

COMMITTEE ON PUBLIC UNDERTAKINGS (1968-69)

(FOURTH LOK SABHA)

FIFTIETH REPORT

**Action taken by Government on the Recommendations
contained in the Fifty-second Report of the Estimates
Committee (3rd L.S.) on Personnel Policies of
Public Undertakings.**



१९५३ जयते

**LOK SABHA SECRETARIAT
NEW DELHI**

April, 1969/Vaisakha, 1891 (Saka)

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<u>Page</u>	<u>No. of recommen- dation</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
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COMMITTEE ON PUBLIC UNDERTAKINGS

(1968-69)

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SECRETARIAT

Shri A. L. Rai, *Deputy Secretary.*

Shri M. M. Mathur, *Under Secretary.*

INTRODUCTION

I, the Chairman, Committee on Public Undertakings having been authorised by the Committee to submit the Report on their behalf, present this Fiftieth Report on the Action Taken by Government on the recommendations contained in the Fifty-Second Report of the Estimates Committee (Third Lok Sabha) on Personnel Policies of Public Undertakings.

2. The Fifty-Second Report of the Estimates Committee (Third Lok Sabha) was presented to the Lok Sabha on the 9th April, 1964. Government furnished their replies indicating the action taken on the recommendations contained in the Report in several batches during the period 4th July, 1965 to 8th April, 1969. The replies of Government to the recommendations contained in the aforesaid Report were considered and approved by the Committee on the 22nd April, 1969. The Committee authorised the Chairman to finalise the Report and present it to Parliament.

3. The Report has been divided into the following five Chapters:—

- (i) Report
- (ii) Recommendations that have been accepted by Government.
- (iii) Recommendations which the Committee do not desire to pursue in view of Government's reply.
- (iv) Recommendations in respect of which replies of Government have not been accepted by the Committee.
- (v) Recommendations in respect of which final replies of Government are still awaited.

4. An analysis of the action taken by Government on the recommendations contained in the Fifty-Second Report of the Estimates Committee (Third Lok Sabha) is given in Appendix XXVIII. It would be observed therefrom that out of 110 recommendations made in the report 70 per cent have been accepted by Government and

(vi)

the Committee do not desire to pursue 19 per cent of the recommendations in view of Government's reply. Government have not furnished final replies to 11 per cent of the recommendations.

G. S. DHILLON,
Chairman,

Committee on Public Undertakings.

NEW DELHI;

April 22, 1969

Vaisakha 2, 1891 (S)

CHAPTER I

REPORT

Fifty-second Report of the Estimates Committee (Third Lok Sabha) on Personnel Policies of Public Undertakings was presented to Parliament on the 9th April, 1964. Government were requested on the 10th April, 1964 to furnish replies to the recommendations contained in the aforesaid report as early as possible preferably in six months' time. Government furnished their replies indicating action taken on the recommendations contained in the Report during the period 4th July, 1965 to 8th April, 1969. Towards the end of 1968, the Committee asked Government to furnish replies to certain recommendations to which it had not furnished either any replies, or had sent interim replies, or had simply 'noted' the recommendations.

Government have not so far furnished final replies to recommendations Nos. 39, 46, 69, 79, 88, 96, 97, 98, 99, 103, 103 and 105.

2. The Committee regret to note that even after a lapse of 5 years, Government have not been able to furnish final replies to twelve recommendations mentioned above. The Committee hope that Government would in future take prompt action to implement the recommendations of the Committee within a reasonable period of time.

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation (Serial No. 1)

The Committee consider that public undertakings have a special responsibility and should pursue personnel policies, which can help, attract and maintain competent personnel at a reasonable cost and "which will encourage added effort and initiative and give the employees satisfaction, a sense of participation and feeling of loyalty to the enterprises and pride for its achievements." (Para No. 4).

Reply of Government

Necessary instructions have been issued to Public Undertakings vide Ministry of Industrial Development and Company Affairs (Department of Industrial Development) letter No. Pr. C.16(1)/67(1), dated the 18th February, 1969. (APPENDIX I).

[Ministry of Industrial Development and Company Affairs O.M. No. Pr. C. 16(1)/67, dated 22.2.1969].

Recommendation (Serial No. 2)

The Committee regret to place it on record that, despite repeated reminders, the information called for in their written Questionnaire dated 7th September, 1963 has not yet been received from Garden Reach Workshops Ltd., nor have they intimated any reasons for their inability to furnish the requisite information. The present study does not, therefore, cover that undertaking. The Committee expect the Government to ensure that the Ministries, their subordinate offices and public undertakings promptly comply with the request from Parliamentary Committees for furnishing of information. (Para No. 5).

Reply of Government

Necessary instructions have been issued to Public Undertakings vide Ministry of Industrial Development and Company Affairs (Department of Industrial Development) letter No. Pr. C.16(1)/67(2) dated the 18th February, 1969. (APPENDIX II).

[Ministry of Industrial Development and Company Affairs O.M. No. Pr. C. 16(1)/67, dated 22.2.1969].

Recommendation (Serial No. 3)

The Committee feel that Public Undertakings should organise a regular scheme of executive development from the beginning. This would enable them to provide trained and seasoned executives ready to step into positions of responsibility as the need arises, as also reduce their dependence on Central Services. In the Committee's view there is little indication that this is being done at present by the undertakings or the Government have paid any attention to this matter. They feel that positive steps are necessary on the part of Government and public undertakings in this direction and trust that the matter would receive due attention. (Para No. 9)

Reply of Government

Government are aware of the need for imparting training for managerial personnel and necessary steps are being taken in this regard. It is, therefore, considered not necessary that each public sector undertaking should independently organise schemes for such executive development.

[Ministry of Industry O.M. No. Pr. C. 16(3)/64, dated 20.8.1966].

Recommendation (Serial No. 4)

The Committee consider it imperative that top management for a new enterprise (Chairman, Financial Adviser and Personnel Manager) should be placed in position well in advance of the launching of a project and given intensive training and orientation in a comparable undertaking, where they should also acquaint themselves with the difficulties and problems likely to be encountered at the project stage. (Para No. 10)

Reply of Government

Generally the persons who are appointed as Chief Executive of a new enterprise are persons who have been already associated very closely with the Project from the very inception. In cases where there is a Managing Director, the Chairman appointed (part-time) to preside over the Board of Directors is usually selected because of his considerable experience and knowledge of the industry and does not require any 'training'. As regards financial advisers the Ministry of Finance conduct training courses for financial controllers and advisers and the appointment is made as far as possible, from among those who have been trained.

[Ministry of Industry & Supply, (Department of Industry), O.M. No. Pr. C.16(3)/64, dated the 4th July, 1966].

Recommendation (Serial No. 8)

The Committee note that in certain undertakings (e.g. Hindustan Aircraft Ltd.), Government have appointed a full-time Chairman as also a full-time Managing Director. They gathered the impression that the functions of the Chairman and Managing Director of HAL had not been clearly demarcated. This could lead to difficulties of coordination and control. The Committee suggest that this anomaly may be avoided and, wherever it is found absolutely necessary to appoint both full-time Chairman and Managing Director their functions may be clearly demarcated. (Para No. 13)

Reply of Government

The Administrative Reforms Commission had also recently recommended the need for the functional demarcation of responsibility. In this context Government have taken a decision that as a normal rule there should be full-time Chairman-cum-Managing Director. However there might be exceptions where the Chairman might be only a part-time one. In such cases, there should be a full-time Managing Director.

Even where the Chairman is part-time, he should take on the full responsibilities and should be invested with the full authority. There should, however, be no diffusion of authority as between the Chairman and the Managing Director.

[Ministry of Industrial Development and Company Affairs, O.M. No. Pr. C. 16(3)/64, dated 22.2.1969].

Recommendation (Serial No. 9)

In order to ensure that the strength of a Board has some relation to the nature and scope of its activities and does not become unwieldy, the Committee consider it necessary that some broad principles should be laid down by Government for the guidance of the various Ministries, taking into account the interests that might have to be represented thereon. In this connection they would also refer to the views of the Krishna Menon Committee that a Board may be usually small, between 5 and 9 according to the size and nature of the concern. (Para No. 22).

Reply of Government

As the strength of the Board of Directors always depends upon the scale of operation and activity of a company, it is not practicable

to lay down any rigid principles. However, in practice the number of Board of Directors is always kept as low as possible.

[Ministry of Industry, O.M. No. Pr. C. 16(3)/64, dated 20-8-1966].

Recommendation (Serial No. 10)

The Committee are inclined to the view that it would be better to have a mixed Board, consisting of some full-time and some part-time Directors. They have no doubt that Government would keep these considerations in view while deciding the composition of the Boards of Directors of Public Undertakings in future. (Para No. 26).

Reply of Government

The recommendation is broadly acceptable. Such considerations are always kept in view in deciding the composition of the Board of Directors. Full-time and part-time directors are appointed depending upon the requirements of the undertakings.

[Ministry of Industry, O.M. No. Pr. C. 16(3)/64, dated 20-8-1966].

Recommendation (Serial No. 11)

The Committee consider that it may be useful to appoint, on the Boards of multi-unit undertakings, full-time directors to discharge technical, personnel, and other functions depending upon the size and requirement of each undertaking. (Para No. 28).

Reply of Government

The Administrative Reforms Commission had also recommended the usefulness of appointing full-time functional directors and in this context Government have taken the decision that in the larger units, full-time functional Directors may be appointed, who will be executive heads of their Departments. The pattern of working will be somewhat on the lines of the Railway Board. Government recognise that there should be suitable decentralisation of powers not only between Government and the Board of Directors, but within the undertaking itself.

[Ministry of Industrial Development and Company Affairs, O.M. No. Pr. C. 16(1)/67, dated 22.2.1969].

Recommendation (Serial No. 12)

The Committee recommend that the desirability of appointing a full-time Director of Finance in all undertakings except of course the smaller ones, may be examined by Government. In their opinion, an arrangement under which Financial Adviser is a part of the organisation would facilitate better coordination. (Para No. 29).

Reply of Government

Full-time Director of Finance will be appointed, wherever it might be considered necessary, having regard to the size, complexity of problems etc., of the undertaking and other factors. In other cases, Financial Adviser should attend the meetings of the Boards of Directors.

[Ministry of Finance (Bureau of Public Enterprises), O.M. No. 3(10)-PC/64, dated the 8th June, 1966].

Recommendation (Serial No. 15)

The Committee regret to observe that the decision taken by Government as far back as November, 1961 that "no officer who is assigned ordinary Secretariat duties should be appointed in more than 3 or 4 companies at the maximum" has not been fully implemented. They suggest that a periodical review of the composition of the Board of Directors of public undertakings might be made by Government to ensure that the decisions and principles laid down in this behalf are strictly complied with. (Para Nos. 34-35).

Reply of Government

This position has again been reiterated for strict compliance by the various authorities in the context of a similar recommendation made by the Administrative Reforms Commission in its report on public sector undertakings. All the concerned authorities have been asked to ensure that no Government official should normally serve as part-time Director in more than two Boards.

[Ministry of Industrial Development and Company Affairs, O.M. No. Pr. C. 16(1)/67, dated 22.2.1969].

Recommendation (Serial No. 18)

It is generally recognised that the success of an undertaking depends, to a large extent, on the direction and guidance provided by the Chief Executive viz., the Chairman/Managing Director, and it

takes him some time to acquire an intimate knowledge of the problems and programmes of the enterprise. Frequent changes of the incumbents of these posts are therefore not desirable. It is a waste of experience and intimate knowledge acquired by the individual. On these considerations, continuity in top posts is very necessary. The Committee recommend that till such time as each undertaking is able to provide managerial talent from within the organisation, the incumbents of these posts should be selected carefully and appointed for a minimum term, say 5 years, so as to enable them to fully implement the plans and programmes entrusted to them and to contribute to the efficient and economic working of the enterprise concerned. (Para No. 45).

Reply of Government

Necessary instructions have already been issued to all the Ministries etc. by the Ministry of Finance (Department of Expenditure) *vide* their/O.M. No. 3(53)/68-BPE(GM), dated 21.5.1968 (Appendix III).

[Ministry of Industrial Development and Company Affairs, O.M. No. Pr. C. 16(1)/67, dated 22.2.1969].

Recommendation (Serial No. 19)

The Committee feel that the tenure of posts of Chairman/Managing Director should be linked up with the performance of the individuals concerned. It should always be possible for Government to remove unsuccessful and inefficient persons before the expiry of their term. In making this suggestion, the Committee have in mind quite a few instances where the incumbents of these posts were not found to be quite suitable to be allowed to continue but Government found that their contracts were not terminable. To avoid a situation where it might become necessary to continue unsuccessful persons to the detriment of the undertaking, it would be desirable to stipulate a 3 months' notice to terminate their services in the event of being found unsuitable. The Secretary of the Ministry of Industry agreed to this suggestion. The Committee trust that Government would review all such cases and examine the desirability of making such a provision in the terms of appointment for such top posts. (Para No. 46).

Reply of Government

Necessary instructions have been issued to the Ministries/Departments *vide* Ministry of Industrial Development and Company Affairs

(Department of Industrial Development) O.M. No. Pr. C. 16(1)/67 (9), dated the 18th February, 1969) (Appendix IV).

[Ministry of Industrial Development and Company Affairs, O.M. No. Pr. C. 16(1)/67, dated 22.2.1969].

Recommendation (Serial No. 20)

The Committee feel that interlocking of Directors is a useful device, which could be followed with advantage. They hope that this matter would be kept in view while laying down the procedure for appointment of Directors. (Para No. 47).

Reply of Government

Please see reply to Serial No. 6.

[Ministry of Industrial Development and Company Affairs, O.M. No. Pr. C. 16(1)/67, dated 22.2.1969].

Recommendation (Serial No. 22)

The Committee find that after Dr. John Mathai vacated the office of the Chairman of Travancore Minerals Limited on 30th July, 1959, it has not been possible to get a suitable person as Chairman. The Chief Administrative Officer is acting as the Chief Executive of the Company. This state of affairs should not have been allowed to continue. The Committee trust that early action would be taken to appoint a suitable Chairman for the Company. (Para No. 49).

Reply of Government

To ensure efficient working of the Minerals Sand Industry, Indian Rare Earths Limited took over the assets and liabilities of the Travancore Minerals Limited which went into voluntary liquidation in January, 1965. The question of appointing a separate Chairman for the Travancore Minerals Limited did not therefore, arise.

[Ministry of Industrial Development and Company Affairs, O.M. Pr. C. 16(1)/67, dated 22.2.1969].

Recommendations (Serial Nos. 23 & 24)

Taking all the factors mentioned in para 57 into consideration, the Committee are inclined to the view that neither was the scheme to set up the Industrial Management Pool conceived nor implemented properly.

The Committee do not fully appreciate the difficulty of Government referred to in para 56 in posting Pool Officers to public undertakings, particularly when appointments to top posts (Managing Director, General Manager, Financial Adviser) are made by Government and appointments to higher posts require their approval. It is pertinent to mention in this context that even now over 190 top managerial posts in public undertakings are held by serving or retired officers of the Central Government.

Had the scope of the Pool been initially restricted to such higher posts, the recruitment made with reference to the existing requirements, and the officer selected put through a suitable training course, working of the Pool might not have created any problem. On the other hand the country would have by now a cadre of trained executives to man the top posts in public undertakings, thus reducing their dependence on all India services. (Para Nos. 57-58).

Reply of Government (Sl. Nos. 23 & 24)

In fact these contain some remarks of the Committee in relation to the formulation and implementation of the Industrial Management Pool Scheme. The Scheme was finalised with the expert advice of the Plannig Commission and in consultation with other Ministries/Departments of the Government of India, UPSC etc., and was finally approved by the Government. In the implementation of this scheme the Controlling authority (i.e. Home Ministry) is advised by the I.M.P. Advisory Board consisting at present of Secretaries of the Ministries of Industrial Development and Company Affairs, Petroleum and Chemicals, Commerce, and Departments of Iron & Steel and Mines and Metals which are controlling most of the public undertakings.

[Ministry of Industrial Development and Company Affairs, D.O. No. Pr. C.(1)/67, dated 19-9-1968].

Recommendation (Serial No. 25)

The importance of ensuring regular supply of managerial and technical personnel for the public undertakings need hardly be emphasised. The Committee, therefore, urge that before taking any decision to abolish or discontinue the Pool. Government might examine the matter in all its aspects, in consultation with competent persons both from private and public sectors, and see if the difficulties experienced in the working of the Pool can be avoided. In this connection they reiterate their earlier recommendation for the

constitution of an "Indian Commercial and Industrial Service." (Para No. 59).

Reply of Government

There is at present no proposal to wind up or discontinue the Industrial Management Pool. In all matters relating to the Pool Officers, the Controlling authority (i.e. Home Ministry) is advised by a Board consisting of Secretaries of the Ministries of Industries Development & Company Affairs, Petroleum and Chemicals, Commerce & Departments of Iron and Steel and Mines and Metals which are controlling most of the public sector undertakings.

In regard to the constitution of an 'Indian Commercial and Industrial Service' in view of the position fully explained against Recommendation No. 26 below, it may not be necessary to constitute any such regular Service.

[Ministry of Industrial Development and Company Affairs D.O. No. Pr. C.16(1)/67 dated 19-9-1968].

Recommendation (Serial No. 26)

(i) The need for building up competent personnel to man the top posts in public undertakings cannot be over-emphasised. With the rapid expansion of the public sector undertakings, this problem will assume greater and greater importance. In this context, the Committee are surprised to find that even an assessment of the requirements has not yet been made. It would appear that sufficient attention has not been paid either by Government or the Public Undertakings to develop suitable personnel for these posts. They consider that time has come when a planned programme should be prepared to ensure regular supply of suitable personnel with requisite capacity and experience, for on them depends the efficient functioning of the enterprises. Apart from the executive development programme suggested earlier, the Committee feel that some *ad hoc* measures are called for to meet the immediate requirements. One way of doing so would be to start a scheme of imparting orientation and training to selected officers. The Committee suggest that an estimate of the likely requirement of top men for the next five years should be prepared and action taken to select suitable persons

from all sources—Public Undertakings, government service or private sector—who should be given specialised training for a period of about 2 years. Such of the selected persons as have aptitude for industrial management and are temperamentally suited for such posts in the public undertakings.

(ii) The Committee would like to add that those of the officers, who successfully complete the probation period, should be seconded for employment in the public undertakings for the rest of their service, if necessary, the terms of their appointment should be so devised as to attract suitable persons. (Para No. 63).

Reply of Government

In 1963, the then Prime Minister directed that the question of having a permanent cadre of qualified and efficient officers drawn from administrative and engineering services should be considered. Accordingly, the matter was discussed in detail by the Cabinet Secretary with the Secretaries mainly concerned with personnel and economic administration. A note prepared by the Home Ministry in April, 1964 was placed before the Cabinet. An *ad hoc* Committee of the Cabinet went into the question and favoured that a proportion of the requirements of the higher managerial posts in the undertakings may be met by centralised recruitment on all India basis from the open market, by promotions from within and by induction of a small number of trained managers at higher levels. It favoured similar arrangement for commonly needed categories of technical personnel. Following further consideration of the question, an *ad hoc* Committee of Secretaries was appointed by Government in February, 1965 to consider and make recommendations on questions relating to manning of top posts in the public sector with special reference to remuneration, terms of reference and relationship to the public service. The top posts have been taken to mean posts to which appointments are made by Government *viz.*, whole-time chief executive (Chairman or Managing Director), General Managers or Project Administrators working as executive heads of units, other full time Directors and Financial Advisers. These top posts have been classified on the basis of their importance to the economy and complexity of the problems of the public undertaking concerned, into four schedules with pay-scales as under:—

1. Schedule 'A'	Rs. 3500—125—4000
2. Schedule 'B'	Rs. 3000—125—3500
3. Schedule 'C'	Rs. 2500—100—3000
4. Schedule 'D'	Rs. 2000—100—2500

2. As regards the sources of recruitment to the top posts with special reference to public servants both serving and retired, the relevant recommendation accepted by the Government is:

“Due to the rapid growth of public sector and scarcity of managerial talent, no single source of recruitment would be sufficient under existing conditions and the only practical approach would be to recruit suitable persons from all possible sources. In making such appointments, priority of consideration must be given to suitable persons working in public undertakings and the long-term aim should be to make the public sector self-sufficient to provide its own managerial resources. In the interim period, Government Services, providing as they do, sufficient managerial experience should, however, continue to form an important source, though efforts to attract suitable persons from the private sector would also be necessary.”

3. In regard to the mode of recruitment, it was recommended that so long as different sources of recruitment have to be tapped, it would be necessary to arrange for the maintenance of panels of suitable persons (including retired persons with requisite experience) with the Cabinet Secretary so that the appointing authorities have a sufficiently wide range of choice at the time of selection. This procedure should be reviewed after a period of two years. The Committee also recommended that the period of contract for retired persons should be two to three years instead of four years for others.

4. During its deliberations, the Committee had the benefit of advice from eight Ministries principally concerned with public enterprises and the Deputy Chairman of the Planning Commission and also had the opportunity of meeting some top executives of the major undertakings. The conclusions and recommendations of the Committee were accepted by the Government and were placed before the Parliament in November, 1965.

5. In pursuance of the Cabinet decision, the Ministries were requested to arrange to furnish the particulars of persons considered suitable in different fields and who might be willing to be considered for such appointments. The panels are maintained in the Bureau of Public Enterprises under the supervision of the Secretary (Exp.) and would be available for utilisation by the appointing authorities at the time of selecting persons for such assignments in future.

6. The question of planning for executive development at junior and middle levels is engaging attention of the Bureau of Public Enterprises.

[Ministry of Industrial Development and Company Affairs, D.O. No. Pr C.16(1)/67, dated 19-9-1968].

Recommendation (Serial No. 27)

The right choice of a General Manager for a Project is of basic importance. The Committee have earlier suggested the introduction of an executive development programme by each undertaking and trust that in course of time, suitable personnel would be available to man these posts from within the organisation. They suggest that where technically qualified officers have to be borrowed from other Government Departments like Railways, Posts and Telegraphs Department, etc., and are found suitable, efforts should be made to second them to the undertaking concerned for the rest of their service. (Para No. 67).

Bureau of Public Enterprises vide their O.M. No. 2(167)/68-BPE(GM), dated 21st January, 1969 (Appendix V) have outlined the steps for organising strong and competent functional departments in the undertakings for equal shouldering of line and staff responsibility to assist the Chief Executive.

In regard to seconding officers borrowed from other Government departments on a permanent basis, Government have in the context of a similar recommendation by the Administrative Reforms Commission decided that in the case of top posts the option to be observed should be exercised within one year while in the case of other posts the option should be exercised within a period of three years.

[Ministry of Industrial Development and Company Affairs, O.M. No. Pr. C.16(1)/67, dated 22-2-1969].

Recommendation (Serial No. 31)

The Committee feel that the practice of providing helpers does not fully account for overstaffing in public undertakings, referred to in paras 72—78. It would appear that recruitment of staff is not strictly related by Public Undertakings to the requirements at different stages and there is a tendency to employ the staff required for full-rated production in the initial stages itself. Having committed

the initial mistake, they find it difficult to subsequently increase the workload of employees or to lay them off, with the result that they are obliged to carry the extra strength. Besides other ills, that usually accompany excessive employment, it leads to low productivity and higher cost of production. It also leads to greater expenditure for providing residential accommodation and makes labour problems more difficult. (Para No. 83).

Recommendation (Serial No. 33)

As regards the existing overstaffing, the Committee suggest that a thorough study of the position may be made with a view to determine the extent of overstaffing and steps taken to utilise the surplus staff in the expansion of Projects concerned or in manning of new Projects. (Para No. 85).

Recommendation (Serial No. 35)

(i) It is noted that in 33 Public Undertakings helpers are provided to skilled workers including production operatives, carpenters, turners, fitters, plumbers, line-men, wiremen, drivers etc. to assist them in handling and moving materials and components, cleaning and oiling of machines, etc. The Committee feel that the practice of providing helpers to skilled workers has developed purely for historical and traditional reasons and not all jobs require such assistance. While there might be some justification for providing helpers to certain categories of operators, electricians working on overhead transmission lines, etc. the practice should be discouraged and gradually done away with. The Committee consider that, as a first step towards the abolition of the category of helpers, it may be desirable to provide such assistance on a unit or shop basis depending upon the requirements instead of on individual basis.

(ii) The Committee would also recommend that efforts should be made to train the existing unskilled workers for holding skilled jobs. (Para Nos. 90—93).

Recommendation (Serial No. 38)

The Committee would suggest that efforts may be made to gradually train the existing peons so as to develop them into technical bands. (Para No. 100).

Reply of Government (Serial Nos. 31, 33, 35 & 38)

The problem of overstaffing in the public sector undertakings was commented upon by the Committee on Public Undertakings in

the 15th Report of Financial management. Consequently the Bureau of Public Enterprises have vide their O.M. No. 46/Adv-F/BPE/68/7, dated 12th September, 1968 (Appendix VI) have issued instructions to all concerned to undertake an urgent assessment of staff by specialised agencies and to determine the strength and surplus staff.

The Administrative Reforms Commission also had recommended the avoidance of overstaffing from the very beginning as also the need for undertaking work study where overstaffing has become chronic. The Commission had also recommended that the practice of having helpers in new projects should not be allowed. It has also recommended that skilled workmen should be persuaded to do without the assistance of helpers. The Government have accepted the recommendations made in this behalf and the Bureau of Public Enterprises has been charged with the responsibility of paying constant attention to the matters covered by these recommendations and in particular to explore possible fields where public sector construction corporations could be usefully utilised.

[Ministry of Industrial Development and Company Affairs, O.M. No. Pr. C.16(1)/67, dated 22-2-1969].

Recommendation (Serial No. 32)

The Committee consider that if the public sector undertakings have to achieve efficient and economic production and secure adequate return on the capital employed, it is very necessary that detailed and realistic estimates of staff requirements are prepared by them and their establishment expenses, which account for a major portion of the cost of production, are kept to the minimum. The Committee therefore feel that:—

- (i) it would be desirable for public undertakings to keep their staff strength at a level slightly below the number recommended by the Consultants for a particular stage;
- (ii) no extra staff over and above the estimates of Consultants should be employed without the approval of Government;
- (iii) norms should be laid down to determine the staff strength in various industries; and
- (iv) Government should keep a close watch and periodically examine the staff employed by public undertakings with reference to the estimates of Consultants and the norms laid down with a view to controlling excessive employment of manpower. (Para No. 84).

Reply of Government

While the recommendation is accepted in principle it is felt that it should not be made necessary for undertakings to approach Government for sanction. This discipline will be exercised by the Board of Directors and instructions are being issued to the undertakings to make periodical assessments of staff requirements.

[Ministry of Industry C.M. No. Pr. C.16(3)/64, dated 20-8-1966].

Recommendation (Serial No. 34)

It is seen that public undertakings are generally functioning on Government pattern and some of them have introduced four to five layers of officers in each Department. It is needless to point out that the heirarchical system of administration, which has been devised for Government Departments to provide checks and balances, is neither desirable nor necessary for industrial and commercial enterprises. This was also agreed to by the representative of the Ministry of Industry. Besides being costly, it also leads to delays. The Committee appreciate that determination of basic organisation structure and major changes therein predominantly reside in the Boards of public undertakings. But, it is unfortunate that the Boards are not paying sufficient attention to this matter. What is more surprising is that the representatives of Government on the Boards should not have been vigilant in this matter and allowed the undertakings to develop on Government pattern. The Committee recommend that Government should impress upon public undertakings the need to review and remodel their organisation structure on business principles. (Para Nos. 86—89).

Reply of Government

Necessary instructions have been issued to public undertakings vide this Ministry's letter No. Pr. C. 16(1)/67(34), dated the 18th February, 1969. (Appendix VII).

[Ministry of Industrial Development and Company Affairs, O.M. No. Pr. 16(1)/67 dated 22.2.1969].

Recommendation (Serial No. 36)

(i) The Committee recommend that the strength of stenographers may be reviewed by all public undertakings with a view to economy.

(ii) They further recommend that instead of allowing stenographers to individual officers, a pool of stenographers may be created in each Department so as to make them maximum use of them. (Para No. 96).

Reply of Government

Accepted.

[Ministry of Industry O.M. No. Pr. C. 16(3)/64 dated 20-8-1966].

Recommendation (Serial No. 37)

The Committee are inclined to think that as senior executive posts in public undertakings, are generally held by Government officials, they tend to follow Government scale in regard to allotment of Peons which is not correct. They note that even Government feel that the existing scale of peons does not fit in with the present needs, and are considering the matter. The Prime Minister has also on several occasions referred to the malady of people being employed on such jobs with little or no work. The Committee consider it necessary to make a more purposeful use of the existing peons. With this end in view, Government should impress upon public undertakings to keep the number of peons to the minimum. (Para No. 99).

Reply of Government

Senior executive posts in public undertakings are not normally held by Government officials. Government's policy has been and is to select as Chairman and/or Managing Director the most suitable person (official or non-official) with experience and competence required for the efficient and sound management of a particular concern at the time of appointment. However in so far as utilisation of peons in undertakings is concerned necessary instructions have been issued to public undertakings vide this Ministry's letter No. Pr. C. 16(1)/67 (37), dated the 18th February, 1969. (Appendix XIII).

[Ministry of Industrial Development and Company Affairs O.M. No. Pr. C. 16(1)/67, dated 22-2-1969].

Recommendation (Serial No. 40)

The fact that a well-stated industrial engineering department has a vital contribution to make towards the efficient and economic working of an industrial enterprise needs no emphasis. Indeed it is a must for every industrial enterprise of adequate size and importance. The Secretary of the Ministry of Industry agreed to impress upon the public undertakings the desirability of organising such departments. The Committee trust that this will be done. (Para No. 104).

Reply of Government

Necessary instructions have been issued to public undertakings vide Ministry of Industrial Development and Company Affairs (Department of Industrial Development) letter No. Pr. C. 16(1)/67 (40), dated the 18th February, 1969. (Appendix IX).

[Ministry of Industrial Development and Company Affairs O. M. No. Pr. C. 16(1)/67 dated 22-2-1969].

Recommendation (Serial No. 42)

The Acts relating to the setting up of statutory corporations provide that rules regulating the terms and conditions of their employees will be drawn up with the approval of the Central Government. In the case of the Public Undertakings registered under the Companies Act, the terms and conditions of their employees are not invariably subject to approval by Government. The Committee are not aware of the considerations which led Government to follow a practice different from that of statutory corporations in the matter of approval of terms and conditions of service of employees of Government Companies. In the absence of a Governmental agency to co-ordinate and direct in such matters, there is always a risk of diverse practices being followed by undertakings with a consequent risk of abuse of powers. It would appear that this aspect has not been given sufficient attention. The Committee recommend that Government may examine whether the terms and conditions of service of employees of Government Companies should not be subject to their approval as in the case of statutory corporations. (Para Nos. 107—110).

Replies of Government

Accepted.

[Ministry of Industry O.M. No. Pr. C. 16(3)/64, dated 20-8-1966].

Recommendation (Serial No. 43)

It will be seen that as many as 23 undertakings, including those set up about 12 years back, have not yet framed or codified the terms and conditions of service of their employees. Obviously the present position in this regard is neither satisfactory nor desirable. In the absence of regular conditions of service rules, it is difficult to ensure that the public undertakings follow well established principles in this regard. The Committee hope that Government would at least

now pursue this matter vigorously and ensure that the conditions of service rules are framed by all public undertakings within a period of six months, as agreed to by the Ministry of Industry. (Para Nos. 113-14).

Recommendation (Serial No. 44)

The Committee would recommend that Government should issue suitable instructions, when a public undertaking is set up, that it should frame the service rules of employees within a period of six months (Para No. 115).

Reply of Government (Sl. Nos. 43 & 44)

Normally public sector undertakings are required to frame rules regulating the conditions of service of its employees very early. Till such time as formal rules are not framed by the undertakings, they generally follow the existing rules in this regard applicable to Government servants. It is not, therefore, as if that rules to govern the conditions of service do not exist. However, instructions have been issued to the undertakings in pursuance of this recommendation vide letter No. Pr. C. 16(1)/67(43 & 44) dated 8-4-69 (Appendix X).

[Ministry of Industrial Development, Internal Trade and Company Affairs O.M. No. Pr. C. 16(1)/67 dated 8-4-1969].

Recommendation (Serial No. 45)

The Committee would refer to the recommendation contained in their 156th Report (1961-62) that model Conditions of Service Rules should be laid down. They regret to observe that this has not been done so far. The Secretary of the Ministry of Home Affairs agreed that model conditions of service rules for public undertakings would be useful. These, of course, could be varied by undertakings to suit their individual requirements. It is, therefore, suggested that a Committee consisting of the representatives of the Ministries of Industry, Home Affairs, Finance, Labour, heads of major public undertakings etc., should be set up to lay down Model Conditions of Service Rules for public undertakings. (Para No. 117).

Reply of Government

As contemplated by the Estimates Committee in paras 114 and 115 of their 52nd Report all the undertakings were advised in November 1964 to frame their service rules and the Employing Ministries.

were requested to issue suitable instructions as and when a new unit is set up so that the service rules of their employees are ready within a reasonable period. A copy of the circular issued which covers the general recruitment rules, promotions, appeals etc., is given at Appendix XI. Ministry of Labour and Employment are presently preparing model promotion procedure which is expected to be finalised shortly and circulated to all the undertakings.

[Ministry of Industry O.M. No. Pr. C.16(3)/64 dated 14-10-66].

Recommendation (Serial No. 47)

The Committee regret to observe that Government have not taken any action to implement the decision to indicate to the Boards the basic scales of pay for different categories of posts so far beyond issuing a letter on the 28th February, 1962 that all Government Companies may "exercise powers within the broad framework of scales of pay as obtaining in Government service from time to time (and that) Boards of Directors will be free to fix specific scales and allowances for specific jobs for which there may not be strict parallel in Government departments". This general direction has not been of sufficient guidance to the undertakings which under the circumstances have prescribed scales of pay obtaining in Government for similar posts. (Para No. 122).

Recommendation (Serial No. 48)

The need for ensuring that public undertakings follow a rational and sound policy in regard to pay scales cannot be over-emphasised. This cannot be ensured without proper guidance from Government. The Committee apprehend that if this important matter is not attended to immediately and individual undertakings are allowed to fix pay scales on *ad hoc* basis, it might be difficult to remedy the position later on. They appreciate that it might not be practicable to lay down a rigid common pattern of basic scales of pay for different categories of posts for all undertakings, as the duties and responsibilities of posts even having the same designation, may vary from unit to unit, industry to industry and region to region. At the same time, they consider it urgent that scales of pay are based on some scientific method so that men doing the same or equivalent work receive approximately similar pay, at least within one locality or region. With this end in view, the Committee consider it desirable that a Committee consisting of representatives of the Ministries of Finance, Industry and Home Affairs, O. & M. Division, heads of major public undertakings etc., should be constituted to go into the matter

immediately. They hope that the matter would receive earnest consideration. (Para No. 124).

Recommendation (Serial No. 49)

It is hoped that the pay Committee, suggested in paragraph 124, would examine the desirability of introducing uniformity in the scales of pay for posts of an allied nature and responsibility taking into consideration the locality also. (Para No. 126).

Recommendation (Serial No. 50)

The Committee consider that, for a rational pay structure and administrative convenience, classification of posts, with more or less equal responsibilities, is very necessary. They trust that the suggested pay committee will look into this matter as well, with a view to reducing the number of pay scales to the minimum. (Para No. 128).

Recommendation (Serial No. 51)

It would also be desirable if the designations of posts for similar duties and responsibilities in all public undertakings are standardised, as far as possible, so that there is broad uniformity in this matter. (Para No. 129).

Recommendation (Serial No. 53)

During the course of their examination the Committee noticed certain disparities in regard to the payment of allowances and other benefits by various undertakings which are indicated in paras 133 to 140. These facts are a further pointer that these are not matters which could be left to the public undertakings themselves and that some direction and guidance from Government are necessary to put them on proper lines. The Committee feel that varying practices in these matters are likely to lead to repercussions in other public undertakings and it may difficult to resist a similar demand made by their employees. It is therefore desirable that public undertakings follow a common pattern in this regard as far as possible. The Committee trust that the pay committee suggested in para 124 would study all such varying practices followed by public undertakings and lay down broad principles to determine the scale of such allowances. (Para Nos. 132—142).

Reply of Government (Serial Nos. 47, 48, 49, 50, 51 & 53)

The entire question of uniformity in the matter of pay and allowances was reviewed in great detail in the context of the recommendations of the Administrative Reforms Commission which *inter alia* observed that enforcement of a uniform pattern in the matter of pay and allowances of employees in the public sector will neither be advisable nor practical in view of the number and variety of jobs. It has been decided in this connection that even though uniformity in this matter may not be possible, a measure of rationalisation in existing salary scales is possible. For this purpose the concerned Ministries are to form coordinated groups for similar and allied type of undertakings under their administrative control.

The Bureau of Public Enterprises would act as a clearing house of information relating to service conditions, pay scales and allowances in force in different public sector undertakings for making available to the undertakings and the controlling Ministries.

The Bureau have also in this context laid down certain broad guidelines in regard to Dearness Allowance, House Rent allowance etc., *vide* their O.M. No. F./2(142)/68-BPE (GM), dated 6-9-1968 (Appendix XII).

[Ministry of Industrial Development and Company Affairs O.M. No. Pr. C.16(1)/67, dated 22-2-1969).

Recommendation (Serial No. 52)

It has been stated that for lower categories of posts and salary scales in the public sector undertakings are higher as compared to the private sector, but are less attractive for higher jobs. It has therefore, been suggested that they should be brought on par with the private sector. The Committee consider that the conditions of service and responsibilities of the officials in the public sector are not comparable with those obtaining in the private sector. The risks and uncertainties which management face in regard to capital, production, cost, demand, pricing, profit etc., in the private sector are not comparable to those in the public sector. The criteria of judging performance in the two sectors are also not the same. Moreover, the public sector which is emerging as the biggest employer should set the pace for other employers by pegging the salaries rather than compete with the private sector in this regard. A socialistic pattern of society should aim at narrowing the gap between the highest and the lowest paid rather than attempt to widen it. The Committee hope that these considerations would be kept in view while conside-

ring any change in the present pay structure of public undertakings, particularly in the higher posts, consistent with the demands of efficiency and production. (Para Nos. 130-131).

Reply of Government

The Administrative Reforms Commission which had also examined this issue recommended that salaries should be fixed on the basis of responsibilities attaching to posts and the needs of the situation; and need not necessarily be pegged to scales obtaining in Government. This recommendation has been accepted by Government.

[Ministry of Industrial Development, Internal Trade and Company Affairs O.M. No. Pr. C. 16(1)/67 dated 8-4-1969.]

Recommendation (Serial No. 54)

It is noted that the public undertakings are not following a uniform policy in regard to the retirement benefits available to their employees. The Committee recommend that Government may undertake a comprehensive review of the position in various public undertakings with a view to ensuring uniformity in this regard. (Para Nos. 143—145).

Reply of Government

Instructions have been issued to all undertakings to the effect that (1) a common scheme of gratuity on the lines of model scheme prepared by Ministry of Finance should henceforth be introduced for the employees; and (2) a uniform rate of contribution of 8 per cent of emoluments to Provident Fund may be adopted. However, if the existing rate of contribution is more than 8 per cent attempts should be made by negotiation to reduce the rate of contribution to Provident Fund to 8 per cent of emoluments.

[Ministry of Industry, O.M. No. Pr.C.16(3)/64, dated 14th October, 1966].

Recommendation (Serial No. 57)

A note containing the principles of recruitment to be followed by public undertakings was laid on the Table of the Lok Sabha by the Minister of Industry on the 14th April, 1961. The Committee were, however, surprised to be informed by the representatives of Hindustan Steel that some of the principles contained in the Note e.g., association of a representative of the State Government with Selection Committees were not being followed by them, as, in their view, the direction on the subject had not been issued by their administra-

tive Ministry. This case would appear to indicate that unless such principles are issued in the form of a directive, public undertakings are prone to treat them as not binding. The Committee feel that the principles contained in the Note are healthy and should have been issued as a directive. They recommend that the desirability of incorporating them in the model recruitment rules suggested in para 157 may now be considered. (Para Nos. 152—154).

Reply of Government

Accepted.

[Ministry of Industry, O.M. No. Pr.C.16(3)/64, dated 20th August, 1966].

Recommendation (Serial No. 58)

That every enterprise should have proper written recruitment rules understood by all from the very beginning needs no emphasis. It is noticed that even undertakings set up as far back as 1948 and 1950 have not framed their recruitment rules nor have the administrative Ministries concerned ensured their formulation. It is not surprising that in the absence of these rules there have been allegations of favouritism and nepotism. Recruitment of manpower for new industries is no doubt the responsibility of the undertakings concerned but Government, as owners and employers, have to ensure that it is carried out with fairness and integrity. The Committee suggest that Government should examine the desirability of issuing suitable instructions to undertakings, specifying the period within which these rules should be laid down. (Para No. 156).

Recommendation (Serial No. 59)

The Committee feel that if model recruitment rules are laid down by Government, it might help the undertakings to frame them as they cannot be expected to have the necessary organisation or experience in the initial stages. They trust that model recruitment rules will be laid down by Government for the guidance of the undertakings. (Para No. 157).

Reply of Government (Serial Nos. 58 and 59)

Necessary instructions (Appendix XI) were issued to all undertakings in November, 1964.

[Ministry of Industry, O.M. No. Pr.C.16(3)/64, dated 14th October, 1966].

Recommendation (Serial No. 60)

It is very necessary that detailed descriptions and specifications for each job are clearly laid down. It is regretted that this has not been properly done by most of the public undertakings. The representative of the Ministry of Industry agreed that it was necessary. The Committee recommend that, as this is a matter of great importance, Government might issue suitable instructions to the public undertakings to lay down job specifications for each category of posts as early as possible. (Para No. 160).

Reply of Government

Necessary instructions have been issued to public undertakings *vide* Ministry of Industrial Development and Company Affairs (Department of Industrial Development) letter No. Pr.C.16(1)/67(60), dated the 18th February, 1969. (Appendix XIII).

[Ministry of Industrial Development and Company Affairs O.M. No. Pr.C.16(1)/67, dated 22nd February, 1969].

Recommendation (Serial No. 62)

The Boards of public undertakings have been generally empowered to create and fill posts on scales of pay upto the maximum of Rs. 2,250 p.m. and below. This limit has been raised to Rs. 2,500 in the case of HSL. The Boards have in turn delegated their powers to the Chairmen and/or Managing Directors and General Managers. It will be seen that redelegation of powers by the Boards to the principal officers does not follow a uniform pattern even in undertakings of the same size and magnitude.

The Committee appreciate that delegation of powers by the Boards to principal officers would depend upon the needs of each undertaking but it should follow some definite principles. One would have expected the representatives of the Ministry of Finance on the Boards of Public Undertakings to have given necessary guidance in this matter. The Committee recommend that Government should review the position and indicate to the Board the broad principles, which may be followed by them in this matter. (Paras Nos. 163-164).

Reply of Government

This matter has been reviewed in the light of the recommendation of the Administrative Reforms Commission and consequently

the Bureau of Public Enterprises have *vide* their O.M. No. 2(111)/68-BPE(GM) dated 25th June, 1968. (Appendix XIV), covered this recommendation.

[Ministry of Industrial Development and Company Affairs O.M. No. Pr.C.16(1)/67, dated 22nd February, 1969].

Recommendation (Serial No. 63)

The Committee gather that staffing and recruitment in public undertakings is not planned in good time. They feel that, when recruitment is not so planned, in their anxiety to meet urgent requirements, the public undertakings will find it difficult to adhere to the basic principles of sound recruitment policy. They, therefore, consider that it would be helpful if annual job inventory is prepared by each undertaking in the light of its needs and expansion programmes and action to effect recruitment is initiated in good time. The Committee trust that public undertakings would pay due attention to this matter. (Para No. 165).

Reply of Government

Necessary instructions have been issued to Public Undertakings *vide* Ministry of Industrial Development and Company Affairs (Department of Industrial Development) letter No. Pr.C.16(1)/67(63), dated the 18th February, 1969; (Appendix XV).

[Ministry of Industrial Development and Company Affairs O.M. No. Pr.C.16(1)/67, dated 22nd February, 1969].

Recommendation (Serial No. 64)

The Committee appreciate that in the initial stages the public undertakings require experienced persons and it might not be possible for them to make a classified selection or to pay attention to the age composition of the candidates. But such a step will pose a major problem later on. The promotions of the employees to higher posts, which are few in number, will be blocked leading to dissatisfaction and frustration. Moreover, when they reach the age of superannuation the replacement of all of them at the same time is likely to create serious organisational problems and difficulties. Urgent attention is, therefore, needed to this important aspect from now itself, if the above difficulties are to be avoided. (Para No. 166).

Reply of Government

Normally appointments to top posts are being made by selecting persons who have been screened and included in the panel of top posts maintained by the Bureau of Public Enterprises with reference to their qualifications, experience and suitability for such inclusion. Only when the necessary talent is not forthcoming, resort is had to recruitment from the open market by advertisement on an all-India basis. Normally in respect of top posts recruitment is not made in numbers which would pose a problem of recruiting candidates belonging to the same age group in blocks. It is mainly in the lower and lower-middle and partly in the middle cadres that recruitments can be expected to be made in numbers. Even here recruitment in numbers has to be resorted to with reference to the need for such bulk recruitment. This practice is not unusual in that recruitment in blocks is made to the various Central and other services by the UPSC with reference to a single selection wherein the age group of candidates would be more or less the same. Normally however it is ensured that no bottlenecks arise in promotions to higher grades because by and large provision of posts in the higher levels are usually regulated with reference to the strength of the lower cadres and so this problem is not expected to assume any appreciable magnitude as to cause any concern.

[Ministry of Industrial Development and Company Affairs O.M. No. Pr.C.16(1)/67, dated 22nd February, 1969].

Recommendation (Serial No. 65)

It is noted that above 1,740 degree-holders are employed by public undertakings on subordinate supervisory jobs like that of Assistant Foreman, Charge-hand, draughtsman, etc. This has been attributed to the shortage of diploma-holders. In the Committee's view a shortage of diploma-holders in the country is no justification for the employment in subordinate supervisory jobs of degree-holders whose number also is not so abundant. Such an arrangement is not desirable from many points of view. Firstly, there is also a shortage of graduate engineers in the country. Secondly, it is costlier to appoint grade engineers than diploma-holders. Thirdly, graduate engineers when entrusted with subordinate jobs, tend to be dissatisfied and always look for better jobs. At the same time the diploma-holders in their organisation feel disgruntled at being denied sub-ordinate supervisory posts to which they could aspire. In paras 210-212 the Committee have dealt with the question of shortage of diploma-holders and have elsewhere suggested that job specifications should be

laid down for each post. They trust that after the Man-power Directorate have studied the problem, Government would issue suitable instructions to the public undertakings to examine their staffing with a view to remedy the existing state of affairs which the representative of the Ministry of Home Affairs aptly termed as "wasteful". (Para Nos. 167—169).

Reply of Government

During the 3rd Plan period the out-turn of diploma-holders has increased from 7,969 in 1960-61 to 17,699 in 1965-66. At the end of the 3rd Plan period it appeared that in terms of numbers a fair degree of parity had been reached between the demand for, and supply, of, diploma holders. Subsequently, owing to some slackening in industrial activity, there are indications of unemployment among fresh diploma holders particularly in the Southern States and in West Bengal and Bihar.

It is, therefore, no longer necessary to employ graduate engineers in positions requiring diploma holders merely because the latter are not available. However, there is still a tendency to employ graduate engineers, if available, in positions requiring diploma holders. The reason for this is that training at the diploma level has not acquired a sufficiently practical basis to make it clearly preferable to employ a diploma holder in certain positions rather than a graduate. The Education Commission have drawn attention to the deficiencies in the present diploma courses and recommended that these courses be reoriented more closely towards the level and clusters of skills and responsibilities of middle level technicians, the problem is receiving special attention in the Manpower Directorate and in the Ministry of Education.

[Ministry of Industrial Development and Company Affairs, D.O. No. Pr. C. 16(1)/67 dated 19.9.1968]

Recommendation (Serial No. 66)

Under Section 4 of the Employment Exchange (Compulsory Notification of Vacancies) Act, 1959 every establishment in the public sector is required, before filling up any vacancy, to notify that vacancy to the prescribed Employment Exchange. Further, when the Bill was, under discussion in Parliament, the Labour Minister, had assured both Houses of Parliament that so far as possible public sector undertakings are concerned, these establishments would not only notify all vacancies, but they would also fill the vacancies through the Employment Exchanges.

The remarks of the Directorate General of Employment and Training reproduced in paras 170-172 would indicate that the position is not satisfactory. The agreement arrived at by the Ministry of Labour with the Ministry of Industry refers to the steps taken after the Minister of Industry had laid on the Table of the House on 14th April, 1961, a note on Recruitment Policy in public undertakings which inter-alia stipulated that all vacancies in the lower scales and skilled workers and other non-technical staff should be communicated to the Employment Exchanges close to the Project. The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959, had, however, come into force from 1st May, 1960 i.e. about 12 months earlier. It was expected of the Ministry of Labour to ensure that statutory provisions of the Act are complied with by the public undertakings. It would however, appear that even the undertakings falling under the purview of the Ministries of Industry and Steel and Heavy Engineering are not all complying with the provisions of the Act. From the fact that the Ministry of Labour and Employment is collecting statistics from selected Industrial undertakings, it would appear that that Ministry has also not paid sufficient attention to secure compliance with the provisions of the Act. The Committee recommend that vigorous and effective steps should now be taken by the Ministry of Labour in consultation with the administrative Ministries concerned to ensure that full use is made of the agency of Employment Exchanges, as was envisaged by the Minister of Labour at the time of discussion of the Bill in Parliament. (Para Nos. 170—173).

Reply of Government

In pursuance of the assurance given by the Labour Minister, all Ministries of the Government of India were directed in March, 1964 (vide O.M. No. 14|11|64-Estt(D), dated the 21st March, 1964 (Appendix XVI), issued by the Ministry of Home Affairs) to issue necessary instructions to all quasi-Government Institutes and Organisations with which they are concerned, to notify vacancies in the manner and form prescribed in Rule 4 of the Employment Exchanges (Compulsory Notification of Vacancies) Rules 1960 and to fall in line with the Central Government Departments in the matter of recruitment of staff through the agency of the Employment Exchanges. In this directive it was clearly stated that the need for issuing advertisements or tapping other sources of recruitment should be considered only if the Employment Exchanges were unable to meet the demand. In view of the fact that there was still scope for improvement in the matter of utilisation of Employment exchanges by the undertakings in the public sector the Ministries were once again advised in March

1965 (vide O.M. No. 14/11/64-Estt (D) dated the 3rd March 1965 from the Ministry of Home Affairs (Appendix XVII) to ensure strict compliance with the instructions issued earlier and to take such steps as may be necessary to make these instructions effective. Whenever instances of departure from the prescribed procedure are observed, the concerned Undertakings are advised to ensure that while formulating recruitment rules for the Undertakings in the public sector, care should be taken to see that the Employment Exchanges are made the normal channel of recruitment.

In order that instructions in this regard may be strictly followed, the statistical returns received from establishments in the public sector are being subjected to close scrutiny both at the local and State level. The Employment Exchanges bring all cases of defaults to the notice of the State Director who, in turn brings the matter to the notice of the Ministry of Labour and Employment (Directorate General of Employment and Training). All such cases of failure to notify the vacancies are vigorously taken up with the administrative Ministries and directives are issued to the undertakings concerned. As a result of these steps, the extent to which Employment Exchanges are utilised by the public sector undertakings has shown some improvement.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 9(25)64-Genl. dated the 12th May, 1966].

Recommendation (Serial No. 67)

The Committee note that though the Ministry of Labour have been affording the necessary facilities by way of establishing Project Employment Exchanges, they have not tried to enlist and ensure the cooperation of the Project authorities. They hope that this would now be done and public undertakings would also extend their full cooperation in the matter. (Para No. 174).

Reply of Government

At the instance of the Ministry of Labour and Employment, the undertakings have been instructed that recruitment to posts carrying a basic salary of less than Rs. 500 p.m. should be made only through National Employment Service. Other sources of recruitment should be tapped only if the Employment Exchanges issue "non-availability Certificates".

[Ministry of Industrial Development and Company Affairs O.M. No. Pr.C.16(1)/67, dated 22nd February, 1969].

Recommendation (Serial No. 68)

It has been stated by the public undertakings that they are experiencing great difficulty in finding recruits for certain categories of staff referred to in para 175.

But, as pointed out elsewhere, large number of public undertakings are over-staffed. Besides, all undertakings are not making full use of the agency of Employment Exchanges. In this context it is also noteworthy that graduate engineers are employed for jobs which could as well be performed by diploma-holders. In the circumstances the Committee do not feel that there is any real shortage in the categories referred to above. They have no doubt that if the public undertakings make a realistic assessment of their staff requirements and release their surpluses, lay down proper job specifications and make full use of the assistance offered by the Employment Exchanges, it would be possible for them to overcome the shortages. The Committee trust that the Manpower Directorate would keep these aspects in view while studying this problem. (Para Nos. 175—178).

Reply of Government

Noted. The Ministry of Home Affairs are taking further action in the matter.

[Ministry of Industrial Development and Company Affairs D.O. No. Pr.C.16(1)/67, dated 19th September, 1968].

Recommendations (Serial Nos. 71 & 72)

It is noted that despite the decision announced in Parliament in November, 1961 that "Government should give broad indication of the principles to be followed by public undertakings, in the employment of retired persons" no principles have as yet been laid down. The Committee are unhappy at the inability of Government to implement a decision which they announced over two years ago. It is expected that once a decision is placed before Parliament, it would be acted upon. They hope that this would be done now.

The Committee agree that there might be cases where it is inevitable to re-employ retired technical personnel, in the national interest to isolated specialised posts for a specific period, if persons of requisite knowledge and experience are not otherwise available. But they do not approve of this practice being followed indiscriminately and retired personnel being employed even for non-technical

secretarial jobs. The Committee hope that Government would keep this aspect in view while laying down broad principles to be followed by public undertakings in the employment of retired personnel. (Para Nos. 186 and 188).

Reply of Government

Necessary instructions have been issued by the Ministry of Finance (Bureau of Public Enterprises), *vide* their O.M. No. 2(32)/67-FI, dated 28th July, 1967 (Appendix XVIII).

[Ministry of Industrial Development and Company Affairs, D.O. No. Pr. C. 16(1)/67, dated 19-9-1968].

Recommendation (Serial No. 73)

The Committee find that public undertakings employ about 3,450 deputationists from Government services. These include non-technical secretariat officers like Section Officers, Stenographers, Assistants, Junior Assistants, U.D.Cs., Typists, Despatch Supervisors, Record Keepers and even Peons. The Committee feel that, besides being costly the practice of depending upon Government for manning posts in public undertakings, particularly non-technical ones, is not conducive to efficiency. Such officers as have no stake in the undertakings can hardly be expected to put in their best. They fail to develop a feeling of attachment to the undertaking and do not identify themselves with its problems. Besides, this arrangement of drafting staff on tenure basis, creates uncertainty and perpetuates inexperience. What is more, such an arrangement affects the promotion prospects of the regular employees of the undertakings. Earnest efforts should, therefore, be made by public undertakings to recruit, train and develop their own men and do away with their dependence on deputationists within a period of say, five years, after they are set up. Government, on their part, should also, discourage the undertakings from appointing deputationists unless it is very necessary to do so, as it has the effect of diluting its own services. The Committee trust that Government would issue suitable instructions in the matter and undertake a periodical review of the progress made by public undertakings in this respect. (Para Nos. 189—191).

Reply of Government

This aspect was also commented upon by the Administrative Reforms Commission in their report on public sector undertakings and Government have decided that deputationists whenever they are taken should not be allowed to continue in the undertakings indefinitely. Such Officers should make up their minds within a stipulated period to revert to their parent cadre or opt for permanent absorption in the undertakings. In the case of top posts this option period is one year while in the case of other posts it should be within three years.

[Ministry of Industrial Development and Company Affairs, O.M. No. Pr. C.16(1)/67, dated 22-2-1969].

Recommendation (Serial No. 74)

The Committee find that as many as 4,857 technical/managerial personnel have left the public undertakings during the last three years to join other public or private undertakings. The drift in lower categories might perhaps be still larger. It has been stated that as far as possible, care is taken to see that candidates are not interviewed by an undertaking unless they have applied with the permission of the existing employer. The Committee are not, however, sure whether this practice is being followed by all public undertakings. They have elsewhere suggested that the desirability of devising somewhat scales of pay for similar posts in all public undertakings may be considered. They have also suggested the introduction of cadre and career development schemes by all undertakings. If the tendency of drift of personnel has to be checked, the Committee feel that, in addition to the above measures, the public undertakings should try to create a good public 'image' of themselves. The Committee hope that Government would consider the matter in all its aspects and take suitable measures to arrest the horizontal movement of personnel to the extent it is considered undesirable. (Para Nos. 192—194).

Reply of Government

Necessary instructions have been issued to Public Undertakings vide Ministry of Industrial Development, Internal Trade and Company Affairs (Department of Industrial Development) letter No. Pr. C.16(1)/67(74), dated the 8th April, 1969. (Appendix XIX).

[Ministry of Industrial Development, Internal Trade and Company Affairs, O.M. No. Pr. C.16(1)/67, dated 8-4-1969].

Recommendations (Serial No. 75)

The Committee regret to observe that even undertakings set up as far back as 1948 or 1950 have not laid down any promotion rules. The absence of proper rules on the subject may provide opportunities for favouritism and thus expose the undertakings to criticism and allegations. That promotions should be based on well defined principles, which inspire confidence in the employees, needs no emphasis. The Committee consider it necessary for such rules to be laid down from the beginning when the bulk of recruitment and promotions takes place. The Secretaries of the Ministries of Home Affairs and Labour agreed that Promotion Rules should be laid down. The Committee trust that suitable instructions will be issued to the undertakings listed in para 195 to frame promotion rules within a specified period. (Para No. 196).

Recommendation (Serial No. 76)

The Committee note that the Ministry of Labour have taken up for study the experience of different undertakings in the matter of promotion policies and to draw up a Model Promotion Procedure for the guidance of public sector undertakings. They trust that the Model procedure would be finalised early and undertakings persuaded to adopt the same. (Para No. 197).

Recommendation (Serial No. 78)

(i) To avoid premature promotions, the Committee consider it necessary that a minimum service of say 3 years in a grade should be insisted upon so that the candidates concerned acquire the necessary experience for shouldering higher responsibilities.

(ii) Another way to avoid premature promotions would be to advertise all higher specialised posts in an undertaking and to consider the suitable employees along with outside candidates.

(iii) The Committee trust that, in their study of promotion policies of public undertakings, the Ministry of Labour would keep this aspect in view and suggest suitable measures with a view to placing promotion procedure in public undertakings on a sound footing. (Para Nos. 203—205).

Reply of Government (Sl. Nos. 75, 76 & 78)

In accordance with the decision taken at the 5th meeting of the Heads of Public Sector Undertakings held in July, 1966 a sub-Committee comprising representatives of certain public sector undertakings and of Ministries of Mines & Metals, Industry and Labour and Employment was set up to go into the question and suggest a suitable Model Promotion Procedure in the light of the views expressed at the meeting. A set of Model Principles finally approved by the Sub-Committee (Appendix XX) was sent to the Ministry of Industrial Development and Company Affairs on 3-7-1967 for circulation to individual public undertakings for their guidance.

[Ministry of Labour Employment and Rehabilitation (Department of Labour & Employment), O.M. No. 15/2/66-P&A, dated 7-12-1968.]

Recommendation (Serial No. 77)

The Committee find that while certain undertakings have devised a system of merit-rating, others have not introduced it, and are generally maintaining annual confidential records which, as aptly stated by one of the undertakings, are more indicative of the general performance rather than "merit-rating". The Committee trust that

Government would take suitable action in the matter and ensure that a proper system of merit-rating is introduced in all undertakings as early as possible. (Para No. 199).

Reply of Government

The question of introducing the system of merit-rating on a uniform pattern in all the undertakings may not be feasible. No doubt it can be usefully adopted by such undertakings as are equipped for it and also those who could usefully utilise such a system. The recommendation of the Committee in this regard has however been remitted to the public sector undertakings for examining its suitability for adoption.—Letter No. Pr. C.16(1)/67(77), dated 18th February, 1969 (Appendix XXI).

[Ministry of Industrial Development and Company Affairs, O.M. No. Pr. C.16(1)/67, dated 22-2-1969].

Recommendation (Serial No. 80)

Recently, after the present emergency, the Directorate of Manpower reviewed the manpower requirements of public undertakings. It was expected that the requirements of Graduate Engineers would be fully met by the estimated out-turn in the country, but there might be a shortfall in the supply of diploma-holders. The Committee are glad to note that efforts are being made to increase training facilities and accelerate training courses in order to meet the growing needs of the country. They have no doubt that suitable measures will also be taken to overcome the shortage of teachers and to provide as early as possible the necessary equipments to the diploma institutions which at present are lacking in proper equipment. (Para Nos. 209—212).

Reply of Government

The expansion in the facilities for engineering education at the degree and diploma levels during the period 1950-51 to 1965-66 is shown in the table below:

Year	Degree level				Diploma level			
	No. of Institutions	Sanctioned intake	Actual intake	Out-turn	No. of Institutions	Sanctioned intake	Actual intake	Out-turn.
1950-51	49	4119	4119	2198	86	5903	5903	2478
1955-56	65	5888	5888	4017	114	10484	10484	4499
1960-61	102	13824	13692	5703	195	25801	23736	7969
1965-66	133	24700	23315	10282	274	48048	43984	17699

It is expected that the expansion in facilities which has taken place would be adequate to ensure a sufficient number of graduate engineers and diploma holders for the requirements of the 4th Plan Period. Some degree of regional imbalance and some shortages in particular specialities and of experienced personnel may appear but these are to some extent inevitable in a substantially free economy. When any serious imbalances develop, all feasible steps to counter them will be taken.

[Ministry of Industrial Development and Company Affairs, D.O. No. Pr. C.16(1)/67, dated 19-9-1968.]

Recommendation (Serial No. 81)

The requirement of any public undertaking for technical personnel is likely to differ from time to time, depending on the stage of its development (*viz.*, construction, production, expansion and introduction of new processes). Since trained manpower is one of the basic needs of any industry, the Committee consider it necessary that the estimates of personnel requirements should be reviewed by Government, from time to time, and steps taken to train the necessary manpower. (Para No. 213).

Reply of Government

Estimates of personnel requirements are being reviewed from time to time. The provision which has been made in the draft 4th Plan (1966) for the expansion of facilities, is based on the recommendations of a Working Group which was set up by the Planning Commission on the eve of the 4th Plan. Subsequently a Committee was set up by the Education Minister under the Chairmanship of Dr. V. K. R. V. Rao to review the position. This Committee has since reported to the Education Minister and its recommendations are broadly in line with the proposals contained in the draft 4th Plan. Studies were also carried out in connection with the work of the Education Commission with a view to estimating requirement of various type of qualified persons during the next 10 to 15 years. A Committee set up by the Ministry of Home Affairs and the Planning Commission is at present examining the requirements of civil engineers. A Committee has been set up in the Institute of Applied Manpower Research to examine the problem of managerial personnel.

[Ministry of Industrial Development and Company Affairs D.O. No. Pr. C.16(1)/67 dated 19-9-1968.]

Recommendation (Serial No. 82)

A number of undertakings have represented to the Committee that engineers coming out from Universities have theoretical back-

ground but they are deficient in practical outlook. The Committee recognise that there has to be emphasis not only on out-turn of engineers but also on their quality and practical experience. They trust that the matter will receive due attention at the hands of the Manpower Directorate, the All India Council of Technical Education and the Universities. (Para No. 214).

Reply of Government

A substantial increase in the intake capacity of Engineering Institutions was effected during the 3rd Plan period because of a keenly felt shortage of engineering personnel. This rapid expansion severely strained the resources of teachers and equipment and some deterioration in the standards of engineering education was more or less inevitable. Nevertheless, during the 3rd Plan Period considerable thought had been given to the need for improving the quality of engineering education, more particularly by giving a more pronounced practical orientation to courses both at the degree and diploma levels. In 1964, two seminars were held under the auspices of the Institute of Applied Manpower Research at which educationists, administrators and industrialists participated and the general conclusion reached was that engineering courses needed to include a larger element of practical training in an industrial environment. At the instance of the I.A.M.R. Hindustan Steel Limited attempted for a few years a pilot Education—Employment Coordination Programme under which selected students were given the facility of working in Hindustan Steel Limited during their vacations and absorbed in Hindustan Steel Limited after their graduation.

It has been stated in the Draft Fourth Plan Memorandum that the accent during the 4th Plan (1966) will be on upgrading the quality of engineering education at all levels. The Ministry of Education and the Manpower Directorate has under consideration at present the re-organisation of the education and training of diploma holders. Special attention will also be given during the 4th Plan period to improving the quality and orientation of graduate courses in engineering.

[Ministry of Industrial Development and Company Affairs, D.O. No. Pr. C. 16(1)/67, dated 19-9-1968].

Recommendation (Serial No. 83)

Proper induction of newly recruited employees and workers is an indispensable item in the programme of effective utilisation of manpower in an enterprise. It is only through such induction into the duties of his job, that a worker can be made to give of his best.

The Committee recommend that Government might impress upon all public undertakings the need for introducing a regular induction course for their employees. (Para No. 216).

Recommendation (Serial No. 84)

It is true that, in relation to the long term economic development of a country, the extent of trained manpower available and the training facilities established, constitute a major determinant of the measure of advance which can be achieved in different directions. Therefore, it is urgent to plan for training the required manpower to meet the increasing demands of public undertakings. But, if public undertakings are not to be saddled with unnecessary additional expenditure, it is equally important that full use is made of such facilities. During their examination of public undertakings, it has been noticed by the Committee that there exists unutilised capacity in the training schools of the public undertakings. To some extent the tendency of each undertaking to start its own training schemes might be responsible for it. A fully coordinated and integrated training programme for the undertakings, functioning broadly in the same field of technology, is therefore called for. The Committee consider that it is high time that a study should be made of the utilization of training facilities available in different public undertakings, which have been organised at considerable cost, and steps taken to utilise the surplus capacity, if any. (Para No. 218). Reply of Government (Sl. Nos. 83 & 84)

This recommendation of the Committee was reiterated by the Administrative Reforms Commission in greater detail and this has been accepted by Government. The Bureau of Public Enterprises in cooperation with the public sector undertakings and the Ministries concerned are to review existing facilities, identify areas where such facilities could be extended or increased and evaluate suitability of training programme to the requirements of public sector undertakings.

[Ministry of Industrial Development and Company Affairs O.M. No. Pr. C.16(1)/67 dated 22-2-1969.]

Recommendation (Sl. No. 87)

The Committee appreciate that in the case of new industries it might be difficult for public undertakings to arrange for necessary preliminary training of initial recruits for technical posts. Nevertheless, the Committee trust that Government would keep this aspect in view while approving programmes of public undertakings for training of their personnel in the factories of consultants, and

ensure that such persons are put through a preliminary practical course in the public or private sector undertakings in the same field of technology before being sent abroad. (Para No. 223).

Reply of Government

Normally preliminary training is given in the undertaking itself or in other undertakings where such facilities exist. The observations of the Committee have however, been brought to the notice of the Ministries/Departments to ensure that training is given to the maximum extent possible within the country and to ensure that in cases where persons are ought to be sent abroad, duration of such training is kept to the minimum—O.M. No. Pr. C.16(1)/67(87), dated 18th February, 1969 (Appendix XXII).

[Ministry of Industrial Development and Company Affairs, O.M. No. Pr. C.16(1)/67, dated 22-2-1969].

Recommendation (Serial No. 89)

It has also been suggested to the Committee that instead of sending trainees abroad, adequate number of supervisors should be recruited from overseas for training Indian Personnel in new undertakings. The Committee trust that this aspect would be kept in view while deciding deputation of trainees abroad. (Para No. 225).

Reply of Government

The question whether trainees should be sent abroad or whether their training should be organised here with the help of trainees either locally found or procured from countries overseas would depend on the specific requirements of training in each case. This is a management responsibility and the suggestion made to the Estimates Committee in this regard has been brought to the notice of the public sector undertakings for being kept in view as indicated in the recommendation, *vide* Ministry of Industrial Development and Company Affairs (Department of Industrial Development) Letter No. Pr. C.16(1)/67(89), dated the 21st February, 1969 (Appendix XXIII).

[Ministry of Industrial Development and Company Affairs O.M. No. Pr. C.16(1)/67 dated 22.2.1969].

Recommendation (Serial No. 90)

It is noticed that except Hindustan Steel and ITI, the public undertakings have not generally introduced regular schemes for training their supervisory and middle grade management personnel.

Supervisors constitute the backbone in any industrial undertaking. With the expansion of the public sector the workload and responsibilities placed on supervisors will continue to increase. Regular programmes for supervisory training are, therefore, needed to increase the competence of personnel employed in this capacity. The Committee consider that unless serious efforts are made from now onwards, the difficulty would be almost insurmountable in later years. They trust that early steps would be taken by the public undertakings to introduce regular schemes for training their supervisory and middle grade management personnel. (Para Nos. 226-228).

Reply of Government

As has been stated in reply to Sl. No. 83 and 84 this matter relating to training facilities has been gone into great detail by the Administrative Reforms Commission whose recommendations in this behalf have been accepted by Government.

[Ministry of Industrial Development and Company Affairs O.M. No. Pr. C.16(1)/67 dated 22.2.1969].

Recommendation (Serial No. 91)

The Committee find that not all industrial undertakings have introduced the scheme of training known as "Training within Industry". They suggest that such schemes may be introduced in all public undertakings on a wider scale. (Para No. 229).

Reply of Government

Necessary instructions have been issued to Public Sector Undertakings *vide* Ministry of Industrial Development and Company Affairs (Deptt. of Industrial Development) letter No. Pr. C. 16(1)/67(91), dated the 18th February, 1969. (Appendix XXIV).

[Ministry of Industrial Development and Company Affairs O.M. No. Pr. C.16(1)/67 dated 22.2.1969].

Recommendation (Serial No. 92)

It has been represented to the Committee that the post of Personnel Manager/Administrative Manager in a majority of the undertakings is held by officers of All-India Service, Central Secretariat Service or of State Governments. The Committee trust that the Ministry of Labour would impress upon public undertakings the need for training their personnel managers in one of the All India Management Institutes set up at Ahmedabad and Calcutta and the Administrative Staff College at Hyderabad. (Para Nos. 230-231).

Reply of Government

The recommendation of the Estimates Committee was brought to the notice of the undertakings through the administrative ministries. It has been reported that the training of personnel managers in these Institutes is already in vogue in some of the undertakings. The others have accepted the recommendation of the Committee.

[Ministry of Labour, Employment and Rehabilitation (Department of Labour & Employment) O.M. No. 15/2/66-B&A dated 12.6.1967].

Recommendation (Serial No. 93)

It is noted that as many as 18 public undertakings do not depute their serving engineers or management personnel for refresher courses. The Committee feel that the training of technical personnel does not end with their having learnt the rudiments of their job during the period of initial training. It is very desirable that after a few years of experience, they should be sent back to the training school to refresh their theoretical knowledge and also to gather new ideas and learn new techniques. The training of these personnel should, therefore, be a continuous process. In the opinion of the Committee any expenditure on such refresher courses will not only be compensated by increased productivity but will also result in economies in the long run. They hope that Government will impress upon public undertakings the need for deputing periodically their technical and managerial personnel for refresher courses offered by various institutions in the country. (Para No. 232).

Reply of Government

Necessary instructions have been issued to public undertakings *vide* Ministry of Industrial Development and Company Affairs (Deptt. of Industrial Development) letter No. Pr.C.16(1)/67(93), dated 18th February, 1969. (Appendix XXV).

[Ministry of Industrial Development and Company Affairs O.M. No. Pr. C.16(1)/67 dated 22.2.1969].

Recommendation (Serial No. 94)

With a view to offering an employee a satisfying career for the whole of his working life, the progressive companies in India and abroad have devised a regular career development scheme. The Committee feel that besides creating a sense of loyalty and of belonging to the undertaking the introduction of a career development scheme will go a long way in arresting the tendency of job shifting:

on the part of employees. They suggest that the desirability of introducing a similar scheme in all public undertakings might be considered. The Committée trust that Government will issue suitable instruction to the public undertakings in this matter. (Para Nos. 233-234).

Reply of Government

In the light of the views and suggestions received from the various employing Ministries and the Public Undertakings under them, a Career Development Scheme has been formulated by the DGE&T and circulated to all employing Ministries requesting them to take appropriate action for introducing the scheme in the Public Undertakings/establishments under their control *vide* Ministry of Labour, Employment and Rehabilitation O.M. No. 22(83)/69-ET-Vol. II dated 8.1.1969 (Appendix XXVI).

[Ministry of Labour, Employment and Rehabilitation (Department of Labour & Employment) DO. No. 22(83)/68-ET dated the 15th January, 1969].

Recommendation (Serial No. 95)

It is needless to say that well-equipped and properly staffed Personnel Department is a must in any modern undertaking, be it in the private or the public sector. In fact, the efficient and smooth working of an undertaking depends not a little on proper staffing and functioning of its Personnel Department. In the opinion of the Committee the absence of an efficient and effective personnel Department in the undertakings has to some extent been responsible, as has been pointed out later, for the lack of proper attention to even elementary things like the adoption of standing orders, drawing up a Grievance Procedure, etc. The Committee trust that the Ministry of Labour and Employment after studying the information collected by it would render the necessary advice to the Public Undertakings and ensure that such departments are properly organised by them as early as possible. (Para No. 237)

Reply of Government

The recommendation has been brought to the notice of the concerned Ministries and the Public Sector Undertakings and they are taking action and reviewing the position from time to time for strengthening their staff. The point is also periodically reviewed in the meetings with the heads of the Public Sector Undertakings to ensure

that the recommendation of the Estimates Committee in this regard is constantly kept in view.

[Ministry of Labour, Employment and Rehabilitation (Department of Labour and Employment) O.M. No. 9(25)/64-Genl. Dated 2nd July, 1966].

Recommendation (Serial No. 101)

(i) The Committee note that labour-management relations are not very cordial in a number of public undertakings. It may be a matter of study for the Government why for undertakings located in the same town or region, labour relations in one are comparatively far better than in other.

(ii) That maintenance of good labour relations is necessary for sustaining and developing high levels of production needs to emphasis. This has become all the more necessary in the present emergency. The Committee would urge both the employees and the employers to recognise their mutual rights and duties. They feel that the workers' education scheme started by the Ministry of Labour would also contribute to good labour-management relations. (Para Nos. 247-248).

Reply of Government

The Scheme of Joint Management Council sponsored by the Government in 1967, will ensure closer association of workers with management on a formally defined basis. Successful working of Joint Management Councils will help establish good industrial relations.

This Ministry already has a programme of Studies of Labour Management Relations with special references to implementation of labour laws in Public Sector Undertakings. Nine such studies have already been conducted; more are planned. A number of Emergency Production Committees at unit level have been established. Workers education programme on a large scale is being implemented.

[Ministry of Labour, Employment & Rehabilitation (Deptt. of Labour & Employment) O.M. No. 9(25)64-Genl. Dated the 12th May, 1966].

Recommendation (Serial No. 106)

The Committee has been informed that the Ministry of Industry has been co-ordinating in matters of common policy in consultation with the individual Ministries. The Projects Co-ordination Committee could not meet regularly and is moribund for the reasons stated in para 257. The Ministry of Finance has organised a co-ordination cell in regard to financial matters. It has been agreed by representatives of Ministries that for all other matters, it is desirable to set up a centralised co-ordinating Unit which could also make a continuous appraisal of the performance of various public undertakings. Such a unit could be organised, according to administrative convenience, either in the Ministry of Industry which is in charge of industrial policy or the Ministry of Finance. The Committee trust that suitable machinery staffed with qualified personnel, possessing knowledge in industrial management, will be organised for the purpose at an early date. They recommend that besides other matters, this agency should ensure that a comprehensive policy in personnel matters is established in all public undertakings and it is reviewed from time to time to meet changing needs and circumstances. In this connection paragraph 106 may also be seen. (Para No. 258).

Reply of Government

Consequent on the recommendations of the Administrative Reforms Commission in this behalf it has been accepted that the Bureau of Public Enterprises will function as the co-ordinating unit on all common matters affecting public sector undertakings. The broad functions of the Bureau would *inter alia* be (a) evaluation of comparative performance within the undertaking and with other undertakings (b) to maintain panels of suitable persons in order to enable administrative Ministries to select therefrom (c) to furnish periodical reports to Parliament and Government on the working of public undertakings (d) to act as a data bank and as a clearing house of information in respect of important matters of common interest (e) to coordinate the work relating to examination of public undertakings by Parliamentary Committees (f) to compile information on the terms and conditions of service of employees with a view to advise the undertakings to evolve desirable uniformities in such matters.

The above which represent some of the more important functions of Bureau of Public Enterprises would meet the recommendation of the Committee in this regard.

[Ministry of Industrial Development and Company Affairs O.M. No. Pr.C.16(1)/67, dated 22-2-1969].

Recommendation (Serial No. 107)

The Committee feel that it would be worth-while for Government as soon as a new undertaking is set up, to issue a comprehensive Memorandum of Instructions indicating the broad policy and procedure to be followed by it in various personnel matters so that these are attended to in time and in proper manner and sequence. (Para No. 259).

Reply of Government

It is a recognised principle that the public undertakings should as far as possible function on commercial lines as in the private sector for which purpose their autonomy is being increasingly recognised and curbs are imposed only where it is inescapable. In keeping with this trend, it will be appreciated that all that can be done is to lay down some broad guidelines in such matters as would be consistent with the requirements of uniformity and control. This question was also gone into by the Administrative Reforms Commission who have suggested that a comprehensive and clear statement on the objectives and obligations of public undertakings should be issued. This recommendation has been accepted by Government for observance.

[Ministry of Industrial Development and Company Affairs, O.M. No. Pr. C. 16(1)/67, dated 22-2-1969].

Recommendation (Serial No. 110)

It should be the purpose of the Government to see that the personnel policies of Public Undertakings are oriented to ensure efficient and economic management of the undertakings and to ensure good labour relations. This would help to keep the undertakings free from public criticism. (Para No. 262).

Reply of Government

The aspect of labour relations as also personnel policies of public undertakings was also examined by the Administrative Reforms Commission who had recommended that the special obligation of

management in public sector with regard to labour matters should be normally spelt out by Government. This recommendation has been accepted. This would meet the recommendations of the Estimates Committee also.

[Ministry of Industrial Development and Company Affairs, O.M. No. Pr.C.16(1)/67, dated 22-2-1969].

CHAPTER III

RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF GOVERNMENT'S REPLY

Recommendation (Serial No. 5)

The Committee have from time to time suggested that the posts of Chairman and Managing Director should be combined and they are happy to note that their suggestions have met with approval and have been implemented in some public undertakings e.g. National Coal Development Corporation and Indian Refineries Ltd. The Committee are convinced that the pattern of appointing only one chief executive (Chairman-cum-Managing Director) should be increasingly followed. They recommend that Government may review the position and examine the feasibility of combining these posts in all public undertakings as far as possible. (Para No. 12).

Reply of Government

No hard and fast rules can be laid down in this regard. Appointment of Chairman and/or Managing Director is made depending upon the requirements of each case. The position is constantly reviewed keeping in view the administrative requirements.

[Ministry of Industry O.M. No. Pr.C.16(3)/64, dated 20-8-1966].

Recommendation (Serial No. 7)

The Committee do not understand why the Secretaries or Additional Secretaries have been appointed as Chairman in six undertakings mentioned in para 14, some of which were set up as far back as 1950. It is unfortunate that this arrangement is being continued despite Government's decision against it. Once a decision is arrived at and communicated to the Parliament, the Parliament expects that it would be acted upon. (Para No. 17).

Recommendation (Serial No. 8)

The Committee would like to point out that the reasons advanced against the appointment of Secretaries as members or Chairmen of the Boards of Public Undertakings equally hold good in the case of Additional Secretaries as their functions and privileges are more

or less the same as those of the Secretaries. Hence, the Committee do not approve of the practice of appointing them as members, much less as Chairman of the Boards of Public Undertakings. They trust that early action would be taken to change the composition of the Boards of Directors accordingly. In this connection reference is invited to para 180 of the 35th Report of the Estimates Committee 1962-63. (Para No. 18).

Reply of Government (Serial Nos. 7 & 8)

The two recommendations of the Estimates Committee were again recently reviewed in the context of similar recommendations made by the Administrative Reforms Commission. It has been decided that "the restriction about Secretaries to Government not being included in the Boards of Management should, however, apply only to industrial and commercial undertakings."

"Government officers, appointed as Part-time members of the Boards of Directors of Public Enterprises should, as far as possible, be of the rank of Joint Secretary." The above decision which is reiteration of the earlier decision has been communicated to all concerned.

[Ministry of Industrial Development and Company Affairs, O.M. No. Pr.C.16(3)/64, dated 22-2-1969].

Recommendation (Serial No. 13)

In their 33rd Report (1958-59), the Committee had recommended that the qualifications of members of the Boards of Industrial undertakings in the public sector may be defined in broad terms. This was reiterated in their 35th Report (1962-63). The Committee hope that an early decision would now be taken. (Para No. 31).

Reply of Government

This has been examined in detail. According to the existing practice the Boards consist of a representative of the Administrative Ministry, a representative of the Finance Ministry, one or two Government Directors representing the consumer departments/Advisory Bodies like DGS & D or DGTD and a few non-official directors. A person well-versed in labour matters and closely associated with All India Trade Unions is also nominated by the Ministry of Labour & Employment. In the circumstances, any qualifications can, by their very nature, be made applicable only to non-official directors. The non-official directors are chosen on the basis of their knowledge of

the industry and the position occupied by them in public life and only such persons whose presence on the Board will contribute to successful functioning of the company are appointed to the Board. As such it is not considered necessary to prescribe any minimum qualifications in this regard.

[Ministry of Industry and Supply, (Department of Industry) O.M. No. Pr.C.16(3)/64, dated the 4th July, 1965].

Recommendation (Serial No. 14)

The Committee consider it necessary that the appointment of Directors, particularly the non-officials, should be made in consultation with the Chairman who is ultimately responsible for the success of an enterprise. They feel that the convention established by the Ministry of Finance that the proposals would be put upto the Minister in consultation with the Chairman/Governors of the undertakings concerned and the Cabinet Secretary, is a healthy one and may be followed by all the administrative Ministries. (Para Nos. 32-33).

Reply of Government

As the Chairman/Chief Executive himself is appointed by the President whose prerogative it is to make appointments to the Board, it may not be desirable to stipulate that the Chairman, as Chief Executive, should be consulted prior to appointment of Board members. The present practice of informal consultation with the Chief Executive may be allowed to grow into a convention. It may not, however, be desirable to advise all the administrative Ministries to adopt strictly this procedure.

[Ministry of Industry and Supply, (Department of Industry) O.M. No. Pr.C.16(3)/64, dated the 4th July, 1965].

Recommendation (Serial No. 16)

The Committee feel that Government should consider the matter from all angles and clearly define its policy about giving representation to State Governments concerned on the Boards of Directors of the Public Undertakings. They are doubtful if their association even during the construction stage of a project would be beneficial. But, if the Government so decide, it should normally be followed in respect of all public undertakings. The Committee hope that the matter will receive due consideration. (Para No. 38).

Reply of Government

It is not proposed to confer any right on any State Government of having representation on the Board merely because of the location of a project in their particular State. On the other hand, a uniform policy in this regard is also not considered necessary.

[Ministry of Industry and Supply, (Department of Industry), O.M. No. Pr.C.16(3)/64, dated the 4th July, 1965].

Recommendation (Serial No. 17)

The Committee suggest that, based on their experience Government may examine the merits and demerits of appointing Project Administrators/General Managers on the Boards of Public Undertakings and lay down a definite policy in this regard which may be uniformly followed by all the administrative Ministries. (Para No. 41).

Reply of Government

The advantages and disadvantages in associating the Project Administrators and General Managers with the Board as members are always weighed carefully in every case before a decision is taken by Government to appoint any of them as Directors. Such cases being few and far between no policy directive to administrative Ministries seems indicated.

[Ministry of Industry and Supply, (Department of Industry), O.M. No. Pr.C.16(3)/64, dated the 4th July, 1965].

Recommendation (Serial No. 21)

With a view to ensuring that uniform criteria and principles are followed by all the administrative Ministries concerned in the formation of the Boards of Directors, the Committee suggest that comprehensive rules might be framed for the guidance of the Ministries concerned. (Para No. 48).

Reply of Government

As stated earlier in reply to recommendation No. 13 all the Ministries are aware of the procedure and practice governing the appointment of directors to the Boards of Undertakings and therefore it is not considered necessary to draw any comprehensive rules.

[Ministry of Industry and Supply, (Department of Industry), O.M. No. Pr.C.16(3)/64, dated the 4th July, 1965].

Recommendation (Serial No. 28)

While the Committee welcome any attempts that Government might make to train up financial advisers in the techniques of financial management of public enterprises, they do not appreciate continued dependence of public undertakings on the Central Services for manning these posts. It is desirable that public undertakings train their own officers as early as possible. In fact, some of the undertakings have already done so. With that end in view, the Committee recommend that training facilities available in the Ministry of Finance should be extended to the officers of public undertakings, including those selected to the IMP, so that in course of time they could replace the service officials. (Para No. 69).

Reply of Government

In selecting persons for appointment as Financial Advisers in Public Enterprises, preference is given to those possessing accounting qualifications or previous experience of working in these Enterprises. Appropriate orientation courses are proposed to be organised, to the extent necessary, by utilising the facilities available in the existing management institutes, staff colleges, etc. One such was, in fact, organised in 1966 in the Administrative Staff College, Hyderabad.

[Ministry of Finance, Department of Coordination. Bureau of Public Enterprises, O.M. No. 3(10)-PC/64, dated 20th/22nd April, 1967].

Recommendation (Serial No. 29)

The Committee suggest that Government should issue specific instructions to public undertakings to recruit, train and develop suitable officers for the post of Financial Adviser within a specified period, say 5 years. At the same time, the proposals for deputation of service officials should be discouraged. They hope that necessary action would be taken in the matter. These remarks would also apply to the accounts personnel employed in the lower hierarchy. (Para No. 70).

Reply of Government

The appointments to top management posts in Public Enterprises, including top Financial Adviser, have to be made by Government. In making these selections, the eligible employees of the Enterprises are considered alongwith suitable persons available

from other sources. As regards the accounts personnel in the lower hierarchy, the Enterprises have their own arrangements for their recruitment and training and they obtain the services of official on deputation only to the extent adequate number of such qualified and experienced personnel is not available in the open market at a particular time. As the position in this regard improves, the number of deputationists will diminish.

[Ministry of Finance, Department of Coordination, Bureau of Public Enterprises O.M. No. 3(10)-PC/64, dated 20th/22nd April, 1967].

Recommendation (Serial No. 30)

The Committee consider it desirable that a 'Financial and Accounts Service' may be organised for the public undertakings to which officers may be recruited centrally at an early stage, who could, in due course, man the higher posts in the Finance Accounts Divisions of the public undertakings. They trust that the feasibility of introducing such a Service will be examined by Government.

Reply of Government

The Administrative Reforms Commission in their Report on "Public Sector Undertakings" considered in detail the question—which was earlier under examination in the Government—whether it will be desirable to have a common cadre for the managerial and technological personnel for the public sector as a whole. The recommendation of the Commission in this area of management and the Government's decision thereon is reproduced in Appendix XXVII. It will be noted that it has *inter alia* been decided that inter-changes of personnel, should be effected, to the extent possible, and with the consent of the managements of the concerned enterprises.

2. So far as the Finance Officers in Public Enterprises are concerned, the Committee on Public Undertakings in their 15th Report (Fourth Lok Sabha) on "Financial Management in Public Undertakings", had also dealt with the question of field of selection of these officers at great length. The Committee had *inter alia* recommended that it is important to give chances of promotion to persons who have worked in the organisation and proved their worth. The recommendations made by the Committee in this regard—*vide* Recommendation Nos. 9-10—have been already accepted by Government.

3. In respect of posts of Financial Advisers in the scale of Rs. 2000-2500 and above in view of the general scarcity of available talent in the country, for manning such posts, Bureau of Public En-

enterprises already maintains panels of names of persons with suitable qualifications and adequate experience from private sector, Public Enterprises, and Government services. These panels of names are already being utilised for filling up posts at these levels.

4. In the case of the other senior and middle level posts both in financial as well as other cadres, Public Enterprises have been competent to make appointments and responsible for building up their own cadres. There have been, however, in some cases delays in positioning of incumbents; one reason for these delays has been the difficulties experienced by the enterprises in locating suitable personnel. In the context of the foregoing, and also the Government's decisions on the recommendations of the A.R.C., it has been decided that a machinery should be set up to assist these enterprises for (i) spotting, (ii) pooling, and (iii) harnessing, managerial talent at the below-top levels in the various Departments, including Finance and Accounts. The intention is to avoid managerial vacuum in Public Enterprises even at this level. It has been, therefore, decided that panels of names should be maintained by the Bureau of Public Enterprises on a regular basis for the below-top level posts as well; the panels will be circulated periodically to the administrative Ministries/Public Enterprises. Though this does not amount to constituting a service, a procedure has been introduced by which persons recruited to below-top posts will acquire experience, in due course, and become suitable for manning higher posts.

[Ministry of Finance (Department of Expenditure) Bureau of Public Enterprises D.O. letter No. 560/BPE(GM)/69 dt. 30-1-1969].

Recommendation (Serial No. 41)

(i) Bigger undertakings have, no doubt, organised industrial engineering departments which might be able to make studies of the organisational set up periodically, to enable necessary changes being made. The Committee, however, consider that it might be useful to organise a central manpower consultancy bureau to periodically examine the organisational set-up, manpower requirements, etc. of all public undertakings from an objective and detached point of view. The Secretary of the Ministry of Industry agreed with this suggestion and felt that it might be advantageous to set up an Inspectorate at the Centre for this purpose as also for periodical evaluation, and appraisal of the public undertakings. The Committee trust that a well-staffed Bureau or agency would be set up at an early date. It should, however, be ensured that any such agency does not become unwieldy and a further cog in the wheel or a mere critic of the un-

dertakings. In this connection attention is also invited to paragraph 258.

(ii) In addition to the agency mentioned above, it would be worthwhile for each undertaking to set up an Organisation and Methods Cell for a continuous study of the undertaking and submit reports to the management concerned periodically. They have little doubt that a built-in agency of this nature will go a long way in increasing the efficiency of the undertaking and will be given due importance. (Para No. 106).

Reply of Government

As regards Sl. No. 41 (i) the Committee were informed *vide* this Ministry's O.M. No. Pr. C.16(3)/64, dated 5.8.65 that the recommendation of the Committee for the setting up of Bureau or agency would have been met since the functions sought to be entrusted to an agency would already be one of the functions of the Bureau of Public Enterprises which had by then been set up by the Ministry of Finance. The functions of the Bureau have been examined in greater detail by the Administrative Reforms Commission and their recommendations as to the nature and type of coordination work that should be performed by the Bureau have been accepted by Government.

As regards Sl. No. 41(ii), by and large public undertakings have organised O. & M. Cells.

[Ministry of Industrial Development and Company Affairs O.M. No. Pr. C. 16(1)/67 dated 22-2-1969].

Recommendation (Serial No. 55)

While it is necessary that Government as owners, should exercise control over the appointment of chief executives and principal officers of public undertakings, the Committee are unhappy to note that varying practices have been allowed to develop in this regard which have been referred in paras 146-148. They feel that Government control in this important matter should follow some definite principles and rationale. If the analogy of the Air Corporations that appointments of heads of departments should receive Government approval is to be followed, it may be desirable to extend this principle to all undertakings. (Para No. 149)

Reply of Government

In order to translate into practice the autonomy granted in theory to the undertakings it was decided to delegate the power of appointment to posts carrying pay upto a maximum of Rs. 2250/- to the Board of Directors of a Company except in regard to the appointment of Chairman, Managing Director, General Manager and Financial Adviser. It is not considered necessary to reserve the appointment of Heads of Departments also to Government.

[Ministry of Industry O.M. No. Pr. C. 16(3)/64 dt. 20-8-1966].

Recommendation (Serial No. 56)

In the opinion of the Committee it is not correct to allow Government companies, irrespective of their size, to appoint officers upto Rs. 2,250 p.m. without reference to Government. They are also not quite sure, that there was no case of the abuse of this power. In fact, the limit of Rs. 500 in the case of ESIC and Khadi and Village Industries Commission appears to have been determined on these considerations. The Committee feel that a review of the powers delegated to the undertakings in regard to creation of and appointment to posts is called for. (Para Nos. 150-51).

Reply of Government

All companies have not been given powers to appoint persons to posts carrying a pay scale, the maximum of which does not exceed

Rs. 2250]-. The Board's power in this regard is fixed only in relation to the size of the undertaking. For example in Nahan Foundry Ltd. the Directors have power to fill posts which carry pay upto a maximum of Rs. 1000 only.

[Ministry of Industry O. M. No. Pr. C. 16(3)/64 dt. 20-8-1966].

Recommendation (Serial No. 70)

In para 75 of their 39th Report (1956-57) the Committee had recommended the setting up of a separate Public Service Commission for recruitment of officers in public undertakings. This was pursued in the 38th Report of the Estimates Committee (1958-59). Last year the Committee reiterated the earlier recommendation.

The Committee do not visualise any difficulty in the arrangement suggested by them which has been successfully allowed in the case of Railways, Posts and Telegraphs Department. Ordnance Factories, etc. On the other hand, they feel that such a centralised recruitment for higher posts would enable uniform standards of selection, eliminate competitive bidding for scarce personnel and ensure fairness, besides saving the time and work of the public undertakings. The Committee have no doubt that the representatives of the undertakings concerned and suitable outside experts will be associated with recruitment of personnel through such a Commission. If, however, the setting up of a single Central Commission may not be considered feasible, the Committee would suggest the setting up of such Commission on regional or industry basis. They trust that the matter would be carefully examined before taking a final decision in the matter. (Para Nos. 183-85).

Reply of Government

Having regard to the diversity of the activities of the growing number of public sector undertakings it is felt that a centralised recruitment (even for Class I and II posts) will not be feasible and might on the other hand introduce elements of delay which could be avoided. It is considered sufficient to prescribe the standard procedure for recruitment and a set of Model Rules (Appendix XI) was accordingly framed and circulated to all the Public Sector Undertakings for adoption. The undertakings have also been advised to associate (outside|local) men of standing in all their Selection Boards. Setting up of a body analogous to the Public Service Commission for recruitment of officers in Public Undertakings is being examined.

[Ministry of Industry O. M. No. Pr. C. 16(3)/64 dated 14-10-1966].

Recommendation (Serial No. 85)

The Committee suggest that Government might consider the desirability of setting up an advisory committee under the Directorate of Employment and Training to ensure that new training institutions are not set up by public undertakings if their needs could be met by the existing institutions. (Para No. 219).

Reply of Government

As the subject matter of this Recommendation concerns a number of Ministries, it was considered necessary to have an agreed decision regarding the desirability of setting up the proposed Advisory Committees. With a view to facilitate early consideration of the matter, a special meeting of the Co-ordination Committee of the National Council for Training in Vocational Trades, on which the different Ministries concerned are duly represented was called on the 7th June, 1966. A copy of the Summary Record of the recommendations made by the Co-ordination Committee in its meeting is reproduced below:—

The Co-ordination Committee has recommended that:—

- (a) every Ministry should ensure that the Directorate General of Employment and Training was associated with the scheme for Training of Craftsman at every stage; and
- (b) that Co-ordination Committee of the National Council for Training in Vocational Trades should be enough to co-ordinate the work of the different Ministries and organisations in this respect. Suitable persons may be co-opted as members, if necessary. The Committee has further recommended that the Public Sector Undertakings should associate the Directorate General of Employment and Training, Ministry of Labour, Employment and Rehabilitation in formulating their new training programmes or schemes at the early stage before they take the final shape and that any special training programme of public sector undertakings, which are formulated by them to meet their specific requirements should also be intimated to the DG, E&T for information. DG, E&T may follow up or render advice to the establishments, if necessary, on such special schemes.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 15/2/66—B & A dated 22-8-1966].

Recommendation (Serial No. 86)

The Committee suggest that the question of awarding suitable diploma certificates by the various training institutions run by public undertakings, which would be recognised all over the country, should be examined as was agreed to by the representatives of the Ministry of Industry. (Para No. 220).

Reply of Government

A new scheme, known as "Gradation of Skills of Industrial Workers" which is proposed to be introduced during the Fourth Plan is under consideration of the Directorate General of Employment & Training under the standards of different grades in respect of various trades are under preparation. It is intended to introduce a National Trade Testing system under the National Council for Training in Vocational Trades and permit industrial workers and trainees of various training establishments, both in public and private sectors, to appear in test of appropriate grades according to their training background and degree of skill. The trainees of various training institutes run by the public undertakings can also take advantage of this National Trade Testing System and those who are successful will be awarded trade certificates appropriate to their skill. The institutions will have to follow the standard of training as approved by the National Council for Training in Vocational Trades for various grades. Under this programme, the training programmes of public undertakings only at the level of craftsmen will be covered as training programmes of degree and diploma level are not within the purview of the Directorate General of Employment and Training.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O. M. No. 9(25)/64-Genl. dated the 12th May, 1966].

Recommendation (Serial No. 100)

All public undertakings have not fully implemented the labour laws. According to the Ministry of Labour, these lapses have often been traced to lack of fuller understanding on the part of managements, of the obligations which the Labour laws and Government's labour policy impose on them. The Committee hope that with the organisation of well-staffed personnel departments in all public undertakings and constant guidance from the Ministry of Labour, the position will improve. They consider that a periodical review by the administrative Ministries and the Ministry of Labour and

Employment is also necessary to ensure that the undertaking comply with the labour laws. The Committee trust that the administrative Ministries would take necessary action in consultation with the Ministry of Labour and Employment and devise suitable procedure for the purpose (Para No. 246).

Reply of Government

At the second meeting of the heads of public sector undertakings held on July 11, 1963 it was decided that there will be an annual review of the position regarding the implementation of labour laws in public undertakings. At the plant level such review should be conducted by the State Labour Commissioner and the Chief Labour Commissioner in cooperation with the General Manager. The State Governments and Chief Labour Commissioner have been asked to undertake such reviews.

At the fourth meeting of the heads of the public sector undertakings, held at New Delhi on October 28, 1965 the subject of "implementation of labour laws in public sector undertakings" was considered and it was felt that there was now greater awareness on the part of the public sector in regard to the proper implementation of labour laws. It was urged that there should be constant endeavour on the part of the public sector to secure better standards of compliance.

The subject of implementation of labour laws in the public sector was on the Agenda of the Indian Labour Conference held in October, 1965. As the Indian Labour Conference did not consider the Agenda items these would be discussed by the Standing Labour Committee at its next meeting. Thus the working of labour laws in the public sector is being reviewed from time to time.

[Ministry of Labour and Employment O.M. No. 34/8/65-I&E, dated 26th November, 1965.]

Recommendation (Serial No. 102)

It has been suggested to the Committee that the unions of workers should be managed by the workers themselves and outsiders should not be allowed to act as office-bearers. The Committee hope that this matter would receive due consideration (Para No. 249).

Reply of Government

Under the existing provisions of Trade Union Act, 1926, not less than half of the total number of the office bearers of every registered trade union shall be persons actually engaged or employed in an industry with which the trade union is connected. The question relating to this statutory limit on the number of outsiders on the executives of trade unions was considered by the Indian Labour Conference at its 17th Session in July 1959, but it was decided by the Conference that there should be no change in the existing legal provisions in respect of statutory restrictions on the number of outsiders on the executive of trade unions.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O. M. No. 9(25)/64-Genl., dated the 12th May, 1966].

Recommendation (Serial No. 108)

The Committee suggest that the Managing Directors, General Managers, Financial Advisers and Personnel Managers of Public Sector Undertakings should meet at regular intervals to exchange views and discuss common problems, including those relating to personnel management. The Ministry of Industry which is the coordinating agency should see that these meetings take place regularly (Para No. 260).

Reply of Government

The Estimates Committee (Third Lok Sabha) in its 35th Report on the Heavy Electricals (India) Ltd., Bhopal had suggested that the Heads of various undertakings in the public sector should meet at intervals to exchange views and discuss common problems with a set agenda. Government in reply [No. Pr. C. 16(8)/64, dated 7-5-67] stated that Government is convening periodically meetings of the Chief Executives of the Enterprises. Such sort of meetings are convened by the administrative Ministries at which the representatives of the undertakings under them are invited with a set agenda. Besides, the Labour Ministry also convenes such meetings annually where common problems relating to labour, labour laws etc. are also discussed. It is also customary that at such meetings representatives of coordinating Ministries like Industry, Bureau of Public Enterprises, Labour etc. are invited.

[Ministry of Industrial Development and Company Affairs O. M. No. Pr. C. 16(1)/67, dated 22-2-1969.]

Recommendation (Serial No. 109)

The Committee also consider it desirable that Government should prepare a comprehensive handbook on personnel matters for the guidance of public undertakings. The proposed handbook might contain, among other matters, Model Staff Regulations, Recruitment and Promotion Rules, Directions, instructions and decisions of Government on personnel matters, etc. (Para No. 261).

Reply of Government

With the preparation of comprehensive memorandum of instructions suggested by the Committee in their Recommendation at S. No. 107 it is felt it will not be necessary to have another comprehensive Handbook. Further it may be stated that the Ministry of Labour and Employment have published a handbook entitled "Labour Laws and Practices" for the guidance of Public Sector Undertakings.

[Ministry of Industry & Supply (Department of Industry) O.M. No. Pr. C. 26(3)/64, dated 4th July, 1965.]

CHAPTER IV

RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE.

Nil.

CHAPTER V

RECOMMENDATIONS IN RESPECT OF WHICH FINAL REPLIES OF GOVERNMENT ARE STILL AWAITED

Recommendation (Serial No. 39)

(i) The Committee have been informed that pressures are brought to bear on public undertakings to retain unskilled and skilled construction personnel who become surplus on the completion of the Projects. This results in over-staffing. The Committee do not understand why it should not be possible for public undertakings to dispose of such surplus labour when the private contractors are able to do so. They have no doubt that political and labour organisations would not insist on surplus personnel being employed in public undertakings, after the construction work for which they are temporarily employed is over.

(ii) The Committee feel that from the point of view of overcoming this problem the setting up of a separate company for the construction and erection of Bokaro Steel Plant appears to be a step in the right direction, and should be increasingly followed for the erection and construction of future projects (Para Nos. 101-102).

Reply of Government

Noted.

[Ministry of Industry O.M. No. Pr. C. 16(3)/64, dated 20-8-1966].

Recommendation (Serial No. 46)

The Committee feel that the employment on contracts may be suitable for higher managerial posts, and in the case of employment of foreigners. Such contracts do not appear to be suitable for production staff as high productivity is usually the result of continuous practice and stable service. The Committee understand that HSL is currently examining the question whether appointments to executive posts should continue to be made on a contract basis or should be made on a permanent basis. They hope that early action would be taken to do away with the existing practice (Para No. 120).

Reply of Government

The position is being reviewed by the Hindustan Steel Ltd.

(Ministry of Industry O.M. No. Pr. C.16(3)|64 dt. 20-8-1966).

Recommendation (Serial No. 69)

It will be seen that the number of candidates belonging to scheduled castes/tribes employed by a majority of the Public Undertakings is lower than that laid down by Government.

The Committee do not appreciate why it should not be possible for the public undertakings to fully implement the general policy of Government in the matter of reservation of posts for candidates belonging to scheduled castes/tribes. They feel that in the coming years public undertakings are likely to offer greater, employment opportunities than other public services. Therefore, unless persons belonging to scheduled castes/tribes are given a fair share of employment in the public undertakings, they would lag behind. The Committee would urge the Government to ensure that the policy of reservation of posts for scheduled castes/tribes is strictly followed by all public undertakings.

(Para Nos. 180—182).

Reply of Government

The policy of Government in regard to the application of reservation orders to statutory bodies under the control of Government was laid down in Ministry of Home Affairs Office Memorandum No. 16|2|54-SCT dated 23-11-54. The policy was reiterated from time to time thereafter and the following instructions were issued in Ministry of Home Affairs Office Memorandum No. 5|1|63-SCT(I) dated 4th March 1964.

“In Ministry of Home Affairs O.M. No. 5|13|56-SCT(I) dated 14th November, 1956, and 5|13|56—SCT(1), dated 5th September 1957, Ministries were requested to issue instructions to the Public Sector Undertakings under their control to observe the orders regarding representation of Scheduled Castes and Scheduled Tribes in Government services, as far as possible consistently with the maintenance of efficiency. It has, however, come to notice that in some of the Public Sector Undertakings, due representation is still not being given to Scheduled Castes and Scheduled Tribes. The question of employment of Scheduled Castes and Scheduled Tribes recently came

up for consideration before the Central Advisory Board for Harijan Welfare and the members were assured that action would be taken to see that these undertakings gave as much benefit as possible to the Scheduled Castes and Scheduled Tribes. The working Group on the Welfare of Backward Classes in the 4th Plan have also recommended *inter alia* reservations for Scheduled Castes and Scheduled Tribes in appointment in public sector undertakings. Taking into consideration all relevant factors and the growing opportunities of employment in the public sector, it is important that, as in the case of employment in public services, the Scheduled Castes and Scheduled Tribes should be given a fair share of appointments in Public Sector Undertakings also.

Ministries are accordingly requested to issue suitable instructions to the Undertakings under their control to make reservation for Scheduled Castes and Scheduled Tribes in their services on the lines of the reservations in Central Government services. It may be explained to the Undertakings that reservations for Scheduled Castes and Scheduled Tribes are subject to availability of *suitable* candidates of the respective class, and in case of non-availability of such suitable candidates for any reserved posts, such posts can be treated as unreserved and filled by others. Cases, if any, where a Public Sector Undertaking finds difficulty in implementing the reservation orders wholly or even partly, may be further examined by the Ministry concerned in consultation with this Ministry."

The position has been kept under observation in consultation with the Ministries concerned with the public sector undertakings. As a result, a majority of public sector undertakings are now making reservations for Scheduled Castes and Scheduled Tribes in their services. As for those undertakings which have not yet made reservations in their services for members of these communities, the matter is being pursued by the Ministry of Home Affairs with the Ministries/Departments administratively concerned.

The recommendations of the Estimates Committee have also been brought to the notice of all Ministries Departments administratively concerned with the public sector undertakings.

[Ministry of Home Affairs O.M. No. 27]5[65—Ests(c) dated 27-6-66].

Recommendation (Serial No. 79)

The Committee find that in order to attract the best candidates available for a post, the National Coal Development Corporation has constituted a Cadre Scheme for each group of allied jobs requiring

the same basic qualifications, e.g. for mining engineers, for electrical and mechanical engineers, for civil engineers, for geologists etc. The Committee appreciate that it may not be possible to introduce such Cadre Schemes in smaller undertakings. They, however, recommend that all public sector undertakings of adequate size, particularly the multi unit undertakings, should constitute similar cadre schemes. The Committee trust that Government would issue suitable instructions in the matter. (Para Nos. 206-207).

Reply of Government

Noted.

[Ministry of Industry O.M. No. Pr.C.16(3)/64, dated 20-8-1966].

Recommendation (Serial No. 88)

Now that public undertakings have been set up in almost all engineering fields, the Committee feel that it should be possible for them to train up the personnel required for expansion of existing plants or for manning new plants in same or allied fields. Foreign training should, therefore, be restricted to specialised subjects only for which requisite know-how is not available in the country. The Committee hope that this matter would receive due attention.

(Para No. 224)

Reply of Government

Noted

[Ministry of Industry O.M. No. Pr.C.16(3)/64, dated 20-8-1966].

Recommendation (Serial No. 96)

The Committee hope that Personnel Officers of Public Undertakings would be accorded proper status which the Labour Secretary stated, had not been given to them. (Para No. 238).

Reply of Government

Noted.

[Ministry of Industry O.M. No. Pr.C.16(3)/64, dated 20-8-1966].

Recommendation (Serial No. 97)

It will be seen that in respect of 17 public undertakings, including those set up as far back as 1948, Standing Orders have not been

framed, or certified. Obviously, the position is not satisfactory. It would appear that the Ministry of Labour has also not exercised proper vigilance to secure compliance with the provisions of the Industrial Employment (Standing Orders) Act, 1946, which stipulate the formulation of standing Orders within 6 months of the setting up of an undertaking. Nor have the administrative Ministries paid any attention to this matter. The Committee would urge that vigorous efforts should now be made by the administrative Ministries and the Ministry of Labour to ensure that these Standing Orders are framed by all public undertakings within a stipulated time and these are certified as early as possible. (Para No 241).

Reply of Government

Noted.

[Ministry of Industry O.M. No. Pr.C.16(3)/64, dated 20-8-1966].

Recommendation (Serial No. 98)

28 Public Undertakings have not laid down proper procedure for redressal of grievances of their employees. To ensure good labour relations, the Committee consider it necessary for all public undertakings to establish a regular grievance procedure from the very beginning. They trust that Government would now issue instructions and ensure that proper grievance procedure is introduced in all undertakings within a specified time.

(Para Nos. 242-243).

Reply of Government

Noted.

[Ministry of Industry O.M. No. Pr.C.16(3)/64, dated 20-8-1966].

Recommendation (Serial No. 99)

The Committee recommend that Government should issue suitable instructions to the undertakings mentioned in para 244 and ensure that disciplinary rules are framed as early as possible. (Para No. 244).

Reply of Government

Noted.

[Ministry of Industry O.M. No. Pr.C.16(3)/64, dated 20-8-1966].

Recommendation (Serial No. 103)

It is seen that except Air-India, Export Risks Insurance Corporation, Fertilizers and Chemicals Travancore Ltd., Heavy Electricals (India) Ltd., Life Insurance Corporation of India, National Small Industries Corporation, Oil & Natural Gas Commission and Reserve Bank of India, the Public Undertakings have not prepared organisational manuals.

The Committee recommend that Government might consider the desirability of issuing suitable instructions to all public undertakings emphasising the need for preparing comprehensive organisational manuals within a specified period, as was agreed to by the representative of the Ministry of Industry. (Para Nos. 250—252).

Reply of Government

Noted.

[Ministry of Industry O.M. No. Pr.C.16(3)/64, dated 20-8-1966].

Recommendation (Serial No. 104)

The Committee note that Heavy Engineering Corporation has entered into a contract with its Russian and Czechoslovakian collaborators for a complete organisational manual and a sum of over Rs. 27 lakhs is payable to them on this account.

In this connection the Committee are happy to note that efforts are being made by Heavy Electricals whose production pattern is equally complicated, to make the maximum use of the data available in the project Report and the experience gained by its engineers, for the preparation of its organisational manuals. It is unfortunate that the same procedure was not adopted by Heavy Engineering Corporation which is making a payment of Rs. 27 lakhs to its foreign collaborators for an organisational manual. The Committee feel that Government should have at least suggested to HEC the course adopted by the HEL, which would have resulted in considerable economy. That this was not done is regrettable, particularly because both the undertakings are under the administrative control of the same Ministry. In this connection, it is significant that Hindustan Steel is also preparing the organisational manuals by itself. (Para Nos. 253—255).

Reply of Government

Noted.

[Ministry of Industry O.M. No. Pr.C.16(3)/64, dated 20-8-1966].

Recommendation (Serial No. 105)

The Committee trust that Government would in future insist on public undertakings preparing the organisational manuals through their own agencies as far as possible. In this connection the Committee would like to mention that an organisational manual received from foreign consultants cannot be made fully applicable to Indian conditions and has to be adopted with suitable changes and modifications.

Reply of Government

Noted.

[Ministry of Industry O.M. No. Pr.C.16(3)/64, dated 20-8-1966].

NEW DELHI;

April 22, 1969.

Vaisakha 2, 1891 (S).

G. S. DHILLON,

Chairman

Committee on Public Undertakings.

APPENDIX I

(*vide* Recommendation at Sl. No. 1)

No. Pr. C.16(1)/67(1)

GOVERNMENT OF INDIA

MINISTRY OF INDUSTRIAL DEVELOPMENT AND COMPANY AFFAIRS

(DEPTT. OF INDUSTRIAL DEVELOPMENT)

New Delhi, the 18th February, 1969

To

The Chairmen/Managing Directors/General Managers of all the Public Sector Undertakings under the administrative control of the Deptt. of Industrial Development.

SUBJECT:—*Fifty-second Report of the Estimates Committee (1963-64) regarding Personnel Policies of Public Undertakings—Recommendation No. 1 (para No. 4)—Importance of Management.*

Sir,

I am directed to say that the Estimates Committee in para 4 of their 52nd Report on Personnel Policies of Public Undertakings have indicated that three factors are basic to the working of any enterprise, *viz.* ownership, control and management; and of these the most decisive factor is the effective management. In this connection, the Committee have observed as under:—

“The Committee consider that public undertakings have a special responsibility and should pursue personnel policies which can help, attract and maintain competent personnel at a reasonable cost and which will encourage added effort and initiative and give the employees satisfaction, a sense of participation and feeling of loyalty to the enterprise and pride for its achievements”.

2. I am to request that the recommendation may kindly be borne in mind in the administration of your undertaking.

Yours faithfully,

Sd/- K. L. TULI,

Under Secretary to the Govt. of India.

Copy forwarded to:—

1. All the Ministries/Depts. with the request to advise the public sector undertakings under their control accordingly.
2. All the Industries Sections concerned with public sector undertakings.
3. Ministry of Finance (Bureau of Public Enterprises), New Delhi.
4. Guard File.

Sd/- K. L. TULI,

Under Secretary to the Govt. of India.

APPENDIX II

(Vide Recommendation at Sl. No. 2)

No. Pr. C.16(1)/67(2)

GOVERNMENT OF INDIA

MINISTRY OF INDUSTRIAL DEVELOPMENT AND COMPANY AFFAIRS

(DEPTT. OF INDUSTRIAL DEVELOPMENT)

New Delhi, the 18th February, 1969.

To

The Chairmen/Managing Directors/General Managers of all the Public Sector Undertakings under the administrative control of the Deptt. of Industrial Developments.

SUBJECT:—52nd Report of the Estimates Committee (Third Lok Sabha) on Personnel Policies of Public Undertakings - Recommendation No. 2 (Para 5)—Prompt compliance with the requests from Parliamentary Committees.

Sir,

I am directed to say that the Estimates Committee in para 5 of their 52nd Report on Personnel Policies of Public Undertakings have pointed out that despite repeated reminders one of the public sector undertakings did not furnish the information called for in their written questionnaire and neither intimated any reasons for their inability to furnish the same. While adversely criticising this lack of response the Committee have observed that Government should in future ensure that the Ministries, their subordinate offices, public undertakings promptly comply with the requests from Parliamentary Committees.

2. In order to avoid such criticism in future, I am to request that whenever any request is received from Parliamentary Committees, viz. Estimates Committee, Committee on Public Undertakings, etc. for furnishing of information, it may kindly be ensured that the same is complied with promptly and strictly within the time schedule indicated therein.

Yours faithfully,

Sd/- K. L. TULI,

Under Secretary to the Govt. of India.

Copy forwarded to:—

1. All the Ministries/Deptts. with the request to advise the public sector undertakings under their control accordingly.
2. All the Industries Sections concerned with public sector undertakings.
3. Ministry of Finance (Bureau of Public Enterprises), New Delhi.
4. Guard File.

Sd/- K. L. TULI,

Under Secretary to the Govt. of India.

APPENDIX III

(Vide Recommendation at Sl. No. 18)

No. 3 (53)/68-BPE (GM)

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(DEPARTMENT OF EXPENDITURE)

New Delhi, the 21st May, 1968

OFFICE MEMORANDUM

SUBJECT:—*Tenure for incumbents of top management posts in public enterprises.*

The undersigned is directed to refer to Cabinet Sectt. O.M. No. 72/45/CF-65 dated the 13th October, 1965, regarding top posts in public enterprises, wherein the Government's decision on the question of minimum period of tenure for incumbents of such posts was indicated. It was laid down that in the interest of efficient working of public Enterprises, such appointments should be in the nature of contract appointments for a minimum period of 4 years which could be extended to 6 years; the appointing authority having the right to terminate the appointment after the first year. The period of contract appointment in the case of retired persons was to be two to three years. Removal thereafter would be in exceptional circumstances like proven inefficiency misconduct or ill-health.

However, it is observed that in the case of appointments of officers on deputation from Government services, the Ministries/Cadre authorities do not specify the tenure, while indicating the terms and conditions of service. The importance of a minimum tenure of 4 to 6 years cannot be over-emphasised, in respect of top posts in public Enterprises, as the incumbents of such posts should have a fairly long period of tenure to enable them to make a significant contribution on the basis of the experience gained in the enterprises. The orders issued subsequently governing the pay fixation of Government officers on deputation to top posts in schedules 'A' to 'D' in public Enterprises also contained built-in incentive by a liberal method of pay fixation, primarily for the reason that a minimum period of deputation was envisaged in such cases. It is, therefore, essential to indicate explicitly in future the condition about

the minimum period of tenure of 4 years while detailing the terms and conditions of deputation of officers from Government services to such top posts. Ministry of Petroleum and Chemicals, etc. may please take necessary action to ensure this which may also be taken into account while submitting proposals seeking approval of the Appointments Committee of the Cabinet.

Sd/- P. K. BASU,

Director, Bureau of Public Enterprises.

To

All Ministries/Deptts. of the Government of India, etc. etc.

APPENDIX IV

(Vide Recommendation at Sl. No. 19)

No. Pr. C. 16(1)/67(19)

GOVERNMENT OF INDIA

MINISTRY OF INDUSTRIAL DEVELOPMENT AND COMPANY AFFAIRS

(DEPT. OF INDUSTRIAL DEVELOPMENT)

New Delhi, the 18th February, 1969.

OFFICE MEMORANDUM

SUBJECT:—52nd Report of the Estimates Committee (1963-64) on Personnel Policies of Public Undertakings—Recommendation No. 19 (para 46)—Terms of appointment for top posts.

The undersigned is directed to say that the Estimates Committee in para 46 of their Fifty-second Report (Third Lok Sabha) on Personnel Policies of Public Undertakings have observed as under:—

“The Committee feel that the tenure of posts of Chairman/Managing Director should be linked up with the performance of the individuals concerned. It should always be possible for Government to remove unsuccessful and inefficient persons before the expiry of their term. In making this suggestion, the Committee have in mind quite a few instances where the incumbents of these posts were not found to be quite suitable to be allowed to continue but Government found that their contracts were not terminable. To avoid a situation where it might become necessary to continue unsuccessful persons to the detriment of the undertaking, it would be desirable to stipulate a 3 months' notice to terminate their services in the event of being unsuitable. The Secretary of the Ministry of Industry agreed to this suggestion. The Committee trust that Government would review all such cases and examine the desirability of making such a provision in the terms of appointment for such top posts”.

2. The above recommendation has been accepted by Government. Ministry of Defence, Ministry of Petroleum and Chemicals, etc. are requested to kindly bear the observations of the Committee in mind in relation to the appointment of Chairmen/Managing Directors of the Public Sector Undertakings under their control.

Sd./- (K. L. TULI).

Under Secretary to the Govt. of India.

To

All Ministries/Depts. concerned with public.

1. Copy forwarded for information and necessary action to all the Industries Sections concerned with public sector undertakings.

2. Copy forwarded to the Ministry of Finance, (Bureau of Public Enterprises), New Delhi.

3. Copy for Guard File.

Sd./- (K. L. TULI).

Under Secretary to the Govt. of India.

APPENDIX V

(Vide Recommendation at Sl. No. 27)

No. 2(167)/68-BPE(GM)

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

DEPARTMENT OF EXPENDITURE (BUREAU OF PUBLIC ENTERPRISES)

New Delhi, the 21st January, 1969.

OFFICE MEMORANDUM

SUBJECT:—*Appointment to below-top managerial personnel in Public Enterprises.*

The undersigned is directed to say that the question of evolving a well defined procedure for ensuring that the public Enterprises are able to fill up their managerial posts below top level in the undertakings has been under consideration for some time. The need for organising strong and competent functional Departments for equal shouldering of line and staff responsibilities to assist the Chief Executive cannot be over-emphasised. It has, in fact, been noticed that some of the enterprises were handicapped from inordinate delay in the positioning of suitable incumbents to the posts at below-top levels i.e., in the posts of Heads as well as Deputy Heads of Departments in General Management, Finance, Accounts, Personnel, Manpower Planning, Industrial Engineering as well as in Operating Departments, like Production, Maintenance, Work study, Purchase and stores etc. One reason for the delay in filling up of such posts has been obviously the difficulties experienced by the enterprises to locate suitable management personnel. In the context of the foregoing, and also the Government's decisions on the recommendations of the Administrative Reforms Commission, it has been decided that certain urgent measures have to be taken in this area of management of Public Enterprises. A machinery is being, therefore, set up in the Bureau to assist the Public Enterprises for (i) spotting, (ii) pooling, and (iii) harnessing, managerial talent at below-top levels, in order to avoid managerial vacuum in enterprises at this level. The applications received from the persons belonging to Public Enterprises, Government Departments as well as private sector enterprises for empanelment for top posts have already been screened with a view to locating suitable names for inclusion in the panels for below-top level posts. These panels for below-top level posts will be augmented by addition of suitable names from time to time, after adequate screening, in consultation with the major Public Enter-

prises, Institutes of Management, various cadre authorities of the Central Government, etc. Bureau of Public Enterprises has already called for periodical vacancy reports for posts, broadly corresponding to the below-top level, in connection with the implementation of the Industrial Management Pool scheme. While the Bureau will continue to obtain these vacancy reports from the enterprises, it has been decided that apart from the officers of the Pool, which cannot meet all the needs of the enterprises at all levels, the names empanelled for below-top level posts should be circulated periodically to the Ministries and Public Enterprises. The enterprises could as heretofore also approach the Bureau for any assistance required in filling the below-top level posts.

Ministry of Petroleum & Chemicals, etc., are requested to suitably advise the Public Enterprises under their control about these decisions.

Sd/- (P. K. BASU)

Director, Bureau of Public Enterprises.

To

All Ministries/Departments of the Government of India.

Copy to:—

Production Division (Shri S. S. Jagota)/Adviser (Construction)/
Adviser (Finance)/D. S. (I&R).

Sd./- (P K. BASU)

APPENDIX VI

(Vide Recommendation at Sl. No. 38)

COPY OF O.M. No. 46/Adv.-F|BPE|68|7, DATED 12TH SEPTEMBER 1968 FROM MINISTRY OF FINANCE (BUREAU OF PUBLIC ENTERPRISES), NEW DELHI TO ALL MINISTRIES/DEPARTMENTS OF THE GOVERNMENT OF INDIA.

SUBJECT:—*Financial Management in Public Undertakings—Fifteenth Report of the Committee on Public Undertakings—Study to determine underutilisation of capacity and fixation of staff strength.*

The Committee on Public Undertakings in its fifteenth report have observed as under:—

“As regards under utilisation of capacity, the Committee suggest that each undertaking should immediately carry out a study for determining the extent of idle capacity, the reasons therefore, the remedial steps required to be taken and the time by which full capacity is expected to be utilised and submit such study to Government. Government should keep a watch over its implementation and also provide such help as might be necessary to the undertakings. In future, where there is under utilisation of capacity, such study should become a regular feature and the work should be entrusted to the financial divisions.”

“The problem of surplus staff will have to be tackled on a nation wide scale as a category of undertakings with surplus staff is ever on the increase. The Committee have come to the conclusion that assessment of staff made by the undertakings themselves is usually on the high side. Assessment may be made by specialised agencies. After such fixation of staff strength, increase in any category should only be allowed on the basis of increase in production.”

2. The recommendations of the Committee have been accepted by Government. The Ministry of Industry etc., are requested to advise the undertakings under their control to (i) determine the extent of idle capacity in their respective undertakings, the reasons therefore and the remedial measures required and (ii) have assessment of staff by specialised agencies and determine the strength and surplus staff.

3. It is also requested that the Bureau may be informed of the findings of such studies in due course.

Sd./- (P. GOVINDAN NAIR)

*Secretary to the Government of
India & Director-General of Bureau of
Public Enterprises.*

APPENDIX VII

(Vide Recommendation at Sl. No. 34)

No. Pr. C. 16(1)/67 (34)

GOVERNMENT OF INDIA

MINISTRY OF INDUSTRIAL DEVELOPMENT AND COMPANY AFFAIRS

(DEPARTMENT OF INDUSTRIAL DEVELOPMENT)

New Delhi, the 18th February, 1969.

To

The Chairman/Managing Directors/General Managers of all the Public Sector Undertakings under the control of the Department of Industrial Development.

SUBJECT: 52nd Report of the Estimates Committee (Third Lok Sabha) on Personal Policies of Public Undertakings—Recommendation No. 34 (Paras 86-89).

Sir,

I am directed to say that the Estimates Committee in paras 86-89 of their 52nd Report (Third Lok Sabha) on Personnel Policy of Public Undertakings have observed as under:—

“It is seen that public undertakings are generally functioning on Government pattern and some of them have introduced four to five layers of officers in each Department. It is needless to point out that the hierarchical system of administration, which has been devised for Government Departments to provide checks and balances, is neither desirable nor necessary for industrial and commercial enterprises. This was also agreed to by the representative of the Ministry of Industry. Besides being costly, it also leads to delays. The Committee appreciate that determi-

nation of basic organisation structure and major changes therein predominantly reside in the Boards of Public Undertakings. But, it is unfortunate that the Boards are not paying sufficient attention to this matter. What is more surprising is that the representatives of Government the Boards should not have been vigilant in this matter and allowed the undertaking to develop on Government pattern. The Committee recommend that Government should impress upon public undertakings the need to review and remodel their organisation structure on business principles."

2. In view of the observations of the Estimates Committee the need for public undertakings working on commercial basis cannot be over emphasized. I am to request you to take suitable steps to review the organisational structure of your undertaking and remodel it on business principles.

Yours faithfully,

Sd/- K. L. TULI,

Under Secretary to the Govt. of India.

Copy forwarded to:—

1. All the Ministries/Departments with the request to advise the Public Sector Undertakings under their control accordingly.
2. All the Industries Sections concerned with Public Sector Undertaking.
3. Ministry of Finance (Bureau of Public Enterprises), North Block, New Delhi
4. Guard File.

Sd/- K. L. TULI,

Under Secretary to the Govt. of India.

APPENDIX VIII

(*Vide* Recommendation at Sl. No. 37)

No. Pr. C.16(1)/67(37)

GOVERNMENT OF INDIA

**MINISTRY OF INDUSTRIAL DEVELOPMENT AND COMPANY
AFFAIRS**

(DEPARTMENT OF INDUSTRIAL DEVELOPMENT)

New Delhi, the 18th February, 1969.

To

The Chairman/Managing Directors/General Managers of all the Public Sector Undertakings under the control of the Department of Industrial Development.

SUBJECT: *Fifty-Second Report of the Estimates Committee (Third Lok Sabha) on Personnel Policies of Public Undertakings—Recommendation No. 37 (Para—99)—Number of peons.*

Sir,

I am directed to say that the Estimates Committee in para 99 of their 52nd Report (Third Lok Sabha) on Personnel Policies of Public Undertakings, have observed that public undertakings generally tend to follow Government scale in regard to allotment and utilisation of Peons which is not desirable. They have also pointed out about the malady of people being employed on such jobs with little or no work, and consider that it is necessary to make a more purposeful use of the existing peons.

2. In view of the observation of the Committee, I am to request that the number of peons in your organisation should be kept to the

minimum possible and restricted only to so much as are absolutely necessary for the efficient running of the undertaking.

Yours faithfully,

Sd/- K. L. TULI,

Under Secretary to the Govt. of India.

Copy forwarded to:—

1. All the Ministries/Departments with the request to advise the Public Sector Undertakings under their control accordingly.
2. All the Industries Sections concerned with public sector undertakings.
3. Ministry of Finance, (Bureau of Public Enterprises), New Delhi.
4. Guard File.

Sd/- K. L. TULI,

Under Secretary to the Govt. of India.

APPENDIX IX

(Vide Recommendation at Sl. No. 40)

No. Pr. C. 16(1)/67(40)

GOVERNMENT OF INDIA

**MINISTRY OF INDUSTRIAL DEVELOPMENT AND COMPANY
AFFAIRS**

(DEPARTMENT OF INDUSTRIAL DEVELOPMENT)

New Delhi, the 18th February, 1969

To

The Chairman/Managing Directors/General Managers of
all the Public Sector Undertakings under the control of the
Department of Industrial Development.

**SUBJECT: 52nd Report of the E.C. (3rd L.S.) on Personnel Policies of
Public Undertakings—Recommendation No. 40, Para 104—
Industrial Engineering Deptt.**

Sir,

I am directed to say that the Estimates Committee in Para 140 of their 52nd Report (Third Lok Sabha) on Personnel Policies of Public Undertakings have observed that a well-staffed industrial engineering department has a vital contribution to make towards the efficient and economic working of an industrial enterprise. The need for such a department in every industrial enterprise of adequate size and importance cannot be over emphasized.

2. The above recommendation has been accepted by Government. I am to request you to examine the desirability of organising such a department in your undertaking as early as possible. This Ministry

may kindly be informed of the action taken by you in the matter in due course.

Yours faithfully,

Sd/- K. L. TULI,

Under Secretary to the Govt. of India.

Copy forwarded to:—

1. All the Ministries/Departments with the request to advise the Public Sector Undertakings under their control accordingly.
2. All the Industries Sections concerned with public sector undertakings.
3. Ministry of Finance, (Bureau of Public Enterprises), North Block, New Delhi.
4. Guard File.

Sd/- K. L. TULI,

Under Secretary to the Govt. of India.

APPENDIX X

(*Vide* Recommendations at Sl. No. 43-44)

No. Pr. C.16(1)/67(43 & 44)

GOVERNMENT OF INDIA

**MINISTRY OF INDUSTRIAL DEVELOPMENT, INTERNAL TRADE
AND COMPANY AFFAIRS**

(DEPARTMENT OF INDUSTRIAL DEVELOPMENT)

New Delhi, the 8th April, 1969

To

The Chairman/Managing Directors/General Managers of all the Public Sector Undertakings under the control of the Department of Industrial Development.

SUBJECT: 52nd Report of the Estimates Committee (Third Lok Sabha) on Personnel Policies of Public Undertakings—Recommendations No. 43 & 44 (para Nos. 113-115)—conditions of Service Rules.

Sir,

I am directed to say that the Estimates Committee in their 52nd Report on Personnel Policies of Public Undertakings have observed that some of the Public Sector Undertakings which were set up even years back have not yet framed or codified the terms and conditions of service of their employees. The Committee have also desired that every undertaking should frame conditions of service rules of their employees within six months of its incorporation.

2. I am to request you to take suitable steps to frame the conditions of service rules of the employees of your undertaking within a period of next six months, if not already done. A copy of the rules

framed for your organisation may kindly be furnished to this Ministry as also the Ministry of Finance (Bureau of Public Enterprises).

Yours faithfully,
Sd/- K. L. TULI,

Under Secretary to the Govt. of India.

Copy forwarded to:—

1. All the Ministries/Departments concerned with the public undertakings.
2. Ministry of Finance, (Bureau of Public Enterprises), New Delhi.
3. All the Industries Section concerned with public sector undertakings.
4. Guard File.

Sd/- K. L. TULI,

Under Secretary to the Govt. of India.

APPENDIX XI

(Vide Recommendation at Sl. Nos. 45, 58, 59 & 70)

No. Pr. C.14(1)/61

GOVERNMENT OF INDIA

MINISTRY OF INDUSTRY AND SUPPLY

(DEPTT. OF INDUSTRY).

New Delhi, the 26th November, 1964

To

The Managing Directors/General Manager of Public Sector Undertakings of the Deptt. of Industry.

Sir,

I am directed to state that the Estimates Committee have emphasised that a Model Recruitment and Conditions of Service Rules should be framed for the guidance of public undertakings. This question has been considered by Government in the past and it is felt that having regard to the nature of the Government undertakings any attempt at uniformity would create difficulties. As in the case of recruitment policy about which a guidance note was circulated in May, 1960 (and revised in September, 1960), it has been decided that the Government undertakings should observe strictly certain general principles in order that there may be a sense of confidence and security in the minds of the employees as well as members of the general public. I am accordingly to enclose a note (Annexure I) containing these general principles and to request that they may be kept in view.

2. I am also to emphasise the urgent necessity for framing suitable rules for recruitment and conditions of service for your personnel, if self-contained rules are not already in existence in your undertaking. A model recruitment and service rules indicating broadly the essential features of such rules is also enclosed (Annexure II) for your guidance. While it may not be practicable to follow this Model strictly in view of the varying local conditions and particular

features of the industry, this Ministry would request that, as stated earlier, the general principles should always be kept in view and substantial variations from the Model Rules wherever existing or whenever they are made should preferably be with the concurrence of the Board of Management of individual undertakings and or with the approval of the Government whenever so indicated by the Articles of Association of the companies.

I am, however, to bring to your notice that in pursuance of the recommendations contained in the 52nd Report of the Estimates Committee (III Lok Sabha) *vide* paras 196 to 198 and 205 *ibid*—the Ministry of Labour & Employment are, presently preparing a Model Promotion Procedure, which it is expected, would be circulated shortly. In the meantime I am to request that appropriate steps may be taken to draw up the Recruitment Rules in question so that they could be finalised within say the next 6 months. A copy of the Rules framed for your organisation may kindly be furnished to this Ministry and to the Ministry of Labour & Employment direct before their actual publication. In case Rules have already been promulgated for your organisation three copies of the same may be forwarded to this Ministry.

Yours faithfully,

Sd/- C. BALASUBRAMANIAM,

Deputy Secretary to the Govt. of India.

Copy together with enclosures forwarded to all Ministries of the Government of India, concerned with public sector undertakings. It is requested that those Ministries who have Public Sector Undertakings in their charge may kindly take suitable action to bring this Government's Policy to the notice of all concerned.

2. Copy for information to Ministry of Home Affairs. (Their U.O. No. D. 1230/64-M.P. dated 5-6-1964 refers)

3. Copy for information to Ministry of Labour and Employment, New Delhi.

4. Copy forwarded for information to Industries Sections concerned with Public Sector Undertakings.

Sd/- C. BALASUBRAMANIAM,

Deputy Secretary to the Govt. of India.

ANNEXURE I

General principles to be observed in the matter of recruitment by the Public Sector Undertakings constituted as Companies in the Indian Companies Act.

General, Recruitment Rules should be framed for each category of Posts by each public sector undertaking and should, where necessary, be got approved by the Board. In framing these rules the following general principles may be kept in view.

Generally appointments to the posts are made in one of the following three ways:

- (i) Direct Recruitment.
- (ii) Promotion of suitable candidates in the existing organisation.
- (iii) Partly be direct recruitment and partly be promotion.

It should be laid down which categories of posts should be filled in by direct recruitment or by promotion. In cases where vacancies are filled in partly by promotion and partly by direct recruitment the percentage of vacancies to be filled in by direct recruitment should also be laid down.

Direct Recruitments.—Whenever recruitment is made by method of direct appointments, the concerned vacancy should be suitable advertised. For vacancies in lower ranks viz. clerical cadre, class IV jobs, and technical jobs carrying salary not more than Rs. 500.00 per month local advertisements, circulation of advertisement to the employment Exchanges, all local offices including plants/offices, the workers' union of the undertakings and the members of constructional staff (including retrenched personnel) will be deemed to be adequate. Vacancies in respect of senior posts other than Chairman, Managing Director, General Manager (where they function as Managing Directors) and managerial posts carrying salary more than Rs. 2,250,00 of the organisation must be advertised in all the important newspapers having good all India circulation as well as in important regional or local dailies with large circulation. In all these

cases candidates, who are already in the company's employ and are otherwise eligible, may also be permitted to apply along with the outsiders on an equal footing.

Minimum and maximum age, educational qualifications, technical qualifications and/or experience required or preferred for direct recruitment to various posts in the Undertakings should be finalised well in advance and should be announced at the time of calling for applications for direct recruitment.

Where the undertaking wants to make a relaxation in the conditions prescribed in any special cases such as in the case of Candidates of scheduled castes and scheduled tribes rules therefore should be got approved by the Board and by Government, if necessary. The manner in which direct recruitment shall be made should also be laid down such as whether the selection should be made on the recommendations of a Committee or by an examination or by any other specialists.

Provisions for a period of probation before confirmation in each post and provision for the curtailment of probation or termination of probation in suitable cases may also be made.

Selection Committee for appointments.—A Selection Committee may be set up in each Undertaking for recruitment. The Committee will be responsible for Selection of personnel for appointments in all medium level of higher technical and non-technical posts and should include besides management nominees, independent member(s) of some local standing.

Appointment by Promotion.—The type of posts which will be filled up by promotion on the basis of seniority-cum-fitness and by selection from among the departmental candidates should be laid down. Generally promotion to all ranks which are not regarded as supervisory in character may be made from amongst the departmental candidates on the basis of seniority-cum-fitness, both in the technical and the non-technical wings. Appointments to posts which can be regarded as supervisory in character may be designated as selection posts and may be made on the basis of merit, seniority being considered only where other things are equal. The posts of Chergeman, Asstt. Foreman, Jr. and Sr. Chemists and other similar posts on the technical wing, Superintendents, Assistants Incharge, Accounts and other similar posts on the non-technical wing may generally be considered as selection posts.

Whether a particular post is to be regarded as supervisory in character or not may be decided in advance by the undertaking. It may be laid down whether promotion should be made on the basis of the recommendations of a Departmental Promotion Committee or by the competent authority. A procedure for the DPC or the competent authority to determine the suitability of departmental candidates for being appointed to the promotion posts, may be laid down.

Appeals.—Any employee who is aggrieved by an order of promotion on the ground that he has been superseded, may appeal and represent his case to the Managing Director through the departmental head. The Head of the Department will thereupon review the case and submit it to the Managing Director for a decision in case he himself is unable to settle the matter. A time limit may be stipulated for submission of appeals in such cases.

ANNEXURE II

MINISTRY OF INDUSTRY

~~Model:~~ *Recruitment & Service Rules for the Company managed Industries Undertakings in the Public Sector*

(Name of the Undertakings.....)

Recruitment Rules—General.

Section 1

(1) As a general rule recruitment will be made by direct appointment for filling vacancies caused by the creation of additional posts and specific additions to existing establishment; on the other hand recruitment by promotion will be the normal method of filling vacancies in existing establishment up to the rank of Chargemen in the technical organisation and equivalent ranks in the non-technical organisation. The latter type of vacancies will invariably be filled by promotion, provided suitable candidates fit for promotion, are available in the existing organisation; direct appointment being resorted to only where a candidate suitable for promotion in a particular vacancy is not available in the appropriate rank.

(2) Whenever recruitment is made by the method of direct appointment, the concerned vacancy will be suitably advertised. For vacancies in lower ranks local advertisement by circulation of notices to the Employment Exchange, all local offices including plant/offices, the Workers Union of the Undertakings and the members of constructional staff (including retrenched personnel) will be deemed to be adequate. Vacancies in respect of the senior posts in the organisation must be advertised in all the important newspapers having good all India circulation. In all such cases departmental candidates will be eligible for consideration alongwith outside applicants on an equal footing.

SECTION II

(a) Ministerial Staff.

(1) Whenever there is any occasion to fill a vacancy in the upper division by promotion from along lower division clerks, the senior most lower division clerk who is suitable for promotion will be promoted. Seniority will be ignored only if the senior-most man is unsuitable for promotion. In other words, the man selected for promotion will not be the most suitable man or the most efficient hand in the lower division but the senior-most man who is suitable for promotion.

(2) A lower division clerk who may be passed over on any occasion on the ground that he is unsuitable for promotion will be taken into consideration again on next occasion after he has earned another confidential report in the normal way. In other words, it should not be the case that once a lower division clerk is passed over for promotion he is permanently condemned. He must be taken into consideration every time there is an occasion to promote a lower division clerk to the upper division clerk and he will be promoted if on any occasion he is found to be suitable even though he may have been superseded before.

(3) The principles annunciated in (1) & (2) above will be followed in promotion of a U.D.C. to the rank of Assistants.

(4) Appointments to the posts of Superintendents, Assistants-in-charge, Accounts and other posts which may be designated as "Selection Posts" would be made on the basis of merit, with regard to seniority to the extent indicated below:

1. The Departmental Promotion Committee or other Selecting authority should first decided the field of choice, i.e. the number of eligible officers awaiting promotion, who should be considered for inclusion in the "Selection list", provided, however, that an officer of outstanding merit, may be included in the list of eligibles even if he is outside the normal field of choice.

Note.—The field of choice wherever possible should extend to five or six times the number of vacancies expected within a year.

2. From among such officers those who are considered unfit for promotion should be excluded.

3. The remaining officers should be classified as 'Outstanding', 'Very Good' and 'Good' on the basis of merit as determined by their respective records of service. The "select list" should then be prepared by placing the names in the order of those three categories, with disturbing the seniority INTERSE within each category.
4. Promotions should normally be made from the "Select list" in the order in which the names are finally arranged.
5. The "Select list" should be periodically reviewed. The names of those officers who have already been promoted (otherwise than on a local or purely temporary basis) and continue to officiate should be removed from the list and the rest of the names along with others who may now be included in the field of choice should be considered for the "select list" for the subsequent period.

4(a) Notwithstanding the provisions of paragraph (1) and (2) above it will be permissible for the competent authority to promote a junior hand in preference to personnel senior to him and adjudged fit for promotion in case the junior hand selected for promotion is considered to possess such outstanding ability and qualifications as would, in the opinion of the competent authority, justify his premature promotion in the interest of departmental efficiency. The criterion of "outstanding ability and qualifications" must be strictly applied and must be supported by evidence of outstanding performance in the past.

(b) *Technical Staff*

(1) Grade to grade promotions of Helpers and Operators and promotions from the rank of Helpers to that of Operators will be governed by the same principle as those annunciated under (a) (1), (2) and (3) above for ministerial staff. It follows that except as provided in (a) (3), there will never be any occasion to promote anybody to a grade which is not just above his own grade.

(2) Promotions to the rank of Chargemen. Assistant Foremen, Foremen, or other supervisory ranks such as Junior and Senior Chemists will be governed by the principles laid down in (a) (4) for supervisory ministerial staff.

(c) *Subordinate executive and administrative staff*

Posts in Estate/Security, Stores/Medical/Sanitary and Purchase Departments may call for separate treatment.

(1) For promotion to all ranks which can be reasonably regarded as supervisory in character, the criterion should be as laid down in (a) (4) above for supervisory ministerial staff; in the stores Department, for instance the supervisory ranks can be deemed to begin with Store-Keepers; in the Watch and Ward organisation, 'havildars' Posts are supervisory in character etc. Where any sectional or departmental head is in any doubt as to whether any given rank is supervisory or not, he will make a reference to the Personnel Department and obtain a ruling.

(2) For other ranks and posts, the criterion should be as defined in (a) (1), (2) and (3) above for ministerial staff.

(d) Officers

Promotion to officer rank shall invariably be made on the basis of the principles laid down in (a) (4) above for supervisory ministerial staff.

(e) Seniority

For purposes of the above rules, seniority as between personnel selected as a result of the same interview shall be determined not in accordance with their dates of joining but in accordance with the order of preference (if any) drawn up by the Selection Committee. If there is no order of preference date of appointment in the grade will determine seniority.

(f) Powers of Appointment

(i) Appointment vacancies where the maximum pay is Rs. or more per mensem shall be made by the President as provided in the Articles of Association.

(ii) Appointment to positions between Rs. and Rs. shall be made by the Managing Director as with the approval of the Board.

(iii) All other appointments shall be made by the Managing Director or such subordinate authority as may be nominated by him from time to time.

SECTION III.—Procedure to be followed in making promotions:

(1) Service records and confidential character rolls of all employees shall be properly maintained by Personnel Department.

(2) Whenever there is any occasion to fill a vacancy by promotion the competent authority must have before it and must fully

take into account Confidential Character Rolls of all eligible for appointment to the vacancy.

(3) All promotions will as a rule be considered by the appropriate Departmental Promotion Committee which will submit recommendations to the competent authority. Competent Authority referred to in Section III of these rules means the authority empowered, from time to time to make appointments to the posts which are referred to by the Departmental promotion Committee concerned. In a case, however, where the prescribed governing principle is the rule of seniority subject to suitability, and the competent authority considers the senior-most man to be suitable for promotion, it will not be necessary to convene a meeting of the Departmental Promotion Committee.

(4) Departmental Promotion Committee will be free to devise their own procedure but normally they should not hold interviews of departmental candidates. The Committee should, instead, allow themselves to be largely guided by the service records and confidential character rolls of all employees eligible for promotion by reasons of their rank, grade and seniority supplemented by the written reports of their immediate superior officers and the personal knowledge of the members of the Committee. Interviews should be resorted to only where there are conflicting reports on any individual candidate or the members of the Committee are sharply divided in their opinion as regards the merit of two or more eligible candidates; and in that case the interviews should be restricted to the candidates concerned.

It is, of course, open to the competent authority to interview in his discretion a candidate or candidates recommended by a Departmental Promotion Committee in order to satisfy himself that the Committee's recommendation is fair and acceptable.

(5) The competent authority will be a rule pay due regard to the recommendation of Departmental Committees. Where the competent authority does not agree with the recommendations of the Committee, the latter should be given another opportunity to review their recommendations in the light of the views of the competent authority.

(6) Departmental Promotion Committees for the different departments shall be constituted as follows:—

(I) *Technical Staff*

The nature and category of posts under this head would naturally vary from undertaking to undertaking, consequently the following is only an indicative frame work:—

A. For promotion to supervisory ranks, such as *Chargemen, Assistant Foreman and Foremen.*

(i) *Production Department:*

Competent Authority	Chairman.
Superintendent Plant Manager (Concerned) Personnel Officer	Members in Advisory capacity

(ii) *Maintenance Department:*

Competent Authority	Chairman.
Superintendent Senior Deputy Superintendent (Maintenance). Deputy Superintendent (Maintenance) Personnel Officer.	Members.

(iii) *Power Plant Department—Operational:*

Competent Authority	Chairman.
Superintendent Dy. Superintendent (Operational). Personnel Officer	Members in advisory capacity.

Power Plant Department-Operational:

Competent Authority	Chairman.
Deputy Superintendent (Opl) A Foreman to be nominated by Superintendent. Personnel Officer.	Members in Advisory capacity.

Competent authority to grant acting or permanent promotions:

(i) Technical Staff

- (a) Superintendents of Production, Power Plant, Maintenance and Instrumentation will be competent to sanction substantive or acting promotion upto and including the rank of Grade I operator. Chief Chemist will be competent to sanction promotions upto the rank of senior Glass Blower.
- (b) General Superintendent will be competent to grant promotions to the ranks of Chageman and Assistant Foreman.

(ii) Ministerial, Executive, Administrative and Accounting Staff.

- (a) Controller of Accounts, Technical Secretary to Managing Director and P.A.O. will be competent to grant promotions upto the rank of Assistants and equivalent ranks in their respective departments.
- (b) In respect of promotions to higher ranks, the approval of the Managing Director shall be obtained.

NOTE: Further delegations on a similar basis will be made when other departmental heads come into existence, e.g., Personnel Manager, Commercial Manager, Town Administrator, etc. etc.

(8) All orders regarding promotions will be issued by the concerned head of the department irrespective of whether the promotions have been approved by them in exercise of their delegated powers or by the Managing Director. Copies of the orders should be sent forthwith to (i) Managing Director's Office (ii) Personnel Department and (iii) Accounts Department.

All records relating to recruitment should be deposited without delay with the Personnel Deptt. as soon as final orders are issued. It will be the Personnel Department's responsibility to arrange for verification of character and antecedents of selected candidates, for their medical examination, and for allotment of residential accommodation to them.

(9) Appeals

Any empolyee who is aggrieved by an order of promotion on the ground that he has been superseded may appeal or represent his case to the Managing Director through the Department Head. The

Head of the Department will thereupon review the case and submit it to the Managing Director for a decision in case he is unable to accept prayer of the appellant/petitioner. Representations/appeals must be submitted within a week of the date of order granting promotion so that appellate authority's decision, if it involves reversal of the approval orders of promotion, may be implemented without delay and in any case within one month of the date of the order of promotion.

SECTION IV—Direct Appointment

(1) The procedure laid down in section III shall apply *mutatis mutandis* to direct appointments also, in particular paragraphs (3), (5), (6), (7) and (8). In respect of direct appointments the departmental committee constituted in the manner laid down in paragraph (8) under Section III will be known as "Departmental Selection Committee".

(2) The Personnel Department will be responsible for initiating advertisement of all fresh vacancies, either locally or in newspapers as the case may be. That Department will also be responsible for receiving all applications, arranging and classifying them properly, and thereafter forwarding them to the appropriate Selection Committee for screening. After the applications received have been screened by the concerned Selection Committee, the Chairman of the Committee will forward the final list of candidates selected for interviews to the Personnel Department. The Selected candidates will then be called upon for interview by the Personnel Department, the date and the time of interview being fixed with the concurrence of the Chairman of the selection committee.

(3) All recommendations for direct appointment will be made on the basis of personal interviews of eligible candidates. Departments candidates considered *prima facie* suitable will be interviewed alongwith outside applicants and common merit list or order of preference will be prepared for the consideration of the competent authority

(4) Minimum and maximum age, educational qualifications, technical qualifications and or experiences required for direct recruitment to various posts in the Undertakings should be finalised and announced at the time of calling for applications for direct recruitment.

APPENDIX XII

(Vide Recommendations at Sl. Nos. 47, 48, 49, 50, 51 and 53).

'COPY'

No. 2 (142) /68-BPE (GM)

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

DEPARTMENT OF EXPENDITURE

New Delhi, the 6th September, 1968

OFFICE MEMORANDUM

SUBJECT:—*Guidelines for Dearness Allowance, Travelling Allowance, etc. in Public Enterprises.*

The Administrative Reforms Commission in their Report on "Public Sector Undertakings" have recommended (Recommendation No. 3) that a common policy should be evolved for the wages, salaries and other terms and conditions of service among employees of constituent units of each Sector Corporation envisaged by the Commission. Although it has been decided not to accept the recommendation with regard to the setting up of Sector Corporations in general, it has been accepted with regard to salaries allowances, etc., that while it may not be practicable to work out a uniform pattern for all public sector undertakings, yet where rationalisation is possible, this should be effected. In this context and taking into account the variations in the scales of allowances adopted by the different Public Enterprises the question of drawing up guidelines for the enterprises in respect of different allowances has been under consideration. It has now been decided that guidelines as set out below in respect of (i) dearness allowance, (ii) city compensatory allowance, (iii) house rent allowance, (iv) project allowance, (v) conveyance allowance, and (vi) travelling allowance should be communicated to the Public Enterprises. In doing so it should be pointed out to them that even though they are not binding on the enterprises, Government would expect them to take the norms, etc.,

indicated therein carefully into account and that deviations, if any, therefrom should be decided at the Board level. Wherever there are provisions in the Articles of Association requiring that the terms and conditions of employees would need the approval of Government, they would naturally have to be followed.

Dearness Allowance: Dearness Allowance of the employees of Public Enterprises should be linked either to the Central Government rates (or) to the rates suggested by the Wage Boards, and that they should choose the one or the other. Those who have already adopted the Wage Board rates should not adopt the Government rates, even though the Government rates prove more favourable at some later date. Enterprises, which are at present on Government rates, may at some later date wish to go over to wage Board rates when such Wage Boards are established for the industry concerned in future. If so, once the option is exercised and the employees are allowed D.A. according to the recommendations of the Wage Boards, there should be a complete delinking from Government rates thereafter.

City Compensatory Allowance: The considerations regarding high cost of living, etc. in cities would apply equally to employees of Government and Public Enterprises. The Public Enterprises should not, therefore, make any departure from Government rates.

House Rent Allowance: It has been observed that some of the enterprises have been following the Central Government rates for the grant of house rent allowance, while some have found it necessary to grant enhanced H.R.A. to their employees, particularly those stationed at the major cities like Delhi and Bombay. In this context, it will be relevant to point out that though employees of Central Government at the major cities are entitled to General Pool Accommodation, this facility is evidently not available for 100 per cent of the employees. The principle cannot also be accepted that all the employees of Public Enterprises should be provided with residential units, although construction of townships or colonies has been undertaken by many of the Public Enterprises. In the circumstances the principle of full-reimbursement of the excess of house rent paid, over the 10 per cent of pay, cannot be accepted.

Taking into account all the factories, it has been decided that while Public Enterprises should not deviate from the house rent allowance admissible under Central Government rules in places other than 'A' class cities, 25 per cent of basic pay should be the ceiling rates for the house rent allowance payable by the enter-

prises themselves over and above 10 per cent to be borne by the employees to all employees of Public Enterprises irrespective of pay, stationed at the major 'A' class cities of Delhi, Calcutta and Madras. In Bombay, the corresponding ceiling of H.R.A. could be 30 per cent of pay for all the employees.

Hiring of houses should not normally be resorted to any payment of house rent allowance as admissible under the rules of companies should be the normal practice. In the case of key officials, however, if it becomes inevitable to hire houses, the ceiling for monthly rental should be 10 per cent of pay plus H.R.A. admissible at the station, taking into account all the enhanced rates for Delhi, Calcutta, Madras and Bombay for hiring houses at these places. In the other places, 10 per cent of pay plus H.R.A. admissible at the Govt. rates plus a further margin of 5 per cent of pay could be allowed.

In the case of permanent accommodation in townships, recovering of rent should be 10 per cent of pay or standard rent, whichever is lower.

Project Allowance: Even at present the project allowance is granted by the Public Enterprises only during the construction stage when the amenities of housing, marketing centres, etc., are not available to the extent required. However, there is a tendency among certain Public Enterprises to perpetuate the allowance which is supposed to be progressively reduced as the amenities develop over a period of years.

It has been decided that the instructions being followed by Government from time to time, in regard to the grant of allowance and quantum thereof should be communicated to the enterprises. The Boards of Directors should then take appropriate decisions in regard to the grant of allowance in project areas, their continuance, etc.

Conveyance Allowance: At present the concession of use of company car for private purposes is normally admissible only to the Chief Executive concerned. Even in this case, non-duty journeys should not exceed 500 kms a month. For this facility, recovery at specified ratios is also envisaged.

In addition to Chief Executives, whole-time Functional Directors as well as incumbents of other top level appointments which are within the purview of Government may be allowed the above facility of the company's car. But in respect of those posts, when

ver it is considered that this concession should be allowed, it should be written into the terms of the appointment.

As regards other senior appointments, made by the Boards themselves, the concession of a car for exclusive use should not be extended to the concerned officers; it would, however, be for the Boards to consider whether any conveyance allowance should be given in appropriate cases.

While the ceiling of 500 kms. in regard to non-duty runs may be adequate in industrial townships, measure of flexibility would have to be allowed in major cities like Bombay, Calcutta, Delhi, etc.

Provision of transport from office to residence on the basis of recovery of costs should be restricted to officers, and should apply to cars and mini-buses. Where transport in the shape of buses is provided to other employees, this may have to be on a subsidised basis in appropriate cases.

Travelling Allowance: Most of the enterprises have framed their own T.A. rules, some of which are on a more liberal scale compared to Central Government rates. Having regard to the nature of activities of the enterprises the non-availability of the facilities of Government guest houses, staff cars etc., in all cases to the employees of Public Enterprises, it has been decided that the rates of daily allowance need not be pagged to Central Government rates. However, there should be no deviation from Goyernment rates in regard to reimbursement of travelling expenses by air/train, i.e., class and mode of travel, incidentals during such travel, etc.

2. For achieving rationalisation of the scales of allowances, etc., to the extent possible, and a measure of uniformity in the approach to labour problems, amongst the enterprises located at the same place, it has been decided that it would be useful to have suitable Regional Committees|Councils, consisting of representatives of the concerned Public Enterprises, at places like Ranchi, Bangalore, Hyderabad, Madras, Durgapur, Calcutta and Bombay, for considering common problems and advising the concerned undertakings from time to time.

3. Ministry of Petroleum and Chemicals etc. are requested to suitably communicate the above guidelines to the Public Enterprises under their administrative control. It is also requested that a copy of the rules obtaining in the various Public Enterprises on

the subjects indicated in para 1 may in due course be forwarded to the Bureau of Public Enterprises for facilitating dissemination of information in these areas. The amendments carried out by the enterprises in regard to those rules would also have to be intimated to the Bureau for this purposes.

Sd|- (P. K. BASU)

Director, Bureau of Public Enterprises.

To

All Ministries|Departments of the Govt. of India.)

Copy to:—

(1) All F. As in the Expenditure Department

(2) Adviser (P)|Adviser (c)|Adviser (F)|D.S. (I&B), Bureau of Public Enterprises.

Sd|- (P. K. BASU)

Director, Bureau of Public Enterprises.

APPENDIX XIII

(Vide Recommendation at Sl. No. 60)

No. Pr. C. 16(1)|67(60)

GOVERNMENT OF INDIA

MINISTRY OF INDUSTRIAL DEVELOPMENT AND COMPANY AFFAIRS

(DEPTT. OF INDUSTRIAL DEVELOPMENT)

New Delhi, the 18th February, 1969

To

The Chairman|Managing Directors|General Managers of all the Public Sector Undertakings under the control of the Deptt. of Industrial Development.

SUBJECT:— 52nd Report of the Estimates Committee (Third Lok Sabha) on Personnel Policies of Public Undertakings—Recommendation No. 60 (Para 160)—Need to define job specifications for each category of post.

Sir,

I am directed to say that the Estimates Committee in Paras 158—160 of their 52nd Report (Third Lok Sabha) on Personnel Policies of Public Undertakings have observed that the public undertakings have generally laid down the duties and responsibilities of the various categories of staff but have not properly defined job specifications for each level of officers|staff. It has been pointed out that in the absence of proper job specifications, it is generally insisted on candidates possessing combination of qualifications quite out of proportion to the job requirements and salary offered. It is, therefore, very necessary that detailed description and specifications for each job are clearly laid down.

2. The above recommendations has been accepted by Government. I am to request you to take necessary steps to clearly lay

down job specifications for each category of post as early as possible, in so far as your organisation is concerned.

Yours faithfully,

Sd|- K. L. TULI,

Under Secretary to the Govt. of India.

Copy forwarded to:—

1. All Ministries|Departments with the request to advise the public sector undertakings under their control accordingly.
2. All the Industries Sections concerned with public sector undertakings.
3. Ministry of Finance (Bureau of Public Enterprises), North Block, New Delhi.
4. Guard File.

Sd|- K. L. TULI,

Under Secretary to the Govt. of India.

APPENDIX XIV

(Vide Recommendation Sl. No. 62)

Copy of O.M. No. 2(111)|68-PBE|(GM) dated 25th June, 1968 from Bureau of Public Enterprises, Ministry of Finance, Deptt. of Expenditure, New Delhi to all Ministries|Departments of the Government of India.

SUBJECT:—*Action on Recommendation No. 4(1) (b) of the A.R.C. in their Report on "Public Sector Undertakings"—Boards of Directors and decentralisation of powers.*

The undersigned is directed to refer to recommendation No. 4(1) (b) of the Report of the Administrative Reforms Commission on "Public Sector Undertakings", and the decision of Government thereon *vide* this Ministry's O. M. No. 2(90)|68-BPE(GM) dated the 20th May, 1968. As indicated in this O. M., Government have decided that in the larger enterprises fulltime functional Directors may be appointed, who will be executive heads of their departments. The pattern of working is to be somewhat on the lines of the Railway Board. In this context Government also recognised that there should be suitable decentralisation of powers not only between Government and the Board of Directors, but within the undertaking itself. Ministry of Petroleum and Chemicals, etc. are requested to ensure that adequate powers are delegated by the Boards of Directors of Public Enterprises under their administrative control to the Chief Executives as well as to the Heads of Departments in these enterprises. This opportunity may also be taken to standardise the nature and extent of powers so delegated in all these cases in the schedule of powers outlined in the enclosed proforma. Such standardisation will facilitate any comparative study of the internal delegation of powers between the enterprises, which is frequently necessary. A copy of such delegation may kindly be forwarded to the Bureau of Public Enterprises for information. The Bureau's advice will be made available to the enterprises in this regard, if they so desire.

Sd/- P. K. BASU,

Director, Bureau of Public Enterprises.

Sl. No.	Nature of powers	Managing Director/ Chief of Executives	Head of Department
1	2	3	4

A. ESTABLISHMENT

1. (a) Creation of posts on approved scales of pay.
(b) Power to abolish posts created under his powers or by any subordinate authority.
2. (a) Appointment.
(b) Fixation of initial pay.
3. (a) Grant of leave in accordance with rules.
(b) Special Disability leave.
4. Declaring an officer as controlling officer
5. (a) All matters relating to grant of travelling allowance according to rules.
(b) Travel by air or higher class of accommodation.
6. Transfer of officers and staff.
7. Reimbursement of medical expenses in relaxation of rules in exceptional cases with the specific approval in writing of an authorised medical officer of the Company, including journey expenses and consultation fee.
8. To permit handing over/taking over charge away from Headquarters.
9. To make officiating arrangements upto 4 months in leave vacancies.
10. To restrict the pay of an officiating employee.

1	2	3	4
11.	(a) To make promotions.		
	(b) Fixation of pay on promotion.		
12.	Grant of increment beyond E.B. or when with-held.		
13.	Extension of joining time.		
14.	Advance of pay and T. A. in accordance with Rules		
15.	Advance for purchase of conveyance in accordance with rules.		
16.	Sanction of permanent advance/imprest.		
17.	(a) Grant to or acceptance by company's employees of hono'aria/fees.		
	(b) Grant to or acceptance by company's employees of rewards.		
18.	Retention of a Company servant after 55/58 years of age upto 60, subject to usual conditions.		
19.	To prescribe the form of surety bonds to be executed by staff handling cash and stores, etc.		
20.	To fix instalments for recovery of over-payment of pay and allowances.		
21.	Investigation of arrear claims.		
22.	Acceptance of resignation.		

1

2

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4

B — WORKS

23. Administrative approval of works.
24. Excess over administrative approval
25. Technical sanction to detailed estimates for works administratively approved by competent authority.
26. Excess over technical sanction.
27. Acceptance of tenders for works when open tenders are invited and more than one valid tender received and no follow up negotiations are necessary.
28. When a single tender is received (to be treated as negotiated tender)/acceptance of contracts by negotiation after invitation to tenders for reasons to be recorded in writing.
29. Acceptance of contracts without calling for tenders in emergent cases for reasons to be recorded in writing.
30. Work Order (Power to award work without calling for tenders).
31. To sanction commencement of work on an urgency certificate after administrative approval but before technical sanction to the estimate.
32. Grant of extension of time beyond the period(s) stipulated for the execution of the contract.
33. Maintenance and repairs to roads and buildings, machinery and vehicles.

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34. To fix rents for quarters, shops, land and business premises.
35. Power to classify factory quarters suitable for one or more individuals of specified rank.
36. To sanction extra/supplementary items and/or minor deviations in contracts for works.
37. To award contracts for loading unloading, handling, transport etc.

C — PURCHASERS

38. Sanction of purchases of :
- (i) Raw materials.
 - (ii) Plant and Machinery.
 - (iii) Spares.
 - (iv) Tools.
 - (v) Other stores—
 - (a) Perishable stores.
 - (b) Non-perishable Stores
39. Acceptance of tenders when open tenders are invited and more than one valid tender is received or on the basis of DGS&D rate contract.
40. Purchase at controlled rates without calling for tenders.
41. Purchase/acceptance of tenders or raw materials at controlled rates or specific/ceiling rates approved by Government or the Board.
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1	2	3	4
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42. Acceptance of single tender/ by negotiation after invitation to tenders for reasons to be recorded in writing.
43. Proprietary articles.
44. Repeat orders within 3 months of original order provided there has been no downward trend in prices and further the value of the repeat order does not exceed 50% of the value of the original order.
45. Emergent purchases.
46. Amendment to contracts excluding extension of delivery periods.
47. Grant of extension of time beyond the period(s) stipulated for the execution of the contract.
48. To waive liquidated damages in cases of late deliveries where an actual loss is involved.
49. To waive liquidated damages in cases of late deliveries where an actual loss is involved.

D—CONTINGENCIES & MISCELLANEOUS

50. To sanction expenditure on ceremonial occasions.
 51. To sanction residential telephones.
 52. To sanction advertisement charges.
 53. To sanction legal charges.
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54. To sanction purchase of stationery and stores including office equipment (other than for works).
55. Renting of accomodation.
56. Insurance.
57. (a) Repairs to furniture.
(b) Repairs to bicycles.
(c) Books and periodicals.
(d) Printing.
(e) Purchase of furniture and office equipment.
58. Other contingent charges.
59. To declare stores as surplus/unserviceable, to fix their reserve price and to prescribe the mode of their disposals.
60. Writing down the value of surplus obsolete stores on the books.
61. Execution of Instrument deeds, Leases, Contracts, etc.
62. To sanction write off of losses --
(a) not due to theft, fraud or negligence.
(b) due to theft or negligence subject to an enquiry.
(c) of amounts due to the company such as rent, hospital dues, becoming irrecoverable subject to an enquiry.

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63. To sanction claims for demurrage/wharfage.
 64. To incur expenditure on immediate safety of employees, plant, machinery, etc. within works, permises and Township.
 65. To sanction expenditure for transport of materials by other than the cheapest mode in emergencies (reasons to be recorded in writing).
 66. To sanction re-appropriations between the heads of expenditure in the sanctioned budget.
 67. To institute defend, compound or abandon legal proceedings, or refer claims to arbitration and execute powers of attorney and sign Vikalatnames Mukhtarnames, plaints, written statements and all other documents and papers in connection with cases in Law Courts, etc. on behalf of the Company.
 68. Grant of compensation under, Workmen's Compensation Act.
 69. T. A. to Experts, Consultants etc.
 70. Waiving of compensation for loss due to the failure of contractors.
 71. Non-recurring grants.
 72. Conveyance allowance.
 73. Bicycle allowance.
 74. Re-appropriation of buildings

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75. Demolition of temporary structures.

76. Employees welfare to provide for the welfare of the employees or ex-employees of the Company or its predecessors in business and the wives, widows and families or the dependents etc.

APPENDIX XV

(Vide Recommendation at Sl. No. 63)

No. Pr.C.16(1) | 67 (63)

GOVERNMENT OF INDIA

MINISTRY OF INDUSTRIAL DEVELOPMENT, INTERNAL TRADE AND COMPANY AFFAIRS

(DEPTT. OF INDUSTRIAL DEVELOPMENT)

New Delhi, the 18th February, 1969.

To

The Chairmen|Managing Directors|General Managers of all the Public Sector Undertakings under the control of the Department of Industrial Development.

SUBJECT:—52nd Report of the Estimates Committee (Third Lok Sabha on Personnel Policies of Public Undertakings Recommendation No. 63 (para 165)—*Planning of Recruitment.*

Sir,

I am directed to say that the Estimates Committee in para 165 of their 52nd Report (Third Lok Sabha) on Personnel Policies of Public Undertakings have observed that the staffing and recruitment in public undertakings is not planned in good time. It is felt that when recruitment is not so planned, the public undertakings in their anxiety to meet urgent requirements, will find it difficult to adhere to the basic principles of sound recruitment policy. Further, such advanced planning is also necessary in the context of the present shortage of specialised and technical staff and the time lag between advertising the vacancies and final recruitment. It is, therefore, considered that it would be helpful if annual job inventory is prepared by each public undertaking in the light of its needs and expansion programmes and action to effect recruitment is initiated in good time.

2. I am to request you to take appropriate steps to implement the recommendations of the Estimates Committee in so far as your undertaking is concerned.

Yours faithfully,

Sd/- K. L. TULI

Under Secretary to the Govt. of India.

Copy forwarded to:—

1. All the Ministries/Departments with the request to advise public sector undertakings under their control accordingly.
2. All the Industries Sections concerned with public sector undertakings.
3. Ministry of Finance (Bureau of Public Enterprises), New Delhi.
4. Guard File.

Sd/- K. L. TULI

Under Secretary to the Govt. of India.

APPENDIX XVI

(Vide Recommendation at Sl. No. 66 and 69)

No. 14|11|64-Estt(D)

GOVERNMENT OF INDIA

MINISTRY OF HOME AFFAIRS

New Delhi-11, the 21st March, 1964.

OFFICE MEMORANDUM

SUBJECT:—*Recruitment of staff through the Agency of the National Employment Service—Utilisation of Employment Exchanges by Quasi-Government Institutions and statutory Organisations.*

The undersigned is directed to say that in paragraph 6 of this Ministry's Office Memorandum No. 71/49-DGS (Appts.), dated the 11th December, 1949 (copy enclosed) it was laid down that all vacancies in Central Government establishments, other than those filled through the Union Public Service Commission, should be notified to the nearest Employment Exchange and that no Department or Office should fill any vacancy by direct recruitment unless the Employment Exchanges certified that they were unable to supply suitable candidates. Subsequently in this Ministry's Office Memoranda Nos. 71|49|D.G.S. (Appts.) dated 30th January 1951 and 71|223|56-CS(C) dated 14th December, 1956 (copies of enclosed) the Ministry of Finance etc., were requested to issue immediate instructions to all Quasi-Government Institutions and Statutory Organisations with which they were concerned asking them to fall in line, as far as possible, with the Central Government establishments in the matter of recruitment, by suitably amending their recruitment rules or adopting Resolutions to achieve this object, if necessary. The Ministries were also requested to impress upon these institutions that it was in their own interest as well as in the interest of

the country as a whole that recruitment should be made through the Employment Exchanges, as a large number of experienced and trained hands were available on their registers and the need for tapping other sources of recruitment should arise only if the Employment Exchanges certified that they were unable to nominate suitable recruits from their registers.

2. After the issue of the instructions contained in the Office Memoranda referred to in the previous paragraph, the following developments have taken place:—

- (i) In 1959, a Bill was introduced in the Parliament for notification of vacancies by the employers (both public and private sector establishments) to the Employment Exchanges on compulsory basis. When the Bill was under discussion in the Parliament, the Union Labour Minister gave an assurance in both Houses of Parliament that in so far as Public Sector Establishments are concerned. They will make fullest use of the Exchanges, without any exception. Thus so far as the public sector establishments are concerned vacancies other than those to filled through the U.P.S.C. have not only to be notified but also filled through the agency of the National Employment Service.
- (ii) The Employment Exchanges (Compulsory Notification of vacancies) Act, which came into force on 1st May, 1960, provides certain exemptions in Section 3 of the Act from notification of vacancies. But these exemptions apply in practice to private sector establishments only and not to those in public sector establishments because through the medium of administrative instructions which continue to be operative, even after the enforcement of the Act, the filling up of all vacancies (other than those filled through the UPSC) has to be done through the Exchanges.
- (iii) Vacancies are required to be notified to the prescribed Employment Exchanges in the manner and form prescribed in Rule 4 of the E.E. (C.N.V.) Rules, 1960. Mere endorsing copies of advertisements to Employment Exchanges will not amount to notification of vacancies.
- (iv) Apart from the obligations imposed under the E.E. (C.N.V.) Act and Rules made thereunder for the compulsory notification of vacancies and filling them through the

Employment Exchanges as per assurance given by Labour Minister in Parliament so far as the Public Sector Establishments are concerned, it may be stated that under ILO Convention No. 88, which has been ratified by the Government of India, each Member of the I.L.O. is to maintain or ensure the maintenance of a free public Employment Service. Article 6 of this Convention *inter alia* provides that the Employment Service should be so organised as to ensure effective recruitment and placing of candidates.

3. It has been brought to the notice of this Ministry by the Directorate General of Employment and Training, Ministry of Labour and Employment that after the enforcement of the Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959, many employers in the Public Sector, specially Quasi-Government Institutions and Statutory Organisations, have a feeling that the instructions of this Ministry for recruitment of staff through the agency of the National Employment Service stand superceded by the provisions of the E.E. (C.N.V.) Act under which they are required only to notify vacancies to the Exchanges. While this point was clarified to all the Ministries in D.G.E.&T. Office Memorandum No. EP-117/60 dated 25th April, 60, yet many instances are coming to the notice of the Directorate General of Employment and Training where the employers only notify the vacancies and do not consider it necessary to recognise the agency of the National Employment Service for recruitment of staff under them.

4. Under the E.E. (C.N.V.) Act, recruitment of staff through the Employment Service is voluntary so far as private sector is concerned. Even so, efforts are made by the Employment Service to persuade the private sector to accept candidates sponsored by the Employment Exchanges. The Directorate General of Employment and Training are placed in a very embarrassing situation when they have to approach the State Governments and establishments in the private sector to utilise the Employment service in filling up the vacancies, when some establishments in the public sector do not recognise the Employment Service as the normal channel of recruitment.

5. It is accordingly requested that the Ministry of Finance etc., may issue instructions to all Quasi-Government Institutions and Statutory Organisations with which they are concerned requiring them to notify vacancies, in the manner and form prescribed in Rule 4 of the E.E.C. (C.N.V.) Rules 1960 to the prescribed Employment Exchange and to fall in line with the Central Government Departments in the recruitment of staff through the agency of the Employment

703 (Aii) L.S.—9.

Service. The need for issuing advertisements for inviting applications or tapping other sources of recruitment should be considered only if the Employment Exchanges issue non-availability certificates. A copy of the instructions issued by the Ministry of Finance etc., may kindly be endorsed to the Ministry of Home Affairs and the Directorate General of Employment and Training.

6. If the Ministries consider that in cases pertaining to emergency recruitment, the normal procedure of filling vacancies through the Employment Service is likely to cause difficulties and delay, the Ministry concerned may take up the case with the Directorate General of Employment and Training and evolve special arrangements for recruitment of staff in such cases.

Authorised for Issue.

Sd./ K. L. Arora
Section Officer

Sd./ K. Thyagarajan,
Under Secretary to the Govt. of India.

To

All Ministries of the Government of India with usual number of spare copies.

No. 14|11|64-Estt(D) New Delhi-11, the 21st March, 1964

Copy to the D.G.E.&T. with reference to their U.O. No. (11)|64-Adm. II, dated 25th February, 1964.

Sd./ K. Thyagarajan,
Under Secretary to the Govt. of India.

APPENDIX XVII

(Vide Recommendations at Sl. No. 66)

No. 14/11/64-Estt(D).

GOVERNMENT OF INDIA

MINISTRY OF HOME AFFAIRS

New Delhi-11, the 3rd March, 1965 Phalguna, 1886

OFFICE MEMORANDUM

SUBJECT:—*Recruitment of staff through the agency of the National Employment Service—utilisation of Employment Exchanges by quasi-Government institutions and statutory organisations.*

The undersigned is directed to say that in para 5 of this Ministry's Memorandum No. 14/11/64-Estt(D) dated 21st March, 1964, all Ministries of the Government of India were requested to issue instructions to all quasi-government institutions and statutory organisations under their administrative control requiring them to notify vacancies in the manner and form prescribed in rule 4 of the Employment Exchanges (Compulsory Notification of Vacancies) Rules, 1960 to the prescribed Employment Exchange and to fall in line with the Central Government Departments in the matter of recruitment of staff through the agency of the Employment Service. These institutions and organisations were also to be advised that the need for issuing advertisements or tapping other sources of recruitment should be considered by them only if the Employment Exchanges issue non-availability certificates.

2. A review of the position has since been made and it is observed that some of the Ministries have not yet issued necessary instructions in this regard. The Directorate General of Employment and Training have also brought to the notice of this Ministry that the extent to which the undertakings in the public sector have utilised the Employment Exchanges has not so far shown any significant improvement.

3. It is therefore requested that the Ministry of Finance, etc., may issue necessary instructions on this subject to all the quasi-Government institutions and statutory organisations with which they are concerned if they have not already done so, to ensure strict compliance with these instructions and take such steps as may be necessary to make the instructions effective.

4. This Ministry and the Directorate General of Employment and Training may also be apprised of the action taken in this regard.

Sd/- R. M. SHROFF,

Deputy Secretary to the Government of India.

T

All Ministries of the Government of India (With usual number of spare copies)

No. 14/11/64-Estt (D).

New Delhi-11, the 3rd March, 1965/12th Phalguna, 1886.

Copy to D.G.E. & T with reference to their Memorandum No. 4 (16)/62-63/Stats dated 19th January, 1965.

Sd/- HARISH CHANDRA,

Under Secretary to the Government of India.

APPENDIX XVIII

(Vide Recommendations at Sl. Nos. 71-72)

Copy of O.M. No. 2 (32)/67-FI dated 28th July, 1967 from Ministry of Finance, Bureau of Public Enterprises, New Delhi, to all Ministries/Departments of the Government of India.

SUBJECT:—*Extension of service/re-employment of superannuated employees in the Public Enterprises.*

The undersigned is directed to say that in their 52nd Report on "Personnel Policies of Public Undertakings", the Estimates Committee made the following observations:—

"It is noted that despite the decision announced in Parliament in November, 1961 that Government should give broad indication of the principles to be followed by public undertakings in the employment of retired persons, no principles have as yet been laid down. The Committee are unhappy at the inability of Government to implement a decision which they announced over two years ago. It is expected that once a decision is placed before Parliament, it would be acted upon. They hope that this would be done now.

The Committee agree that there might be cases where it is inevitable to re-employ retired technical personnel, in the national interest, to isolated specialised posts for a specific period, if persons of requisite knowledge and experience, are not otherwise available. But they do not approve of this practice being followed indiscriminately and retired personnel being employed even for non-technical secretarial jobs. The Committee hope that Government would keep this aspect in view while laying down broad principles to be followed by public undertakings in the employment of retired personnel."

2. The question of laying down broad principles to be followed in regard to employment of superannuated persons in Public Enter-

prises has been under the consideration of Government for some time in the light of the principles mentioned above.

3. Cases of extension of services/re-employment of persons in Public Enterprises fall under the following two categories:—

- (a) Posts, appointments to which are made by Government or require the approval of Government in accordance with the provisions of the relevant Articles of Associations/ Statutes.
- (b) Posts, appointments to which can be made by the competent authorities in the Public Enterprises.

4. The following principles are being followed in regard to grant of extension of service/re-employment to Central Government servants:—

- (i) Extension of service/re-employment beyond the normal date of superannuation should be granted only rarely and in really exceptional circumstances.
- (ii) In posts not requiring scientific or technical qualifications, 60 years of age should ordinarily be treated as the dead line beyond which no officer should be granted extension of service or re-employed. But when the next person in the line of succession is not of comparable merit, an officer of outstanding merit may be allowed to continue upto the age of 62.
- (iii) Extension of service or re-employment should not, as a rule, be granted beyond the age of 62, even in case of the most outstanding merit, except in the case of scientific and technical personnel. Even in the case of scientific and technical personnel extension/re-employment beyond the limits mentioned above is not automatic, though in such cases, where the officer is of outstanding merit and there is a shortage of officers in the particular field of specialisation, extension/re-employment may be allowed upto a higher age limit provided there is none ripe enough to take over the job.
- (iv) In the case of honorary appointments—e.g. appointments on the Boards of Directors of Public Sector Undertakings the limit may be 65 years provided that the appointment is really honorary and does not carry a substantial remuneration.

In order to enable the Ministry of Home Affairs to scrutinise proposals for extension/re-employment beyond the age of 60 years, the Ministries are required to explain the reasons for each proposal in terms of the criteria mentioned above, giving specific details of persons in the line of succession together with their qualifications, the reasons why a superannuated person is considered of outstanding merit etc. The character rolls of the officer proposed to be given extension/re-employment and of at least the next two or three officers in the line of succession are also required to be sent.

5. In regard to the cases of the first type, indicated in paragraph 3(a) above, it has been decided that the principles mentioned in paragraph 4 above and the procedures laid down by the Ministry of Home Affairs in respect of the Central Government servants should be followed.

6. In so far as the cases of the second category, as indicated in paragraph 3(b) above, falling within the powers of the Government Companies/Corporations are concerned, the broad principles followed by Government in this respect, as mentioned in paragraph 4 above, may be brought to the notice of the Public Enterprises with the suggestion that they may consider whether similar principles could be adopted by them. The administrative Ministries are, therefore, requested to suitably address the the Public Enterprises with which they are concerned.

Sd/- (M. M. MEHTA)

Director.

APPENDIX XIX

(Vide Recommendation at SL No. 74)

No. Pr. C. 16(1)/67(74)

GOVERNMENT OF INDIA

MINISTRY OF INDUSTRIAL DEVELOPMENT, INTERNAL
TRADE AND COMPANY AFFAIRS

(DEPTT. OF INDUSTRIAL DEVELOPMENT).

To

The Chairmen/Managing Directors/General Managers of all the Public Sector Undertakings under the control of the Department of Industrial Development.

SUBJECT:—52nd Report of the Estimates Committee (Third Lok Sabha) on Personnel Policies of Public Undertakings—Recommendation No. 74 (paras No. 192—194)—Drift of Personnel.

Sir,

I am directed to say that in the context of drift of personnel from a public undertaking to another public undertaking(s) and/or private undertaking, the Estimates Committee in their 52nd Report on Personnel Policies of Public Undertakings have observed that as far as possible care should be taken to see that candidates are not interviewed by an undertaking unless they have applied with the permission of the existing employer. The Committee have suggested that suitable measures should be taken to arrest the horizontal movement of personnel to the extent it is considered undesirable.

2. You may kindly keep these suggestions in view in the matter of forwarding applications and while making recruitment to posts in your undertakings.

Yours faithfully,

Sd/- (K. L. TULI)

Under Secretary to the Government of India.

1. Copy forwarded to:—

1. All the Ministries/Deptts. concerned with public sector undertakings.
2. Ministry of Finance (Bureau of Public Enterprises), New Delhi.
3. All the Industries Sections concerned with public sector undertakings.
4. Guard File.

Sd/- (K. L. TULI)

Under Secretary to the Government of India.

APPENDIX XX

(Vide Recommendation at Sl. No. 75, 76 and 78).

Draft Model Principles to be followed when ordering promotion of industrial workers in Public Sector Undertakings.

1. Scope and coverage.—These Model Principles shall generally apply to industrial workers as defined in the Industrial Disputes Act.

2. Consultation with the Unions.—The drafting of the promotion procedure or the adaptation of any model promotion procedure in any public sector enterprise must be preceded by the fullest possible consultations with recognised trade unions or service associations or, if there are no such recognised unions or associations, with all categories of workers in general. Such consultation should especially be directed to:—

- (a) proposed categorisation and classification of posts on the basis of clearly enunciated qualifications for each;
- (b) provision for appeal and representation by an aggrieved individual or a trade union in promotion matters;
- (c) extent of association of trade union representatives with trade tests; and
- (d) exclusion of such association with the deliberations of the promotion committees.

3. Giving publicity to promotion procedure.—The promotion procedure once finalised should be given the widest possible publicity. The procedure and service rules should be printed in the form of a Service Manual. Translations in such regional language or languages as the understood by a substantial number of workers should also be made available to ensure that the promotion procedure is properly understood by all concerned.

4. Classification of posts|employees prescription of minimum qualifications and experience.—All posts, permanent or temporary should be classified according to the nature of duties, e.g. supervisory, clerical, technical, etc. and also according to trades. Minimum qualifications or experience to be prescribed for each class or cate-

gory of post should be clearly defined so as to (a) to avoid premature promotions and (b) to reduce the element of non-selection variety of posts to the maximum extent possible. While classifying the posts, mention should also be made of the method and mode of recruitment, viz. the percentage of vacancies to be filled in a particular grade by promotion and the percentage to be filled by direct recruitment. While laying down the qualifications not only the educational qualifications but the specific job requirements should also be specified. Except in very exceptional cases (where reasons should be recorded in writing) minimum qualification and experience prescribed for the various categories of posts should be strictly adhered to.

5. Eligibility for promotion:—Such eligibility should depend not only on the possession of a minimum qualification and experience prescribed for the higher post, but also on a minimum length of service in the present grade or post or, where there is a system of qualifying tests for promotion, on the passing of such a test. Generally a minimum of three years' experience should be prescribed for determining eligibility for promotion to a higher grade, the limit of three years being relaxable in exceptional cases for reasons to be recorded in writing. The limit of 3 years' experience may not necessarily be applicable in cases where promotion is made on the passing of a qualifying test.

6. Promotion Committees.—At every level promotion should be based on the recommendation of a Promotion Committee and not left to the discretion of an individual. No promotion Committee should have less than three members. Wherever, possible the Promotion Committee should be so constituted that at least one of the members represented, on the Committee has a personal knowledge of the capabilities and aptitudes of the workers concerned. Wherever for any reasons association of such an officer with the Promotion Committee is not possible, the Committee should while making selection have before it a written assessment of the candidate's work by the Officer concerned.

In determining the composition of a Promotion Committee care should be taken to ensure that there is no room for any local influence or pressure. This could be done wherever necessary, by associating an officer from the Headquarters Office with the local Promotion Committees.

7. Merit rating.—There should be a system of merit-rating based on various factors, e.g. length of service, regular attendance, am-

ability to discipline, qualifications, performance, safety-mindedness, etc. The system should be evolved for each undertaking according to its local requirements.

8. Criteria for promotion.—In the lower categories of posts, i.e. unskilled, semi-skilled, clerical workers and routine clerks, promotions should be based on seniority subject to fitness. When a job required a higher skill or a different skill, promotions should be on the basis of trade tests qualifying tests and seniority-cum-merit. While holding trade tests, a representative of the recognised union who should be technically qualified, should be associated as an observer, wherever possible. For commercial, ministerial and administrative jobs there should be system of qualifying tests for promotion to higher grades. For selection posts, the criterion should be mainly merit.

9. Training of workers.—There should be a regular system of selecting potentially good workers for training for higher skills and responsibilities, instead of relying mostly on the open market. (This will ensure loyalty of the worker to the undertaking, discourage his migration to other enterprises, provide an incentive for efficiency and productivity and eliminate the friction which usually attend the adjustability of an 'outsider' to the methods and processes of a plant).

10. Communication of reasons for non-selection.—Whenever a worker who is otherwise due for promotion is not selected for promotion, he should, in case he desires to know the reasons for his non-promotion and there is no serious objection to doing so, be normally advised of such reasons, either orally or in writing, so that he may endeavour to rectify the defects or deficiencies, which stood in the way of his promotion. (This principle is, however, in the nature of guidance for managements and need not necessarily be formally incorporated in the promotion rules).

11. Representation of grievances relating to non-promotion.—Written representations from individual workers or unions relating to promotion matters should be freely entertained, examined and replied to within a stated time. Adequate opportunity should also be provided to the workers to represent their grievances in person, if they so desire, and this method of representation should be encouraged. An attempt should always be made at the personal level, to explain to a worker why he could not be promoted.

APPENDIX XXI

(Vide Recommendation at Sl. No. 77).

No. Pr. C. 16(1)/67(77)

GOVERNMENT OF INDIA

MINISTRY OF INDUSTRIAL DEVELOPMENT AND COMPANY
AFFAIRS

(DEPTT. OF INDUSTRIAL DEVELOPMENT)

New Delhi, the 18th February, 1969..

To

The Chairmen/Managing Directors/General Managers of all Public Sector Undertakings under the control of the Deptt. of Industrial Development.

SUBJECT:—52nd Report of the Estimates Committee (Third Lok Sabha) on Personnel Policies of Public Undertakings—Recommendation No. 77 (para 199)—Introduction of proper system of merit rating.

Sir,

I am directed to say that the Estimates Committee in para 199 of their 52nd Report (Third Lok Sabha) on personnel Policies of Public Undertakings have observed that while certain public undertakings have devised a system of merit-rating others have not introduced it, and are generally maintaining annual confidential records which are more indicative of the general performance rather than "merit-rating". The Committee have desired that all the public sector undertakings should introduce proper system of merit rating in their organisation as early as possible.

2. In this connection Government have agreed to consider the feasibility of adopting this system subject to its suitability as well

as on the consideration of this being accepted as an improvement vis-a-vis the existing reporting system. I am to request you to examine the desirability of introducing this system of merit-rating in your undertaking, as early as possible. This Ministry may kindly be informed of the action taken by you in the matter in due course.

Yours faithfully,

Sd/-K. L. TULI,

Under Secretary to the Government of India.

Copy forwarded to:—

1. All the Ministries/Depts. concerned with public sector undertakings.
2. All the Industries Sections in the Deptt. of Industrial Development concerned with public sector undertakings.
3. Min. of Finance (Bureau of P.E.), New Delhi.
4. Guard File.

Sd/-K. L. TULI,

Under Secretary to the Government of India.

APPENDIX XXII

(*Vide* Recommendation at Sl. No. 87).

No. Pr. C. 16(1)/67(87)

GOVERNMENT OF INDIA

MINISTRY OF INDUSTRIAL DEVELOPMENT AND COMPANY
AFFAIRS

(DEPTT. OF INDUSTRIAL DEVELOPMENT).

New Delhi, the 18th February, 1969.

OFFICE MEMORANDUM

SUBJECT:—52nd Report of the Estimates Committee (Third Lok Sabha) on personnel Policies of Public Undertakings—Recommendation No. 87 (para 223).

The undersigned is directed to say that the Estimates Committee in para 223 of their 52nd Report (Third Lok Sabha) on Personnel Policies of Public Undertakings have observed as under:—

“The Committee appreciate that in the case of new industries it might be difficult for public undertakings to arrange for necessary preliminary training of initial recruits for technical posts. Nevertheless, the Committee trust that Government would keep this aspect in view while approving programmes of public undertakings for training of their personnel in the factories of consultants, and ensure that such persons are put through a preliminary practical course in the public or private sector undertakings in the same field of technology before being sent abroad.”

2. The above recommendation has been accepted by Government. Normally initial recruits for technical posts are given preliminary training in the undertaking itself or in other undertakings where such facilities exist. Ministries/Departments are requested to ensure that such training is given to the maximum extent possible within the country and also that in cases where persons are

ought to be sent abroad the duration of such training is kept to the minimum.

Sd/-K. L. TULI,

Under Secretary to the Government of India.

To

All the Ministries/Departments concerned with public sector undertakings.

1. Copy forwarded to for information and necessary action to All the Industries Sections concerned with public sector undertakings.
2. Ministry of Finance (B.P.E.), North Block, New Delhi.
3. Guard File.

Sd/-K. L. TULI,

Under Secretary to the Government of India.

APPENDIX XXIII

(*Vide Recommendation at Sl. No. 89*).

No. Pr. C. 16(1)/67(89)

GOVERNMENT OF INDIA

MINISTRY OF INDUSTRIAL DEVELOPMENT & COMPANY
AFFAIRS

(DEPTT. OF INDUSTRIAL DEVELOPMENT)

New Delhi, the 21st February, 1969.

To

The Chairmen/Managing Directors/General Managers of all the Public Sector Undertakings under the control of the Deptt. of Industrial Development.

SUBJECT:—52nd Report of the Estimates Committee (Third Lok Sabha) on Personnel Policies of Public Undertakings—Recommendation No. 89 (Para 225)—Foreign Training.

Sir,

I am directed to say that the Estimates Committee in para 225 of their 52nd Report on Personnel Policies of Public Undertakings have observed as under:—

“It has also been suggested to the Committee that instead of sending trainees abroad, adequate number of supervisors should be recruited from overseas for training Indian Personnel in new undertakings. The Committee trust that this aspect would be kept in view while deciding deputation of trainees abroad”.

I am to request that the observation of the Committee may kindly be kept in view while deciding deputation of trainees abroad in so far as your undertking is concerned.

Yours faithfully,

Sd/-K. L. TULI,

Under Secretary to the Government of India.

Copy forwarded (in supersession of this Ministry's O.M. No. Pr. C. 16(1)/67(89), dated the 18th February, 1969) to:—

1. All the Ministries/Deptts. concerned with the request to advise public sector undertakings under their control accordingly.
2. All Industries Sections concerned with public sector undertakings.
3. Ministry of Finance (Bureau of Public Enterprises), North Block, New Delhi.
4. Guard File.

Sd/-K. L. TULI,

Under Secretary to the Government of India.

APPENDIX XXIV

(*Vide* Recommendation at Sl. No. 91).

No. Pr. C. 16(1) | 67(91)

GOVERNMENT OF INDIA

**MINISTRY OF INDUSTRIAL DEVELOPMENT & COMPANY
AFFAIRS**

(DEPTT. OF INDUSTRIAL DEVELOPMENT)

New Delhi, the 18th February, 1969.

To

The Chairmen/Managing Directors/General managers of all Public Sector Undertakings under the control of the Department of Industrial Development.

SUBJECT:—52nd Report of the Estimates Committee (Third Lok Sabha) on Personnel Policies of Public Undertakings—Recommendation No. 91 (Para 229)—Training within Industry.

Sir,

I am directed to say that the Estimates Committee (Third Lok Sabha) in para 229 of their 52nd Report of Personnel Policies of Public Undertakings have observed as under:

“The Committee find that not all industrial undertakings have introduced the schemes of training known as “Training within Industry”. They suggest that such schemes may be introduced in all public undertakings on a wider scale.”

2. It may be mentioned that such training has been developed in industrially advanced countries, particularly for the supervisory staff who have to function as organisers, managers and instructors of their working group, whose coordination they have to ensure. The

●bject of this scheme is to include skills and keep skills going through performance. The training is interlinked with daily supervision. This type of training not only helps the employee to perform his task easily and correctly but also aids him to work without assistance. In other words, it leads to self-supervision and relieves the supervisors of frequent and detailed guidance to the members of his workgroup.

3. I am to request you to take appropriate steps to introduce a scheme of 'Training within Industry' in your undertaking as early as possible. This Ministry may kindly be informed of the action taken by you in the matter in due course.

Sd- K. L. TULI,

Under Secretary to the Govt. of India.

Copy forwarded to:—

1. All the Ministries/Departments concerned with public sector undertakings with the request to advise the undertakings under their control accordingly.
2. All Industries Sections concerned with public sector undertakings.
3. Ministry of Finance (Bureau of Public Enterprises), North Block, New Delhi.
4. Guard File.

Sd/- K. L. TULI,

Under Secretary to the Govt. of India.

APPENDIX XXV

(Vide Recommendation at Sl. No. 93)

No. Pr. C. 16(1)/67(93)

GOVERNMENT OF INDIA

MINISTRY OF INDUSTRIAL DEVELOPMENT & COMPANY
AFFAIRS

(DEPTT. OF INDUSTRIAL DEVELOPMENT)

New Delhi, the 18th February, 1969.

To

The Chairmen/Managing Directors/General Managers of all Public Sector Undertakings under the control of the Department of Industrial Development.

SUBJECT:—52nd Report of the Estimates Committee (Third Lok Sabha) on Personnel Policies of Public Undertakings—Recommendation No. 93 (para 232)—Refresher Courses.

Sir,

I am directed to say that the Estimates Committee in para 232 of their 52nd Report (Third Lok Sabha) on Personnel Policies of Public Undertakings have observed that most of the undertakings do not depute their serving engineers or management personnel for refresher courses. In this connection the Committee have pointed out that the training of technical personnel does not end with their having learnt the rudiments of their job during period of initial training. It is desirable that after a few years of experience such personnel should be sent to the training school to refresh their theoretical knowledge and also to gather new ideas and learn new techniques. It is, therefore, considered that the training of these personnel should be a continuous process. Moreover, any expenditure on such refresher courses will not only be compensated by increased productivity but will also result in economies in the long run. The

Committee have desired that the public undertakings should periodically depute their technical and managerial personnel for refresher courses offered by various institutions in the country.

2. The recommendations of the Committee have been accepted by Government. I am to request you to take necessary steps to implement these recommendations in so far as your undertaking is concerned.

Yours faithfully,

Sd/- K. L. TULI,

Under Secretary to the Govt. of India.

Copy forwarded to:—

1. All the Ministries/Departments with the request to advise public sector undertakings under their control accordingly.

2. Ministry of Finance (Bureau of Public Enterprises), North Block, New Delhi.

3. All Industries Section concerned with public sector undertakings.

4. Guard File.

Sd/- K. L. TULI,

Under Secretary to the Govt. of India.

APPENDIX XXVI

No. 22 (83)/69-ET-Vol. II

GOVERNMENT OF INDIA

MINISTRY OF LABOUR, EMPLOYMENT & REHABILITATION

(DEPARTMENT OF LABOUR & EMPLOYMENT (D.G.E. & T.))

New Delhi Dated the 8th Jan., 1969/18th Pausa, 1890

OFFICE MEMORANDUM

SUBJECT:—*Recommendation No. 94 of the 52nd Report of the Estimates Committee (1963-64) regarding personnel policies of Public Undertakings—Formulation of a career Development Scheme.*

The undersigned is directed to say that the Estimates Committee of the Parliament in their 52nd Report (1963-64) have recommended as follows in regard to the formulation of a Regular Career Development Scheme to help the workers in Public Undertakings to develop their careers by means of developing skills of their choice:

“With a view to offering an employee a satisfying career for the whole of his working life, the progressive companies in India and abroad have devised a regular career development scheme. The Committee feel that besides creating a sense of loyalty and of belonging to the undertaking, the introduction of career development scheme will go a long way in arresting the tendency of job shifting on the part of the employees. They suggest that the desirability of introducing a similar scheme in all undertakings might be considered. The Committee trust that Government will issue suitable instructions to the public undertakings in this matter”.

2. In pursuance of the above recommendation, the employing Ministries were requested in this Directorate General O. M. No. 22 (83)/66-ET dated 3-6-66 to ascertain the views of the various Public

Undertakings under them concerned with industrial workers and to furnish the same to this Directorate General. On the basis of the views/information furnished by the various Ministries etc., a "Career Development Scheme" has since been formulated by the Directorate General of Employment and Training. A *copy of the scheme is enclosed. It is requested that the Ministry of Industrial Development and Company Affairs etc. may kindly take such action as they consider appropriate for introducing the scheme in the various Public Undertakings/establishments under them.

Sd/- G. JAGANNATHAN,

Under Secretary to the Govt. of India.

To

All Employing Ministries of the Govt. of India.

Copy with a copy of the scheme forwarded to:

1. Planning Commission, New Delhi.
2. Department of Labour & Employment 'B&A Section' New Delhi,
3. BP|EE-I|VG Unit|Adm. II|MP Unit.

*Not included.

Sd/- G. D. GANGULI,
for *Under Secretary.*

APPENDIX XXVII

(Vide Recommendation at Sl. No. 30)

Recommendation No. 47 of the Administrative Reforms Commission

Decision of Government

- (1) Every sector corporation should evolve a common policy for laying down, on a uniform basis, the terms and conditions of service of employees of the corporation.
 - (2) Except for the higher levels of managerial and technical personnel, such as posts, with a minimum starting salary of Rs. 1,300 per month or so, full powers of recruitment promotion and disciplinary and administrative control of staff employed in a constituent unit should be with the unit itself. The sector corporation should, however, have the authority of making inter-unit transfer within the corporation in consultation with the units concerned.
 - (3) Authority for recruitment, promotion and transfer, etc, of persons occupying senior posts described at (2) above, should be vested in the sector corporation. However, all officers in the constituent unit should be under the administrative and disciplinary control of that unit, provided that powers of deciding appeals and of imposing a punishment involving termination of services of a person occupying a senior post should remain with the sector corporation. In respect of heads of departments, the power to impose punishment involving reduction in rank should also be
- 47
- 47(1) to 47(5)—Even though the Sector Corporation approach recommended by the Commission has not been accepted for general adoption, these recommendations with regard to personnel management are not without their validity in their application to individual enterprises. Inter-changes of personnel may, to the extent possible, be effected with the consent of the managements of the concerned enterprises. All such interchanges will have to be so brought about as not to interfere with their functioning.

reserved to the sector corporation. In respect of heads of departments, the power to impose punishment involving reduction in rank should also be reserved to the sector composition. An appeal should lie to the Government against an original order passed by the sector corporation if it is one of dismissal, removal from service or reduction in rank. The appeal should be decided in consultation with the UPSC.

- (4) The sector corporations and their constituent units should make their own administrative arrangements for carrying out the recruitment and training programmes.
- (5) Arrangements should be made for providing from sector Corporations suitable officers to the smaller public undertakings which do not belong to a sector corporation. The possible requirements of such smaller public undertakings for experienced personnel should be kept in view by the appropriate sector corporation. The Bureau should draw up panels under the direction of the committee, consisting of the Director-General of the Bureau and two chairmen of sector corporations, for facilitating such inter-undertaking transfers. The assistance of this committee can also be taken when inter-corporation transfers are found to be necessary.

APPENDIX XXVIII

(Vide Para 5 of Introduction)

*Analysis of the action taken by Government on the recommendations contained
in the Fifty-Second Report of the Estimates Committee
(Third Lok Sabha)*

i. Total Number of Recommendations	110
ii. Recommendations that have been accepted by Government (<i>Vide</i> recommendations at Sl. Nos. 1, 2, 3, 4, 6, 9, 10, 11, 12, 15, 18, 19, 20, 22, 23, 24, 25, 26, 27, 31, 32, 33, 34, 35, 36, 37, 38, 40, 42, 43, 44, 45, 47, 48, 49, 50, 51, 52, 53, 54, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 71, 72, 73, 74, 75, 76, 77, 78, 80, 81, 82, 83, 84, 87, 89, 90, 91, 92, 93, 94, 95, 101, 106, 107 and 110.	
Number	77
Percentage to total	70%
iii. Recommendations which the Committee do not desire to pursue in view of Government's reply (<i>Vide</i> recommendations at Sl. Nos. 5, 7, 8, 13, 14, 16, 17, 21, 28, 29, 30, 41, 55, 56, 70, 85, 86, 100, 102, 108 and 109)	
Number	21
Percentage to total	19%
iv. Recommendations in respect of which replies of Government have not been accepted by the Committee	Nil
v. Recommendations in respect of which replies of Government are still awaited (<i>Vide</i> Sl. Nos. 39, 46, 69, 79, 88, 96, 97, 98, 99, 103, 104, and 105)	
Number	12
Percentage to total	11%

Sl. No.	Name of Agent	Agency No.	Sl. No.	Name of Agent	Agency No.
DELHI					
24.	Jain Book Agency, Connaught Place, New Delhi.		11	33. Oxford Book & Stationery Company, Scindia House, Connaught Place, New Delhi-1.	68
25.	Sat Narain & Sons, 3141, Mohd. Ali Bazar, Mori Gate, Delhi.		3	34. People's Publishing House, Rani Jhansi Road, New Delhi.	76
26.	Atma Ram & Sons, Kashmere Gate, Delhi-6.		9	35. The United Book Agency, 48, Amrit Kaur Market, Pahar Ganj, New Delhi.	88
27.	J. M. Jaina & Brothers, Mori Gate, Delhi.		11	36. Hind Book House, 82, Janpath, New Delhi.	95
28.	The Central News Agency, 23/90, Connaught Place, New Delhi.		15	37. Bookwell, 4, Sant Narakari Colony, Kingsway Camp, Delhi-9.	96
29.	The English Book Store, 7-L, Connaught Circus, New Delhi.		20	MANIPUR	
30.	Lakshmi Book Store, 142, Municipal Market, Janpath, New Delhi.		23	38. Shri N. Chaoba Singh, News Agent, Ramlal Paul High School Annexe, Imphal.	77
31.	Babree Brothers, 188, Lajpatrai Market, Delhi-6.		27	AGENTS IN FOREIGN COUNTRIES	
32.	Jayana Book Depot, Chaparwala Kuan, Karol Bagh, New Delhi.		66	39. The Secretary, Establishment Department, The High Commission of India, 'India House', Aldwych, LONDON W.C.—2.	59

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PUBLISHED UNDER RULE 382 OF THE RULES OF PROCEDURE AND CONDUCT OF BUSINESS IN LOK SABHA (FIFTH EDITION) AND PRINTED BY THE GENERAL MANAGER, GOVERNMENT OF INDIA PRESS, MINTO ROAD, NEW DELHI.
