

**COMMITTEE ON PUBLIC  
UNDERTAKINGS  
(1971-72)**

(FIFTH LOK SABHA)

**SEVENTEENTH REPORT**

**PERSONNEL POLICIES AND LABOUR-MANAGEMENT  
RELATIONS IN PUBLIC UNDERTAKINGS**



**LOK SABHA SECRETARIAT  
NEW DELHI**

*April, 1972/Chaitra, 1894 (S)*

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## CORRIGENDA

### SEVENTEENTH REPORT OF THE COMMITTEE ON PUBLIC UNDERTAKINGS (5TH LOK SABHA) ON PERSONNEL POLICIES AND LABOUR- MANAGEMENT RELATIONS IN PUBLIC UNDER- TAKINGS.

<u>Page</u>	<u>Para</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
(iii)	Footnote	1	'designation	'resignation
9	2.21	2	'expecially'	'especially'
11	2.27	23	'is'	'in'
11	2.28	8	'wolud'	'would'
12.	2.34	4	'Natinnal'	'Natural'
12.	2.38	1	<u>Delete</u> the word	'in' <u>after</u> the
			word 'During'	
13.	2.40	4	'unrkilled'	'unskilled'
15.	3.1	6	'citizens'	'citizen'
17.	3.8	5	Delete the word	'of'
			<u>after</u> the words	'types of
			jobs.'	
20.	3.19	2	'Natural'	'National'
22.	3.27	13	'though'	'through'
24.	3.36	8	<u>Delete</u> the word	'by'
			<u>after</u> the word	'U.P.S.C.'
25.	4.4	3	'Wokers'	'workers'
28.	4.19	1	<u>Delete</u> the word	'the'
			<u>after</u> the word	'attach'
30.	5.6	11	'Traning'	'training'
30.	5.6	13	'through'	'thorough'
30.	5.7	3	'instand'	'instance'
30.	5.8	15	'authonomy	'autonomy'
34.	5.17	1	'intentifing	'identifying'
36.	6	9	<u>Delete</u> the word	'as' <u>after</u> the
			word 'written'	
42.	6.11	10	'personnel'	'personal
50.	8.10	3	'ergonomic	'economic'
51.	8.17	4	'convenor'	'convener'
54.	8.31	6	'mangement'	'management'
59.	9.7	3	'recknowed'	'reckoned'
60.	9.11	20	'and'	'are'
60.	9.11	23	'for'	'fare'

<u>Page</u>	<u>Para</u>	<u>line</u>	<u>For</u>	<u>Read</u>
62.	9.17	3	'have'	'had'
63.	9.18	29-30	'perhavs'	'perhaps'
64.	9.22	11	'hane'	'have'
65.	10.1	6	<u>Add</u> the word 'by' <u>after</u> the words 'central sphere or'	
70.	10.19	4	Delete the word 'is' <u>after</u> the word 'permit'	
72.	10.21	4	<u>Add</u> the word 'by' <u>after</u> the words 'it can be'	
73.	10.24	14	'that'	'the'
76.	11.9	9	'the'	'they'
78.	11.21	5	'employees'	'employees'
83.	12.12	last line	'enter-rpris'	'enterprises'
92.	14.4	22	'command'	'commend'
92.	14.4	26	'made'	'mode'
93.	14.5	9	'Prospect'	'prospects'
94.	14.7	5	<u>Add</u> the word 'be' <u>after</u> the word 'easily'	
95.	14.9	3	<u>Delete</u> the word 'participate' after the words 'at all levels'	
102.	Appendix II	32	'recruited'	'recruited'
107.	Appendix 7	1	'Recognisea'	'Regonition'
125.	5.21	19.20	'full-fledged Directorate of Personnel'	'separate Division for General Management'
127.	6.12	15	'redresse'	'redress'
128.	7.14	1	'eslo'	'also'
131.	9.19	11-12	'recsolved'	'resolved'
132.	10.23	5	'Problems'	'problems'
133.	11.11	3	'now'	'new'
138.	13.13	4	'survision'	'supervision'



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# COMMITTEE ON PUBLIC UNDERTAKINGS

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Shri M. B. Rana

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2. Shri K. Baladhandayutham
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14. Shri Dahyabhai V. Patel
- \*\*15. Shri Kota Punnaiah

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1. Shri Avtar Singh Rikhy—*Joint Secretary.*
2. Shri M. A. Soundararajan—*Deputy Secretary.*
3. Shri M. N. Kaul—*Under Secretary.*

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\*Elected w.e.f. 11.8.1971 in the vacancy caused on the designation of Dr. V.K.R. Vasdasaja Zoa, M.P. on 29.7.1971.

\*\*ceased to be member of the Committee w.e.f. 3-4-72 consequent on his retirement from Rajya Sabha.

STUDY GROUP VI ON HORIZONTAL STUDIES  
(1971-72)

1. Smt. Subhadra Joshi—*Convener*
2. Shri K. Baladhandayutham—*Alternate Convener*
3. Shri P. Parthasarathy—*Member*
4. Shri Dahyabhai V. Patel—*Member*
5. Shri Syed Ahmad—*Member*
6. Shri Amrit Nahata—*Member*
7. Shri Khemchandbhai Chavda—*Member*

## INTRODUCTION

1. The Chairman, Committee on Public Undertakings having been authorised by the Committee to submit the Report on their behalf, present this Seventeenth Report on 'Personnel Policies and Labour-Management relations in Public Undertakings'.

2. The Committee took evidence of the representatives of four All India Trade Unions, some Members of Parliament and other leaders on the 26th and 28th July, 1971, nine selected major Public Undertakings on the 5th August, 1971, and the officials of eight selected Ministries/Departments and Bureau of Public Enterprises on the 15th September, 1971.

3. The draft Report was considered by the Study Group VI of the Committee on the 6th and 10th April, 1972.

4. The Report was adopted by the Committee on the 19th April, 1972.

5. The Committee wish to express their thanks to the various Ministries, Public Undertakings, non-officials and non-official organisations for placing before them the material and information on the subject. They wish to thank in particular the representatives of All India Trade Union bodies, Members of Parliament and other leaders, representatives of the undertakings and officers of the Ministries/Departments who gave their evidence and placed their considered views before the Committee.

NEW DELHI;

April 25, 1972

Vaisakha 5, 1894(S)

M. B. RANA,

Chairman,

Committee on Public Undertakings.

## INTRODUCTORY

The Public Sector is destined to play a vital role in the economy of the country. Since 1951, the number of public undertakings has been on the increase. There are 99 Public Undertakings at present employing about six lakhs of persons. Consequently the promotion of good labour-management relations and maintenance of industrial peace for achieving maximum production are very essential. The problem of labour in the public undertakings has, therefore, to be considered with special reference to:—

- (i) recruitment and promotion policies.
- (ii) working conditions.
- (iii) labour welfare.
- (iv) state of industrial relations etc.

The Report covers these problems with the sole purpose of promoting cordial labour management relations.

1.2. The Committee called for preliminary material on the subject from 80 public undertakings. The material has been received from all the undertakings (List at Appendix I).

1.3. In this connection, the Committee also received memoranda from some non-official organisations. The Committee took the evidence of the representatives of the following All India Trade Union bodies, Members of Parliament and other leaders on the 26th and 28th July, 1971:

- (1) Indian National Trade Union Congress
- (2) All India Trade Union Congress
- (3) Hind Mazdoor Sabha
- (4) United Trade Union Congress
- (5) Shri D. Thengari, M.P.
- (6) Shri S. R. Vasavada, M.P.
- (7) Shri P. Ramamurthi, ex. M.P.
- (8) Shri Sanat Mehta, Ex-M.L.A. (Gujarat)
- (9) Shri V. G. Rajdhyaakasha, Chairman, Hindustan Lever Ltd.,  
Bombay.

1.4. The Committee selected the following nine important undertakings for detailed examination and took evidence of their representatives on the 5th August, 1971:—

- (1) Bharat Heavy Electricals Ltd.
- (2) Fertilizer Corporation of India.
- (3) Food Corporation of India.
- (4) Heavy Engineering Corporation Ltd.
- (5) Hindustan Steel Ltd.
- (6) Indian Airlines.
- (7) Life-Insurance Corporation of India.
- (8) National Coal Development Corporation.
- (9) Oil and Natural Gas Commission.

1.5. This was followed by the evidence of the officials of the following Ministries of the Government of India on the 15th September, 1971 :

- (1) Ministry of Agriculture.
- (2) Ministry of Finance.
- (3) Ministry of Labour & Employment.
- (4) Ministry of Industrial Development & Internal Trade.
- (5) Ministry of Petroleum & Chemicals.
- (6) Ministry of Steel & Mines (Deptt. of Steel).
- (7) Ministry of Steel & Mines (Deptt. of Mines and Metals).
- (8) Ministry of Tourism & Civil Aviation.
- (9) Director-General, Bureau of Public Enterprises.

1.6. The Committee's recommendations have been made after taking into consideration view points of the representatives of the trade unions, the important undertakings, administrative ministries including Labour Ministry as mentioned earlier.

1.7. The Report has been divided into two parts:

I. Personnel Policies.

II. Labour Management Relations in Public Undertakings.

The Committee have already conducted horizontal studies on various management aspects of public undertakings like Management and Administration, Materials Management, Financial Management, Production Management and Public Relations and Publicity, and the present study is only to consider largely the problems of Personnel Policies and Labour Management Relations in Public Undertakings which are common to most of the public undertakings as a whole. The recommendations are intended to improve the Labour-Management Relations in the undertakings and not be construed as placing responsibility for the present state of affairs on workers only.

## II

### MANPOWER REQUIREMENT

#### (A) Manpower Requirement & Overstaffing

2.1. An assessment of staff requirement in public undertakings is usually made at the time the details of Projects are approved as also when expansion schemes are implemented.

2.2. The staff employed in some of the Undertakings *e.g.* Bharat Heavy Electricals, some units of Fertilizer Corporation, some plants of Heavy Engineering Corporation Ltd., Hindustan Steel Ltd., Indian Drugs & Pharmaceuticals is in excess of the manpower estimates given in the Project reports. The main reasons for difference between the project report figures and the actual employment figures have been given as follows:—

- (i) the project report estimates were not made on the basis of detailed and on the job studies.
- (ii) the Project Report figures did not cover a number of Departments.
- (iii) the various assumptions made in the Project Report did not prove to be correct.
- (iv) in Indian industry, helpers are also employed to perform assisting operation to skilled workers.
- (v) pressure from workers and their Unions to increase the manpower at all levels.
- (vi) climatic conditions.

2.3. Some Undertakings like the two Air Corporations, Indian Telephone Industries and the Shipping Corporation which were formed out of the predecessor companies/department had to take all the assets and personnel working in the previous companies/department. So the question of preparation of Detailed Project Reports did not arise in their cases. The corporations are steadily expanding and have stated that they have to increase the staff strength for all activities and the problem of surplus staff and their disposal has not arisen so far. They make assessment of the staff requirements from time to time.

2.4. Some Undertakings *e.g.* Hindustan Aeronautics Ltd., Indian Oil Corporation Ltd. etc. have not furnished estimates of Detailed Project Report but have stated that they do not have excess staff. They make assessment of the staff strength from time to time depending upon the requirements.



2.5. The Estimates Committee in their 52nd Report on Personnel Policies and the Committee on Public Undertakings in their 15th Report on Financial Management had commented on the problems of overstaffing in the Public Sector Undertakings. The Government had accepted the recommendations made in this behalf and in reply stated as follows in September, 1968.

“The Bureau of Public Enterprises have issued instructions to all concerned to undertake an urgent assessment of staff by specialised agencies and to determine the strength and surplus staff. [Vide O.M. No. 46/Adm. F. BPE/68/7 dated 12.9.1968]

2.6. The Administrative Reforms Commission also had recommended the avoidance of overstaffing from the very beginning as also the need for undertaking work study when overstaffing has become chronic.

2.7. The Estimates Committee and Committee on Public Undertakings in their Reports on several undertakings like Fertilizer Corporation of India Ltd., National Coal Development Corporation Ltd., Heavy Electricals Ltd., Lignite Corporation had also complained about overstaffing and called for reduction in the working force.

2.8. The Morarka Report regarding the Expenses of Life Insurance Corporation of India Ltd., 1969, had also highlighted this problem of overstaffing in Life Insurance Corporation of India Ltd. and assessed that about 25% of staff was surplus to requirements in the Corporation.

2.9. During evidence before the Committee the representative of a leading all India trade union stated, “overstaffing —so far as it is meant in the case of officers, my answer is ‘yes’. There are too many officers and the officers are going on increasing in number. On every excuse an officer is appointed. But if you say whether there is over-staffing of workmen, I cannot give any answer because there are some organisations in the public undertakings where there is no shortage and in some there is shortage. General answer cannot be given. Why is there overstaffing? It is because the installed capacity is not being utilised. Production is not there because of the non-utilisation of the installed capacity. Government imports machinery—sophisticated machinery from other countries. It is installed in this country. You will be surprised to learn that in some of the cases it is never utilised to the tune of more than 45% of the installed capacity of that sophisticated machinery. It is a sad thing.”

2.10. The representative of the trade union added, “Perhaps it may be very unwholesome to generalise on the question of this overstaffing. ‘Overstaffing’ Sir, is a purely relative term. Whether a particular factory or concern is overstaffed or understaffed is only a conclusion as a result of certain circumstances. For example, the machinery, the lay-out, the working conditions or the conditions of work that have been offered to the staff, the particular local conditions etc., go a long way in determining the standards of production which ultimately, is going to determine whether a particular factory or concern is overstaffed or understaffed. Therefore, I wonder if any generalisation is possible on the question of overstaffing

and understaffing. This is a matter which requires to be examined, and examined very closely with respect to circumstances and the conditions prevailing in each and every concern and every establishment.

Secondly, Sir, if after having gone into all these things, the conclusion is inevitable and the fact comes out that a particular concern or factory has been overstaffed, then we come to the question as to how to mitigate this particular trouble of overstaffing. There are many things to be considered. First and foremost, as Shri Nahata has rightly said, any step that is going to be taken should be such as not to create a further problem of unemployment of persons who are already employed. For example, persons who can be profitably or more effectively utilised elsewhere should be utilised there. It may be possible to devise ways and means without actually sending home persons or making them unemployed. There should be other ways of utilising them and if, having done all these things, any staff still remains, they should be borne by the industry, there can be no other alternative".

2.11. The representative of another leading all India trade union stated "There is a possibility that any plant is over-staffed. But I will not accept the fact in any particular plant till I have jointly examined the question with the managements and then come to the conclusion myself. In any plant along with management to find out whether there is any extra or surplus labour, it is not easy for us to say. Therefore my reaction to this would be if there is over-staffing, it is the management as an entity which is responsible for manning and staffing the plant".

2.12. Shri D. Thengari, M.P. had stated "Over-staff is more at the top rather than at the bottom. The top heavy administration, based probably on the Parkinson's Law, is generally allowed to multiply its officials and the axe of economy falls heavily upon the class III and IV employees. The reverse should be the case".

2.13. Shri S. R. Vasavada, M.P. during evidence before the Committee stated 'whenever you find that you are overstaffed, whenever you want to increase the productivity by reducing the number of workers, you have to take into consideration 3 points:

No. 1 Unemployment should not be created for increasing the productivity by reducing the number of workers. Sir, all of you are aware that there is wear and tear of machines in all the industries. It is about 5 to 10 per cent. Therefore when a man after 20 years of service finds it difficult to put on the same effort as he did at the beginning, in the production of goods, he should not be retrenched but they should be allowed to continue till they retire after attaining the age of 58 or 60. Besides that there are people who are tired of their work also. So after their retirement, if the number of workers is to be cut down, there should not be any recruitment to fill up the vacancies caused by retirement. Whenever it is felt that there is over-staffing, there should be an agreement that no recruitment will take place but the surplus staff would continue till they retire so that unemployment is not created. The second thing is that you cannot ignore the history. For several years my sons and my neighbour are

working. Now I am told that my neighbour is going away after leaving all his machines to me. Now the experts have said that I cannot maintain his machines over and above of what I have already got and therefore those machineries should be nationalised. But while doing so, proper just share should be given to the owner. Of course the owners does not claim the entire profit, at least some normal profit—say 40 or 60 per cent—should be given to the owner. In some cases, at least 60% of the profit should be given—I mean the net gain, that is, after taking into account the depreciation value on modern machines, etc.

Third point is that it is for the experts to see that while working out the method, climatic conditions, physical conditions, atmospheric condition, the temper, etc. should be considered. Because of these conditions, the workload should be such that it would not jeopardise the health of the workers. Therefore the experts should take into consideration all these factors while working out 'time and motion' formula. These are 3 points that Mahatma Gandhi laid down for reducing the over-staffing, which have not been accepted by the Government and the Planning Commission".

2.14. Shri P. Ramamurthi, ex-M.P. stated, "This has happened because each provincial man tries to bring in his own men. It is the human problem. Therefore the only way is to expand the factories. Some of these factories are being expanded. By way of expansion this over-staffing can be solved".

2.15. Shri Sanat Mehta, ex.-M.L.A. (Gujarat) stated, "There is no man-power planning in the Oil and Natural Gas Commission. The recruitment is done at the sweet will of the employer. And then the Union are asked that now there is over-staffing, we have made the work study, and where should we drive them out. I can never understand that an Organisation which is developing and taking up drilling from one place to another should have that problem. If there is surplus staff which one project, it can be transferred. There is no recruitment policy at all".

2.16. The Chairman, Hindustan Lever Ltd. stated "I can only tell you how we make the assessment. We make first of all, a careful assessment of the market of whatever product we are manufacturing. On the basis of the market for the next five years we make an assessment of the man-power required to meet our Plan. In so doing we build into that Plan any improvements which we anticipate we can make in terms of improving productivity. For instance, mechanisation, improvement in output, number of man-hours etc. are taken into consideration and on that basis we make our Plan. Having established the Plan, it is reviewed yearly or on a six-monthly basis; and before recruitment is permitted it has to be authorised at a very high level in the company—in our case, by the Board of Directors. Both permanent recruitment and temporary recruitment has to be authorised. And, in our case, we feel that each Department should keep in touch with the others because, if there is deficit or surplus in one Department, this can be adjusted in another Department and the services of the surplus staff do not tend to be ignored while we go on recruiting in the deficit Department. So, close communication within a

unit, careful screening of requests for more staff combined with a very thorough works study is a reliable basis for planning man-power requirement for the future.

In addition, a very fundamental part of our Plan is training. We have training right from the lowest level of unskilled workers to the supervisory staff.

The other thing is about leave. We do not normally provide for leave cover which is beyond the statutory leave provisions. If there is extra absenteeism due to special reasons, we try to provide temporary staff to meet that contingency. But the basic recruitment Plan does not include any special provision in this respect".

2.17 When asked about over-staffing and whether it was possible to transfer the surplus staff from one Unit to another Unit the Chairman, Bharat Heavy Electricals during evidence of the selected undertakings stated, "Where there is a surplus, we have to retain them. Suppose there is a surplus of Fitters and there is a shortage of Machinists, we shall have to first take their consent whether they are prepared to be trained as Machinists and we shall have to retrain them. In fact, this has been our policy. Where we found that there are certain categories in which there is a surplus, we had retrained them. So, we do follow this principle that you are suggesting. Where there is a surplus in one category, we take their consent and try to retrain them. In Bhopal, for instance, there was a surplus of Moulders which is a very distinct and separate category from short trades. Even there, because there was a very heavy surplus, we were able to get some of them and put them through our Training School and retrained them for another category. This principle is being followed because we do not want to retrench our men for any reason whatsoever. Transfer from one Unit to another Unit was not possible. That is not our policy because they are different Corporations and Companies altogether and if we try to mix up, it will create a lot of administrative difficulties and would interfere with the promotion and career prospects in the respective companies".

2.18 Explaining the overstaffing position in the Hindustan Steel Ltd., the representative of HSL stated "the fact remains that there is over-staffing in our organisation. How did this over-staffing take place? This was primarily due to the fact that in the initial stages many of us were under the impression that taking more people mean more production or quicker commissioning of the equipment. Later on we were landed with the problem of surplus labour. A study was made by Hindustan Steel for which we called in the Consultancy and Applied Research Division of the Administrative Staff College of India—I think in the year 1967-68, and they made detailed work measurement studies and have given various figures. On an average, they said, that we were over-staffed by 5 to 8%. As a policy, we did not retrench, because we were over-staffed but re-deployment at the horizontal level in the same location was thought more desirable. But even for this, there is considerable opposition. So it is no use issuing directive under such circumstances and therefore a Revised Incentive Scheme has been worked out based on equipment utilization for production and labour utilisation. Now it is too early to evaluate the scheme which

has been implemented on a large scale in Bhilai only from 1st June. Now the pressure is coming from the workers for re-deployment in order to earn more bonus. Sir, I think the answer would be to have a meaningful dialogue with unions on a well worked out incentive scheme, which should take into account greater equipment utilisation factor as well as labour utilisation factor. They (the surplus labour) will be used elsewhere where they are required or certainly for expansion of unit".

2.19 As regards overstaffing position in Food Corporation of India, the Managing Director of the Corporation stated, "Not at the moment but once import of foodgrain is stopped, we will have surplus staff at the ports. We are already working out a scheme for absorption of these personnel in different other activities of the Food Corporation because we have different programme for the expansion of godowns. Even at the moment 60% of the total staff is engaged on godown work. I think we would be able to absorb these categories of personnel in the godowns".

2.20 The Chairman, Life Insurance Corporation stated, "With reference to the staff position, I may state, Sir, that over-staffing is not a static position. In fact, sometime back, people who appeared before certain committee reported that Life Insurance Corporation was having 25% extra staff. Since then so many years passed and the Life Insurance has grown today to a great extent and therefore the position remains the same today may not be true. But when the organisation came into existence it had a big problem as most of the head offices were located in Calcutta or in Bombay or in Delhi. And the staff was not easily transferable from those places to other divisions. So at one time it appeared that some Divisions might have had some extra staff and some other Divisions could have under-staffed. But on the whole, this impression could have been created that since some Divisions have excess staff, the posts had to be continued because they were not transferred. But I have now seen that for the last 5 or 6 years, recruitment has been done to meet the barest minimum requirement and this is done for the growth of the organisation. It is because the efficiency of the staff throughout the country may not be the same and it varies from one region to another. But on the whole, I do not think that we have excess staff."

2.21 The Chairman, Heavy Engineering Corporation stated, "Somehow we have not been able to make people work as much as we can work ourselves. Individually we have the capabilities but the position has existed and continue to inhibit the growth of the productivity of our organisation.

I can only mention the experience I had both in the Railways and in the Heavy Engineering Corporation. As soon as the construction work is over, there is a lot of pressure from the construction staff to be absorbed in the main production. But there are people who really are not trained for production purposes especially in the engineering industry and they find difficulty not only to get training but also to come to that standard. The result is that they are not capable; they do not develop that capacity of producing as much as they should. The second factor is that there is an impression that we have so much man-power available in the country. It is confined not only to the local people, but there is a lot of pressure both from

the labour as well as from the local community to continue absorbing people especially indirect labourers, mazdoors and ministerial staff. So far, there has been very little effort made to estimate how much a man can do. If we examine the number of men employed in our undertakings for the same type of job which we have as compared with the foreign countries, the overall picture will be quite dismal and the number may be three to four times more in all categories. Our method of recruitment is so erratic that a sort of team spirit in the Organisation has not developed. The result is that there is a little lost motion in a combined effort. My submission would be that as early as possible, quick steps will have to be taken first to find out what are the capabilities of the people who are required to do the job objectively. My point is that we have to find out objectively the extent of surplus labour that exists in all the categories and then introduce a scientific and incentive scheme. There should be really no difficulty if correct selection is made and proper training is given to our staff. There is no reason why we should not be able to work almost with the same efficiency as they work in the foreign countries. There are certain areas of work where a workman would perhaps resist to carry his own tools. It will take some time to improve.

If I may say, I would not blame the labour at all. We may not be giving that much production, not because he does not want to give of his own, there may be other factors. For example, he may not be getting the supply of material in time, he may not be getting proper instructions, tools; he may not be working to that level of efficiency which people trained in the normal manner are working like anybody else in the foreign countries. Given a normal incentive, I think, he can produce the same amount of work as is being produced in the foreign countries".

2.22 From the post-evidence replies received from the 7 undertakings, the Committee have noted that out of 7 in 6 undertakings the assessment of staff strength had been done by their own Personnel and other departments and not by any specialised Agency. Only the Hindustan Steel Ltd. had secured the assistance of the Administrative Staff College, Hyderabad, in the matter.

2.23 During evidence, the Director-General, Bureau of Public Enterprises informed the Committee, "We do have a bulk figure as to how many personnel would be needed for running a plant. Most of these project reports were prepared by foreign consultants and they perhaps ignored quite a lot of factors at that time. Worse than that was that they at that time did not give a break-up, did not work out the job description or anything like that in regard to various people whom they thought would be required for a particular plant. That is why the management in those days could not stick to the figures that were given and which were, more or less, bulk figures. Perhaps because of the factors that I had mentioned, these figures could not be adhered to. The present tendency therefore, is not just to give these figures, but to arrive at these figures on the basis of a proper working out of the job content of each job which may or may not be the same. The figures given out in the project reports by the experts were based on the working of similar plants in USA or Germany or other country and they followed the job contents of the people there. That would not be applicable in our plants. For example, if we have more rainfall here, we may require a much bigger gang of labourers for clearing the paths

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and things like that. Now some undertakings have started working out the details taking into consideration the local conditions. So far as past is concerned, there have been these cases. As I said, it is rather difficult to put the entire blame on the management because these details were not available in these project reports and there were not means of finding out exactly what the job content of the different jobs would be. Also the experience was not there".

2.24 Regarding the surpluses in Public Undertakings, the Director-General Bureau of Public Enterprises stated, "A large number of surpluses come in at the time of change over from construction to operation because construction labour by and large is un-skilled labour. They would get accommodated when the operation starts and they would take the place of helpers in the plant. This we are trying to avoid by setting up public sector construction corporations. It would undertake the job of construction and would move along with its labour force to the next site after finishing the job in one site as is done by private sector corporations like the Hindustan Construction Co. and the people like that. The other is some sort of a standard manning. Even that was attempted earlier, but that was done on an *ad hoc* basis. But in some of the recent cases, what we are doing is that we work out on a proper work study giving the job descriptions or the job contents in the future establishments. Of course, that would not be hundred per cent correct. But that would give a very good indication of the order of strength that the Undertaking can have. So we are hoping that with these measures, there will be some sort of control in future over this".

2.25 When asked whether retrenchment of Scheduled Castes and Scheduled Tribes employees was being done in public undertaking, the witness stated, "I don't think there has been much retrenchment from any of the Public Sector undertakings and I don't think the question would arise. The people know already that the chances of retrenching them are very remote. It is a question of absorbing them either in expansion or in other undertakings in the neighbourhood and the things like that, if at all those are possible. We can assure you that the interests of the Scheduled Castes and Scheduled Tribes people, even though they have been recruited a little latter, would be safeguarded".

2.26 The Committee pointed out that some special facilities or incentives would be offered to surplus employees whenever they were transferred from one place to another. In reply the Secretary, Ministry of Steel and Heavy Engineering stated, "If we start giving incentives in the shape of deputation allowance, it will create a difficult situation. But the incentive with regard to accommodation is seriously being considered. And one of the things which is worrying us is this. People who have been actually recruited in Bokaro and have been under training let us say for one year or 18 months, have not got the houses because accommodation is not provided 100 per cent. It is going to cause them some discontent if a man who comes tomorrow, even though he is working for three years let us say in Rourkela, gets a house. This is the real problem. But obviously, a man will not be attracted from Rourkela or Bhilai or Durgapur

unless he gets at least proper accommodation. This is a matter which is exercising our mind; but the answer to your question is that whatever incentives are feasible they are given”.

2.27 The fact that a number of public undertakings have staff more than what is required for optimum utilisation is widely recognised though there is difference of opinion about the precise extent of over-staffing and details of categories and posts involved etc. The Committee feel that the most important duty cast upon the public sector is to ensure that not only they are model employers but also model producers for in them are invested the nation's precious resources and high hopes of generation of assets which would make for greater production. While there may have been some alibi in the beginning of lack of experience in determining accurately man-power requirements for new undertakings this no longer can hold good at present when the public sector has an experience stretching over two decades behind it. Moreover we have a Bureau of Public Enterprises who are expected to work out realistic norms of manpower for the undertakings. We have also the Institutes of Management/National Productivity Council who can render expert advice in the matter. The Committee, therefore, expect that Government as a whole including the Bureau of Public Enterprises, the administrative Ministry concerned with the public undertaking, the associated Finance, etc. would take special care to see that norms for man-power requirements are worked out at the time of preparing the detailed project report and that these are further improved upon as more details of the project are worked out. The Committee regard realistic working out of man-power requirements as important as technical details of the Project for it is the men behind the machines which matter is the last analysis. The nation expects its men to put their hearts to the wheel and make their best contribution through these national enterprises to increase the gross national product and banish the scourge of poverty. The Committee would also like to emphasise that there should be an incentive system built into the working of the public undertaking right from the inception and that the parameters for this incentive system should be realistic with an accent on greater production.

2.28 There should be a system of reviewing the man-power requirements including officers in each undertaking through a trained team of experts well versed in time and motion study, productivity, quality control, costing, etc. in consultation with the workmen etc., so that the norms as well as the actual strength are subjected periodically by the Management to a Scientific review. Such studies and analysis should be actively attended to the Bureau of Public Enterprises so as to ensure flow of new ideas and techniques in assessment. It would also be useful to associate expert bodies like National Productivity Council and Indian Institutes of Management in such studies so as to make for objectivity of approach.

2.29 As far as the existing public undertakings are concerned, the Committee consider that there is no room for complacency. It should be the foremost duty of each undertaking to analyse objectively the extent of over-staffing and then in consultation with the representatives of the workers draw up realistic schemes for working off the surplus either by providing them training for new jobs where vacancies may exist or in expansion schemes or by inducing them to accept transfers to new undertakings. The Committee would like Government to carry out a systematic review through the Bureau



of Public Enterprises to ensure that each undertaking does carry out such a review on priority basis and according to a time bound programme and take effective action to work off its surplus personnel so that all men are engaged in productive effort.

2.30 The Committee cannot too strongly stress the need for introduction of wage incentive scheme in the interest of higher production with a realistic parameter which should be determined in consultation with experts in time and motion studies, costing, quality control, etc. and representatives of labour so as to command acceptance of all section.

2.31 The Committee note that with the creation of a separate construction Corporation which would move along with its labour force to the next site after finishing the work in one undertaking, there should be no question of adding on these men to the undertaking on its commissioning.

2.32 The Committee desire to be informed in detail of the action taken for they feel that if Government pursue this matter in earnest, it should not be difficult to work off the existing surplus when most of the public undertakings are expanding or new undertakings are being set up and to take effective action to ensure that new undertakings are not saddled with surplus staff from their inception, as the experience of public undertakings shows that more than anything else this factor can cause endless difficulties in personnel management and industrial relations.

#### (B) Helpers/Khalasis etc.

2.33 The Administrative Reforms Commission had recommended that the practice of having helpers in new projects should not be allowed. It had also recommended that the skilled workmen should be persuaded to do without the assistance of helpers. The Government had accepted the recommendations made in this behalf and the Bureau of Public Enterprises had been charged with the responsibility of paying constant attention to the matter covered by these recommendations and in particular to explore possible fields where public sector construction Corporation could be usefully utilised.

2.34 From the replies received from the Undertaking the Committee have noticed that helpers to the skilled workers are employed in a number of undertakings for example the Hindustan Steel Ltd., Fertilizer Corporation of India, Oil and Natinnal Gas Commission, Heavy Engineering Corporation, etc.

2.35 During in the evidence the Committee enquired about the views of the representatives of Unions on employment of helpers in the industries. The representative of a leading all India trade union stated "This is the system of employment. This is something which is common to all industries in this country and not to the public Sector alone. The semi-skilled and unskilled workers are attached to skilled workers in all industries in all parts of the country."

2.36 The Chairman, Hindustan Lever Ltd. stated "Our own experience is that this has to be a selective judgement. There are many jobs, particularly light jobs where it is not necessary to provide khalasis for a Fitter. On the other hand, if the Fitter is doing heavy work and needs to be constantly supplied with something or the other while he is working, then a Mate is necessary. I think one will have to be selective. I do not think it is possible to generalise".

2.37 The Committee drew the attention of the representatives of Public Undertakings to the recommendation of the Administrative Reforms Commission that the practice of having helpers in new projects should not be allowed and skilled workmen should be persuaded to do without the assistance of helpers.

2.38 In reply the representative of Heavy Engineering Corporation stated "they will not do certain things because of either their background or the families they come from. If we want a peon to carry our papers or the staff wants a peon, well you cannot blame these people for doing so. I must say that our labour by and large even in our organisation have not taken up that attitude. But slowly and slowly that is dying out. If we are careful then it would not be long when we can cut out this practice especially in the heavy Engineering Corporation. But there are certain habits which had developed, so it will take a long time to break those habits. By and large I must say that today's worker does not think on the lines which was followed 8 or 10 years back. In the apprenticeship we train the officers even to clean their own machines and a little of surroundings".

2.39 The representative of the Hindustan Steel Ltd. stated "We have got what may be called a 'helper complex'. But is it not there in other countries. The classic example is the long drawn out dispute in the U.K. on retraining the fireman on the diesel loco. It is true that the problem of 'helper' is high-lighted in the case of those attached to fitters and welders. They are designated as helper. It is the state of mind, as in the case of the bottle, the bottleneck is at the top. The supervisors and the General Managers require helpers in the shape of chaprasis to carry bags and files. If I say that you Mr. Fitter should not have a helper, would the admonition carry any weight. Let it start from the top that we do away with helpers.

The other suggestion is the change of designation. I would suggest that some designation say Assistant so and so—may be given, which signifies that he is doing a specific type of job. Even from the psychological angle calling him a helper creates its own problems. We should not say that all helpers are redundant. There are certain jobs where helpers are required but they may be designated otherwise as suggested earlier".

2.40 The Oil and Natural Gas Commission have stated "It is not necessary to have helpers for all skilled workers but for some skilled workers, helpers have necessarily to be provided because of their nature of work. No regular training facilities to the existing unskilled worker are provided but they do get on-the-job training which, in many cases, help them in qualifying for semiskilled jobs".

2.41 The Fertilizer Corporation of India have stated, "It is not strictly necessary to have helpers for skilled workers, but the helpers are in a sense trainees for skilled jobs and constitute a step between Mazdoors and the skilled workers. A helper is expected to do a few minor jobs for the skilled worker and also at the same time learn the skill himself. In some cases where skilled personnel were required for our new Units, it was possible to spare skilled workers from some Units and the vacancies caused were filled by helpers. All the same they are trying the experiment of doing away with the category of helpers. For instance, in their Trombay Unit and Gorakhpur Unit they have not engaged any helpers. They provide training facilities to the unskilled workers to enable them to qualify for semi-skilled jobs. At the present time there are no plans to keep in abeyance the posts of helpers".

2.42 The Committee feel that in the matter of employment of helpers/khalasis for skilled workers, the Public Undertakings should be very selective and reasonable. As far as possible the Undertakings should minimise the number of helpers and only where the job is of a very heavy nature, a helper need be provided to the skilled worker. The unskilled workers should be provided training facilities to enable them to qualify for semi-skilled jobs.

2.43 The Committee expect, technical supervisors etc. in the Plants to set an example by shedding away the helpers thus setting a worthy example for their juniors to emulate.

### III

#### RECRUITMENT POLICY

3.1 The relevant provisions of the Constitution in regard to employment or appointment to any office under the State are as under :—

“Article 16 (1) : There shall be equality of opportunity for all citizens in matters relating to employment or appointment to any office under the State”.

“Article 16 (2) : No citizens shall, on ground only of religion, race, caste, sex, descent, place of birth, residence or any of them, be ineligible for or discriminated against in respect of any employment or office under the State.”

“Article 16 (3) : Nothing in this article shall prevent Parliament from making any law prescribing in regard to a class or classes of employment or appointment to an office (Under the Government of, or any local or other authority within, a State or Union Territory, any requirement as to residence within the State or Union Territory) prior to such employment or appointment”.

“Article 16 (4) : Nothing in this article shall prevent the State from making any provision for the reservation of appointments or posts in favour of any backward class of citizens which, in the opinion of the State, is not adequately represented in the services under the State”.

“Article 335 : The claims of the members of the scheduled castes and scheduled tribes shall be taken into consideration, consistently with the maintenance of efficiency of administration, in the making of appointments to services and posts in connection with the affairs of the Union or of a State”.

3.2 The Committee on the Welfare of Scheduled Castes and Scheduled Tribes in their second Report on the reservations for Scheduled Castes and Scheduled Tribes in Public Undertakings had made the following main recommendations :

“The Committee would like to stress that Scheduled Castes and Scheduled Tribes should be given adequate representation in the services in Public Enterprises and necessary administrative or statutory measures should be taken so that there is no failure on the part of any public enterprise in this respect”.

“The Committee hope that, as stated by the representative of the Ministry of Finance, the Public enterprises would also consider the question of providing reservations for Scheduled Caste and Scheduled Tribes personnel at the supervisory levels also.”

3.3 The Government in the reply had stated as follows :—

“The directive being issued to the Public Enterprises for reservation of posts for Scheduled Castes/Scheduled Tribes lays down the percentages of reservations to be made for posts in the various categories, including those corresponding to Class I and II posts under the Government. Adequate representation of Scheduled Castes/Scheduled Tribes at the supervisory levels is also thus ensured”.

3.4 The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959 made it compulsory for an employer to notify his vacancies to the prescribed Employment Exchange, before filling up any vacancy.

3.5 The Government (Ministry of Industry) had also laid on the Table of Lok Sabha on the 14th April, 1961, a note containing the principles of recruitment to be followed in the Public Undertakings. A copy of this note is given in Appendix II.

3.6 About the mode of recruitment, it has been stated in the material received from a number of Undertakings that temporary employees recruited at the time of construction stage etc. were given first preference for absorption in regular establishment. Vacancies were filled by promotion of staff.

Vacancies for direct recruitment were notified to the Employment Exchanges. Direct recruitment was done by advertisement in local and important newspapers. Where it was essential a few deputationists were also appointed to fill the vacancies.

3.7 During evidence, the representative of a leading all India trade union stated, “We feel that the workers association with recruitment at all levels is absolutely necessary. There are so many ticklish questions in recruitment. Unless workers are satisfied that recruitment is above board it is going to lead, and it is leading to a lot of tangle. It is no use framing rules. You have sufficient experience and so have I. Rules are made only to give some person the scope to find out how he can have the opportunity to break them, with impunity. So, it is not a question of making rules. It is a question of the content and implementation.

As regards police verification of workers at the time of recruitment, the witness stated, “I would suggest that we must do away with this kind of ‘police raj’ and the ‘raj of terror’. That is not the way of winning workers confidence. That is why strike takes place resulting in loss of 20 millions mandays. It is a question of his dignity, treatment as full citizen of India.”

3.8 Shri D. Thengari, M.P. has stated, “Whenever lands are acquired for the setting up of a public sector undertaking, the persons displaced consequently should be paid due compensation, 50 per cent of which should be paid in cash, the remaining 50 per cent converted into their shares in the concerned undertaking.

Such displaced persons and their dependants be given priority in employment in the undertaking.

Preference be given to local and regional persons in recruitment for non-technical jobs (Class III & IV) .

Recruitment for technical jobs be purely on the basis of merit, —on all India level (Class I & II).

For the physically handicapped specific types of jobs of certain percentage of jobs should be reserved”.

3.9 Shri S.R. Vasavada, M.P. during evidence stated, “When the project goes into production, I think, all possible care should be taken to see that recruitment is given first to the person who has been displaced and his land taken away. Next to those people, who were employed in construction work for anywhere between six months to five years may be given preference. This may not be possible in all cases because you may require anywhere from 25,000 to 50,000 workers during the construction of a dam but when the dam is completed you may require only 500 workers. Therefore, as I said all possible care should be taken to absorb as many workers as you can. The next point is that we, in our public projects, have four categories of workers, like the Government employees . So far as Class IV employees is concerned, I would insist that all avenues of employment should be open to those who belong to the district or the State where the project is starting. I am not saying that 100% of them should get employment. When this question was discussed in the National Integration Committee, the consensus there also was that if a project was coming up, say, in Bihar, U.P. or M.P. or anywhere else, so far as Class IV is concerned, they are largely unskilled workers and no special qualification is required for them and so, practically speaking, all of them should be recruited from the district or the State where the project has started. I would say the same thing, though with a little less emphasis, about Class III also. Class III is more or less clerical or skilled operatives. Skill will have to be imparted to these operatives. But it is the duty of the public sector project as well as the private sector project to see that skill is imparted, and some initial expenses will have to be incurred in imparting skill to the workers.

So far as the higher technical staff is concerned, of course you cannot say that he must come from this State or that State; if you have got talent anywhere else in the country, I think we should utilise that talent. That is about recruitment.

I have got one more point about recruitment. I was in labour for the last 44 years and I have come to know that there is something like ‘trade in the blood’—knowledge of trade in the blood. A workman’s son born in the working class, born in the atmosphere of that particular industry, has got an initial advancement rather than an outsider. Take any industry whether it is steel industry, cement industry, jute industry or cotton textile industry; if you were to recruit the son of that man, you have got greater advantage because he lives in that environment and he knows how his father and other men are working. Moreover he can also solve the small problems that come in the way while working in the factory. But an outsider has to learn these things and that is why I said the knowledge of trade is in the blood. The father without taking any trouble teaches his son about the work. Therefore, what I mean to say is that if a fine-man’s

son or an operative man's son in the Railway is given the same kind of work in the same industry, in the same project, he will certainly be helpful to the industry because he knows so many things about the industry."

3.10 Shri Sanat Mehta, ex-M.L.A. (Gujarat) stated, "I have a very strong feeling that in the public undertakings, the top management or the middle management have no knowledge of the labour laws in the country. I am making this statement as a very responsible trade unionist. In ONGC retired military officers were recruited. Fortunately, the practice has changed and I hope you will very strongly recommend whatever may be the efficiency of the military officers that they are not useful people in the personnel management and industrial relations affairs. They can combat strike well just like the Army which can combat very well. Otherwise, they cannot do anything".

3.11 Shri V.G. Rajadhaksha, Chairman, Hindustan Lever Ltd., stated, "First of all, all recruitment is carried out through our Personnel Department. At the lowest level, the vacancies are notified to the Employment Exchange—that is, for unskilled workers. We tell them that we want so many people. We have to see of course that they possess the minimum qualifications of literacy. Within these requirements, all recruitment is done through the Employment Exchange.

For the intermediate vacancies, if there are suitable people within the Department, they are promoted by selection. If these are not, then we advertise the vacancy within the Unit, whether it is a factory or an office whatever it may be. If we still do not find suitable people then we advertise through the press. In the case of managers, the same thing applies. We try to fill the vacancy from within but when we find that we are unable to recruit from within, we recruit from outside. We have also got the management trainee scheme where recruitment is not done against specific vacancies but when we take every year 4 or 5 people at the level of management trainees, who, after some time, automatically become managers. It is like Indian Administrative Service and other Central Government Class I service for which examinations are conducted.

A word about how this recruitment system works. Recruitment for these posts is mostly done by interview but in special cases we have written examination also. The Chairman of the Board of Interviewers is a Director. There is also present the head of the unit—whether he belongs to management or the service groups. In the case of recruitment to the management position, it is done by a committee consisting of 2 or 3 Board members. For the recruitment of these management positions, usually the managers are the Board members and for the recruitment of senior people usually the Chairman of the Board is involved".

3.12 During evidence of the representatives of the selected undertakings, the Committee enquired from the representatives about the recruitment procedure prevalent in their respective undertakings.

3.13 The Chairman, Bharat Heavy Electricals stated that "the annual requirement is based on the production programme that we anticipate for

the next year. On the basis of the requirement we draw up recruitment programme for the various categories. Of course, I must admit that in the case of Bharat Heavy Electricals, the production programme for the last 2 years or so was quite undecided and was very blurred with the result the recruitment possibilities and recruitment plan had to be held back.

In the case of Hardwar Unit, subsequently we received some orders and on the basis of this we have been able to draw up our further recruitment programme.

As far as the gazetted staff is concerned, we have more or less an annual programme of taking graduate apprentices on a phased programme in a sense because we have not completely recruited the full complement of designers and engineers required for even the minimum production that we anticipate. Therefore, we have definite programme of recruitment of about 20 or 30 graduate apprentices who will man the gazetted posts. This is the programme that we have in view".

3.14. The Chairman, Fertilizer Corporation of India said "as far as the Fertilizer Corporation is concerned we have 5 fertilizer producing units, one at Durgapur undergoing trial, one at Barauni which is expected to go into production and there is one each at Talcher and Ramagundam which are just coming up. What we do, as far as the projects are concerned, is to make an assessment of our man power and this is considered as a preliminary reports. After a detailed study, a combined permanent set up is evolved. This is examined from time to time in the light of the experience which we have gained in our operating units. Our normal recruitment is through our apprenticeship schemes. We have a scheme for recruitment of tradesman as well as officers and through this scheme we regulate the intake. We also examine this manpower requirement, in the sense that it forms part of the annual budget, so that the Board of Directors have a chance to examine our requirements, our expenditure, etc."

3.15. The representative of the Hindustan Steel Ltd. stated "Hindustan Steel Ltd., has 8 units. Again taking the non-supervisory category, the planning is done at the unit stage, that is in each Unit of Hindustan Steel there is a Committee set up by the General Manager. The Committee takes an overall picture of what are the likely vacancies and on that basis the planning particularly of trainees and apprentices, is laid down.

This planning is also done at the Head Office level. About a year and a half ago, the Chairman had appointed a Board Sub-Committee including the Personnel Directors and one or two General Managers to prepare a Master Man-Power Plan for the executive side. Last year, we recruited about 500 graduate engineers. We have to lay down the job description not only in the matter of recruitment, but in respect of works study incentive schemes etc. also."

3.16. The representative of Indian Airlines stated, "In Indian Airlines, we take the man-power forecast as the first step towards planning our recruitment and by the middle of the year we make projections for the next year for the growth of traffic, fleet composition, utilisation of aircraft etc. Then we arrive at a broad idea about the number of people whom we want



to recruit next year in different categories. There are a number of categories—pilots, aircrafts engineers, technicians, traffic assistants, loaders and so on. By about October or so, we attempt a budget estimate. I would like to mention here that the set up of Indian Airlines is like this. We have a Central Office which is called Indian Airlines Headquarters which does the man-power planning as well as recruitment for certain categories like pilots, engineers, officers' air hostesses and flight stewards. In other categories of staff, the recruitment is done locally by our regional offices in Calcutta, Bombay, Delhi and Madras. Once we have a clear idea about the man-power plan, we take into account the time that would be involved in the recruitment process. We also take into account the time that will be involved in training the staff.

3.17. The Chairman, Life Insurance Corporation said "On the basis of formula evolved by Method & Organisation Department in LIC the staff is sanctioned for each division. We have found that this formula has been working satisfactorily. But the only problem that we have had between the date of sanction and recruitment is a cumbersome procedure. It used to create a lot of problems in getting men under job. After recruitment, we are giving training for six months to the recruited apprentices before they are absorbed into the permanent service of the Corporation. We used to have direct recruitment of officers till this year. At present, out of officers' cadre of about 4000 persons merely six hundred (600) are direct recruits. The composition of our Organisation is as such 95% of the persons who joined as clerks do not see any possibilities of becoming officers during their life time. Therefore, there was a considerable agitation against this direct recruitment. Taking these feelings into consideration and also the fact that we have had very highly qualified persons including L.L.M. and Ph.D. amongst our Assistants, we have decided temporarily to suspend this direct recruitment. So far as officers are concerned, we are trying to find out talent from within to see that they should be given opportunities to go forward".

3.18. The Committee enquired whether recruitment of employees was dependent on police verifications in Public Undertaking and if so, the rationale behind the procedure. In reply, the representative of Hindustan Steel Ltd. stated, "I think in the Public Sector, we all have the police verification. But perhaps a lot of inconvenience to the referees and to the individuals could be saved if this process of verification can be speeded up".

3.19. The representatives of Oil and Natural Gas Commission, Indian Airlines and Natural Coal Development Corporation stated that security was extremely important in their case. So they had to rely on police verification.

3.20. The Chairman, Life Insurance Corporation said that they had dispensed with the system of police verification since they found it unnecessary.

3.21. To a further question about the practice in private sector, the Chairman, National Coal Development Corporation stated, "I can say on the basis of personal knowledge that this system operates in private

sector also. I was in a private sector company for about 9 years. This was done there. In addition we had another enquiry regarding antecedents of the candidates through an officer of the Company”.

3.22. From the post evidence replies received from undertakings, it has been observed that some undertakings, e.g., Fertilizer Corporation of India Hindustan Steel Ltd., Life Insurance Corporation of India, Heavy Engineering Corporation had not given any specific opportunity to the representative bodies of the Staff to make their view points known before the finalization of their Recruitment Rules and Regulations. Whereas in some Undertakings e.g. Oil and Natural Gas Commission, Food Corporation of India, Indian Airlines Recruitment Rules were drafted after giving ample opportunity to the representative Unions to place their view before the Management.

3.23 The Committee have also observed that in the matter of associating outside experts in the Selection Committees for recruitment, the policy adopted by the Undertakings had not been the same. Life Insurance Corporation did not consider it necessary to engage outside experts on the Selection Committee. Indian Airlines appointed an outsider only whenever such assistance was deemed necessary; Hindustan Steel Ltd., associated outside experts sometimes when it was felt that such association would improve selection and Oil and Natural Gas Commission engaged outsiders only for Class I posts. Some other undertakings e.g. Heavy Engineering Corporation, Fertilizer Corporation of India, Food Corporation of India Ltd. associated experts in their Selection Committees for recruitment.

3.24. During evidence of the selected Ministries the Director-General, Bureau of Public Enterprises explained the recruitment procedure in Public Undertakings as follows, “As far as the recruitment for the top level posts are concerned—that is, the Chairman, Managing Director, Members of Boards of Directors and General Managers—the appointments are made by the Government and not by the Enterprises themselves. One of the recommendations of the Administrative Reforms Commission which has been accepted by the Government, is that the Members of the Board and General Managers should be appointed after consultation with the Chairman. For this purpose a selection Board is there consisting of four Secretaries of the Government from the concerned Ministries and there are four Chief Executives from the Public Enterprises themselves. These eight people form a Board and all those people who are aspirants to become Chief Executives and top Executives in Public Enterprises have to appear for a personal interview before this Selection Board. They interview each person, whether he belongs to the Public Enterprise or whether he comes from outside; everybody has to appear before this Board. After the person is considered suitable by this Board, he is put in a proper panel. We have four schedules called A, B, C & D. Schedule A consists of posts carrying a scale of pay of Rs. 3500-4000; schedule -B consists of posts carrying a scale of pay of Rs. 3000-3500; schedule-C consists of posts carrying a scale of pay of Rs. 2500-3000 and schedule-D consists of posts carrying a scale of Rs. 2000-2500.

So, these people are placed in these different schedule and these panels are sent to the different Ministries. At the time when the selection has to

be made, these schedules are consulted and people are normally selected from therein, Even then the Government policy is that if there are people available within the Enterprise, who have already been screened and who have been found suitable for these posts, they should be given first preference”.

3.25. “Now it may be that a person is there and is considered suitable but he has not been screened. In such cases we even entertain special requests from the Ministries to screen them quickly and if the Selection Board consider him suitable for employment, he is given the chance for appointment, If a suitable person is not available within the Enterprise, then naturally the Government goes outside the enterprise, People belonging to other Enterprises who are considered with these posts, are also given preference, Sometimes we do induct people from Private Enterprises and also from Government. This is the procedure followed for filling up the the vacancies at the top level”.

3.26. Regarding the appointments in lower levels, the witness further stated “There are two other levels, Middle level and the lower level that is the working level. Our policy regarding recruitment at the middle level is that except at certain injunction points, the trainees and the operatives should be minimum and the posts should normally be filled up from the organisation, But there are gaps and sometimes the recruitment has to take place in these middle levels on an all India basis when the persons are not available within the organisation. Then there is a regular advertisement and there will be a regular selection board for selecting people. In the case of graduate trainees, engineers, managers, etc. we follow the same principle. So far as other posts are concerned, the public enterprises are as much subject to the compulsory Notification Act as other enterprises in the country are and the recruitment has to be done from the Employment Exchanges and quite often representatives of State Governments are associated in this process of recruitment of workers. But any system can be improved and should be improved. There should be constant check over its functioning and there should be a regular review. Quite a lot of modern techniques for recruitment are coming in, But there is the process of evolution rather than scrapping the system and bringing in a new system”.

3.27. When the Committee enquired about the views of the Government on the formation of an Industrial Service Commission for subordinate posts on the pattern of the Railway Service Commission for public undertakings. The Secretary, Ministry of Finance stated “This question has been considered but we have some difficulties. The recruitment in the case of the public sector undertakings is very different from that of the Railways because there is only one type of people required by the different Railways and they are able to recruit, but each different undertaking has different types of requirements. We have, therefore, felt that it would probably be better that each public sector undertaking has its own rules and procedure and a Commission for making selections, or their own board for recruitment. In case of the lower grade employees, they come from the Employment Exchange, though a local selection board in which a representative of the State Government is also normally associated. Our view is that it would be very difficult for an Industrial Service Commission to work for a large variety of public sector undertakings”.

3.28. The Committee feel that broad framework for rules of recruitment in Public Undertakings should be laid down by the Bureau of Public Enterprises who are stated to be well-equipped and well experienced in matters pertaining to public undertakings. The Rules should also define broadly the categories which would constitute the middle and the top cadres; the others being included in the remaining cadre. The rules may also make a distinction between public undertakings which are engaged in industrial enterprises and those which are concerned with insurance, financial management, business, trade etc. The guide-lines may be different, if necessary, for these two broad categories of undertakings. Keeping in view these broad guidelines, each undertaking may lay down detailed rules which may be got approved from the Bureau of Public Enterprises so as to make sure that they are not contrary to the principles laid down.

3.29. There should be a system for reviewing these rules periodically say once in two years to begin with and later once in five years to make sure that they are in conformity with the developments in personnel management. The Bureau of Public Enterprises should in due course develop a Manual of Recruitment which would provide detailed guidance based on concrete cases so that it can serve as a useful reference volume.

3.30. The Committee are of the view that better opportunity should be provided to local persons for employment in public undertakings. Apart from priority being given to local persons in the matter of recruitment, another way of achieving it would be to provide vocational courses and other opportunities to the local persons to pick up the skill, which would fit them for employment opportunities available in the undertakings. One of the points which has been greatly agitating the mind of the local persons is that outsiders who are not really residents of the area manage to get themselves registered in the Employment Exchange by giving local addresses. It should be possible for the Employment Exchanges to make sure, with the help of State Government, whether or not the persons who are being registered for employment in the public undertakings are local residents of the area and of the State. This information should be suitably indicated while forwarding the names to the public undertakings so that it is able to implement in letter and spirit orders issued by Government for giving preference to local persons for employment upto certain levels.

3.31. The Committee reiterate the recommendations made by the Committee on the welfare of Scheduled Castes and Scheduled Tribes regarding appointment of candidates from Scheduled Castes and Scheduled Tribes in the public undertakings and desire that no efforts should be spared by the public undertakings to give adequate representation to the Scheduled Castes and Scheduled Tribes personnel in their appointments.

3.32. The Committee note that the Government have taken action to issue a directive to the Public Enterprises for reservation of posts for Scheduled Castes/Scheduled Tribes and to lay down the percentages of reservations to be made for posts in the various categories including those corresponding to class I and II posts under the Government. Adequate representation of Scheduled Castes/Scheduled Tribes at the supervisory levels will also thus be ensured. The Committee desire that Government should pursue this matter with the Public Undertakings with a view to ensure their implementation.

3.33. The Committee wish to point out that there have been in recent years developments in the matter of devising aptitude and psychological tests, including written tests, which would facilitate objective selection of personnel. The Bureau of Public Enterprises should also take the lead in this respect and commend to public undertakings suitable aptitude and psychological tests for recruitment. The help of the Institute of Management/National Productivity Council could also be availed of in devising these tests. These tests of course may be suitably adopted by the Public Undertakings, as necessary to suit more precisely the specific requirements of the undertakings.

3.34. The Committee also think that there should be a system of "follow up" of recruits through the first few years, if not right through the career, in order to derive lessons about the future mode of recruitment. The idea is to see how persons selected through a certain procedure and technique of recruitment have fared so that the procedure and technique may be modified, if necessary to serve better the interest of the undertaking.

3.35. The personal reports particularly in a production unit should be so devised as to elicit factual information on the achievement and production record of the person so that it is free from any suspicion of a personal idiosyncrasy of the supervisory officials prejudicing the record of an individual.

3.36. The Committee note that Government have already laid down a broad policy that efforts should be made to fill up the top management posts from talent available within the undertaking. It is, therefore, of the utmost importance that recruitment and career planning should be so done as to throw up over the years enough persons to fill top management posts. The Bureau of Public Enterprises should take special interest in this vital field and lay down in consultation with the Department of personnel at the Centre and the Institute of Management and the U.P.S.C, by broad guidelines for recruitment to the management cadre, which would provide the top management in the years to come. In view of the crucial importance of building up the Managerial talent in public undertakings, the Committee cannot too strongly stress that the matter should receive continuous and earnest consideration of Government at the highest level so that timely action is taken to correct any imbalances.

3.37. The Committee also recommend that all the public undertakings should give preference in employment in suitable jobs to ex-service men and the dependents of army personnel who have laid down their lives in the last Indo-Pakistan war.

3.38. The Committee note that Government have set up several centres for the welfare of handicapped persons where they are also imparted knowledge in different vocations. The Committee consider that public undertakings should set a worthy example by offering employment opportunities to such of the physically handicapped persons as can be gainfully absorbed in jobs.

## IV

### TRAINING

4.1. In India, the traditional method of acquiring the desired level of skill in a trade or occupation has been to learn it initially from the elder in the family or a family friend and practice it over long years on the job. The skill thus learnt is in due course passed on to the younger generation in the like manner.

4.2. In Industrial Units, a worker recruited to an unskilled job gradually picked up the required knowledge by copying his senior. Gradually the need for trained workers came to be recognised in the industrial organisations. But the facilities for training have not received the required attention. The worker should be given training before and after he gets into employment.

4.3. During evidence Shri S.R. Vasavada, M.P. stated "it is the duty of the public sector project as well as the private sector project to see that skill is imparted and some initial expenses will have to be incurred in imparting skill to the workers."

4.4. The Chairman, Hindustan Lever stated, "a very fundamental part of our plan is training. We have training right from the lowest level of unskilled workers to the supervisory staff."

4.5. The representative of a leading all India trade union during evidence before the Committee stated, "The question which I would like to deal with is the question of retraining employees with leave facility at the company's cost. After a day's work, I am asked to attend some evening course. After 8 hours work, the employee has so many things to attend to. His efficiency is not even at 50 per cent. After 8 hours of standing before a steel furnace or in the melting shop, man is absolutely working at half his rated capacity. And you want him after 8 hours work to take lessons. Will he do it? He cannot do it. My suggestion is that a system has to be evolved. It may be evolved easily, there is nothing very difficult in it. Retrain employees with leave facilities at company's cost. It does not mean that every member of the staff must be given leave at the same time."

4.6. In a Memorandum received from a leading all India trade union, it has been stated, "there are practically no facilities for inplant training for fitting persons for a better job. In-plant training to fit persons for a better job, must be provided at the Company's expense."

4.7. Another leading all India trade union in their memorandum have stated, "Training Scheme does not exist in many of the Establishments."

4.8. During evidence of the selected Ministries the Committee enquired about the facilities for training provided by the Undertakings to their employees to improve their prospects. In reply, the Director General, Bureau of Public Enterprises stated, "I do not think we have uniform system but many of the important undertakings have introduced this in service-training in technical institutes. They have evening classes. They have facilities for giving training in respective trades and I know one or two enterprise who also run classes for the operators and for the people—B.Sc.s., etc. to acquire such qualifications as AMIE. I do not think we can generalise that this sort of facility is with every enterprise, but once there is a possibility of people moving up, these facilities are provided."

4.9. In a written reply, Bharat Heavy Electricals have stated, "Training courses are arranged on full time basis at the training centres, where library facilities, workshop facilities etc. covering both practical and theoretical aspect are provided."

4.10. The Fertilizer Corporation of India have stated, "For our employees we provide broad educational part time courses each of one year's duration as prebasic, basic and advance and also coaching for the professional degree examinations of Institute of Engineers etc. The Institution of Engineers recognises our advance courses and therefore any employees who did not have fortune of going through college education, can by passing the series of the above courses attain professional qualifications. The prebasic and basic courses are generally tailored to the needs of the employees and are treated equivalent to Matriculation and I.Sc. The advance courses are divided in specialised disciplines in production, Mechanical, Electrical, Instrumentation and Draughtsmanship etc. Besides these part time courses we have regular specialised refresher courses for different categories of Technicians, Maintenance Operation Safety, Instrument Technology in the various disciplines. The part time courses are specifically meant to improve the qualifications and knowledge of the workers and their eligibility for promotion to the supervisory ranks, specialised courses are meant to broaden their knowledge in their specified field of work and improve their performance on their jobs."

4.11. The Food Corporation have stated, "A Central Training Institute with Head-quarters in New Delhi has been set up for conducting general, orientation, promotion and refresher courses for middle and lower management levels. Apart from the training facilities at the institute, training programmes are organised at zonal/regional levels for category II & III employees.

Senior and middle level executives are deputed for specialised training in various fields in the established training institutions such as Administrative Staff College of India, Hyderabad, Indian Institute of Public Administration, New Delhi, Institute of Management, Calcutta & Ahmedabad, and various short courses run by established Management Institutes.

Executives are also sponsored for training abroad under fellowship programmes notified by Government from time to time."

4.12. The Life Insurance Corporation have stated, "The new recruits in the Assistants' cadre are given training for 3 months consisting of two weeks of theoretical training and 2 1/2 months' practical training on the job. The training for them aims in providing such background knowledge as will enable them to take an intelligent interest in their work and to acquire a clear understanding of the same. The practical training helps them to acquire a thorough knowledge of office procedures within the shortest possible period of time, so as to enable them to make an effective contribution to the working of the Corporation. The Corporation has also set up an officers' training College in which training is given to employees promoted to the officers' cadre to equip them for higher responsibilities."

4.13. The Oil & Natural Gas Commission have stated, "The Commission has an Institute of Petroleum Exploration (IPE) which imparts induction training and Refreshers courses. The Refreshers's courses are for the benefit for the employees who have been working in the Commission, whereas the induction training is provided to those who join its technical cadre."

4.14. The Hindustan Steel have stated, "Aadequate facilities exist in the plants for employee to improve their prospects through training. Each plant has a well equipped Technical Training Institute staffed by qualified instructors and training officers. Training is imparted to the employees for improving their skill during their working hours while on the job or in the Training Institute."

4.15. The Committee feel that the main burden of training the workers after recruitment should necessarily be borne by the undertakings. In industrially advanced countries, this is the normal method of making a worker useful to the organisation. Present economic and industrial development in India demand comprehensive course of training at every level of staff in the industrial as well as trading undertakings.

4.16. The recruitment in industrial units takes place both from outside sources and from within. The Committee need hardly point out that training courses for outside candidates would have to be more exhaustive than for in-plants candidates.

4.17. The Committee also recommend that adequate facilities should exist in the plants for employees to improve their prospects through training courses. Appropriate training schemes for different categories of technicians, should be devised by the Undertakings both in the plant and outside. As regards middle and senior executive arrangement for refresher courses should be arranged and full advantage of the various training centres set up by the Universities and well known management Institutes in the country be taken.

4.18 In the trading corporations, training programmes should be organised for the new recruits to give them theoretical and practical training in the duties and responsibilities entrusted to them. The Corporations should also conduct training classes in which training should be imparted to employees promoted to the officers' cadre to equip them for higher responsibilities. Senior executives may be deputed for specialised training in various fields in the established training institutions in the country.



4.19. The Committee attach the the greatest importance to the provision of adequate training facilities including leave for workers at all levels so that they can improve their skill and knowledge and qualify for higher posts. The training programme may be devised in consultation with training institutes of standing as well as representatives of labour so that it serves the twin purpose of enabling the employees to improve their prospects and of increasing efficiency and productivity. The Committee are sanguine that if the training programmes are worked in the larger interests of the workers and the undertakings it would give workers the much desired sense of belonging.

## PROMOTION POLICY

5.1. From the material received from Public Undertakings it has been noticed that normally promotion in the lower level are made from the lower grade in most of the Undertakings. For promotions in the middle grade, a person's seniority, merit, past record and conduct are taken into account.

5.2. Higher Grade promotions are made by selection on merits from amongst the officers in the next below grade. Some undertakings e.g. Air India, Hindustan Aeronautics Ltd., Hindustan Steel Ltd., Indian Drugs and Pharmaceutical Ltd., Life Insurance Corporation have reserved percentage for promotion in higher category of posts. The policy of some other undertakings e.g. Bharat Heavy Electricals Ltd., Fertilizer Corporation of India, Heavy Engineering Corporation, Indian Oil Corporation Ltd., has been to fill as many vacancies from internal sources as possible and resort to outside recruitment when suitable persons are not available. Some undertakings e.g. Life Insurance Corporation of India, Indian Telephone Industries etc. have laid down a minimum period in one grade before which promotion to the next higher grade is not considered.

5.3. With the establishment of a large number of Public Undertakings, the issue of promotion has assumed importance. Discontent over promotions has been the cause of several work stoppages. Promotion means movement of a worker to a position of higher responsibility and increase in his emoluments. It is a reward for the worker's hard work and an incentive to give of his best to the undertaking. It sustains and builds up the morale of workers. Many undertakings have laid down promotion rules, or drawn up some guidelines on the basis of which promotions are made. Most of the Undertakings have set up their own Departmental Promotion Committees.

5.4. In Bhilai Steel Plant suitability of employees in skilled and highly skilled categories is determined on the basis of merit rating in which employees are assessed in various areas like length of service, regularity of attendance, amenability to discipline, qualifications and performance. In other steel plants the system of merit rating is being considered for introduction.

5.5. During evidence, the representative of a leading all India trade union stated "with regard to the promotion policy, we want to make it clear that it should be seniority-cum-efficiency. Of course from the trade union side, we do all along insist that the seniority should be the primary criterion because, if it is on the basis of efficiency, there may be some nepotism and favouritism. But in the case of seniority, the question of nepotism and favouritism does not arise".

5.6. About Promotion Policy in the Undertakings another leading all India trade union in a Memorandum have stated "promotion is a matter which is causing serious unrest and discontent in almost all public sector undertakings. At present in many places there are no rules. Where such rules do exist, these are faulty and promotion is mostly dependent on the subjective evaluation of work by a superior officer. In many cases, even the faulty rules are broken to satisfy the whims and fancies of the officers. Corruption also plays a part in some cases. Channels of promotion are designed in a way which denies opportunities to large masses of workers who whatever their competence are compelled to stagnate in the same job year after year. There are practically no facilities for "in-plant" trainings for fitting a person in a better job.

What is required is a through over-haul of the present policies. Promotion opportunities must be maximised. Clear objective conditions must be laid down. Nepotism, favouritism and corruption must be eliminated. In-plant training to fit persons for a better job must be provided at the companies' expense.

All this requires, in the case of recruitment, association of the recognised unions in laying down the policies as well as in their implementation."

5.7. During evidence of selected Public Undertakings, the Chairman, Fertilizer Corporation of India stated "We have a written procedure and, it is constantly reviewed on the basis of the experience we gain. For instance about the helpers—we do not have any helpers at all. What we try to do is to retrain the people and if possible give them higher, better and more paying job. There are certain posts which are the prerogatives of the President like the posts of General Manager, Financial Adviser, etc. So the Board of Directors would recommend that person. But subsequently, it is the Government which takes the decision as to whether he should or should not be the General Manager."

5.8. The Committee enquired about the higher grade that an ordinary worker could reach in a Public Undertaking. In reply, the Chairman, Bharat Heavy Electricals Ltd. stated, "there is no bar for worker to come up to any level in the Company provided he has the necessary qualifications and his record of service is satisfactory. But I do know that workers have come up to the level of Foreman and some of the Foremen have been promoted even to the officer class. But as far as my company is concerned, I would say that the Company is still very young and hardly 5 or 6 years old. Therefore, I cannot give any specific instances where the worker has come up to the top. But I do visualise that the recruitment having been made in a very discriminating manner and the workers having a basic education such as IIT pass etc., in future these people will be able to reach higher levels. In connection with this question there is a specific query whether a central directive should be issued in the matter of promotion procedure to remove discontentment among the employees or would you favour autonomy of the undertaking to be retained. I do feel that autonomy should be retained. And about the central directives, first, they are very difficult to be issued to cover the whole range of the industries that are now in the public sector and secondly, the workman or the employee of the company should feel

that he has to look forward to his prospects and career promotions etc. and his loyalty should be basically to the organisation rather than depend upon some central directive for his advance. And you have also asked whether there is any suggestion for improving the promotion procedures in the public sector.

I feel that in the case of workmen, we should insist upon trade test being the basic bedrock on which promotion should be formulated. I know that sometimes the labour demands that there should be no trade tests and the promotion should be based on either seniority or on some sort of performance on the shop-floor. Well, I do feel that some weightage must be given for the seniority and performance on the shop-floor. Basically, from grade to grade, there should be a definite test conducted in a scientific manner, and the promotion should be regulated on the results of the trade test. If you come to the promotions regarding higher categories, I feel that the system now prevailing, that is a Committee is appointed for conducting an interview or written test ensures fair amount of objectivity in the promotions. I also feel that it is the only way to counteract nepotism. The Committee method of selection is the best method that we should follow. Of course, you can say that even a Committee could be biased. Then, there is no human ingenuity which could eliminate some amount of subjectivity in the selections. But by and large, the Committee with somebody from the Personnel Department and discipline to which the employee himself belongs and a representative of the top management should be able to conduct fair selections and follow an objective assessment."

5.9. In reply to a question about setting up of an Industrial Public Service Commission for the purpose of selecting officers over a particular pay range of Rs. 1,000/- for all the Public Undertakings, the Chairman, Bharat Heavy Electrical Ltd., said, "I have given some thought to this subject of a common Public Service Commission like a parallel to U.P.S.C. for all the Public Sector Undertakings. But, I came to the conclusion that such a procedure might create some difficulties, for instance, the aspirations of local population even in the officers level would, perhaps, come in the way of such an over-all all India recruitment. For instance, if such a Service Commission advertises for certain number of posts at Bhopal, Hardwar and some places, the local people would certainly come forward in greater numbers. But if the advertisement is on an all India basis, naturally the selections have got to be under such circumstances of an all India evaluation. Even the people from far away places would apply and compete. Therefore, I feel that a Public Service Commission or something like the Service Commission with outside people or people with long experience and associating one of the General Managers for recruitment to that particular unit would be able to, I should say, satisfy the aspirations of local people better than a Central Service Commission."

5.10. The representative of the Hindustan Steel Ltd. said, "The Hindustan Steel is about 17 years old that is, only in Rourkela. And there are quite a few instances where the workers taken in at the lowest level, having acquired the qualifications, have reached the post of General Foreman i.e. the number three post in the Department. From non-executive to the executive cadre, we have 50 per cent of vacancies reserved for promotees

with qualifications provided they go through the training process, first. I think this is very essential because these days, with the standard of education going up, people with qualifications come in at the lowest level. The unit should provide training at different levels to enable men to pass on to the next higher post.

On the question of setting up an Industrial Services Commission, I would rather agree with the administrative Reforms Commission that this should be left to the Plant itself because the type of specialities are so different that it should be done at the Specialist Unit level.

5.11. The representative of the Hindustan Steel Ltd. further, stated, "I feel that merely evolving promotion procedures is not enough. The whole consideration is to see that these are consistently applied. It is not that we do not have a promotion procedure. Procedures are there and they are very good, But they have to be consistently applied without discrimination".

Admitting that discrimination took place in promotions in Public Undertakings the representative of the Hindustan Steel Ltd. stated, "I will have to be frank and I would not be telling the truth if I say that no discrimination has ever taken place".

5.12. The Chairman, Heavy Engineering Corporation explained, "To my mind, if you really want to build up a proper cadre at different levels, an independent recruitment body is absolutely necessary. This is my personal view because, at the time of recruitment, high and low pressures are built up. I think an independent Industrial Commission will go a long way in solving the problem. In the Railways, for instance, we have a Regional Organisation and this Regional Organisation can confine recruitments in the region itself at the lower level. But for the higher level like the officers' level and supervisory level, an independent organisation is absolutely necessary because, whatever we may say, it is the top which is responsible for running the organisation; if the top is weak or is not strong enough, it will have its repercussions on the workers of the organisations.

With regard to promotions, you also raise the question of the workers coming up to the highest cadre. Rightly or wrongly, the people at the lower level insist that there should be promotion by seniority and it has almost been accepted that people at the lower level are promoted by seniority subject to suitability. But if you go on promoting by seniority at higher levels, they some times do not become suitable themselves and it is difficult to promote people of juniority at the higher level; and if at the higher level we try to have selection, it means only one in ten come up and nine in ten get neglected. So, some thought should be given to holding a test at the lower level so that the people come up not because of their length of service but because of their qualifications. Once they develop their capacity it should not be difficult for them or difficult for the Management to accept them at the higher level. So, this is one big snag in the seniority method—that junior people are not coming up".

5.13. In reply to a question about his views for associating the Labour Unions in the matter of promotions, the Chairman, Heavy Engineering Corporation stated, "I am rather old-fashioned. If the Union can provide

people who can really be selected, I have no objection but unfortunately today, the people who can be selected are not available to that extent. If the Labour Unions can provide that amount of professional ability to be able to select people. We have no objection; but unfortunately it is not so."

5.14. The Chairman, Life Insurance Corporation expressed the view that considerable importance had to be given to management development in the Public Sector Undertakings. He was against the tendency of bringing heads of Undertakings from outside. He stated that even lowest man who started his career should aspire to go to the top. For that purpose training courses should be introduced. It was a pity that Life Insurance Corporation though employing thousands of workers was not able to produce even one Chairman so far. It was therefore, evident that in this huge organisation there was no long range development. The philosophy that the men inside the organisation were not good and the man brought from outside was good had to be changed. The Chairman, L.I.C. further stated that if during his tenure, he was not able to produce his successor, it would be a failure on his part. Stable management had to be assured. They were going into the entire question of promotions and eliminate the fear of favouritism and nepotism that was at present prevailing.

5.15. During evidence of Ministries when the Committee enquired about percentage of workers that had been able to rise from floor level to supervisory level in undertakings the Director General, Public Enterprises replied, "Of course, I cannot answer for all the undertakings. But I do know something from my own experience that in many undertakings, at the supervisory level, that is directly in charge of the work floor or a shop floor, a very large percentage —50 per cent—is reserved for people from lower level in the Steel Plants. This gives, first, an incentive to work better and they get better chances, and secondly, the pyramid is not over-loaded with a very large number of young graduates, who in the next level or level above that would not get any chance for moving up further and would be frustrated. So, it will serve as an incentive for the lower man to go up and the base of the pyramid is not too much overloaded with people who are aspirants to move up in middle management level. So, we follow this in quite a large number of undertakings".

5.16. The Committee enquired whether there was any system of examination while giving lift to the next grade or automatically the workers were lifted to the next grade?

The Director General, Bureau of Public Enterprises replied, "Crossing over from the workman level to the supervisory level is not automatic. Different enterprises have different systems. If it was a question of turners trade or machinist trade, then he must get the trade test certificate. If it was a question of operating plant, usually, these things were done on the basis of seniority cum-merit. After one was qualified, after a few years of service, there is an interview, and Interview Board comprises of people of that particular shop or Department, and on the basis of interview and on the basis of seniority, these people were promoted".

5.17. The Committee enquired whether there was a system of indentifying talent among the workers and giving them opportunities for development in the interest of the Undertakings?

In reply while admitting that there was no such system prevailing in Public Undertaking, the Director General, Bureau of Public Enterprises stated, "We have much not work done in the area of talent hunting and talent tapping at workman's level. And it is an area where we should start work now. Quite a few have computers and, perhaps, it will be possible for them to store the information and systematise the whole thing. It is a wonderful suggestion and we will certainly try to follow".

5.18. The Bureau of Public Enterprises have forwarded with their U.O. note No. 205/PPE(GM-I)/72, dated 3-2-1972, a copy of the Ministry of Labour, Employment and Rehabilitation O.M. No. 31(M)/66-LWI-I dated 13th July, 1967, wherein it has been stated, "At the meeting of the Heads of Public Sector Undertakings held in July, 1963 it was decided that a Model Promotion Procedure should be drawn up so as to minimise the grievances of the workers arising out of the promotions ordered by the managements. Accordingly the Ministry of Labour, Employment and Rehabilitation corresponded with 15 of the larger undertakings in the Public Sector, and eleven from among the efficient and well established undertakings, Indian and foreign, in the private sector. In addition, the Ministry of, Defence and Railways were also addressed and their procedure studied. Personal discussions with the top management of a number of public and private sector undertakings were also held in order to understand fully the promotion procedures followed by them.

A set of draft model principles was evolved in the light of studies and discussions and placed before the 5th meeting of the Heads of Public Sector Undertakings held in July, 1966. After some discussion it was decided that a small sub-committee comprising representatives of certain Public Sector Undertakings and of Ministries of Mines and metals, and Industry and Labour and Employment should go into the question and recommend a suitable classification of posts for which the criteria for promotion might be seniority and those for which the criteria might be seniority-cum-merit, or selection or trade tests, and to suggest a suitable Model Promotion procedure in the light of the views expressed at the meeting.

The Sub-Committee met in January, 1967, and agreed upon certain changes in the Model Principles. These changes have been incorporated and the draft, as finally approved, by the members of the sub-committee, is enclosed herewith".

The Ministry of Industrial Development in their O.M. No. Pr. C. 14 (3)/67-PEC, dated 24-3-1972 have stated :

"The Ministry of Labour & Employment O.M. No. LWI (I)-31(7)/66, dated the 3rd July, 1967, incorporating the 'Model Principles to be followed when ordering promotions of industrial workers in public sector undertakings', was circulated to the public sector undertakings then under the control of this Ministry for their information and guidance *vide* this Ministry's letter No. Pr. C.

14(3)/67, dated the 21st August, 1967. The undertakings concerned are being requested to intimate to this Ministry urgently, whether the instructions contained in the above mentioned letter are being followed by them. A further communication will be sent to the Lok Sabha Secretariat as soon as the latest position is available from the undertakings. A copy of this Ministry's letter referred to above is also being forwarded to the new undertakings (who could not obviously be addressed previously), for their information and guidance.

2. A copy of this Ministry's letter referred to above along with a copy of the Ministry of Labour and Employment O.M. dated the 3rd July, 1967 embodying the 'Model Principles for Promotion' was also subsequently circulated (*vide* this Ministry's O.M. No. Pr. C. 14(3)/67, dated the 21st January, 1969 to all the Ministries/Departments concerned with public sector undertakings, for their information and guidance. They are being requested to intimate the position regarding implementation of these instructions by the Public sector undertakings with which they are concerned *direct* to the Lok Sabha Secretariat *immediately*."

The 'Model Principles' are as follows:—

*Model Principles to be followed when ordering Promotion of Industrial workers in Public Sector Undertakings*

**Scope and coverage**

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

**Consultation with the Unions**

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

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



### **Giving publicity to promotion procedure**

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

### **Classification of post/employees prescription of minimum qualifications and experience.**

4. All posts, permanent or temporary should be classified according to the nature of duties, e. g. supervisory, clerical, technical, etc. and also according to trades. Minimum qualifications or experience to be prescribed for each class or category of posts should be clearly defined so as to (a) to avoid premature promotions and (b) to reduce the element of non-selection variety of posts to the maximum extent possible. While classifying the posts, mention should also be made of the method and mode of recruitment, viz., the percentage of vacancies to be filled in a particular grade by promotion and the percentage to be filled by direct recruitment. While laying down the qualifications not only the educational qualifications but the specific job requirements should also be specified. Except in very exceptional cases (where reasons should be recorded in writing) minimum qualification and experience prescribed for the various categories of posts should be strictly adhered to.....

### **Eligibility for promotion**

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

### **Promotion Committees**

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

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

### **Merit rating**

7. There should be a system of merit-rating based on various factors, e. g. length of service, regular attendance, amenability to discipline, qualifications, performance, safety-mindedness, etc. The system should be evolved for each undertaking according to its local requirements.

### **Criteria for Promotion**

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

### **Training of workers**

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

### **Communication of reasons for non-selection**

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

### **Representation of grievances relating to non-promotion**

11. Written representations from individual workers or unions relating to promotion matters should be freely entertained, examined and replied to within a stated time. Adequate opportunity should also be provided to the workers to represent their grievances in person, if they so desire,

and this method of representation should be encouraged. An attempt should always be made at the personal level, to explain to a worker why he could not be promoted.

5.19. The Committee observe that a uniform and well defined promotion policy has not been laid down for most public undertakings. Different undertakings follow different promotion procedure with the result that discontentment over promotions in undertakings is often evidenced. The Committee is also of the view that discontent over promotions has been the primary cause of several work stoppages in undertakings.

5.20. The Committee feel that the entire question of promotions in the Public Undertakings should be reviewed by the Government. The promotion policy should be based on seniority-cum-merit, trade test etc. and it should be strictly observed in practice.

5.21. The Committee note that as early as July, 1963 it was decided to draw up a model promotion procedure and that after detailed discussions between representatives of certain selected public sector undertakings and the administrative Ministries concerned including the Ministry of Labour and Employment certain model principles governing promotion were drawn up in 1967, and forwarded by the Ministry of Labour and Employment to the Ministry of Industrial Development in original with a copy to the Bureau of Public Enterprises. The Committee find that the Ministry of Industrial Development contented themselves with forwarding a copy of it to the public undertakings under their control in August, 1967. The Committee also note that it was only in January, 1969 that the Ministry of Industrial Development circulated the Model principles to other Ministries/Departments of the Government of India connected with Public Undertakings. It is only on the insistence of the Committee that the Ministry of Industrial Development have now addressed these undertakings to ascertain whether the instructions contained in the model principles are in fact being followed by them. The Ministry of Industrial Development are also only now thinking of circulating these model principles to new undertakings which have come into being after 1967.

The Bureau of Public Enterprises have taken an even more complacent attitude by stating that the letter by the Ministry of Labour was addressed to them for information only and that it was for the Ministry of Industrial Development to take necessary action for circulation to the undertakings. The Committee are shocked at this lack of earnestness in following up instructions issued about a crucial matter which intimately affects the service conditions and prospects of employees working in public undertakings and which has admittedly been responsible for lot of discontent and unrest amongst the employees. The Committee feel that it was the bounden duty of the Bureau of Public Enterprises who have a separate Division for General Management as well as the Ministry of Industrial Development and other administrative Ministries concerned to make sure that these model principles were in fact circulated as soon as they were finalised and that necessary action on the lines mentioned therein was taken by each of the public undertakings. The Committee feel certain that had the promotion procedures suggested therein as early as 1967 been devised after fullest consultation with the recognised trade-unions or service associations and given widest publicity and printed in the form of service manuals,

there would not have been this widespread feeling amongst the trade unions that the promotion procedures leave much to be desired. Even the representatives of management of public undertakings could not deny that there were complaints about promotion procedures from staff. The Committee cannot too strongly stress the need for a close follow-up by the Bureau of Public Enterprises to make sure that the model principles are at least now given effect to in letter and spirit by the undertakings. The workers representatives should be associated with the implementation of those 'Model principles' for promotion. The Committee would like to be informed within three months in detail of the action taken by each undertaking with particular reference to the eleven points mentioned in the Model Principles.

5.22. The Committee are also of the view that a system of identifying talent among the workers and giving them opportunities for development should be introduced in the Undertakings. Broadly, the Committee would recommend :

- (i) Seniority should be the basis for promotion at lower levels. There should be a promotion committee for the lower level in each undertaking.
- (ii) In respect of middle management-level (technical supervisory and administrative personnel), seniority-cum-merit should be the criterion for promotion. The general policy should be to fill as many vacancies as possible from internal sources by promotion. Only when suitable persons are not available, resort to outside recruitment may be made, on all India basis. A promotion Committee should be set up for middle management level in each undertaking.
- (iii) For higher managerial (technical and administrative positions) merit alone should be the guiding factor. As far as possible, talented and professionally competent persons should be selected from within the Undertaking for managerial posts, If, however, suitable and competent persons are not available inside the organisation, selection on All India basis may be made.

## VI

### PERSONNEL DEPARTMENT

6.1. Personnel Departments are generally entrusted with functions relating to recruitment, promotion, training and establishment matters. They are also concerned with the settlement of grievances of workers and promotion of smooth and healthy human relations. Personnel Departments in some Public Undertakings look after both welfare and personnel management. It is therefore very necessary that efficient Personnel Department, adequately staffed with trained and experienced officers should be set up in all the Public Sector Undertakings to deal with labour matters. It has been noticed that a number of undertakings have organised their personnel departments and have provided sufficient staff for them.

6.2 Regarding the Personnel Departments in Public Undertakings, the following comments have been received by the Committee from some leading trade unions :]

- (i) "For the better understanding, well organised Personnel Department with the trained officials in the Public Sectors is must".
- (ii) "The set-up and functions of Personnel Department in public sector undertakings are hopeless, the personnel departments are looking to the interests of the management and they are always against the workers".
- (iii) "The Personnel Departments in Public Sector Undertakings, must be manned by people not necessarily with legal qualifications. They must be experts in human relations apart from having studied organisation systems and methods etc. The Chief of Personnel should have complete freedom to take decisions and implement them underterred by political influence, from above. It is a specialised job and would require specialisation. We do not think we have such specialists manning personnel departments in most of the public sector undertakings".
- (iv) "The functioning of personnel departments is outdated. The personnel departments conduct their activities not only with a bureaucratic mind but also at the dictation of the management. They do not pay due heed to the view point of the workmen. They have no labour background and are not trained in industrial relations. They have no adequate knowledge about the existing law and conception of the genesis of industrial disputes".

6.3. During evidence, the representative of a leading all India trade union stated, "To be quite frank, I do not think that there is a sort of similarity in personnel policy in all the undertakings. There is a lack of personnel policy in many places and specially even for these personnel officers

appointed by the same Ministry as the employment Ministry, no real justice is done. I had always been asking this point that the personnel officers should be appointed by the Labour Ministry and not by the Employment Ministry. This is the point which everybody is dealing with this difficulty in these undertakings. I can understand and naturally the officers do not like these remarks. And apart from that, this personnel policy is very different in different undertakings. There is a lot of room for improvement but one has to go into it with a great deal of patience and sometime if we generalise it like Public Undertakings, we may be making some mistakes. There are different types of policies adopted in these undertakings".

6.4. The representative of another leading all India trade union stated, "specialised Personnel Officers should be in the public undertakings".

6.5 During evidence of the selected Ministries the Committee enquired whether Personnel Departments in the Public Undertakings maintain liaison and close contact with the State Labour Ministry/Union Labour Ministry for effective functioning of the Personnel Departments. In reply the Director-General, Bureau of Public Enterprises stated, "So far as the Personnel Department is concerned, it is a part of the over-all management organisation. And certainly it is not the intention that these individual Departments, individual limbs and organs of the over-all Management Organisation should liaise with Government, I mean the administrative Ministry. There is a liaison of the top management with the Administrative Ministry, with the autonomy the over-all responsibility being delegated to the top management. We do not feel that there should be any particular sort of tie up between the Personnel Department and officers in the Ministry. On the other hand, so far as the Labour Ministry is concerned, they have a lot to do with the Personnel Departments. Whether the undertakings are under the Central Government for labour purposes, or State labour machineries where the Undertakings are under the State Governments for purposes of labour relations. There is a lot of co-operation at that level.

6.6. The Committee then pointed out that they had received a suggestion that personnel department people in Public Undertakings should be appointed directly by the Labour Ministry and they should be under the control of Labour Ministry and asked for the reactions of the Ministries in the matter.

6.7. In reply, the Director-General of Bureau of Public Enterprises stated, "The personnel department is a very important and indivisible organ of the overall management. If the personnel department is taken away from the management of the enterprise. then there may come an idea that DGS&D should take over the inventory management because there is lot of inventory and similarly the Finance Ministry should take over the financial management. That means different organisations will be responsible for different limbs of management, of the same enterprise, while the chief executive or the general management is responsible for delivering the goods. If you make the general management responsible for delivering the goods you cannot take away any part of the management. That has to be there".

6.8. Asked about the role of Labour Ministry for maintaining close liaison between workers and management in Public Sector Undertakings, the Secretary, Ministry of Labour stated, "In so far as this question is concerned, Labour Ministry does attempt to keep in close touch with industrial relations in the public sector units. We get monthly reports not only from the heads of these public sector units, but also from our Chief Labour Commissioner and Labour Commissioners of the various States. There is a special wing in the Labour Ministry which is entrusted with periodical examination of the state of implementation of the labour laws in all the public sector undertakings, and the state of industrial relations. On an average I think, this special wing makes a detailed study at the rate of about 8 units per year. These reports do contain many concrete suggestions for the development of a suitable and effective channel of communication between the management and the workers and thereby improving the climate of industrial relations".

6.9. To a question whether the Ministries were satisfied with the working of the Personnel Department in their Public Undertakings, the Director General, Bureau of Public Enterprises stated, "As far as Steel Plants are concerned, in HSL, the Director of Personnel, Mr. Billimoria, who has come from Tatas, has a long experience to deal with the Personnel Management, etc. Of course, he does not deal directly with the problems of each Plant but even in each Plant, the Personnel Officers, the Labour Officers are people with good experience. My general impression is that there is so much that depends on the individual Personnel Officers. Once the tradition is built up by the Personnel Officers, there will be no trouble later on. The tradition has been built up in Tatas because they are in the field for the last 60 years or more. I have worked in Jamshedpur during the war period. Therefore I know much about Tatas. In our Steel Plants we have in a period of 15 years, employed thousands and thousands of people from all sources, and therefore our problems are some what larger. It would be wrong to say that they are moving in an ideal way. The Bureau of Public Enterprises endeavour is to give model rules and guidelines which are generally to be followed by the public sector undertakings".

6.10. The Committee have observed that the top posts in the Personnel Departments in a number of undertakings are manned by employees on deputation from the Central cadre who are not specially trained in personnel work.

6.11. The Committee consider that the organisation of the Personnel Department of the Public Undertakings deserve their special attention. The officer in overall charge of the personnel matters should be accorded a status of importance comparable to that of the Director/Manager to facilitate the Industrial Relations problem to be considered at the highest level. Personnel Director/Manager, the Committee suggest, should be manned by personnel executives having the required aptitude, training and experience in Industrial Relations and Labour Management, preferably drawn out of the employees of the undertakings. Sufficient opportunities should be offered to these Personnel Officers to use their own personnel initiative in solving the labour problems originating in their respective spheres. Personnel Director/Manager

and the officers in his Organisation, the Committee recommend, should be well-versed in industrial relations commanding considerable experience in dealing with labour. They should be specialist in Labour Management Relations. In the opinion of the Committee, they should be specially aware of the working of the different departments of their respective undertakings. Awareness of the character and nature of the people of the area including the knowledge of their language, the Committee feel, should be learnt by the Personnel Officers of every level.

6.12 In the discharge of their duties, the Committee recommend that:—

- (i) Personnel Director/Manager and the Officers should render impartial and objective advice.
- (ii) They should work in a dedicated manner so as to inspire confidence in the rank and file of labour.
- (iii) Officers of the Personnel Department should develop a personal touch with the labour and their accredited representatives should be easily accessible for the redress of genuine grievances.
- (iv) Personnel Officers should ensure that all genuine grievances of the staff are attended to and redressed without delay.
- (v) Personnel Director/Manager should pay special attention to welfare work relating to the employees and their families.



## VII

### FOREIGN PERSONNEL

7.1 A study of some undertakings has revealed that the following 8 undertakings have foreign technicians/experts etc. in employment in their undertakings.

- (1) *Air India*  
Total—1403
- (2) *Bharat Heavy Electricals*  
At Hardwar            At Hyderabad            At Tiruchy  
109                            32                            21
- (3) *Heavy Electricals Ltd. (Bhopal)*  
Total—21
- (4) *Heavy Engineering Corporation*  
Total—82
- (5) *Hindustan Steel Ltd.*  
BSP    RSP            Central Engg. & Design Bureau  
57       25                            13
- (6) *Indian Airlines*  
Total—7
- (7) *Indian Drugs & Pharmaceuticals Ltd.*  
At Hyderabad                            At Rishikesh  
5    11
- (8) *National Minerals Development Corporation*  
Total—12

7.2 As regards the foreign staff in Air India, the Corporation is required to appoint local nationals in their offices at foreign stations in view of the requirements of the local law and the practice prevailing among the airlines.

7.3 In other undertakings e.g. Bharat Heavy Electricals, Heavy Electricals, Heavy Engineering Corporation, Indian Drugs & Pharmaceuticals Ltd. etc. foreign technical consultants/experts were usually engaged in accordance with the provisions laid down in the Agreements entered into with the foreign collaborators or the Governments. The technical specialists were appointed in such number and on such terms as were mutually agreed upon for work connected with the construction and operation of the plant/project. Their number kept on changing from time to time.

It had been stated that for replacing the foreign technicians, the Undertakings from the very beginning post suitable under-studies to work with the foreign technicians, so that they might take their functions in course of time. The foreign technicians were retained as long as the Indian understudies were not considered to be mature enough to take over.

It has also been stated that: "according to the existing procedure Government approval is required for release of foreign exchange involved in the engagement of foreign technicians. Their approval is also required for obtaining income tax exemption for the foreign technicians engaged by us".

7.4 For the appointment of non-Indians to civil posts under the Government, Corporations, public undertakings etc, the Ministry of Home Affairs issued instructions *vide* their O. M. No. 12/9/65-Est. (B) dated 23-2-1966. A copy of these instructions is at *appendix III*. According to these instructions the appointment of non-Indians should be made only in very exceptional circumstances and there also, only on contract for minimum period necessary. Concurrence of the Administrative Ministry is required to be obtained in respect of all proposals for appointment of non-Indians. The Ministry is also required to obtain the orders of the Minister-in-charge or the Deputy Minister in such cases.

7.5 Shri D. Thengari, M. P. in a note submitted to the Committee has stated : " In the initial stage, engagement of foreign technical personnel is inevitable. But there is reason to suspect that the foreigners are not eager to give their technical know-how to local people. Our technicians also are not encouraged to advance on their own so as to render the services of foreigners superfluous. In many cases, the number of foreign technicians in the plant is much more than what is really required. It should be our object to completely dispense with foreign technical personnel. This can be achieved through proper amendment of collaboration agreements. This is, in a way, a war of nerves. But if we are determined, we can win it. No restrictive clause in this respect should be tolerated in the agreement or in practice".

7.6 A leading all India trade union in their memorandum have stated, "Indian Technicians have now acquired sufficient experience and know-how during all these years to handle the jobs for which foreign technicians have been engaged in some undertakings. There is no necessity of engaging foreign technical personnel."

7.7 During evidence of the selected Ministries the Committee pointed out that they had observed that in some undertakings, the foreign technicians continued to linger on for longer time than necessary. Our young men should be able to pick up know-how within a shorter period and the foreign technicians should leave as early as possible. In reply the Director-General, Bureau of Public Enterprises stated, "Perhaps it is not the same foreign personnel. I will elucidate this point. For example, is Rourkela Steel Plant where I used to work in 1964, when I went there first, we had only 213 persons working over there. By the end of 1965 or the beginning of 1966, the number of persons came down to 12. We could get rid of more than 200 persons. What happened was at the time of expansion we had to instal so me

equipments and for that purpose we required some people to help us in operating these equipments which we had put up for expansion. That sort of thing continues. Whenever there is an expansion or a new know-how is required, new technology is required, we need a certain number of people who come over. But certainly it is our intention that our people should pick up the work as soon as possible and the foreign personnel who have come for that purpose should go away. But what happens they again come up for some other purpose”.

7.8 As regards the instructions issued by the Governments for engagement of foreign technicians, the Secretary, Ministry of Finance stated, “Government issued fairly strict instructions about the engagement of foreign technicians. Every administrative Ministry examines the request for a foreign technician. The recommendations are usually received from the Director General of Technical Development. The Administrative Ministry examines as to how many people and for what period of time they are required and approval at a fairly high level is needed from the Administrative Ministry *i. e.*, approval from not less than a Joint Secretary.

Our tax laws have made it difficult rather do not encourage to entertain technicians beyond the certain minimum period as after that period they have to pay heavy income tax. These are reviewed by the Administrative Ministry from time to time. The effort is to reduce the total number of technicians. We do not want to keep the man unless he is of absolute necessity. If any foreign technician is to be kept at more than Rs. 3,000 per month, it has to be specially approved by the Secretary of the Administrative Ministry concerned and then he examines the need the period for which he is required.”

7.9 In reply to a question about sending our people for training abroad, the Secretary Ministry of Finance stated, “That is usually made part of the agreement with the party *i.e.* they will train so many of our people in such a time at different levels and we send our officers for study in their major plants”.

7.10 The Director General, Bureau of Public Enterprises added, “If I may supplement here, initially we had to send a large number of people for technical training because we did not have the facility. Now with the increase in facilities of course the number has come down and now we are sending those who have put in three to four years work to develop their knowledge. That is on the technological side.

So far as the Managerial side is concerned centrally we have pooled everything—USAID and other sources and we have a centralised system of selection for sending people—middle level people and also senior level people for training in managerial aspects, production management, etc., to these countries for a specified period”.

7.11 The Committee note that Government have issued comprehensive instructions regarding the appointment of non-Indians to posts in public undertakings. According to the general policy laid down in this behalf, appointment of non-Indians should be made only in very exceptional circumstances and then

also on a contract for the minimum period necessary and simultaneously suitable steps should be taken to train Indians to fill such posts on a regular basis. Prior approval of Minister incharge or the Deputy Minister of the administrative Department of the Government under which the public undertaking is functioning is also required. The Committee feel that if these instructions are followed in letter and spirit by the public undertakings and by the administrative Government Departments it should be possible to ensure that non-Indians are appointed only where absolutely necessary and there should be no room for any complaint that foreign technicians are occupying posts where Indians can do the job as well. The Committee suggest that the position should be reviewed by the undertaking/department concerned well in advance of the completion of the period of contract of the non-Indian person so as to redouble efforts, where necessary, to replace him by an Indian, there should normally be no question of extension of the contract period.

7.12 The Committee also suggest that the administrative Ministries may be required to consult the Bureau of Public Enterprises so that the possibility of getting an expert from another undertaking engaged in the same or similar or related line of manufacture is thoroughly gone into before approval is accorded to the engagement of a non-Indian person.

7.13 The Committee strongly stress that Government/public undertakings should make full use of the agreements with foreign collaborators to train Indian personnel in drawing, designing and operational work. The Committee suggest that progress made in this behalf may be reviewed periodically at least once in six months by the undertaking/Government so as to ensure that no effort is being spared to train adequate number of Indian personnel in drawing, designing and operational work well before the collaboration agreement comes to a close.

7.14 The Committee also suggest that a number of Indians may be attached with non-Indian personnel so that they are able to pick up the intricacies of the work and develop capability of handling it on their own at the earliest.

The Committee also suggest that the Income Tax regulations should be so framed and applied as to act as a disincentive for employment of non-Indian personnel except in areas where it is absolutely essential and inescapable to employ them and that too for the minimum period necessary.

## WORKERS' PARTICIPATION IN MANAGEMENT

8.1 It has been observed that joint consultation between labour and management in most of the Public Undertakings is through joint committees, i.e., Works Committee, Production Committee, General Safety Committee, Labour Welfare Committee etc. Some Undertakings attempted to introduce Joint Management councils, but these are reported to have not met with any significant success.

8.2 Addressing the Conference of Representatives of Trade Union Organisations held in New Delhi on the 20th May, 1971 the Prime Minister stated, "when you consider ways and means of improving industrial relations as a whole, please do give special thought to the evolution of a healthy and fruitful partnership between management and labour in Public Undertakings, in which the nation has such a large stake.... I must admit that there is scope for improvement of communication between management and workers in Public enterprises. I do not think that it is enough to give workers representation merely on the Boards of management. We need to involve them more intimately in the problems of the enterprise at various levels."

8.3 The Union Labour Minister in his address at the Conference stated, "I hope I need not emphasise the need for the increasing association of workers and their representatives in decision making at various levels in the undertaking. We now have the statutory works committees as also voluntary bodies like joint management councils. Past experience has shown that these and other similar bodies have not been able to fulfil the purpose for which they were set up. Government consider that for ensuring industrial harmony and increasing production and productivity, it is essential to enlist the willing and active cooperation of workers in the day-to-day working of the undertaking and to create a climate which would enable the workers to feel that they are not mere wage-earners but partners in the enterprise. I may mention that so far as the public sector is concerned, Government have decided that a representative of the workers actually working in the undertaking should be given a seat in the Board of Directors. Employers in the private sector may like to consider the introduction of similar measure designed to promote a sense of belonging among workers. It is only by such an attitude of identification that workers can be enthused to give of their best."

8.4 The representative of a leading all-India trade union during evidence before the Committee stated, "I don't think that the workers' participation in the management alone would serve the purpose. What

kind of participation should be is a vexed question? If participation means appointing a Director on the Board of Directors, then it is not a particular meaning to us. Participation in management is but another aspect of collective bargaining. Participation and collective bargaining means any decision which is connected with the efficient functioning of the plant which is jointly taken by the workers and the management."

8.5 The representative of another leading all-India Trade Union stated, "we are against the proposal for a representation on the management Board, because we consider that the identity of the union must be kept separate and the identity of the management should be kept separate. This is because there is, at the present juncture, no policy followed by the different unions. If the worker's representative participates, in the management there is every chance of the representative being misunderstood and the rival union would take the opportunity of carrying on false propoganda and slander him that he has become a party to the employer. Therefore, Sir, for the present, until and unless the inter-union rivalries are minimised, we are against the proposal of worker's representative's participation in the management Board."

8.6 A leading all-India trade union in their memorandum to the Committee have stated, "The question of workers participation in management has been raised from time to time in various forms. All earlier experiments through joint management councils, Works Committees, Production Committees, etc. despite all the fanfare and tomtom with which each successive scheme as ushered, ended in a complete failure. Such was bound to be the case, since none of these defined the perspective nor did any of these take into account the actual conditions. Above all no scheme can succeed unless it is a complete, integrated one and bases itself on the conscious participation of workers from the shop floor level upwards. The latest announcements about nominating one or two workers directors on the Board of Directors of Public Sector Undertakings are therefore also doomed to complete failure".

8.7 Shri S.R. Vasavade, M.P. in his evidence before the Committee stated, "I have been hearing for the last 7 or 8 years about the workers participation. This question was also put to Mahatma Gandhi in 1924-25. If the worker was put on the Board of Management, do you think that he participates? The workers will not understand anything. He will be befooled and cheated. He will be dis-owned by the workers".

8.8 Shri P. Ramamurthi, ex-M.P. stated, "with regard to this management and labour relations, the major aspect is the bureaucratic attitude of the management to the workers. The management thinks, the official cadre thinks that they are some superior beings and these workers are inferior people. The normal human relations that should exist between man and man do not exist in these public undertakings".

8.9 In a written note to the Committee, Shri D. Thengari, M.P. has stated, "Labour representatives should be taken on the Board of Directors

of an undertaking through the process of election. The recent decision to bring the labour representatives on the Board of Directors of public undertakings may not meet the requirement of Labour participation in management. For representatives are not properly equipped to play the role and the Industrial climate within the undertaking is not congenial for the real participation”.

8.10 In a written reply, the Chairman, Hindustan Lever Ltd. has stated, “consulting labour representatives in matter such as welfare measures, safety, ergonomic improvement, some aspects of productivity and discipline are both desirable and necessary, although where matters of finance are involved, giving them a role in decision making would put them in an awkward position. They are placed in a much more invidious position if in other matters concerning them *i.e.* lay offs, promotions, they are seen to play a role which in the short term at least is seen to act against their own interest.”

8.11 During evidence of the selected Undertakings, the Committee mentioned that generally the labour unions were against putting labour representatives on the Board of Director of undertakings and enquired about the suggestions of the representatives of the undertakings in the matter.

8.12 In reply the representatives of the Indian Airlines stated, “We agree that putting one labour representative on the Board will not achieve the purpose. If the idea is to get the labour involved in Public Undertakings we have to get the individual worker to participate. Putting a solitary representative on the Board is not going to achieve the purpose. What is required is the involvement at the ‘grass root’ level, as we call it. That is to say you get the workers involved in the process of work itself. That is their interest. They should participate in the working conditions, the methods of work, how work has to be performed and workers can certainly make very useful suggestions as to how to improve the methods of functioning. This is meaningful participation, meaningful involvement all along the line and in this process, the union leaders do not have any major role to play. It is the rank and file the workers who are to play the major role. This is what can give them the real sense of belonging.”

8.13 The representative of the Hindustan Steel Ltd. stated, “Coming to the fundamentals, I agree with my colleague here that there should be a sound foundation for closer association of workers with management. The Planning Commission in the Second Five Year Plan used the word ‘increased measure of association of workers with management’. Then in the Third Five Year Plan that phrase was changed to ‘workers participation’ English is an elastic language which is a bit alien to us. Even if we sit and have discussion you will say you are participating. But in strict parlance ‘workers participation’ would mean ‘joint decision making’. From 1959 to 69 to digress a little when I was Incharge of the Personnel Department in TISCO, such machinery was set up on three tier system. I will not go into the details. I would not go on to assert that merely having representative of workers on the Board of Directors would be of no possible use to anybody. (a) It depends on the individual who sits on the Board. (b) It depends on the level of cooperation under standing and willingness on the part of his colleagues on the Board to make the best use of his services.

8.14 I feel that the recent move requesting the Joint Negotiating Committee for the Steel Industry for two workers representatives on the Board of HSL is healthy because we have, as a nation, been making assertions in Parliament and elsewhere that we want to appoint workers representatives on the Board. Once that is done we should follow it up. The methodology of selection has been left to the Joint Negotiating Committee".

8.15 The representative of the Hindustan Steel Ltd. further stated, "I have no doubt in my mind that this is the only ultimate solution and I have also no doubt in my mind that when the two Directors are chosen, we will try to take full advantage of their appointment".

8.16 When asked about the procedure that would be followed in selecting the representatives of the workers on the Board of Directors, the representative of the Hindustan Steel stated, "Sir, there is only one Board for the HSL, which includes all the plants. And the Government have stated that they would have two representatives of workers on the Board. The Minister of Steel & Mines attended the meeting of the Joint Negotiating Committee by invitation and said that this is the Government's decision and let the Committee advise him on the names of the two persons or on the method of selecting them".

8.17 In reply to a further question whether it could be possible for the Joint Negotiating Committee representing a number of unions to nominate or elect the representatives, the witness stated, "I happen to be the Member-Convenor of the Joint Negotiating Committee. When we first sat for deciding on the Interim Relief and the whole wage structure and fringe benefits for the Steel industry, all of us felt that we are 19 strange bed-fellows and we would never come to a decision. But the fact remains that on something so very vital to the industry, the wage structure covering about two hundred thousand workers and on the fringe benefits, there was complete unanimity of agreement among so many people. So Sir, with your permission, I would venture to say that in respect of this methodology and selection also, there may be unanimity."

8.18 The Chairman, Bharat Heavy Electricals stated "In our present context, I feel that the association of labour with the industry, if meaningful, should result in increased production. And for this, there are two aspects one is industrial peace and the second is increased productivity. If the question is that by appointing a couple of Directors on the Board, are we going to achieve definitely the increased production or industrial peace, perhaps, the intention is the latter part of it. Because a couple of Directors on the Board of Management, unless they have the full backing of the whole labour force in a production unit, will not be able to achieve the objective of increased production. Perhaps the intention apparently is to see that the labour' interests are safe-guarded and the occasions of clash between the labour and management could be minimised by having Directors on the Board of Management."

8.19 The Committee pointed out that when the Government have taken a decision to take the representative of the labour unions on the Board of Director, it was the duty of the top management to make it a success.



The Chairman, Bharat Heavy Electricals stated, "There is no doubt that some day the worker has to sit on the Board of Directors. But what I was mentioning was that, because of the multiplicity of Unions the person who sits on the Board of Directors may not be able to deliver the goods".

8.20 The Chairman, Fertilizer Corporation of India stated, "I think that the labour should be associated with management all the way through. It would not be at all advisable to have them merely on the Board of Directors. It has to start at a lower level and this would involve, to put in it other words, reduction of both management and the labour. The point which worries me at times is the fact that how long will the particular group you selected or who have been selected by labour, be able to control labour essentially, or shall we say, to deliver the goods so that there is proper dialogue between the management and the labour and both are looking at the common objective of building up the organisation and this is the only part which worries people, but I only think that with re-education, with better out look with more trust in each other this objective can be achieved, specially in the public sector".

8.21 The Committee pointed out that in all Public Undertakings, no serious efforts appeared to have been made to psychologically inspire and involve the mass of workers in the actual working of the undertaking. There was the need for employing appropriate psychological methods of inspiring workers and making them realise that they were also partners in a national adventure.

8.22 During evidence of the selected Ministeries, the Committee enquired about the views of the Government for evolution of healthy and fruitful partnership between the management and Labour in the Public Undertakings.

8.23 In reply the Secretary, Ministry of Labour stated, "The first thing to realise is that it is a partnership. The relationship is not that of master and servant, it is between an employer and an employee. It is a partnership with certain well-defined rights and obligations, privileges and responsibilities. So far as the worker is concerned the primary object of labour legislation has been to protect his rights and interest as a worker and a number of Acts have been passed for this purpose to give him more protection, to improve the working place to provide social security and other benefits. So far as the legislation is concerned, it is a question of implementation by the employer and this is where an important factor enters into healthy and fruitful labour relations. Now, this calls, I think, for a complementary approach on the part of workers and trade unions also. I would suggest that the kind of negative and defensive attitude on the part of trade unions, which was perhaps very necessary 30, 40 or 50 years ago when the trade union movement was still in the initial stage and there was a great deal of exploitation of workers, is out-dated and the time has now come for a certain re-orientation of attitudes on the part of trade union leaders and workers in order to evolve a more positive approach to the problems of production involved in the public sector undertakings. This, I appreciate, is not a matter which can be laid down or regulated by law; it should be left to the evolution of an effective system of workers' education such as the Scheme which is already in operation in a large number of public as well

as private sector units. Apart from all this laying down of laws, regulations and rules, there is also that somewhat undefinable and intangible thing called human relations in industry, which to a large extent influences the attitude of both employers and workers to co-operate with each other. There appear to be a certain deficiency in the approach of some of the managers. Perhaps some of the managers in the public sector units do not bring to bear on their duties, and their functions this need to create a sense of identification a sense of belonging among the workers. This should be easier in a public sector unit than in a private sector unit because there is no question of workers feeling that the factory or the unit is owned by a private employer and therefore whatever profits arise out of the unit go to the private employer only. Here, it is a question of profits going to augment the nation's resources for further development."

8.24 When asked about the Government's views on labour representative being taken on the Board of Directors of undertakings, the Secretary, Ministry of Labour stated, "Government shares the view that association of representatives of workers within the management would give the labour a sense of participation and afford opportunity in shaping the policies of the management at the decision making level. This would improve the production capacity of the undertaking. So, starting from this promise Government have recently approved a scheme whereby representatives of workers will be provided with seats on the Board of Management in some Undertakings".

8.25. To a further question as to how would the Government like the representatives to be appointed i.e. by nomination or selection, the Secretary Ministry of Labour replied. "The Government share the view that the best course would be to invite recognised trade unions, which function as bargaining agents for all consultations, discussions and negotiations between management and the workers. Invite the leader of the trade union and ask him to submit a panel of names of workers who fulfil certain essential conditions like experience, educational qualifications, etc. Educational qualifications are perhaps not so very important, but it is necessary for them to have practical experience of the work of the unit. It should then be left for the Government to nominate one from these names. That is the decision which the Government have recently taken."

8.26 The Secretary, Ministry of Labour added, "The representatives of the workers should be associated right at the lower levels. As a matter of fact such association can be much more effective and fruitful at the shop floor level and also at the supervisory level because that is the level at which the workers are directly involved in the process of production and therefore, have acquired very intimate experience of the factors of production. And it does not also require any further intensive course of training or education to make them suitable for this purpose. But to take part as equals in consultations and discussions in the Board of Management, I think it is essential that the Undertaking should provide sufficient opportunities for training these workers. The training should be given not only in the process of production but in the financial matters, marketing as well as industrial relations and personnel management. There should be further intensive course of training imparted to the workers so that they can do justice when they act

as Directors. If the workers are properly and adequately trained for undertaking these responsibilities, they can make contribution in the Matter of decision making not only at the lower level but also at the higher extent, on the training that is given to the workers. A special course will have to be proposed to familiarise them with the principal matters that arise in the management of a large undertaking. Apart from making their own contribution to decision making, I think this will provide them with an unrivalled opportunity for establishing the means of communications between the management and the workers because the Director is appointed from the cadre of workers and he will be in a much better position to act as a link."

**8.27** The Committee are strongly in favour of participation of workers and their representatives in management of Public Undertakings. By worker's participation in management, the Committee understand that (i) workers, through their duly elected representatives, must physically participate in actual decision making (ii) this participation should be at all levels beginning from the shop level to the Board of Directors and (iii) the participation means that workers and their representatives should not only be consulted, but should also feel that they are actual partners in management.

**8.28** The purpose of workers' participation in management is to arouse among the workers a sense of identity, belongingness and participation with a view to promote industrial harmony and maximize production.

**8.29** The Committee consider the Public Undertakings as national assets and that there is no room for a class struggle in these undertakings. The workers should be made to realise that they are equal partners in these national undertakings; that they should give their best to them and that the benefit of their labour will accrue to them and to the whole nation.

**8.30** The Committee regret that no systematic study has ever been made by Sociologists and Social-Psychologists in the matter of industrial motivation, nor has the Bureau of Public Enterprises made any effort in this direction. The Committee would recommend that a systematic study should be conducted with a view to devise ways and means of promoting a psychological climate in the Public Undertakings wherein the workers and the management give their best to the undertakings.

**8.31** The Committee find that there does not exist any regular system of reporting to the workers by the management in any of the Public Undertakings. Unless, major decisions about production targets, performance of the undertakings, shortcomings and hurdles are reported to the workers, the latter will not appreciate the position in which the undertaking is placed, and a sense of confidence and understanding between the workers and management cannot be created. The Committee recommend that such reporting by the management to the workers collectively should take place periodically so as to generate a climate of confidence and understanding.

**8.32** Since direct participation of the workers in management is not possible, it can be achieved only through the elected representatives of the workers. A system of election by the workers employed in the undertaking is, therefore, indispensable for achieving workers' participation. If this participation is to be real, it should be achieved at all levels. Workers working

in a shop may elect representatives who will cooperate with the Supervisor in all matters concerning the shop. Similarly, workers should elect their representatives to participate at higher levels and in all matter concernng target fixation, performance, recruitment, promotions, disciplinary actions, safety, welfare and working conditions. This alone will give a meaning and content to worker's participation in Management and will arouse among the workers a sense of belonging and playing a productive role in the larger national interest.

Only when such a participation is ensured, will nomination of workers' representatives to the Board of Directors assume real significance. Divorced from participation at lower levels, the nomination of worker's representatives to the Board of Directors will have only a symbolic meaning and might lead to alienation of the workers' representative from the mass of the workers or at best his presence would be nominal.

8.33 The Committee recommend that such a scheme of worker's actual participation at all levels by elected representatives of the workers should be first tried in one or two selected undertakings and watched. The Committee are confident that the experiment will bear good fruits and when extended to all undertakings will open up a new chapter in labour management relations in public sector undertakings.

## IX

### LABOUR UNREST

9.1 The right to strike/lock out in industries is recognised in all democratic societies. Strike or other kinds of work stoppages indicating conflict between labour and management exist everywhere, no matter how developed the country is.

9.2 Under the Industrial Disputes Act, 1947, a distinction has been made between a strike/lock out in public utilities services and in other establishments. The Act makes a strike (or lock out) in public utility services illegal if it takes place without giving prescribed notices etc. In Industries in general, a strike or lock out is prohibited only during pendency of conciliation, arbitration or adjudication proceedings. The causes of strike are usually economic, political, social and the role of unions and management in the working of the industry. A large percentage of industrial disputes in India are related to economic issues, such as wages, allowances and bonus etc. In developed countries also the position is the same.

9.3 It has been observed that labour management relations in a number of public undertakings are not cordial. There had been frequent strikes, work stoppages, lock outs etc. and considerable loss in production and value. Given below are figures of strikes/lock outs and the value of production lost/revenue lost during 1969 and 1970 received from some undertakings :—

#### BHARAT HEAVY ELECTRICALS LTD.

Year	No. of strikes/lock-outs	Loss in production in terms of value
1969	No strike/lock-out	—
1970 (May)	(i) Hyderabad Unit—strike for 12 days.	60 lakhs
1970 (Dec.)	(ii) Hyderabad Unit—combined strike and lock out for 39 days.	80 lakhs

#### HEAVY ENGINEERING CORPORATION

Year	Plants	Mandays lost due to strike	Loss of production in terms of money
1969 & 1970	Foundry Forge Plant	15306	Rs. 3.12 lakhs
-do-	Heavy Machine Building Plant.	27871	Rs. 81.85 lakhs
-do-	Heavy Machine Tools Plant	799	Rs. 2.00 lakhs

## HINDUSTAN STEEL LTD.

Name of Plant	Man hours		Financial loss (fixed charges)	
	1969-70	1970-71	1969-70	1970-71
			Rs.	Rs.
Bhilai Steel Plant	31,668	Nil	5,825,000	Nil
Durgapur Steel Plant	535,729	1,763,660	60,531,457	62,197,124
Rourkela Steel Plant	167,112	292,420	19,141,000	27,447,880
Alloy Steels Rt.	108,456	1,869,298	13,071,309	5,588,840

## Value of Production Lost

(Rs.)

1969-70	1970-71
44,853,000	Nil
116,304,499	111,597,060
70,940,000	120,420,000
7,770,254	15,319,300

## INDIAN AIRLINES

Year	No. of strikes	Loss of Revenue
1969	6	Rs. 15.67 lakhs
1970	8	Rs. 200.50 lakhs

9.4 During the last few years the Mandays lost in Public Undertakings have been increasing due to industrial disputes. The number of Mandays lost as a result of strikes has risen three times, from about 6.5 million or so in 1965 to about 19 millions in 1970. Labour has now also

devised new forms of agitation such as go slow, work to rule, "gheraos" in recent years, which fall beyond the purview of statutory provisions relating to strikes.

9.5 Industrial disputes are, at present, settled through tripartite negotiations, conciliation, and arbitration or adjudication by industrial tribunals set up under the Industrial Disputes Act, 1947. Provision also exists for settlement of certain types of disputes by labour courts. The National Commission on Labour examined the existing arrangements of settlement of disputes and came to the conclusion that they were dilatory, expensive and *ad hoc* in nature and also liable to be viewed with fear of undue intervention by Government. It, therefore, recommended :

"The present arrangement for appointing *ad hoc* industrial tribunals should be discontinued. An Industrial Relations Commission (IRC) on a permanent basis should be set up at the Centre and one in each State for settling 'interest disputes.' The IRC will be an authority independent of the executive."

9.6 The Prime Minister in her address at the Conference of Representatives of Trade Union Organisations held on 20th May 1971 in New Delhi stated "Not for a moment am I suggesting that the lower industrial production in the last few years is due solely or even substantially to industrial strike. Shortages of raw materials, obsolete administrative procedures mismanagements and misdeployment of resources have also hit production. But no observer of our scene will fail to concede that lack of industrial harmony has surely been an important contributory factor. I understand that the number of mandays lost as a result of strikes has risen nearly three times from about 6.5 millions or so in 1965 to about 19 million in 1970. It would be a sterile exercise to seek to apportion the blame for this situation now. What we have to consider is whether we can reduce this wastage within the framework of our present social and political order; or must we wait for the fulfilment of the ideal social order which each political party may have in view.

Let us be frank enough to recognise that this increase in the intensity and duration of stoppages of work has prevented our economy from realising its full potential. Whichever party to the dispute may have emerged victorious from these confrontations, so far as the nation is concerned the strikes have inflicted unmitigated loss. We need industrial harmony not for the benefit of the classes who control the means of production, not for the further advancement of the affluent sections of the society, but for the sake of the poorer masses, who suffer an erosion of their low standards of living as a result of these interruptions in production. The unemployed whose only hope lies in higher rate of capital formation and investment, whether in the public or in the private sector, suffer most in this process."

9.7 Addressing the Conference the Union Labour Minister stated, "But unhampered production is possible only if we have system of industrial relations built on the basis of general consent—a system that enables the workers to develop a sense of personal involvement in their work and provides for smooth settlement of all disputes. In a free society, disputes are bound to arise in the industrial field as elsewhere. But there must be

an accepted mechanism through which they are resolved in a peaceful manner without causing any stoppage of production. We must prevent a situation from arising where the time-loss in production has to be reckoned in terms of millions of mandays. We must also find a remedy for the recurring cases of closure not all of which are always justified.

I need hardly tell you that disputes are best settled between the parties through mutual discussion and negotiation. But negotiations can succeed only when the parties are united, sure of their position and not afraid of making concessions”.

9.8 During evidence, the representative of a leading All India trade union stated, “Labour unrest in the public undertakings, specially is due to lack of dialogue between officers and the workmen”.

9.9 The representative of another leading all India trade union stated, “We have these three factors—rise in prices, greater unemployment and closures—and the unwillingness of the employers to realise that workers are under pressure and, I am sorry to say, the unwillingness of the Government also to face the fact that workers have to be assisted in this and understood instead of repeating in various forums that workers are responsible for this. In 1969 there was a situation in which the textile workers, the engineering and plantation workers and even the jute workers and all types of workers were fighting unitedly for a rise in wages or fighting unitedly for putting an end to closures of these industries. Before that, the Central Government employees were fighting against the Government of India for protection of their real wages. Those conflicts were already there. I am mentioning this just to point out that these things do not happen only in the public sector undertakings; these things are taking place all over and as long as the powers that be in both the private and public sectors and the Government are not appreciative of the problems but desire to silence them or suppress them, conflicts will always take place.”

9.10 One of the leading all India trade union in a written reply have stated the following main causes for labour unrest in the public unertakings.

- “(a) Bad terms and conditions of service, lack of provision of a need-based minimum wage or any scientific wage policy, absence of a bonus scheme, bad housing etc.
- (b) Unsatisfactory living conditions.
- (c) Top heavy management and migratory executives.
- (d) Lack of proper personnel management.
- (e) Non-recognition of Trade Union and lack of facilities for collective bargaining.
- (f) Inter-Union rivalry.
- (g) Absence of job satisfaction.
- (h) Unhealthy working conditions.
- (i) Steep rise in prices and consequent fall in real wages.
- (j) Partisan politics.”



9.11 During evidence, Shri P. Ramamurthi, ex-M.P. stated, "The labour unrest in this country is due to economic conditions that are prevalent here. As a matter of fact, if you read the Indian Labour Commission's Report, you would find that productivity has increased by 65% between 1964-68. So you cannot say that the worker has worked less. But actually production has increased by 65%, it is a fact and justified by the managements themselves. They accepted that the productivity of the work has increased by 65% between 1964-67 but in spite of this increase in the productivity of the worker, the real wages of the worker—I am not talking of money value—as gone down during this period. Even according to the Indian Labour Commission's report, the real wage has been depressed because of the rise in prices. The workers' wages have not been commensurate with the rise in price. There has been a continuous erosion in the real wages of the working class. That is why, particularly, during the last 4 or 5 years when inflationary pressure have not been checked and in spite of the introduction of green revolution, the real wage of the working class is eroded. That is one aspect.

The second aspect of it is with regard to the norms of work. They do not realise how much work a worker can do. The time and motion studies and conducted but they do not understand that a human body is a machine and unless there is an intake of particular amount of calories, it will not be possible for a man to put out the required amount of the work. This is a basic question. Unfortunately, today the Indian worker takes for less calories than what is necessary for an ordinary worker. Even the Government of India had appointed a Committee to go into the question of the nutritional problem and this Committee pointed out defects in our food value. Therefore, with regard to the norms of work, it is not this kind of time-motion study that will work. For example, when a motor car is there, you have to put sufficient petrol for keeping it running and if you put less petrol, then the motor car will not run. Similarly, fuel is necessary for the human machine so that it can work properly. But this factor is not taken into consideration when the experts work out the 'time and motion' formula. They just tell the motion of the machine and so how much time this machine will require to produce a certain quantity of goods. Therefore, when this kind of thing comes up naturally the labour unrest goes on increasing. This has got to be recognised by the public sector undertakings. So this question of the norms of work can be decided by means of experience gained by the workers themselves during the period. After the workers gained more and more experience, the management and the workers should sit together and fix up the target and not by the 'time-motion-study'."

9.12 During the evidence, the representative of the Hindustan Steel Ltd. stated, "We have eight units in our undertaking—Rourkela, Bhilai, Durgapur Alloy Steel Plant, Coal Washeries, Sales, Transport & Shipping and the Head Office. Barring Durgapur Steel Plant and the Alloy Steel Plant I would say that our Management-Labour relations have been good throughout. Last year we had no trouble in Bhilai and since September last year no major stoppage of work in Rourkela. For 1970-71 the loss of production is worth about Rs. 247 million.

9.13 Now, Sir, one important item mentioned by everybody is the inter-Union rivalry. Whereas I am not trying to reduce the gravity of that,

I would respectfully submit that inter-management and inter-management rivalry can also cause as much damage to an organisation as inter-union rivalry. The sooner this is realised the better.

Coming to the question of inter-union rivalry and the question of recognition about two years ago I had made a suggestion on the concept of Plant Representative Union. Why? Because, with due respect, the Code of Discipline (to put it very mildly) is not being effectively implemented.

9.14 The National Labour Commission, Sir, merely mentioned that Industrial Relations Commission in each State would decide on the method of recognition of trade unions. It did not give specific measures by which recognition should be given or denied. Third factor, Sir, is that you have got to accept the fact that there are multiple unions. The question about giving weightage was mentioned to Unions with 41 per cent membership of the workers. But I would submit to you and it has happened only last week that 7 persons who can form a union and who have formed a union can bring the work to a standstill. So you have got to accept the fact that there will be more than one union irrespective of the number of workers percentage-wise. Even a small faction, if it is in certain key units, having key workers can stop work in the plant. I am not talking of strikes with notice. I am talking about the sudden stoppage of work which is detrimental to the organisation. So long as we have our democratic system, there will be the trade unions affiliated to various political parties. The present dispute is in regard to the method. One group is very strong to insist on membership verification saying that only the Members of a union should be allowed to have a say and that this we can determine only by verification. The other group insists that it should be done by secret ballot.

9.15 I place before you the concept of the Plant Representative Union. Let us say that it would be compulsory for a worker to become a member of the Plant Representative Union within a period of 3 months. Now who will run the Plant Representative Union. I would suggest let each of the registered unions submit a panel. Suppose there are going to be 100 executive committees in the plant, the 100 names each from the AITUC, INTUC and HMS Unions and independents may be given. Then you should elect for the executive committees by secret ballot. You may have 60 persons from one union, you may have 30 or 35 persons from another union and a few more from others and independents. In other words you will have a Plant Representative Union Executive Committee consisting of members from different parties. You may ask Sir, will it work? If you can run our State Governments and the Centre through a multi-party parliamentary system, why could our union-management relations and unions be run in that way? I know that some amendment will be required in regard to fundamental rights. But I think Sir, perhaps a very close look can be given, because we find we cannot run a unit by recognising and dealing with one unit exclusively.

9.16 I entirely agree, Sir, with my colleagues here who have mentioned about the need for continuity and consistency of management because we find in many public sector units or even in the private sector there is a frequent change of styles of management during different periods or even

at the same period of time. I may have the hard-line approach, he may have the soft-line approach and third man's approach may be different. I may want to give weightage to seniority, he may want to give weightage to merit. If I have my system uniformly followed and he has his system uniformly followed then we would have better results. But if there is any mixture of the two, this will lead to considerable unrest. Sir, there is another factor, namely, the need for professional management. I mean the professionals in the personnel field, professionals in the technical field and professionals in the accounting field. This is very imperative because we are in the days of specialization and I may submit Sir even in the field of personnel management and labour relation, we have reached a state of sophistication in India where professionalism is imperative. We have professionals dedicated professionals—both on the side of labour and on the side of management and I think they would need to be associated with the respective speciality like personnel, accounts, in all levels of management in the public sector. Once you have the professionals in these fields, then this question of training-development-indication will follow with continuity of management."

9.17 The representatives of the Indian Airlines stated: "Till 1969, the relations between management and labour in Indian Airlines were quite good. As a matter of fact, in 1968, we have no strikes at all in spite of the fact that we have 8 very powerful crafts Unions operating in Indian Airlines. In 1968-69 we made a decent profit of about Rs. 1.66 crores, and in 1969-70 we made a profit of Rs. 2.28 crores. Ours is a very sensitive industry here it is easy for a small group of people to ground the aircraft almost throughout the country at very short notice or without any notice at all. The trouble started in Indian Airlines in 1970 mainly because of two reasons. One reason was that a decision to go in for a new aircraft was taken. Simultaneously by the end of 1968, our previous wage Agreement with the various Unions had expired and new wage settlements were due. This was a very delicate situation for an Airlines Management to settle wage negotiations with the unions while introducing a new aircraft. I would like to point out that this happens in all parts of the world. Whenever any airline wants to introduce a new equipment, it is a big occasion for personnel particularly the pilots to get big amount of money and they bargained hard. I can mention the case of BOAC, for instance they bought Boeing 747 (Jumbo Jet) aircraft which were on the ground for good eight months and they were losing about £ 50,000 a day, just because the pilots wanted an enormous amount of money which was considered beyond the capability of BOAC to pay. We started negotiating of wage settlement with the pilots at a point of time when we were going in for new aircraft-Boeing-737. They are very expensive equipment and we cannot afford to let the aircraft remain on the ground. And the pilots are aware of it. As a matter of fact, technicians are also aware of it. The second reason is the multicentricity of unions and inter-union rivalries. We would naturally like only one union in the industry. But in the air transportation industry it has been the tradition that the Unions are split craftwise and this starts from the top. There is an International Federation of Airlines Pilots Associations and Pilots of all Airlines all over the world are members of that Association. Similarly, there is also an International Association of the Flight Engineers. There is an International Association of the Aircrafts Ground Engineers and this has been

the practice and tradition in the Airlines. In an industry like this, it is a very peculiar situation which is unavoidable and which affects all airlines of the world. But it does place a tremendous strain on a domestic airline like ours in India, which provides an essential service. Ours is the only transportation service available in the country. All this makes the bargaining of the various Unions very strong and it puts the management in a very uncomfortable position in the process of collective bargaining.

9.18 On the one hand, we are pressurised by the unions and on the other hand, we have our obligations to the travelling public. We have to provide an essential service in a country where we have to feed all parts of the country. We have to go to obscure regions of the country; we have to go to strategic regions of the country. We provide an essential link in the social and economic life of the country. The unions do take full advantage of all this. If you get a combination of these facts, you can imagine how difficult the situation would be from the management point of view. You must have seen in the newspapers and many of you have been taking personal interest in knowing what is happening in Indian Airlines. We have had several strikes and work stoppage and go-slow actions in Indian Air Lines during the past year. Recently, there was also a lock-out. When the management found that day-in and day out, thousand of passengers were stranded and they were absolutely uncertain as to whether they were going to fly on time or five hours later, today or tomorrow, the management felt that they had no alternative other than to declare a lock-out. After the lock-out, we had signed a settlement with the Unions concerned who were on-work-to-rule agitation at that time and it was decided that the Chief Labour Commissioners would resume negotiations or discussions and whatever can be agreed upon would be implemented and whatever could not be agreed upon would be referred to arbitration by a person to be nominated by the Union Ministry of Labour. Accordingly, the Chief Labour Commissioner's Office did start discussions. But unfortunately they did not succeed. The Unions wanted bilateral discussions and I am now able to report that we have succeeded in arriving at a settlement with the largest unions covering more than 8,000 people out of 14,000 in the Corporation. We are negotiating with the other Unions and we do hope that fairly soon, we will be able to settle the wages issues. In fact, we have also signed an agreement with certain other minor Unions who represent small sections of people and perhaps by the end of September or so, we will be able to settle our disputes with the other Unions. I hope that once it is accomplished, industrial relations in Indian Airlines will improve very substantially. In 1969, our loss was 15 lakhs. In 1970-71, our loss was 220 lakhs on account of strike. This does not include the figure of the lock-out which will also be another Rs. 1.5 crores".

9.19 During evidence of the selected Ministries, the Secretary, Ministry of Labour stated, "Strikes and lock outs will disappear under two sets of circumstances—if the law prohibits strikes and lock outs or we have a system of industrial relations which renders strikes and lock-outs unnecessary. We may devise more civilised ways of settling industrial disputes than the open warfare which goes on in the shape of strikes and lock-outs. It may be open to us to evolve other methods of solving industrial disputes, provided such disputes do not have the character of any political

disputes or political differences. If they are really honest differences of opinion among honest people, then I think it should be possible to devise alternative methods of solving them”.

9.20 The foremost need of the country is for increased production particularly in the public sector in which are situated some of the crucially important basic industries like steel, heavy engineering, heavy electricals, etc. It is only through increased production that we can hope to raise the woefully low standard of living of our people including the workers. It cannot be denied that lack of industrial harmony in public sector has been an important contributory factor in depressing the production in public sector units below the technically feasible capacity. The Committee cannot, therefore, too strongly reiterate that the public undertakings should spare no efforts to give the workers in these undertakings a sense of participation and involvement in the challenging task of greater production for the good of the country.

9.21 The Committee are inclined to agree with the representatives of leading trade unions that the main causes for labour unrest in public undertakings are lack of dialogue between labour and management, rise in prices, absence of job satisfaction, unhealthy working conditions, inter-union rivalry, migratory executives, lack of proper personnel management. The Committee consider that none of these difficulties is insurmountable and that given dedication, a sense of involvement and of participation, these matters can be resolved in the interest of greater production which is the crying need of the nation.

9.22 As recommended by the Committee elsewhere in the Report there is no reason why terms and conditions of service cannot be regulated to the satisfaction of the workers by following a model set of rules to be drawn up by the Bureau of Public Enterprises in the light of experience gathered in the field and in consultation with the representatives of all concerned. Similarly it should be the first duty of the management to improve the working conditions in order to make them cheerful, healthy and production-oriented. No effort should be spared to make possible job satisfaction for all ranks of workers by following a well-coordinated policy of recruitment based on aptitude tests, in-plant training, rationalisation of work-load and assured channels of promotion. The wage structure should be production-oriented and have relevance to minimum needs and an in-built mechanism for neutralising steep rises in cost of living. Well balanced nourishing diet should be available from the plant canteen at a rate which is reasonable and within the reach of every worker. Personnel management in public undertakings, above all, should receive greater attention than hitherto and the senior posts should be manned by executives who are professionally qualified and who are non-migratory and have a genuine interest in resolving all difficulties without delay and in building up bridges of understanding between the workers and management at every level in the interest of harmonious working and greater production.

The Committee also suggest that Government may examine the feasibility of bringing Central Government public undertakings, functioning in the States also under the purview of the labour legislation of the centre for purposes of uniformity so that the Government may be able to help the labour as well as the management in the best interests of the country.

## RECOGNITION OF LABOUR UNIONS

10.1 The functions of the labour unions are to promote and protect the interests of its members. It, therefore, strives to better the terms and conditions of employment and generally to advance their economic and social interest so as to achieve for them rising standard of living.

10.2 Prior to the Code of Discipline in Industry for recognition of unions, there was the Trade Unions Act, 1926, State Legislation, like the Bombay Industrial Relations Act, 1946 and similar other State Acts on the subject. Whether under the statute or under voluntary basis, like Code, the union recognition has always been on the basis of paid membership. Both the Bombay Industrial Relations Act and the Code provide for certain tests in addition to the membership strength.

10.3 The recognition of unions in Public Undertakings is largely governed by voluntary arrangement under the Code of Discipline in Industry. Some Undertakings have, however, suggested for statutory backing for recognition of unions in order to avoid inter-union rivalry.

10.4 According to the criteria in the Code, a Union claiming recognition should have been functioning at least for a period of one year as a registered union and should have the specified membership. In case of more than one union functioning in an establishment, the membership of all eligible unions is verified by the Chief Labour Commissioner (Central) if the establishment falls under the Central sphere or the State Labour Commissioner in other cases. Once a Union is recognised under the Code, it is entitled to enjoy the status for at least two years from the date of recognition. A union which does not observe the Code can be derecognised. A copy each of the criteria for recognition of union and the rights of recognised unions under the Code of Discipline are given at Appendices IV and V. It has been suggested that recognition of unions should be based on the secret ballot of workers, and not on the basis of paying membership. The issue has been debated in Central and State Legislatures and at various other platforms but without reaching unanimity.

10.5 Regarding union recognition, the National Commission on Labour recommended as follows :

“It would be desirable to make recognition compulsory under a Central law in all undertakings employing 100 or more workers or where the capital invested is above a stipulated size. A trade Union seeking recognition as a bargaining agent from an individual employer should have a membership of at least 30 per cent of workers in the establishment. The minimum membership should be 25 per cent if recognition is sought for an industry in a local area.”

10.6 The National Commission on Labour, 1969 also recommended setting up of Industrial Relations Commission (IRC) at the national and State levels to decide besides other matters, the manner of choosing the representative unions.

10.7 The Prime Minister in her address at the Conference of representatives of Trade Union Organisations held in New Delhi on the 20th May, 1971, stated, "I am sure that trade unions will interest their responsibilities in this wider sense and work towards securing for labour those now employed as well as potential entrants from the rank of labour—an increasing equitable share of progressively rising national product. Our country has gone through a very difficult period but there is every indication that we are poised for rapid advance. So it is especially disturbing that we should be quarrelling amongst ourselves instead of being partners in the common endeavour to take the country forward and give a better life to the masses of our people."

10.8 The Union Labour Minister at the above Conference stated, "As long as the multiplicity of various unions persists, recognition of a single bargaining agent will continue to pose a problem and there is always the risk of one union being played off against another. But clearly there is need for a bargaining agent whom the employers are obliged by law to recognise. A good deal of thinking has gone into the question and a number of suggestions have been made about the method of determining the representative character of a union so that it can be legally recognised as the sole bargaining agent."

10.9 During evidence the representative of a leading all India Trade Union stated, "One single union should be recognised, and it should be the sole bargaining agency. That has been the policy of almost all trade unions. But now, in certain countries, because of the political situation in the country, it does not take anywhere. Therefore, I have been an advocate of a round table conference by substantially all unions in certain industries. That is not the policy which can be followed always. The general principle is to recognise the union, depending on verification."

10.10 A leading all India trade union in their memorandum to the Committee have stated, "They stand for compulsory recognition of unions by law; determination of majority status through secret ballot of all workers and the association of minority unions with the biggest union at the bargaining table."

10.11 Another leading all India trade union in their memorandum have stated, "We stand for recognition of union through secret ballot but if there are other unions having substantial following, they also should have some say in matters connected with labour. Even a minority union should have the right to represent the case of termination of service of its members before the employer and other appropriate authorities. Recognition should also be given to plant unions having a substantial following. We feel that no effective suggestion can be immediately made to reduce the multiplicity of unions. It will depend upon higher level of consciousness of the workmen and proper education in matters affecting labour and specially on the attitude of the employer in setting up company backed union."

10.12 Shri D. Thengari, MP in a written note to the Committee has stated, "We have already crossed the stage when one recognised union within an industry could deliver goods, in spite of the multiplicity of unions therein. Today, the recognition of a recognised union carries no sense or significance unless the recognised union is also recognised by the unrecognised unions within the industry. In view of this change, it is advisable to introduce corresponding change in the procedure of recognition."

We are of the view that a composite bargaining agency should be set up in every industry. Such an agency should proportionately reflect different trends among the workers. This can be done on the basis of proportional representation or cumulative vote. The process of verification is not dependable. The recourse must be taken to the process of secret ballot."

10.13 During evidence, Shri S. R. Vasavada, M.P. stated, "There are two or three more ticklish points. One is about the recognition of the union. The best and only course is to recognise the union according to standards and that too with regular method, by verification of the membership. So many things have been said, literature has been produced and National Labour Commission has dealt with this question. I have written a minute of dissent on that. I will request you to go through the pros and cons of recognition of union by verification or elections. You know how election takes place, how can the things be placed before the workers? I have come to the conclusion that the only way of recognising the union is by way of fee-paid membership union. You may raise the limit. Today Railway's limit is 7%. It is a very low limit. In some states for recognition the limit is 25%. I say in your Public Sector you may raise to 51%. There must be collective bargaining. There is no other choice but doing that. All the 100% membership is not possible except in a country where there is no democracy like Russia."

10.14 In a written reply, the Chairman, Hindustan Lever Ltd., has stated, "I am satisfied with the principles laid down in the Code of Discipline for recognition of trade unions. I am in favour of having a single bargaining agent in each undertaking/industry. I would favour recognition of the bargaining agent through secret ballot. We have felt the problem of multiplicity of trade union. We do have recognition policy under which one trade union is recognised for one unit, but in spite of this the problem of multiplicity of trade unions persists. This is largely because of the fact that Government allows any trade union to raise a dispute at conciliation. Sometimes in spite of a settlement with recognised trade unions, Government refers dispute for adjudication on the initiative of unrecognised trade unions. This upsets the whole frame of reference regarding collective bargaining with a bargaining agent. When a collective bargaining agent in the form of recognised trade union exists, the Government should not intervene at all in regard to collective matters on the initiative of other trade union."

10.15 The Bharat Heavy Electricals in a written reply have stated:

"The procedure laid down in the code of Discipline for industry for recognising a labour union is quite satisfactory. The



following improvements in the procedure can, however, be considered:

- (1) Action to de-recognise a union violating the Code should be simpler and swift. It should be possible for the Management to take action on this in consultation with a member (designated for the purpose) of the State Evaluation and Implementation Committee.
- (2) The management should be encouraged to deal with the recognised union only, in respect of all policy matters, and any violation should be seriously viewed.
- (3) The conduct of a union during its non-recognition period (Whether it has conducted itself constructively or irresponsibly) should be taken into account when it seeks recognition.
- (4) If possible, a law should be enacted stipulating only one union for one industry.
- (5) The percentage given for eligibility of recognition, i.e. 15% is too low and should be raised.

Of the two alternatives, we are in favour of determining a Union's following by verification of fee paying membership, but some method has got to be found to avoid dual membership. Compulsory recognition under a control law is necessary for the growth of democratic and responsible trade unions. The law should also consider banning of multiplicity of unions. A single bargaining agent would be preferable and attempt should be made to achieve this objective as early as possible."

10.16 The Food Corporation of India have stated, "The procedure laid down in the Code of Discipline of industry for recognition of labour unions, has to be reconsidered in the light of the recommendations of the National Commission on Labour. It has recommended, broadly, recognition of one 'bargaining agent'—i.e. one representative union, in each industry, verification of which is to be left to independent State/Central Industrial Relations Commissions which are yet to be set up. This recommendation should, be able to improve the procedures with regard to recognition of labour unions.

The policy of the management is not to encourage multiplicity of Association/Union of the staff working in the Corporation. We find that it is better to negotiate with one union which is of a representative character. If the recommendation of National Labour Commission on Labour to have one union in one organisation is to be implemented, it will be necessary to provide for compulsory recognition under a Central Law.

It is felt that industrial relations may improve considerably if the National Labour Commission's recommendation to have a single bargaining agent in each undertaking is implemented. The multiplicity of unions having different ideologies and different interests is not conducive to smooth

working of any organisation. A single bargaining agent with whom settlements can be reached will ensure that the same are more effectively carried out by the Labour Union."

10.17 The Heavy Engineering Corporation Ltd. have stated, "There should be only one union for an undertaking, if not, for the Industry and the membership of this union should be compulsory. Multiplicity of unions which are normally associated with political parties has already done damage to the Management. If steps are not taken to disassociate labour problems from politics, there is a grave danger that this tendency may infiltrate into Management also which would be suicidal for the Public Sector Undertakings.

10.18 The Hindustan Steel Ltd. have stated, "The procedure laid down in the Code of Discipline for recognition of labour unions leaves much to be desired. It is possible for any political party in power to ring the verification of membership records, and manipulate the results to suit its interests. The random checking exercised by the verifying authority is done at his discretion, and anything left to discretion is liable to be misused. We would, therefore, suggest alternative methods for verifying the membership of a union for purposes of recognition, as explained below:

The following of a union cannot be linked to the paying members, for the reason that the majority of the employees do not pay their union subscription, and whenever an important issue arises, employees who are not ordinarily members of the union also join the union. It also happens that some employees are simultaneously members of more than one union in the same organisation. As issues for which the Labour unions are in the field affect all employees, it will be only appropriate that every employee irrespective of his being a member of a particular union or not, should be permitted to exercise his franchise, by secret ballot, at the union elections. A question could be asked as to what would happen if there are more than one union in an organisation. The answer to this is as follows:

The advantage of there being only one bargaining agent for one undertaking cannot be over-emphasised. Even in developed and developing nations abroad, where more than one political party has influence on the trade unions, one union for one industry is the normal rule. Once it is determined statutorily that there is to be only one union as the bargaining agent for an undertaking, all diverse political influences will coalesce into one and the party which is the strongest will assert itself. It is also possible that representatives of other political parties without losing their identities would be on the trade union executive as happened in the UK where extreme leftists and moderates functioned harmoniously in the trade union movement. We would, therefore, submit that it would be extremely desirable to have a single bargaining agent for an undertaking, if it could be brought about, statutory or otherwise".

10.19 The Indian Airlines have stated, "The object of granting recognition to a Trade Union is to create a representative agent with which the management can deal on matters of collective interest to employees. Any method that ensures that the union thus recognised will enjoy the con-

confidence of a large majority of workers should be acceptable to the management. Basically, therefore, it is for the unions to agree on the acceptable method for determining the representative character of a union.

Where circumstances permit, it is best to have a single bargaining agent. However, there may be cases where interests of different categories of workers are widely divergent and a single bargaining agent may not be a feasible proposition. In such a situation, recognition of category-wise unions may be desirable in the interest of industrial peace. In such cases also, effort should be made to evolve a machinery where matters of common interest among the unions representing different categories could be discussed at a common platform.

Anything which helps to bring about a single bargaining agent in industry will, obviously, be a step in the right direction; but, we apprehend that a legislation to this effect may create certain difficulties. For example, there may be only one union in an under taking and that may not be sufficiently representative in character. Under these circumstances, the employer will not be in a position to bargain with such a union with full confidence that the agreement, when reached, would be honoured by the employees.

Multiplicity of trade unions has certainly led to inter-union rivalries, and adversely affected industrial relations. Inter-union's rivalry leads to disputes which do not arise out of the union's desire to improve terms and conditions of employment for their members but are motivated by extraneous factors. Such rivalry also leads to delays in settlement of disputes and demands even where, on merits, it is possible to come to agreement. This is so because reason becomes constantly clouded by partisan passion which often has an elemental force. Collective bargaining is reduced to 'horse trading' on the part of the union leaders who seem to believe that the ignorant workers will always rally behind the 'highest bidder' in a given situation. Jealousy and suspicion destroy all trust and goodwill between the management and the union.

This is also suicidal for the trade unions, as the rank and file of workers become thoroughly disillusioned and eventually develop a cynical opportunism which seeks to destroy the roots of the trade union movement.

Multiplicity of trade unions can be, to some extent, stemmed by amending the Trade Unions Act, 1926 so as to raise the number of workmen required to form a trade union. It also calls for strict enforcement of all the provisions of the Act. The unions which fail to comply with these provisions should lose their registration. As a procedure of control, a list of registered trade unions should be published periodically".

10.20 The Life Insurance Corporation of India have stated, "we feel that the procedure laid down in the Code of Discipline in Industry for recognition of unions is not satisfactory. For example, criterion (1) provides that for the purpose of recognition, the membership of the union should cover at least 15% of the workers in the establishment concerned. This will mean that a union representing only a small number of workers in an establishment will have to be conceded the right to represent all workers

in such an establishment although it may not enjoy the support of an overwhelming majority of the workers in that establishment. Any settlement reached with such a union is bound to be challenged if other unions come up claiming support of the other employees, with the resultant strife and tension. It would, therefore, be desirable to raise the limit of 15% provided in criterion (2) to at least 30%. A union which does not cover membership of at least 30% of the workers in an establishment should not be granted the status of a representative union.

As to the procedure for verification also, the entire procedure requires to be streamlined so as to obtain the result of verification within a period of 3 to 4 months at the most. As it is, the verification takes a very long time especially in the case of an undertaking like ours with offices spread all over the country.

The voluntary nature of the Code of Discipline in industry creates problems as it vests certain rights without any means of enforcing the corresponding obligations. If the Code is replaced by appropriate laws on the Statute Book, it would make both the sides realise their obligations better and promote enforcement of the obligations.

A secret ballot is an essential prerequisite of a democracy and if trade unions are to function in a democratic way, we do not see why the method of election by secret ballot cannot be adopted for the purpose of verification of the representative character of a union. For this purpose, all the employees of the Undertakings may be allowed to vote in favour of any of the registered trade unions.

If a strong trade union movement and healthy industrial relations are to be built up it is essential to have a single agent in each undertaking with whom the employer can enter into collective bargaining and arrive at negotiated settlements binding all the employees. In the absence of a suitable machinery for determining the single bargaining agent, most of the industrial undertakings in India are suffering from inter-union rivalry resulting from multiplicity of unions. The only way in which a single bargaining agent can be recognised is by determining the representative union through secret ballot. To have the representation of the minority unions on the bargaining agency would defeat the very purpose of having a single bargaining agent. However, recognition of the majority union as the single bargaining agent would not mean that the other unrecognised unions will not have any rights whatsoever. The unrecognised unions may be allowed to take up with the management, complaints affecting one or more individual workers in respect of wage payment, overtime, leave, transfer, work assignment and other grievances of their members in cases of termination, dismissal, discharge and disciplinary proceedings. Where, however, the questions at dispute are of general applicability or involving questions of policy, they can be taken up only by the recognised Union. A binding settlement applicable to all employees can only be entered into between the management and the recognised union".

10.21. The Oil and Natural Gas Commission have stated, "We are satisfied with the procedure for recognition of labour unions, laid down in the Code of Discipline of Industry. It is suggested that the procedure may

be made compulsory under central law. The National Commission on Labour has already given its views on the subject that there cannot be hard and fast rules and each case should be decided on its merit i.e. wherever suitable it can be Ballot or by checking of membership depending upon the authorities handling the matter. We agree with the views of the National Commission on Labour.

We would like to make the Union recognition compulsory under the central law in all undertakings because by keeping the code of Discipline as a voluntary subject, the other registered unions under the Industrial Disputes Act are free to raise any Industrial Dispute with the result that a kind of competition develops between the recognised unions and un-recognised unions. The unrecognised unions try to show to the employees that they are the champions of their cause, by raising frivolous disputes before conciliation officers and court, in order to get more and more following of the employees. Such disputes unnecessarily lead to a lot of litigation and avoidable work of labour machinery. Besides, as held by the various industrial authorities, the Government cannot refuse adjudication on the ground that the particular union is not recognised and thus many a time references of disputes for adjudication are obtained by un-recognised unions given a feeling to the employee-members of the recognised unions that they are not championing the cause of the employees.

It is our view that there should be only one bargaining agent in each undertaking. This will avoid unhealthy competition between too many unions and also reduce inter-union rivalries. It will also help the employees from shifting their loyalties from one union to the other on one pretext or the other. This will also reduce the mushroom growth of the unions as it happens at present in certain cases. When there are too many unions, the political ideology creeps in and the employees will be interested more and more in politics rather than production or productivity with the result that the undertaking's production suffers. The system of single bargaining union will also be in the larger interest of the employees as the union will be a strong bargaining agent "

10.22 During evidence of the selected Ministries, the Secretary, Ministry of Labour & Employment stated, "There is no proposal to make membership of trade unions compulsory. All that Government is thinking of doing now is to make recognition by the employer of the most representative union undertaking compulsorily binding. At the moment employer is not required by law excepting by the voluntary code to recognise and bargain in good faith with the most representative union. Multiplicity of the unions is the source of several evils that assail industry now and this is the view among the trade unions themselves. Now they are trying to bring about some unity of purpose. To the extent the trade union movement has been politicised, different undertakings reflect different ideologies, programmes, programmes and procedures of various political parties. If we have to live with a divided trade union movement or with the sense of multiplicity of unions based on different political ideologies, first of all its is necessary to make changes in the Trade Union law. At present seven members of industrial unit can form into a Union and get it registered and can claim all the rights and privileges which the Industrial Disputes Act accords to a union. I think one solution is to increase the minimum membership. The National

Commission on Labour had suggested that at least 10% of the total number of employees in a plant (subject to a minimum of 7) or 100 whichever is lower should be members of the Union before it is registered and in order to make it a really effective instrument in the hands of the worker it is also suggested that the present membership fee of 25 paise per month should be raised to Re. 1/- per month.

There is also another important manner in which we can eliminate the ills of multiplicity and that is by refusing rights to an un-recognised union, i.e. they should not be allowed to raise questions of disputes of a collective character. That should be the sole privilege of only the recognised unions. So far as the unrecognised unions are concerned, they should be limited to raising individual disputes and not the collective disputes".

**10.23.** The Committee are of the opinion that the existing arrangement for recognition of unions under the Voluntary Code of Discipline has not proved to be quite effective. The voluntary nature of the Code of Discipline has created problems as it vests certain rights without any means of enforcing the corresponding obligation. The Trade Union Act was enacted in 1926 and since then the industrial problems have grown in size and in complexity. It needs revision in keeping with the present day requirement. A Central Law for a Union recognition is necessary for the growth of democratic and responsible trade unions. It would make the sides realise their obligations better and promote enforcement of obligations.

**10.24.** The Committee consider that it should be obligatory for the management of each undertaking to accord recognition to one union.

The Committee are of the view that as far as possible, there should be one bargaining agent for an undertaking. The present criterion in the Code is that a labour union having 15% or more of the total membership is eligible for recognition. The Committee suggest that it may be desirable to revise the criterion to 30% of the total membership to give it a more representative character. Where no registered union functioning in the undertaking can satisfy the condition of 30% of membership, the union with the largest numbers and percentage of membership may be recognised. If the verification of the membership of the registered unions does not prove to be conclusive on account of differences in number of membership being marginal for the purpose of throwing up the most representative union for recognition, the Committee suggest that resort may be had to secret ballot to determine that most representative registered union.

The Committee consider that while the undertaking may hold direct negotiations with the most representative union, a way should be found to associate representatives of other registered unions functioning in the undertaking when general question pertaining to workload, pay-scales etc. affecting the workers of the undertaking as a whole etc. are discussed so that agreed decisions may be more readily implemented.

**10.25.** The Committee think that multiplicity of trade unions has led to inter-union rivalries adversely affecting industrial relations. Increase in the limit of percentage of membership for recognition of a union in the Trade Union law will go a long way in solving this problem.

**10.26.** In the opinion of the Committee, a single bargaining agent in each undertaking is essential in order to reach any meaningful and lasting agreement with the workers. It will also avoid unhealthy competition between unions and reduce inter-union rivalries.

LABOUR WELFARE SCHEMES

11.1. The need for providing welfare activities for the workers hardly received attention in our country in the early stages of industrialization. Employers were not generally inclined to accept the financial burden on account of welfare activities.

11.2. The Government had to intervene using its persuasive and legislative powers. The Factories Act, 1948, provided for some amenities in respect of general health, safety and welfare of the workers. Later Government started evincing interest in welfare programmes and introduced schemes for labour welfare in their factories. For improving work efficiency, welfare schemes within and outside the establishments were introduced.

11.3. In its Resolution the ILO defined Labour welfare as "such services, facilities and amenities as adequate canteens, rest and recreation facilities, arrangements for travel to and from place of work and for the accommodation of workers employed at a distance from their houses, and such other services, amenities and facilities as contribute to improve the conditions under which workers are employed".

11.4 The ILO divided the entire range of welfare activities into two groups:—

- (i) *Welfare and amenities within the precincts of the establishment viz.*
  - (a) Working and bathing facilities
  - (b) Creches
  - (c) Rest shelters and canteens
  - (d) Drinking water
  - (e) Medical aid
  - (f) Uniform and protective clothing
  - (g) Uniform and protective clothing
  - (h) The shifts allowance
- (ii) *Welfare outside the establishment*
  - (a) Housing facilities
  - (b) Education
  - (c) Recreation facilities including sports, cultural Library and reading room activities.

- (d) Medical facilities
- (e) Holiday Homes and leave travel facilities
- (f) Workers co-operatives including consumers stores.
- (g) Transport to and from the place of work
- (h) Family Planning
- (i) Maternity benefits and
- (j) Benevolent funds etc.

11.5. In 1966, the Government set up a Committee on Labour Welfare (CLW) which made several recommendations about improvements needed in welfare schemes in industrial establishments, mines and plantations etc. The National Commission on Labour, 1969 took account of those recommendations and later on drew their own conclusions. They urged that the concept of Labour Welfare should be more dynamic and suggested providing more welfare amenities to the workers in the years to come.

11.6. Most of the Public Undertakings have implemented Labour Welfare Schemes viz. Housing, canteen, medical facilities, recreation and sports, education, cooperative institutions, family planning etc.

11.7. During evidence of the selected Ministries the Director General, Bureau of Public Enterprises stated, "So far as the expenses on welfare and other amenities for the workers are concerned, public enterprises spend nothing less than what the private enterprises do".

11.8. The Committee have noticed during its tour to the various Public Undertakings that there is a desire among the workers to live better. They want more and better houses, good educational institutions for their children, improved standard of medical facilities, recreation and cultural activities adequate transport facilities to and from place of work, nutritious food at reasonable price in canteens, provision of clean sanitation, first aid, washing and bathing facilities, rest shelters, drinking water, etc.

#### *Housing*

11.9. The following is the percentage of workers provided with housing facilities in some of the Public Undertakings:—

#### 1. *Bharat Heavy Electricals*

Hyderabad Unit . . . . .	44.7%
Hardwar Unit . . . . .	45%
Tiruchirappali Unit . . . . .	37.1%

#### 2. *Fertilizer Corporation of India*

65 to 77% Except in Barauni and Gorakhpur where percentage is 52% and 44% respectively.

#### 3. *Food Corporation of India*

No housing scheme drawn up for employees so far .



4. *Heavy Engineering Corporation*

About 65%

5. *Hindustan Steel Ltd.*

Bhilai Steel Plant	53%
Durgapur Steel Plant	52%
Rourkela Steel Plant	58%
Alloy Steel Plant	46%

6. *Life Insurance Corporation*

The have drawn up a programme for construction of staff quarters at various Divisional head-quarters

11.10 In the Public Undertakings, employees who have not been provided with houses, house Rent allowance is paid to the employees varying from 7% to 30%. Some undertakings e.g. Hindustan Steel Ltd., Indian Airlines and Life Insurance Corporation have encouraged formation of Cooperative House building societies.

11.11 The Committee consider that adequate housing for workers, particularly in places which are being developed as new industrial centres, is an essential amenity. The Committee consider that Government should take a conscious decision, after careful consideration about the type and percentage and phased programme of construction of staff quarters at the time of sanctioning a project. There should be a follow up of the decision to ensure its implementation.

11.12 The Committee note that House Rent allowance at varying rates is allowed to employees of different public undertakings living in rented accommodation. The Committee are of the view that House Rent allowances should be on a realistic rate in relations to the cost of hired accommodation in the area and they recommend that the Bureau of Public Enterprises should fix a reasonable House Rent allowance to be paid to the employees in all the public undertakings. The existing disparity in payment of House rent allowance by the undertakings should be avoided.

11.13 The Public Undertakings should encourage the development of Cooperative Housing Societies among workers and arrange for advance of loans to the Societies at concessional rate of interest for constructing houses not only to ameliorate their housing problem but also to further the feeling of attachment to their respective undertakings.

*Transport*

11.14 Some industrial undertakings e.g. Hindustan Steel Ltd, Heavy Engineering Corporation maintain a fleet of buses to transport their workers to and from place of work. Some commercial undertakings e.g. Indian Airlines, Oil & Natural Gas Commission etc. provide free subsidised transport to their staff for going to Airports or the drilling site and return.

Some undertakings e.g. Food Corporation of India, Life Insurance Corporation do not provide transport facilities at all as their offices are spread throughout the country and they have not found practicable or necessary to provide transport facilities to their employees.

**11.15** The Committee feel that where the workers are required to reach a far off or remote place for duty, provision of adequate transport facilities are essential. The Committee, therefore, recommend that the management of the public undertakings should examine the matter in all its aspects so that the workers are enabled to reach their place of work punctually and without undergoing hardship.

**11.16** The Management of public sector enterprises should also continue to strive to secure the cooperation of State Governments and local bodies towards the improvement of transport facilities for the benefit of industrial workers.

### *Educational Institutions*

**11.17** In the industrial units of Bharat Heavy Electricals, Fertilizer Corporation of India, Heavy Engineering Corporation, Hindustan Steel Ltd., the public undertakings have set up their primary, secondary and higher secondary schools for the education of the children of their employees. In some cases the State Governments have also established schools. Mostly free education upto middle school standard or equivalent is imparted. In most cases for college education, the employees are required to send their children outside the townships. The industrial undertakings have laid down rules for giving financial assistance to the employees in respect of payment of school fees, seasonal charges, examination fees etc. more or less on the lines of assistance extended to Central Government employees. Central schools have not been established in the township of the individual plants. In the trading undertakings e.g. Life Insurance Corporation etc. no financial assistance is provided to the employees for education of their children.

**11.18** The Committee consider that one of the most important welfare duties that an undertaking owes to its employees is to ensure that proper educational facilities are provided to the children of the workers. The Committee recommend that the management, at the highest level, should concern themselves with the provision of these facilities and these should be of adequate standard so as to inspire confidence in the workers that their children are getting equal opportunities.

**11.19** The Committee expect the management of Public Undertakings to secure fruitful coordination amongst all the concerned authorities, State Governments and local bodies so as to provide facilities for setting up educational institutions and to ensure improvement in the standard of education to the industrial community residing in the area.

**11.20** (i) The Committee would also like that government should consider the feasibility of setting up Central Schools in major areas of public enterprise to secure adequate and improved educational facilities to the children of all levels, of their employees.

(ii) The Committee have no doubt that in accordance with Government's policy, adequate facilities would also be provided for imparting education in regional languages where twenty or more children of employees of the Undertaking desire education in a particular regional language.

(iii) The Public Undertakings may lay down rules in respect of payment of school fees, sessional charges and examination fees etc. on the lines of the assistance extended to Central Government employees.

#### *Medical facilities :*

11.21 It is seen from the written replies received from Public Undertakings that a number of undertakings e.g. Bharat Heavy Electricals, Fertilizer Corporation of India, Food Corporation of India, Heavy Engineering Corporation, Hindustan Steel Ltd., Oil and Natural Gas Commission provide medical facilities directly to their employees, and the families of the employees are also covered by their medical scheme. The employees are not required to contribute any share towards the expenditure on medical facilities. The undertakings have also set up First Aid Centres and engaged qualified medical officers in the Plants to attend to emergency cases.

11.22 The Committee are much concerned about the health of the workers and their families and feel that adequate medical facilities should be provided by the undertakings to the industrial workers and their families. The bigger industrial undertakings may set up their own dispensaries and hospital near the plants attended by competent and experienced physicians and surgeons to provide adequate medical aid to their employees and families. First Aid Centres with qualified Medical Officers should also be set up at convenient places in the factories to attend to emergency cases. Adequate provision for rushing the patients in emergency, or in cases of grave injury on duty, to the hospital should be made so that there is no avoidable delay in rendering medical assistance.

#### *Family Planning :*

11.23 Some Public Undertakings e.g. Bharat Heavy Electricals, Heavy Engineering Corporation, Fertilizer Corporation of India, Hindustan Steel Ltd., have organised Family Planning Centres in their dispensaries and Hospitals. The Family Planning programme are propagated by door to door canvassing. Exhibition on Family Planning, and Film shows are shown to the workers. Booklets, pamphlets and other literature are also distributed to them. Contraceptives are supplied free by the clinics and sterilization operations are also performed.

11.24 The Committee suggest that all Public Undertakings should maintain close liaison with both the Union Ministry of Health and Family Planning, and the State Family Planning authorities for taking measures for intensification of family planning.

The Public Undertakings should set up a high example in family planning for emulation by other industrial units and local population.

### *Staff Benefit Fund*

11.25 Some Public Undertakings e.g. Bharat Heavy Electricals, Life Insurance Corporation and Heavy Engineering Corporation and Hindustan Steel Ltd., have introduced the scheme of staff Benefit Fund. In a few undertakings e.g. Fertilizer Corporation of India, Food Corporation of India, Oil and Natural Gas Commission the scheme of Staff Benefit Fund is under consideration.

11.26 The Committee recommend that the Staff Benefit Fund Scheme may be introduced in each undertaking and the purpose of such a scheme may be broadly to give (i) monetary assistance at the time of prolonged sickness of the employee when he is not getting adequate leave salary to support his/her family (ii) relief to employees in acute distress (iii) money to meet emergent expenditure connected with funeral of the employee.

### *Canteens/Lunch Rooms*

11.27 It is seen that in some Public Undertakings, the Canteens are run departmentally and in others they are run on cooperative basis. In both the cases efforts are being made to run them on no profit and no loss basis. In a few undertakings apart from the canteens, separate lunch rooms and rest rooms have been provided. Necessary furniture, fans, water coolers, newspapers, indoor games etc. have also been provided in the lunch rooms and rest rooms. In other undertakings canteen halls are sufficiently big and they serve both the purpose.

11.28 The Committee consider that running of canteens on cooperative basis is a step in the right direction. The canteens should be run as far as possible on no profit and no loss basis and should serve wholesome, well balanced and nutritious meals. The Welfare Wing in the undertakings should take initiative and sustained interest to see that well balanced, nourishing and appetising meals are served at the canteens. The Welfare Officer/Sanitary or Medical Officers should make sure that the kitchens of the Canteen and the general environmental conditions are hygienic and healthy.

11.29 The Committee have no doubt that Managements of public undertakings, particularly those engaged in manufacturing processes, would extend all necessary facilities such as, rent free accommodation, and supply of power and water at concessional rates so as to ensure that refreshments and meals are made available to workers at cheap rates, particularly those in the lower income group, in the interest of their health, efficiency and production.

11.30 There should be a separate rest room apart from lunch room in the undertakings which should be provided with necessary furniture, fans, water coolers, newspapers, magazines etc. so that employees may be able to relax themselves during the rest interval.

### *Cooperative Credit Societies*

11.31 Mostly the public undertakings are giving credit to the employees by way of festival advance, advance for purchase of conveyance etc. Employees can also obtain loans from their Provident Fund deposits as

per the Rules. So far not many undertakings have encouraged the formation of cooperative Credit Societies to meet the credit needs of the workers and promote the habit of thrift among them.

**11.32 The Committee feel that Cooperative Credit Societies can play a very useful role in meeting the credit needs of workers as also in promoting the habit of thrift. Depending on the attitude of the workers, the undertakings may promote the formation of such cooperative credit societies. The assistance of the Registrar of Cooperative Societies of the State concerned may also be taken in the matter.**

### *Handicraft Centres*

**11.33 In a few undertakings e.g. Bharat Heavy Electricals, Fertilizer Corporation of India and Bhilai Steel Plant (of Hindustan Steel Ltd.) handicraft centres have been established in workers' colonies. The handicraft centres help the family members of staff to learn knitting, stitching etc. and thus provide them with work to earn some extra earnings.**

**11.34 The Committee think that it is a useful idea to establish handicraft centres in the workers' colonies attached to the industrial units. This may well enable the families of the workers to supplement family budget. When such handicraft centres start functioning, undertakings may consider placing suitable orders such as stitching of uniforms, dusters etc. on those Handicraft centres. The Committee feel that the development of such centres would contribute in no small measure to the general well-being of the families of employees particularly those in lower income group residing in the colony.**

### *Holiday Homes*

**11.35 Out of the 9 Public Undertakings examined in detail only one Indian Airlines have established Holiday Homes for their employees at different places. It has been stated that the Holiday Homes have become popular with the employees and remain occupied during most part of the year. The Corporation charges nominal rent for the accommodation and supply utensils, crockery, free services of the caretaker/books could also be availed of by the employees.**

**11.36 The Committee suggest that Public Undertakings should provide all possible facilities to the workers to spend their holidays at near by hill stations or sea shores or at places of historical interest.**

## XII

### GRIEVANCE MACHINERY

12.1 The Industrial Employment (Standing Orders) Act, 1946 provides for settlement of day to day grievances of workers in the companies. It applies only to these establishments employing hundred or more workers, but does not provide for bipartite discussion or for prompt redressal of grievances. Industrial complaints of workers, relating to discharge, dismissal and retrenchment can also be taken up for relief under the Industrial Dispute Act, 1947 as amended in 1965.

12.2 The Code of Discipline in Industry has also laid down that the management and unions "will establish, upon a mutually agreed basis, a grievances procedure which will ensure speedy and fully investigation leading to settlement." The guiding principles which were evolved under the Code of Discipline for this purpose, and the Model Grievance Procedure for adoption by the parties were settled in Tripartite Committee in 1958. The Model Grievance Procedure envisages successive steps to be taken in time, each leading to the next in case of lack of satisfaction. Copies of the Code of Discipline and the Model Grievance Procedure are reproduced at Appendices VI & VII.

12.3 A number of Public Undertakings have adopted the Model Grievance Procedure as laid down in the Code of Discipline in Industry. Usually the grievances of the workers are in respect of their wage payments, overtime, leave, transfer, promotion, seniority, work assignment discharge etc. The cases requiring policy decision and involving financial commitments are required to be referred to the Head Office or to the top management. A study of Annual Reports of some undertakings show that labour relations have continued to remain disturbed during the last 2 or 3 years. The man-days lost and loss in production on account of strikes and lock outs etc. in the Public Undertakings have been quite heavy.

12.4 The National Commission on Labour have recommended as follows about the grievance procedure :

'Grievance procedure should be simple and have a provision for at least one appeal. The procedure should ensure that it gives a sense of (i) satisfaction to the individual worker, (ii) reasonable exercise of authority to the manager, and (iii) participation to unions. A formal grievance procedure should be introduced in units employing 100 or more workers.

A grievance procedure should normally provide three steps (i) submission of a grievance by the aggrieved worker to his immediate superior; (ii) appeal to the department head/manager. (iii) appeal to a bipartite grievance committee representing the management and the recognised union. In rare cases where unanimity eludes the Committee in (iii) the matter may be referred to an arbitrator".

12.5 A leading all India trade union in a written note have stated, "Model grievance procedure is not satisfactory and does not provide quick and prompt redress of grievances and does not provide for substantial social justice. The first intervention and mediation must be on the spot and immediately after the complaints is lodged. The second step should be an enquiry at the level of a tripartite grievance committee representing management and the recognised union. It is not sufficient that justice should be done but the party must feel that justice is being done."

12.6 Another leading all India trade union have stated, "No grievance procedure will be satisfactory unless there is a built in grievance arbitration clause in that scheme. Where the procedure has been gone through grievances still survive, the matter should be left for arbitration. Grievance procedure in force are generally on the lines of the "Model Grievance Procedure" accepted under the Tripartite".

12.7 The Chairman of Hindustan Lever Ltd. in a written reply has stated, "We have a well accepted but informal procedure for settlement of grievances. It has proved entirely satisfactory throughout the company. In the past, we did offer a formal grievance procedure to the unions, but this did not find favour with them. However, recently the trade union recognised in some of our units has come forward requesting a formal grievance procedure. We are in the process of discussing this matter with the union concerned".

12.8 During evidence of the selected undertakings, the Chairman, Bharat Heavy Electricals stated. "The grievance machinery in Bharat Heavy Electricals is based on the model procedure that has been prescribed by the Code of Conduct. As regards the question whether we are satisfied with it, I must admit that I am not satisfied with the procedure and the delays that take place in implementing the model that has been set before the company. There are human failures in implementing this and we are trying to improve the Grievance procedure. It is not the procedure that is at fault but it is that in implementing it, expeditious disposals are not taking place.

As far as the delegation of powers for removal of grievances is concerned, in one or two instances I have found that the grievances have got to come to the very top. I am trying to rectify this and to see that adequate powers are given in the case of minor grievances (not in the case of promotions or other matters which have to come up to the highest level) adequate powers are given. There is no question that we should have a procedure where certain types of work should be done at certain levels and that everything need not come to the top for redressal of the grievances".

12.9 The Chairman Fertilizer Corporation of India stated, "We also have the model grievance procedure as given under the Code of Discipline. I agree with my colleague here that what is required is that the procedure should be sharpened in the sense that the whole procedure should be shortened to the least possible time; because, when things take a long time, the workers become more and more upset about the conditions.

As far as the delegation of powers is concerned, in the Fertilizer Corporation of India, powers have been delegated to the local units because we are a multi-unit Corporation, and only those which require a policy decision are referred to the Head-quarters, otherwise, all the decisions are taken and implemented at the local level".

12.10 The representative, Food Corporation of India stated, "In the Food Corporation, we have not so far adopted the model grievance procedure largely because the bulk of our staff has not yet become a regular part of the Food Corporation. They have still to exercise option. We have not formally recognised Union or Association although we have given more or less a *de facto* recognition to some of these Associations and Unions. The machinery we have at present at different levels (we have a machinery at the All-India level, at the zonal level and the regional level) is working fairly smoothly and satisfactorily. There has been considerable delegation of powers to our Zonal Managers and the Regional Managers at the zonal and regional levels respectively, and, as I said, this arrangement has been working satisfactorily. But as soon as conditions do get stabilised, I see no reason why the model grievance procedure should not be adopted with suitable modifications".

12.11 The Chairman, Heavy Engineering Corporation of India stated, "We do not follow the model procedure. As far as the procedure itself is concerned, there is nothing very much wrong with it, but what we find is that the grievances are not handled expeditiously, we are now devising a system for seeing that whatever is pending comes to the notice of the Management very fast so that the grievances are disposed of very quickly".

12.12. The representative of the Hindustan Steel Ltd., stated, "A proper grievance machinery, to my mind is the sound plank of good industrial relations. The main thing is that it is not the procedure or number of subjects that are dealt with by the organisation but my suggestion would be that wherever a grievance procedure is followed, there should be a definite time limit set for the supervisor according to which he has got to give a reply within the specified period. And not only give a formal reply but he should see that it is implemented also. This is tough work and the supervisor knows that at the end of the year, it is going to be evaluated quantitatively that he handled so many grievances and he disposed of them effectively. For that we have to give training to the supervisor and sufficient delegation of authority should also be given to him.

Now about the delegation of powers, there is always a perennial misunderstanding or should we say tension between the higher level and the lower level. The people at the lower level complain that enough authority has not been delegated to them or that the higher levels interfering. But Sir, according to the concepts of management and delegation of power without commensurate control measures, is sterile by control, I mean 'control' in the management sense, through a statistical process or through random sampling, to see that the man is exercising the power according to the rules, regulations and policies of the enterprise. In any instrument of delegation, Sir, it is mentioned "you" are hereby delegated the following powers subject to the rules and regulations of the enterprise. . . . What some managers,



what some supervisors feel, and say is "You" have given me powers to appoint or to promote say upto Rs. 1500, but it is for me to do so as I like, so don't interfere". So you would have a typical case. There is pressure that "this man is only an intermediate, you have laid down the minimum qualification of Graduate but you don't require this qualification, please agree to this". The Supervisor says, "He has exercised powers delegated to him wrongly and if you don't interfere it leads to a chain of labour trouble because if you give in to 'X' in plant 'A', there is no reason why should not to 'Y' in plant 'B'. But Delegation of Power should be as far as possible, given to a manager right down the line. There should be adequate scientific control measures, in whatever form you wish to introduce, to ensure that the supervisor uses the powers delegated to him correctly and that as and when he takes action which is against policies or rules and regulations, you should see that action is immediately stopped".

12.13 The representative of Indian Airlines stated, "In Indian Airlines, we have also the system of grievance procedure based on the model grievance procedure. I am very sorry to say that this is not working satisfactorily at all. As a matter of fact it could not really function at all because the Union in the first place did not nominate its representatives for the grievance committee. We have been trying to persuade them for the last 3 or 4 years. Their ostensible reason, of course, is that even the model grievance procedure is time-consuming and it will be a very long drawn out affair. It appears, however that the Union feels some what insecure that its own influence is likely to be undermined if the grievances are sorted out between the individual worker and the management. We have made a strong issue of this, so much so that in the context of our recent wage negotiations, one of the things we demanded in return was that the union should agree to install the grievance procedure.

Unfortunately, the union did not agree to this and it is still pending before the Tribunal. I think this is perhaps unique in the history of the country, that the Management has gone to the Tribunal in order to persuade the union or rather to get a judicial order for installing a grievance procedure. We are still trying to persuade the union but we do not know what will be the result".

The Representative of National Coal Development Corporation stated, "In the NCDC, we have grievance procedure working for quite long and by and large it has given very successful results; we have given appropriate powers (which we considered appropriate) to the local authorities to decide and settle the grievances and also decided and settle the demands which are of local nature essentially or which do not have implications with the other Unions of the Corporations. In such matters, where decision taken in one area or one unit is likely to cause certain difficulties in another area, then such matters are decided at the central level. Besides the normal grievance machinery, that is the procedure evolved by the Ministry of Labour, we have a system of bi-monthly meetings at the central level. With the apex union, we have central organisation like INTUC and also an independent set of unions. Now all these unions meet once in two months. It would be the model function meeting at the central level, at the level of workers' concerned or at the level of the Chairman to sort out any grievance which

may not be or need to be sorted out at the central level. In our experience, this is going on quite well. This system was introduced a few years back, that is, the bi-monthly system meeting, and this has produced good results."

12.14 The Chairman, Oil and Natural Gas Commission stated, "We have our own grievance procedure which is based on the model procedure. First our grievances are sorted out at the Project Manager's level. If they are not settled there, then they are taken up at the General Manager level. And such of the grievances which are not settled at the General Manager's level are brought to Dehra Dun and there they are discussed with all the principal Unions. After having discussed with the Unions, a decision is taken. Although there has been some delay in regard to certain grievances, but we feel that by and large the system has been working satisfactorily".

12.15 During evidence of the selected Ministries, the Secretary, Ministry of Labour & Rehabilitation stated, "Sir, in the code of discipline a model grievance procedure is provided. It was formulated in discussion in the Indian Labour conference itself. This appears to have worked well. But Government have been feeling that it would be advisable to give it a statutory shape and character.

One of the proposals under consideration and which incidentally received wide support at the recent meeting of the Labour Ministers' Conference was that the grievance procedure should be made a part of the Employment Standing Orders Act so that every industrial undertaking has a well-defined, clearly understood and simple procedure for the consideration of the grievances of workers. These grievances do have a very serious impact on the state of industrial relations because if a grievance is not attended to in time, it very soon acquires the character of a demand and then becomes a dispute and so on. I think, very soon Government will promote legislation to give statutory character to the grievance machinery in an undertaking".

12.16 When asked how is the Head of the Undertakings kept informed contemporaneously of workers genuine difficulties and grievances, the Director-General, Bureau of Public Enterprises replied "Sir, so far as the Chief Executive is concerned, he can only have his own normal channels of communications, that is his own line Managers, Personnel Department and the Public Relations Department. Perhaps it is not possible for him to actually keep any regular touch with the workmen even though some workmen do come and appraise him of the genuine grievances. But these three basic lines of communications are the main sources for supplying the information from various segments of the Undertaking. In the case of individual grievance, the Chief Executive seldom handles the case directly. Perhaps he does not get very many grievance but, if a workman is not satisfied with the decisions at the floor level, he has the right to go right upto the Chief Executive".

12.17 To a question whether the undertakings maintain any Suggestion Box where the workers could put their genuine grievances and give suggestions for improvement in the undertakings, the Director-General Bureau of Public Enterprises replied, "Yes, Sir. We have the Suggestion Box

system, mainly for suggesting improvements and not for just a sort of making complaints. The Suggestion Box is only meant for giving suggestions as to how to improve the things and all that”.

**12.18** The Committee find that existing grievance procedure though useful, is time consuming and cumbersome and at times fails to arouse a sense of satisfaction to individual worker.

The Committee recommend that conditions should be created so that the workers may continue to work unperturbed pending the settlement of dispute.

**12.19** The Committee therefore recommend that:—

- (i) the model grievance procedure should be given a statutory shape and character.
- (ii) it should be prompt, well defined, simple and time bound.
- (iii) the supervisors/Managers should be given training to handle grievances and to dispose them off effectively. There should also be sufficient delegation of authority to them to deal with grievances promptly.
- (iv) The unresolved grievances may be brought expeditiously to the notice of the higher echelons in management so that these are settled quickly.

**12.20** The Committee agree with the recommendation of the National Commission on Labour about the grievance procedure and recommend that there should be provision in the Grievance Procedure for an arbitrator as envisaged therein.

## XIII

### WORKING CONDITIONS

13.1 The Factories Act, 1948 and other State Legislations provide adequate Legislative framework in regard to the working conditions in industries etc. The recommendations in all the three Five Year Plans also recognised the adequacy of the Legislative provisions, but emphasised measures for effective implementation. The First Plan laid stress on a better understanding of occupational diseases, medical examination of workers at regular intervals and arrangements for research in health, safety and welfare apart from the need for strengthening inspection arrangement. The Second and Third Plan did not suggest any new approach, except that in view of the economic difficulties that the country was passing, introduced a strong element of production in its relationship with the working conditions.

13.2 The public sector undertakings mostly being new, workers do not have the same type of difficulties about working conditions as are experienced in the older plants in the country. There are certainly hazards associated with work. It is common experience that construction workers are more liable to accidents than workers engaged in production. Where construction and production work go simultaneously, the rate of accident can be higher. It has been observed that in some public sector units, observation of safety provisions is inadequate. Strict enforcement of statutory provisions is very essential. 'Safety' should become the habit with employers and workers both.

13.3 A leading all India Trade Union in a written note have stated, "Accidents are generally more in the construction industry. In other industries too there should be systematic education for the workers, both by the management and unions to make them safety-conscious and also make the workers shed their indifference to utilise the various safety devices, including masks, gloves etc. where worker has to work under disagreeable conditions because of obnoxious gases etc. apart from giving them protective masks etc., their working hours should be reduced and special diet should be given to improve their resistance capacity".

13.4 In a written note a leading trade union have stated, "to make the workers safety conscious, weekly safety classes should be held and some incentive should be awarded to the Plant who perform the hazards free work".

13.5 Another leading trade union in a note have stated, "(a) there should be one permanent Committee consisting of the engineers and workers representatives in each shops or zones and authority responsible for giving direction at proper places of the workers to avoid accidents etc.

(b) The workers should be supplied with safety implements and there should be safety inspectors in every shops to check whether or not the workers doing a particular job, is taking with him the safety equipments. No worker should be allowed to do any such work without using safety implement.

(c) During working hours, the workers should not be allowed to do any such work which create any industrial hazards in the factory”.

13.6 The Bharat Heavy Electricals in a written reply have stated, “three standing committees on which the workers are also represented viz. Accident Investigation Committee, Safety Equipment Committee and Safety Education Investigation Committee have been set up. The Committees review the safety measures from time to time. Besides the Unit conducts regular training classes for the supervisory staff, each class extending for a period of two months, training being only for half day every day. Regular Safety Education classes for workers are also held. These classes are held one hour a day for six days and approximately 25 workers are taken in one class. Uptill now, nearly 2,000 workers have derived the benefit of these classes. Further safety posters are displayed on the shop floors which are periodically replaced by fresh ones. Safety equipments are provided to all workers engaged in hazardous jobs and the workers are insisted upon using them. Investigation of every reportable accident is personally seen by the Works Manager and necessary instructions regarding prevention of recurrence of such accidents are issued promptly. The accident rate has been progressively sliced down over the years”.

13.7 The Fertilizer Corporation of India have stated, “All of our Units have well organised safety departments with competent personnel to look after the safety of the plant and machinery. All possible measures have been taken to make our workmen safety conscious. Regular seminars are held where subjects dealing with the safety are discussed and such seminars are attended by workers. The safety competitions are regularly held, safety weeks are organised and regular inspections are undertaken by the Safety Committees. The safety record of our Units have been very satisfactory”.

13.8 The Food Corporation have stated, “So far as port workers are concerned, the workers receive training for safety conscious and to reduce incidence of accidents through participation, invokes safety measures at the various ports. The incidence of accidents at the storage depots had been negligible. The workers are engaged only in manual operations and do not require any specialised training for safety measures. However, our Quality Control staff who are engaged in the Preservation of foodgrains are given training at the Central Institute at Hapur, which includes a course on adoption of safety measures while dealing with various insecticides”.

13.9 The heavy Engineering Corporation have stated, “The following measures have been taken to make the workers safety conscious :—

- (i) The workers are taught about the safety rules and books pertaining to safety rules in Hindi and English are distributed among them.

- (ii) Display of Safety Posters ;
- (iii) Celebration of Safety weeks and Safety months;
- (iv) Conducting safety essay awards;
- (v) Inviting suggestions on safety;
- (vi) Demonstration to employees through publicity etc.;"
- (vii) We are having departmental safety committees and control safety committees under the chairmanship of shop Superds. and Chief Mechanical Maintenance Engineer respectively.
- (viii) Workers participate in the departmental safety Committees where-in various aspects of safety matters are discussed regularly.
- (ix) Conducting regular inspections of Shop by safety personnel, members of departmental safety Committees and Central Safety Committees to inculcate safety consciousness among workers;
- (x) Enquiry into accidents and finding out the causes of such accidents and suggestions are given for implementation so as to prevent recurrence of the same".

13.10 The Hindustan Steel Ltd. have stated, "Fullfledged safety engineering departments under qualified and experienced staff have been set up. These safety departments arrange safety induction for new workers, and regular safety training programmes for serving employees. They conduct regular safety propaganda through safety competitions, house keeping competitions, etc. Workers representatives are also included in joint consultative committees on safety".

13.11 The Indian Airlines have stated "Safety posters are displayed in the work premises".

13.12 The Oil and Natural Gas Commission have stated, "Safety posters are displayed at prominent places. The Commission organises Safety Week celebrations in which the importance of safety precautions are emphasised. In its house-journal the Commission has been publishing safety slogans as also an article every month on safety".

13.13 The Committee feel that usually human failure due to carelessness, ignorance, inadequate skill negligence in provision or use of safety equipment and improper supervision cause accidents in industries. Creation of safety consciousness on the part of both workers and management, is, therefore, an imperative necessity. This consciousness could be generated by educating the workers about the safety rules, celebration of safety weeks/months, demonstration to workers through publicity media, inviting suggestions from workers on safety and encouraging their participation regularly in departmental safety committees.

13.14 The Public Undertakings should maintain a safety Inspectorate which should advise and assist employers in drawing up training programme in safety. The training should cover workers as well as supervisors. The In-3 LSS/72—7.

**spectorate personnel should conduct regular inspections of plants etc. to inculcate safety consciousness among workers etc. and organise safety weeks, seminars and display of safety posters at important places in the work premises.**

**13.15 The workers should be supplied with safety equipment and there should be regular check to see that the workers in fact use those equipments. They should be protected against any health hazards which may arise out of their work or the condition in which their work is carried out.**

**13.16 The Public Undertakings should also consider introducing the Floating Insurance Policy scheme with the Life Insurance Corporation of India for group of workers against accidents.**

**13.17 The Committee also recommend that the Government should introduce Safety Award Schemes for all the undertakings, and the undertakings with the lowest number of accidents during a year should be awarded prizes and certificate of merit.**

## XIV

### CONCLUSION

14.1 The Public Sector is destined to play a vital role in the economy of the country. Since 1951, the number of public undertakings has been on the increase. There are 99 Public Undertakings at present employing about six lakhs of persons. Consequently, the promotion of good labour-management relations and maintenance of industrial peace for achieving maximum production are very essential. The problem of labour in the public undertakings, has, therefore, to be considered with special reference to :—

- (i) recruitment and promotion policies;
- (ii) working conditions;
- (iii) labour welfare;
- (iv) state of industrial relations etc.

The Report covers these problems and the recommendations are intended to improve the Labour-Management Relations in the undertakings and not be construed as placing responsibility for the present state of affairs on workers only.

14.2 The Committee feel that the most important duty cast upon the public sector is to ensure that not only they are model employers but also model producers for in them are invested the nation's precious resources and high hopes of generation of assets which would make for greater production. The Committee expect that Government as a whole including the Bureau of Public Enterprises, the administrative Ministry concerned with the public undertaking, the associated Finance, etc. would take special care to see that norms for man-power requirements are worked out at the time of preparing the detailed project report and that these are further improved upon as more details of the project are worked out. The Committee like to emphasise that there should be an incentive system built into the working of the public undertaking right from the inception and that the parameters for this incentive system should be realistic with an accent on greater production.

There should be a system of reviewing the man-power requirements including officers in each undertaking through a trained team of experts well versed in time and motion study, productivity, quality control, costing, etc. in consultation with the workmen etc. Such studies and analysis should be actively attended to by the Bureau of Public Enterprises.

The Committee would like Government to carry out a systematic review through the Bureau of Public Enterprises to analyse objectively the extent of over-staffing to ensure that each undertaking does not carry out such a review on priority basis and according to a time bound programme and take effective action to work off its surplus personnel so that all men are engaged in productive efforts.



14.3 The Committee feel that in the matter of employment of helpers/khalasis for skilled workers, the Public Undertakings should be very selective and reasonable. As far as possible the Undertakings should minimise the number of helper and only where the job is of a very heavy nature, a helper need be provided to the skilled worker.

14.4 The Committee feel that broad frame work for rules of recruitment in Public Undertakings should be laid down by the Bureau of Public Enterprises. The rules may also make a distinction between public undertakings which are engaged in industrial enterprises and those which are concerned with insurance, financial management, business, trades, etc. Keeping in view these broad guidelines, each undertaking may lay down detailed rules which may be got approved from the Bureau of public Enterprises.

The Bureau of Public Enterprises should in due course develop a Manual of Recruitment so that it can serve as a useful reference volume.

The Committee are of the view that better opportunity should be provided to local persons for employment in public undertakings, by giving them priority in the matter of recruitment or by providing vocational courses for developing skill. The Employment Exchanges should also make sure with the help of State Government that persons who are registered are local residents of the areas of the State.

The Committee reiterate the recommendations made by the Committee on the Welfare of Scheduled castes and Scheduled Tribes regarding appointment of candidates from Scheduled Castes and Scheduled Tribes in the Public Undertakings and giving adequate representation to them.

The Committee desire that in view of recent development in the matter of devising aptitude and psychological test, including written tests, which would facilitate objective selection of personnel. The Bureau of Public Enterprises should take the lead in this respect and command to public undertakings suitable aptitude and psychological tests for recruitment.

The Committee also think that there should be a system of 'follow up' of recruits through the first few years, if not right through the career, in order to derive lessons about the future made of recruitment.

The Committee note that Government have already laid down a broad policy that efforts should be made to fill up the top-management posts from talent available within the undertaking. It is, therefore, of the utmost importance that recruitment and career planning should be so done as to throw up, over the years, enough persons to fill top-management posts. The Bureau of Public Enterprises should take special interest in this vital field and lay down in consultation with the Department of Personnel at the Centre and the Institute of Management and the UPSC, broad guidelines for recruitment to the Management cadre, which would provide the top-management in the years to come.

The Committee also recommend that all the public undertakings should give preference in employment in suitable jobs to ex-service men and the dependents of army personnel who have laid down their lives in the last Indo-Pakistan war.

The Committee consider that public undertakings should set a worthy example by offering employment opportunities to such of the physically handicapped persons as can be gainfully absorbed in jobs.

14.5 The Committee feel that the main burden of training the workers after recruitment should necessarily be borne by the undertakings, as the present economic and industrial development in India demand comprehensive course of training at every level of staff.

The Committee also recommend that adequate facilities should exist in the plants for employees to improve their prospect through training courses. Arrangements should also be made for refresher courses for middle and senior executives.

In the trading corporations, training programmes should be organised for the new recruits to give them theoretical and practical training in the duties and responsibilities entrusted to them. Senior executives may be deputed for specialised training in various fields in the established training institutions in the country.

14.6 The Committee observe that a uniform and well defined promotion policy has not been laid down for most public undertakings. The Committee is of the view that discontent over promotions has been the primary cause of several work stoppages in undertakings, and therefore feel that the entire question of promotions in the Public Undertakings should be reviewed by the Government.

The Committee note that certain model principles governing promotion were drawn up by the Ministry of Labour and Employment in 1967 and forwarded to the Ministry of Industrial Development and Bureau of Public Enterprises. The Committee find that neither the Ministry of Industrial Development nor the Bureau of Public Enterprises took effective steps for the implementation of the model promotion principles by the Public Undertakings. The Committee are shocked at this lack of earnestness on the part of the Ministry of Industrial Development and the Bureau of Public Enterprises in following up instructions issued about a crucial matter which intimately affects the service conditions and prospects of employees working in public undertakings and which has admittedly been responsible for lot of discontent and unrest amongst the employees. The Committee feel that it was the bounden duty of the Bureau of Public Enterprises who have a full fledged Directorate of Personnel as well as the Ministry of Industrial Development and other administrative Ministries concerned to make sure that these model principles were circulated and necessary action on the lines mentioned therein was taken by each of the Public Undertakings. The Committee feel certain that had the promotion procedures suggested therein as early as 1967 been devised after fullest consultation with the recognised trade unions or service associations and given widest publicity and printed in the form of service manuals there would not have been this widespread feeling amongst the trade unions that the promotion procedures leave much to be desired. The Committee cannot too strongly stress the need for a close follow up by the Bureau of Public Enterprises to make sure that the model

principles are at least now given effect to in letter and spirit by the undertakings. The workers' representatives should be associated with the implementation of those "Model Principles" for promotion.

The Committee are also of the view that a system of identifying talent among the workers and giving them opportunities for development should be introduced in the Undertakings. The Committee would recommend that

- (i) Seniority should be the basis for promotion at lower levels.
- (ii) In respect of middle management-level (technical supervisory and administrative personnel) seniority-cum-merit should be the criterion for promotion. Only when suitable persons are not available, resort to outside recruitment may be made on all-India basis.
- (iii) For higher managerial (technical and administrative positions) merit alone should be the guiding factor. If suitable and competent persons are not available inside the organisation selection on All India basis may be made.

14.7 The Committee consider that the organisation of the Personnel Department of the Public Undertaking deserve special attention.

The Committee recommend that:—

Officers of the Personnel Department should develop a personal touch with the labour and their accredited representatives should be easily accessible for the redress of genuine grievances without delay; and Personnel Director/Manager should pay special attention to welfare work relating to the employees and their families.

14.8 The Committee note that Government have issued comprehensive instructions regarding the appointment of non-Indians to posts in public undertakings. The Committee feel that if these instructions are followed in letter and spirit by the public undertakings and by the administrative Government Departments, there should be no room for any complaint that foreign technicians are occupying posts where Indians can do the job as well.

The Committee strongly stress that Government/public undertakings should make full use of the agreements with foreign collaborators to train Indian personnel in drawing, designing and operational work.

The Committee also suggest that a number of Indians may be attached with non-Indian personnel so that they are able to pick up the intricacies of the work and develop capability of handling it on their own at the earliest.

14.9 The Committee are strongly in favour of participation of workers and their representatives in management of Public Undertakings. By workers' participation in management, the Committee understand that

(i) workers, through their duly elected representatives, must physically participate in actual decision making; (ii) this participation should be at all levels participate beginning from the shop level to the Board of Directors and (iii) the participation means that workers and their representatives should not only be consulted, but should also feel that they are actual partners in management.

The Committee would recommend that a systematic study should be conducted with a view to devise ways and means of promoting a psychological climate in the Public Undertakings wherein the workers and the management give their best to the undertakings.

The Committee recommend that a system of reporting to the workers collectively by the Management about production targets, performance of the undertakings, shortcomings and hurdles should be adopted so as to generate a climate of confidence and understanding between the workers and the Management.

A system of election by the workers employed in the undertaking is indispensable for achieving workers' participation in management. If this participation is to be real, it should be achieved at all levels.

Only when such a participation is ensured, will, nomination of workers representatives to the Board of Directors assume real significance otherwise it will have only a symbolic meaning and might lead to alienation of the workers' representative from the mass of the workers or his presence would be nominal.

14.10 The Committee strongly reiterate that the public undertakings should spare no efforts to give the workers in these undertakings a sense of participation and involvement in the challenging task of greater production for the good of the country as lack of industrial harmony in public sector has been an important contributory factor in depressing the production in public sector units below the technically feasible capacity.

The Committee agree with the representatives of leading trade unions that the main causes for labour unrest in public undertakings are lack of dialogue between labour and management, rise in prices, absence of job satisfaction, unhealthy working conditions, inter-union rivalry, migratory executives, lack of proper personnel management. The Committee consider that none of these difficulties is insurmountable and that given dedication, a sense of involvement and of participation, these matters can be resolved in the interest of greater production which is the crying need of the nation.

The Committee suggest that Government may examine the feasibility of bringing Central Government public undertakings functioning in the States also under the purview of the labour legislation of the centre for purposes of uniformity so that the Government may be able to help the labour as well as the management in the best interests of the country.

14.11 The Committee are of the opinion that the existing arrangement for recognition of unions under the Voluntary Code of Discipline has not proved to be quite effective. The Committee consider that a Central Law for a union recognition is necessary for the growth of democratic and responsible trade unions and that it should be obligatory for the management of each undertaking to accord recognition to one union.

As far as possible, there should be one bargaining agent for an undertaking.

The present criterion in the Code is that a labour union having 15% or more of the total membership is eligible for recognition. The Committee suggest that it may be desirable to revise the criterion to 30% of the total membership to give it a more representative character. Where no registered union functioning in the undertaking can satisfy the condition of 30% of membership, the union with the largest number and percentage of membership may be recognised. If the verification of the membership of the registered unions does not prove to be conclusive on account of differences in number of membership being marginal for the purpose of throwing up the most representative union for recognition, the Committee suggest that resort may be had to secret ballot to determine the most representative registered union.

The Committee consider that while the undertaking may hold direct negotiations, with the most representative union, a way should be found to associate representatives of other registered unions functioning in the undertaking when general questions pertaining to workload, pay-scales etc. affecting the workers of the undertaking as a whole etc. are discussed so that agreed decisions may be more readily implemented. The Committee think that multiplicity of trade unions has led to inter-union rivalries adversely affecting industrial relations.

14.12 The Committee consider that adequate housing for workers particularly in places which are being developed as new industrial centres, is an essential amenity and that Government should take a conscious decision, after careful consideration about the type and percentage and phased programme of construction of staff quarters at the time of sanctioning a project.

The Committee are of the view that House Rent Allowances should be on a realistic rate in relations to the cost of hired accommodation in the area and they recommend that the Bureau of Public Enterprises should fix a reasonable House Rent allowance to be paid to the employees in all the public undertakings.

The Public Undertakings should encourage the development of Co-operative Housing Societies among workers and arrange for advance of loans to the Societies at concessional rate of interest for constructing houses.

The Committee feel that where the workers are required to reach a far off or remote place for duty, provision of adequate transport facilities are essential and recommend that the management of the public undertakings should examine the matter in all its aspects.

The Committee recommend that the management, at the highest level, should concern themselves with the provision of proper educational facilities to the children of the workers of adequate standard so as to inspire confidence in the workers that their children are getting equal opportunities.

The management of Public Undertakings should secure fruitful co-ordination amongst all the concerned authorities, State Governments and local bodies in this regard.

The Government should consider the feasibility of setting up Central Schools in major areas of public enterprise.

Adequate facilities would also be provided for imparting education in regional languages where twenty or more children of employees of the Undertaking desire education in a particular regional language.

The Committee feel that adequate medical facilities should be provided by the undertakings to the industrial workers and their families.

The Committee recommend that the Staff Benefit Fund Scheme may be introduced in each undertaking to give monetary assistance.

The Committee consider that Canteens should be run on a cooperative basis as far as possible or no profit no loss basis and Management should extend all facilities such as rent, free accommodation and supply of power and water at concessional rates so as to ensure that refreshments and meals are made available to workers at cheap rates.

The Committee think that it is a useful idea to establish handicraft centres in the workers' colonies attached to the industrial units to enable the families of the workers to supplement family budget.

The Committee suggest that Public Undertakings should provide all possible facilities to workers to spend their holidays at near-by hill stations or sea-shores or at places of historical interest.

14.13 The Committee find that existing grievance procedure though useful, is time consuming and cumbersome and at times fails to arouse a sense of satisfaction to individual worker.

The Committee recommend that :

- (i) the model grievance procedure should be given a statutory shape and character.
- (ii) it should be prompt, well defined, simple and time bound.

- (iii) the supervisor/Managers should be given training to handle grievances and to dispose them of effectively.
- (iv) The unresolved grievances may be brought expeditiously to the notice of the higher echelons in management so that these are settled quickly.

The Committee agree with the recommendation of National Commission on Labour about grievance procedure and recommend that there should be Provision in the grievance procedure for an arbitrator as envisaged therein.

14.14 The Committee feel that human failure due to carelessness, ignorance, inadequate skill negligence in provision or use of safety equipment and improper supervision cause accidents in industries, Creation of safety consciousness on the part of both workers and management, is an imperative necessity.

The Public Undertakings should maintain a safety inspectorate which should advise and assist employers in drawing up training programme in safety to cover workers as well as supervisors.

The workers should be supplied with safety equipment and there should be regular check to see that the workers in fact use those equipments.

The public undertakings should also consider introducing the Floating Insurance policy scheme with the Life Insurance Corporation of India for group of workers against accidents.

The Committee also recommend that the Government should introduce Safety Award Scheme for all the undertakings, and the undertakings with the lowest number of accidents during a year should be awarded prizes and certificate of merit.

NEW DELHI,  
April 25, 1972

M. B. RANA,  
Chairman,  
Committee on Public Undertakings.

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Vaisakha 5, 1894

## APPENDIX I

*Preliminary Material on Personnel Policies and Labour-Management Relations has been received from the following Public Undertakings.*

1. Air India.
2. Bharat Aluminium Co. Ltd.
3. Bharat Earth Movers Ltd.
4. Bharat Electronics Ltd.
5. Bharat Heavy Electricals Ltd.
6. Bharat Heavy Plates & Vessels Ltd.
7. Bharat Pumps & Compressors Ltd.
8. Bokaro Steel Ltd.
9. Cement Corporation of India Ltd.
10. Central Fisheries Corporation Ltd.
11. Central Inland Water Transport Corporation.
12. Central Road Transport Corporation Ltd.
13. Central Warehousing Corporation.
14. Cochin Refineries Ltd.
15. Damodar Valley Corporation.
16. Electronics Corporation of India Ltd.
17. Engineers India Ltd.
18. Fertilizers & Chemicals Travancore Ltd.
19. Fertilizer Corporation of India Ltd.
20. Film Finance Corporation Ltd.
21. Food Corporation of India Ltd.
22. Goa Shipyard Ltd.
23. Handicrafts and Handlooms Export Corporation of India Ltd.
24. Heavy Electricals (India) Ltd.
25. Heavy Engineering Corporation Ltd.
26. Hindustan Aeronautics Ltd.
27. Hindustan Antibiotics Ltd.



28. Hindustan Cables Ltd.
29. Hindustan Copper Ltd.
30. Hindustan Housing Factory Ltd.
31. Hindustan Insecticides Ltd.
32. Hindustan Latex Ltd.
33. Hindustan Organic Chemicals Ltd.
34. Hindustan Photo Films Mfg. Co. Ltd.
35. Hindustan Salts Ltd.
36. Hindustan Steel Ltd.
37. Hindustan Steel Works Construction Ltd.
38. Hindustan Shipyard Ltd.
39. Hindustan Teleprinters Ltd.
40. Hindustan Zinc Ltd.
41. Indian Tourism Development Corporation Ltd.
42. Indian Airlines.
43. Indian Drugs & Pharmaceuticals Ltd.
44. Indian Oil Corporation Ltd.
45. Indian Petro-Chemicals Corporation Ltd.
46. Indian Rare Earths Ltd.
47. Indian Telephone Industries Ltd.
48. Instrumentation Ltd.
49. Life Insurance Corporation of India Ltd.
50. Lubrizoal India Ltd.
51. Madras Fertilizers Ltd.
52. Madras Refineries Ltd.
53. Manganese Ore (India) Ltd.
54. Mazagon Dock Ltd.
55. Minerals & Metals Trading Corporation of India Ltd.
56. Mining and Allied Machinery Corporation Ltd.
57. Modern Bakeries (India) Ltd.
58. Mogul Line Ltd.
59. National Buildings Construction Corporation Ltd.
60. National Coal Development Corporation Ltd.

61. National Industrial Development Corporation
62. National Mineral Development Corporation Ltd.
63. National Projects Construction Ltd.
64. National Research Development Corporation Ltd.
65. National Seeds Corporation Ltd.
66. National Small Industries Corporation Ltd.
67. National Textile Corporation Ltd.
68. Neyveli Lignite Corporation Ltd.
69. Oil & Natural Gas Commission
70. Praga Tools Ltd.
71. Pyrites Phosphates & Chemicals Ltd.
72. Rural Electrification Corporation (P) Ltd.
73. Shipping Corporation of India.
74. State Farm Corporation of India (P) Ltd.
75. State Trading Corporation of India Ltd.
76. The Tannery & Footwear Corporation of India Ltd.
77. Triveni Structurals Ltd.
78. Tungabhadra Steel Products Ltd.
79. Uranium Corporation of India Ltd.
80. Water & Power Development Consultancy Services (P) Ltd.

## APPENDIX II

### *Note on Recruitment Policy in the Public Sector Undertakings*

It will be of advantage to the units in various directions, if persons who come from areas near about the place of location of the project secure appointment to posts in the lower scales. In the case of all unskilled workers, even without any special efforts, they are generally drawn from the locality where the project is situated. Every effort should be made in such recruitment to give preference to persons displaced from the areas acquired for the project especially of scheduled castes and scheduled tribes (e.g., Adivasis). Next should be preferred those, who even if they come from some distance, have been or are about to be retrenched from other government undertakings.

In the case of skilled workers, clerks and other non-technical staff whose scales are comparatively low, so long as the basic qualifications and experience are forthcoming, preference should be given in the order of priority mentioned in the previous paragraph.

In the case of middle level technical and non-technical posts, having higher starting salaries equivalent to the Class I Junior scale of the Government of India (Rs. 350-850), recruitment should be made on an All-India basis, merit and qualifications being the principal criteria. Complaints have sometimes been made in the past that local candidates do not receive a fair deal. Special care should be taken to ensure that there is no reasonable ground for any such complaint.

In the case of higher non-technical posts, e.g. top general management finance and accounts, sales, purchase, stores, transport, personnel management and welfare and town administration carrying a salary of Rs. 600 and above, candidates available in the Industrial Management Pool should first be considered. Failing such candidates, there should be advertisements on all-India basis. This does not, however, preclude considering candidates who may have applied on their own or may have been retrenched from other government projects.

For the higher technical posts, the best qualified persons will have to be recruited, either by advertisement on a all-India basis or by personnel contact.

All vacancies of the kind referred to in paras above should be communicated to the Employment Exchange close to the project. Advertisements, which are made in the papers, should be in local languages and in the local newspapers. Such advertisements should specially mention that preference would be given to persons who are registered in Employment Exchanges. All the applications received, along with the list sent by the Employment Exchange, should be screened and appointments made by

Selection Committees specially set up for the purpose of each unit. These Selection Committee should include representatives from the State Government or their nominees.

The Selection Committees set up for recruitment to all other medium level or higher technical or non-technical posts should include at least one representative of the State Government, preferably a State Government official who is on the Board of Directors.

Representation for local interests in the shape of State Government nominees etc., as detailed above, should also be provided for an any standing committee that may exist for the purpose and not confined to only special *ad hoc* committees.

Where the exigencies of work require the making of urgent and *ad hoc* appointments, it will be open to the Managing Director to make such appointments and then inform the Selection or Standing Committees.

The above principles may be kept in view by Boards of Directors and Managing Directors/Chairmans of public sector projects while making recruitments to posts within their projects.

### APPENDIX III

*Copy of Home Aflair's O.M. No. 12/9/65-Ests (B), dated the 23rd February, 1966 to all Ministries, etc. etc.*

**SUBJECT :—**Instructions regarding the appointment of non-Indians to civil posts under the Government of India and to posts in Corporations, public undertakings, etc. under the administrative control of the Government of India.

The undersigned is directed to refer to this Ministry's Office Memorandum No. 20/106/46-Ests. (S), dated the 4th Nov., 1946 containing instructions governing the appointment of non-Indians to civil posts under the Government of India. According to the general policy laid down therein, appointment of non-Indians should be made only in very exceptional circumstances and then also, only on contract for the minimum period necessary, and simultaneously suitable steps should be taken to train Indians to fill such posts on a regular basis. Further *vide* this Ministry Office Memorandum of even number dated the 16th December, 1946, it was decided that the instructions contained in the Office Memorandum dated the 4th November, 1946 should apply also to appointments in any corporation or organisation, statutory or otherwise, in which the Government of India have a controlling interest. If appointment to any post in such organisations was governed by Special provisions either in the statute setting up the organisation or in the rules framed thereunder which rendered it impossible to follow the instructions referred to above, the administrative Ministries/Departments concerned were requested to examine amending those provisions suitably to ensure that proposal for appointment of non-Indians were referred to Government for approval before making the appointments. Concurrence of this Ministry was required to be obtained in respect of all proposals for appointment of non-Indians till 14th July, 1955 when the powers in this regard were delegated to the Administrative Ministries *vide* this Ministry Office Memorandum No. 1/55 CS(C), dated the 14th July, 1955. According to this Office Memorandum Administrative Ministries are competent to decide cases of appointment of non-Indians to posts under their administrative control keeping in view the general policy laid down in this Ministry Office Memorandum dated the 4th November, 1946 and after obtaining the orders of the Minister-in-charge or the Deputy Minister.

2. It has been brought to the notice of this Ministry that certain corporations, public undertaking have appointed non-Indians against posts under them in contravention of the instructions referred to above. The Ministry of Finance, etc. are, therefore, requested to bring these instructions to the notice of the various corporations, public undertakings, etc.

under their administrative control and take necessary steps to ensure that the appointment of non-Indians in these organisations are made in accordance with these instructions. The Action taken in the matter may please be intimated to this Ministry in due course.

Sd/-

**N. RAGHUNATHAN,**  
*Under Secy. to the Government of India.*

## APPENDIX IV

### *Criteria for recognition of Labour Unions*

1. Where there is more than one union, a union claiming recognition should have been functioning for at least one year after registration. Where there is only one union, this condition would not apply.

2. The membership of the union should cover at least 15% of the workers in the establishment concerned. Membership would be counted only of those who had paid their subscriptions for at least three months during the period of six months immediately preceding the reckoning.

3. A union may claim to be recognised as representative union for an industry in a local area if it has a membership of at least 25% of the workers of that industry in that area.

4. When a union has been recognised, there should be no change in its position for a period of two years.

5. Where there are several unions in an industry or establishment, the one with the largest membership should be recognised.

6. A representative union for an industry in an area should have the right to represent the workers in all the establishments in the industry, but if a union of workers in a particular establishment has a membership of 50 per cent or more of the workers of that establishment it should have the right to deal with matters of purely local interest, such as for instance, the handling of grievances pertaining to its own members. All other workers who are not members of that union might either operate through the representative Union for the industry or seek redress directly.

7. In the case of trade union federations which are not affiliated to any of the four central organisations of labour the question of recognition would have to be dealt with separately.

8. Only unions which observed the Code of Discipline would be entitled to recognition.

## APPENDIX V

### *Rights of Recognised Unions under the Code of Discipline*

The question of rights of unions recognised under the Code of Discipline *vis-a-vis* unrecognised unions was discussed at the 20th Session of the Indian Labour Conference (August, 1962). While a decision on the rights of unrecognised unions was deferred for future consideration, it was agreed that unions granted recognition under the Code of Discipline should enjoy the following rights :—

- (i) to raise issue and enter into collective agreements with employers on general questions concerning the terms of employment and conditions of service of workers in an establishment or, in the case of a Representative Union, in an industry in a local area;
- (ii) to collect membership fee/subscriptions payable by members to the unions within the premises of the undertaking;
- (iii) to put or cause to put up a notice board on the premises of the undertaking in which its members are employed and affix or cause to be affixed thereon notices relating to meetings, statements of accounts of its income and expenditure and other announcements which are not abusive, indecent or inflammatory, or subversive of discipline or otherwise contrary to the Code;
- (iv) for the purpose of prevention or settlement of an industrial dispute :—
  - (a) to hold discussions with the employees who are members of the union at a suitable place or places within the premises of office/factory/establishment as mutually agreed upon;
  - (b) to meet and discuss with an employer or any person appointed by him for the purpose, the grievances of its members employed in the undertaking;
  - (c) to inspect, by prior arrangement, in an undertaking, any place where any member of the union is employed.
- (v) to nominate its representatives on the Grievance Committee constituted under the Grievance Procedure in an establishment;
- (vi) to nominate its representatives on Joint Management Councils; and



(vii) to nominate its representatives of non-statutory bi-partite committees, e.g. production committees, welfare committees, canteen committees, house allotment committees, etc. set up by managements.

The rights referred to above would be without prejudice to the privileges being enjoyed by the recognised unions at present, either by agreement or by usage.

## APPENDIX VI

### *Code of Discipline in Industry*

#### **I. To maintain Discipline in Industry (both in public and private sector)**

There has to be (i) a just recognition by employers and workers of the rights and responsibilities of either party, as defined by the laws and agreements (including bipartite and tripartite agreements arrived at all levels from time to time) and (ii) a proper and willing discharge by either party of its obligations consequent on such recognition.

The Central and State Governments, on their part, will arrange to examine and set right any shortcomings in the machinery they constitute for the administration of labour laws.

To ensure better discipline in industry:

#### **II. Management and Union(s) Agree**

- (i) that no unilateral action should be taken in connection with any industrial matter and that disputes should be settled at appropriate level;
- (ii) that the existing machinery for settlement of disputes should be utilised with the utmost expedition;
- (iii) that there should be no strike or lock-out without notice;
- (iv) that affirming their faith in democratic principles, they bind themselves to settle all future differences, disputes and grievances by mutual negotiation, conciliation and voluntary arbitration.
- (v) that neither party will have recourse to (a) coercion, (b) intimidation, (c) victimisation or (d) go-slow;
- (vi) that they will avoid (a) litigation, (b) sit-down and stay-in strikes and (c) lock-outs;
- (vii) that they will promote constructive cooperation between their representatives at all levels and as between workers themselves and abide by the spirit of agreements mutually entered into;
- (viii) that they will establish upon a mutually agreed basis, a grievance procedure which will ensure a speedy and full investigation leading to settlement;
- (ix) that they will abide by various stages in the grievance procedure and take no arbitrary action which would by pass this procedure: and
- (x) that they will educate the management personnel and workers regarding their obligations to each other.

### III. Management Agree

- (i) Not to increase work loads unless agreed upon or settled otherwise;
- (ii) not to support or encourage any unfair labour practice such as (a) interference with the right of employees to enrol or continue as union members, (b) discrimination, restraint or coercion against any employee because of recognised activity of trade unions and (c) victimisation of any employee and abuse of authority in any form;
- (iii) to take prompt action for (a) settlement of grievances and (b) implementation of settlements, awards, decisions and orders;
- (iv) to display in conspicuous places in the undertaking the provisions of this Code in local language(s);
- (v) to distinguish between action justifying immediate discharge and those where discharge must be preceded by a warning, reprimand, suspension or some other form of disciplinary action and to arrange that all such disciplinary action should be subject to an appeal through normal grievance procedure;
- (vi) to take appropriate disciplinary action against its officers and members in cases where enquiries reveal that they were responsible for precipitate action by workers leading to indiscipline; and
- (vii) to recognise the union in accordance with the criteria evolved at the 14th session of the Indian Labour Conference held in May, 1958.

### IV. Union(s) Agree

- (i) not to engage in any form of physical duress;
- (ii) not to permit demonstrations which are not peaceful and not to permit rowdyism in demonstration;
- (iii) that their members will not engage, or cause other employees to engage in any union activity during working hours, unless as provided for by law, agreement or practice;
- (iv) to discourage unfair labour practices such as (a) negligence of duty, (b) careless operation, (c) damage to property, (d) interference with or disturbance to normal work and (e) insubordination;
- (v) to take prompt action to implement awards, agreements, settlements and decisions;
- (vi) to display in conspicuous places in the union offices, the provisions of this Code in the local language(s); and
- (vii) to express disapproval and to take appropriate action against office bearers and members for indulging in action against the spirit of this Code.

## APPENDIX VII

### MODEL GRIEVANCE PROCEDURE

#### A. Grievance Machinery

A Grievance Machinery will be required to be set up in each undertaking to administer the Grievance Procedure. The minimum requirements of such a machinery would be as follows, except where an established procedure is already working to the mutual satisfaction of either party. Even in the latter case, every effort shall be made to bring the procedure in conformity with the Guiding Principles.

For the purpose of constituting a fresh Grievance Machinery, workers in each department (and where a department is too small, in a group of departments) and each shift, shall elect, from amongst themselves and for a period of not less than one year at a time, departmental representatives and forward the list of persons so elected to the management. Where the union(s) in the undertaking are in a position to submit an agreed list of names, recourse to election may not be necessary. Similar is the case where Works Committee are functioning satisfactorily, since the Works Committee member of a particular constituency shall act as the departmental representative. Correspondingly, the management shall designate the persons for each department who shall be approached at the first stage and the departmental heads for handling grievances at the second stage. Two or three of the departmental representatives of workers and two or three departmental heads nominated by the management shall constitute the Grievance Committee, the composition of which is indicated in Appendix. In the case of appeals against discharges or dismissals, the management shall designate the authority to whom appeals could be made.

#### *Grievance Procedure*

While adaptations have to be made to meet special circumstances such as those obtaining in the Defence undertakings, Railways Plantations and also small undertakings employing few workmen the procedure normally envisaged in the handling of grievances should be as follows :

(1) An aggrieved employee shall first present his grievance verbally in person to the officer designated by the management for this purpose. An answer shall be given within 48 hours of the presentation of complaint.

(2) If the worker is not satisfied with the decision of this officer or fails to receive an answer within the stipulated period, he shall either in person or accompanied by his departmental representative, present his grievances to the Head of the Department designated by the management

for the purpose of handling grievances (For this purpose, a fixed time shall be specified during which on any working day, an aggrieved worker could meet the departmental head for presentation of grievances). The departmental head shall give his answer within 3 days of the representation of grievance. If action cannot be taken within that period the reason for delay should be recorded.

(3) If the decision of the Departmental Head is unsatisfactory, the aggrieved worker may request the forwarding of his grievance to the "Grievance Committee" which shall make its recommendations to the Manager within 7 days of the worker's request. If the recommendations cannot be made within this time limit, the reason for such delay should be recorded. Unanimous recommendations of the Grievance Committee shall be implemented by the management. In the event of a difference of opinion among the members of the Grievance Committee, the views of the members along with the relevant papers shall be placed before the Manager for final decision. In either case, the final decision of the management shall be communicated to the workmen concerned by the personnel officer within 3 days from the receipt of the Grievance Committee's recommendations.

(4) Where the workman is not satisfied with the final decision of management he shall have the right to appeal to Management for a revision. In making this appeal, the worker, if he so desires, shall have the right to take a union official along with him to facilitate discussions with management. Management shall communicate their decision within a week of the workman's revision petition.

If no agreement is still possible, the union and the management shall refer the grievance to voluntary arbitration.

(5) Where a worker has taken up a grievance for redressal under this procedure, the formal Conciliation Machinery shall not intervene till all steps in the procedure are exhausted. A grievance shall be presumed to assume the form of a dispute only when the final decision of the top management in respect of the grievance is turned down by the worker.

(6) If a grievance arises out of an order given by management, the said order shall be complied with before the workman concerned invokes the procedure laid down for redressal of grievance. If, however, there is a time lag between the issue of order and its compliance, the grievance procedure may immediately be invoked but the order nevertheless must be complied within the due date, even if all the steps in the grievance procedure have not been exhausted. It may however be advisable for the management to await the findings of grievance procedure machinery.

(7) Workers' representatives on the Grievance Committee shall have the right of access to any document connected with the inquiry maintained in the department and which may be necessary to understand the merit or otherwise of the workers' grievances. The management's representatives shall have the right, however, to refuse to show any document or give any information which they consider to be of a confidential nature. Such confidential document(s) shall not be used against the workmen in the course of the grievance proceedings.

(8) There shall be a time-limit within which an appeal shall be taken from one step to the other. For this purpose, the aggrieved worker shall within 72 hours of the receipt of the decision at one stage (or if no decision is received, on the expiry of the stipulated period), file his appeal with the authority at the next higher stage should he feel inclined to appeal.

(9) In calculating the various time intervals under the above clause, holidays shall not be reckoned.

(10) Management shall provide the necessary clerical and other assistance for the smooth functioning of the grievance machinery.

(11) If it is necessary for any worker to leave the department during working hours on call from the Labour/ personnel Officer or any other officer of the established grievance machinery, previous permission of his superior shall necessarily be obtained. Subject to this condition, the worker shall not suffer any loss in wages for the work-time lost in this manner.

(12) If, however, there be any complaint against any individual member of the staff, who is nominated by the management to handle grievance at the lowest level, the workman may take up his grievance at the next higher stage, i.e., at the level of Departmental Head.

(13) In the case of any grievance arising out of discharge or dismissal of a workman, the above-mentioned procedure shall not apply. Instead, a discharged or dismissed workman shall have the right to appeal either to the dismissing authority or to a senior authority who shall be specified by the management, within a week from the date of dismissal or discharge. At the time the appeal is heard, the workman may, if he so desires, be accompanied by either an official of the recognised union or a fellow worker, as the case may be.

## APPENDIX

### *Guiding Principles for a Grievance Procedure*

Existing labour legislation does not provide for a well defined and adequate procedure for redressal of day-to-day grievances in industrial units. Clause 15 of the Model Standing Orders in Schedule I of the Industrial Employment (Standing Orders) Central Rules, 1946 specifies that 'All complaints arising out of employment including those relating to unfair treatment or wrongful exaction on the part of the employer or his agent, shall be submitted to the manager or the other person specified in this behalf with the right to appeal to the employers'.

In some industrial units, however, detailed grievance procedure has been worked out by mutual agreement. In the absence of a satisfactory grievance procedure, day-to-day grievances are allowed to pile up with the result that the accumulated discontent culminates sometime or the other in cases of indiscipline, strikes, etc. In what follows, therefore, an attempt has been made to draw up Guiding Principles for a Grievance Procedure. It is realised that it may not be possible to apply all these principles in respect of each and every industrial unit. However, all units should endeavour to conform, as much as possible, to these principles.

Complaints affecting one or more individual workers in respect of their wage payments, over-time, leave, transfer, promotion, seniority, work assignment, working conditions and interpretation of service agreement, dismissals and discharges would constitute\* grievances. Where the points at dispute are of general applicability or of considerable magnitude, they will fall outside the scope of this procedure.

A Grievance Procedure should take note of the following principles:—

#### (1) *Conformity with existing legislation:*

A Grievance Procedure forms part of the integrated scheme intended to promote satisfactory relations between employers and workers. This procedure should be designed to supplement the existing statutory provisions and it may, where practicable, make use of such machinery as is already provided by legislation. The Grievance Machinery can be availed of on the receipt by the worker of the order causing a grievance. The operation of the order, however, need not be held up till the grievance machinery is completely exhausted. Wherever possible attempts should be made to complete the grievance procedure between the time the order is passed and when it is action upon.

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\*In the case of Defence Undertakings, however, a special provision may have to be made.

**(2) *Need to make the Machinery simple and expeditious:***

- (a) As far as possible, grievances should be settled at the lowest level;
- (b) No matter should ordinarily be taken up at more than two levels; *i.e.* normally there should be only one appeal;
- (c) Different types of grievances may be referred to appropriate authorities;
- (d) A grievance must be redressed as expeditiously as possible and towards this end, the employer, in consultation with workers, should decide upon the time limit required for settling a grievance.

**(3) *Designation of authorities:***

The workmen must know the authorities to be approached and it should, therefore, be incumbent on the management to designate the authorities to be contacted at various levels.

It may be useful to classify grievances as those arising from personal relationship and others arising out of conditions of employment. In the former case, a grievance should be taken up, in the first instance, with the authority in the line management immediately above the officer against whom the complaint is made. Thereafter, the matter may go to the Grievance Committee—comprising representatives of management and workers. The size and composition of the Committee shall be decided at the unit level.

Other grievances should be taken up, in the first instance, with the authority designated by the management. Thereafter, a reference may be made to the Grievance Committee.

Where the matter goes to the Grievance Committee in the first instance, an appeal shall lie with the top management.

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## **ANNEXURE**

### ***Constitution of Grievance Committee***

**(I) *In the case where the union is recognised:***

Two representatives of management plus a union representative and the union departmental representative of the department in which the workmen concerned work.

**(II) *In the case where the union is not recognised there is no union but there is a Works Committee:***

Two representatives of management plus the representatives of the department of the workmen concerned on the Works Committee plus either the Secretary or Vice-President of the Works Committee (this is in case the



Secretary of the Works Committee is also the workmen's departmental representative).

It is suggested that in the case of the management, their representatives should be the departmental head plus the official who dealt with the matter at the first stage, or personnel officer should act as an adviser.

The size of the Grievance Committee should be limited to a maximum of four to six otherwise it becomes unwieldy.

## APPENDIX VIII

### *Summary of conclusions/recommendations contained in the Report*

S.No.	Reference to Para No. of the Report	Summary of conclusions/Recommendations
1	2	3
1.	2.27	<p>The fact that a number of public undertakings have staff more than what is required for optimum utilisation is widely recognised though there is difference of opinion about the precise extent of over-staffing and details of categories and posts involved etc. The Committee feel that the most important duty cast upon the public sector is to ensure that not only they are model employers but also model producers for in them are invested the nation's precious resources and high hopes of generation of assets which would make for greater production. While there may have been some alibi in the beginning of lack of experience in determining accurately man-power requirements for new undertakings this no longer can hold good at present when the public sector has an experience stretching over two decades behind it. Moreover we have a Bureau of Public Enterprises who are expected to work out realistic norms of manpower for the undertakings. We have also the Institutes of Management/National Productivity Council who can render expert advice in the matter. The Committee, therefore, expect that Government as a whole including the Bureau of Public Enterprises, the administrative Ministry concerned with the public undertaking, the associated Finance, etc. would take special care to see that norms for man-power requirements are worked out at the time of preparing the detailed project report and that these are further improved upon as more details of the project are worked out. The Committee regard realistic working out of man-power requirements as important as technical</p>

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details of the Project for it is the men behind the machines which matter in the last analysis. The nation expects its men to put their hearts to the wheel and make their best contribution through these national enterprises to increase the gross national product and banish the scourge of poverty. The Committee would also like to emphasise that there should be an incentive system built into the working of the public undertaking right from the inception and that the parameters for this incentive system should be realistic with an accent on greater production.

2. 2.28

There should be a system of reviewing the manpower requirements including officers in each undertaking through a trained team of experts well versed in time and motion study, productivity, quality control, costing, etc. in consultation with the workmen etc., so that the norms as well as the actual strength are subjected periodically by the Management to a scientific review. Such studies and analysis should be actively attended to by the Bureau of Public Enterprises so as to ensure flow of new ideas and techniques in assessment. It would also be useful to associate expert bodies like National Productivity Council and Indian Institutes of Management in such studies so as to make for objectivity of approach.

3. 2.29

As far as the existing public undertakings are concerned, the Committee consider that there is no room for complacency. It should be the foremost duty of each undertaking to analyse objectively the extent of over-staffing and then in consultation with the representatives of the workers draw up realistic schemes for working off the surplus either by providing them training for new jobs where vacancies may exist or in expansion schemes or by inducing them to accept transfers to new undertakings. The Committee would like Government to carry out a systematic review through the Bureau of Public Enterprises to ensure that each undertaking does carry out such a review on priority basis and according to a time bound programme and take effective action to work off its surplus personnel so that all men are engaged in productive effort.

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4.	2.30	The Committee cannot too strongly stress the need for introduction of wage incentive scheme in the interest of higher production with a realistic parameter which should be determined in consultation with experts in time and motion studies, costing, quality control, etc. and representatives of labour so as to command acceptance of all section.
5.	2.31	The Committee note that with the creation of a separate construction Corporation which would move along with its labour force to the next site after finishing the work in one undertaking, there should be no question of adding on these men to the undertaking on its commissioning.
6.	2.32	The Committee desire to be informed in detail of the action taken for they feel that if Government pursue this matter in earnest, it should not be difficult to work off the existing surplus when most of the public undertakings are expanding or new undertakings are being set up and to take effective action to ensure that new undertakings are not saddled with surplus staff from their inception, as the experience of public undertakings shows that more than anything else this factor can cause endless difficulties in personnel management and industrial relations.
7.	2.42	The Committee feel that in the matter of employment of helpers/khalasis for skilled workers, the Public Undertakings should be very selective and reasonable. As far as possible the Undertakings should minimise the number of helpers and only where the job is of a very heavy nature, a helper need be provided to the skilled worker. The unskilled workers should be provided training facilities to enable them to qualify for semi-skilled jobs.
8.	2.43	The Committee expect, technical supervisors etc. in the Plants to set an example by shedding away the helpers thus setting a worthy example for their juniors to emulate.
9.	3.28	The Committee feel that broad framework for rules of recruitment in Public Undertakings should be laid down by the Bureau of Public Enterprises who are stated to be well-equipped and well experienced in matters pertaining to public

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undertakings. The Rules should also define broadly the categories which would constitute the middle and the top cadres; the others being included in the remaining cadre. The rules may also make a distinction between public undertakings which are engaged in industrial enterprises and those which are concerned with insurance, financial management, business, trade etc. The guidelines may be different, if necessary, for these two broad categories of undertakings. Keeping in view these broad guidelines, each undertaking may lay down detailed rules which may be got approved from the Bureau of Public Enterprises so as to make sure that they are not contrary to the principles laid down.

10. 3.29 There should be a system for reviewing these rules periodically say once in two years to begin with and later once in five years to make sure that they are in conformity with the developments in personnel management. The Bureau of Public Enterprises should in due course develop a Manual of Recruitment which would provide detailed guidance based on concrete cases so that it can serve as a useful reference volume.
11. 3.30 The Committee are of the view that better opportunity should be provided to local persons for employment in public undertakings. Apart from priority being given to local persons in the matter of recruitment, another way of achieving it would be to provide vocational courses and other opportunities to the local persons to pick up the skill, which would fit them for employment opportunities available in the undertakings. One of the points which has been greatly agitating the mind of the local persons is that outsiders who are not really residents of the area manage to get themselves registered in the Employment Exchange by giving local addresses. It should be possible for the Employment Exchanges to make sure, with the help of State Government, whether or not the persons who are being registered for employment in the public undertakings are local residents of the area and of the State. This information should be suitably indicated while forwarding the names to the public undertakings so that it is able to implement in letter

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		and spirit orders issued by Government for giving preference to local persons for employment upto certain levels.
12.	3.31	The Committee reiterate the recommendations made by the Committee on the welfare of Scheduled Castes and Scheduled Tribes regarding appointment of candidates from Scheduled Castes and Scheduled Tribes in the public undertakings and desire that no efforts should be spared by the public undertakings to give adequate representation to the Scheduled Castes and Scheduled Tribes personnel in their appointments.
13.	3.32	The Committee not that the Government have taken action to issue a directive to the Public Enterprises for reservation of posts for Scheduled Castes/Scheduled Tribes and to lay down the percentages of reservations to be made for posts in the various categories including those corresponding to class I and II posts under the Government. Adequate representation of Scheduled Castes/Scheduled Tribes at the supervisory levels will also thus be ensured. The Committee desire that Government should pursue this matter with the Public Undertakings with a view to ensure their implementation.
14.	3.33	The Committee wish to point out that there have been in recent years developments in the matter of devising aptitude and psychological tests, including written tests, which would facilitate objective selection of personnel. The Bureau of Public Enterprises should also take the lead in this respect and commend to public undertakings suitable aptitude and psychological tests for recruitment. The help of the Institute of Management/National Productivity Council could also be availed of in devising these tests. These tests of course may be suitably adopted by the Public Undertakings, as necessary to suit more precisely the specific requirements of the undertakings.
15.	3.34	The Committee also think that there should be a system of "follow up" of recruits through the first few years, if not right through the career, in order to derive lessons about the future mode of recruitment. The idea is to see how persons selected through a certain procedure and tech-

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|     |      | <p>nique of recruitment have fared so that the procedure and technique may be modified, if necessary to serve better the interest of the undertaking.</p>  |
| 16. | 3.35 | <p>The personal reports particularly in a production unit should be so devised as to elicit factual information on the achievement and production record of the person so that it is free from any suspicion of a personal idiosyncrasy of the supervisory officials prejudicing the record of an individual.</p>  |
| 17. | 3.36 | <p>The Committee note that Government have already laid down a broad policy that efforts should be made to fill up the top management posts from talent available within the undertaking. It is, therefore, of the utmost importance that recruitment and career planning should be so done as to throw up over the years enough persons to fill top management posts. The Bureau of Public Enterprises should take special interest in this vital field and lay down in consultation with the Department of Personnel at the Centre and the Institute of Management and the U.P.S.C., broad guidelines for recruitment to the management cadre, which would provide the top management in the years to come. In view of the crucial importance of building up the Managerial talent in public undertakings, the Committee cannot too strongly stress that the matter should receive continuous and earnest consideration of Government at the highest level so that timely action is taken to correct any imbalances.</p> |
| 18. | 3.37 | <p>The Committee also recommend that all the public undertakings should give preference in employment in suitable jobs to ex-service men and the dependents of army personnel who have laid down their lives in the last Indo-Pakistan war.</p>  |
| 19. | 3.38 | <p>The Committee note that Government have set up several centres for the welfare of handicapped persons where they are also imparted knowledge in different vocations. The Committee consider that public undertakings should set a worthy example by offering employment opportunities to such of the physically handicapped persons as can be gainfully absorbed in jobs.</p>   |

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20.	4.15	The Committee feel that the main burden of training the workers after recruitment should necessarily be borne by the undertakings. In industrially advanced countries, this is the normal method of making a worker useful to the organisation. Present economic and industrial development in India demand comprehensive course of training at every level of staff in the industrial as well as trading undertakings.
21.	4.16	The recruitment in industrial units takes place both from outside sources and from within. The Committee need hardly point out that training courses for outside candidates would have to be more exhaustive than for in-plants candidates.
22.	4.17	The Committee also recommend that adequate facilities should exist in the plants for employees to improve their prospects through training courses. Appropriate training schemes for different categories of technicians, should be devised by the Undertakings both in the plant and outside. As regards middle and senior executives arrangement for refresher courses should be arranged and full advantage of the various training centres set up by the Universities and well known management Institutes in the country be taken.
23.	4.18	In the trading corporations, training programmes should be organised for the new recruits to give them theoretical and practical training in the duties and responsibilities entrusted to them. The Corporations should also conduct training classes in which training should be imparted to employees promoted to the officers' cadre to equip them for higher responsibilities. Seniors executives may be deputed for specialise training in various fields in the established training institutions in the country.
24.	4.19	The Committee attach the greatest importance to the provision of adequate training facilities including leave for workers at all levels so that they can improve their skill and knowledge and qualify for higher posts. The training programme may be devised in consultation with training institutes of standing as well as representatives of labour so that it serves the twin purpose of enabling the employee's



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		to improve their prospects and of increasing efficiency and productivity. The Committee are sanguine that if the training programmes are worked in the larger interests of the workers and the undertakings it would give workers the much desired sense of belonging,
25.	5.19	The Committee observe that a uniform and well defined promotion policy has not been laid down for most public undertakings. Different undertakings follow different promotion procedure with the result that discontentment over promotions in undertakings is often evidenced. The Committee is also of the view that discontent over promotions has been the primary cause of several work stoppages in undertakings,
26.	5.20.	The Committee feel that the entire question of promotions in the Public Undertakings should be reviewed by the Government. The promotion policy should be based on seniority-cum-merit, trade test etc. and it should be strictly observed in practice.
27.	5.21	The Committee note that as early as July, 1963 it was decided to draw up a model promotion procedure and that after detailed discussions between representatives of certain selected public sector undertakings and the administrative Ministries concerned including the Ministry of Labour and Employment certain model principles governing promotion were drawn up in 1967, and forwarded by the Ministry of Labour and Employment to the Ministry of Industrial Development in original with a copy to the Bureau of Public Enterprises. The Committee find that the Ministry of Industrial Development contented themselves with forwarding a copy of it to the public undertakings under their control in August, 1967. The Committee also note that it was only in January, 1969 that the Ministry of Industrial Development circulated the Model principles to other Ministries/Departments of the Government of India connected with Public Undertakings. It is only on the insistence of the Committee that the Ministry of Industrial Development have now addressed these undertakings to ascertain whether the instructions contained in the model principles are in fact being

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followed by them. The Ministry of Industrial Development are also only now thinking of circulating these model principles to new undertakings which have come into being after 1967.

The Bureau of Public Enterprises have taken an even more complacent attitude by stating that the letter by the Ministry of Labour was addressed to them for information only and that it was for the Ministry of Industrial Development to take necessary action for circulation to the undertakings. The Committee are shocked at this lack of earnestness in following up instructions issued about a crucial matter which intimately affects the service conditions and prospects of employees working in public undertakings and which has admittedly been responsible for lot of discontent and unrest amongst the employees. The Committee feel that it was the bounden duty of the Bureau of Public Enterprises who have a full-fledged Directorate of Personnel as well as the Ministry of Industrial Development and other administrative Ministries concerned to make sure that these model principles were in fact circulated as soon as they were finalised and that necessary action on the lines mentioned therein was taken by each of the public undertakings. The Committee feel certain that had the promotion procedures suggested therein as early as 1967 been devised after fullest consultation with the recognised trade-unions or service associations and given widest publicity and printed in the form of service manuals there would not have been this widespread feeling amongst the trade unions that the promotion procedures leave much to be desired. Even the representatives of management of public undertakings could not deny that there were complaints about promotion procedures from staff. The Committee cannot too strongly stress the need for a close follow-up by the Bureau of Public Enterprises to make sure that the model principles are at least now given effect to in letter and a spirit by the undertakings. The workers representatives should be associated with the implementation of those 'Model principles' for promotion. The Committee would like to be informed within three months in detail of the action taken by each undertaking with particular reference to the eleven points mentioned in the Model Principles.

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28.	5.22	<p>The Committee are also of the view that a system of identifying talent among the workers and giving them opportunities for development should be introduced in the Undertakings. Broadly, the Committee would recommend:</p> <ul style="list-style-type: none"> <li>(i) Seniority should be the basis for promotion at lower levels. There should be a promotion committee for the lower level in each undertaking.</li> <li>(ii) In respect of middle management-level (technical supervisory and administrative personnel), seniority-cum-merit should be the criterion for promotion. The general policy should be to fill as many vacancies as possible from internal sources by promotion. Only when suitable persons are not available, resort to outside recruitment may be made, on all India basis. A promotion Committee should be set up for middle management level in each undertaking.</li> <li>(iii) For higher managerial (technical and administrative positions) merit alone should be the guiding factor. As far as possible, talented and professionally competent persons should be selected from within the Undertaking for managerial posts. If, however, suitable and competent persons are not available inside the organisation, selection on All India basis may be made.</li> </ul>
29.	6.11	<p>The Committee consider that the organisation of the Personnel Department of the Public Undertakings deserve their special attention. The officer in overall charge of the personnel matters should be accorded a status of importance comparable to that of the Director/Manager to facilitate the Industrial Relations problem to be considered at the highest level. Personnel Director/Manager, the Committee suggest, should be manned by personnel executives having the required aptitude, training and experience in Industrial Relations and Labour Management, preferably drawn out of the employees of the undertaking. Sufficient opportunities should be offered to these Personnel Officers to use their own personal initiative in solving the labour problems originating in their respective spheres. Personnel</p>

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Director/Manager and the officers in his Organisation, the Committee recommend, should be well-versed in industrial relations commanding considerable experience in dealing with labour. They should be specialist in Labour Management Relations. In the opinion of the Committee, they should be specially aware of the working of the different departments of their respective undertakings. Awareness of the character and nature of the people of the area including the knowledge of their language, the Committee feel, should be learnt by the Personnel Officers of every level.

30. 6.12 In the discharge of their duties, the Committee recommend that :—
- (i) Personnel Director/Manager and the Officer should render impartial and objective advice.
  - (ii) They should work in a dedicated manner so as to inspire confidence in the rank and file of labour.
  - (iii) Officers of the Personnel Department should develop a personal touch with the labour and their accredited representatives should be easily accessible for the redress of genuine grievances.
  - (iv) Personnel Officers should ensure that all genuine grievances of the staff are attended to and redressed without delay.
  - (v) Personnel Director/Manager should pay special attention to welfare work relating to the employees and their families.

31. 7.11 The Committee note that Government have issued comprehensive instructions regarding the appointment of non-Indians to posts in public undertakings. According to the general policy laid down in this behalf, appointment of non-Indians should be made only in very exceptional circumstances and then also on a contract for the minimum period necessary and simultaneously suitable steps should be taken to train Indians to fill such posts on a regular basis. Prior approval of Minister incharge or the Deputy Minister of the Administrative Department of the Government under which the public undertaking is func-

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|     |      | tioning is also required. The Committee feel that if these instructions are followed in letter and spirit by the public undertakings and by the administrative Government Departments it should be possible to ensure that non-Indians are appointed only where absolutely necessary and there should be no room for any complaint that foreign technicians are occupying posts where Indians can do the job as well. The Committee suggest that the position should be reviewed by the undertaking/department concerned well in advance of the completion of the period of contract of the non-Indian person so as to redouble efforts, where necessary, to replace him by an Indian, there should normally be no question of extension of the contract period. |
| 32. | 7.12 | The Committee also suggest that the administrative Ministries may be required to consult the Bureau of Public Enterprises so that the possibility of getting an expert from another undertaking engaged in the same or similar or related line of manufacture is thoroughly gone into before approval is accorded to the engagement of a non-Indian person.  |
| 33. | 7.13 | The Committee strongly stress that Government/public undertakings should make full use of the agreements with foreign collaborators to train Indian personnel in drawing, designing and operational work. The Committee suggest that progress made in this behalf may be reviewed periodically at least once in six months by the undertaking/Government so as to ensure that no effort is being spared to train adequate number of Indian personnel in drawing, designing and operational work well before the collaboration agreement comes to a close.  |
| 34. | 7.14 | The Committee also suggest that a number of Indians may be attached with non-Indian personnel so that they are able to pick up the intricacies of the work and develop capability of handling it on their own at the earliest.   |
|     |      | The Committee also suggest that the Income Tax regulations should be so framed and applied as to act as a disincentive for employment of non-Indian personnel except in areas where it is absolutely essential and inescapable to employ them and that too for the minimum period necessary.   |

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35.	8.27	The Committee are strongly in favour of participation of workers and their representatives in management of Public Undertakings. By workers' participation in management, the Committee understand that (i) workers, through their duly elected representatives, must physically participate in actual decision making; (ii) this participation should be at all levels beginning from the shop level to the Board of Directors and (iii) the participation means that workers and their representatives should not only be consulted, but should also feel that they are actual partners in management.
36.	8.28	The purpose of workers' participation in management is to arouse among the workers a sense of identity, belongingness and participation with a view to promote industrial harmony and maximize production.
37.	8.29	The Committee consider the Public Undertakings as national assets and that there is no room for a class struggle in these undertakings. The workers should be made to realise that they are equal partners in these national undertakings; that they should give their best to them and that the benefit of their labour will accrue to them and to the whole nation.
38.	8.30	The Committee regret that no systematic study has ever been made by Sociologists and Social-Psychologists in the matter of industrial motivation, nor has the Bureau of Public Enterprises made any effort in this direction. The Committee would recommend that a systematic study should be conducted with a view to devise ways and means of promoting a psychological climate in the Public Undertakings wherein the workers and the management give their best to the undertakings.
39.	8.31	The Committee find that there does not exist any regular system of reporting to the workers by the management in any of the Public Undertakings. Unless, major decisions about production targets, performance of the undertakings, shortcomings and hurdles are reported to the workers, the latter will not appreciate the position in which the undertaking is placed, and a sense of confidence and understanding between the workers and management cannot be created. The Committee

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		<p>recommend that such reporting by the management to the workers collectively should take place periodically so as to generate a climate of confidence and understanding.</p>
40.	8.32	<p>Since direct participation of the workers in management is not possible, it can be achieved only through the elected representatives of the workers. A system of election by the workers employed in the undertaking is, therefore, indispensable for achieving workers' participation. If this participation is to be real, it should be achieved at all levels. Workers working in a shop may elect representatives who will cooperate with the Supervisor in all matters concerning the shop. Similarly, workers should elect their representatives to participate at higher levels and in all matter concerning target fixation, performance, recruitment, promotions, disciplinary actions, safety, welfare and working conditions. This alone will give a meaning and content to workers' participation in Management and will arouse among the workers a sense of belonging and playing a productive role in the larger national interest.</p> <p>Only when such a participation is ensured, will nomination of workers' representatives to the Board of Directors assume real significance. Divorced from participation at lower levels, the nomination of workers' representatives to the Board of Directors will have only a symbolic meaning and might lead to alienation of the workers' representative from the mass of the workers or at best his presence would be nominal.</p>
41.	8.33	<p>The Committee recommend that such a scheme of workers' actual participation at all levels by elected representatives of the workers should be first tried in one or two selected undertakings and watched. The Committee are confident that the experiment will bear good fruits and when extended to all undertakings will open up a new chapter in labour management relations in public sector undertakings.</p>
42.	9.18	<p>The foremost need of the country is for increased production particularly in the public sector in which are situated some of the crucially important basic industries like steel, heavy engineering,</p>

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43.	9.19	<p>heavy electricals, etc. It is only through increased production that we can hope to raise the woefully low standard of living of our people including the workers. It cannot be denied that lack of industrial harmony in public sector has been an important contributory factor in depressing the production in public sector units below the technically feasible capacity. The Committee cannot, therefore, too strongly reiterate that the public undertakings should spare no efforts to give the workers in these undertakings a sense of participation and involvement in the challenging task of greeter production for the good of the country.</p>
44.	9.20	<p>The Committee are inclined to agree with the representatives of leading trade unions that the main causes for labour unrest in public undertakings are lack of dialogue between labour and management, rise in prices, absence of job satisfaction, unhealthy working conditions, inter-union rivalry, migratory executives, lack of proper personnel management. The Committee consider that none of these difficulties is insurmountable and that given dedication, a sense of involvement and of participation, these matters can be recsolved in the)interest of greater production which is the crying need of the nation.</p> <p>As recommended by the Committee elsewhere in the Report there is no reason why terms and conditions of service cannot be regulated to the satisfaction of the workers by following a model set of rules to be drawn up by the Bureau of Public Enterprises in the light of experience gathered in the filed and in consultation with the representatives of all concerned. Similarly it should be the first duty of the management to improve the working conditions in order to make them cheerful, healthy and production-oriented. No effort should be spared to make possible job satisfaction for all ranks of workers by following a well-coordinated policy of recruitment based on aptitude tests, in-plant training, rationalisation of work-load and assured channels of promotion. The wage structure should be production-oriented and have relevance to minimum needs and an in-built mechanism for neutralising steep rises in cost of living. Well balanced nourishing diet should be available from the plant canteen at a rate which is reasonable</p>

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and within the reach of every worker. Personnel management in public undertakings, above all, should receive greater attention than hitherto and the senior posts should be manned by executives who are professionally qualified and who are non-migratory and have a genuine interest in resolving all difficulties without delay and in building up bridges of understanding between the workers and management at every level in the interest of harmonious working and greater production.

The Committee also suggest that Government may examine the feasibility of bringing Central Government public undertakings, functioning in the States also under the purview of the labour legislation of the centre for purposes of uniformity so that the Government may be able to help the labour as well as the management in the best interests of the country.

45. 10.23 The Committee are of the opinion that the existing arrangement for recognition of unions under the Voluntary Code of Discipline has not proved to be quite effective. The voluntary nature of the Code of Discipline has created problems as it vests certain rights without any means of enforcing the corresponding obligation. The Trade Union Act was enacted in 1926 and since then the industrial problems have grown in size and in complexity. It needs revision in keeping with the present day requirement. A Central Law for a Union recognition is necessary for the growth of democratic and responsible trade unions. It would make the sides realise their obligations better and promote enforcement of obligations.

45. 10.24 The Committee consider that it should be obligatory for the management of each undertaking to accord recognition to one union.

The Committee are of the view that as far as possible, there should be one bargaining agent for an undertaking. The present criterion in the Code is that a labour union having 15% or more of the total membership is eligible for recognition. The Committee suggest that it may be desirable to devise the criterion to 30% of the total membership to give it a more representative character. Where no

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registered union functioning in the undertaking can satisfy the condition of 30% of membership, the union with the largest numbers and percentage of membership may be recognised. If the verification of the membership of the registered unions does not prove to be conclusive on account of differences in number of membership being marginal for the purpose of throwing up the most representative union for recognition, the Committee suggest that resort may be had to secret ballot to determine the most representative registered union.

The Committee consider that while the undertaking may hold direct negotiations, with the most representative union, a way should be found to associate representatives of other registered unions functioning in the undertaking when general questions pertaining to work-load, pay-scales, etc. affecting the workers of the undertaking as a whole etc. are discussed so that agreed decisions may be more readily implemented.

46. 10.25 The Committee think that multiplicity of trade unions has led to inter-union rivalries adversely affecting industrial relations. Increase in the limit of percentage of membership for recognition of a union in the Trade Union law will go a long way in solving this problem.
47. 10.26 In the opinion of the Committee, a single bargaining agent in each undertaking is essential in order to reach any meaningful and lasting agreement with the workers. It will also avoid unhealthy competition between unions and reduce inter-union rivalries.
48. 11.11 The Committee consider that adequate housing for workers, particularly in places which are being developed as now industrial centres, is an essential amenity. The Committee consider that Government should take a conscious decision, after careful consideration about the type and percentage and phased programme of construction of staff quarters at the time of sanctioning a project. There should be a follow up of the decision to ensure its implementation.
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49	11.12	The Committee note that House Rent allowance at varying rates is allowed to employees of different public undertakings living in rented accommodation. The Committee are of the view that House Rent allowances should be on a realistic rate in relations to the cost of hired accommodation in the area and they recommend that the Bureau of Public Enterprises should fix a reasonable House Rent allowance to be paid to the employees in all the public undertakings. The existing disparity in payment of House Rent, allowance by the undertakings should be avoided.
50	11.13	The Public Undertakings should encourage the development of Cooperative Housing Societies among workers and arrange for advance of loans to the Societies at concessional rate of interest for constructing houses not only to ameliorate their housing problem but also to further the feeling of attachment to their respective undertakings.
51	11.15	The Committee feel that where the workers are required to reach a far off or remote place for duty, provision of adequate transport facilities are essential. The Committee, therefore, recommend that the management of the public undertakings should examine the matter in all its aspects so that the workers are enabled to reach their place of work punctually and without undergoing hardship.
52	11.16	The Management of public sector enterprises should also continue to strive to secure the cooperation of State Governments and local bodies towards the improvement of transport facilities for the benefit of industrial workers.
53	11.18	The Committee consider that one of the most important welfare duties that an undertaking owes to its employees is to ensure that proper educational facilities are provided to the children of the workers. The Committee recommend that the management, at the highest level, should concern themselves with the provision of these facilities and these should be of adequate standard so as to inspire confidence in the workers that their children are getting equal opportunities.

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54	11.19	The Committee expect the management of Public Undertakings to secure fruitful coordination amongst all the concerned authorities, State Governments and local bodies so as to provide facilities for setting up educational institutions and to ensure improvement in the standard of education to the industrial community residing in the area.
55	11.20	<p>(i) The Committee would also like that government should consider the feasibility of setting up Central Schools in major areas of public enterprise to secure adequate and improved educational facilities to the children of all levels of their employees.</p> <p>(ii) The Committee have no doubt that in accordance with Government's policy, adequate facilities would also be provided for imparting education in regional languages where twenty or more children of employees of the Undertaking desire education in a particular regional language.</p> <p>(iii) The Public Undertakings may lay down rules in respect of payment of school fees, sessional charges and examination fees etc. on the lines of the assistance extended to Central Government employees.</p>
56	11.22	The Committee are much concerned about the health of the workers and their families and feel that adequate medical facilities should be provided by the undertakings to the industrial workers and their families. The bigger industrial undertakings may set up their own dispensaries and hospital near the plants attended by competent and experienced physicians and surgeons to provide adequate medical aid to their employees and families, First Aid Centres with qualified Medical Officers should also be set up at convenient places in the factories to attend to emergency cases. Adequate provision for rushing the patients in emergency or in cases of grave injury on duty, to the hospital should be made so that there is no avoidable delay in rendering medical assistance.
57	11.24	The Committee suggest that all Public Undertakings should maintain close liaison with both the Union Ministry of Health and Family Planning, and the State Family Planning authorities for taking measures for intensification of family planning.

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		The Public Undertakings should set up a high example in family planning for emulation by other industrial units and local population.
58	11.26	The Committee recommend that the Staff Benefit Fund Scheme may be introduced in each undertaking and the purpose of such a scheme may be broadly to give (i) monetary assistance at the time of prolonged sickness of the employee when he is not getting adequate leave salary to support his/her family (ii) relief to employees in acute distress (iii) money to meet emergent expenditure connected with funeral of the employee.
59	11.28	The Committee consider that running of canteens on cooperative basis is a step in the right direction. The canteens should be run as far as possible on no profit and no loss basis and should serve wholesome, well balanced and nutritious meals. The Welfare Wing in the undertakings should take initiative and sustained interest to see that well balanced, nourishing and appetising meals are served at the canteens. The Welfare Officer/Sanitary or Medical Officers should make sure that the kitchens of the Canteen and the general environmental conditions are hygienic and healthy.
60	11.29	The Committee have no doubt that Managements of public undertakings, particularly those engaged in manufacturing processes, would extend all necessary facilities such as rent free accommodation, and supply of power and water at concessional rates so as to ensure that refreshments and meals are made available to workers at cheap rates, particularly those in the lower income group, in the interest of their health, efficiency and production.
61	11.30	There should be a separate rest room apart from lunch room in the undertakings which should be provided with necessary furniture, fans, water coolers, newspapers, magazines etc, so that employees may be able to relax themselves during the rest interval.
62	11.32	The Committee feel that Cooperative Credit Societies can play a very useful role in meeting the credit needs of workers as also in promoting the habit of thrift. Depending on the attitude of the

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		workers, the undertakings may promote the formation of such cooperative credit societies. The assistance of the Registrar of Cooperative Societies of the State concerned may also be taken in the matter.
63	11.34	The Committee think that it is a useful idea to establish handicraft centres in the worker colonies attached to the industrial units. This may well enable the families of the workers to supplement family budget. When such handicraft centres start functioning, undertakings may consider placing suitable orders such as stitching of uniforms, dusters etc on those handicraft centres. The Committee feel that the development of such centres would contribute in no small measure to the general well-being of the families of employees particularly those in lower income group residing in the colony.
64	11.36	The Committee suggest that Public Undertakings should provide all possible facilities to the workers to spend their holidays at near-by hill stations or sea shores or at places of historical interest.
65	12.18	The Committee find that existing grievance procedure though useful, is time consuming and cumbersome and at times fails to arouse a sense of satisfaction to individual worker.  The Committee recommend that conditions should be created so that the workers may continue to work unperturbed pending the settlement of dispute.
66	12.19	The Committees therefore recommend that:—  (i) the model grievance procedure should be given a statutory shape and character  (ii) it should be prompt, well defined, simple and time bound  (iii) the supervisors/Managers should be given training to handle grievances and to dispose them off effectively. There should also be sufficient delegation of authority to them to deal with grievances promptly.

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		(iv) The unresolved grievances may be brought expeditiously to the notice of the higher echelons in management so that these are settled quickly.
	12.20	The Committee agree with the recommendation of National Commission on Labour about the Grievance Procedure and recommend that there should be provision in the grievance procedure for an arbitrator as envisaged therein.
67	13.13	The Committee feel that usually human failure due to carelessness, ignorance, inadequate skill negligence in provision or use of safety equipment and improper supervision cause accidents in industries. Creation of safety consciousness on the part of both workers and management, is, therefore, an imperative necessity. This consciousness could be generated by educating the workers about the safety rules, celebration of safety weeks/months, demonstration to workers through publicity media, inviting suggestions from workers on safety and encouraging their participation regularly in departmental safety committees.
68	13.14	The Public Undertakings should maintain a safety Inspectorate which should advise and assist employers in drawing up training programme in safety. The training should cover workers as well as supervisors. The Inspectorate personnel should conduct regular inspections of plants etc. to inculcate safety consciousness among workers etc. and organise safety weeks, seminars and display of safety posters at important places in the work premises.
69	13.15	The workers should be supplied with safety equipment and there should be regular check to see that the workers in fact use those equipments. They should be protected against any health hazards which may arise out of their work or the condition in which their work is carried out.
70	13.16	The Public Undertakings should also consider introducing the Floating Insurance policy scheme with the Life Insurance Corporation of India for group of workers against accidents.

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71	13.17	The Committee also recommend that the Government should introduce Safety Award Schemes for all the undertakings, and the undertaking with the lowest number of accidents during a year should be awarded prizes and certificate of merit.

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