The card contains information of all the dependents of a beedi worker and the whole family is entitled to these benefits. During evidence the Committee were informed that since the employers are reluctant to issue identity cards to beedi workers, the Ministry of Labour have permitted the State Governments and the local authorities to maintain registers for beedi

workers. About 20.17 lakhs workers have so far been issued Identity Cards. The Committee strongly feel that it is the duty both of the Central and State Governments to ensure that Identity Cards are issued to all beedi workers as expeditiously as possible. A time bound programme should therefore be drawn up and implemented. The work relating to issue of identity cards should be monitored by the Labour Secretaries in each State.

Reply of the Government

The Ministry attach a high priority to the task of issue of Identity Cards to beedi workers and, towards this end, have prescribed targets for each dispensary/field officers which are being closely monitored. At the same time, the State Governments have also been urged upon to take up special surveys/campaigns for issue of identity cards to beedi workers as done by the State Government of Madhya Pradesh who, in association with the L.W.O. during the course of last year have issued about 6.60 lakhs identity cards covering all the beedi workers in the State. Other State Governments have been requested to take up similar campaign in their respective States. So far 27.34 lakhs Beedi Workers have been issued Identity Cards as shown in the *Annexure*.

Recommendation of the Committee (Para No. 1.71)

The Committee recommend that necessary steps be taken to streamline the collection of provident fund from the workers and employers; the workers be given the receipt for the contribution made by them and the employers also made to deposit the entire provident fund collection including their share with the Government so as to avoid chances of misuse. The recovery of provident fund arrears from the employers should be expedited and the defaulters in this regard dealt with strictly under the law. Government should ensure that as and when workers become eligible for the provident fund, it is paid to them at the earliest and in any case within two months. Government should also ensure that sufficient number of application form were made available not only in Provident Fund Commissioner office but also in the offices of recognised trade unions so that the workers are not unnecessarily inconvenienced in obtaining loans/advances and their applications are cleared with a period of two months at the most.

Reply of the Government

The establishment engaged in the manufacture of Beedis have been brought under the purview of the Employees' Provident Fund and Miscellaneous Provision Act, 1952 *vide* Notification No. GSR 660 dated 17.5.1977. 12.99 lakhs members belonging to Beedi Industry are subscribers to Employees' Provident Fund as on 31.3.1994. The field informations have been advised to ensure that all eligible workers are made members of the EPD & Misc. Provision Act, 1952. A statement showing the State-wise coverage under this Act is at *Annexure*.

All efforts have been made to streamline the working of the provisions of the Act. The contributions are payable by the employers in any branch of the State Bank of India. Annual Accounts slips duly authenticated are issued every year to the Beedi Workers covered under the Act. Computers have been installed to ensure that accounts slips are issued without much delay. As regard recovery of provident fund arrears, the E.P.F. Organisation has set up a recovery machinery for effective realisation of the dues. E.P.F. Organisation also files prosecutions and IPC cases on defaults.

[O.M. No. Z-20025/3/88-W. II dated 12.1.96 from Ministry of Labour].

Annexure to Appendix I
(See page 3.3 of the Report)

STATEMENT SHOWING THE STATE-WISE NUMBERS OF BEEDI WORKERS, IDENTITY CARDS ISSUED AND P.F. SUBSCRIBERS IN THE COUNTRY

Name of the state	No. of beedi workers	Identity cards issued	P.F. subscribers
Assam	7,725	3,148	686
Andhra Pradesh	6,25,050	4,53,938	4,04,979
Bihar	3,91,500	2,28,427	10,652
Gujarat	50,000	29,701	418
Karnataka	3,55,000	2,27,968	2,82,619
Kerala	1,36,419	1,05,406	1,04,040
Maharashtra	2,56,000	2,56,000	1,16,913
Madhya Pradesh	6,60,000	6,16,762	81,165
Orissa	1,51,425	44,395	5,160
Rajasthan	1,00,000	55,761	6,368
Tripura	5,000	3,085	—
Uttar Pradesh	4,50,000	1,60,361	5,863
West Bengal	4,50,000	1,88,344	5,444
Tamil Nadu	6,20,950	3,60,986	2,74,753
Total	42,59,069	27,34,295	12,99,060

APPENDIX II

(See Para 2.4 of the Report)

PROGRESS OF IMPLEMENTATION OF THE RECOMMENDATIONS OF THE COMMITTEE ON PETITIONS MADE IN THEIR SEVENTH REPORT (TENTH LOK SABHA) REGARDING NEED FOR PROVIDING A RAILWAY LEVEL CROSSING AT DAUND, DISTRICT PUNE (MAHARASHTRA) INTIMATED BY THE MINISTRY OF RAILWAYS

1. Communication dated 21.7.1995

"In connection with the above, please refer to this office letter of even number dated 18.7.94 wherein it is stated that the following information regarding construction of Road overbridge in lieu of level crossings at proposed location are still awaited from the PWD/Govt. of Maharashtra despite repeated reminders by the Railways.

1. Joint traffic census of the level crossing gate in lieu of which road overbridge is proposed.
2. Estimate, longitudinal section and plan of the approaches.
3. Joint inspection of site with Railways to arrive at a final location of the proposed Road overbridge.

At present there is no change in the position. After the above information are furnished by the State Govt. and necessary preliminaries/pre-requisite formalities are fulfilled by the State Govt. the work will be considered for inclusion in the Railway's Works Programme.

2. Communication dated 7.9.1995

In connection with the above, please refer to this office letters of even number dated 18.7.94 & 21.7.95 wherein it was stated that some information regarding construction of Road overbridge in lieu of level crossings at proposed location are still awaited from the PWD authority/Govt. of Maharashtra. In this connection, it is informed that PWD authority/Govt. of Maharashtra has submitted the following information:—

1. Form A.
2. Draft agreement duly signed.
3. Certificate of closure of level crossing from collector.
4. Joint Traffic Census.

The General arrangement drawing is under preparation. On approval of this drawing & submission of estimates for approaches by PWD the work will be considered for inclusion in the Railway's Works Programme.

4. Communication dated 29.11.1995

"In this connection, it is informed that PWD authority/Government of Maharashtra has submitted the required information. The General arrangement drawing has been prepared and is under approval. The work will be considered for inclusion in Railways' Works Programme 1996-97."

5. Communication dated 29.1.1996

"In this connection, it is informed that Public Works Department, Government of Maharashtra have completed all the required formalities for processing the proposal for construction of Road Over-bridge near Daund City in lieu of level crossing No. 18-B at Km 265/3-4 on Pune - Daund Section and from Railway's side also the general arrangement drawing and other technical details have been completed. The work has already been included in the final Works Programme 1996-97 of Central Railway and the work will be considered as sanctioned after the Budget of Railway for 1996-97 is passed by the Parliament."

6. Communication dated 8.11.1996

"In this connection, it is informed that the work for construction of Road Over-bridge near Daund City in lieu of level crossing No. 18-B at Km 265/3-4 on Pune-Daund Section was included in the Budget of the Railway for 1996-97 which has already been sanctioned at a cost amounting to Rs. 264.37 lakhs out of which Railway's share is Rs. 117.50 lakhs and State Government's share is Rs. 146.87 lakhs. An outlay of Rs. 10 lakhs has been provided during the current financial year for this work.

General arrangements drawing for the work is under revision. Draft agreement is awaited from PWD authority of the State Government of Maharashtra. Reminder has been issued to the PWD by the Railway in this regard."

APPENDIX III

(See para 3.4 of the Report)

EFFORTS MADE BY THE MINISTRY OF WATER RESOURCES FOR REVIVAL OF RASHTRIYA PARIYOJANA NIRMAN NIGAM LTD.

The Rashtriya Pariyojana Nirman Nigam Limited (formerly the National Projects Construction Corporation Limited) is a sick Company according to the conditions stipulated in Sick Industrial Companies (Special Provisions), Act, 1985. However, being a non-manufacturing concerned, it is not covered under the Act and therefore, its case for revival cannot be referred to Bureau for Industrial and Financial Reconstruction (BIFR). The Department of Public Enterprises advised that the administrative Ministries may take up the exercise on the lines followed by BIFR for the formulation of revival Plan for such companies.

2. Accordingly, the Secretary (WR) convened an inter-Ministerial meeting comprising of the representatives from the Ministry of Industry, Ministry of Labour, Ministry of Finance and the Planning Commission on 18.5.1992 to consider the state of affairs of the company. It was decided therein that a comprehensive revival plan be formulated for the Company.

3. The Comprehensive revival Plan was formulated by a Company of Chartered Accountants on behalf of the Nigam and it was approved in an another inter-Ministerial meeting taken by the Secretary (WR) on 18.8.1992 and it was decided therein that the proposal for each component of the revival plan be taken up with the concerned Organisations/ Ministries. The main components of the revival plan were as under :—

- (i) Conversion of existing Government loan of Rs. 40.40 crores into equity.
- (ii) Waiver of interest of Rs. 14.50 crores and penal interest of Rs. 2.10 crores due on Government loans upto 30.9.1992.
- (iii) Interest free working capital fund loan of Rs. 15 crores repayable in 15 half yearly instalments commencing from September, 1997 to meet working capital requirement a term loan of Rs. 5 crores carrying interest @ 15% (with moratorium for 5 years) and repayable in 15 half yearly instalments beginning September, 1995 for modernisation of equipments.
- (iv) Grant of Rs. 22 crores from National Renewal Fund to remove surplus manpower with benefits as admissible under Voluntary Retirement Scheme.

(v) Counter Government guarantee for Rs. 60 crores and US\$ 1.75 million.

4. The proposal for conversion of the existing Government loans of Rs. 40.40 crores (as on 31.3.1992) into paid up capital and waiver of interest of Rs. 14.50 crores and penal interest of Rs. 2.10 crores thereon (upto 30.9.1992) was forwarded to the Ministry of Finance (CGA) in October, 1992.

5. The Ministry of Finance observed that the return on investments even after implementation of the revival package was extremely low and they suggested in April, 1993 liquidation of the Company in phase over a period of 4-5 years.

6. This was brought to the notice of the Hon'ble Minister (WR & PA) who in May, 1994 directed that a paper for Cabinet Committee on Economic Affairs be prepared so that the matter should be taken to finality.

7. The Standing Committee of Parliament on Agriculture while examining the budget proposal of this Ministry for the year 1994-95 has recommended that the Rashtriya Pariyojana Nirman Nigam be revived and revamped.

8. Accordingly, a draft note for Cabinet Committee on Economic Affairs had been prepared and sent to Ministry of Labour, Department of Public Enterprises and Department of Expenditure, Ministry of Finance in June, 1994 for obtaining their views/suggestions for the following three options available on future of Rashtriya Pariyojana Nirman Nigam Limited:—

(i) Phasing out of the Nigam;

(ii) Immediate closure; and

(iii) Privatisation.

9. Secretary (Water Resources) had discussed this with Secretary (Expenditure) who opined that this Corporation cannot be revived because even after giving financial assistance, the return on income will be too low and it is not worthwhile to invest in a proposition where return is not ensured. It had further been suggested that after allowing time bound option for Voluntary Retirement approval of the Government may be sought for retrenching surplus staff to be followed by closure activity.

10. Ministry of Labour had suggested that in a situation where final solution emerges to be retrenchment, provision under chapter VA of the Industrial Disputes Act, 1947 may be complied with.

11. Department of Public Enterprises had suggested that Voluntary Retirement Scheme is meant to turn around sick Public Sector Undertaking. Once the decision is to close Public Sector Undertaking in phases or immediately, Voluntary Retirement Scheme cannot be applied and if the Government decision is to close down a Public Sector Undertaking, it may have to be implemented as quickly as possible because phased closure generally would be costly with considerable avoidable payments.

12. Accordingly, the draft note was revised on the basis of the comments/discussions held with various Ministries/Departments and put up in August, 1994 to Hon'ble Minister (Water Resources and Parliamentary Affairs) for approval. Hon'ble Minister (WR & PA) directed that the note may be modified wherein various options without suggesting any particular option about the future of the Rashtriya Pariyojana Nirman Nigam Limited be given. The modified draft Note after approval of Hon'ble Minister (WR & PA) was circulated to the Ministry of Labour, Planning Commission, Department of Industrial Development, Department of Public Enterprises and Department of Legal Affairs in January, 1995 for obtaining their comments. The comments had been received from the Ministry of Labour, Planning Commission, Department of Industrial Development and Department of Legal Affairs. The Planning Commission has observed that the nature of projects likely to be executed by the Undertaking is such that it is unlikely to earn satisfactory rate of return even if the work culture improves and has suggested the phase closure as a better proposition. They had however, agreed to revise their observations and requisite information had been furnished to them.

The Ministry of Labour had observed if the revival option approved, the rationalisation of the workforce could be achieved through the voluntary Retirement Scheme. However, if retrenchment of workers was resorted to, the legal provisions of the Industrial Dispute Act, 1947 would have to be complied with. The Department of Legal Affairs had observed that there was no legal point and it was for the Ministry of Finance to take a view about the financial fall out of the administrative Ministry's proposal in regard to revival and revitalisation of Rashtriya Pariyojana Nirman Nigam Limited. The Department of Industrial Development had supported the revival plan proposed for Rashtriya Pariyojana Nirman Nigam Limited and had recommended the grant of NRF Assistance in this case. Additional information/clarifications sought by the Department of Public Enterprises, Department of Expenditure and the Planning Commission had also been furnished to them.

13. For expediting the reaction of the Ministry of Finance, Department of Public Enterprises and the Planning Commission, the Minister of State (Water Resources) took a meeting with all the concerned officer on 12.6.1995. It was observed by the representative of the Finance Ministry that the draft note for consideration of the Cabinet Committee on Economic Affairs required some modifications. He suggested that a

consultant may be appointed in consultation with the Bankers of the Rashtriya Pariyojana Nirman Nigam Limited to review the working of the Corporation and submit his report on the closure of action to be taken for deciding the future of the Corporation. Minister of State (Water Resources) directed that the consultant be appointed immediately and the report from him may be obtained about 2 months time. Based upon the report, the draft note for consideration of Cabinet Committee on Economic Affairs be revised and resubmitted. Department of Public Enterprises and Planning Commission have concurred to the views of the Ministry of Finance.

14. The Rashtriya Pariyojana Nirman Nigam Ltd. has awarded in Sept. 95 the job of preparation of revival package to M/s. Batliboi Consultants. The time allowed for submission of final report is 3 and 1/2 months. Thus the revival package is expected to be received by end of December, 95.

15. Meanwhile, to keep the Company going a loan of Rs. 6.89 crores had been sanctioned to the Rashtriya Pariyojana Nirman Nigam Limited in February, 1995. This was meant for meeting short term working capital requirement of the Company especially to enable it to disburse salaries and wages to its employees which in some cases was outstanding for the last 5-6 months. A token provision of Rs. 1 crore has been made in the budget of the Ministry of Water Resources of the year 1995-96 to provide budgetary support to Rashtriya Pariyojana Nirman Nigam Limited. The provision can be enhanced in the revised estimates as per requirement. However, release of money would depend upon the decision of the Cabinet Committee on Economic Affairs on future of the Company.

16. Further, Rashtriya Pariyojana Nirman Nigam Limited has been advised to encourage the surplus staff to opt for Voluntary Retirement. Necessary funds for incurring expenditure on Voluntary Retirement Scheme are being provided to the Company from National Renewal Fund (NRF). An amount of Rs. 16 crores has so far been released to the Company under this Scheme. Since introduction of the scheme 1202 employees have availed of its benefits and an amount of Rs. 13.73 crores out of an amount of Rs. 16 crores released to the Company has been spent by them.

17. Rashtriya Pariyojana Nirman Nigam Limited has also been advised to make special efforts to release its outstanding dues from different clients. This Ministry is also taking up the matter with the concerned State Governments/Ministries for release of its outstanding dues. As on 31.7.1995 an amount of Rs. 8200.00 lakhs was outstanding against the various clients. The Company is making efforts to realise its dues. An amount of Rs. 638.07 lakhs was recovered during the period 4/95 to 7/95.

18. The Rashtriya Pariyojana Nirman Nigam Limited is also making efforts to obtain new works for gainful deployment of its surplus manpower. As on 1.4.1995, 28 bids amounting to Rs. 9525.74 lakhs were under

evaluation. Rashtriya Pariyojana Nirman Nigam Limited has submitted 37 bids amounting to Rs. 34900.01 lakhs during the period 1.4.1995 to 31.7.1995 and it has secured 14 new contracts amounting to Rs. 1959.92 lakhs. 52 bids amounting to Rs. 42465.92 lakhs are still under evaluation.

19. Rashtriya Pariyojana Nirman Nigam Limited had executed works in Iraq for which payment was due from them. However, this could not materialise as the payment was deferred by the Iraq Government due to various reasons. The Exim bank has now issued bonds amounting to Rs. 16.02 crores on 31.3.1995 in favour of Rashtriya Pariyojana Nirman Nigam Limited have sanctioned a loan of Rs. 12.00 crores against these bonds. This was coupled with recovery of outstanding dues has improved the financial status of the Company to some extent.

20. With the above scenario and the efforts being made by the Management of Rashtriya Pariyojana Nirman Nigam Limited for diversification, it may be possible for the company to perform better.

21. The decision on future of the company is to be taken by CCEA after receipt of the report of the consultant.

APPENDIX IV
(Please see Para 3.5 of the Report)

**OBSERVATIONS OF MINISTRY OF FINANCE ON THE REVIVAL
PLAN OF 892 OF RASHTRIYA PARIYOJANA NIRMAN NIGAM
LIMITED—4/93**

Revised revival proposal submitted by RPNN has been examined.

The company which was established in 1957 has been involved in implementing projects in the areas of irrigation, river valley projects, barrages, canals, flood control projects, hydel and thermal power project, steel plant, industrial complexes, railways, roads, bridges and housing. The accumulated loss of the company as on 31.3.92 was Rs. 55.50 crores against the equity base of Rs. 26.84 crores and a debt of Rs. 145.92 crores. It is estimated that this accumulated loss will go up to Rs. 72.49 crores by 31.3.93.

The revival plan of the company involves the following financial sacrifices by the Government between the period 1992 to 2000:

	<i>Rs. in Crores</i>
— Conversion of Govt. Loans into Equity Share Capital	40.40
— Waiver of unpaid interest/panel interest on Govt. Loans upto 31.3.1993	21.65
— Concessional interest from 1.4.92 to 31.3.2001 on the following loans:	
— Term Loan	
— Working Capital Fund Loan	22.17
Total :	84.22

Note 1 : For computing concessional interest, the normal interest rate has been assumed at 18% p.a. in both the packages.

Note 2 : The revival plan also includes grant of Rs. 22 crores from the National Renewal Funds to remove surplus manpower through VRS.

After implementation of revival plan the company hopes to wipe out the accumulated loss of Rs. 72.49 crores by the year 2000-2001 and the net worth of the company is Rs. 9.36 crores to Rs. 80.61 crores by 31.3.2001.

The nature of business of the company is such that it is open to stiff competition from other Public Sector Undertaking as well as Private Construction Companies such as:

- Hindustan Steel Construction Ltd.
- National Buildings Construction Corporation Ltd.
- Engineering Projects (I) Ltd.
- Gamon India Ltd.
- Jai Prakash Associates (JPA)
- Continental Construction Co. Ltd. (CCL)
- L&T (ECC Division)
- Hindustan Construction Ltd. etc.

A comparison of the financial ratios of RPNN with two of its major competitors namely Jai Prakash Associates and Continental Construction Co. Ltd. show the following:—

Financial Ratio	(in per cents)		
	RPNN	JPA	CCL
Return on Investment	(-) 6.62	(+) 12.93	(+) 8.46
Net Profit/Sales	(-) 7.90	(+) 24.64	(+) 53.63

Both the private sector companies have positive earnings per share. CCL has 8.46% return on total Capital Employed whereas for JPA, this is 12.93% as on 31.3.1991. For CCL the net sales have been rising steadily since 1981 and as on 31.3.91 showed a 60% increase over the previous year's sales. For JPA this figure was 168%. Both these companies have also been showing a positive trends in profitability, pretax profits as well as gross profits (except for CCL in 1990). Obviously, thereof, RPNN is losing out in terms of competitive advantage to its private sector rivals and its future plans do not seem to concertise how it plans to counter such rivals.

An analysis of the projected Profit and Loss Account (after revival) brings out the following salient features:

EXPENDIX -II (Page-3)
(Rs. in Lakhs)

	ACTUAL				PROJECTED							
	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-2001
Value of work done	9007	9286	1043	10000	12000	13000	14000	16000	18000	19000	20000	21000
Expenditure variable	8031	7486	8646	8150	9760	9985	10805	1234	13880	14660	15430	16200
Expenditure fixed	3795	4339	4457	5290	4380	3245	3310	3360	3495	3660	3810	3660
Percentage of variable expenditure to value of work done	89	80	83	82	81	77	77	77	77	77	77	77
Percentage of fixed expenditure to value of work done	42	47	43	53	37	25	24	21	19	19	19	18
Percentage of total expenditure to value of work done	131	127	126	134	118	102	101	98	97	96	96	96

It will be seen from the projected figures that the total expenditure which was 131% of the value of the work done during 1989-90, will come down to 96% of the value of the work done by the year 2000-2001. Thus even with implementation of the revival package it is projected that the profit margin of the company would be just 4%.

In view of the extremely low return on investments even after implementation of revival package, it is suggested that the better option would be to liquidate the company. A detailed proposal for closing down the company in phases over a period of 4-5 years should be worked out by the representatives of RPNN under the guidance of the Ministry of Water Resources. While working out this proposal, the following suggestions could be considered:

1. The manpower of 5544 could be phased out in stages as the present order book position of the company is executed, and no fresh orders should be accepted.
2. For phasing out its manpower the company may like to make out a proposal for suitable subsidies from the National Renewal Fund.
3. Losses likely to be incurred during the period of closure should be off set against income arising from staggered sale of assets rendered surplus as the order book position depletes.
4. The company may also like to sub-contract out certain jobs to other parties to enable closing down of the company at minimal additional cost to the Govt.
5. The other option which could be considered by the company is that of organising the present workforce into Group Cooperative which could be sub-contracted certain jobs which are now being implemented by the company. To enable these Group Cooperatives to undertake such jobs, they may be leased out the existing machinery of the company at suitably subsidised rates.

APPENDIX V

(Please see Para 3.5 of the Report)

REVISED REVIVAL PLAN OF RASHTRIYA PARIYOJANA NIRMAN NIGAM LIMITED

Month : January

Year : 1995

NEED FOR REVIVAL PLAN :

The Nigam's networth became negative in 1990-91 due to net losses suffered by it. The financial position of the Nigam has deteriorated gradually year after year due to decline in other book position, rise in outstanding dues, increase in over heads on account of interest on loans, salaries and wages of idle manpower etc. The Nigam has come to a stage where it can not even pay salaries to its employees regularly.

A Revival Plan in order to overcome the above financial crisis was submitted in 8/92. However, this plan was not accepted by the Ministry of Finance on account of lower rate of return even after implementation of revival package.

REVISED REVIVAL PLAN:

The Nigam having 37 years of experience in the Construction Industry and having competent expertise in the construction field, is a fit case for revival. With a little financial support from the Government, the Revival of the Nigam is viable and is necessary in the larger interest of the Nation as well as of the employees. Revised Revival Plan has now been prepared taking into account further changes in the cost trend and growth trend in the Construction Industry etc. The projected Profit and Loss Account before and after the revival for a period of six years including current financial year and upto 1999-2000 is enclosed as Appendix—I. The highlights of the Revival Plan are as follows:—

I. CONTRIBUTION BY THE GOVERNMENT:

- (a) The existing Government Loan including the interest thereon amounting to Rs. 95.41 crores as on 31.3.95 shall be converted into the Equity Capital.

- (b) The Government would sanction in 1995-96 additional Equity Capital of Rs. 34.75 crores for repayment of loans together with the interest thereon as on 31.3.95 and meeting Working Capital Requirement as shown below:—
- | | | |
|-------|-----------------------------|------------------|
| (i) | ONGC | Rs. 16.75 crores |
| (ii) | NMDC | Rs. 4.48 crores |
| (iii) | Working Capital Requirement | Rs. 13.52 crores |
- (c) The Authorised & Paid up Share Capital of the Nigam shall be increased from Rs. 30 crores & Rs. 29.84 crores respectively to Rs. 160 crores.
- (d) The Nigam shall start making net profit from the financial year 1997-98.
- (e) The Nigam requires Counter Govt. Guarantee to obtain Bank Guarantees for the purpose of submission of earnest money deposit while tendering for new works, Security Deposit, Performance Guarantee etc. for execution of works after award.
- (f) Government has already granted Rs. 16 crores out of NRF towards Voluntary Retirement Scheme which is expected to be fully utilised by 31.3.95 and Company's manpower would then get reduced to 4100. In order to further reduce the manpower gradually to 2500, a further grant of Rs. 20 crores would be required.

II. CONTRIBUTION BY THE NIGAM

- (a) The Nigam shall obtain work order by competitive bidding so as to increase its book order position and increase its turnover to Rs. 320 crores during the next 5 years.
- (b) The Nigam shall identify the areas of wastages/losses and eliminate such wastage/losses.
- (c) The Nigam shall optimise utilisation of manpower, machinery and equipments in order to reduce the idle cost.
- (d) The Nigam shall execute the works departmentally at least to the extent of 50% of turnover.
- (e) All surplus/BER equipments, materials etc. shall be disposed of at the earliest.
- (f) The Nigam shall encourage the employees to opt for VRS to bring down its manpower to 2500 during the next year. In case the response is not adequate, the Nigam will resort to retrenchment as per rules to bring down its manpower to this level.

PROJECTED PROFIT AND LOSS ACCOUNT OF REVIVAL

PARTICULARS	ACTUAL					PROJECTED			
	BEFORE REVIVAL					AFTER REVIVAL			
	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	
(A) INCOME									
—Value of work	11047	11670	11000	18000	17000	22500	26000	32000	
—Less Provisions for Bad & doubtful debts	96	22	95	95	100	100	130	150	
—Net receivable	10951	11648	10905	12905	16900	22400	25870	31850	
—Other income	2100	1210	480	450	600	800	850	900	
TOTAL (A):	13120	12858	11355	13355	17500	23200	26720	32750	
(B) EXPENDITURE									
—Variable cost	9134	9743	8930	10600	13835	18395	21230	26130	
—Construction expenses									
—Others	381	259	200	200	275	300	350	400	
TOTAL (B):	9515	10002	9130	10800	14110	18695	21580	26530	
(C) OPERATING MARGIN (A)-(B):	3605	2856	2225	2555	3390	4505	5140	6220	
(D) FIXED COSTS									
—Salary	1347	1324	1105	950	1050	1150	1250	1400	
—Wages	1296	1352	1200	1160	905	1000	1100	1210	
—Running of Vehicles	182	186	175	200	220	250	275	300	
—Administration expenses	396	374	350	350	350	400	400	425	
TOTAL (D):	3221	3236	2830	2660	2525	2800	3025	3335	
(E) GROSS MARGIN (C-D)	384	(-330)	(-505)	(-105)	865	1705	2115	2885	
(F) INTEREST	951	3970	1740	880	800	800	800	750	
(G) CASH PROFIT (E-F)	(-567)	(-4300)	(-2345)	(-905)	65	905	1315	2135	
(H) DEPRECIATION	410	420	363	300	300	300	300	300	
NET PROFIT/LOSS	(-977)	(-4770)	(-2708)	(-1205)	(-235)	605	1015	1835	

*Includes interest on Government Loans for seller years and for the year 1993-94.

APPENDIX VI

(Please see Para 3.5 of the Report)

DIFFICULTIES EXPRESSED BY RASHTRIYA PARIYOJANA NIRMAN NIGAM LTD. IN PROCUREMENT OF WORKS

The Rashtriya Pariyojana Nirman Nigam Ltd. is required to procure works by tendering in competition with other Public Sector Companies as well as Private Companies. The Company is facing following constraints in procuring works enough to keep its manpower gainfully deployed:—

- (i) There is an increasing tendency among the project Authorities to divide the work in small packages estimated to cost Rs. 2 crores to Rs. 10 crores. Tendering for such packages is unviable for the large Public Sector Companies like RPNN Ltd. due to overhead costs. Small local contractors also tender for such works and the rates quoted by them are more competitive because of their low overhead costs.
- (ii) Wherever the Project Authorities go for big packages, the criteria for pre-qualifying the contractor is such that the RPNN Ltd. is not pre-qualified by them because of negative net-worth. The net-worth of the Company has become negative due to losses incurred by it during the last 7 years.
- (iii) The Company cannot tender for the projects built being taken up on built, operate and transfer/build, own operate basis due to lack of resources.
- (iv) Counter guarantee limit sanctioned by Ministry of Finance is Rs. 23.00 crores. Request for enhancement of limit has not been agreed to. RPNN is required to furnish bank guarantee in lieu of Earnest Money Deposit, performance etc. while bidding for/entering into agreement for works. In view of financial crunch it is not in a position to deposit money in Banks for getting bank guarantee. Thus, its capability for bidding for new works is restricted by counter guarantee limit.

APPENDIX VII

(Please see foot note to Para 3.5 of the Report)

DETAILS OF PERCEPTION OF THE OTHER CONCERNED MINISTRIES/DEPARTMENTS ON THE REVISED REVIVAL PLAN OF RASHTRIYA PARIYOJANA NIRMAN NIGAM LTD.

The draft CCEA note was circulated amongst the Ministry of Finance (Department of Expenditure), Ministry of Industry (Department of Industrial Development), Ministry of Law, Justice and Company Affairs (Department of Legal Affairs), Ministry of Industry (Department of Public Enterprises) and Planning Commission.

These observations are as under:—

MINISTRY OF LABOUR

If the revival option is approved, the rationalisation of the workforce can be achieved through the Voluntary Retirement Scheme. However, if retrenchment of workers is resorted to, the legal provisions of the I.D. Act, 1947 will have to be complied with.

MINISTRY OF INDUSTRY (DEPARTMENT OF INDUSTRIAL DEVELOPMENT)

This Department supports the revival plan proposed for Rashtriya Pariyojana Nirman Nigam Limited. However, in this funds are being done by Budget Division, Department of Economic Affairs. This Department recommends the grant of NRP assistance in this case.

MINISTRY OF LAW, JUSTICE AND COMPANY AFFAIRS (DEPARTMENT OF LEGAL AFFAIRS)

We do not see any legal point, it is for the Ministry of Finance to take a view about the financial fall out of the administrative Ministry's proposal in regard to revival and revitalisation of Rashtriya Pariyojana Nirman Nigam Limited.

PLANNING COMMISSION

The Planning Commission *vide* their letter dated 17th February, 1995 has observed that the nature of the Project likely to be executed by the undertaking is such that it is unlikely to earn satisfactory rate of return even if the work culture improves. As such, the Planning Commission suggests that the phased closure would, therefore, be a better proposition which has earlier been suggested by the Ministry of Finance also. In their further letter the Planning Commission has observed that Rashtriya Pariyojana Nirman Nigam Limited may indicate the improvement in performance scenario with regard to the steps envisaged in connection with

earning satisfactory rate of return by the execution of similar projects as taken up by the undertaking earlier even if the work culture improves. Besides, this the specific measures for improvement in the work culture and the names of the projects which have been awarded to the undertaking may also be indicated in order to enable the Planning Commission to reconsider the issue.

The information as above was supplied to them by the Ministry of Water Resources. Subsequently, Minister of State (Water Resources) held an inter-Ministerial meeting on 12.6.1995 therein it was decided to engage a consultant to submit a report on the revival package of Rashtriya Pariyojana Nirman Nigam Limited. No further comments have been received from the Planning Commission.

MINISTRY OF INDUSTRY (DEPARTMENT OF PUBLIC ENTERPRISES) AND MINISTRY OF FINANCE (DEPARTMENT OF EXPENDITURE)

Vide their letter dated 16.6.1995, the Department of Public Enterprises and *vide* their letter dated 14.6.1995 the Department of Expenditure, Ministry of Finance have observed that in a meeting convened by Minister of State for Water Resources on 12.6.1995 since it had been decided to appoint a consultant to submit report on the course of action above future of Rashtriya Pariyojana Nirman Nigam Limited they would offer their comments after receipt of the report of the consultant.

APPENDIX VIII

(Please see foot note to Para 3.5 of the Report)

DIFFICULTIES OR IMPEDIMENTS THAT CANNOT BE OVERCOME BY THE WORKERS AND THE MANAGEMENT TO MANAGE THE AFFAIRS OF THE COMPANY COMPETITIVELY

Regarding difficulties or impediments that cannot be overcome by the works and management of Rashtriya Pariyojana Nirman Nigam Limited it is mentioned that the main impediments in way of functioning of the Company are non release of its dues by the clients which are mainly the Central and State Government Departments and Undertakings and locking of an amount of about Rs. 47 crores on account of the works executed by the company in Iraq on deferred payment basis. An amount of Rs. 75 crores was due to be realised from the works in India as on 31.3.1995. Amount held up on account of works in Iraq has been received in the form of bonds only in March, 1995. The non-realisation of outstanding dues forced the Company to borrow huge amount from the Government, banks and other private and public sector Companies and as a result incur heavy expenditure on account of interest. Lack of funds also resulted in slow progress on many of its projects and the Company's reputation suffered. This resulted in denial of works to the Company by many of the clients in spite of its offers being competitive.

The Company is, therefore, required to build its image for timely completion of the project and secure works to earn its overhead expenses which are to the tune of Rs. 30 crores per year.