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COMMITTEE ON PETITIONS

(EIGHTH LOK SABHA)

ELEVENTH REPORT

(Presented to Lok Sabha on JUL 1989 1989)

LOK SABHA SECRETARIAT
NEW DELHI

July, 1989/*Asadha,* 1911 (*Saka*)

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ELEVENTH REPORT OF THE COMMITTEE ON PETITIONS

(EIGHTH LOK SABHA)

INTRODUCTION

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

(i) Petition regarding Revocation of Hindustan Tractors Limited (Acquisition and Transfer of Undertakings) Act 13 of 1978.

(ii) Petition regarding nationalisation and development of Shipping Industry and protection of interests of its workers and employees.

(iii) Representation of Secondary and Higher Secondary School Teachers Association, Dadra and Nagar Haveli regarding seniority, confirmation etc.

(iv) Representation regarding closing down of three Government of India Presses.

2. The Committee considered the above matters at their sittings held on 11 March, 28 November, 1988 and 9, 24 January, 6 February, 5 April, 1989.

3. The Committee considered the draft Report at their sitting held on 22 May, 1989 and adopted it.

4. In connection with the Petition regarding nationalisation and development of Shipping Industry and protection of interests of its workers and employees, the Committee undertook on-the-spot study visit to Calcutta during September, 1989. During tour, the Committee held informal discussions with the petitioners, the representatives of the Garden Reach Ship Builders' and Engineers Limited, Shipping Corporation of India, Calcutta Port Trust and Dock Labour Board and the officials of the Ministry of Surface Transport (Shipping Wing).

5. The Committee would like to express their thanks to the officials of the Ministries of Industry (Department of Industrial Development) Surface Transport (Shipping Wing), Human Resource Development (Department of Education), Home Affairs, Urban Development and Union Territory of Dadra and Nagar Haveli for furnishing information to the Committee.

BALASAHEB VIKHE PATIL,
Chairman,
Committee on Petitions.

NEW DELHI;
May, 1989
Vaisakha, 1911 (*Saka*)

I

PETITION REGARDING REVOCATION OF HINDUSTAN TRACTORS LTD. (ACQUISITION AND TRANSFER OF UNDERTAKINGS) ACT 13 OF 1978

1.1 Shri Anoopchand Shah, M.P. presented to Lok Sabha on 14 August, 1978 a petition signed by Shri Chandrakanta Patel and others regarding revocation of Hindustan Tractors Limited (Acquisition and Transfer of Undertakings) Act, 1978.

1.2 The petitioners have *inter alia* stated as follows:—

The management of the Public Company—Hindustan Tractors Limited, Baroda, was taken over by the Government of India under Section 18A of the Industries (Development Regulations) Act, 1951, on 12 March, 1973. For this, a high level Enquiry Commission under the Chairmanship of Shri M. Sivagnanam, Commissioner of Industry, Gujarat Government was appointed in June, 1971. However, in total disregard of the observations of the competent Enquiry Commission and without furnishing a copy of their report to the Company (Hindustan Tractors Limited) and to the Parliament as required under the IDR Act, Government of India took over the management of the Company in March, 1973 and entrusted it to the Gujarat Agro Industries Corporation—a Gujarat Government Undertaking as Authorised Controller for a period of five years.

On April 1, 1978, on expiry of the five year period the Undertaking, under undue pressure of the Gujarat Government was hurriedly nationalised under an Act of the Parliament, Act No. 13 of 1978—Hindustan Tractors (Acquiqsition and Transfer of Undertakings Act, 1978) without due or any consideration of the above facts and without taking into consideration report of the Enquiry Commission, management results of the pre take-over period and five years of the post-take over period to determine whether take-over and nationalisation was justified and in the public interest.

We, the founder owners of the Company—Hindustan Tractors Limited and the group in whom the management of the Company was vested just prior to its take over and subsequent nationalisation, hereby confirm that we are fully willing to assume charge and management as also ownership of the Undertaking which was nationalised and is presently known as Gujarat Tractor Corporation Limited, Baroda.

The Central Government may please be directed to immediately restore the ownership and/or management of the above Undertaking without any further delay to the original owners OR pay full compensation to its creditors."

1.3 In their communication dated 2 November, 1987, the Ministry of Industry (Department of Industrial Development) furnished their factual comments, as follows :—

"The Government of India assumed the management of Hindustan Tractors Limited, Baroda in March, 1973, under the Provisions of Section 18(A) of Industries (Development and Regulation) Act, 1951 and appointed the Gujarat Agro-Industries Corporation as its authorised controller for a period of 5 years. As HTL was incurring huge losses and as there was steep fall in production of tractors, a Committee was appointed under Section 15 of the I(D&R) Act, for making a full and complete investigation into the affairs of the company. The report of the Committee gave the cause of unsatisfactory state of affairs and the factors responsible as inadequate production and financial planning by the management of the company; and the unremunerative selling prices for their tractors. The Committee had also found a number of deficiencies in the management, such as duplication in the number of Managing Directors, inadequately defined lines of control, inadequate financial and production planning, inopportunate and unplanned investments in the capital goods, lack of properly systematised inventory control etc.

The liabilities of the company at the time of take over of management in March, 1973 were as under:

		Rs. in lakhs
(i) Borrowings from SBI		251·00
(ii) Other borrowings		
(a) Deferred payment loans	170·00	
(b) Fixed Depoits & other loans	118.00	135·00
(c) Current liabilities and provisions.		201·00
Total:		587·00

(Rupees five crores eighty seven lakhs only)

The Company was managed by Gujarat Agro Industries Corporation from March, 1973 to March, 1978, during which period the production of tractors rose from 377 in 1971-72 to 2100 nos. in 1977-78. The losses also came down steeply and the company started yielding profits.

After the expiry of 5 years, the results of post-take over period were fully analysed. As the erstwhile management was in no condition to manage the liabilities of the company, the company could not be handed over to the original owners. After analysing the situation in consultation with the Government of Gujarat it was decided to nationalise Hindustan Tractors Limited and hand over the management to Gujarat State Government. The State Government formed a State Government undertaking called Gujarat Tractor Corporation Limited for carrying on the activities of the nationalised undertaking. The Gujarat Tractors Corporation Limited was running the undertaking smoothly. However, since 1982 there has been fall in the production of tractors. The main reason was that the demand for tractors of 50 HP and above has been going down. The demand is hardly 3 per cent of the total demand of the country and the preference is for smaller HP tractors. Due to this reason, the undertaking is facing financial difficulties also.

The Gujarat Government is taking all possible efforts to revive the working of Gujarat Tractors Corporation Limited. To revive the unit, the Government of Gujarat after a detailed study have approved the Memorandum of Understanding (MOU) under which the management of this unit will be handed over to Gujarat Narmada Valley Fertilizer Company, a joint Sector company floated by the Government of Gujarat and Gujarat State Fertilizer Company. The MOU envisages revival of the unit through reduction in labour strength, financial fiscal incentives, injection of fresh capital; and increased production of the existing models as well as a model in the 20—35 HP range.

In view of the foregoing it is once again clarified that all actions were carried out strictly in accordance with the rules and regulations of the Government."

The Committee desired to know the reasons for Government of India taking over the Management of the Hindustan Tractors Limited, Baroda, under the IDR Act in March, 1973. In a note, the Ministry have stated:

"The background of the take-over is that, having regard to the steep fall in the production of tractors by Hindustan Tractors

Limited, the Government appointed a Committee under Section 15 of the IDR Act, 1951 for making a full and complete investigation into the affairs of the undertaking. The Committee had found, in their report submitted in October 1971, that financial stringency was the cause of the unsatisfactory state of affairs and the factors responsible were: (a) the unremunerative selling prices for their tractors; and (b) inadequate production and financial planning by the management of the company. The Committee had also found a number of deficiencies in the management, such as, two Managing Directors leading to conflict of authority inadequately defined lines of control, inadequate financial and production planning, inopportune and unplanned investments in the capital goods, lack of properly systematised inventory control, etc. In pursuance of the recommendations of the Committee, the selling price of the tractors was revised by the Government in February 1972. Before considering the question of Government take-over of the management, several other possibilities of reactivising the undertaking with induction of additional finance were explored in consultation with the State Bank of India, the Gujarat Agro Industries Corporation Limited and the representatives of the Gujarat Government.

It was found that, despite the increase in the selling price of the tractors, it would not be possible for the unit to maintain the production at reasonable level, unless there was a fresh injection of capital of the order of Rs. 150 lakhs. It was not possible for the management to bring in any funds of their own. The total outstandings as on 21-2-1972 were of the order of Rs. 311 lakhs and the stocks valued at market rate were worth only Rs. 241 lakhs.

Discussions were also held with the management of the Hindustan Tractors Limited with regard to their plans for resuming full scale operations of the plant. A point was reached when the State Bank of India refused to provide more funds and the production had come to a stand-still since November, 1972. The Gujarat Agro Industries Corporation agreed to put in Rs. 80 lakhs by way of equity subject to the conditions that the Financial Controller was appointed and the Board reconstituted to reflect the shareholdings (Pashabhai Patel Family managing the company held only 17 per cent share). State Bank of India were willing to continue their assistance subject to the above conditions and if the Gujarat Agro Industries Corpn., also came in for assistance by way of equity. The matter was again discussed at a meeting with the representatives of the Government of Gujarat, the Gujarat Agro Industries Corporation, the State Bank of India, LIC, ICICI and the UTI. It was found that, having regard to all the circumstances, there was no alternative to taking over the management by the Central Government and accordingly, an order was issued on 12th March, 1973 and Central Government assumed the management of the undertaking through the Gujarat Agro Industries Corporation Limited, Ahemdabad, who were appointed as the Authorised Controller. The take-over was clearly predicated on the State Government assuming all financial liabilities and also negatively that no financial liability would be borne by the Government of India. Subsequently, on the 26th April, 1973, a notification was issued suspending the operation of all contracts, agreements, settlements etc., in force immediately before the take-over and also payment of the liabilities as on the date of take-over, excepting those relating to banks and financial institutions."

1.5. As to the circumstances leading to nationalisation of the company in April, 1978, the Ministry have in a note, explained:—

'The circumstances leading to the nationalisation of the company in April, 1978 are summarised below:—

(i) The tenure of the notification freezing certain pre-take-over liabilities of the company was to expire on 11th March, 1978 after a period of 5 years prescribed under the provisions of the IDR Act. This would mean that the Authorised Controller would be faced with a problem of discharging pre-take-over liabilities which were around Rs. 2 crores to the various creditors, depositors, etc. In addition, there was also a heavy interest burden of over Rs. 80 lakhs per annum on the loans taken by the previous management.

(ii) Despite the fact that the management by the Authorised Controller had led to marginally profitable current operations, the capital and reserves of the company had been totally wiped out and the net worth of the company was (—) Rs. 188.40 lakhs in 1977-78.

(iii) If the management were to be given back to the previous owners, they would have had to raise the huge amount of Rs. 617 lakhs to meet the various commitments and needs: to repay the post takeover assistance provided by the Authorised Controller and the Government of Gujarat, to discharge dues of unsecured pre-takeover creditors, for payment of current liabilities due to the suppliers for the materials received on credit and for the working capital. The likely inability of the previous management, who held only 17 per cent of the shares, to raise the required funds would have led to the closure of the unit.

(iv) The chances of generating adequate cash surpluses to wipe out previous loans appeared to be bleak. The unit had to shoulder interest liabilities which were increasing from year to year. The unit could not have got the protection against past liabilities incurred during the previous management for an indefinite period. Such a situation would have led to liquidation proceedings and further deterioration in the financial position of the company.

(v) The State Bank of India was the lead bank for the unit. They had reservations about the ability of the old management, if allowed to come back, to raise sufficient funds for the company, particularly when the freeze order would become inoperative from March, 1978.

(vi) The State Government of Gujarat also made it clear that they would not extend its financial guarantees in the event of the company being given back to the old management. It was clear that the previous management would not be able to raise adequate funds to run the undertaking and maintain production and employment, particularly in the context of the refusal of the State Government to stand by their financial guarantees.

(vii) Yet another problem would have been the prospect of a huge liability of around Rs. 2 crores to be discharged after the expiry of the freeze order in March, 1978. In view of these circumstances, the return of the management to the previous owners (minority shareholders), would have led to the closure of the unit and unemployment.

(viii) It was also brought out by the State Government that the previous owners (Pashabhai Family) held only 17 per cent of the total shares of the company as against the bulk of the shares being held by LIC, Oriental Fire and General Insurance Co., UTI and the Bank of India, with a small percentage of private holdings. The State Government felt that if the management was to be entrusted to the minority share-holders, it might create problems and lead to liquidation.

(ix) The State Government had given guarantees to the State Bank of India and the IRCI amounting to Rs. 2 crores, during the takeover period. GAIC had also given a cash loan of Rs. 42 lakhs to the company. Thus the State Government and the GAIC had vital stakes in the company which could not be lost sight of.

(x) The various options, including the option to restore the management to the original owners, for the healthy running of the unit were examined. However, having regard to the huge pre-takeover liabilities, negative net-worth of the company, reluctance of the State Government financial institutions and banks to assist the company in the event of reversion of ownership to the previous owners and the inability of the previous management to mobilise adequate funds to run the unit weighed with the Government, and it was felt that there was no alternative except to nationalise the unit, if it were to be kept in production."

1.6 During evidence of the petitioners on 9th January, 1989, the Committee desired to know from the petitioners whether they had submitted any plan for reviving the Company before its nationalisation in 1978, the petitioner (Shri Dileep P. Patel) stated:

"In 1978, we made representation stating that today you are considering nationalisation of this company and to write off all substantial public debt. We are here to take back the company with the liabilities. That was the commitment we had made and we submitted a detailed plan of production. We had pleaded with the Government that our own company and the sister company of Patel Group would clear all the debts and that we will bring the company to a good position and we were prepared to accept the company with the very same liabilities with which the Government of Gujarat passed it on if the Gujarat Government was willing to transfer the company."

1.7 Asked whether the erstwhile management of the Company submitted any plan for reviving the company before nationalisation in April, 1978, the Ministry informed the Committee as under:—

"The erstwhile management of the company did not submit any detailed revival plan. However, they made repeated representations to the effect that if the management is given back to them, they would be able to run the company. The suggestions made by them in their representation were examined in consultation with the Government of Gujarat and financial institutions. It was noted that the erstwhile management had never made any commitment to induct fresh capital for running the unit. In the background of huge pre-takeover liabilities, negative net worth of the company, operational losses and requirements of working capital for keeping the unit running, it would have been impossible for erstwhile management to run the unit without inducting any fresh capital. Even their contention that they would be able to have the previous liabilities rescheduled after discussions with banks and other suppliers could not be sustained as financial institutions and banks expressed serious reservations about extending any assistance to the erstwhile management. On the other hand, the State Government of Gujarat and the State Bank of India categorically stated that they would not stand by their guarantees if control of the company is reverted to the erstwhile management only had a minority stake of about 17 per cent in the total shareholding of the company and in the event of the company being given back to them, the majority shareholders would have objected and dragged the company into litigation.

1.8 The petitioners had in their petition stated that they would be prepared to take over the undertaking in the event of restoration of management to the owners by the Central Government. However, during evidence on 9-1-1989 when the Committee enquired whether the petitioners were still prepared to take back the company with all its liabilities, the petitioner stated:

> "It will require my study of the company as it stands today. Let me inspect the factory, collect information and then I may be able to take it. I must have at least recent information to see where we stand. That is my reasonable request. Much of the machinery is 20 years old. I must know what is the condition of the workers, the labour contract and what is the banking position. We are now seeing it from outside. Let us enter into it." ..

1.9 On 9-3-1989, the petitioners submitted a letter to the Chairman and members of the Committee on the subject of transfer of management wherein they stated—

"This transfer of management can easily be done by Government who can take over the management from Gujarat Tractors Corporation Ltd. under Section 18A of the Industries (Development & Regulations) Act, 1951 (65 of 1951) and appoint Pashabhai Patel Group who are the most experienced people in the tractor industry as Authorised Controllers, as provided in the above Act, for a period of five years.

And in that case we shall submit a proposal for providing financial support for the working of this company with whatever assistance Government may extend to the Company as per the Act.

This act of Government will be in the best public interest and will rescue a sick unit to produce tractors of quality for the farmers of India."

Performance of the Company under the management of Gujarat Agro-Industries Corporation

1.10 Gujarat Agro Industries Corporation Ltd., Ahmedabad, who were appointed the Authorised Controller, were running the Hindustan Tractors, Limited from March, 1973 to April, 1978, when it was nationalised. The working results of the company during 1973-74 to 1977-78 were as under:—

Year	Production (Nos.)	Sales (Nos.)	Turnover (Rs. in lakhs	Profit (+) Loss (—) after interest & taxes (Rs. in lakhs)
1973-74 . .	509	535	174·64	(—) 26.59
1974-75	816	723	354·87	(—) 25.46
1975-76	940	954	507.05	(—)34.26
1976-77	1615	1651	879·26	(—) 8.69
1977-78	2100	2149	1121·89	(+) 1.25
	5980	6012	3037·71	(—) 93.75

1.11 During evidence before the Committee on 8th February 1989, the representative of the Ministry informed the Company that after take-over, the working of the Company had distinctively improved. He added:—

"Let it be noted that after the take over, by 1977-78 it was brought back to a profit of Rs. 1.25 lakhs. Between 73-74 and 77-78 the performance of the company had distinctly improved. So far as the indigenous development was concerned, the company was totally dependent upon the collaborators for 12 highly critical components. After take over, these components were indigenised. The credit for indigenisation of 12 highly critical components should go to the Gujarat Agro Industries Corporation and not to the previous owners. At the time of take over about 300 components of 50 HP tractors were manufactured in house. But this number was reduced to 175 in 77-78. In other words, the whole lot of ancilliary units had been developed by the GAIC. Direct employment was raised from 750 to 1250 persons in 77-78. Wage Board recommendations have been implemented. The price structures were maintained for three years. This is a crucial industry for the agricultural sector. The whole idea of take over and subsequently nationalisation was to create employment and ancilliaries and other economic benefits must continue to flow. Therefore, Gujarat Agro Industries Corporation have made efforts to see that the company was turned around and the company could make profits."

1.12 As regards the working results of the Company from 1978-79 to 1988 were the position is stated to be as under:

(Rs. in lakhs)

Year	Production of Tractors (Nos.)	Turnover		Net Profit (+) Loss (—)
		Nos.	Amount	
1978-79	2700	2550	1440·39	(+) 8·44
1979-80	1800	1725	1105·60	(+) 1.39
1980-81	1050	1051	785.79	(—) 55·89
1981-82	2159	1815	1462·52	(—) 53·46
1982-83	867	1201	1027·57	(—) 323·79
1983-84	1379	1629	1401.79	(—) 157·79
1984-85	1390	1357	1247·63	(—) 429.78
1985* (9 months)	570	596	641·96	(—) 238.71
1986	630	643	647·34	(—) 381.00
1987	1011	1003	1035·50	(—) 535.71
1988	1577	1673	1813.69	(—) 426·82
(Provisional)	15133			2602·95

*Note: The figures for the year 1985 reflect the operations for 9 months only as we changed the accounting year from financial year to calendar year.

1.13 In this connection, the representative of the Ministry stated during evidence :—

"As regards the post-nationalisation period, the company did very well in the first two years of the post-nationalisation period. But the entire tractor industry had a stagnation period from 1982-83 till 1987-88, i.e. for a period of five years. Actually our production came down from 80,000 tractors to 60,000 tractors. It is only in the last two years, that is, in 1987-88 and 1988-89, that the tractor industry in the country is having a boom. So, when the Gujarat Agro Industries Corporation did suffer a set back after nationalisation, it coincided precisely with the period when the tractor industry as a whole was running into a serious difficulty. It would like you to keep the performance of the Gujarat Agro Industries Corporation in perspective of the total tractor industry for that period.

1.14 In regard to revision of prices of the tractors which were under statutory control at that time, the petitioners in a note submitted to the Committee stated:

"Although tractor prices were revised satisfactorily, within only six months of the take over in March, 1973, Government found the rigorous of operating under their own prices control so severe that in August 1973 the entire tractor industry was released from price control. The very next day the prices of Hindustan tractor increased by 76 per cent. Had only this single act of economic realism occurred a few months earlier while the company was in private hands, there would have been no need for any financial or other assistance and no need for a Government take over and the company would have returned to economic health and productive momentum in course of time."

1.15 During evidence the Committee drew the attention of the representative of the Ministry of Industry (Department of Industrial Development) to the fact that the prices of Hindustan Tractors were not allowed to be increased although the erstwhile management had requested for the same. Government, however, increased the prices of the tractors immediately after taking over the management of the Company. The representative of the Ministry replied :—

"The price of a tractor at that time was fixed for each model on the basis of the detailed calculation made by an independent technical agency like the Tariff Commission. It was highly competent technical body which went into the cost of production of each tractor manufacturing unit; taking into account the capital investment, indigenisation programme and other factors; they gave a price on the basis of cost plus return. In this case, they had recommended that the price was to be fixed keeping in view the principle that they followed for fixing the price."

1.16 When asked why the prices of other makes of tractors were increased while the Hindustan Tractor Company was not allowed to do so, the representative of the Ministry of Industry (Department of Industrial Development) replied :—

"At that time, the prices of tractors were under statutory control and they were fixed on the basis of the report of the Tariff Commission. There was no uniform pricing for tractors for all the companies. The cost of production of each company was gone into by the Tariff Commission and on the basis of cost plus reasonable return on the investment, different prices were fixed for different companies because the price fixation related to capital investment, the degree of indigenisation, the extent of phased manufacturing programme that they have carried out and all those things. Even today there are many items where prices are fixed on the basis of the cost of production of each individual company. It is not that in every sector of administered price, there is a uniform price for all the companies. On the contrary, there are unit-wise prices even today and at that time for the tractor industry, the prices were fixed on the basis of the cost of production of each company and the return to be allowed on the investment and six different companies had different levels of investment and different phases of indigenisation programme, the prices naturally varied from company to company. But I would request you to note that these prices were fixed after very careful and very detailed studies by an independent technical commission like the Tariff Commission."

1.17 The Committee called for a note from the Ministry regarding the present position in regard to transfer of the company to Gujarat Narmada Fertilisers Corporation; the date since the negotiations in this regard were going on and the main terms and conditions for the take over of the company by the GNFC.

1.18 In a written communication the Ministry have stated :—

"In April 1987 GNFC which is a joint sector company with interests in scooters, fertilizers, pesticides and many other areas showed interest in acquiring GTCL to revive it. A Memorandum of Understanding was approved by the Government of Gujarat after a series of negotiations. Outright merger of the unit with GNFC was not contemplated, at least initially. It was expected that GNFC would be free to rationalise the labour force and provide funds for modernisation/expansion. Since IDBI has substantial investment in GNFC, the permission of IDBI was required for the management to take over. IDBI however was hesitant to accord sanction to the management take over and suggested that the involvement of GNFC/GSFC should be limited to financial assistance and provision of managerial inputs.

IDBI also stipulated that the loans to be given to GTCL should be guaranteed by the Government of Gujarat and should be available to GTCL only after the State Bank of India gives need based working capital and related facilities. In the meanwhile a number of projects which GNFC had contemplated to undertake were cleared by the Government of India. They had also taken over the Girnar Scooters and relocated the same in Bharuch. The investment in this project was more than anticipated. The drought conditions of the last 3 years affected the financial position of GNFC as well as GSFC. Consequently they have expressed their inability to go ahead with the management take over.

As per the recent decision taken by the Government of Gujarat, GNFC, GSFC and GSIIC together would invest Rs. 3.00 crores in the equity of GTCL, provided Term Loan Assistance to the tune of Rs. 6 crores is forthcoming from IDBI. An application to this effect has already been made to IDBI and the same is expected to be assessed shortly."

"Alongwith the availability of Term Loan Assistance the Government of Gujarat would give concessions to restructure the capital base of GTCL. 50 per cent of the outstanding Government loans will be capitalised and interest on the balance amount will be deferred till such time as the Company makes profit. The question of capitalising the accumulated interest and other fiscal concessions are also under the consideration of the Government.

To improve economy of operations, GTCL has already reduced the number of employees from 1306 in 1985 to about 810 through a liberal Voluntary Retirement Scheme.

To further improve operational efficiency and productivity, GTCL has introduced a Scheme of Industrial Co-operatives for the existing workers."

1.19 The Committee wanted to know whether the Gujarat Government offered to hand over the company at any shape to a private sector company with whom negotiations were held and in case the original owners offered to take back the company alongwith its liabilities and assets, whether the Government would consider such an offer. In a written communication dated 28th March, 1989 the Government have stated:—

"The State Government have indicated that they have no such proposal from any private sector company with regard to take-over of Gujarat Tractor Corporation Limited. During the oral evidence on 8 February, 1989, the representatives of the Government of Gujarat and the Gujarat Tractor Corporation Limited stated that the State Government would like to run the undertaking on their own and that they had no proposal to hand over the undertaking to any private party."

Observations/Recommendations of the Committee

1.20 The Committee note that the Government of India assumed the management of Hindustan Tractors Ltd., Baroda in March, 1973 under the provisions of Section 18(A) of Industries (Development and Regulation) Act, 1951 and appointed the Gujarat Agro Industries Corporation as its authorised controller for a period of 5 years. After the expiry of 5 years, the Government decided to nationalise the undertaking by bringing forward necessary legislation in the form of Hindustan Tractors (Acquisition and Transfer of Undertakings) Act, 1978. Following nationalisation, the management of the undertaking was handed over to the Gujarat State Government, who formed a State Undertaking called Gujarat Tractor Corporation Ltd. for carrying on the activities of the nationalised undertaking.

1.21 The takeover of the company under IDR Act was stated to have become necessary due to the steep fall in the production of tractors by Hindustan Tractors Ltd. A Committee which was appointed under Section 15 of IDR Act, 1951 for making a full and complete investigation into the affairs of the Undertaking, reported in October 1971 that the main causes of unsatisfactory state of affairs *inter-alia* were inadequate

production and financial planning by the management of the compny and the unremunerative selling prices for their tractors. In pursuance of the recommendations of the Committee, the selling price of the tractors was revised by the Government in February 1972. However, despite the increase in the selling price of the tractors, the company continued to run in losses. At the time of actual take over of the management in March 1973, the total liabilities of the company were of the order of Rs. 587 lakhs.

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1.22 The Committee find that during the five years i.e. from 1973-74 to 1977-78 when the company was run by Gujarat Agro Industries Corporation Ltd. as authorised controller, the working results achieved were no better. The Company incurred losses to the tune of Rs. 95 lakhs during the first 4 years (1973-74 to 1976-77) and only during the last year i.e. 1977-78, it registered a nominal profit of Rs. 1.25 lakhs. This was despite the fact that within six months of the takeover in March, 1973, the price control, which had almost crippled the financial position of the company, was lifted and the prices of the tractors produced by the company had been hiked up by as much as 76 per cent. Thus the new management totally failed, in improving the financial health of the company and the very objective of its take-over was defeated.

1.23 The Committee note with dismay that even after nationalisation in 1978, the performance of the Company showed no improvement. Except for the first two years i.e. 1978-79 and 1979-80 when the working results showed nominal profit, the overall working results during the years 1980-81 to 1988 (calendar year) revealed cumulative losses to the tune of Rs. 26.03 crores and declining production. Thus none of the twin objectives of take over and nationalisation namely arresting the fall in production and reduction in losses of the company have been achieved. On the other hand the exchequer has been burdened with a sick unit which refuses to come out of the red.

1.24 Nationalisation of a sick unit could perhaps be justified on the ground that the interests of the employees have to be safeguarded by providing them continuous employment. Even this limited objective has not been achieved. The Committee are disheartened to find that the direct employment which had gone up to 1250 persons in 1977-78 and

1306 persons in 1985, was now being reduced to about 810 persons through a voluntary retirement scheme.

1.25 Considering the larger stakes of public financial institutions in the enterprise, the Committee are not in favour of handing over the unit back to its original owners or to someone else in the private sector. The Committee understand that efforts are on to transfer or merge the Gujarat Tractors Corporation Ltd. with another Gujarat State Government Undertaking. Although such a move was initiated in April, 1987 till date no final decision seems to have been taken either way. The Committee desire that this uncertainty should be ended and the Memorandum of Understanding proposed to be entered into with GNFC should be finalised at the earliest and all necessary steps be taken to put the undertaking back on the rails in the interests of the workers as also in the larger national interest. Considering the growing demand for tractors particularly in the 20—35 HP range, the Committee see no reason why the unit should not be able to augment production thereof, achieve economies of scale and wipe out the losses within a given time frame.

II

PETITION NO. 10 REGARDING NATIONALISATION AND DEVELOPMENT OF SHIPPING INDUSTRY AND PROTECTION OF INTERESTS OF ITS WORKERS AND EMPLOYEES

2.1 Petition No. 10 signed by Shri Rampada Chakravorty, General Secretary, All India Confederation of Mercantile and Commercial Employees, Calcutta and others of various Unions regarding nationalisation and development of shipping industry and protection of interests of its workers and employees, was presented to Lok Sabha on 28 August, 1987 by Shri Somnath Chatterjee, M.P.

2.2 The petitioners have made for the following main points:

"(i) The entire Shipping Industry should be nationalised;

(ii) The interests of all workers and employees, ashore and afloat, should be protected in all forms;

(iii) The Indian Shipping Industry and its infrastructure, i.e. the Ports and Docks, Ship-Building Industry etc. should be developed; and

(iv) The Indian Shipping Industry should be protected from the cut-throat foreign competition by proper legislation."

2.3 The Committee decided to undertake an on-the-spot study visit to Calcutta during September, 1988 for an in-depth study of the subject. The Committee visited the offices of the Shipping Corporation of India and the Calcutta Port Trust and held informal discussions with the petitioners, the representatives of Garden Reach Ship builders and Engineers Ltd., Shipping Corporation of India, Calcutta Port Trust & Dock Labour Board and the official of the Ministry of Surface Transport (Shipping Wing). The Committee also examined the officials of the Ministry of Surface Transport (Shipping Wing) at their sitting held on 6-2-1989 in connection with this petition.

2.4 The Committee were informed that the Indian Shipping Companies faced tough competition from the foreign shippers. As a result, the total share of national shipping companies in Indian Export Import trade had been falling and the freight rates had been brought down to a level much lower than the Conference freight rates. In this context, the Secretary, Ministry of Surface Transport, during evidence stated:—

"It is true that the SCI faces competition from the foreign shipping lines. In any case, there is no way that shipping can be insulated from the competition from foregin companies. The coastal traffic is totally for Indian shipping. One of our biggest item of imports is petroleum products, and more than 90 per cent is handled by Indian ships. It is only in terms of bulk and the containers that the shipping lines face a lot of competition. To take care of such traffic, we have already made a proposal and are awaiting decision of the Cabinet.

In the meanwhile, we have given some fiscal incentives and entered into bilateral agreements with certain countries that 50 per cent of the cargo would be reserved for Indian ships. But internationally, it may not be easy to say that only Indian ships can carry cargo from the Indian ports. If you do that, some other countries may retaliate. After all, the world tonnage is about 400 million GRT and ours is only 1.5 per cent of that. To argue as they have done, I think it is not a very realistic thing...In the international Shipping industry there is no statutory control over the shipping freight. If a particular shipping line offers a lower rate to an Indian exporter or importer then he will make use of it. This happens all over the world. It is not peculiar to India."

2.5 As to the steps taken or proposed to be taken to help increase the share of Indian Shipping Companies, the Ministry have in a note, stated :—

"Shipping development policy is tuned to the long term objective of achieving self-sufficiency in tankers to gain 50 per cent of the dry bulk cargo and 40 per cent of the liner trade for Indian shipping apart from meeting coastal shipping requirements in full.

The organisation under the charge of the Chief Controller of Chartering in the Ministry of Surface Transport has been set up to ensure that the shipping of Government Controlled cargoes in done as far as possible through Indian flag ships.

Rules have been framed to encourage Indian importers and exporters to import and export their cargoes on national ships by giving them incentives and allowances, such as, additional 10 per cent higher REP licence over and above the normal rate. In case the cargo is shipped through Indian lines.

Also the freight element will not be debited to the licence value, if it is paid in non-convertible Indian rupees.

Government has entered into bilateral agreements with a number of countries which snsures that cargoes carried between these two countries are shared equally between the national lines of India and the bilateral partner. Such agreements are operative with countries where there is control of cargoes moving in either direction such as, to USSR, the GDR, Poland etc.

Indian shipping companies have been encouraged to acquire specialised vessels, such as, edible oil carrier, chemical carriers, semi-container and container ships.

2.6 The share of Indian shipping lines in the carriage of various commodities is as follows:

1985-86 .	. 29·95 million tonnes (34·7%)
1986-87	. 32·81 million tonnes (37·6%)
1987-88 .	. 34·30 million tonnes (38·9%)

2.7 It was pointed out that the shipping industry which was highly capital intensive was facing fierce competition from foreign giant monopolists and the private sector shipping companies were not in a position to combat this. In this connection, the Ministry stated as under:—

"According to our assessment, ever since the oil price crisis of 1973, international seaborne trade began to shrink resulting in surplus of the world shipping fleet. Shipping is highly capital intensive and also there is considerable gestation, *i.e.* period, between placing of orders for building of ships with shipbuilding yards to the time the ships are commissioned. Even though trade showed immediate reduction but the capacity of the world fleet continued to increase due to advanced orders for ships having been placed on the shipyards. Therefore, it takes a few years before the balance takes place between trade requirements and shipping capacity even after the trade has declined. But until this balance is achieved, there is a world-wide surplus in tonnage of various countries which may not have ordered tonnage in a planned manner. These countries, therefore, tend to divert to areas such as the Indian Ocean and other developing countries with a view to participate in the seaborne trade of these countries. In this process, foreign ships began to give severe comeptition to national lines. However, where available cargo for transportation is not increasing sufficiently fast, the surplus capacity results in a cut-throat competition with each company offering lower freight rates. In this situation, shipping companies which are relatively new and have acquired the ships at the time when the prices were high, found it difficult to match the rates offered by ships belonging to developing countries."

2.8 Asked what concrete steps, if any, Government had taken to ensure that the Indian shipping industry was able to withstand the competition from foreign shippers, the Ministry stated:—

"The Government have taken following concrete measures to revive Indian shipping industry and improve its competitiveness in the international field:—

(i) Restructuring of the shipping industry by weeding out unviable units and a package of financial support to viable units.

(ii) Strengthening the capital structure of viable shipping companies

(iii) Encouraging composite companies to diversify into shipping and diversifications of existing shipping companies.

(iv) Continuing the existing system of priorities in the chartering of ships.

(v) Providing cargo support to Indian shipping.

(vi) Adopting a flexible policy for speedy acquisition of second-hand ships."

2.9 Giving details of the cargo handled by foreign companies and the Indian shipping companies, respectively, a representative of the Ministry stated:—

"In 1984-85 the total cargo handled by Indian and foreign ships was 82.45 million tonnes; out of which the Indian ships handled 30.70 million tonnes and the foreign ships handled 51.75 million tonnes. In 1985-86, total was 86.35 million tonnes out which 29.95 million tonnes by Indian ships and 56.40 million tonnes by foreign ships. In 1986-87 the total was 87.15 million tonnes out of which 32.81 million tonnes by Indian ships and 54.34 million tonnes by foreign ships. In 1987-88 the total was 88.07 million tonnes out of which 34.30 million tonnes by Indian ships and 53.77 million tonnes by foreign ships."

He further added:

"There are two types of cargo support that we are now giving. One is that we have entered into a bilateral agreement with certain countries where we divide the cargo on 50-50 basis.

Secondly, wherever a Government Department or a Public Sector Undertaking wants to import or export any cargo, there are instructions that they must come to an organisation in our Ministry called, Trans Chart who will make fixture and then transport the goods in Indian shipping as far as possible. Sometimes ships are not available or some ships are not in a position to go to smaller ports, then we have to go in for non-Indian lines for transport.....

The third measure is the UN Liner Code whereby it has to be implemented by a legislation and the matter is now pending before the higher level of Government. We hope that some decision will be taken so that we can come to Parliament for a legislation."

2.10 The Committee desired to know since when the proposal for legislation to implement provisions of cargo sharing on the lines provided in the UN Liner Code for Conference had been under consideration and by what time a final decision was likely to be taken in the matter. In a written reply dated 31 March, 1989, the Ministry of Surface Transport stated as under:—

"The UN Code for Liner Conferences was signed in 1974. India ratified the Code in 1978. It came into effect in 1983, after the required number of countries ratified it. Proposals for implementing the cargo sharing provisions of the Code through legislation have been under discussion since December, 1985. The matter is still under consideration in the light of views expressed by other Ministries and sectors on the likely impact on India's export trade of such legislation."

2.11. Asked whether Government was satisfied that there was need for bringing in legislation for the implementation of the Code, the Ministry in a written communication stated that they were satisfied that there was need to bring in legislation in line with the principles adopted by the UN Liner Code and, therefore, necessary action in this regard had been initiated.

2.12 In this context, the representative of the Ministry during evidence informed the Committee:—

> "We have been considering the introduction of a legislation to bring into effect the UN Liner Code. On this particular aspect, Commerce Ministry has been having a certain view-point, *viz.*, that this might act as an inhibitation to the exporters if you stipulate that a certain percentage must be exported through Indian lines. They feel that when we are having balance of payments difficulties and we want to maximise exports, this might act as a damper. My submission is that it is now pending at the highest level of the Government for a decision."

Development of Shipping Industry

2.13 The Committee desired to know whether the infra-structural facilities in the country were fully geared to cater to the requirement of modern shipping and which were the areas that needed to be strengthened. The Ministry of Surface Transport in a written communication to the Committee stated as under:—

> "The Indian Ports are gearing themselves up to meet the requirements of modern shipping. The development of shipping has been in the field of container ships as well as deep draughted tankers for liquid bulk as well as deep draughted vessels for dry bulk like iron ore. The developments that have taken place in this area in the infrastructural facilities in the Ports are as follows:—

(1) *Container Handing facilities*:—

At present we have fullfledged container terminals at Madras and Bombay and container handling equipments in Calcutta, Haldia and Cochin. During the Seventh Five Year Plan, we have sanctioned the construction of Modern container terminals at the ports of Cochin and Calcutta and augmentation of the container terminal facilities at Madras as well as at Haldia. The new Port of Nhava Sheva that will be operational by May, 1989 will also be able to handle third generation container vessels with more sophisticated container handling equipment available today.

(2) *Deepening of Ports*:

Detailed Project Reports are being prepared for deepening of the ports from where iron ore is loaded, i.e., Madras, Visakhapatnam, Paradip and New Mangalore. In the first four ports, Project Reports are being prepared for deepening of the ports to enable them to handled ships of 1,75,000 to 2,00,000 DWT. The trend of ships in the iron ore export circuit is for deeper drafted vessels and it is expected that with this deepening of the ports, the Indian ports will be able to handle these large ships. At present, Madras Port can handle ships only up to 130000 DWT and Visakhapatnam can hadnle ships upto 100000 DWT.

(3) For handling POL, we have modern terminals at various ports. The terminals at Visakhapatnam, Madras, Cochin and Bombay are fitted with modern leading arms. In Kandla, orders for the loading arms have already been placed.

(4) Arrangements have also been made for purchase of anti pollution equipments in all the ports during 1989-90. A second Oil Jetty is being constructed at Haldia with modern leading arms for handling of POL.

2. The areas which need strengthening are:

(a) handling of dry bulk cargo; and

(b) renovation and modernisation of port equipment like cranes and fork lift trucks.

2.14 It was pleaded before the Committee that loading and unloading of the cargo should be faster and for this purpose it was necessary to moderanise the operations. The Ministry of Transport in a written communication informed the Committee that during the Seventh Five Year Plan, a provision of Rs. 778 crores was made for modernisation of which Rs. 177 crores were earmarked for replacement and renovation of equipment.

2.15 As regards the facilities for ship repairs available in the country and the extent to which these are being utilised, the Ministry of Surface Transport in a written communication informed the Committee as under:—

"...the existing ships repair facilities are inadequate to meet the total national demand. As of now, there are 2,600 dry dock days available for commercial Ship-repairs at 70 per cent occupancy. By the end of this year another 300 dry dock days will be available. As against the above requirement, the dry dock days required for the entire Indian fleet (including large ocean-going vessels) is about 4,500 dry dock days.

In order to ensure optimum utilisation of the existing facilities vis-a-vis the large ocean-going vessels, the Director General of Shipping has evolved suitable slotting arrangements whereby pre-planning is carried out in a co-ordination meeting of the ship-owners and the ship repairers to ensure advance indication when dry dock facilities will be required by the Indian ships in the various repair centres. The Director General Shipping allows permission to shipowners to go abroad for repairs only when dry dock facilities are not available or are pre-occupied for other crafts."

2.16 The Ministry further informed the Committee that a perspective plan for Indian shipping in a time perspective upto 2000 A.D. had been drawn up in September, 1987 as a component of integrated plan for the transport sector as a whole.

2.17 The salient features of the perspective plan are—

(i) Projections of requirements of shipping tonnage in 1995 and 2000 A.D. on the basis of alternative scenario of India's international trade and the share of Indian shipping in the carriage of India's seaborne trade.

(ii) Investment strategies for acquiring new vessels which take into account technological innovations in hull design, propulsion techniques, cargo handling and control systems etc.

(iii) Fixation of norms determining the capital structure of shipping companies in terms of the debt equity ratio.

(iv) Larger more diversified companies with more resilience to be encouraged to enter into shipping.

(v) Raising of funds for shipping industry from the capital market through appropraite fiscal incentives.

(vi) Legislative amendments with a view to facilitate raising of loans in the international market and tapping of international financial institutions for financing ship acquisition.

(vii) Restructuring of maritime training including setting up of additional facilities.

(viii) Legislation for providing cargo support to Indian liner shipping within a framework where Indian lines provide reasonable and adequate service so that exporters' interests are not affected.

(ix) Speedly clearance to acquisition of vessels by Indian shipowners from foreign and Indian shipyards.

(x) Crew complement on Indian ships to be progressively reduced in line with international trends.

Protection to workers/employees engaged in Shipping Industry

2.18 The petitioners had prayed that the interests of all workers and employees, ashore and afloat, should be protected in all forms. During the last several years, a number of shipping companies had closed down their units with the result that the number of employees ashore and afloat, had been constantly going down through lay-offs, retrenchment, closure and so-called 'voluntary retrenchment schemes'.

2.19 Giving details of the various steps taken or proposed to be taken to protect the interests of the workers and other employees engaged in the shipping industry, both ashore and afloat, the Ministry stated as under:—

"As on date, there are 20,000 seamen registered with the Seamen's Employment Office at Bombay and 9000 seamen registered at Calcutta.

Against the above number of registration, the jobs available at Bombay are 12500 (including on foreign ships) and 2000 jobs at Calcutta on Indian flag vessels. The figure of employment opportunities at Calcutta in the past were higher at 4555 in the year 1981. The roster system, however, ensures that the seaman gets employment as per his turn in the seniority list of unemployment. However, there has been a reduction of job opportunities at Calcutta mainly on account of scrapping of vessels which were earlier operating from Calcutta and on account of withdrawal of operations by foreign shipping lines at Calcutta and the reluctance of foreign shipping lines to engage seamen from Calcutta. Job opportunities are likely to increase when shipping picks up as there are definite indications in this regard."

2.20 During evidence, the Secretary, Ministry of Surface Transport, informed the Committee that because of recession in the shipping industry during the last 15 years, a number of shipping companies had not been able to keep their head above water. This had naturally affected the employees of the shipping industry.

He further stated:—

"The employment position in Bombay is much better than Calcutta with the result that in Bombay even though there are occasional spells of unemployment generally they get employment for 9 months. Again they get another spell of employment after 3 months. In Calcutta because of the large number of companies going out of business, the employment opportunities are not so bright as it is in the case of people who are registered in the Bombay roster. So far as this category is concerned, there is less of employment, but they are not being thrown out of employment.

But so far as the Office Staff are concerned, once a Company goes out of operation or goes into liquidation, naturally the employees get only the compensation that they could get under the Industrial Disputes Act and other acts in operation. So, it is true that because of the recession and a large number of shipping companies not being able to continue to function, people have been thrown out of employment. Therefore, the facts stated by the petitioners that there has been diminution of employment and hardship caused to them are certainly true. But I would like to say that right since the end of 1987 the shipping scenario has been slightly improving and the freight rate have started picking up. Generally people are now coming forward to buy more ships even through shipping is highly a cyclical industry. There are ups and downs. It is hazardous to make firm forecast. But I would say that the future cannot be considered as bleak as is felt today. I would not be able to say that it will come to the level of 1960s boom. But certainly the future seems to be much brighter than it was during the last 10/15 years.

2.21 It was pointed out that there were only 2 rosters in Bombay and Calcutta. Asked how the requirements of Madras and Cochin Ports were met, the Secretary, Ministry of Surface Transport stated:—

"Seamen are registered in Bombay and Calcutta. When their turn comes, an intimation is sent to them to report to the shipping office at Bombay or Calcutta. Otherwise, in every port, there is a demand for opening the rosters. In that case, there will be no national roster and there will be only regional rosters, with the result, shipping companies will find it extremely difficult to recruit."

2.22 When further asked if they could be considered for employment against the request from Madras and Cochin Ports instead of feeding this requirement from Bombay roster, he stated:—

"This is a highly ununionised group of seamen. It draws its strength from the Calcutta Roster. There was a High Court judgement in Madras permitting some ships belonging to Tamil Nadu Government to appoint seamen drawn from Madras. This led to a strike by the National Union of Seamen. Therefore, it will not be easy to disturb the present system where two National Rosters are being maintained. No other rosters are being opened and the ships operating in the country will have to appoint seamen either from Bombay or from Calcutta."

2.23 Asked why all 29,000 people could not be considered as belonging to one unit and have one roster under Director-General of Shipping, the Secretary, Ministry of Surface Transport stated:—

"Theoretically it appears to be a very fair solution. But the practical difficulty is that the Bombay seamen or the people on the Bombay register will not agree to any deterioration in their employment opportunities, if in one sector or region of the country employment opportunities come down, we will not be able to transfer the surplus men to an area where there are better employment opportunities unless the local people accept them. They think that their employment opportunities are diminished and therefore they resist such a move."

Nationalisation of Shipping Industry

2.24 The petitioners have expressed the view that in Inda the private sector which controlled about half of the shipping industry received almost the entire capital amounting to hundreds of crores of rupees from different Government institutions in the form of loans etc. During the recent recession a large number of these shipping companies had become sick and closed down. In 1985 there were 72 shipping companies and their number had dropped to 55 in August, 1986. Reacting to the above position, the Secretary, Ministry of Surface Transport stated during evidence before the Committee as under:—

"Shipping has been undergoing a very serious recession during the the last 14-15 years. This has affected not only the Indian

Shipping lines, but also the shipping lines all over the world. If you look at the last 20 years, you can divide the period into two phases, one of which was 1965—73 when the tonnage available was less than what the trade needed. The result was that everybody was making profit and trying to expand. In 1973-74 the oil prices suddenly went up and many commodities were found to be non-competitive because of the oil prices. By that time a lot of ships started arriving with the result that from 1973 till now except for one or two years in 1979-80 there has been a continuous period of recession under which shipping companies all over the world have been making losses. So, the Indian shipping companies also have been subjected to the very same international factors which led to the recession. Even in the developing countries very well-known companies had to go for bankruptcy and merger with other companies. So, it is true that during the last 14 or 15 years because of these factors a number of shipping companies have not been able to keep their head above water."

2.25. The Committee desired to know whether it would not be desirable to nationalise the shipping industry since the entire capital funding of the shipping companies was presently being done by Government institutions only. The Ministry of Surface Transport in their written reply dated 31 March, 1989 stated:—

"It is pertinent to note that Indian fleet is owned by both Public and Private Sector Companies. As on July, 1987, the Shipping Corporation of India, the single Public Sector Company, owned 53 per cent of total Indian tonnage. The remaining 47 per cent of the total tonnage is distributed amongst 51 Private Sector companies. An analysis of loans sanctioned to the Public Sector and Private Sector companies respectively shows that the Public Sector has absorbed 54 per cent of loans disbursed by Government, whereas the Private Sector has drawn 46 per cent of total loans disbursed. The shipping companies both in the Private and Public Sector have not been able to service the loans on account of various factors. However, the outstandings as on 31.3.1987 indicate a default of 55 per cent against the Public Sector and 45 per cent against the Private Sector companies. Similarly, the overdues position of the Public Sector stands at 53.7 per cent of the overdues and that of the Private Sector stands at 46.3 per cent.

From the above analysis, it is clear that both the Public and Private Sector have drawn funds from the Government financing agencies in the same proportion as their acquisition of tonnage. Further, their overdues position as also their debt servicing position indicates that their performance has been comparable. Also both the Private Sector and Public Sector companies are required to produce 10 per cent of their own equity before drawing loans from Government Institutions. Currently, this percentage has been raised to 20 per cent by Ship Credit and Investment Company of India Ltd. Since all funding for large industry in this country is through nationalised banks/ financial institutions, the source of funding is not an important criterion in deciding whether an industry should be exclusively in the Public Sector.

Further the Industrial Policy Resolution 1956 does not reserve shipping exclusively for the public sector. Government, therefore, do not consider it desirable to nationalise the Shipping Industry in India."

2.26 The Secretary, Ministry of Surface Transport affirmed during evidence before the Committee that the Government did not think that nationalisation of the Shipping Industry was an answer to the problems being faced by the Industry.

2.27 The Committee desired to know whether the question of nationalisation of shipping industry was ever considered by the Government and if so, what were Government's considered views on the subject. The Ministry in a written reply dated 31-3-1989 stated:—

"The question of nationalisation has been considered by the Government in the past in the context of resolutions moved in the Rajya Sabha and it is the considered view of the Government that nationalisation of private shipping compaines is not an answer to the problems faced by these companies. Further quite a few of the private sector companies namely ESSAR, GREATER EASTERN and VARUN SHIPPING companies have done well inspite of the recession. The other 'sick' private sector companies have been rehabilitated with Government assistance. There are strong signs that the recession in the Shipping Industry is coming to an end and freight markets have picked up considerably in the last 1½ years. Government has devised a suitable mechanism through SCICI for implementation of the rehabilitation schemes on the one hand and close monitoring and recovery of dues on the other.

Recent reviews (in January, 1989) have indicated that almost all rehabilitated companies are now operating satisfactorily and earning profits on current basis. The aggregate recoveries from rehabilitated companies amount to Rs. 132.2 crores (being 85 per cent of the total dues of Rs. 156.2 crores).

Government do not consider it desirable to nationalise the Shipping industry in India."

2.28 Asked whether it would not be desirable to have a large monolithic corporation in the Public Sector comprising of all the Indian shipping companies to enable the industry to face the fierce competition from foreign joint monopolist companies, the Ministry in a written communication to the Committee stated:—

"As indicated earlier, the Government policy has been to have shipping companies both in the public sector as well as in the private sector. Government are of the view that with the package of measures taken to strengthen and consolidate the Indian Shipping Industry, all the shipping companies would be able to stand up to the competition from the foreign shipping lines. This is also borne out by the fact that in the last 3 years the Indian Shipping lines have not only been able to hold their share of the trade but have also managed to slightly increase their percentage. The Shipping Corporation of India is already one of the largest Shipping companies in the world and has over 50 per cent of the Indian tonnage."

2.29 During evidence before the Committee, the Secretary, Ministry of Surface Transport in this context stated as under:—

"SCI is already a very large organisation controlling about 52 per cent of the total tonnage in the whole country. We have also other public sector undertakings. For example, Tamil Nadu has Poompuhar Shipping Corporation. ONGC have their own vessels. Because of these things, the public sector to-day is controlling about 55 per cent of the total tonnage in the country. So already it is a very big organisation and SCI is one of the largest shipping companies in the world. Therefore, I do not think it would be advisable from the management point of view to make it a much larger organisation because as a larger organisation with such a larger number of ships plying, it will have its own managerial problems. So, I would submit that it may not be a wise idea to have a large monolithic organisation controlling the entire shipping industry in the country. In fact only very small countries like SriLanka, Pakistan and Bangladesh have one Shipping company each. For a country of our size with trade and commercial likely to develop faster with a large number of ships likely to be purchased, it may not be a wise idea saying that only public sector should handle it and that too under one Corporation."

Observations/Recommendations of the Committee

2.30 In a petition submitted to the Committee by the All India Confederation of Mercantile and Commercial Employees who are mainly engaged in shipping industry, it was alleged that with the decline in the Indian mercantile fleet the share of the Indian shipping companies in the total national trade had come down. Further, with a large number of Indian shipping companies becoming sick due to recession prevailing in the shipping industry all around, the employment opportunities for the seamen and other employees of shipping companies had been considerably reduced resulting in unemployment and consequential hardship for a large number of seamen. The petitioners suggested that necessary legislative and administrative measures may be taken to develop and expand the shipping industry so that the employment opportunities for the seamen are enhanced.

2.31 From the information made available to them, the Committee find that the number of Indian shipping companies had come down from 72 in 1985 to 55 in August, 1986. During the year 1985 the Indian mercantile fleet also registered a net decline of 52 ships. Ever since the oil price crisis of 1973, international sea borne trade began to shrink resulting in the world shipping fleet becoming surplus and in this process foreign ships began to give severe competition to national lines. Under the impact of this crisis many shipping companies in India which had acquired the ship at a time when the prices were high found it difficult to run their operations profitably. This inevitably led to the closure of a large number of uneconomic units and consequential unemployment among seamen and other employees of shipping companies. The Ministry have estimated that against 22,000 seamen registered with the Seamen's Employment Office at Bombay and 9,000 seamen registered at Calcutta, the jobs available at these places are only 12500 and 2,000 respectively. The position in other ports is equally bad. With so many seamen borne on the live registers of Employment Offices chasing a much lesser number of jobs, the plight of these seamen can only be imagined.

2.32 The Committee find that the crisis in the shipping industry which started in 1973 has persisted during the last 14 or 15 years. Even during the last 4 years, the share of Indian shipping lines in the carriage of total cargo handled by Indian foreign ships has remained more or less static although in absolute terms the percentage share of Indian ships increased from 34.70 in 1985-86 to 37.65 in 1986-87. The Committee have been informed that several steps have been taken by the Government to sustain and develop the shipping industry to enable it to play its appropriate role in the economic life of the country. These inter-alia include setting up of an organisation under the charge of the Chief Controller of Chartering in the Ministry of Surface Transport for ensuring that the shipping of Government controlled cargoes is done as far as possible through Indian flag ships; framing of rules to encourage Indian exporters and importers to use only national ships, entering into bilateral agreements with other countries with a view to ensuring that cargoes carried between the two countries are shared equally between the national line and its partner; encouragement to Indian shipping companies to acquire specialised vessels for handling cargo of specialised nature and several other steps aimed at increasing the share of Indian shipping lines. While these are all steps in the right direction and need to be sustained, the Committee feel that there are other areas which need to be attended to with a sense of urgency. One such measure is the need for introducing legislation for giving effect to the UN Liner Code. Though the U.N. Code of Conduct for liner services stipulates that 40 per cent of foreign trade of a country by liner ships should be carried by the national shipping of the country, the Government of India is hesitating to bring in the necessary legislation to implement the code. The Committee note that while the Ministry of Transport is fully convinced that such a legislation would be in the best interests of the country, its sister Ministry namely the Ministry of Commerce is reluctant to have such a legislation for the reason that any such stipulation would inhibit the exporters and act as a damper on our efforts to maximise exports, particularly at a time when the country is facing balance of payment difficulties. The matter is stated to be under consideration at the highest level. Now that the recession in the shipping industry is stated to be over or at least much less severe, the Committee consider that the matter needs to be reviewed afresh and a final decision taken at the earliest.

2.33 The Committee are also of the view that legislation for reserving 50 per cent of dry bulk cargo in the country's, overseas trade for the national shipping may be introduced without delay. This is in accord with the Government's shipping development policy which is tuned to the long term objective of achieving self-sufficiency in tankers to gain 50 per cent of dry bulk cargo.

2.34 The Committee feel that the development of the Indian fleet and modernisation of the entire infrastructural facilities e.g. the ports, Docks and ship building yards is another area which merits close attention. According to the Ministry the specific areas which need strengthening are: (a) handling of dry bulk cargo; and (b) renovation and modernisation of port equipment like cranes and fork lift trucks. The Committee have been informed that the infrastructural facilities are being geared to cater to the requirement of modern shipping such as container handling facilities, deepening of ports and modernisation of terminals and ports etc. The Committee would like that time bound programmes be launched and adequate funds provided in the Eighth Plan for modernisation of the infrastructural facilities to enable the Indian Shipping Industry to face the stiff competition from foreign shipping lines.

2.35 The Committee note that yet another area which needs proper attention is the augmentation of repair facilities. It has been stated that the existing ship repair facilities are inadequate to meet the total national demand. As against the requirement of 4,500 dry dock days, the availability is to the extent of only 2,600 dry days and by the end of the year another 300 dry dock days are expected to become available. The Committee urge that the wide gap of 1,600 dry dock days for repairing facilities be made up at the earliest.

2.36 A point emphasized by the petitioners is that in order to enable the national shipping to withstand fierce competition from the foreign giants who enjoy monopolistic powers, it is necessary that all the private shipping companies should be nationalised and brought under one flag. The Committee note that approximately 55 per cent of the total tonnage is already under Government control. The Committee note the reasons given by Government against complete nationalisation of the shipping industry. They consider that the issue may be kept open and reviewed at an appropriate time. Meanwhile the Committee cannot but emphasise that all possible steps need be taken to enable the Indian shipping companies to face the competition from the foreign liners. In this connection, a suggestion made by the petitioners that the system of cargo pooling, which was discontinued in 1983 should be reintroduced, in worth considering. Such a measure will no doubt go a long way in eliminating internal competition. The Committee would like the matter to be examined in all its aspects and an early decision taken. The Committee have no doubt that Government will ensure that the shipping industry develops in a planned manner and adequate job opportunities are generated for the surplus labour force both onshore and afloat.

III

REPRESENTATION OF SECONDARY AND HIGHER SECONDARY SCHOOL TEACHERS ASSOCIATION, DADRA AND NAGAR HAVELI REGARDING SENIORITY, CONFIRMATION ETC.

3.1 Shri N. M. Thakor, President, Secondary and Higher Secondary School Teachers Association, Union Territory of Dadra and Nagar Haveli. submitted a representation dated 19th August, 1987, regarding seniority confirmation of services and anomalies in pay scales of certain categories of teachers in the Union Territory of Dadra and Nagar Haveli.

3.2 The main demands/grievances of the petitioners are as follows:—

(i) *Confirmation of services*

Many teachers even after putting in 15 to 20 years of service have not been confirmed and they continue to be treated as temporary teachers. Therefore, in case of death, the family of deceased teacher would be deprived of his/her legitimate benefits.

(ii) *Final Seniority list*

The Education Department in Union Territory have not published the seniority list for the last 20 years and promotions are being made without considering the Recruitment Rules.

(iii) *Introduction of Higher Secondary Pay Scales*

In all UTs where Higher Secondary level education was started in 1976, Higher Secondary pay scales have been allowed to teachers but the same are denied to the teachers in the Union Territory of Dadra and Nagar Haveli.

(iv) *Selection Grade*

No teacher in the Union Territory has so far got the benefit of Selection Grade as recommended by various Commissions etc. from time to time

(v) *Anomalies in pay scales of certain categories of teachers*

Consequent on the implementation of III Pay Commission's recommendations some categories of teachers e.g. trained undergraduate language teachers, music teachers etc. were allowed pay scales of Rs. 330—560 though the Third Pay Commission had recommended scale of Rs. 425—640 for these categories.

(vi) *Filling up of vacant post of Education Officer*

The norms prescribed for promotion, etc. are not being followed in filling up the post of Education Officer. The present incumbent of the said post does not fulfil the requisite qualifications prescribed for the post.

3.3 The Ministry of Human Resource Development (Department of Education) *vide* their communication dated 25 March, 1986, furnished their comments on the various points raised in the representation as under:

The Ministry stated that "The Union Territory Administration has informed that the proposals have now reached the stage of fixing date of DPC for considering the confirmation cases. As such, the same is likely to be finalised shortly."

Giving the latest position in the matter, the representative of the Department of Education stated during evidence on 24-1-1989 as under:—

"We have been told that the Departmental Promotion Committee has met on 29-12-88. They have considered all the cases of about 120 teachers. 50 persons have been found suitable for confirmation. That decision has been taken and they are issuing orders shortly. For other persons, they will have to wait. The Union Territory has informed us that regularisation of 40 ad-hoc teachers is under consideration and they hope to take an early decision. As soon as they are regularised their cases of confirmation will also be taken up."

(ii) *Final Seniority List*

The Ministry stated that "The seniority list of Secondary/Higher Secondary teachers has been finalised by the UT Administration on 25-6-87."

The Committee were further informed during evidence as under:—

"In this respect there is an admitted lapse on the part of the Union Territory in the sense that they have not been having seniority lists on a regular basis and as a result of that there has been ad-hoc recruitment and promotion. But the point made in the petition that for the last 20 years no seniority list has been kept, does not seem to be quite correct. For the Head Master and Trained Graduate Teachers (TGT) seniority lists have been finalised and circulated to all concerned on 25th January, 1987."

(iii) *Introduction of Higher Secondary Pay Scales*

The Ministry stated "In Dadra and Nagar Haveli, there are higher secondary schools having standards 8th to 12th. There is at present no grade of PGT in the Union Territory. All the teachers are appointed in the grade of TGT in the pay scale of Rs. 440—750 (pre-revised). Consequent on introduction of senior secondary classes, no cadre of PGT has been created in the Union Territory. Since the Union Territory is having the plus two stage of secondary education in three of its schools, they have been advised to consider creating a separate cadre of PGTs and have the recruitment rules framed for the purpose of indicating the method of recruitment."

To a query as to whether the PGT Cadre had since been created in the schools having plus two stage of Secondary Education and whether recruitment rules had been framed for the same, the Committee were informed during edvidence as under:—

> "The first higher secondary section in the school was started in 1976. Till then there were only secondary classes for which they had teachers upto TGT level. When the new section was started for some reasons they used the existing TGTs by giving them some training. Since then though more higher secondary classes have been started, yet they don't have PGTs. This is not correct. For the higher secondary classes, there should be post-graduate teachers as in other schools. We have suggested to them quite some time ago that they should send us a proposal for creation of an appropriate number of posts. From our side, we will try to give early sanction. The proposal is likely to be submitted to us shortly."

The Committee were further informed during evidence on 5-4-89, that the UT had formulated a proposal for creation of 36 posts of PGTs. After getting approval of the Ministry of Finance, posts of PGTs were expected to be sanctioned and the posts would be filled up by the time next session begins.

(iv) *Selection Grade*

It has been stated that "Due to non-finalisation of confirmation cases of teaching staff, the selection grade could not be granted so far."

When asked what progress had been made in the matter of Senior scale and Selection grade scale, the Committee were informed during evidence on 24-1-89 as under:—

"In August, 1987, the revised pay scales for teachers were made applicable. There are three scales; the basic scale, senior scale and the selection grade scale. They have given the basic scales to all the teachers. In addition, they have given them the teaching allowance and arrears to all teachers. To the extent, they have done what was expected of them. For those who have put in more than 12 years of services, they should hold departmental committee and those found suitable should be given senior scales and similarly, those who have put in 12 years service in senior scale, should be considered for selection grade scale. They have assured us that they would attend to that by March, 1989."

The representative of the Ministry informed the Committee during further evidence held on 5-4-89, as follows:

"On 31st March, the Collector who is the appointing authority has promoted 43 people in the senior scale of Rs. 1640—2900 in accordance with the recommendations of the Chattopadhyay Committee. The Committee recommended senior scale for the teachers who have already completed twelve years of service."

When asked whether the pay scales admissible to teachers of Union Territory of Dadra and Nagar Haveli were the same as enjoyed by the teachers of other Union Territories like Delhi, the Committee were informed that it was decided *vide* letter dated 12 May, 1987, issued by the Ministry of Human Resource Development (Department of Education) to Chief Secretaries/Administrators of Union Territories that the revised pay scales of school teachers in all Union Territories (except Chandigarh) including Government aided schools and organisations like Kendriya Vidyalaya Sangathan and Central Tibetan Schools Administration etc. would be the same.

(v) *Anomalies in pay scales of certain categories of teachers*

The Ministry stated:

"Some of the miscellaneous categories of teachers in the Union Territory of Dadra & Nagar Haveli were placed in the pay scale of Rs. 350—560 instead of in the pay scale of Rs. 425—640. Further the pay scales of Rs. 425—640 was upgraded to that of Rs. 440—750 which was not implemented in the UT of Dadra & Nagar Haveli. In this connection, it may be stated that the pay scale of Rs. 330—560 for the various miscellaneous categories of teachers was fixed keeping in view the pay scale that existed prior to 1.1.73, and in some of the UTs they were equated with the primary teachers and that parity has not been disturbed so far.

In March, 1982 Government of India issued an order for upgradation of the pay scale of Rs. 425—640 to Rs. 440—750 in respect of the following categories only:—

(1) Junior Craft Teachers.

(2) Junior Physical Education Teachers

(3) Junior Language Teachers

(4) Junior Domestic Science Teachers

(5) Junior Music Teachers

(6) Junior Dance Teachers.

Any other category of miscellaneous teachers having a designation other than the one mentioned above were not allowed the benefit of this upgradation.

In the revised pay scales announced for school teachers, these miscellaneous teachers have been given the pay scales of TGT or PGT depending on the parity that existed in the grade of Rs. 425—640, are proposed to be given the pay scale of TGT, i.e. Rs. 1400—2600 as there is no replacement scale for Rs. 425—640 prescribed in our letter dated 12.8.1987."

During evidence, the representative of the Ministry informed the Committee as under:—

"About pay scales for miscellaneous teachers, the art, craft and music teachers etc., what the Government have decided is that if before 1.1.1986, their pay scales were the same as those of primary teachers, or near about that, they would get the revised primary school teachers pay scales, and those whose pay scales were identical with the trained graduate teachers or near that, they will get the TGT scale. In the UT, there are three categories, one is that category, whose scales are roughly comparable to TGT; to them the TGT scales have been made applicable. The other category is equivalent to primary teachers; they have also been given the equivalent scales. But the grievance is something else. In Delhi, some of the miscellaneous teachers were given the scale of Rs. 440--750 before the 4th Pay Commission in place of Rs. 425—640. In the case of another UT, Pondicherry, we had taken up the case with the Finance Ministry. At that stage, they took the view that the whole question was being looked at by the 4th Pay Commission. At the time of the new pay scales, they took the view that corresponding scales should be given..... We are intending to take it up with the Finance Ministry again."

He added:—

"In some of the UTs, the post of music teacher has been created in the scale of primary teachers. In some others, in the scale of TGT. We are, therefore, confronted with 2 different sets of cases. Now, we have to upgrade them and bring them to the level of higher posts."

To a query regarding pay scales for miscellaneous teachers *i.e.* art, craft, music, etc., the representative of the Ministry replied:—

"Their grievance is not that they have not been given the revised pay scales but their grievance is that their counter-parts in Delhi are having higher pay-scale. So we are taking it up with the Finance Ministry again. We have found this problem is there in other two-three Union Territories. We hope to get a decision from the Ministry of Finance in the next two-three months."

(vi) Filling up of vacant post of Education Officer

The Ministry stated: "The UT Administration has framed combined recruitment rules for the post of Social Welfare Officer, Employment Officer, Education Officer and Assistant Registrar (Cooperative Societies) and the same have been circulated to the concerned offices *vide* UT Administration's letter dated 10.8.87. The recruitment rules for these posts which include the post of Education Officer also provide for filling up the post 50 per cent by promotion failing which by transfer on deputation and

50 per cent by transfer on deputation. UT Administration has informed that the post has been filled up in accordance with the rules.

3.4 *Regulatory Powers of the Central Department of Education*

As to the regultory powers of the Ministery of Human Resource Development (Department of Education) in regard to the Union Territories, the representative of the Department of Education stated as under during evidence:

> "The regulatory powers of the Ministry in regard to the Union Territory are governed by the application of powers and orders issued by the Home Ministry and under those powers, we, in the Union Territory, have to seek the permission of the Ministry for creation of the individual posts and for starting the new schemes. These are two main regulatory powers in the Ministry. For the internal management and administration the Union Territory is broadly at par with other States and the Union Territories. It has got to take its own decision and we do not come to know all those details unless the Union Territory makes a reference to us for seeking clarification etc."

When asked what exactly was the role and responsibility of the Central Department of Education in monitoring and supervising the educational activities in the UTs, the representative of the Ministry stated:—

> "There are two things, one, UTs come to us for approval; they do not have the powers for sanctioning of posts. Secondly, when they start a new scheme, the Government of India has to approve it without which they cannot launch a new scheme.
>
> As far as monitoring is concerned, our interaction is in three ways. For the Annual plan discussion, when they approach every year, one of us from the Ministry is present there to understand their requirements and advise the Planning Commission about the appropriateness of a proposal and to support it for more development assistance to the extent possible. The other way is that there is a Central Advisory Board of Education of which the Minister and equivalent officials in all States and Union Territories are members. They have been meeting for the last four years at least once in a year. The Minister of Human Resource Development is the Chairman of that Board; and that is supposed to be a forum for interaction among the Union Territories and the States. From the Ministry, at the official level, after the national policy on education has been framed, we have started a number of new schemes. So, in the matter of those schemes, we quarterly

obtain a statement of progress made and monitor the progress of implementation of these programmes. For 7 Union Territories, we have one section in the Ministry consisting of about 4 Assistants. We can monitor and regulate a number of activities, but not all activities through 4 persons for 7 Union Territories."

3.5 As to the controlling powers of the Ministry of Human Resource Development (Department of Education) vi-a-vis, the Union Territories, the Ministry have in a note stated:

"Articles 239 to 241 of the Constitution relate to the Union Territories. Under Article 239 the President arranges for the Administration of the Union Territory through Administrator appointed by him. Under Article 240 the President has the powers to make the regulations for the Government of the Union Territory. The budget of the UT is reflected in the budget of the Union Government presented to the Parliament. Within this ambit UT is administered in a broadly autonomous manner. For day-to-day functioning the UT is not subjected to the Administrative control and supervision of the Ministry because that would create a situation of subordination which is not the intention.

2. The Ministry has the powers of sanctioning new posts and of approving new schemes or the programmes when they are proposed by the UT. In regard to the creation of posts the Ministry of Home Affairs has reviewed the delegation of powers for creation/filling up of plan posts of Union Territories through letter No. 11011|6|86-PIIN, dated the 9th July, 1986. It would be observed that in Dadra and Nagar Haveli the UT Administration does not have powers to create any posts and it has to seek the approval of the Ministry in all such cases. The Home Ministry has also a notification on 27-1-1965 authorising the Administrator, Dadra and Nagar Haveli to make rules in regard to the method of recruitment for Group 'B', 'C' and 'D' posts, qualifications for appointment and conditions of service for such people."

3.6 With regard to the responsibilities of the Ministry of Home Affairs in monitoring and supervising the educational activities of the Union Territories, the Ministry of Home Affairs in a written note stated as under:—

"(a) Ministry of Home Affairs is the controlling Ministry of UTs, in respect of subjects allocated to this Ministry vide provisions of Allocation of Business Rules, 1961. These subjects are Public Order, Police, Prisons, Fire Services etc.

(b) Implementation of orders of Central Government is monitored by concerned subject matter Ministries only. Administrator has to work within the parameters of his delegated powers and in consonance with all the Rules and Regulations issued from time to time by various Ministries. Home Ministry monitors the implementation of orders issued by this Ministry by taking follow up measures/ correspondence with the UT Administration.

(c) As per Allocation of Business Rules, 1961, Ministry of Human Resource Development is the controlling Ministry regarding "Education" in relation to Union Territories Administration. At best Ministry of Home Affairs can pursue the matter with the controlling Ministry or the UT Administration, as and when such matters are brought to notice of this Ministry".

3.7 During evidence the Committee pointed out that there should be a monitoring agency in the Ministry to see that the Union Territory was attending to various items of work in a proper manner. To this a representative of the Department of Education replied:

"Yes, Sir, we will do it."

3.8 The Committee pointed out that it was clear from the petition of the teachers that there had been serious lapses on the part of the Union Territory Administration in matters relating to drawing up of seniority lists, deviation from rules for promotion etc. and that it was the duty of the Ministry to monitor the compliance by the administration with various rules and procedures. A representative of the Department of Education replied:

"In the Ministry we have limited powers *vis-a-vis* Union Territories. In administration and management the Union Territories are in the same position broadly as the States. They regulate and take action at their own level. These things do not come to the Ministry."

3.9 The Committee pointed out that the Union Territory Administration enjoyed only limited powers and therefore it had to approach the Ministry concerned for approvals which caused delay. The representative of the Ministry of Home Affairs agreed that there was inadequate delegation of powers. The matter of delegation of more powers to the Union Territory Administration had already been taken up with the Ministry of Finance.

3.10 Asked about the role of the Home Ministry in matters relating to Union Territories, a representative of the Ministry stated:

"So far as different subjects allotted to different Ministries are concerned they are taken up directly by the Union Territories with the administrative Ministries. According to the allocation of business rules, the Home Ministry is concerned with the rules and regulations which administer the Union Territories. Under article 240 certain Acts of various States are extended to the U.Ts. The subjects which pertain to the Home Ministry like the Secretariat infrastructure, police, fire service come under the Home Ministry."

3.11 Asked which of the proposals of the Union Terirtory sent to Finance Ministry are routed through the Home Ministry, a representative of the Ministry of Education stated:

"They give proposals to US directly. So far as it relates to education we reply in consultation with the Finance Ministry. Union Territory requires permission or sanction of the Ministry only in two types of cases—one is whenever they want to create a new post, whether it is of peon or of the highest level. Secondly whenever they want to launch a new scheme, then that scheme must be cleared by the Ministry. Apart from these no other clearance comes to the Ministry."

3.12 The Committee were informed that for Dadra and Nagar Haveli there was no independent administrator. There was only one common administrator for the territories of Daman and Diu and Dadra and Nagar Haveli. It was further stated that the Governor of Goa was looking after these two Union Territories as well. Although a Chief Secretary had recently been appointed for the Territory of Dadra & Nagar Haveli, no independent administrator had been appointed. A representative of the Ministry of Home Affairs stated in evidence before the Committee that while an Administrator had all powers, the Chief Secretary of a Union Territory had limited powers under the delegation of financial rules.

Observations/Recommendations of the Committee

3.13 The representation from the Secondary and Higher Secondary School teachers of the Union Territory of Dadra and Nagar Haveli relating to their service conditions puts into focus the problems faced by teachers of different categories in various Union Territories. Under the present administrative set-up the Union Terirtories are supposed to function in an autonomous manner like other States. However, in the matter

of creation/filling up of plan posts the Union Territory Administration does not have powers to create any new posts and it has to seek the approval of the concerned Central Ministry in all such cases. Similarly for starting any new scheme, the union territory administration has to obtain the prior permission of the administrative Ministry concerned.

3.14 The Committee have been further informed that unlike other Union Territories, the Union Territory of Dadra and Nagar Haveli does not have an independent Administrator. There is one common Administrator both for the Union Territories of Daman and Diu and Dadra and Nagar Haveli, and the Governor of Goa looks after these two Union Territories. Although a separate Chief Secretary has been appointed recently for the Union Territory of Dadra and Nagar Haveli, no independent Administrator has been appointed so far. Under the delegation of powers rules, the Chief Secretary of a Union Territory enjoys limited financial powers whereas it is the Administrator who is vested with the requisite financial powers relating to the Union Territories in his charge.

3.15 The Committee get an impression that the administrative set-up in the Union Territory of Dadra and Nagar Haveli in which there are three separate sources of power namely, a Chief Secretary with limited powers, an Administrator who has the necessary financial powers and looks after another union territory as well and the Central Ministry concerned, is not conducive to proper functioning of the administrative machinery. It only leads to delay in decision making as is evident from the complaints of the petitioners, now under consideration of the Committee. The Committee are concerned to note that teachers who have put in 15 to 20 years of service continue to be treated as temporary employees; their seniority lists have not been finalised for years and although the higher secondary level education was introduced in the Union Territory of Dadra and Nagar Haveli sometime in 1976, pay scales admissible to higher secondary teachers have not been allowed to them till date. There are other grievances of the teachers which are crying for redressal but the administrative machinery has failed to cope up with the situation. The Committee are strongly of the view that the administrative apparatus not only of the Union Territory of Dadra and Nagar Haveli but also of other Union Territories who are similarly placed needs to be streamlined. So far as the small Union Territory of Dadra and Nagar Haveli is concerned, it is imperative that the posts of Chief Secretary and Administrator are combined and the authority by whatever name it is called, is vested with adequate financial powers so that it is able to take decisions on its own and thus cut out unnecessary delay in decision making.

3.16 As to the specific complaints/grievances of the teachers of the Union Territory of Dadra and Nagar Haveli, the Committee find that as a result of their intervention, some action has been initiated by the Union Territory Administration to tackle the problems. The Departmental Promotion Committee has reportedly cleared the cases of 50 out of 120 teachers for confirmation. It has been stated that regularisation of another 40 ad-hoc teachers was under consideration and as soon as these are regularised, action for their confirmation will be taken. The Committee urge that necessary action in the matter should be taken early within a fixed time frame.

3.17 The Committee are unhappy to note that the Union Territory has not drawn up seniority lists of teachers on a regular basis and as a result there have been ad-hoc recruitments and promotions. Now that the seniority list of secondary/Higher Secondary teachers has been finalised, the Committee would expect that cases of ad hoc appointments and promotions are reviewed once again to ensure that the seniority of none of the regular teachers is adversely affected. If any such case comes to notice, rectification action should be taken to the satisfaction of the aggrieved teachers.

3.18 The Committee find that the Union Territory has now formulated proposals for creation of 36 posts of PGTs. Such of the Trained Graduate Teachers who have been teaching Higher Secondary Classes should be considered for appointment against these newly created posts. The Committee desire that necessary sanction for creation of the requisite number of posts should be obtained from the Ministry of Finance by the Department of Education and all the posts should be filled up at the earliest.

3.19 The Committee note that the Union Territory have assured the Department of Education that all cases for grant of senior scales and selection grade scales would be attended to by March, 1989. The Committee trust that necessary action in the matter will have been completed by now. The Committee would like to be apprised of the precise action taken in this regard within three months.

3.20. Another point of grievance brought out in the petition related to anomalies in the pay scales of certain miscellaneous categories of teachers like craft teachers, music teachers and language teachers etc. According to the Department of Education there are certain anomalies in the scales of pay admissible to different categories of miscellaneous teachers and it was proposed to take up the matter with the Ministry of Finance. The Committee would like that necessary clarifications may be sought from the Ministry of Finance and the scales of these teachers may be refixed or revised keeping in view the position obtaining in other Union Territories. The Committee hope that a reasonable solution to the problem will be found within the shortest possible time.

3.21 After considering the points raised in the petition, the Committee feel that there should be an in-built system either in the Union Territory itself or in the concerned administrative Central Ministry/Department for monitoring the working of each Department in the Union Territory particularly in the implementation of plan schemes. This is essential because in each and every case of complaint or grievance, the affected persons could not be expected to approach the Parliamentary Committee or any other authority for redress. Some departmental mechanism for attending to the complaints from the aggrieved staff should be evolved. The Committee would watch with interest the action taken in this regard.

IV

REPRESENTATION REGARDING CLOSING DOWN OF THREE GOVERNMENT OF INDIA PRESSES

4.1 Shri Ajit Chowdhury, Secretary-General, National Federation of PSP Employees, Jahangir Road, New Delhi, submitted a representation dated 21 April, 1987 in regard to Government's decision to close down three Government of India Presses. It was *inter-alia* stated :

"On 3 December, 1986, an Half-an-Hour dicussion was held in Lok Sabha on the question of Government's decision to close down the three Government of India Presses at Shimla, Temple Street, Calcutta and Forms Unit at Santragachi, Howrah, as well as Forms Store and the Stationery Office at Calcutta.

The decision to close down above undertakings was disclosed by Shri Dalbir Singh, Minister of State, Urban Development on 11 November, 1986 in reply to an Unstarred Question No. 1025 of Shri Somnath Chatterjee, Membber of Parliament. The Minister also mentioned *inter-alia* about the possibility of retrenchment of staff who could not be absorbed outside their home station after redeployment measures.

It is in this context that on 3 December, 1986 Hon'ble Members of Parliament cutting across their Party affiliations strongly criticized the Government decision and demanded a review of the same and asked for rescinding the decision for closing the aforesaid undertakings thus creating uncertainty, dislocation and even retrenchment of the employees.

In reply to the discussion, the Hon'ble Minister however gave an assurance to the House, taking note of the wishes and anxiety of the Hon'ble Memebebrs, that the Government will review the whole thing within a period of six months.

It is a matter of great concern that instead of making constructive approach to review the issue, the Government is proceeding to finally close down the undertakings even before the expiry of the period of six months."

4.2 It was further stated in the representation that the following steps taken by the Government conclusively proved that the real intention was to close down even the viable undertakings:—

1. Non-supply of Printing Paper and working materials which are the basic materials for the presses, causing fall in production.
2. Increasingly shifting of Government Printing work to the Private presses.
3. Non-sanction of the posts of crew and Assistants after retirement of workers which resulted in stoppage of work.
4. Retrenchment of 35 Crew and Assistants working on newly installed modern machines in four Government of India Presses.
5. Tender for demolition of JCO Building in Government of India Press, Shimla.
6. Curtailment of budgetary provision for the Presses for meeting the expenses for regular production.
7. Shifting of work of the Controller of Stationery to Directorate of Printing.

4.3 The representation was referred to the Ministry of Urban Development for factual comments on 29-10-87. The comments furnished by the Ministry are as follows:—

"The Group of Secretaries reviewed the administrative structure and activities of the Ministry of Urban Development and its attached and subordinate offices in October, 1985 and observed that the proposal to transfer some of the Printing Presses to the concerned Departments like P&T and Defence could not meet the object of economy and shedding of non-essential activities. The Group of Secretaries accordingly decided that this Ministry should further review the activities of the Presses and formulate a proposal for closing down some of the Presses which were no longer required.

Accordingly, the activities of the Government of India Presses were further reviewed and the three presses viz. (i) Temple Street, Calcutta; (ii) Santragachi (Forms Unit) and (iii) Shimla and Government of India Forms Store Calcutta were selected for closure, in a phased manner, on the consideration that the replacement of old and obsolete machines by modern machines was not economical. The Group of Secretaries, in their meeting held in December, 1985, approved the proposal.

In pursuance of the decision of the Group of Secretaries, a note soliciting the approval of the Cabinet to the proposal for closure of the above mentioned units over a period of three years was submitted to the Cabinet Secretariat on 22 August, 1986. The Cabinet approved the proposal in its meeting held on 24 September, 1986. While action was initiated to close down Government of India Press (Forms Unit), Santragachi during 1986-87, the issue figured in the Lok Sabha on the 10th November, 1986, in the form of an unstarred Question.

* * *

Subsequently, an "half-an-hour" discussion was raised by Kumari Mamta Banerjee, M.P., Lok Sabha, arising out of the reply given to the above mentioned question. During the course of the discussion, the Minister of State for Urban Development stated that the closure of Government of India Presses would be reviewed within six months, in the light of the anxiety expressed by some of the Members of Parliament that some people could be retrenched and some other problems will also arise.

The matter has since been reviewed and a draft note for the consideration of the Cabinet has been prepared. We are in the process of obtaining the comments of the Ministry of Finance and Deptt. of Supply on the draft Cabinet Note.

4.4 The factual position in regard to various points mentioned in the representation as given by the Ministry is as under:—

(i) *Non-Supply of printing papers and working material which are the basic material for the Presses causing fall in production.*

It is not correct to say that there has been non-supply of paper to the Presses. Supply has been erratic and inadequate in so far as reel paper is concerned.

(ii) *Increasingly shifting of Government Printing work to the private presses.*

Since the printing capacity of the Government of India Presses in the Delhi Complex is not sufficient to cope with the ever-increasing demand of printing, the job of printing of debates, reports of various Committees of Parliament etc. is got done through the private presses, as per the recommendations of the General Purposes Committee.

(iii) *Non-Sanction of posts of crew and Assistants after retirement of workers which is causing stoppage of work.*

In view of the organisational and structural changes being carried out in the Presses, the proposal for provision of staff is considered on merits, taking into account the overall strength of the concerned Press.

(iv) *Retrenchment of 85 crew and Assistants working in newly installed modern machines in 4 GIPs.*

These posts have been abolished in view of the newly created ones; taking into account the organisrational and structural changes being carried out in the Presses.

(v) *Tender for demolition of JCO building in GIP, Shimla.*

The proposal to shift the Government of India Press, Shimla from its present site was mooted due to construction of a By-pass Road by the Himachal Pradesh Government just below the Government of India Press, Tutikandi, Shimla. A large number of cracks appeared in the Press Building which is more than 70 years old. After the Survey conducted by the Geological Survey of India, the building was declared unsafe.

* * *

The proposal to locate a new site has been kept in abeyance pending decision of the future of the Press.

(vi) *Curtailment of budgetary provisions for the presses meeting Expenses for regular production.*

The Government of India Press (Forms Unit), Santragachi, was Contemplated to be closed during the year 1986-87. Therefore, only token budgetary provision was made for that Press. Since the matter is now under review, expenditure is being met by diverting funds from those provided in respect of other Presses.

(vii) Shifting of work of the Controller & Stationery to Directorate of Printing

The Government of India Stationery office is a central agency to procure and supply stationery items of good quality to the various indentors. A series of measures were taken based on the recommendations of the various Committees/ Commissions and study teams for introducing reforms in the functioning of GISCO.

The justification for creating a Central Agency was to procure and supply stationery of good quality and in required quantity at the right time, at the right place and from the right source. None of these objectives are being fulfilled. The GISO has not been able to keep pace with the ever-increasing volume of work with the expansion that has taken place over the years in Government activities. As such, it was felt that the Central Agency in the present circumstances is both non-economical and a source of dis-satisfaction to the indentors. A suggestion was accordingly made that the Government of India Stationery Office be wound up and Ministries/Departments may themselves take up the work of making purchases of stationery items in accordance with their requirement. This suggestion was considered by the Group of Secretaries in their meeting held on 11 October, 1985. The Committee, while accepting the suggestion of the Ministry, stated that the work relating to purchase of paper for Government of India Printing Presses could be taken over by the Directorate of Printing which might have a small cell for this purpose. The Cabinet has since approved the proposal for winding up of Government of India Stationery office at Calcutta along with its three regional depots and decentralisation of work of procurement stationery items. We are in the process of implementation of the decision of the Cabinet."

4.5 During evidence on 28-11-1988, the Committee pointed out that an assurance had been given by the Minister of State on 3-12-1986 to the effect that the question of closing down of the three Government Presses would be put up to the Cabinet for review. Asked about the latest position in this regard, the Secretary Ministry of Urban Development stated:

"After a prolonged discussion, the Government said that they would review the position. They went before the Cabinet, and the Cabinet decided that the Urban Development Minister, Commerce Minister and the Finance Minister should meet and discuss. But due to various pre-occupations those discussions have not been held. So the final decision of the Government has not yet been taken...As far as the Department is concerned, we are only awaiting the decision of the Government. In the meantime the Presses are continuing to run."

4.6 In a written note furnished on 12 April, 1989 the Ministry further stated:—

"As per the assurance given by the Minister of State on 3-12-86, the matter was put up for review of the Cabinet. Certain observations were made for further action by the Cabinet and persuant to the said directions, action has been taken and a revised Cabinet Note is being submitted for consideration. The comments of the Ministry of Finance have been received and incorporated in the Draft Cabinet Note. The Department of Supply was concerned with a very limited issue regarding the procurement of paper departmentally. This matter has since been considered and the Department of Supply have authorised the Ministry of Urban Development/Directorate of Printing to directly purchase 1/3 of the estimated annual requirements of paper without their intermediation."

4.7 The Committee desired to know about the basic reasons for the decision to close down the Presses. In reply the Secretary, Ministry of Urban Development stated:—

"Basically, the decision is taken by the Government. One point was that there were a number of activities being carried on by the Government which perhaps need not continue to be the responsibility of the Government. Printing of routine matters was considered to be one such activity. It was a policy decision. Arising from that they felt that there were some Presses, except those which were engaged in work of a confidential nature, which cannot be run further. However, the working of those remaining Presses was to be gone into. There was a sub-committee to go into their performance. A decision was taken by that sub-committee to close three units. Subsequently, when the Government said that they would review the decision the department also made available the various material for this purpose. This is, in case it was decided to continue the Presses, what would be the investment required for modernisation of the Presses and various kinds of material was made available. We are only awaiting a policy decision and only when a policy decision is taken by the Government we within the department, will be in a position to actively pursue the matter in respect of retrenchment. Otherwise, it will be premature."

4.8 The Committee enquired whether these Presses were running in losses at the time of taking decision to close them down. To this, the Secretary Ministry of Urban Development replied :—

"As far as the financial side is concerned, the departmental presses operate on a non-profit non-loss basis. Whatever expenses are there they are charged to the parties for whom the printing was done. The accounts of the Presses are not kept in a commercial sense. As far as the technical aspect is concerned, enough investment has been made to maintain these Presses, because some of the machinery was in an obsolete condition. To replace that obsolete machinery about Rs. 70 lakhs was necessary for these three Presses. A separate programme of modernisation for all Government Presses was in fact taken up."

4.9 The Committee enquired whether the question of modernisation of three Presses with a view to making them viable was ever considered before the policy decision to close them down was taken. The Secretary, Ministry of Urban Development stated :—

"In the year 1983, a five year programme for modernising various printing presses was proposed for replacing the worn out equipment. The funds for this programme were made available during 1985-88. During that period, a study was going on about the Government giving up some of the printing activities. Since the study was going on when the modernisation programme was taken up, it was not possible for us to obtain funds for modernising these presses. A Committee which was specially appointed for this purpose had indicated late in 1985 itself, that these three presses may be possibly closed and the Cabinet took a decision in September, 1986. Because of the pendency of this decision, we were not in a position to make investments."

4.10 Asked whether it was the policy of the Government of India to close down all the Government Printing Presses, in a phased manner, the Secretary, Ministry of Urban Development stated :

"There is no specific policy as on date that the Government will phase out all printing presses. As far as these three presses are concerned, the decision was taken in pursuance of two or three considerations. One was that the Government need not engage itself in all types of printnig activities. While confidential work, Budget work and various other things will have to be continued to be done by the Government Presses perhaps the routine work like the printing of forms and so on could be handled outside the Government Presses also.

The second consideration was that of the various printing units, which are the ones where there will be lot of requirements as far as replament of obsolete machinery is concerned.

So, it was on the combination of these factors that a decision was taken initally to close down these presses."

4.11 The Committee desired to know whether any rehabilitation plan for the employees who would be affected had been worked out. The Secretary, Ministry of Urban Development replied :—

"I would submit that when the decision to close down these presses was taken, at that time we did point out that as far as workers are concerned, there would be two or three alternatives, first is whether the workers would be absorbed in printing unit and the second is some of them would be perhaps seeking retirement with benefits. We did indicate this. But since the Government reviewed the decision, we have not proceeded further with regard to the rehabilitation plan or retrenchment plan because we felt that it would not be in the interest of running the press. So far not one person has been retrenched."

4.12 The Committee were informed that the estimated budget provision for 1988-89 for each of the three presses was as follows :

Government of India Press , Shimla .	Rs. 1.36 crores
Government of India Press Temple St., Calcutta .	Rs. 1·95 crores
Forms Unit, Santragachi	Rs. 2·55 crores.

4.13 The output/production of the three Government of India Presses during the year 1985-86, 1986-87 and 1987-88 is as shown in the statement reproduced below :

Presse is as under:

SHEET IMPRESSIONS

S.No	Name of the Press	Year 1985-86	1987-88	1987-88
1	Govt. of India Press Shimla	2,24,85,962	2,15,97,039	1,91,71,331
2	Govt. of India Press (Forms Unit) .	10,19,47,833	9,62,62,993	4,51,03,577
3	Govt. of India Press, Temple Street.	8,22,89,011	7,81,78,646	6,59,08,368
		No. OF PAGES (A. 5 Size)		
1	Govt. of India Press, Shimla .	39,565	43,224	35,051
2	Govt. of India Press (Forms Unit)	The composing in Forms Unit and Temple Street, Calcutta is nominal as basically these are Forms presses.		
3	Govt. of India Press, Temple Street.			

4.14 Explaining the reasons for the shortfall in annual output of different Presses, the Ministry have in a note stated:

> "In case of Government of India Press, Shimla there is a nominal shortfall. In so far as Government of India Press, Santragachi (Forms Unit) is concerned, while there is significant difference between the production of 1985-86, the production during 1987-88 has fallen down to less than half of the previous year's production. Similarly in the case of Government of India Press, Temple Street, there has been a nominal decline in production over the period of three years. The main reasons for fall in production are insufficient and irregular supply of requisite paper, erratic power supply and deteriorating and obsolete machinery. The adverse psychological impact of the proposed closure on the morale of the workers cannot also be ignored."

4.15 The staff strength as on 1st March, 1989 in each of the three Presses is as under:

	Industrial	Non-Industrial
Govt. of India Press, Shimla	384	111
Govt. of India Press, Temple Street	615	113
Govt. of India Press, (Forms Unit)	894	160
Govt. of India Forms Store		488

4.16 The Committee have also been informed that the total number of posts of Crew and Assistants lying vacant in the three presses is 619. Press-wise break-up of the vacant post is as under:

Govt. of India Press, Shimla	163
Govt. of India Press, Temple Street, Calcutta	87
Govt. of India Forms Store, Calcutta	99
Govt. of India Press (Forms Unit) Santragachi	270

4.17 In another note the Ministry have explained that while 85 posts of Crew and Assistants have been abolished in the Government Presses nobody has been retrenched. Further 30 posts in the higher scales had been created in the three presses whose closure was under consideration but these posts have not since been filled up as the future of the presses was under consideration.

4.18 Asked whether introduction of new technology would not have improved the performance of these three presses, the Ministry have stated:—

> "The introduction of new technology would have improved the printing qualitatively and quantitatively but as the very necessity for continuation was found doubtful, the question becomes a hypothetical one."

Observations/Recommendations of the Committee

4.19 The Committee note that pursuant to a policy decision taken sometime in 1985 that the Government of India should not engage

itself in all types of printing activities, it was decided that the three Government of India presses situated at Shimla. Calcutta and Howrah may be closed down. When the decision to close drown these presses was disclosed in the Lok Sabha in reply to Unstarred Question No. 1025 answered on 11 November, 1986, several Members of Parliament strongly criticised the decision and demanded a review of the same. Subsequently the matter was discussed in the Lok Sabha on 3-12-1986 in the form of half-an-hour discussion and sensing the mood of the House and the anxiety of the Members, the Minister concerned gave an assurance that the Government will once again review the decision to close down the three presses within a period of six months i.e. by June, 1987. The Committee are distressed to find that since then more than two years have elapsed but it has not been possible for the Government to arrive at any definite decision. As a matter of fact a note furnished to the Committee on 12 April, 1989, reveals that the Ministry of Urban Development is still in the process of finalising a paper to be submitted to the Cabinet for consideration. The Committee cannot but deplore the unconscionable delay in arriving at a decision on a question which is of paramount importance for more than two thousand employees of the three presses. The adverse psychological impact of the proposed closure on the morale of the workers can only be imagined. The Committee urge that the uncertainty about the future of such a large number of workers should in no case be prolonged and a final decision in the matter should be taken immediately.

4.20 The Committee are at a loss to appreciate the rationale behind the Government decision to close down three industrial units, which between themselves provide employment to more than two thousand workers and are not a burden upon the exchequer in so far as they have been functioning on no profit no loss basis. What baffles the Committee is that while some bankrupt and sick units are being taken over by the Government for rehabilitation and revival with a view to protecting the interest of the workers, here is a case where the interests of workers are being jeopardised by a conscious decision to wind up units which are not at all sick. Even if it be argued that these three presses were equipped with machinery which was obsolete and needed replacement or modernisation, surely the remedy should have been the introduction of new and better technology and injection of some fresh capital. The Committee are not at all convinced with the reasons adduced by the Government for taking a drastic decision like closing down of ongoing and essentially self supporting units. In a situation where on Government's own admission the printing work of the Government offices has been increasing with the expansion in Government activities, it should be possible to recognise and restructure the existing units to meet the increasing demand of printing work.

4.21 The delay in reviewing the decision has had an adverse effect on the morale of the workers. Any further delay will have a deleterious effect on the viability of the units as well. At present the vacant posts are not being filled up and no crew for the new machines have been provided. This has inevitably affected the productivity of these presses in an adverse manner. The Committee, therefore, strongly recommend that there should be no further delay in rescinding the decision to close down the three Government presses. A rehabilitation/modernisation plan should be prepared keeping in view the nature and scale of requirements and the staff be provided the requisite training on the new machines so that there is no retrenchment. The Committee would like to be apprised of the action taken in the matter within three months.